

Welcome to your CDP Forests Questionnaire 2021

F0. Introduction

F0.1

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

Sappi Limited is a leading global provider of powerful everyday materials made from woodfibre-based renewable resources. Headquartered in Johannesburg, South Africa, Sappi Limited has approximately 13,000 employees; manufacturing facilities on three continents, in ten countries, ten operations in Europe, four operations in North America, five operations in South Africa and customers in over 150 countries worldwide. Sappi works closely with customers to provide relevant and sustainable dissolving pulp, paper (speciality, packaging and graphic), paper pulp and biomaterial solutions and related services. Our market-leading innovative range of paper products includes: barrier and food packaging papers, flexible packaging, label, release liner, containerboard, graphic papers, casting release papers and in our Southern African region: tissue, newsprint, uncoated graphic and business papers. These products serve the fashion, fast-moving consumer goods (FMCG) and industrial sectors. Our dissolving pulp products are used worldwide by converters to produce viscose fibre, pharmaceutical products as well as a wide range of household and consumer products.

Sappi drives product innovation and the development of new uses for woodfibre, as well as residues and by-products from our production processes. One such area is in the field of biomaterials (cellulose composites, nanocellulose and lignins), biochemicals including hemi-cellulose sugars and bio-energy forest products materials which Sappi believes will play a key role in its future range of products, both as commercial products and for applications within Sappi. In line with the global move towards a more circular bioeconomy, we are pursuing circular ecosystems and economies – including ensuring that no part of the trees we use in our production processes go to waste.

Assets total USD5.4 billion and in FY2020, sales amounted to USD4,609 million. Sappi has a primary listing on the JSE Limited and a Level 1 ADR programme that trades in the over-the-counter market in the United States. At the end of FY2020 Sappi had 8,732 public shareholders. Production capacity is: 5.7 million tons of paper; 2.4 million tons of paper pulp; 1.4 million tons of dissolving pulp. In FY2020, in terms of total group sales by value, Sappi Europe accounted for USD2,430 million, Sappi North America for USD1,439 million and Sappi Southern Africa for USD1,003 million.

Sappi creates value through the following streams:

- Dissolving pulp: Sappi’s dissolving pulp products are used worldwide by converters to create viscose fibre for fashionable clothing and textiles, pharmaceutical products, as well as a wide range of consumer and household products.
- Packaging and speciality papers: Quality specialities and packaging papers are used in the manufacture of products such as barrier and food packaging papers, soup sachets, luxury carry bags, cosmetic and confectionery packaging, boxes for agricultural products for export, tissue wadding for household tissue products and casting and release papers used by suppliers to the fashion, textiles, automobile and household industries.
- Graphic papers: The group’s market-leading range of coated and uncoated graphic paper products are used by printers in the production of books, brochures, magazines, catalogues, direct mail, newspapers and many other print applications.
- Bioproducts: We are unlocking the chemistry of trees and meeting the challenges of a carbon-constrained world by establishing a strong position in adjacent businesses including: nanocellulose, sugars and furfural, lignosulphonates, biocomposites and bio-energy. Extracting more value from each tree is at the core of our core business model.
- Forests: Sappi’s Forest Stewardship Council™ (FSC™ N003159) and Programme for the Endorsement of Forest Certification (PEFC/01-44-43) -certified tree plantations in South Africa give the company a high-quality woodfibre base. We own and lease approximately 394,000 hectares of which 135,000 hectares are maintained by Sappi Forests to conserve the natural habitat and biodiversity found there.

In 2020 Sappi launched our Thrive25 business strategy: *Sappi exists to build a thriving world by unlocking the power of renewable resources to is benefit people, communities and the planet.* Under this strategy, we are responding to climate change by creating responsibly sourced and sustainable solutions as viable alternatives to fossil-based products. Resource scarcity and growing concern for natural capital is another relevant global force to which we are responding by promoting the responsible management of natural resources and leading by example. Our aim is to transform the future with innovative, bio-based, and renewable materials; give partners the renewable innovation they need to be successful and collaborate with stakeholders to make all processes and materials more sustainable.

F0.2

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

	Start Date	End Date
Reporting year	October 1, 2019	September 30, 2020

F0.3

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

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.

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

F0.5

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

No

F1. Current state

F1.1

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

Timber products

Activity

- Growing/production of raw materials
- Harvesting
- Exporting/trading
- Using as input into manufacturing process for power generation
- Using as input into product manufacturing
- Buying manufactured products

Form of commodity

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

Wood-based bioenergy

Source

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

Country/Area of origin

- Argentina
- Austria
- Belgium
- Bosnia & Herzegovina
- Botswana
- Brazil
- Canada
- Chile
- Croatia
- Czechia
- Denmark
- Estonia
- Finland
- France
- Germany
- Hungary
- Ireland
- Latvia
- Lithuania
- Luxembourg
- Netherlands
- Norway
- Poland
- Russian Federation
- Slovakia
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Ukraine
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Uruguay
- Zimbabwe

% of procurement spend

31-40%

Comment

Woodfibre costs (including harvesting costs) represented approximately 40% of Sappi's procurement costs which were USD 1,146 million in FY2020. In South Africa, where we own and lease 394,000ha of plantations, we are 67% self-sufficient in woodfibre. Here and in other regions we procure externally sourced woodfibre, market pulp, paper, recovered paper, bagasse (Stanger Mill) as input materials.

F1.2

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

	% of revenue dependent on commodity	Comment
Timber products	91-99%	Some revenue is derived from energy sales, but this energy derives from the pulping of woodfibre, meaning that Sappi's business is entirely dependent on woodfibre based raw materials. Additionally, at Sappi's Stanger Mill in South Africa, we use bagasse (sugar cane waste residue) as an input raw material in addition to purchased pulp.

F1.3

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

Forest risk commodity

Timber products

Type of control

Own land

Country/Area

South Africa

Land type

Tree plantations

Area (Hectares)

250,595

% Area certified

100

Certification scheme

FSC Forest Management certification
PEFC Sustainable Forest Management certification

Conversion of natural ecosystems during the reporting year

No

Area converted during the reporting year (hectares)

% covered by natural forests

Please explain

Sappi owns 382,119 ha of which 250,595 ha is plantable and all of which is both FSC- and PEFC-certified (Note: Sappi's forests achieved the PEFC certification subsequent to year end 2020, the first ever PEFC Forest Management certificate in South Africa). The land planted to trees was originally grassland. This conversion from grassland to trees has resulted in an increase in tree cover in the country. These tree plantations are managed for a sustainable supply of timber, hence there is no impact on natural forest or woodland. The management practices of the planted areas include explicit management of the 135,000ha of natural vegetation for biodiversity conservation.

Forest risk commodity

Timber products

Type of control

Concession/lease

Country/Area

South Africa

Land type

Tree plantations

Area (Hectares)

8,035

% Area certified

100

Certification scheme

FSC Forest Management certification

Conversion of natural ecosystems during the reporting year

No

Area converted during the reporting year (hectares)

% covered by natural forests

Please explain

Sappi leases 11,889 ha of land of which 8,035 ha is planted and all of which is FSC-certified. The remaining 3,854ha (also FSC-certified), is managed for biodiversity conservation.

Forest risk commodity

Timber products

Type of control

Outgrowers

Country/Area

South Africa

Land type

Tree plantations

Area (Hectares)

74,660

% Area certified

56

Certification scheme

FSC Forest Management Group certification

Conversion of natural ecosystems during the reporting year

No

Area converted during the reporting year (hectares)

% covered by natural forests

Please explain

The figure given for area represents Sappi's outgrower initiative in South Africa, Sappi Khulisa and the group certification scheme. Sappi Khulisa, which is our main enterprise and supplier development initiative, aims to incorporate small growers into the forestry value chain. In 2020, under this programme, 284,038 tons of timber (2019: 425,001 tons) worth some USD14,3 million (2019: USD23.5 million) was delivered to Sappi's operations in South Africa. Since 1995, a total volume of 4,505,979 tons to the value of USD167 million has been purchased from small growers under this programme. We also manage a Sappi FSC Group scheme (44 growers, 42,000 hectares) that encourages our long-term contracted timber suppliers to manage their plantations to FSC certification. We pay differentiated premiums for FSC and PEFC timber to

encourage certification. In terms of the Sustainable African Forestry Assurance Scheme which we helped to develop, the first consultations with various small growers already took place and we are planning to have first PEFC small growers incorporated into the Group Scheme before end of 2021.

F1.4

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

Forest risk commodity

Timber products

Country/Area

South Africa

Type of control

Own land

Land type

Set-aside land

Area (hectares)

135,000

% covered by natural forests

7

Please explain

Sappi owns and leases 394,000 ha of land in South Africa, of which 135,000 ha are maintained by Sappi Forests to conserve the natural habitat and biodiversity found there. Of this permanently unplanted land, the majority (85%) consists of open areas with natural vegetation cover which are managed for conservation purposes. These sites are restored and maintained using best practices for the management of fauna and flora. Approximately 98% of the forest types originally identified on Sappi land still exist in their original form; cover 9,500 hectares and include Drakensberg Montane Forests, Swamp Forests, Foothills Mistbelt Forest and Lydenburg Kloof Forest, among others. Natural forest has been successfully protected in South Africa since the early 1900s, so there has been no forest conversion in South Africa for the last 100 years. The areas covered by natural vegetation are managed according to best practice with respect to fire management, weed control, poaching and grazing by livestock in order to maintain healthy natural habitats for biodiversity conservation. This land consists of a network of riparian zones, wetlands, mountain tops, rocky areas, steep slopes and some areas especially set aside for the protection of critically endangered species. Sappi owns seven proclaimed nature reserves and about 160 other sites that are recognised and managed for the important conservation values they contain.

Forest risk commodity

Timber products

Country/Area

South Africa

Type of control

Concession/lease

Land type

Set-aside land

Area (hectares)

3,854

% covered by natural forests

0

Please explain

Sappi leases 11,889 ha of land of which 8,035 ha is planted and all of which is FSC-certified. The remaining 3,854ha (also FSC-certified), is managed for biodiversity conservation. In terms of % of area covered by natural forests, we have indicated 0, as the forests are fragmented and it is not possible to give an accurate figure.

F1.5

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

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

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Timber products

Data type

Production data

Volume

1,315,000

Metric

Other, please specify
Metric tons, dissolving pulp

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Timber products

Data type

Production data

Volume

4,305,000

Metric

Other, please specify
Metric tons, paper

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Timber products

Data type

Production data

Volume

61,351

Metric

Other, please specify
Metric tons, lignosulphonates

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Timber products

Data type

Production data

Volume

34,091

Metric

Other, please specify

Metric tons, sawn timber

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Timber products

Data type

Consumption data

Volume

1,175,487

Metric

Other, please specify

Metric tons, wood chips

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Timber products

Data type

Consumption data

Volume

5,515,287

Metric

Other, please specify
Metric tons, pulp wood

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Timber products

Data type

Consumption data

Volume

894,976

Metric

Other, please specify
Metric tons, pulp

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Timber products

Data type

Consumption data

Volume

90,082

Metric

Other, please specify
Metric tons, recovered paper

Data coverage

Full commodity production/consumption

Please explain

F1.5b

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

Forest risk commodity

Timber products

Country/Area of origin

Argentina

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Entre Rios

% of total production/consumption volume

0.01

Please explain

Sappi neither owns nor manages land in Argentina, and does not have production there either. In 2020 Sappi purchased chemical pulp from an Uruguayan, FSC and PEFC CoC certified pulp supplier, who reported using wood originating from Argentina in addition to Uruguay. All suppliers are requested to provide the wood origin information (country of harvest and where applicable sub-national region and/or concession of harvest) and a list of tree species at least annually and/or upon request in line with Sappi's Supplier Code of Conduct and Group Woodfibre Procurement Policy's requirements.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Minas Gerais; Parana; Sao Paulo; Mato Grosso do Sul; Rio Grando do Sul

% of total production/consumption volume

0.92

Please explain

Sappi neither owns nor manages land in Brazil, and does not have production there either. In 2020 Sappi purchased chemical pulp from Brazil from four suppliers, and the amount totalled less than one percentage (0.92%) of the total purchased woodfibre

volume. All suppliers are requested to provide the wood origin information (country of harvest and where applicable sub-national region and/or concession of harvest) and a list of tree species at least annually and/or upon request in line with Sappi's Supplier Code of Conduct and Group Woodfibre Procurement Policy's requirements.

Forest risk commodity

Timber products

Country/Area of origin

Zimbabwe

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Harare

% of total production/consumption volume

0.03

Please explain

Sappi purchased pre-consumer brown recovered paper back from a paper customer, a converter, in Zimbabwe, who purchases FSC certified paper from Sappi. The share of this totalled 0.03% of the total wood-based raw material of Sappi.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

99.04

Please explain

The full breakdown of the countries of origin in 2020 of Sappi's woodfibre supplies was as follows: Argentina (less than 0.05%); Austria (4.2%); Belgium (0.3%); Bosnia & Herzegovina(less than 0.05%) ; Botswana (less than 0.05%); Brazil (0.9%); Canada (10.1%); Chile (4.9%); Croatia (less than 0.05%); Czech Republic (1.5%); Denmark (less than 0.05%); Estonia (0.7%); Finland (5.9%); France (0.4%); Germany (11.5%); Hungary (0.4); Ireland (less than 0.05%); Latvia (0.6%); Lithuania (less than 0.05%); Luxembourg (0.3%); Netherlands (0.3%); Norway (0.05%); Poland (0.3%); Russian Federation (0.1%); Slovakia (1.1%); Slovenia (0.1%); South Africa (23.5%); Spain (1.3%); Sweden (2.2%); Switzerland (1.8%); Ukraine (less than 0.05%); United Kingdom

(less than 0.05%); United States of America (24.3%); Uruguay (3.3%); Zimbabwe (less than 0.05%).

F1.6

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

Yes

F1.6a

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

Forest risk commodity

Timber products

Impact driver type

Physical

Primary impact driver

Forest fires

Primary impact

Reduction or disruption in production capacity

Description of impact

Climate change has exacerbated the likelihood of forest fires in our plantations in South Africa. Fires in turn have the potential to impact the sustainability of this fibre base. The financial impact given here includes fire-fighting, depot stock and debris removal costs.

Primary response

Engagement in multi-stakeholder initiatives

Total financial impact

17,661,000

Description of response

Insurance costs were USD961,000 and firefighting costs were USD16.7 million in 2020. Following devastating fires in 2007/2008 Sappi implemented an extensive fire protection strategy through which risks are now managed via an integrated Fire Risk Management System. In addition, significant investment has improved fire detection, while fire crew training and improved equipment has significantly improved response times to fires. Sappi staff play key roles in the provincial and local fire protection associations (FPA). Involvement and leadership provided at FPAs ensures integrated fire management practices are embedded in the greater community and resource efficiencies and reaction is optimised. Example: Ensuring suppression resources are optimally placed on

high fire risk days, response readiness is confirmed, and deployment is coordinated in an integrated manner. This enhances risk management on and off property. The structured Incident Command System (ICS) is embedded in integrated fire risk management practices for incident management. Various staff qualified in this international recognised system occupy key management roles.

F2. Procedures

F2.1

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

Yes, forests-related risks are assessed

F2.1a

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

Timber products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
External consultants
FSC Global Forest Registry
National specific tools and databases
Other, please specify
EcoVadis tool, Supplier Code of Conduct; PEFC and FSC databases to ascertain the CoC certification status and validity of certificates of suppliers; FSC NRAs and CNRAs; Transparency International's Corruption Perceptions Index

Please explain

Sappi has an established culture of managing key risks to our business, including forest-related risks. We ensure that our risk management processes are aligned and compatible with Sappi's strategy, taking into account recommendations as set out in the ISO 31000 risk management - principles and guidelines. At a group and regional level, the group and regional Risk Management Councils meet bi-annually to identify, assess and discuss risks. The top risks are then identified, captured and plotted on a heatmap in terms of likelihood and severity. Key risks, including forest risks, are monitored and publicly reported on annually. Forest risks considered include: 1) biodiversity (genetic diversity, ecological integrity); 2) ecosystem services (soil retention, carbon storage, water quantity and quality); 3) community (indigenous knowledge, opportunities for employment); 4) workplace (fundamental rights, health and safety, fair wages); 5) economic (reputation, long-term productivity of timber, profitability and innovation). At operational level, due diligence procedures are in place in all regions to fulfil the PEFC Due Diligence Systems and FSC Controlled Wood requirements and risk assessment procedures related to the EU Timber Regulation/Lacey Act are also in place. Sappi's procurement division conducts risk evaluation of each country and each supplier from which we source wood. If sourcing from any regions where the FSC Controlled Wood National Risk Assessments (NRA/CNRA) show specified risk, we implement mitigation and monitoring measures. Supplier data (origin, tree species, environmental performance) is gathered at least annually. The Supplier Code of Conduct supports the work. Regular internal and external third-party (SGS, Soil Association, BV, NEPCo) audits monitor the compliance with the requirements of the certification systems we use. The principles of ISO 14000 and FSC, PEFC, and SFI are well entrenched. Specific risks pertaining to assets are assessed and mitigation actions implemented. The risks to assets are reviewed on a six-monthly basis by the management team responsible for the asset and all major assets are covered by insurance. On an annual basis, the risks associated with Sappi's non-forestry assets are reviewed by external consultants. The results of these reviews are converted to mitigation action plans, if required.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Woodfibre originating from responsibly managed forests is Sappi's most important raw material. Thus the availability of pulpwood, chips, and paper pulp which meet our stringent procurement policy requirements is of utmost critical business value. Availability is at times compromised by local competition and short supply especially when production has been reduced due to natural events exacerbated by climate change. Similarly, events can also increase availability as we have seen over the last years with the increased harvesting of spruce as a sanitation measure in Europe.

Availability is assessed as part of an ongoing risk management process. In Europe, Sappi mitigates fibre supply risk by procuring wood through PEFC and FSC CoC certified wood sourcing companies (proNARO GmbH in Germany, Sapin S.A in Belgium, Papierholz Austria GmbH in Austria, Metsä Group in Finland) all of which have established supply chains and close contacts with a pool of forest owners and wood suppliers. In South Africa and North America Sappi's combination of approaches includes both short- and long-term wood supply agreements. Although Sappi does not own land in North America our Private Lands Stumpage Program, helps to promote forest health and generate a revenue stream for land owners, thereby helping to ensure a steady supply of woodfibre for Sappi. Sappi is a member of SFI which is also involved in several activities including a project on soil productivity, the long-term impacts of whole tree harvesting; and LiDAR remote sensing analysis which is being used to enhance the design and operation of inventory programmes for forest industry stakeholders. In South Africa, we limit risk in terms of availability of supply by owning and leasing 259,000 ha of PEFC- and FSC-certified tree plantations. In addition, our world-leading tree improvement programmes focus on fibre gain, fibre characteristics and the mitigation of pests and diseases. Sappi's tree breeding programme is producing and selecting the most optimally suited hybrid varieties for each climatic zone. Sappi is also making use of genetic tools, like DNA fingerprinting, to confirm varietal identity and pedigree and genomic selection tools to accelerate tree breeding and selection in response to climate change and pest and disease threats.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

The inability to procure high-quality woodfibre (pulp wood, chips, paper pulp) originating from known, responsibly managed forests could severely impact our ability to operate. In terms of dissolving pulp, for example, the quality of the timber can severely impact the quality of the final product as well as reactivity and functionality in the customer process. At operational level, quality is determined as part of the fibre procurement process by assessing fibre sources, silviculture and harvesting techniques, as well as silica, fire damage etc. Sappi also enhances good quality and sound forestry management practices by utilising credible, third-party-verified forest certification schemes. All Sappi's woodfibre suppliers must provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood Standard, as well as PEFC (and SFI in the USA) risk-based due diligence systems. The spread of bark beetle in Europe, fire-damaged woodfibre and the availability of spruce – all of which have their roots in climate change – have had negative impacts. Sappi's own forests are in South Africa, where the forest planning section documents, monitors and models its woodfibre resources to ensure that a continuous, high quality supply of timber is available as required by different markets. Accurate information about growing stock is obtained from systematic sampling of stands and growth models used to model stand

development over time. This information assist to improve harvest planning, to select the most appropriate harvesting systems and as a result reduce environmental impacts. Adjustments to growing stock are made for damage caused by pests and diseases as well as climatic extremes and fire risk. Sophisticated software is then used to produce annual operational, tactical and strategic supply plans. The planning section incorporates species recommendations from the research section in the three-year planting plan. In addition, we use remote sensing and GIS analysis to assist with the identification and management of biotic and abiotic risks. We enhance our fibre base through leading-edge tree improvement programmes which aim to produce high-quality wood with the required pulping characteristics and increase yield per hectare. We achieve this mainly through genetic selection of planting stock.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

Recognising that forests are linked to almost all of the United Nations Sustainable Development Goals (SDGs) and that healthy ecosystems are vital to our survival, wellbeing and prosperity, conducting our business in an environmentally sustainable manner is a necessity and an obligation. This obligation is integral to our licence to operate. It is reinforced by our revised purpose statement launched under our Thrive25 strategy in 2020: Sappi is committed to sustainable forest management which includes the requirement to protect and promote healthy ecosystems and resilience.

Understanding our impact on ecosystems and habitats as a result of our operations is vital to wood security. Our commitment to sustainable forest management is articulated in our Woodfibre Procurement Policy, Sustainability Charter, Supplier Code of Conduct, wood certification and due diligence programmes. Our risk management framework integrates climate and other environmental issues into the assessment. The impact of our woodfibre sourcing activities on ecosystems and habitats is also monitored in terms of the third-party verified certification systems we use. Given that impacts of our activities to the ecosystems and habitats are pivotal for raw material quality and availability, related risk management is integrated throughout all decision-making levels. For example, in South Africa, in 2020, we made progress in terms of our Thrive25 target by addressing our first biodiversity objective underpinning this task: understanding what types of vegetation are present on our plantations, and their importance. This enables managers to develop appropriate management plans. It is also important, from a conservation management perspective, to identify those vegetation types that are least protected, in order to prioritise efforts to safeguard these vegetation types. We participate in the national stewardship programme and have seven declared nature reserves under this programme. We provide the Endangered Wildlife Trust with feedback on the numbers and locations of various species from landowners. We have also established a water stewardship project with WWF SA in the uMkomazi catchment. As just one example in North America, we support the Ruffed Grouse Society which creates healthy forest habitat for the benefit of ruffed grouse, American Woodcock and

other forest wildlife.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Sappi is exposed to a number of laws and regulations across a wide range of jurisdictions. A legal compliance programme designed to increase awareness of, and compliance with, applicable legislation is in place. This is important in terms of our licence to trade. We assess compliance in the following manner: The Group Compliance Officer reports bi-annually to the Group Audit and Risk Committee. Our aim is to minimise our impact on the environment. The principles of ISO 14000, FSC, SFI, PEFC, and other recognised programmes are well entrenched across the group. We closely monitor the potential for changes in environmental legislation, including GHG emission requirements. Regulations related to forestry risk are not only monitored by the legal department but also by the regional sustainability managers, discussed at regional sustainability councils and also at the Group Sustainable Development Council, as well as being monitored through the enterprise-wide risk management process. In South Africa, where Sappi owns and leases 394,000 ha of land, we are subject to claims for restitution of land under the Restitution of Land Rights Act, 1994. In the past 10 years, we have settled claims related to 39,950.21 ha of which claimants took ownership of 8,151 ha and claims for 11,271 ha in which claimants preferred to seek compensation. The balance of the land has been withdrawn from the claim by the Restitution on Land Rights Commission or the claim was rejected by the Land Claims Court. Another example is the EU Green Deal, aimed at making the EU climate neutral by 2050 which may impact the amount of timber available for commercial harvest. In Canada, we note the fact that affected indigenous communities and other stakeholders must be consulted, and potentially accommodated, in connection with the grant of timber rights in public forests. Information gathered in this way is used to take relevant action in our operations in the form of significant investments in operations and maintenance to reduce air emissions, waste water discharges and waste generation. Sappi's Due Diligence Systems comply with the requirements of the EU Timber Regulation, the US Lacey Act and other regional jurisdictions. Tree species identified as endangered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are neither utilised nor imported.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

The effects of climate change result in a number of risks, as outlined by the TCFD framework could have substantive impact, in supply and demand of our raw materials and our products in the short, medium and long term. Sappi's risk

management evaluation process has been updated to include the recommendations of TCFD and we have committed to setting science-based targets through the Science Based Targets initiative (SBTi), including land-based emission accounting and targets. Risk management takes into account the following: 1) In all three regions where Sappi operates, climate change could alter the frequency and intensity of forest disturbances such as insect outbreaks, invasive species, and storms. These can reduce forest productivity and change the distribution and abundance of tree species. 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; 2) A preliminary climate change investigation conducted by Sappi Forests' scientists in 2019 indicated that climate change is likely to be more significant in Southern Africa compared to the world average, including decreased spring rainfall and higher temperatures, the combined effect of which is likely to increase tree stress and adversely impact our plantations; 3) 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 are increasing; 4) If the spruce bark beetle (*Ips typographus*) outbreak in Sappi's key wood procurement areas in Europe continues, it could have profound impacts on forest ecosystems. Forest owners are considering converting spruce (*Picea abies*) stands to other coniferous species or other broadleaves species that are more resilient than spruce to climate change-related adverse impacts. As the spruce is a strategically important species both for Sappi's and our suppliers' mechanical and chemical pulp production, the possible long-term changes in availability might have a strategic impact both in terms of production technologies and product portfolios.

Impact on water security

Relevance & inclusion

Relevant, always included

Please explain

In South Africa, which is classified as a water-scarce country in terms of the World Resources Institute criteria, all Sappi's plantations are subject to a water use licence and are not irrigated. We avoid unnecessary water use by delineating riparian zones and wetlands on our plantations and ensuring these are kept free of commercially planted trees. Water quality is managed by regulating drainage and minimising erosion, thereby preventing run-off into streams and rivers. Pesticide use conforms to the strict FSC standards which aim to minimise the use and impact of these on the environment. Our fertiliser use is kept to a minimum, being used only once in each rotation. This limits

the potential impact on water sources in terms of nutrient load. Consequently, rivers, streams and lakes are not negatively impacted by forestry operations, although there is some sedimentation. We have a number of procedures to ensure runoff after harvesting is kept to a minimum. These include leaving harvesting residue on the ground and ensuring that the correct harvesting and extraction methods are used. However, climate change has intensified focus on water footprint in Southern Africa which in turn has led to accelerated focus on the location of forestry plantations, which could affect the granting of water use licences, 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 directly impact our input costs and operating profit.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

Sappi requires substantial amounts of woodfibre, chemicals, fuels and other raw materials for our production activities and transport of our products. As woodfibre comprises approximately 40% of our procurement costs, price increases due to macroeconomic impacts negatively affect profitability. We rely partly upon third parties for our supply of the energy resources and, to a large extent, woodfibre, which are consumed in our operations. The prices for and availability of these energy supplies 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 and market conditions. Price and availability of wood are factored into Sappi's internal risk evaluations whereby the likelihood and impacts are assessed. Mitigation steps include assessment of duration of supplier contracts. Sappi's products are significantly affected by cyclical changes in industry capacity and output levels as well as by the impact on demand from changes in the world economy. Because of supply and demand imbalances in the industry, these markets historically have been cyclical with volatile prices. In addition, turmoil in the world economy has historically led to sharp reductions in volume and pressure on prices in many of our markets. We are continuously taking action to improve efficiencies in all aspects of our business.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

The association of woodfibre-based products with deforestation or altogether with any other negligence or misconduct in environmental or social performance is a risk that could cause loss of markets. Sappi mitigates this risk first and foremost by ensuring full traceability in the woodfibre supply chain. Sappi's commitment to zero deforestation means knowing the source of woodfibre and 100% PEFC (incl. SFI) and FSC Chain of Custody coverage of the wood and pulp sourcing; ensuring that suppliers implement practices to promptly regenerate forests post-harvest, which is required under the global forest certification standards that Sappi is committed to upholding. It also means implementing the Sappi Supplier Code of Conduct and tools like EcoVadis sustainability rating tools to continually assess supply-chain, ethical and legal risk; and not sourcing from suppliers associated with deforestation. There is a potential for the loss of market share due to the inability to meet demand for certified product. The availability of certified wood is an issue, and it is thus vitally important to find positive incentives to promote and advance forest certification especially among private forest owners, who in many of the countries where we operate are major forest owners. In addition, Sappi works to build transparent supply chains and maintain close relationships with our suppliers. Forest certification systems with third-party verified forest management and chain-of-custody processes ensure that responsible forest management practices are implemented in the forest and that woodfibre from certified forests can be identified throughout the supply chain. Using EcoVadis' methodology, we are monitoring the sustainability performance of our suppliers through proactive ratings and assessments.

Leakage markets

Relevance & inclusion

Not considered

Please explain

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Reputational risk from brand damage associated with negative social and environmental impacts or corruption is considered in our risk assessments in each region, as it could cause loss of sales and affect our licence to trade. We mitigate this risk through our use of forest certification and environmental management systems. These include ISO 14001 and ISO 9001 (globally), ISO 50001 (Europe and South Africa) and EMAS (Europe). In addition, we neither harvest nor buy woodfibre which originates from tropical natural forests and we're committed to ensuring that our wood sourcing causes zero deforestation. Sappi requires rigorous tracing practices and documentation of the origin of all woodfibre. Suppliers must provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood

Standard, as well as PEFC (and SFI in the United States) risk-based due diligence systems. Our significant investment in shared value programmes also helps to associate the risk of brand damage associated with social impacts. We spent US\$3 million in 2020 on social investment, the bulk of which was allocated to South Africa. Social impacts are covered in our Group Supplier Code of Conduct and Group Human Rights policy and cover areas such as child labour and young workers; forced, slave, bonded, indentured or involuntary prison labour; working hours; compensation; freedom of association and collective bargaining; discrimination, diversity and safety. In terms of safety, the majority of our operations are ISO45001 or OHSAS18001 certified. The Code of Ethics and Group Supplier Code of Conduct also cover several environmental and sustainable business related issues. In North America the SFI State Implementation Committees also administer public complaints regarding improper forest management.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

The need for strong governance and sound ethics underpins all Sappi's risks assessments, and in terms of forest-related risks, the Sappi Supplier Code of Conduct, helps ensure that Sappi's values and ethical standards are clearly understood and supported by all our suppliers, their first-tier suppliers and other stakeholders and is a strong tool against corruption together with Sappi's Code of Ethics. Actions are taken against employees who do not abide by the spirit and provisions of our code. Online Code of Ethics, anti-bribery and corruption training as well as social media training have been provided to employees across the group over the past three years. There are processes in place to ensure that employees, business associates, contractors and suppliers are familiar with Sappi's ethics norms as set out in the Codes of Ethics. These include: Reference to the Code of Ethics in employment and supply contracts; Publication of the Code of Ethics online on external (<https://www.sappi.com/sappi-code-of-ethics>) and internal websites; Ongoing training and induction of employees. Other arrangements to manage ethics include: Annual fraud and ethics and fraud risk assessments (with due consideration for stakeholders); Safe reporting (hotline) mechanisms are in place; Periodic employee control environment surveys. A new Sappi Code of Ethics training has recently been created, and all employees are expected to go through the new mandatory training course. This course is a compulsory course and is regularly audited for compliance. Stakeholders can report instances of corruption to Sappi hotlines in each region, in full confidentiality. In 2020, 39% of calls related to corruption, fraud and theft. The hotline report rates, categories of reports and outcomes of cases broadly align with international whistle-blower benchmark data. In addition, the group has a policy that obliges all employees to disclose any interest in contracts or business dealings with Sappi to assess any possible conflict of interest. The policy also dictates that directors and senior officers of the group must disclose any interest in contracts as well as other appointments to assess any conflict of interest that may affect their fiduciary duties.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

Sappi plays an important role in society, offering responsibly manufactured, recyclable products, made from renewable raw materials. The forest industry is one of the strategic economic sectors in each region where we operate, and makes a significant contribution to economic growth and job creation, particularly in rural areas, where employment and income generation opportunities are more limited than in cities. In Europe and North America, many of the forests are owned by private people, often smallholders in rural areas. Forestry offers thus both work and income, and contributes both directly and indirectly to the economies and social well-being of rural areas, Sappi's pulp and paper mills are most often situated in rural communities and play thus an important role in providing job opportunities for local people and positive economic impact for the regions. In Southern Africa, our plantations are generally situated in rural areas where there are high levels of poverty and unemployment. Sappi's contractors employ approximately 9,250 people, which has a significant positive social impact. In addition, our community tree farming enterprise development initiative, Sappi Khulisa ('Khulisa' means 'to grow' in isiZulu) which began in 1983, is aimed at community tree farming and has successfully uplifted impoverished communities in KwaZulu-Natal and the Eastern Cape. The total area managed currently is 32,660 hectares. In 2020, under this programme, 284,038 tons of timber worth USD14,3 million (2019: USD23.5 million) was delivered to our operations. Currently, Khulisa involves 3,644 growers and approximately 103 SMME) who are involved in silviculture, harvesting, loading, short- and long-haul activities. In South Africa, we have developed a social impact strategy whereby Sappi sites purposefully evaluate operational practices and determine whether their day-to-day operations and corporate culture reflect Sappi's societal purpose and values. All our employees, regardless of seniority, recognise the opportunity and responsibility to create societal impact daily. The impact strategy has established clear outcomes to be achieved by 2025, including growing the number of SMEs linked to Sappi operations by 20% from 2020 levels and increasing household income levels in Sappi communities by 20% from 2020 levels. The strategy is now being rolled out to other regions.

Other, please specify

Relevance & inclusion

Not considered

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

Customers are one of Sappi's most important stakeholder groups. Sappi adopts a partnership approach, whereby we collaborate with our customers and innovate to suit specific needs in terms of e.g. low-carbon products, supply-chain integrity, product recyclability etc. Stakeholders' expectations on businesses to act responsibly, tackle social and environmental challenges, and deliver positive societal impact are increasing. Demonstrating actions to mitigate the footprint and strengthening our positive contribution, are increasingly important assets. Accordingly, we provide customers with transparent, comprehensive data on our sustainability performance. We participate in EcoVadis and Sedex, thereby providing information to our customers about the fibre sourcing, production processes, and environmental performance behind our brands. In all three regions we have achieved platinum EcoVadis scores. In Europe and South Africa, we publish product-specific Paper Profiles (www.paperprofile.com), and EMAS-reports in Europe. The annual Wood Origin Declarations give mill-specific information on the countries of origin and tree species. Sappi Dissolving Pulp (DP) has partnered with Birla Cellulose to provide a forest-to-garment traceability solution for brand owners. This was made possible with the use of Birla's pioneering 'Green Track' blockchain technology, coupled with Sappi's comprehensive database on wood origin for DP operations. In terms of support, DP technical centres of excellence are located at Saiccor and Cloquet Mills. Customers can make use of the competence centre for speciality papers and paper laboratory at Alfeld Mill. Sappi provides annual summaries of forest-based supply-chain due diligence and risk assessments to customers and stakeholders, and sourcing information to multiple external third-party platforms that rank the sustainability of products/companies for the convenience of our customers. Information related to our sourcing practices and programmes to support small private landowners are available on the website and in printed/mailed brochures, some owned and produced exclusively by Sappi and others by regional/state-wide collaboratives in which Sappi participates. We engage directly with customers one-on-one through a variety of avenues /mechanisms to explain our due diligence systems and sustainable practices.

Employees

Relevance & inclusion

Relevant, always included

Please explain

Sappi has approximately 13,000 employees on three continents. Sappi's long-term success not only depends on our strategy and processes, but more importantly on the passion and commitment from employees to help Sappi reach its goals. Sappi's high premium on adherence to ethical behaviour is entrenched in our Code of Ethics (Code). The code sets out expected behaviour in various aspects including corruption, ethical behaviour, human rights, as well as health, safety and the environment. Ongoing Code of Ethics training is provided to employees across the group. A new Sappi Code of Ethics training has recently been created, and all employees are expected to go through the new mandatory training course. This course is a compulsory course and is regularly audited for compliance. Sappi sees that key to its success is how well it engages with the employees – listening to their concerns and suggestions, and swiftly acting on it. Sappi runs extensive employee engagement surveys every second year (latest in March 2021) to assess connection with the company, including Sappi's commitment to sustainability. The feedback supports us to co-create action plans to close gaps identified by employees during the survey.

Investors

Relevance & inclusion

Relevant, always included

Please explain

Institutional investors in particular are asking demanding questions about corporate environmental, social, and governance (ESG) performance, and expect to find these issues embedded in corporate strategy. Key questions of today are related to climate change, decarbonisation, and the responsible origin of the wood raw material and deforestation-free supply chains. Sappi's investor relations (IR) department engages with shareholders and analysts continually: our Chairman and CEO engage with shareholders on relevant issues; we engage with various ratings agencies, particularly on ESG performance; we conduct ad hoc mill visits and road shows and issue announcements through the JSE Stock Exchange News Services (SENS), in the press and on Sappi's website (see www.sappi.com/SENS). Sappi also engages with various ratings agencies including FTSE/Russell, MSCI and ISS ESG (formerly Oekom), particularly in terms of ESG performance. We are a constituent of the FTSE4Good Index Series. We have also been classified as Prime by ISS ESG one of the world's leading environmental, social and governance (ESG) research and rating agencies for sustainable investments. In FY2020, all regions received a Platinum Medal in the Ecovadis Corporate Social (CSR) ratings. The Platinum rating, a new medal category created in 2020, recognises the top 1% of companies evaluated for their environment, labour and human rights, ethics and sustainable procurement performance.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

The communities situated around our mills and forestry operations are integral to our licence to operate and are generally situated in rural communities. Thus, they play an important role in providing local job opportunities and positive local economic impacts. Sappi's aim is to promote shared value which we achieve by encouraging initiatives which facilitate partnerships and collaboration between communities, government, and the private sector. This is particularly true in South Africa, a developing country. Levels of poverty in rural regions, where many of Sappi's activities are located are high. Accordingly, Sappi plays a significant role in socio-economic upliftment in these areas. The Abashintshi (isiZulu for 'change agents') programme in South Africa which was first established in KwaZulu-Natal in 2015 is just one example of a positive community-focused project. Based on the Asset-Based Community Development (ABCD) methodology, with the objective of establishing and helping activate entrepreneurial enterprises, the Abashintshi are taught how to facilitate life skills and to encourage community members in recognising their assets, and adopting a "can-do" attitude, putting these assets to work. The ABCD methodology is based on communities driving the development process themselves by identifying and mobilising existing, but often unrecognised, assets. The programme has resulted more than 500 small businesses that have either been started up or rejuvenated with the assistance of the Abashintshi. Participation of farmers in the local Fire Protection Associations has grown significantly through the on-going encouragement of local Sappi management. Sappi's decades' long dedication to support private small-scale forestry in South Africa reached an important milestone in 2020, when Sappi was awarded the first ever Programme for the Endorsement of Forest Certification (PEFC) forest management certificate in South Africa. The great value of the PEFC-endorsed standard SAFAS (Sustainable African Forest Assurance Scheme) is that it incorporates cutting-edge, innovative and effective approaches to also make forest certification more accessible to South Africa's small landowners. This has great promise for ensuring certification not only delivers social and environmental values, but also supports socio-economic and development priorities.

NGOs

Relevance & inclusion

Relevant, sometimes included

Please explain

Sappi engages with civil society organisations on issues of mutual interest and belongs to key organisations relevant to our operations. Sappi is an International Stakeholder member of PEFC, a member of FSC's economic chambers North and South, and a

member of SFI in the United States. Sappi is represented on the steering committee of The Forests Dialogue, whose purpose is to contribute to sustainable land and resource use, the conservation and sustainable management of forests, and improved livelihoods by helping people engage and explore difficult issues, find collaborative solutions, and make positive changes. Through participating in many NGO convened sustainability-related conferences and events we actively seek the opportunity to share views and information about forest management and related issues. Sappi is a member of the Sustainable Apparel Coalition (SAC). Sappi is contributing both data and resources to support the Higg Index, which measures sustainability performance and drives supply chain transparency and decision-making to improve efficiency and sustainability impact. The Higg Index is an indicator-based suite of tools that enables suppliers, manufacturers, brands, and retailers to evaluate materials, products, facilities, and processes based on environmental performance, social labour practices, and product design choices. Sappi is a member of Textile Exchange and was an advisory partner in the latter's development of a biodiversity questionnaire for their pilot study. In South Africa, Sappi is planning a water stewardship programme with WWF. In North America, Sappi has from time to time financially supported shared biologist positions with NGOs committed to promoting forest health and wildlife diversity. In the United States Sappi also contributes to numerous NGO initiatives aimed at evaluating forest-based risks, trends, forest health, biodiversity, etc.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, always included

Please explain

In the United States, the Sappi Maine Forestry Programme and the Sappi Lake State Private Forest Programme assist forest landowners to meet their objectives for managing their woodland. Sappi's trained foresters are able to develop a forest management plan geared to the interests of the landowner including wildlife management and aesthetics, marketing of timber to generate maximum return and providing an extensive network of environmental and marketing resources. In South Africa, qualified extension officers provide growers in our Sappi Khulisa enterprise development scheme with ongoing growing advice and practical assistance. In this region, we are involved in the WWF-SA Water Stewardship- Umkomazi Catchment multi-stakeholder partnership. Biodiversity management will be a key feature of the partnership, with specific interventions taken to control alien invasive species as well as improving water availability to fresh water ecosystems. We are also running a pilot programme with Meat Naturally to assist local informal cattle farmers to sustainably manage grazing and unlock commercial market opportunities while protecting water catchments.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

Sappi engages with government departments and regulatory bodies and sits on a number of High Level Expert groups, to provide input into issues and regulations that affect our industry. We also engage with regional and local governments and local authorities. Areas of mutual interest include: energy issues in general, transition to a low-carbon industry, and developments around carbon taxation; the impact of increased regulations on business; the social and economic benefits of our industry nationally as well as at a local level and enhancing sustainable forest management and land use. In South Africa, through Forestry SA, we participated in the Presidentially led Private Public Growth initiative (PPGI) in the compilation of the Forestry Sector Master Plan. This has been approved by Parliament and aims to drive sustainable forestry industry, updated regulation and improved collaboration in integrated risk management as well as R&D. Sappi Khulisa is currently assisting 67 land reform projects with the management of timber on their properties. This is to support the South African land reform programme which aims to ensure that land reform beneficiaries realise the potential of their newly acquired land. In the past 10 years, we have settled claims involving 39,950 hectares of which claimants took ownership of 8,151 hectares and claims for 11,271 hectares in which claimants preferred to seek compensation. Many of these properties previously belonged to commercial farmers who had supply agreements with Sappi. For many of the land claims in which we have been involved, and where there has been a change in ownership, we continue to buy the timber and help to manage those plantations. To ensure sustainable production from these properties, we have entered into supply agreements with the new beneficiaries and provide them with assistance. In Europe, Sappi is actively working in a number of forest-sector collaborations to ensure a thriving forest bio-economy remains an integral part of the EU Green Deal. Through sustainable forest management practices, responsible sourcing, efficient use of resources and manufacturing innovation, the sector provides fibre-based and low-carbon solutions and products and thus boosts the transition into a circular economy.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

Sappi's business depends on trusted relationships and active engagement with wood suppliers and forest owners. Sappi's own forests are in South Africa, and thus in all other regions our wood procurement is dependent on external wood suppliers. Sappi requires compliance with its Supplier Code of Conduct, Group Woodfibre Procurement Policy and the FSC and PEFC (incl. SFI) Chain of Custody requirements. Sappi's wood

sourcing partners (Sapin S.A. in Belgium, proNARO GmbH in Germany, Papierholz Austria GmbH in Austria and Metsä Group in Finland) in Europe buy wood mainly from non-industrial private forests, municipalities and state-owned forests. Wood chips, a by-product from sawmilling, are purchased from sawmills. Sappi also purchases paper pulp from external pulp suppliers, mainly from Europe and the Americas. Sappi's mills in North America are located in Maine, Minnesota (USA) and Quebec (Canada). Wood is sourced from landowners and commercial loggers. Sappi continues to move forward with the implementation of the Group Supplier Code of Conduct, embedding compliance thereof into new contracts as they are issued, as well as obtaining signed Declarations of Compliance from suppliers. In SEU especially, we made significant strides forward in ensuring supplier compliance with the Code. Through concerted effort of our procurement teams and responsiveness of our suppliers, during 2020 we managed to ensure 61% of our procurement spend was with suppliers who have signed a declaration of compliance. A tool was also established to enable tracking of progress and to ensure we have oversight at all times on coverage according to different procurement categories and suppliers. In SNA, 10% of procurement spend was in compliance with the Code, while in SSA we are still in the early phases of rolling out the programme and have only achieved 1% of compliance.

Other stakeholders, please specify

Relevance & inclusion

Relevant, always included

Please explain

Across the group, Sappi participates in industry associations and collaborations. These include the TwoSides, Technical Association of the Pulp and Paper Industry (TAPPI); Confederation of European Paper Industries (CEPI), Eurograph, European Joint Undertaking on Biobased Industries, Print Power, Save Food, The Alliance of Energy-Intensive Industries, The Two Team Project (focusing on breakthrough technology concepts in the industry that could enable a more competitive future), American Forests and Paper Association (AF&PA), Paper and Paper Packaging Board, Agenda 2020 Technology Alliance, Forest Products Working Group, Sustainable Packaging Coalition (SPC), The Recycling Partnership, Public Private Growth Initiative, Fibre Processing and Manufacturing Skills Education and Training Authority, Forestry South Africa, Packaging SA. Paper Manufacturers' Association of South Africa (PAMSA), Recycle Paper ZA, Printing Industries Federation SA (PIFSA), Institute for Commercial Forestry Research (ICFR), Tree Protection Co-operative Programme (TCP), Biological Control of Eucalypt Pests (BiCEP), Forest Molecular Genetic (FMG) Programme Camcore, the Eucalypt Pest and Pathogen Working Group (EPPWG) and the South African Institute of Forestry (SAIF).

F3. Risks and opportunities

F3.1

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

	Risk identified?
Timber products	Yes

F3.1a

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

EBITDA (earnings before interest, taxes, depreciation, and amortization) is considered a key indicator of the underlying profit performance of the group, reflecting both revenues and costs and aligning closely with our strategic goals of achieving cost advantages and growth. We define a substantive financial impact as 20-25% of EBITDA, which, in FY2020, was USD378 million (excluding special items). This definition applies to risks both within our direct operations and within our supply chain.

F3.1b

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

Forest risk commodity

Timber products

Type of risk

Physical

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Forest fires

Primary potential impact

Supply chain disruption

Company-specific description

In South Africa Sappi owns and leases 394,000 hectares of land. Climate change exacerbates the likelihood of forest fires which in turn have the potential to impact the sustainability of this fibre base.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

17,600,000

Potential financial impact figure - maximum (currency)

126,400,000

Explanation of financial

The minimum figure (which is also the cost of response) represents insurance (USD961,000 and fire protection costs (USD16.7 million). The maximum figure is based on an estimated loss of 841,000 white wet tons of wood and represents the replacement value of these tons over and above insurance cover.

Primary response to risk

Engagement in multi-stakeholder initiatives

Description of response

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

Cost of response

17,600,000

Explanation of cost of response

Insurance costs were USD961,000 and firefighting costs for the year were USD16.7 million in 2020.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Shifts in consumer preference

Primary potential impact

Constraint to growth

Company-specific description

Only 1% of the 111 million tons of textiles produced were recycled in 2019. Based on concerns about deforestation, textiles are receiving increasing attention in circular economy policies, specifically the new EU Circular Economy Action Plan. This is driving the creation of a secondary raw material market which is seen to be more sustainable because it reduces the burden on landfills as well as to positively impacts climate change and biodiversity loss. It is likely that a portion of the future demand for textiles production will be met by secondary raw materials, thus lowering Sappi virgin market share. Market growth near 2030 is expected to come from recycled textiles as a raw material rather than a virgin feedstock (including synthetics, cotton, wood fibre). In addition, there is growing push by NGOs to account for biogenic emissions, disputing the carbon neutrality of wood. This may slow down the transition to a bioeconomy and may hinder market growth for renewable wood based cellulose.

Timeframe

>6 years

Magnitude of potential impact

Medium

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

10,000,000

Potential financial impact figure - maximum (currency)

50,000,000

Explanation of financial

The financial impact range takes into account the lost opportunity cost in maintaining market share, growth of market. Circularity imposed regulation could result in reducing demand for virgin feedstocks over the short term (until textile waste recovery and recycling percentage of total reaches maximum attainable levels whereafter market growth will once again translate into feedstock growth). It also hypothesises retailer procurement policies forcing recycled content, creating demand for recycled feedstocks resulting in capacity overhang on wood fibre and consequential increased competition and price decline.

Primary response to risk

Engagement in multi-stakeholder initiatives

Description of response

Sappi is focusing on technology development. Sappi Dissolving Pulp will strategically partner with technology providers that meet the shortlisted criteria for joint development. We are also exploring customer partnerships to scale the use of secondary raw materials. We are already involved in a few multi-stakeholder initiatives, including the GHG protocol working group and the CEPI mirror group to contribute to the formulation of the biogenic emission standard. A representative from Sappi DP is also a member of the Textile Exchange climate sub-committee.

Cost of response

100,000,000

Explanation of cost of response

Based on the introduction of early scale recycling technology .

Forest risk commodity

Timber products

Type of risk

Physical

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Declining ecosystem services

Primary potential impact

Constraint to growth

Company-specific description

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

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

2,705,500

Potential financial impact figure - maximum (currency)

44,100,000

Explanation of financial

The minimum amount assumes that despite forest research efforts to adapt and mitigate climate change annual growth reduce by 1.4%, the maximum assumes we lose 10% of our growth. The fair value of our plantations is estimated at USD441 million (less the estimated costs of delivery, including harvesting and transport costs). The maximum figure given here represents 10% of the fair value.

Primary response to risk

New product/technology development

Description of response

Research and development of genetically improved planting stock has been conducted at Sappi's Shaw Research Centre in Howick for over 25 years. Tree improvement is aimed at increasing pulp yield produced per hectare by testing various species and hybrids across Sappi's diverse landholdings. As well as growth improvements, trees are bred for superior wood properties and resistance to biotic and abiotic threats including frost, drought, pests and diseases. A broad genetic base, acquired over 25 years and a skilled breeding team exploiting new technologies are some of the assets of the programme. Together with other forestry companies in South Africa and financial support from the Department of Science and Technology Forest Sector Innovation Fund, Sappi has initiated a project with the Global Change Institute at the University of the Witwatersrand: Phase 1 in 2020: Generation of raster climate surfaces for the entire forestry domain of South Africa, at 8 km resolution, with monthly time resolution, for the years 2020, 2030, 2040 to 2100. The variables would include up to 20 important bioclimatic indicators.; Phase 2 from 2021 onward: A second iteration of the variables generated for the one-year product, refining the indicators or making them more specific for species or issues; and/or including more ensemble members or scenarios to broaden the robustness of the evaluation; and/or 1 km data for selected parts of the country.

Cost of response

3,500,000

Explanation of cost of response

Cost of tree improvement programmes.

Forest risk commodity

Timber products

Type of risk

Physical

Geographical scale

Country

Where in your value chain does the risk driver occur?

Supply chain

Other parts of the value chain

Primary risk driver

Land loss to desertification and soil degradation

Primary potential impact

Constraint to growth

Company-specific description

In South Africa, 56% of Sappi's plantations can be classified as having high site sensitivity. Intensified and increased used of bioenergy to replace fossil fuel can have adverse effects such as land degradation through nutrient removal.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

10,192,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

Based on the assumption that 56% of Sappi landholdings in South Africa are classified as high site sensitivity, the removal of biomass would require replacement of nutrients removed in biomass using synthetic fertiliser across 21,000 ha replanted annually.

Primary response to risk

New product/technology development

Description of response

Sappi has developed a site sensitivity risk map that includes various site risks (slope, erodibility, soil depth, soil organic carbon content, soil texture, etc.). Specific management operational guidelines have been or are being developed based on the different site sensitivity classes. Silvicultural practices on these sites are reviewed and changed to use practices like mulching to mitigate site impacts.

Cost of response

Explanation of cost of response

The cost of response has not been calculated as it is part of normal R&D work and operational improvement.

Forest risk commodity

Timber products

Type of risk

Physical

Geographical scale

Country

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased ecosystem vulnerability

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Climate change is impacting the health of European forests through warming temperatures and increase of extreme events (drought, wind, pest and disease outbreaks and wildfire.) Most notable for Sappi's wood procurement has been the outbreak of the spruce bark beetle (*Ips typographus*) within Sappi's key wood procurement areas in Europe. Over the past few years, controlling the outbreak has created a surplus of wood on the market as a result of sanitation felling. This has created price and quality volatility but most significantly creates economic distress for the forest owners to which we depend. Going forward, there is an anticipation that the availability of spruce wood on the market will decline, and costs will increase to reflect longer transport distances. The availability of spruce could be further compromised due to reduced standing volume resulting from increased extraction due to sanitation felling, forest owners replanting with other species, and an anticipation that the growing range for spruce is migrating to higher elevations in light of changing climate. The vulnerability of forests and specific species like Spruce, impacts Sappi's procurement in terms of species availability, price fluctuations and the overarching impact on the economic,

environmental and social viability of private forestry on which we are reliant.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

16,000,000

Potential financial impact figure - maximum (currency)

40,000,000

Explanation of financial

In 2019 the woodfibre procurement costs for Sappi's European operations were USD58 million. If we consider the potential cost impacts related to availability or accessibility of the species mix and woodfibre material on which our company's operations rely, we estimate a potential a 2-5% financial impact on our procurement spend.

Primary response to risk

Engagement with suppliers

Description of response

In Europe Sappi does not own or manage any forestlands so we do not have a direct role mitigating this risk. Rather we work very closely with our four wood sourcing partners: Sapin in Belgium, proNARO in Germany, Papierholz Austria in Austria, and Metsä Forest in Finland. Given our shared ownership in some of these enterprises, we are very much aligned and engaged with the strategic topics emerging. We gain first hand insight to the trends, issues or concerns emerging across Europe. As the forestry situation is different across the region, our broad sourcing structure across multiple countries helps to mitigate the impact unfavourable conditions have on our procurement. We have not experienced any constraint in resource availability that we couldn't tolerate. We also regularly evaluate the species mix of our pulp, to identify where opportunities exist to reduce reliance on spruce.

Cost of response

Explanation of cost of response

As we do not directly own forests we cannot effectively respond to this risk through direct investment.

F3.2

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

	Have you identified opportunities?
Timber products	Yes

F3.2a

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

Forest risk commodity

Timber products

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased R&D and innovation opportunities

Company-specific description & strategy to realize opportunity

Sappi’s aim is to extract more value from each tree and in doing so, move into adjacent markets in order to strengthen our core business model. 45% of each tree is cellulose which we use for dissolving pulp, packaging papers and board, printing and writing papers and tissue. 23% is lignin and 30% is hemicellulose, both of which we have targeted for our move into adjacent markets. To utilize the hemicellulose we are focused on the production of xylose sugars and furfural. Extraction technologies have been developed and piloted for both products, and industrial scale expansion is in planning. For lignin, we produce lignosulphonate which is a powerful material to replace many fossil-derived products. We are actively pioneering new applications where lignosulphonate can become a renewable alternative, including in the construction,

agriculture and paper industry.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

55,000,000

Potential financial impact figure – maximum (currency)

60,000,000

Explanation of financial impact figure

The xylose for xylitol and furfural opportunities both have approximately the same potential of adding USD20m EBITDA each, subject to overcoming the remaining technical and commercial hurdles, and conditional on the capital being available to do both projects by 2025. We see the opportunity for lignin to add USD15-20m to EBITDA by 2025 via the higher value initiatives under development.

Forest risk commodity

Timber products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased demand for certified materials

Company-specific description & strategy to realize opportunity

Sappi is expanding its presence in specialities and packaging sector. Consumers, retailers and brand owners all over the world are looking for sustainable paper based packaging solutions for their products, and eco-conscious consumers and shoppers are

pressuring brand owners for more biodegradable, recyclable and compostable packaging, all reflecting a more circular economy. We estimate the increasing need for more sustainable and environmentally friendly packaging solutions will lead to demand growth of 3% to 6% per year, globally, across the spectrum of our products. .

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

11,600,000

Potential financial impact figure – maximum (currency)

23,200,000

Explanation of financial impact figure

This range represents 3-6% of EBITDA of USD387 million in 2020 and is in line with our expectation that demand will grow by 3-6% per annum.

Forest risk commodity

Timber products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Expansion into new markets

Company-specific description & strategy to realize opportunity

It is estimated that only 5% of textile brand-owners are able to trace their raw materials to origin. Sappi Dissolving Pulp (DP) has partnered with a key customer in India to create a forest to garment traceability tool, using blockchain technology, providing 22 global brands with the transparency that they need to understand their sourcing dependencies and impacts.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

19,280,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In 2020, Dissolving Pulp (DP) contributed 17% to Sappi's EBITDA in other words, USD64,26 million. The figure given here is based on a conservative 30% increase in the contribution of DP to EBITDA, based on the appeal of enhanced traceability to garment manufacturers and consumers.

Forest risk commodity

Timber products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Expansion into new markets

Company-specific description & strategy to realize opportunity

At this stage, the focus on biodiversity in the textile industry – as with many others – is nascent. The Textile Exchange has developed a biodiversity module and associated Index to prepare the fashion industry for action. Sappi was an advisory partner in the module development. The module is going through an initial pilot phase to track the level of engagement and effort that companies are starting to make in terms of biodiversity. The biodiversity module will support and develop alongside the Science Based Targets network in order to reinforce consistency in language, frameworks and measurements. Additionally, use of this module and its future iterations will help companies prepare for stakeholder (including investor) questions around nature-related risk.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

3,000,000

Potential financial impact figure – maximum (currency)

18,000,000

Explanation of financial impact figure

The estimates given here are based on supply overhang and general reduction in pricing as well as value proposition premium, as well as defense of current market share, with Sappi DP becoming the preferred fibre with full traceability and enhanced sustainability vs other producers. This will not arrest the adoption of recycled or alternate fibres and will not affect that these will begin to absorb the market growth of textiles. However, this will absorb the pressure of a DP supply overhang and provide a differentiation to other producers, allowing Sappi to maintain market share without sacrifice on pricing as supply exceeds demand. Product and sustainability (including the aspect of traceability) will become a key differentiator and determinate in maintaining pricing.

Forest risk commodity

Timber products

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Ensuring supply chain resilience

Company-specific description & strategy to realize opportunity

In South Africa, Sappi Forests is working to reduce burning of harvest residue and increase mulching of residue. This has the following advantages: improved soil nutrition and water infiltration; more moderate soil temperature; enhanced soil biology and reduced erosion risk. In addition the deployment of alternative technologies like small scale pyrolysis plants are being explored to enable better utilisation of harvest residue on non-sensitive sites for bio-char, electricity and bio-product distillation such as bio-diesel production to stimulate localised bio-economy stimulation and job creation.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

3,000,000

Potential financial impact figure – maximum (currency)

15,000,000

Explanation of financial impact figure

Figures based on the prevention of a 2 to 10% decrease in timber production from our own plantations and the generation of additional cash through value addition and added bio-based material sales as well as clearing and fire risk cost mitigation.

F4. Governance

F4.1

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

Yes

F4.1a

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

Position of individual	Please explain
Board-level committee	<p>The Sappi Board of Directors, together with the Audit and Risk Committee and the Social, Ethics, Transformation and Sustainability (SETS) Committee have responsibility for forests-related issues. The Sappi CEO is a member of the Board and of the SETS Committee. The SETS committee monitors compliance with Sappi's Thrive25 strategy, applicable legal and regulatory requirements and the Group Sustainability Charter, which includes forest-related issues. The committee also reviews and assesses strategic and operational risks and opportunities and their impact on operations and strategy. The committee also addresses issues relating to social investment, ethical conduct, diversity and ongoing sustainability practices to ensure that Sappi's business, our environment and our people can prosper on an ongoing basis. The responsibilities include monitoring the company's activities with regard to any relevant legislation, other legal requirements and prevailing codes of best practice.</p>
Chief Executive Officer (CEO)	<p>The Sappi CEO manages and oversees the company's day-to-day business operations and Thrive25 strategy, and oversees the work of the three regional CEOs to make this strategy a reality. The CEO is a member of the Board and of the SETS Committee. The SETS committee monitors compliance with Sappi's Thrive25 strategy, applicable legal and regulatory requirements and the Group Sustainability Charter, which includes forest-related issues. The committee also reviews and assesses strategic and operational risks and opportunities and their impact on operations and strategy. In addition, the committee addresses issues relating to corporate social investment, ethical conduct, diversity, and ongoing sustainability practices to ensure that Sappi's business, our environment and our people can prosper on an ongoing basis. The responsibilities include monitoring the company's activities with regard to any relevant legislation, other legal requirements and prevailing codes of best practice.</p>

F4.1b

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

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	Sappi’s Social, Ethics, Transformation and Sustainability (SETS) committee has an independent role with accountability to the Board and is comprised of a majority of independent non-executive members, whose duties are delegated to them by the Board of Directors in compliance with a board-approved terms of reference. The role of the SETS Committee is to assist the Board with the oversight of sustainability issues within the company and to provide guidance to management’s work in respect of its duties. Given that Sappi’s business is almost entirely dependent on woodfibre, forests-related issues are scheduled at all meetings. The Committee also receives regular updates on progress towards certification goals. Such issues also form part of the function of the Regional Sustainability Councils which feed into the Global Sustainable Development Council (GSDC) which in turn reports to the SETS Committee. The GSDC is chaired by the General Manager, Sustainability. The GSDC reviews key trends and developments together with strategy and implementation and makes recommendations that are fed through to the Social, Ethics, Transformation and Sustainability (SETS) Committee and ultimately, to the Sappi Limited board. In 2020, amongst other things, the SETS Committee reviewed the action plans related to the UN Sustainable Development Goals.

F4.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Both assessing and managing forests-related risks and opportunities	Quarterly	The CEO manages and oversees the company's day-to-day business operations and Thrive25 strategy. The sustainability strategy under this overarching strategy identifies 'acting as a custodian of land and forests' as a priority. This individual oversees the work of the three regional CEOs (of Europe, North America, Southern Africa) to make this a reality. The regional CEOs oversee all day-to-day forest issues relating to certification, procurement and sustainability-related target setting. The Vice- President Forestry of Sappi Southern Africa (SSA) reports to the SSA CEO.
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	Quarterly	The CSO (General Manager, Group Sustainability), who reports to the Group CEO, oversees all day-to-day forest issues relating to certification, procurement and sustainability-related target setting. While the CEO is responsible for forests-related issues, the CSO is the principal liaison between the Group Sustainable Development Council and the Social, Ethics, Transformation and Sustainability (SETS) committee. Sustainability directors in Europe, North America and South Africa report to the CSO, with the Vice- President Forestry of Sappi Southern Africa (SSA) reporting to the SSA CEO.

F4.3

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

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

F4.3a

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

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Corporate executive team Chief Executive Officer (CEO) Chief Procurement Officer (CPO) Chief Sustainability Officer (CSO)	Achievement of commitments and targets	Sappi's compensation packages are designed to attract, retain and motivate executives and all employees to deliver on performance goals and strategy. Sappi's Thrive25 strategy emphasises the importance of sustainability, including climate change and forestry-related issues. Examples of personal objectives for executives under the 2020 management incentive scheme include the roll out of the Thrive25 strategy, Sappi's annual sustainability targets and new products taken into commercialisation in alignment with Thrive25. Remuneration comprises fixed and variable components (these components are shown in the 2020 annual integrated report on page 145). The variable components are linked to predetermined and measurable performance and results criteria, and maximum levels have been set for their payment. Sustainability targets, including climate and forestry-related issues, form part of the overall business plan for Sappi Limited and globally. The outcomes of the Management Incentive Scheme in relation to all the sustainability targets are contained in the performance objectives of each mill and the personal objectives of all senior management. The personal objectives of the Group Exco are disclosed in the Annual Remuneration report. The payable amounts of incentives are linked to the executive's position and achievement of annually set business and individual targets.
Non-monetary reward	No one is entitled to these incentives	No indicator for incentivized performance	

F4.4

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

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



F4.5

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

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

F4.5a

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

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Commitment to align with the SDGs Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Recognition of potential business impact on forests and other natural habitats	At the heart of our business is a renewable, recyclable natural resource - woodfibre. The Group Sustainability Charter commits Sappi to: “mitigating our impact on biodiversity and promoting sustainable forestry through internationally accredited, independent environmental management and forest certification systems”. The Group Environmental Policy acknowledges that “we do have an environmental footprint, but are committed to managing and mitigating the environmental, climate and biodiversity impacts of our operations.” Sappi’s Group Woodfibre Procurement policy contains the elements and commitments listed alongside. Sappi has timebound forest and woodfibre related 2025 targets and commitments. All production sites are Chain of Custody certified and there’s a target to increase the use of certified wood. Sappi does not use wood originating from tropical natural forests. The Woodfibre Procurement Policy covers the entire value chain and is supported by the Group Supplier Code of Conduct which states that, amongst other things, we expect our suppliers to: 1) monitor impact on the environment with particular emphasis on biodiversity and pollution and take actions for improvement; 2) provide environmental training specific to environmental risks identified through a risk assessment process and/or in accordance with an environmental management plan; 3) upon request, provide information on the country of origin for raw materials in order for Sappi to conduct a risk assessment of the raw materials’ source and chain of custody. The Woodfibre Procurement Policy reflects

	<p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound milestones and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>the fact that woodfibre is the basis of Sappi's business and that it is in our best interests to manage it responsibly in line with third party verified forest certification systems and acknowledges the importance of encouraging smallholders to become certified. The policy reflects Sappi's inclusive approach to support the leading international forest certification systems, namely the FSC and PEFC programmes. Furthermore, it outlines a balance of environmental, social and economic values in a manner that promotes forest health and supports community well-being. All the policies are reviewed regularly - at least every three years.</p>
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F4.5b

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

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p>	<p>The Group Woodfibre Procurement policy covers all operations (including business segments and Sappi's operations), Sappi's own forests and woodfibre procurement from external wood and pulp suppliers, and is supported by the Group Supplier Code of Conduct. The Group Woodfibre Procurement Policy reflects the fact that woodfibre is the basis of our business and that it is in our best interests to manage it responsibly in line with internationally recognised, third party certification and the importance of encouraging smallholders to become certified. The policy states, that Sappi's wood sourcing shall comply with all applicable legal and regulatory obligations in the countries from which it originates; come from forests</p>

		<p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p> <p>Other, please specify</p> <p>Support innovative initiatives for smallholder certification</p>	<p>where the customary, traditional or civil rights of people are upheld, be procured from forestry and manufacturing operations where health and safety legal requirements are upheld; and where applicable, maintain critical, unique attributes within officially designated high conservation value areas, avoid areas knowingly converted from forests to non-forest uses; do not come from commercial timber plantations which have been converted from natural forests post 1994, and is not genetically modified. The Group Woodfibre Procurement Policy is constantly evaluated against emerging developments and revised when needed. With regard to regional policies to address specific issues, Sappi North America revised and expanded its Sustainable Forestry Policy in April 2020, expanding its scope to include the expanded scope of the PEFC controversial sources definition. Sappi Southern Africa has a region-specific Wood, Pulp and Reclaimed Material Sourcing Policy.</p>
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F4.6

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

Yes

F4.6a

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

Other, please specify

Business for Nature's Call to Action; Own public commitments and targets; PEFC and FSC CoC certified and thus compliance commitments

F4.6b

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

Forest risk commodity

Timber products

Criteria

No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
Zero net deforestation
Restoration and compensation to address past deforestation and conversion
Avoidance of negative impacts on threatened and protected species and habitats
No trade of CITES listed species
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources

Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2008

Commitment target date

2021-25

Please explain

The criteria specified here are included in Sappi's Thrive25 business and sustainability strategies, the Group Sustainability Charter, the Group Woodfibre Procurement, Sappi Code of Ethics and Supplier Code of Conduct. All Sappi's mills are FSC CoC/CW and in Europe and North America also PEFC CoC certified to ensure that only woodfibre from legal and responsible sources is used. Sappi neither harvests nor buys woodfibre which originates from tropical natural forests. Sappi's commitment to zero deforestation means knowing the source of woodfibre; ensuring that suppliers implement practices to promptly regenerate forests post-harvest, which is required under the global forest certification standards (FSC and PEFC) that Sappi is committed to upholding. It also means implementing our Supplier Code of Conduct to continually assess supply-chain, ethical and legal risk; and not sourcing from suppliers associated with deforestation. We work to build transparent supply chains and maintain close relationships with our suppliers. The Group Woodfibre Procurement Policy states, that Sappi's wood sourcing shall comply with all applicable legal and regulatory obligations in the countries from which it originates; come from forests where the customary, traditional or civil rights of people are upheld, be procured from forestry and manufacturing operations where health and safety legal requirements are upheld; and where applicable, maintain critical, unique attributes within officially designated high conservation value areas, avoid areas knowingly converted from forests to non-forest uses; do not come from commercial timber plantations which have been converted from natural forests post 1994, and is not genetically modified. Sappi's mills are FSC Chain of Custody certified since 2008, and hence we indicate this as cut-off year. Given the forest certification and due diligence systems implemented, we are confident that our woodfibre is legally sourced, avoids rare and endangered species and habitats, and does not compromise, but rather supports, the high conservation values in forests. Where forests are identified as having a unique combination of high conservation values, in line with forest certification systems, woodfibre is procured in a way that maintains or restores the ecological, economic, cultural and social condition of these forests. In addition, the forest certification systems Sappi subscribes to align with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) which specifically prohibits trade of certain tree – and other – species.

F5. Business strategy

F5.1

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

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	21-30	<p>Sappi's long-term strategic business objectives are based on utilising woodfibre originating from responsibly managed forests, which maintain and enhance their economic, social, and environmental value. Sappi's new Thrive25 strategy takes into account global dynamics including the move towards a circular economy and climate change, together with resource scarcity and growing concern for natural capital. Forests-related issues are integral to our sustainability strategy under Thrive25: We will create long term value for all stakeholders from relevant sustainable woodfibre products and through ongoing improvement in key areas. This is underpinned by our market offering of products which builds on Sappi's strong position and commitment to fibre certification and on moving fast to secure benefit from the high-value niche opportunities created by the 'plastics-to-paper' movement. We focus on:</p> <ol style="list-style-type: none"> 1) increasing long-term shareholder value by extracting more value from each tree and in doing so, move into adjacent markets (biomaterials) to strengthen our core business model 2) capitalising on the move away from fossil-fuel based packaging by continuing to expand and grow packaging and speciality papers in all regions 3) leveraging the fact that our products are based on renewable resources grown in responsibly managed forests 4) increasing the climate resilience and productivity of our tree plantations in South Africa through tree improvement programmes 5) increasing the amount of certified woodfibre supplied to our operations 6) contributing to the growth of forest certification world-wide. For example, in South Africa, we helped to develop a PEFC-endorsed forestry assurance standard for smallholders to reflect local conditions: the Sustainable African Forestry Assurance Scheme (SAFAS). The time horizon is based on our commitments

			to the SBTi and aligned with available future climate data predictions from Coupled Model Intercomparison Project Phase 5 (CMIP5) model time-periods (a project of the World Climate Research Programme (WCRP) for providing IPCC AR5 (Fifth Assessment Report, IPCC 2013) with time-projected environmental variables).
Strategy for long-term objectives	Yes, forests-related issues are integrated	21-30	Sappi's focus on biomaterials is our response to a world looking for more sustainable chemical and material solutions. We are unlocking the chemistry of trees and meeting the challenges of a carbon-constrained world by establishing a strong position in adjacent businesses including nanocellulose, sugars and furfural, lignosulphonates, biocomposites and bio-energy. Sappi's dissolving pulp (DP) brand, Verve, offers a renewable and recyclable alternative to other raw materials. As global textile demand grows, driven by population growth, fashion and rising wealth in developing economies, the need to develop more environmentally friendly solutions, derived from renewable materials that do not threaten food security or aquatic systems, will drive increasing market share for viscose, which is derived from DP. Our bioproducts are sustainable alternatives extracted from wood to reduce the need for fossil-based material used in everyday products including: animal feed, automotive components, concrete admixtures, fibre composites, sweeteners, and paints and coatings.
Financial planning	Yes, forests-related issues are integrated	21-30	Sappi's ability to deliver sustained value depends on the successful execution of the Thrive2025 and strategy: Given that the business is dependent on renewable woodfibre, forests-related issues form an important part of all financial planning for each product segment. Underpinning this is a strong focus on innovation. In 2020, we invested USD39 million in R&D. R&D is focused on realising our strategy – in other words, woodfibre is at the core of all research and disruptive technology development. Achieving optimum working capital levels in the business requires efficient use of resources (sustainable woodfibre, energy, chemicals) throughout the supply chain and influences our efforts to grow our business and sustain our financial health.

F6. Implementation

F6.1

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

Yes

F6.1a

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

Target reference number

Target 1

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

Sappi has set ambitious Thrive25 sustainability targets aligned with the UN' Sustainable Development Goals (SDGs) in the seven areas where we believe Sappi can make the biggest positive impact (SDGs 6, 7, 8, 12, 13, 15, 17). The share of certified woodfibre is a key indicator to measure progress under the SDG 15 (Life on Land): Sappi's target is to continuously increase the use of certified (FSC and/or PEFC - incl. SFI) woodfibre. The global target (over 75%) is broken down to detailed region-specific targets: operations in Europe must maintain over 78%, North America over 55%, and South Africa over 82%. All the non-certified woodfibre must verifiably meet the requirements of FSC Controlled Wood standard. All the own forests must keep their 100% certified (FSC and PEFC) status. The Sappi mills have been FSC and/or PEFC CoC certified for almost 20 years, but the first Group-level target was set in 2014 and now revised with the 2025 global target setting.

Linked commitment

Zero net/gross deforestation

Traceability point

Third-party certification scheme

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

Start year

2019

Target year

2025

Quantitative metric

Target (number)

Target (%)

75

% of target achieved

97

Please explain

In 2020, Sappi closed out our Vision2020 targets and established new five-year targets under our Thrive25 strategy. Forest certification and the amount of certified wood is one of the core sustainability targets, because Sappi believes that certification is an effective tool for promoting sustainable consumption and production, and to combat deforestation and illegal logging by providing proof of legality and responsible practices. Sappi does not have separate targets for FSC and PEFC, as we strive to enhance both FSC and PEFC equally, and to offer a wide product portfolio of certified products. In this way, we hope to drive responsible production and consumption patterns and demand for wood-based products originating from certified forests. Much of the woodfibre we use is dual certified. In 2020, over 73% of woodfibre supplied to Sappi's mills originated from certified (FSC, PEFC, SFI) forests: In the European mills the share of certified fibre was 80%, in North America 55%, and in South Africa 83%. Sappi's timber plantations in South Africa are FSC- and since December 2020 also PEFC certified. Sappi has set specific targets for each region in which we operate. Tracking and recording of the

certified inputs and certified sales are conducted on a monthly basis, and the target is monitored on a quarterly basis. Sappi engages with suppliers to promote and increase the share of certified forests and wood, and actively participates in the development of FSC and PEFC systems. We operate a FSC Group Scheme in South Africa, which offers FSC certification for 44 private members with 42,000 ha of land. We encourage the landowners to invest in sustainable management practices by offering growers in this scheme a premium for certified timber. Sappi actively participated in the development of SAFAS (Sustainable African Forestry Assurance Scheme), which is endorsed by PEFC. Sappi sees great potential of SAFAS in that it incorporates cutting-edge, and effective approaches to make forest certification more accessible to small landowners. This has great promise for ensuring certification not only delivers social and environmental values, but also supports socio-economic and development priorities.

Target reference number

Target 2

Forest risk commodity

Timber products

Type of target

Traceability

Description of target

Sappi's ongoing target is that all production and manufacturing sites where wood-based raw material (logs, chips, pulp, paper, recovered paper) are processed, are FSC and/or PEFC Chain of Custody (CoC) certified, and in the USA also SFI certified. The 100% coverage of the FSC and PEFC (incl. SFI) CoC systems is important to ensure that all wood purchased and processed by Sappi is always traceable to its origin and that all wood verifiably originates from legal, controlled and non-controversial sources. This target is further cascaded down to the suppliers, who must provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood Standard, as well as PEFC risk-based due diligence systems. The Sappi mills have been FSC and/or PEFC CoC certified for almost 20 years, but the first Group-level target for certified woodfibre was set in 2014 and now reiterated with the 2025 global target setting (base year 2019).

Linked commitment

Zero net/gross deforestation

Traceability point

Forest management unit

Third-party certification scheme

Start year

2019

Target year

2025

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

100

% of target achieved

100

Please explain

In 2020, Sappi closed out our Vision2020 targets and established new five-year targets under our Thrive25 strategy. Sappi wants to ascertain the full accountability and transparency of our woodfibre supply chain, so maintaining a 100% coverage of third-party audited Chain of Custody CoC certifications at all manufacturing sites which use wood-based raw material is critical for our business and our customers. Knowing the origin of wood is a fundamental prerequisite. All mills in Europe, United States and Canada are both FSC and PEFC CoC (in the US also SFI), and in South Africa FSC CoC certified, ensuring full traceability of all the purchased wood-based raw material (logs, chips, pulp, paper, recovered paper). In 2020 the CoC process was extended to new products based on e.g. cellulose nano fibrils, and composite materials combining cellulose from wood and thermoplastics. In South Africa, the preparations to acquire the PEFC CoC certification for the mills, which already are FSC CoC certified, continued in 2020. We require rigorous tracing practices and documentation of the origin of the wood in line with our Woodfibre Procurement Policy from all wood and pulp suppliers. Our minimum requirement for all purchased wood raw material is that it must at least meet the requirements of FSC Controlled Wood standard. Annual external audits are conducted by Certification Bodies (SGS (Europe), BV (United States), Soil Association (South Africa), NEPCon (Canada). These audits ensure that Sappi's CoC-processes and procedures are in line with the FSC and PEFC (incl. SFI) global standards' requirements. Furthermore, Sappi Group Internal Audit conducts regular audits on company's CoC management processes and procedures, and in 2020 a new internal fibre certification control risk register was implemented. Group Internal Audit also conducts regular audits over e.g. the wood procurement companies (proNARO, Sapin, Papierholz Austria) with which Sappi partners in Europe.

Target reference number

Target 3

Forest risk commodity

Timber products

Type of target

Ecosystem restoration

Description of target

Sappi has set ambitious Thrive25 sustainability targets aligned with the UN' Sustainable Development Goals (SDGs) in the seven areas where we believe Sappi can make the biggest positive impact (SDGs 6, 7, 8, 12, 13, 15, 17). With regard to the SDG 15 (Life on Land), a new Group target related to enhancing biodiversity in conservation areas by 10% was set as part of the Thrive25 sustainability targets. This target is specific to Sappi's land- and tree plantation management in South Africa.

Linked commitment

Other environmental commitments

Traceability point

Third-party certification scheme

Start year

2019

Target year

2025

Quantitative metric

Percentage

Target (number)

Target (%)

10

% of target achieved

10

Please explain

Sappi has made progress in terms of our Thrive25 target by addressing our first biodiversity objective underpinning this task – understanding what types of vegetation are present on our plantations, as well as their importance value. This enables

managers to develop appropriate management plans for implementation. It is also important, from a conservation management perspective, to identify those vegetation types that are least protected, in order to prioritise efforts to safeguard the vegetation type from possible extinction. Our potential contribution to conserving vegetation types at the provincial level can be calculated by comparing what is present on Sappi property with the vegetation types in the province. 1) In Mpumalanga, of the fifteen vegetation types present on Sappi land, six are well represented, enabling a potential contribution of between 9 – 18% of hectares conserved for the vegetation type in the province; 2) In KwaZulu-Natal, of the twenty vegetation types present on Sappi land, four are well represented, enabling a potential contribution to conserving the vegetation of between 8 – 13.5% in this province.

F6.2

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

	Do you have system(s) in place?	Description of traceability system	Exclusions
Timber products	Yes	Traceability and availability of reliable data are core elements of Sappi's Due Diligence systems (DDS). All the mills are FSC and/or PEFC and in the USA also SFI CoC certified ensuring full traceability of the purchased woodfibre to its source. Information on the origin and tree species of any delivery within a certified CoC is accessible at any point along the supply chain. Suppliers are required to provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood standard, as well as PEFC risk-based DDS. All suppliers are requested to provide the wood origin information (country of harvest and where applicable sub-national region and/or concession of harvest) and a list of tree species at least annually and/or upon request. Based on the data, Sappi prepares mill-specific Wood Origin Declarations which are available for all interested stakeholders. Sappi's wood procurement teams in North America and South Africa, and the wood procurement partners in Europe can track down the wood deliveries to the harvesting site. External audits conducted by Certification Bodies ascertain that CoC-processes are in line with FSC's and PEFC's requirements, and that certified inputs and outputs are duly tracked and recorded. Sappi North America conducts supplier site inspections on all stumpage sales, and a sampling of such inspections on open-market/gate wood purchases. Sappi is active in searching new IT based digital solutions to improve	Not applicable

		<p>traceability. For example, the Dissolving Pulp business has partnered with Birla Cellulose, to provide a forest-to-garment traceability solution. Providing a brand-owner traceability solution has been made possible with the use of Birla's pioneering 'Green Track' blockchain technology, coupled with Sappi's comprehensive database on wood origin for its operations in South Africa and the USA. Use of tracking technology including ForceLink Application to trace load from depot is used in South Africa, with mobile technology allowing foresters to inspect timber stands/plots and verify sources with time and location stamps. Near real time harvest activity tracking through remote sensing has been developed working off daily or weekly satellite imagery.</p>	
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F6.2a

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

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

F6.3

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

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	73

F6.3a

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

Forest risk commodity

Timber products

Third-party certification scheme

FSC Chain of Custody

Chain-of-custody model used

% of total production/consumption volume certified

42

Form of commodity

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

Volume of production/ consumption certified

1,691,098

Metric for volume

Other, please specify
 Pulp equivalent metric tons

Is this certified by more than one scheme?

No

Please explain

All Sappi's manufacturing sites are FSC and/or PEFC and in the United States also SFI Chain of Custody (CoC) and SFI Fiber Sourcing Standard certified covering all the purchased woodfibre-based raw material (logs, chips, pulp, paper, recovered paper). The 100% coverage of the FSC and PEFC (incl. SFI) CoC systems is important to ascertain that all wood purchased and processed by Sappi is always traceable to its origin. In 2020, 73% of woodfibre supplied to Sappi's mills originated from certified forests: FSC 42%, and PEFC 31% (incl. SFI). In Europe, North America and South Africa, the total share of certified woodfibre supplied in 2020 was respectively: 80%, 55% and 83%. Sappi's aim is to continuously increase the use of certified woodfibre and thereby also create demand for wood-based products originating from forests, which are certified against internationally acknowledged forest management standards, and the system integrity is overseen by third parties. As a member of both FSC and PEFC International and SFI, Sappi participates actively in the work of promoting forest certification among especially private landowners in the United States and South Africa. In South Africa, Sappi has established a FSC group certification scheme, and is also paying small growers a premium for certified timber. All Sappi's own tree plantations in South Africa are FSC certified, and from December 2020, also PEFC certified. In 2020, 67% of the wood utilised by Sappi's pulp and paper mills in South Africa and Lomati Sawmill originated from Sappi's own FSC-certified forests. The remaining 33% was secured via long term signed contracts.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC Chain of Custody

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

31

Form of commodity

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

Volume of production/ consumption certified

1,240,706

Metric for volume

Other, please specify
 Pulp equivalent metric tons

Is this certified by more than one scheme?

No

Please explain

All Sappi's manufacturing sites are FSC and/or PEFC and in the United States also SFI Chain of Custody (CoC) and SFI Fiber Sourcing Standard certified covering all the purchased woodfibre-based raw material (logs, chips, pulp, paper, recovered paper). The 100% coverage of the FSC and PEFC (incl. SFI) CoC systems is important to ascertain that all wood purchased and processed by Sappi is always traceable to its origin. In 2020, 73% of woodfibre supplied to Sappi's mills originated from certified forests: FSC 42%, and PEFC 31% (incl. SFI). In Europe, North America and South Africa, the share of certified woodfibre supplied in 2020 was respectively: 80%, 55% and 83%. Sappi's aim is to continuously increase the use of certified woodfibre and thereby also create demand for wood-based products originating from forests, which are certified against internationally acknowledged forest management standards, and the system integrity is overseen by third parties. As a member of both FSC and PEFC International and SFI, Sappi participates actively in the work of promoting forest certification among especially private landowners in the United States and South Africa. In South Africa and in Africa altogether, the amount of certified forests is still very low (less than 2%), and therefore the pioneering work on the PEFC-endorsed SAFAS (South African Forestry Assurance Scheme) was important because PEFC aims to offer access to feasible, attainable and especially affordable forest certification solution and thus market access especially for the country's smallholders.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Controlled Wood

Chain-of-custody model used

% of total production/consumption volume certified

27

Form of commodity

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

Volume of production/ consumption certified

1,078,398

Metric for volume

- Other, please specify
- Pulp equivalent metric tons

Is this certified by more than one scheme?

No

Please explain

All Sappi’s manufacturing sites are FSC and/or PEFC and in the United States also SFI Chain of Custody (CoC) certified covering all the purchased woodfibre-based raw material (logs, chips, pulp, paper, recovered paper). Sappi requires from all its suppliers to provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood (CW) standard, as well as PEFC (incl. SFI) risk-based DDS. In 2020, 73% of the woodfibre raw material originated from certified forests, and the remaining 27% from forests meeting at least the requirements of FSC Control Wood and PEFC CoC standard’s Due Diligence requirements.

F6.4

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

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

F6.4a

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

Forest risk commodity

Timber products

Operational coverage

Direct operations

Supply chain

Description of control systems

The 100% coverage of the FSC and PEFC (incl. SFI) Chain of Custody systems mean that all woodfibre we purchase is traceable to its origin, and is sourced in accordance with the FSC Controlled Wood Standard and PEFC CoC standard's DDS requirements. Deforestation prohibition is strongly entrenched in these systems. The Group Woodfibre Procurement Policy allows only the use of woodfibre that does not come from areas knowingly converted from forests to non-forest uses or from timber plantations which have been converted from natural forests post 1994. All suppliers are requested to provide data on the country of harvest and where applicable sub-national region and/or concession of harvest, and a list of tree species. Country risk and supplier qualification assessments, supplier visits and audits are key risk management tools as well as procedures at the mills to ascertain that any material, where the FSC CW and PEFC DDS compliance is not absolutely clear may not enter the woodyard.

Monitoring and verification approach

Geospatial monitoring tool

Ground-based monitoring system

Second-party verification

Third-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage

Suspend & engage

Exclude

Procedures to address and resolve non-compliance with suppliers

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

- Providing information on appropriate actions that can be taken to address non-compliance
- Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
- Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

Compliance risk management is an integral part of Sappi’s business operations. Sappi’s Due Diligence Systems (DDS) includes measures which ascertain the compliance of the wood material at its source, and the DDS (comprising of gathering of information, risk assessment and risk mitigation) assessment is carried out for all suppliers before any wood deliveries are allowed. The validity of FSC certificates is monitored by using an online tool FSC Certificate Status Watch which alerts immediately if, for example, an external supplier’s certificate was suspended. The suppliers are obliged to notify Sappi of any changes that may affect a risk designation or the mitigation of risk, such as changes in origin, tree species, or supply chain. In case any wood-based raw material purchased by Sappi would turn out as non-conforming with the requirements of Sappi, FSC or PEFC (incl. SFI) standards, Sappi has clear, FSC and PEFC CoC standard-compliant procedures in place at each mill sites with clear, time-bound steps on how to act, and any non-conforming material would immediately be blocked from the production. The Woodfibre Procurement Policy accompany all written wood supply agreements to ensure absolute clarity over the requirements. The actions towards suppliers depends on the severity of the issue, and can vary from terminating the contract immediately to temporarily suspending suppliers.

F6.5

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

	Do you collect data regarding compliance with the Brazilian Forest Code?	Please explain
Timber products	Yes, from suppliers	Sappi neither owns nor manages land in Brazil, nor do we have manufacturing facilities there. In 2020, Sappi purchased chemical pulp from Brazil from four suppliers, and the amount was less than one percentage (0.92%) of the total purchased woodfibre volume. Sappi buys all chemical pulp from Brazil as FSC or PEFC -certified, and in compliance with the FSC Controlled Wood requirements. A Due Diligence assessment is carried out for all suppliers of wood prior any wood deliveries are allowed. All Sappi’s Brazilian suppliers are both FSC and PEFC Chain of Custody certified, and the validity of the certificates is monitored

		<p>through the PEFC and FSC data-bases at least annually. Together with all other Sappi's wood-based raw material suppliers, the pulp suppliers are requested to provide annually or upon request the wood origin information (country of harvest and where applicable sub-national region and/or concession of harvest) and a list of tree species included in the deliveries to Sappi. In addition to the data on the origin of wood and tree species and environmental performance data regarding the pulp production, and the auditor's public reports on FSC's data base, Sappi requires the Brazilian pulp suppliers to provide status reports on implementing the Brazilian Forest Code in their operations especially with the view of their compliance with the main components of the Forest Code: 1) Registration on the Rural Environmental Registry (CAR) database, with active status; 2) Legal Reserve (RL) and / or in the Permanent Protection Area (APP) deficit; 3) Signed Terms of Commitment of the Environmental Regularization Program (PRA); and 4) Operating without gross deforestation after July 2008. Additionally, the suppliers are asked to specify any other measures and commitments they have taken. The suppliers are obliged to notify Sappi of any changes that may affect Sappi's risk designation or the mitigation of risk, such as changes in origin, tree species, or supply chain. This information is collected annually and analysed as part of Sappi's fibre risk management measures.</p>
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F6.5b

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

Forest risk commodity

Timber products

KPIs

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

Performance against indicators

100%

Please explain

In 2020 Sappi purchased chemical paper pulp from four Brazilian chemical pulp producers (0.92% of the total woodfibre supplies), and all suppliers reported that 100% of their properties are registered on CAR (Rural Environmental Registry).

Forest risk commodity

Timber products

KPIs

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

Performance against indicators

<10%

Please explain

None of the Brazilian pulp suppliers reported a deficit on Legal Reserve (RL) or in the Permanent Protection Area (PPA). All deficit in RL must be solved on the CAR.

Forest risk commodity

Timber products

KPIs

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

Performance against indicators

71-80%

Please explain

The Brazilian suppliers report that PRA is run differently in each state: In Minas Gerais, Parana, Sao Paulo states all the properties are either adherent or in progress, but there are other states which do not institute the PRA law. Two suppliers thus reported that they do not yet have PRAs in respective states, because the local environmental agency has not yet established the procedures.

Forest risk commodity

Timber products

KPIs

% of suppliers with no gross deforestation after July 2008

Performance against indicators

100%

Please explain

All Sappi's Brazilian pulp suppliers are FSC and PEFC CoC certified and fulfil FSC's 1994-rule, which goes beyond the national legal requirement. Suppliers report to apply

satellite image evaluation to verify that no conversion after 1994. Sappi buys all paper pulp from Brazil as certified.

F6.6

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

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

F6.6a

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

Timber products

Procedure to ensure legal compliance

In 2020, Sappi purchased chemical pulp from Brazil, and in total, 0.92% of the purchased woodfibre originated from Brazil. Furthermore, through a pulp supplier in Uruguay, 0.01% of the purchased woodfibre originated from Argentina. As for Zimbabwe, Sappi purchased pre-consumer brown recovered paper back from a paper customer, a converter, who purchases FSC certified paper from Sappi. The share of this totalled 0.03% of the total wood-based raw material of Sappi. Sappi exclusively procures woodfibre raw material which meets at least the requirements of FSC Controlled Wood as well as PEFC and SFI (where applicable) Due Diligence System requirements. Third-party verified FSC and PEFC CoC systems go beyond legal requirements, and as a baseline categorically exclude illegally harvested wood. They also exclude activities not complying with applicable local, national or international legislation on forest management, including but not limited to forest management practices; nature and environmental protection; protected and endangered species; property, tenure and land-use rights for indigenous peoples, local communities or other affected stakeholders; health, labour and safety issues; anticorruption and the payment of applicable royalties and taxes. All wood and pulp suppliers are required unequivocally by contracts to adhere to the commitments and ambitions stated in the Sappi Group Woodfibre Procurement Policy. In annual questionnaires, all the wood and pulp suppliers of Sappi are requested to provide data on the country of harvest and where applicable sub-national region and/or concession of harvest, and a list of tree species. Sappi neither harvests nor buys woodfibre which originates from tropical natural forests. Tree species identified as endangered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) are neither utilised nor imported. Sappi's Due Diligence System complies with the requirements of the EU Timber Regulation, the US Lacey Act, UK Timber and Timber Products Placing on the Market Regulations, as well as Australian Illegal Logging Prohibition Regulation.

Country/Area of origin

Argentina
 Brazil
 Zimbabwe

Law and/or mandatory standard(s)

General assessment of legal compliance
 Australia Illegal Logging Prohibition Act
 EU Timber Regulation
 USA Lacey Act
 CITES

Comment

Not applicable

F6.7

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

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Supplier audits Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Financial incentives for certified products Long term contracts linked to forest related commitments	3,700	Sappi strives to incorporate smallholders into the forestry supply chain and encourages the uptake of certification in each region where we operate. Our view is that sustainably managed forests provide vital economic, environmental, and social benefits indispensable to many rural communities and also to society at large. South Africa's rural areas are characterised by high levels of poverty which Sappi works to redress by promoting responsible participation in forestry. Against this backdrop, Sappi's tree grower enterprise development initiative,

					<p>Sappi Khulisa, evolved from Project Grow a few years ago. Whereas Project Grow focused solely on the growers, Sappi Khulisa focuses on the whole value chain including growers and the contractors who service them. The total area managed currently is 32,660 hectares. In 2020, under this programme, 284,038 tons of timber (2019: 425,001 tons) worth some USD14,3 million (2019: USD23.5 million) was delivered to Sappi's operations. Since 1995, a total volume of 4,505,979 tons to the value of USD167 million has been purchased from small growers under this programme. Currently, the programme involves over 3,644 growers and approximately 103 small, medium and micro enterprises (SMMEs) who are involved in silviculture, harvesting, loading, short- and long-haul activities. Growers make their land available for planting eucalyptus trees. (Since inception in 1983, the programme has benefitted more than 10,000 growers.) Sappi provides growers with: sponsored seedlings; technical advice, and a</p>
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					<p>guaranteed future market. In addition, in South Africa we have established a group FSC certification. There are currently of 44 members representing a total of 42,000 planted hectares. We pay growers in this scheme a premium for certified timber. In North America (SNA), the Sappi Maine Forestry Program and the Sappi Lake States Private Forestry Program, staffed by SNA foresters, offer a wide range of services to landowners including contracting with experienced loggers and providing plans to enhance wildlife habitat and forest health.</p>
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F6.8

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

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing	100%	Sappi's business depends on trusted relationships and active engagement with wood suppliers and forest owners. Sappi's own forests are in South Africa, and thus in all other regions our wood procurement is dependent on external wood suppliers and

			<p>supply chain mapping tool Supplier audits Offering on-site training and technical assistance Disseminating technical materials Organizing capacity building events Investing in pilot projects Financial incentives for certified products</p>	<p>forest owners. In Europe, Sappi's wood sourcing partners (Sapin, proNARO, Papierholz Austria and Metsä Group) buy wood mainly from non-industrial private forests, municipalities and state-owned forests. Joint capacity building sessions especially in matters forest certification on the development on standards' requirements are frequent, and Sappi ensures that Sappi's Woodfibre Procurement Policy is known and applied. The Woodfibre Procurement Policy accompany all written wood supply agreements to ensure absolute clarity over the requirements. Sappi gathers detailed information on the origin of wood, and from paper pulp suppliers additionally extensive environmental performance data. In the United States, Sappi supports financially numerous state/regional/national associations, NGOs and collaboratives that provide assistance to private landowners while also assessing forest risks, trends, opportunities, etc. Sappi has supported shared biologist positions within NGOs committed to forest health, conservation, private landowner outreach, etc. In South Africa, Sappi has established Khulisa Ulwazi (Growing knowledge) training centres which offer training to all value chain participants, including land reform beneficiaries and covers all aspects of forestry, including</p>
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				<p>core operational skills as well as safety, legal compliance and business management. Sappi Khulisa assists growers by providing an effective extension and development service. Sappi has also developed a Grower Mobile App, which gives growers direct access to their plantation information, contracts, financial information (and the Ulwazi training material. In South Africa, Sappi pays small growers in its FSC group certification scheme a premium for certified timber. In addition, Sappi Khulisa is assisting 67 land reform projects with the management of the timber on their properties. This is to support the South African land reform programme to ensure that land reform beneficiaries realizes the full potential of their newly acquired land.</p>
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F6.9

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

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping Capacity building	On-site meetings with indirect suppliers Supplier audits Offering on-site training and technical assistance	Sappi sees that creating value in standing forests is one of the best ways to combat deforestation in the long-term. Engagement with participants along the supply chain from the forests to the customers is active, and Sappi advocates for the importance of sustainable forest management practices, and forest certification as assurance of the supply chain integrity. Sappi requires rigorous

			<p>Disseminating technical materials</p> <p>Participating in workshops</p> <p>Investing in pilot projects</p>	<p>tracing practices and documentation of the origin of all woodfibre from all its wood and pulp suppliers, and within a certified CoC supply chain this means that Sappi's requirements have an impact way beyond its direct, first-tier suppliers. The power of FSC and PEFC systems lies therein that they not only impact the level of forest practices in certified forests but also impose tough requirements on the non-certified wood which is being mixed with the certified material, and thus the impact extends far beyond the certified forests. Suppliers must provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood Standard, as well as the PEFC CoC Standard's due diligence requirements. Sappi's Woodfibre Procurement Policy is part of all woodfibre contracts to ensure that Sappi's requirements are known and understood and that these requirements are cascaded up along the supply chain. Sappi's direct wood suppliers (Sapin, proNARO, Metsä Forest, Papierholz Austria) conduct regular risk-based supplier audits on-site to document and assess the wood origin and exclude the risk of mixing. In North America, Sappi is an active participant in SFI Implementation Committees which have broader-scale impact than simply the confines of our wood baskets. We support logger training programmes, landowner outreach programmes, and various policy and science-based organizations and initiatives.</p>
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F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

UN Global Compact

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Sustainable Forestry Initiative (SFI)

WBCSD Forests Solutions Group

Other, please specify

The Forests Dialogue

Jurisdictional approaches

Please explain

Sappi works with a wide range of partners and stakeholders to advance sustainable forest management practices and transparent, responsible supply chains. Sappi is an active International Stakeholder member of PEFC International, FSC International's economic chambers North and South, and SFI, and engages with them through a variety of working groups and committee activities. Sappi's active participation and deep knowledge on forest management was crucial in the development work that led to SAFAS (Sustainable African Forestry Assurance Scheme), which was endorsed by PEFC International in 2019. Following a two-stage audit process, Sappi Forests' plantations were PEFC-certified after year-end 2020, thereby supplementing the FSC certification already achieved. Furthermore, in South Africa, Sappi is a member of the local WWF organisation. Through our involvement in The Forests Dialogue (TFD) steering committee we actively collaborate with multiple stakeholder groups, and work to build agreement on forest and land use challenges. Sappi has been an active member of the UN Global Compact (UNGC) since 2008 and works to implement the UNGC's ten principles, all of which align with the UN SDGs. In 2021, Sappi became a project member of the WBCSD Forest Solutions Group's Forest sector net zero roadmap project (July 2021-July2022).

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Initiatives**Jurisdictional approaches****Please explain**

Close engagement is maintained directly and through the industry organizations CEPI (Confederation of European Paper Industries) and AF&PA. Sappi participates in the work of CEPI's Forest Committee and Forest Certification Network, and belongs to the Forest Resources Association (FRA), the American Forest Foundation (AFF) and the Society of American Foresters (SAF). Sappi is a founding partner of both the 4Evergreen and the Recycling Partnership and an active board-level participant in the Paper and Packaging Board. Deforestation and responsible labour practices are of key concern for the fashion industry. In 2019 Sappi joined the Sustainable Apparel Coalition (SAC) and using the latter's sustainability measurement suite of tools, the Higg Index, developed by the apparel industry to evaluate materials, products, facilities, and processes based on environmental performance, social labour practices, and product design choices. In 2020, Cloquet Mill completed the Higg Facility Environmental Module sustainability self-assessment for Verve, our DP brand. Sappi is involved in a multi-stakeholder textile value chain initiative with the Textile Exchange, focused on biodiversity. Sappi Dissolving Pulp has partnered with Birla Cellulose to provide a brand-owner traceability solution, made possible through the use of Birla's 'Green Track' blockchain technology, coupled with Sappi's comprehensive database on wood origin for its dissolving pulp operations in South Africa and the USA. Sappi is a member of the Cooperative Forest Research Unit based at the University of Maine, where scientists conduct applied research that provides Maine's forest landowners, forestry community, and policymakers with the information needed to ensure both sustainable forestry practices and science-based forest policy. In South Africa, Sappi is involved in an initiative to make available to small growers and farmers DNA fingerprinting technology (developed through collaboration with the Forest Molecular Genetics (FMG) Programme that will allow growers to determine clonal identity of their material obtained from Sappi nurseries. This will be provided through government funding. This is an example of providing access to technology developed through Sappi input and funding together with other South African companies. In 2020, we signed up to Business for Nature's Call to Action.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Funding research organizations

Initiatives

Jurisdictional approaches

Please explain

Sappi is a member of the South African Institute for Commercial Forestry Research (ICFR), Forestry South Africa (FSA) and is also a founding member of the Tree Protection Co-operative Programme (TPCP) based in the Forestry and Bio-technical Institute (FABI) at the University of Pretoria. Through the TPCP we also belong to the internationally collaborative programme BiCEP (Biological Control of Eucalyptus Pests). BiCEP funding is done through FSA. In addition, we belong to the Forest Molecular Genetic (FMG) Programme the based at the University of Pretoria; to Camcore, an international, non-profit organisation dedicated to the conservation and utilisation of subtropical and tropical tree species; the Eucalypt Pest and Pathogen Working Group (EPPWG) and the South African Institute of Forestry (SAIF). We also provide support to the Climate Change Institute at the University of Witwatersrand. In North America, Sappi has provided financial support to several non-profit conservation organisations to support regional biologist positions, landowner and community outreach activities, advocacy efforts, etc. Examples include funding and in-kind support for Ruffed Grouse Society funding for a regional biologist position, National Wild Turkey Federation cable TV-show project to promote certification and public messaging, elementary and secondary school field days, community forestry workshops, landowner outreach projects in cooperation with state agencies and industry associations, bill boards promoting Sappi's private lands forestry programme and private landowner management assistance, etc. In North America, Sappi also participates in Emerald Ash Borer surveys and other pest /pathogen/invasive species quarantines and studies.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Engaging with communities

Initiatives

Jurisdictional approaches

Please explain

Sappi's operations are deeply seated within the traditional communities of South Africa and we are very committed to developing and improving the resilience of the communities and environment in which we operate. One such example is the partnership between our Shaw Forestry Research Centre and local research institutes to restore the endangered pepperbark tree (*Warburgia Salutaris*) which is widely used in traditional medicine for primary health needs like the common cold. This tree is endangered due to unsustainable bark harvesting. The pepperbark tree was previously widespread but is currently found growing in small pockets in nature reserves and is under constant surveillance. It was a challenge to cultivate this species due to a pest that damages the seed and due to the presence of aromatic oils in the cuttings. In 2014, Sappi joined a project, launched by SANParks, the Agricultural Research Council (ARC) and South African National Biodiversity Institute (SANBI) and used in house skills in cutting production to propagate the pepperbark tree. The project has been a major success with Sappi also assisting in the distribution of approximately 40 000 pepperbark seedlings and cuttings to rural communities, at no cost. The financial impact of the project is intangible but invaluable: the programme of work has led to the discovery that the pepper bark tree can be harvested sustainably as the medicinal properties of the highly prized bark is also abundant in the twigs and leaves. This has led to an educational outreach programme with traditional healers and community members. A working group partnership has also established a gene bank and seed orchards and will co-ordinate pepperbark conservation project. Sappi has also provided the pepperbark trees to neighbouring countries, like Swaziland via the eSwatini Traditional Healers Association and to Zimbabwe in partnership with Botanic Gardens Conservation International. Due to the success of the programme, the South African government has asked Sappi to consider adopting further endangered species for re-establishment and beyond South Africa.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

Sappi business is dependent on woodfibre and biodiversity and our responsible land management practices aim to enhance biodiversity. Accordingly, we have seven declared nature reserves on our landholdings in Mpumalanga and KwaZulu-Natal provinces in South Africa. These proclaimed nature reserves are part of South Africa's Biodiversity Stewardship Programme managed by the South African National Biodiversity Institute (SANBI) and are based on partnerships between landowners, provincial conservation authorities and NGOs, in order to secure biodiversity. The sites are declared where important biodiversity or ecosystem services have been identified. Clairmont Mountain is one such reserve. It comprises several habitats with high conservation value including 811 ha of grasslands; 129.6 ha of indigenous forests; and 3.6 ha of wetland. Due to this diversity of habitats, Clairmont Mountain is also rich in biodiversity and home to a number of Critically Endangered, Endangered, Vulnerable and Red Data List species. It is also home to species of cultural importance, including a host of medicinal plants.

Start year

2013

Target year

Indefinitely

Project area to date (Hectares)

940

Project area in the target year (Hectares)

940

Country/Area

South Africa

Latitude

29.464552

Longitude

29.43142

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity
Carbon sequestration
Soil
Water
Climate regulation

Please explain

All proclaimed nature reserves have five- year management plans, required by law. These plans set out actions to be taken by managers over the five-year period. An annual plan of operations is developed each year and internal monitoring of its implementation is undertaken as part of ensuring that the nature reserve's ecological integrity is protected and maintained.

Project reference

Project 2

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

As described in Project 1, Sappi has seven declared nature reserves on our landholdings in Mpumalanga and KwaZulu-Natal provinces in South Africa. Ngodwana River Valley Nature Reserve is one such site. The area is representative of a transition between two Endangered vegetation types – Northern Escarpment Dolomite Grassland and Legogote Sour Bushveld – and lies adjacent to Coetzeestroom Nature Reserve. Accordingly, it's important for protected area consolidation and expansion.

Start year

2017

Target year

Indefinitely

Project area to date (Hectares)

965

Project area in the target year (Hectares)

965

Country/Area

South Africa

Latitude

25.363336

Longitude

30.402072

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity
Carbon sequestration
Soil
Water
Climate regulation

Please explain

All proclaimed nature reserves have five- year management plans, required by law. These plans set out actions to be taken by managers over the five-year period. An annual plan of operations is developed each year and internal monitoring of its implementation is undertaken as part of ensuring that the nature reserve's ecological integrity is protected and maintained.

Project reference

Project 3

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

As described in Project 1, we have seven declared nature reserves on our landholdings in Mpumalanga and KwaZulu-Natal provinces in South Africa. Mount Morgan Nature Reserve is one such site. This is a grassland portion of the Montrose and Kempstone Management Units of Sappi's Twello plantation, is an area of outstanding natural beauty containing serpentine outcrops with associated endemic species (unique serpentine flora: eg Berkheya coddii, species of Inezia) adapted to high levels of heavy minerals.

Start year

2017

Target year

Indefinitely

Project area to date (Hectares)

1,013

Project area in the target year (Hectares)

1,013

Country/Area

South Africa

Latitude

25.502736

Longitude

30.554213

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity
Carbon sequestration
Soil
Water
Climate regulation

Please explain

All proclaimed nature reserves have five- year management plans, required by law. These plans set out actions to be taken by managers over the five-year period. An annual plan of operations is developed each year and internal monitoring of its implementation is undertaken as part of ensuring that the nature reserve's ecological integrity is protected and maintained.

Project reference

Project 4

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

As described in Project 1, we have seven declared nature reserves on our landholdings in Mpumalanga and KwaZulu-Natal provinces in South Africa. Oosterbeek and Aloe Ridge Nature Reserves are among these sites. These reserves lie within the headwaters of the Lumati and Mtsoli Rivers within the InKomati Water Management Area, which is of strategic importance in supplying water to the region, including Mozambique. The value of these areas lies in the fact that they are areas of outstanding natural beauty and are part of the Barberton Centre of Endemism and Barberton Mountainlands, an ecosystem gazetted as Vulnerable.

Start year

2017

Target year

Indefinitely

Project area to date (Hectares)

2,995

Project area in the target year (Hectares)

2,995

Country/Area

South Africa

Latitude

25.505193

Longitude

31.713686

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity
Carbon sequestration
Soil
Water
Climate regulation

Please explain

All proclaimed nature reserves have five- year management plans, required by law. These plans set out actions to be taken by managers over the five-year period. An annual plan of operations is developed each year and internal monitoring of its implementation is undertaken as part of ensuring that the nature reserve's ecological integrity is protected and maintained.

Project reference

Project 5

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

As described in Project 1, we have seven declared nature reserves on our landholdings in Mpumalanga and KwaZulu-Natal provinces in South Africa. The Karkloof Nature Reserve (part owned by Sappi) is among these sites. This is a vital and significant area

because of its biodiversity. The Reserve comprises predominantly Mistbelt Forest and Mistbelt Grassland.

Start year

2017

Target year

Indefinitely

Project area to date (Hectares)

223

Project area in the target year (Hectares)

223

Country/Area

South Africa

Latitude

29.185325

Longitude

29.185325

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity
Carbon sequestration
Soil
Water
Climate regulation

Please explain

All proclaimed nature reserves have five- year management plans, required by law. These plans set out actions to be taken by managers over the five-year period. An annual plan of operations is developed each year and internal monitoring of its implementation is undertaken as part of ensuring that the nature reserve's ecological integrity is protected and maintained.

Project reference

Project 6

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

As described in Project 1, we have seven declared nature reserves on our landholdings in Mpumalanga and KwaZulu-Natal provinces in South Africa. The Roelton Blue Swallow site is among these. Roelton hosts a breeding site of the Blue Swallow – a bird which is classified as ‘Critically Endangered’ on the International Union for the Conservation of Nature (IUCN). The reserve is also home to the Mistbelt Chirping Frog, currently listed as ‘Endangered’, by the IUCN Red List of Threatened Species.

Start year

2021

Target year

Indefinitely

Project area to date (Hectares)

120

Project area in the target year (Hectares)

120

Country/Area

South Africa

Latitude

30.754796

Longitude

29.592859

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity
Carbon sequestration
Soil
Water
Climate regulation

Please explain

All proclaimed nature reserves have five- year management plans, required by law. These plans set out actions to be taken by managers over the five-year period. An annual plan of operations is developed each year and internal monitoring of its implementation is undertaken as part of ensuring that the nature reserve’s ecological integrity is protected and maintained.

Project reference

Project 7

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

One of the pillars of Sappi's Thrive25 strategy is that we will act as a custodian of land and forests. In alignment with this, we identify, monitor and manage Important Conservation Areas (ICAs) on our landholdings in South Africa. ICAs are areas that are important at the local level and are classified using a systematic conservation planning approach. Criteria that are used include the presence of both plant and animal red data species, the threat status of the ecosystem, the size, connectedness, condition and aesthetic and recreational value of the area. 160 sites on Sappi owned land are currently classified as ICAs, adding up to about 39 500 ha of a diverse range of habitats including grasslands, wetlands and riverine areas and natural forest patches.

Start year

2007

Target year

Indefinitely

Project area to date (Hectares)

39,500

Project area in the target year (Hectares)

39,500

Country/Area

South Africa

Latitude

Longitude

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity
Carbon sequestration
Soil
Water
Climate regulation

Please explain

We have not indicated a target end-date, as this programme is ongoing. The Important Conservation areas are located within Sappi-owned land holdings. It is not possible to give coordinates as there are so many sites.

Project reference

Project 8

Project type

Other ecosystem restoration

Primary motivation

Voluntary

Description of project

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

Start year

2021

Target year

2023

Project area to date (Hectares)**Project area in the target year (Hectares)****Country/Area**

South Africa

Latitude

29.442355

Longitude

29.543331

Monitoring frequency

Annually

Measured outcomes to date

Carbon sequestration

Soil

Water

Please explain

This project covers the whole uMkhomazi catchment with multiple site. The area covers approximately 4 200 kilometres. At the project is new, we are not able to give the project area, but will be able to do so going forward. The uMkhomazi River is the third largest river in the KwaZulu-Natal Province. The catchment generates approximately 1078 million cubic metres of water each year, 67 % of which is generated in the upper region of the catchment. As reported in the Hydrological Assessment of the uMkhomazi, an estimate of only 159 million cubic metres (15%) of the total mean natural runoff (MAR) from the catchment is currently being used. However, due to the high seasonality of the flow, the amount of water available for users all year round is low, and the water demand exceeds the reliable supply.

F7. Verification

F7.1

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

In progress

F8. Barriers and challenges

F8.1

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

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

Responsible sourcing requires knowing where wood originates so that it is fully traceable. It also favours purchasing woodfibre from certified forests. According to FAO's Forest Products Annual Market Review 2019-2020, the area of certified forests worldwide increased by 1.4% (6 million ha) between mid-2018 and mid-2019, to 434.5 million ha (the area of double-certification, i.e. forest areas certified by both PEFC and FSC has been taken into account), yet globally only about 13% of the forests are certified. In the countries where Sappi operates, in Europe, and in North America, the share of certified forests is much higher (22%, and 35%, respectively), and in South Africa all Sappi's own forests are both PEFC and FSC certified. Yet the availability of certified wood is an issue, and it is thus vitally important to find positive incentives to promote and advance sustainable forestry practices and certification especially among private forest owners, who in many of the countries where we operate are major forest owners. Sappi's target is to continuously increase the use of certified woodfibre (in 2020, in Europe, Sappi achieved 80%, in North America 55%, and in South Africa 83%, and the Group in total 73%). This enables us to offer more of our products as certified, thereby supporting demand for certified products. Sappi is an active member of FSC International's Northern and Southern economic chambers and PEFC's International Stakeholder member, and collaborates to promote and expand forest certification, but also to ensure that the systems continuously develop themselves to sustain the integrity and robustness of certified supply chains.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Limited public awareness and/or market demand

Comment

Deforestation is a persistent, global challenge, occurring mainly because of the conversion of forests to agricultural land. This is directly against the interests of forest-based industries for which healthy thriving forests are essential. Public awareness of the root causes of severe deforestation has improved recently, but there's still a lot of work that needs to be done. International, robust, third-party verified forest certification systems like PEFC and FSC are important tools for promoting sustainable consumption and production, and to combat deforestation and illegal logging by

providing proof of legality and responsible practices. Furthermore, certification systems can spread sustainable practices worldwide, but also provide verification, and potentially expose malpractice. In terms of ensuring human rights are upheld in forests or farms in tropical countries, certification systems are one of the key instruments that companies should apply to influence or verify on-the-ground practices and inform their due diligence obligations. The role of global, third-party verified certification systems should be duly recognised and not undermined.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Complexity of certification requirements

Comment

Sappi's commitment to zero deforestation means knowing the source of woodfibre; ensuring that suppliers implement practices to promptly regenerate forests post-harvest, which is required under the global forest certification standards (FSC and PEFC) that Sappi is committed to upholding. The challenge is that as our robust policies and practices rely on forest certification systems, and where the uptake of certification is low, this may act as a potential barrier. Especially in South Africa, Sappi has over the years continually worked to improve access to forest certification so that complex systems do not pose a market barrier especially for small landowners. However, the cost of certifying timber is an issue for small growers. In South Africa, Sappi has helped to overcome by offering a group certification scheme. In 2020 there were 44 members in the scheme with plantations totaling 42,000ha. Sappi actively contributed to the development of SAFAS (Sustainable African Forestry Assurance Scheme), and the PEFC-endorsed SAFAS now offers affordable forest certification solutions and thus market access especially for the country's smallholders. In South Africa and in Africa altogether, the amount of certified forests is still very low (less than 2%), so this type of work is ground-breaking, and can really make a difference in enhancing sustainable forest management in Africa and thus improve both the level of forestry but also the level of livelihoods. What makes PEFC-endorsed national forest certification systems, such as the SAFAS, so relevant is that they are locally developed and owned, and that they respect the country's operational and cultural conditions. This is important because it ensures that the advantages of certification are accessible to all forest owners, with a particular emphasis on smallholders. Similar types of challenges are relevant elsewhere, too. In the USA, Sappi continues to monitor the FSC-US Forest Management Standard Revisions, which at worst may have detrimental impacts on the ability of certified land managers to remain certified, as well as clear barriers to entry into FSC certification for new landowners. Sappi is engaging with land managers, industry associations, peer

companies, customers and FSC to raise awareness and concern over these changes during the review and commenting periods in 2021.

F8.2

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

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Main measure

Increased knowledge on commodity driven deforestation and forest degradation

Comment

Biodiversity loss and deforestation are of great concern, especially in the tropics. It is important to note that agricultural expansion for the production of commodities like soy, beef, palm oil, coffee, cocoa, drive about 80% of all deforestation specifically in tropical countries, while mining, urbanisation and infrastructure are responsible for less than 10% each. Policy measures should support and encourage sustainable forest management as part of the solution to combat deforestation and forest degradation. Sappi has been active in supporting the recent initiatives of EU Commission to propose measures to minimise risks of products causing deforestation to enter the EU market. As regards measures to combat deforestation, Sappi promotes a nuanced approach comprising national legislation, progressive policies of the consumer countries, and improved governance, diplomacy, and innovative investment strategies for sustainability and employment, as critical factors to establishing long-term solutions. The role of voluntary certification systems should be better recognised and taken into account in public procurement policies. The EU Timber Regulation (EUTR) and the US Lacey Act type of regulations are successful pieces of legislation, and Sappi would recommend extending their provisions to cover downstream products generally as well as to apply to other commodities aside from timber. Sappi's view is that one proven approach is through sustainable forest management where we can create value in standing forests and also stimulate the development of circular bio-based economies and utilisation of renewable materials. Market demand for responsible woodfibre creates incentives for forest owners to sustainably manage forests. In addition, there are numerous benefits of the wood industry both for the environment and the economy, which should be integrated into future measures.

Forest risk commodity

Timber products

Coverage

Direct operations
Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

Traceable and transparent supply chains are key to providing brand owners and consumers with the assurance and confidence that their products originate from sustainable and renewable sources of wood, free from deforestation, where biodiversity is promoted and where customary, traditional and civil rights of people are upheld. Against this backdrop, Sappi is working in various forums to share our experience and knowledge on sustainable, transparent supply chains in the hopes that this will support other commodities which are driving deforestation. One example of this is Sappi Dissolving Pulp’s partnership with Birla on ‘Green Track’ blockchain technology which provides a forest-to-garment traceability solution for brand owners. Through this collaborative partnership, our branded dissolving pulp, Sappi Verve, continues to strengthen its sustainability credentials within the textile industry. Providing a brand-owner traceability solution has been made possible with the use of Birla’s pioneering ‘Green Track’ blockchain technology, coupled with Sappi’s comprehensive database on wood origin for its dissolving pulp operations in South Africa and the USA.

F17 Signoff

F-FI

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

F17.1

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

	Job Title	Corresponding job category
Row 1	General Manager, Group Sustainability	Chief Sustainability Officer (CSO)

SF. Supply chain module

SF0.1

(SF0.1) What is your organization’s annual revenue for the reporting period?

	Annual revenue
Row 1	4,609,000

SF0.2

(SF0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

Yes

SF0.2a

(SF0.2a) Please share your ISIN in the table below.

	ISIN country code	ISIN numeric identifier (including single check digit)
Row 1	ZA	E000006284

SF1.1

(SF1.1) In F6.3 you were asked “Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption”. Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

Yes

SF1.1a

(SF1.1a) For each of your requesting CDP supply chain members, indicate the percentage of certified volume sold per disclosed commodity(ies).

Requesting member

Philip Morris International

Forest risk commodity

Timber products

Form of commodity

Paper

Third-party certification scheme

FSC Chain of Custody

Total volume of commodity sold to member

25,898

Metric

Metric tons

What % of the volume reported in column 5 is certified?

<10%

Comment

The CDP supply chain member in question purchased speciality paper products from Sappi's European mills which all are both PEFC and FSC Chain of Custody (CoC) certified and can thus offer certified paper products to customers upon request. Sappi applies so called credit-system for managing PEFC and FSC certified fibre inputs and outputs, and if a customer orders PEFC or FSC certified products, they are sold as 100% PEFC certified or FSC Mix Credit, respectively. In the case in question the customer ordered only a very small portion as certified (0.47% as FSC-certified).

Requesting member

L'Oréal

Forest risk commodity

Timber products

Form of commodity

Paper

Third-party certification scheme

FSC Chain of Custody

Total volume of commodity sold to member

3,865

Metric

Metric tons

What % of the volume reported in column 5 is certified?

91-99%

Comment

The CDP supply chain member in question purchased speciality paper products from Sappi's European mills which all are both PEFC and FSC Chain of Custody (CoC) certified and can thus offer certified paper products to customers upon request. Sappi applies so called credit-system for managing PEFC and FSC certified fibre inputs and outputs, and if a customer orders PEFC or FSC certified products, they are sold as 100% PEFC certified or FSC Mix Credit, respectively. In the case in question the customer ordered almost all (99.8%) as FSC-certified.

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

Requesting member

Philip Morris International

Commodity related to the project

Timber products

Category of project

Innovation

Type of project

Implementation of new techniques/technologies to ensure sustainable production

Estimated timeframe for realization of benefits to customer

1-3 years

Details of project

Through Sappi's continued focus on innovating paper and packaging solutions, we remain committed to partnership with customers. We are also committed to embracing the circular economy using sustainable materials based on certified wood and replacing fossil-based chemistry and to working on new technologies that support transformation in Sappi and across our value chain partners to reduce CO2 emissions and contribute to the Sustainable Development Goals.

Projected outcome

Sappi is continuously launching new products which meet customer and market expectations for functionality, recyclability and sustainability.

Requesting member

L'Oréal

Commodity related to the project

Timber products

Category of project

Innovation

Type of project

Implementation of new techniques/technologies to ensure sustainable production

Estimated timeframe for realization of benefits to customer

1-3 years

Details of project

Through Sappi's continued focus on innovating paper and packaging solutions, we remain committed to partnership with customers. We are also committed to embracing the circular economy using sustainable materials based on certified wood and replacing fossil-based chemistry and to working on new technologies that support transformation in Sappi and across our value chain partners to reduce CO2 emissions and contribute to the Sustainable Development Goals.

Projected outcome

Sappi is continuously launching new products which meet customer and market expectations for functionality, recyclability and sustainability.

Requesting member

L'Oréal

Commodity related to the project

Timber products

Category of project

Relationship sustainability assessment

Type of project

Aligning goals to feed into customers targets and ambitions

Estimated timeframe for realization of benefits to customer

1-3 years

Details of project

Given South Africa's significant development needs, Sappi supports a range of community and environmental projects. Support covers education, environment and socio-economic development, based on helping communities help themselves. Initiatives include the Sappi Khulisa enterprise development programme which encompasses community tree farming. The total area managed is currently 32,660 hectares and the initiative currently reaches 4,000 growers. The African Honey Bee project, partly funded by Sappi focuses on encouraging rural entrepreneurship, alleviating poverty, curbing fires and providing additional financial resources for local timber farmers. Within the project we make certain plantations available for bee-keeping and we sponsor training and equipment. Together with an NGO partner, Meat Naturally, we are working with local communities to reduce degradation of grasslands and improve the management of their cattle ranching to more sustainable & productive practices. Working together we are improving the biodiversity in this ecologically important area, while supporting rural economic development and poverty reduction. Sappi is open to discussing collaboration to enable the scaling up of existing long-standing projects or other emergent projects looking at other priority topics like water stewardship and landscape restoration. We are committed to SDG 17 and invite partnerships where it enables us to expand our positive contribution to sustainable development.

Projected outcome

Sappi's community projects deliver environmental and socio-economic impacts to the people we work with. Since 1995, Sappi Khulisa has purchased wood from small growers at a volume of 4,221,941 tons and value of USD30 million. Sappi's initiatives are entrepreneurial in spirit, so the impacts and outcomes continue to generate.

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No

SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Timber products

Estimate GHG emissions and removals from land use and land use change

No, but plan to do so in the next two years

Please explain

Within Sappi's direct operations in South Africa, land use change is minimal. We are exploring methodologies to enable our reporting on this variable also within the context of the emerging requirements for the South Africa Carbon Tax. To maintain a National Greenhouse Gas Inventory in order to fulfil reporting obligations under the United Nations Framework Convention on Climate Change, the Department of Environmental Affairs has introduced mandatory reporting. Sappi SA annually calculates GHG emissions for living biomass stocks on Sappi Forests land holdings, starting in 2016. The stock-difference method (carbon stock change as an annual average difference between estimates at two points in time) was used to calculate 2020 biogenic GHG emissions. The annual carbon stock change was calculated using Equation 2.5 (IPCC 2006, Volume 4, Chapter 2, P2.9) by subtracting the total carbon stocks in 2019 from the stocks in 2020, based on living carbon stocks within each of the more than 15 000 compartments (stands). The methodology was largely based on Tier 1 (default) conversion factors. However, country-specific biomass conversion and expansion factors (Dovey et al 2021) have been used to estimate total above ground biomass from inventory data. Technical corrections were applied to improve calculations for compartments where carbon was lost due to damaging events. Inventory data is based on field measurements and LiDAR measurements with empirical modelling to estimate annual growing stock in compartments that were not enumerated. The carbon stock change was just calculated for above and below ground biomass. These values exclude the following pools: soil organic carbon, dead organic matter, litter layer. In total, Sappi Forests reported 243,966 tons biogenic CO₂ emissions for the 2020 calendar year from own managed forest lands. Were it not for 335 004 tons biogenic CO₂ emissions due to natural disasters, there could have been a net removal.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below

I have read and accept the applicable Terms