

2024 Annual Integrated Report

for the year ended September 2024



sappi

Our reporting suite



2024 Sappi Annual Integrated Report

www.sappi.com/annual-reports 

Frameworks

- Integrated Report (IR) Framework
- Companies Act 71 of 2008 (as amended) of South Africa (Companies Act)
- Johannesburg Stock Exchange (JSE) Listings Requirements
- King IV Code on Governance™ for South Africa, 2016 (King IV)¹.

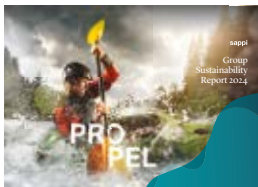


2024 Sappi Group Annual Financial Statements

www.sappi.com/annual-reports 

Frameworks

- International Financial Reporting Standards (IFRS)
- Companies Act
- JSE Listings Requirements
- King IV.




2024 Sappi Group Sustainability Report

www.sappi.com/2024GSDR 

Frameworks

- Global Reporting Initiative (GRI) standards
- United Nations Global Compact (UNGC)
- United Nations Sustainable Development Goals (UN SDGs).

For our standalone **King IV Application Register** and our **Risk Report**, please go to www.sappi.com/annual-reports 

For up-to-date information, please refer to our quarterly results announcements and analyst presentations www.sappi.com/quarterly-reports 

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Our 2023 Sappi Annual Integrated Report won Gold for print excellence at the prestige GAPP Awards. Congratulations to our outstanding print partners Law Print, for their craftsmanship on the report.

We are deeply saddened by the untimely passing of Karen Sherlock in January 2024. We dedicate the Sappi 2024 Annual Integrated Report and Sustainability Report to the memory of Karen, whose tireless dedication, and passion for excellence shaped our reporting for over two decades. Karen's steadfast commitment to transparency and sustainability has left an indelible mark on Sappi and all who worked alongside her. This report stands as a testament to her remarkable contributions and serves as a tribute to her enduring legacy.

This report is printed on Galerie Silk 350 and 135 g/m².

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How to navigate our report

Throughout our Annual Integrated Report, the following icons are used to show the connectivity between sections:

Referencing		
Page	Online	Risk

Sappi's 3Ps		
Prosperity	People	Planet

Thrive strategy	
Grow our business	Drive operational excellence
Sustain our financial health	Enhance trust

Our capitals	
Intellectual capital	Human capital
Financial capital	Social and relationship capital
Manufactured capital	Natural capital

Sappi and the United Nations (UN) Sustainable Development Goals (SDGs)		

* Sappi Southern Africa (SSA) priority SDGs.

About this report

Our **Annual Integrated Report** for the year ended 30 September 2024 provides an overview of how we create value through our purpose, vision and strategy. This report reflects on key opportunities and risks in our markets, our performance against financial and non-financial objectives, and our goals and focus areas for the year ahead.

Although the report's primary audience is our shareholders, it contains information relevant to a broad group of stakeholders. Our group and regional sustainability reports address a wider audience with more detail on stakeholder engagement and key material issues. The main content of this report (pages 1 to 203) is supplemented by supporting appendices (pages 206 to 230).

Ensuring holistic value creation

We take a holistic approach to creating value, recognising that Sappi's long-term sustainability depends on delivering meaningful outcomes for our stakeholders. We see value beyond delivering returns to our shareholders, and we focus on maximising every resource throughout our value chain to ensure those returns are sustainable. We recognise that our sphere of influence and impact extends beyond our mill gates.

Materiality

This report considers material information relevant to our stakeholders based on extensive ongoing engagement. We assessed materiality against the backdrop of current business operations and industry trends and the global economic environment. We adopt a double materiality

approach to enhance our stakeholders' understanding of the impact of environmental and social issues on Sappi's enterprise value and the impact of our activities on the environment and society. For a deeper understanding of the material matters that affect our business, refer to pages 66 to 85.

Scope and boundary

This report covers the period from 01 October 2023 to 30 September 2024.

We aim to present material, relevant and complete information, while ensuring comparability. The issues and indicators included in this report reflect our significant economic, environmental and social impacts and factors that may substantively influence investors' assessments and decisions.

Integrated thinking and the 3Ps

Prosperity



Intellectual capital

Our technology centres and Research and development (R&D) initiatives promote a culture of innovation to support the development of commercially and environmentally sustainable solutions.



Financial capital

We manage our financial capital, including shareholders' equity, debt and reinvested capital to maintain a solid balance between growth, profitability and liquidity.



Manufactured capital

Our operations require significant investments in manufactured capital. Investing in building, maintaining, operating and improving this infrastructure requires financial, human and intellectual capital.

People



Human capital

We require engaged and productive employees. We create a safe and healthy workplace for our people in which diversity is encouraged and valued, providing them with ongoing development opportunities. This enhances productivity and our ability to service global markets.



Social and relationship capital

Building relationships with our key stakeholders in a spirit of trust and mutual respect enhances our licence to trade and our competitive advantage, enabling shared value creation.

Planet



Natural capital

Recognising that our business depends on natural capital, we focus on understanding, managing and mitigating our impacts.

In determining our material matters and value creation over time, we consider the following timeframes:

Short term: One to two years, in line with immediate risks and opportunities

Medium term: Three to five years in line with management accounting's five-year financial forecast plan

Long term: Five to 30 years, considering the nature of our mill operations and capital investments for long-life assets, Sappi Forests' research planning horizons in response to climate change and the EU's plan to achieve carbon neutrality by 2050

Our reporting boundary is critical to our materiality determination process. Our reporting boundary includes all our operations (refer to **Where we operate** on pages 6 to 7) and considers risks and opportunities beyond our financial reporting boundary that may significantly affect our ability to create value. These include material matters arising from our operating context, strategy, stakeholder issues, opportunities, risk management processes and SDG commitments, among others.

Our Annual Integrated Report boundary	
Our operating context (page 40)	
Our strategy and performance (pages 10 to 19)	
Value creation (pages 20 to 27)	
Financial reporting entity:	
• Sappi Europe	
• Sappi North America	
• Sappi Southern Africa (page 7)	
Our SDG commitments (page 20)	
Our key relationships (page 52)	
Our risks and opportunities (page 44)	

Assurance

We obtained limited external assurance on selected sustainability key performance indicators (KPIs) in our [2024 Sappi Group Sustainability Report](#), which includes the independent practitioner's limited assurance report. Our internal audit team verifies sustainability information by reviewing the procedures we applied to collect, measure, calculate and validate non-financial data, as well as reviewing reported information and supporting documentation.

Most of our key operations undergo external verification, including:

- Europe: the Eco-Management and Audit Scheme
- Europe and South Africa: ISO 50001 energy certification
- Globally: ISO 45001 environmental certification, ISO 9001 quality certification and ISO 45001 health and safety certification.

Some of our mills are certified to the ISO 22000 food safety management standard and EN 15593 management of hygiene in the production of packaging for foodstuffs.

We are assessed in terms of the forest certification systems we use. In South Africa, an external rating agency assesses our broad-based black economic empowerment (BBBEE) performance.

These external assessments and certifications and stakeholder interactions ensure our performance indicators are reliable, accurate and pertinent. The Social, Ethics, Transformation and Sustainability (SETS) Committee is satisfied that the sustainability information presented in this report has been provided with a reasonable degree of accuracy.

Our financial information is verified by our external auditors. For information on the combined assurance framework relevant to the disclosure in this report and the independent auditors' report, see our group Annual Financial Statements at www.sappi.com/annual-reports

Board approval

The Sappi Limited board of directors (board) acknowledges its responsibility for ensuring the integrity of the Annual Integrated Report. To the best of its knowledge and belief, the Annual Integrated Report addresses all issues material to the group's ability to create and preserve value in the short, medium and long term and fairly presents the group's integrated performance and outlook.

The board believes that the Annual Integrated Report has been prepared in accordance with the IR Framework and speaks to Sappi's use of and effect on the 3Ps (addressing value creation, preservation and erosion), which are aligned with the six capitals.

The board thus approved the 2024 Sappi Annual Integrated Report on 06 December 2024.

Nkululeko Sowazi
Chairman

Steve Binnie
Chief Executive Officer (CEO)

Forward-looking statements

In line with the IR Framework, this report contains forward-looking statements that enable users to understand the challenges and uncertainties Sappi is likely to encounter in pursuing its strategy. This information is included throughout the report.

For important information relating to these forward-looking statements, refer to the inside back cover.

Our 2024 reporting theme: Momentum

In nature, momentum is a fundamental concept. Think of a river flowing downstream: the water gains momentum as it moves, carving out valleys and shaping landscapes over time. The rhythm and repetition of its progress map its course. This momentum provides the theme for this report, reflecting Sappi's ever-forward journey despite a turbulent landscape influenced by numerous global events over the past years.

The spectre of Covid-19 lingers in our rear-view mirror, while other significant events like the Russia-Ukraine war and the conflict in the Middle East continue to shape the landscape. With global economic growth decelerating under ongoing inflationary pressures and supply chain disruptions intensified by geopolitical conflicts, our business has been directly impacted by these consumer-driven economic challenges.

Throughout this journey, our sights have been set on contributing to an environment in which we can thrive. This has meant learning to adapt, being resilient and flexible, shaping our responses consistently and measuredly, and ensuring that we build our momentum to capitalise on future economic recovery, preparing to support growing demand as market conditions improve.

Innovation is a cornerstone of our business strategy. We constantly repeat cycles of prototyping, testing, and refining to create a rhythm that accelerates the development of new products and technologies. By regularly reviewing and improving processes, we build momentum by fostering a culture of innovation and progress.

When it comes to our people, we use tried-and-tested methods to build on our engagement and provide ample opportunities to thrive, both in the workplace and in the communities we call home. At the core of our operations, we embrace a safety culture, allowing us to make and execute decisions at speed to maintain or build on that momentum, without risking indiscriminate actions that could derail our efforts.

By integrating sustainability into every aspect of our operations, we ensure that our momentum drives growth and fosters a positive impact on the environment.

Who we are

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

Our raw material offerings (such as dissolving wood pulp (DWP) and biomaterials) and end-use products (packaging papers, speciality papers, graphic papers, casting and release papers, as well as forestry products) are manufactured from woodfibre sourced from sustainably managed forests and plantations, in production facilities which, in many cases use internally generated bioenergy. Many of our operations are energy self-sufficient.

Together with our partners, we work to build a thriving world by acting boldly to support the planet, people and prosperity.

4.6 million tons

Paper production capacity per year

2.3 million tons

Paper pulp production capacity per year

1.5 million tons

Dissolving wood pulp production capacity per year

Globally we have

11,235 employees¹

401,000 ha

Owned and leased sustainably managed forests in South Africa

¹ Includes corporate and Sappi Trading employees.

Where we operate

Europe



Employees

4,286

Sales offices

12

Production facilities

8

North America



Employees

2,046

Sales offices

6

Production facilities

4

South Africa



Employees

4,447

Sales offices

3

Production facilities

5

Sappi Trading

Sappi Trading operates a network for the sale and distribution of our products outside our core operating regions of North America, Europe and South Africa.

Sales offices

Hong Kong
México City
Johannesburg
Sydney
Nairobi
Shanghai

Sappi Europe		Capacity ¹ ('000 tons)		
Mills	Products produced	Paper ²		Pulp
		Packaging and speciality papers	Graphic papers	
Alfeld Mill	Bleached chemical pulp for own consumption			120
	Speciality paper; flexible packaging paper, paperboard, containerboard, release liner, label paper, functional papers, uncoated woodfree paper	260	15	
Carmignano Mill	Speciality paper; dye sublimation paper, flexible packaging paper, inkjet paper and label paper	90		
Condino Mill	Speciality paper; dye sublimation paper, flexible packaging paper, inkjet paper and silicone-base paper	60		
Ehingen Mill	Bleached chemical pulp for own consumption and market pulp			150
	Coated woodfree paper, uncoated woodfree paper and containerboard	115	185	
Gratkorn Mill	Bleached chemical pulp for own consumption			250
	Coated woodfree paper and label paper	100	780	
Kirkniemi Mill	Bleached mechanical pulp for own consumption			300
	Coated mechanical paper, thinprint	10	740	
Maastricht Mill	Coated woodfree paper and paperboard	70	190	
Total Sappi Europe		705	1,910	820
Other operation			Capacity¹ (million m²)	
Rockwell Solutions	Coated barrier film and paper			147

Sappi North America		Capacity ¹ ('000 tons)		
Mills	Products produced	Paper ²		Pulp
		Packaging and speciality papers	Graphic papers	
Cloquet Mill	Dissolving wood pulp, bleached chemical pulp for own consumption and market pulp*			370
	Coated woodfree paper and label paper	70	270	
Matane Mill	High-yield hardwood pulp for own consumption and market pulp			285
Somerset Mill	Bleached chemical pulp for own consumption and market pulp			525
	Coated woodfree paper, paperboard and label papers	490	510	
Westbrook Mill	Converting for speciality casting and release paper	23		
Total Sappi North America		583	780	1,180

Sappi Southern Africa		Capacity ('000)	
Plantations**	Products produced	Hectares	Standing tons
KwaZulu-Natal	Plantations (pulpwood and sawlogs)***	166	11,261
Mpumalanga	Plantations (pulpwood and sawlogs)***	235	17,168
Total Sappi Forests (owned and leased supply)		401	28,429

		Capacity ('000 m ³)	Capacity ¹ ('000 tons)		
Mills	Products produced	Timber	Paper ²		Pulp
			Packaging and speciality papers	Graphic papers	
Lomati Sawmill	Sawn timber	86			
Ngodwana Mill	Unbleached chemical pulp for own consumption				230
	Mechanical pulp for own consumption				110
	Kraft linerboard		240		
	Newsprint			85	
Stanger Mill	Kraft papers		25		
	Bleached bagasse pulp for own consumption				60
Tugela Mill	Office paper and tissue paper		28	82	
	Neutral sulphite semi-chemical pulp for own consumption				170
Sappi ReFibre****	Corrugating medium		200		
	Waste paper collection and recycling for own consumption				66
Total Sappi Paper and Paper Packaging			493	167	636
Ngodwana Mill	Dissolving wood pulp				255
Saiccor Mill	Dissolving wood pulp				890
Total dissolving wood pulp					1,145
Total Sappi Southern Africa		86	493	167	1,781

¹ Capacity at maximum continuous run rate per annum.

² The split between graphic papers and packaging and speciality papers is what we believe is technically and commercially possible. Some mills have the capacity to swing between products.

* The stated capacity is for dissolving wood pulp, the capacity for kraft pulp is 17% higher.

** Plantations include owned and leased areas.

*** Approximately 139,500 hectares of our land is set aside and maintained by Sappi Forests to conserve the natural habitat and biodiversity found there.

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

Traction

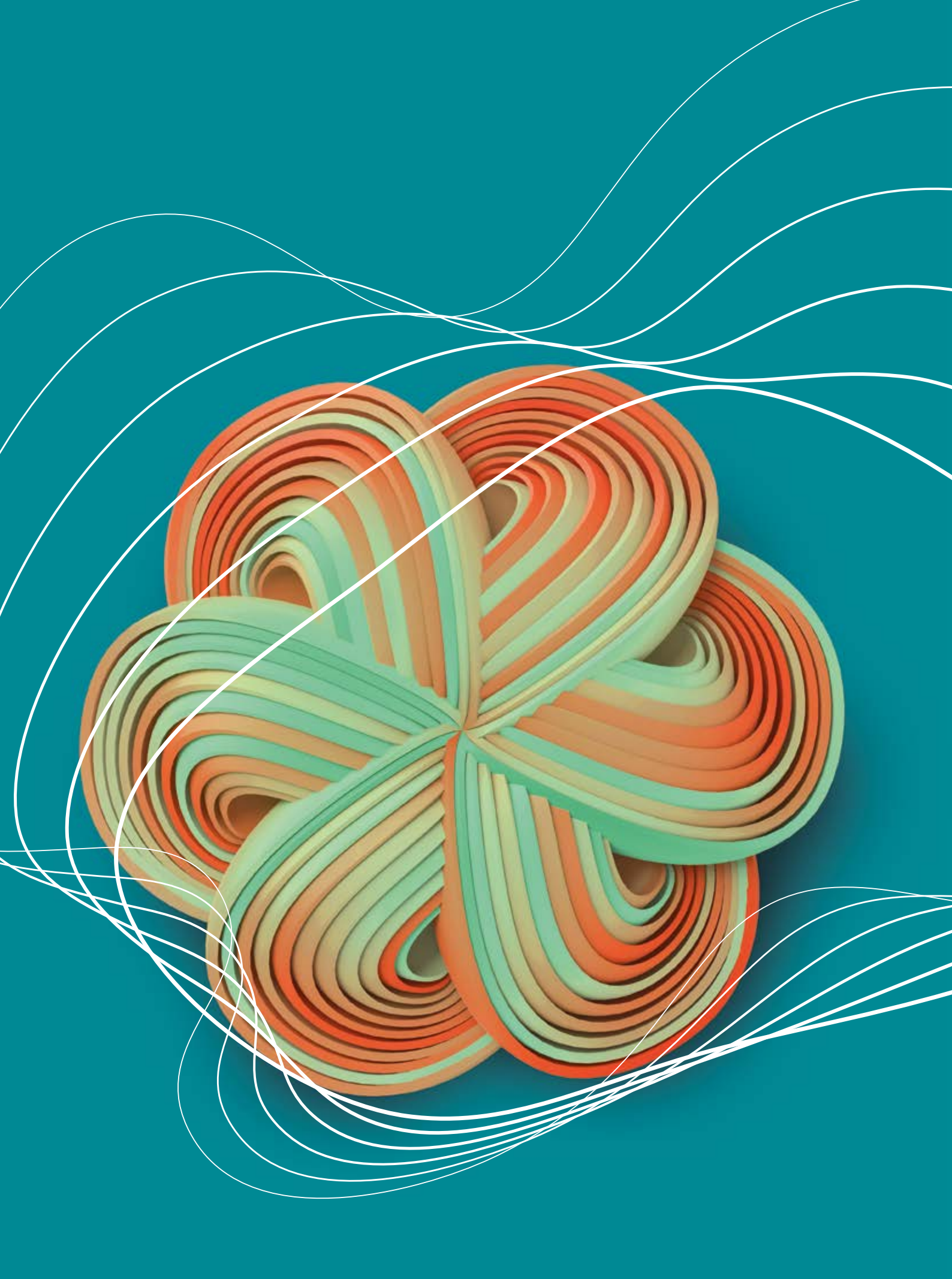
Traction refers to the friction between a moving object and the surface it moves on. Just as traction allows a vehicle to move forward without slipping, it enables our business to progress steadily.

With the introduction of our **Thrive25** business strategy in 2020, we moved through phases of Adapting, Advancing, and Reshaping. Now, having gained traction, our momentum is driving significant progress.

We also observe this traction in social settings, such as the growing consumer preference for renewable and recyclable products. In response, we continue to expand our range of renewable solutions, enabling society to meet sustainability goals and support the global transition to a low-carbon, circular economy.

We are also gaining traction in our efforts to extract value from the whole tree. Traditionally, papermaking used only half of the raw wood material. Sappi is continually developing new processes and applying innovative technology to extract more value from each tree. Our paper packaging reduces plastic use, and we utilise every part of the trees harvested – whether for our biomaterials, dissolving wood pulp, speciality papers, or bio-energy – finding eco-friendly alternatives for a better future.





Introduction to our **Thrive** strategy

Sappi is an established global pulp and paper business with production facilities in South Africa, Europe and North America. We produce a wide range of products including pulp, graphic papers, packaging and speciality papers and biomaterials.

The markets we serve continuously change and develop and to this end we aim to adjust with these global trends. We invest in our people, facilities and processes to ensure we create value for all our stakeholders by creating products that are relevant, sustainable and aimed at growing markets. Our clear advantages in diversification, global scale and local expertise help us to create prosperity through sustainable solutions.

We assume our responsibility towards sustainability with full commitment and therefore produce our products from woodfibre sourced from sustainably managed forests and plantations.

We thoughtfully source materials, reduce material waste, mitigate carbon and carefully consider product end-of-life. We strictly monitor and control our use of energy, water and other raw materials, and continually look to reduce our reliance on fossil fuels.

Our **Thrive** strategy is an iterative process seeking to implement opportunities to reduce cost and/or grow the business while we sustain a healthy balance sheet, apply continuous capital prioritisation and enhance stakeholder relationships.

To implement and execute on our **Thrive** strategy requires people. We therefore focus on growing our human potential, ensuring we have sustainably engaged people and also that we extend our positive influence to the communities where we operate to create shared value.

Our **Thrive** strategy responds to various global forces and market trends. It is built on four main objectives with annual and longer-term targets, some set for delivery by 2025, while others including our Science Based Targets initiative (SBTi) commitments are set for delivery beyond 2025. We will publish in the Annual Integrated Report of 2025 a review of our 2025 targets and the targets we have set for the next period beyond 2025.

Our strategy and performance

Our strategy

Through collaboration and innovation, we will grow profitably, using our strength as a sustainable and diversified global woodfibre group, focused on dissolving wood pulp, graphic papers, packaging and speciality papers and biomaterials.



Grow our business

What this means

- Grow dissolving wood pulp (DWP) capacity, matching market demand
- Continue to expand and grow packaging and speciality papers in all regions
- Commence commercialisation of biomaterials opportunities
- Optimise graphic papers segments ensuring we balance supply and demand.

How we performed in 2024

- DWP sales volumes were slightly lower than FY2023, earnings before interest, taxes, depreciation and amortisation (EBITDA) margin, however, improved
- Pulp constitutes 29% of group sales volumes (excluding forestry) and contributes 42% of group Adjusted EBITDA
- Packaging and speciality papers sales volumes increased by 8% year-on-year
- Packaging and speciality papers constitute 27% of group sales volume (excluding forestry) and contributes 19% of group Adjusted EBITDA
- Actively progressed the expansion and conversion of Somerset Mill PM2 from graphic papers to packaging and speciality papers
- Reduced graphic papers capacity in Europe by 30% through the closure of Stockstadt and Lanaken Mills
- Strong profitability from lignin sales and favourable advancement of other biomaterials opportunities.



Sustain our financial health

What this means

- Target net debt at approximately US\$1 billion and sustain net debt/EBITDA at 1.5x through the cycle
- Optimise capital management
- Maximise return on capital employed (ROCE)
- Review pricing strategies to secure optimal value creation
- Sustain dividends at 3x cover.

How we performed in 2024

- Net debt at year end US\$1,422 million
- Invested to grow and convert PM2 at Somerset Mill to packaging grade, project is on time and on budget and aligned with the **Thrive** strategy
- Closed Stockstadt and Lanaken Mills and settled all agreed social benefits
- Declared a dividend of 14 US cents
- Sold the Stockstadt and Lanaken Mills properties.



Drive operational excellence

What this means

- Drive our safety first culture
- Continuously improve our cost position
- Continue to maximise the benefits of our global footprint
- Best-in-class production efficiencies to secure increased volumes.

How we performed in 2024

- Lost-time injury frequency rate (LTIFR) improved but we had one unfortunate contractor fatality in the forestry operations in South Africa
- Group efficiency, procurement and continuous improvement savings >US\$104 million
- Maximised the benefits of OneSappi to achieve cost advantages
- Challenging macro environment resulting in weak trading conditions in the paper business
- DWP production is stabilising although a few once-off incidents did impact optimal production.



Enhance trust

What this means

- Improve our understanding of, and proactively partnering with, all stakeholders
- Drive sustainability solutions. Meet the changing needs of every Sappi employee.

How we performed in 2024

- Sustained Platinum status in EcoVadis sustainability assessment across all three regions
- Performance against our science-based carbon emission intensity reduction target showed an improvement compared to last year, but the target was not reached, mainly due to market-related production curtailments
- Actively supported local communities through community forums
- No employee engagement survey conducted during 2024; next survey 2025. 84% of action items from 2023 survey closed out by year-end
- Expanded Supplier Code of Conduct compliance and EcoVadis supplier assessments
- Ranked in the top 1,000 Companies in the world by Time and Forbes Magazines
- Sustained Level 1 BBBEE in South Africa.

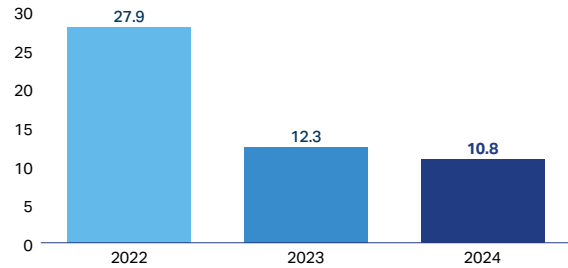
Our strategy and performance continued

Measuring our progress

Guided by our strategy, we measure our progress holistically against our mission, collaborating and partnering with stakeholders as we strive to be a trusted and sustainable organisation with an exciting future in woodfibre.

ROCE (%)	
Self-assessment of 2024 performance	★★
Link to Thrive strategic objectives	Link to 3Ps and SDGs

Our strategic performance indicators



Why is this important?

ROCE is an important measure that assesses long-term profitability by comparing how effectively assets are performing with how these assets are financed.

Ⓜ Linked to executive remuneration

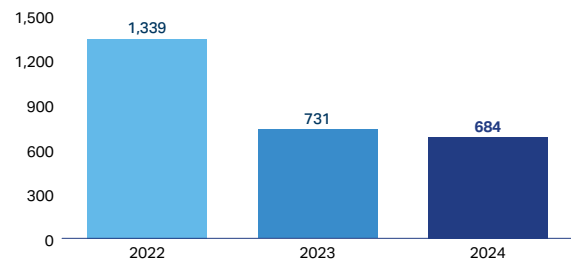


2025 objectives

- Grow volumes in DWP and packaging and speciality papers and improve our margins
- Optimise the graphic papers margin with improved operating rates and lower costs.

Adjusted EBITDA (US\$ million)	
Self-assessment of 2024 performance	★★
Link to Thrive strategic objectives	Link to 3Ps and SDGs

Our strategic performance indicators



Why is this important?

Adjusted EBITDA measures how we performed operationally as a company.

Ⓜ Linked to executive remuneration



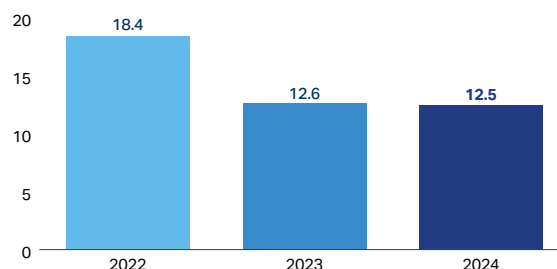
2025 objectives

- Grow volumes in DWP and packaging and speciality papers; sustain and improve pricing
- Manage costs to maximise profitability
- Focus on maximising sales volumes and contributions to sustain and improve Adjusted EBITDA.

Self-assessment	Strategic objectives	
★★★★ Outstanding	Grow our business	Drive operational excellence
★★★ Satisfactory	Sustain our financial health	Enhance trust
★ Progress to be made/ongoing		

Adjusted EBITDA margin (%)	
Self-assessment of 2024 performance ★★	
Link to Thrive strategic objectives	Link to 3Ps and SDGs

Our strategic performance indicators



Why is this important?

Adjusted EBITDA margin is an important and comparable measure of our profitability (excluding the impact of financing, accounting treatments or tax implications) against our revenue.

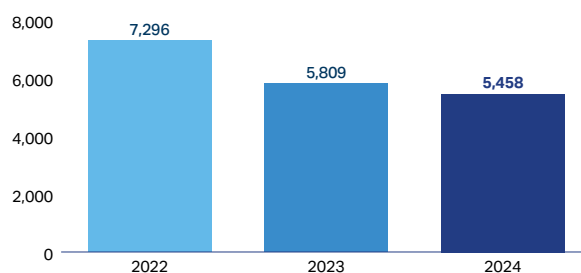


2025 objectives

- Improve margins in all business segments
- Focus on reducing fixed and variable costs
- Increased downtime at Somerset Mill due to the conversion project will impact North American margins for FY2025.

Sales (US\$ million)	
Self-assessment of 2024 performance ★★	
Link to Thrive strategic objectives	Link to 3Ps and SDGs

Our strategic performance indicators



Why is this important?

While not the only determinant of financial success, sales is a key measure of demand, customer loyalty and a critical contributor to profit.



2025 objectives

- Grow and optimise the packaging and speciality papers segment
- Execute the conversion and expansion at Somerset Mill and ramp up volume as soon as possible
- Grow the label paper business at Gratkorn Mill
- Maximise DWP volumes to capacity with increased volumes from Saiccor Mill.

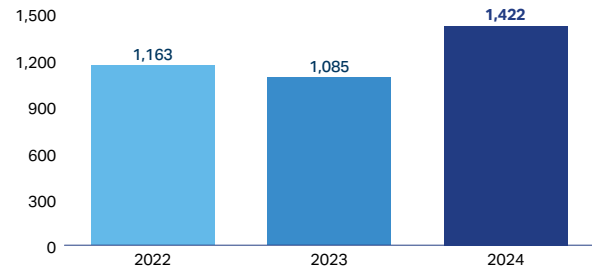
3Ps			SDGs		
Prosperity	People	Planet			

@Linked to executive remuneration
Δ Identified sustainability goal

Our strategy and performance continued

Net debt (US\$ million)	
Self-assessment of 2024 performance ★★	
Link to Thrive strategic objectives	Link to 3Ps and SDGs

Our strategic performance indicators



Why is this important?

Given the capital-intensive nature of our operations, we need to raise debt to complete significant projects that enable our long-term success. Net debt comprises current and non-current interest-bearing borrowings and bank overdrafts (net of cash, cash equivalents and short-term deposits).

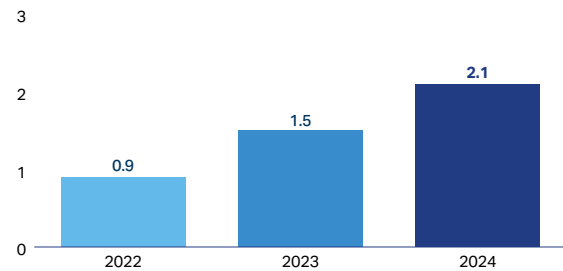


2025 objectives

- During 2025 we will complete the Somerset Mill conversion and expansion project
- We are targeting to spend an estimated US\$500 million on various capital projects, resulting in increased debt.

Net debt:Adjusted EBITDA (ratio)	
Self-assessment of 2024 performance ★	
Link to Thrive strategic objectives	Link to 3Ps and SDGs

Our strategic performance indicators



Why is this important?

The net debt to Adjusted EBITDA ratio measures our ability to pay off our debt should net debt and Adjusted EBITDA remain consistent. Adjusted EBITDA focuses on the operating decisions of a business as it looks at profitability from core operations before the impact of capital structure.



Ⓜ Linked to executive remuneration





2025 objectives

- With increased net debt we expect this ratio to increase slightly in the short term, however, we aim to target 1.5x through the cycle in the medium term.

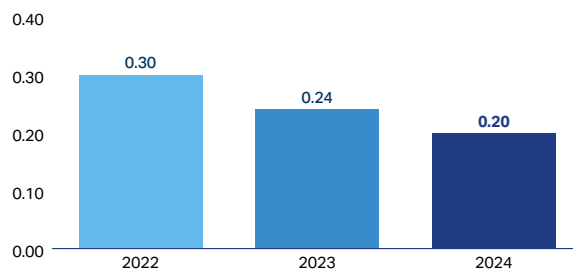
Self-assessment	Strategic objectives	
★★★★ Outstanding	Grow our business	Drive operational excellence
★★★ Satisfactory	Sustain our financial health	Enhance trust
★ Progress to be made/ongoing		

Lost-time injury frequency rate (LTIFR) (per million work hours)

Self-assessment of 2024 performance ★★

Link to Thrive strategic objectives	Link to 3Ps and SDGs
 	 

Our strategic performance indicators



Why is this important?

LTIFR is an important measure of our business's safety. We target zero harm and aim to improve LTIFR by at least 10% year-on-year.

Ⓜ Linked to executive remuneration
 Δ Identified sustainability goal¹

2025 objectives

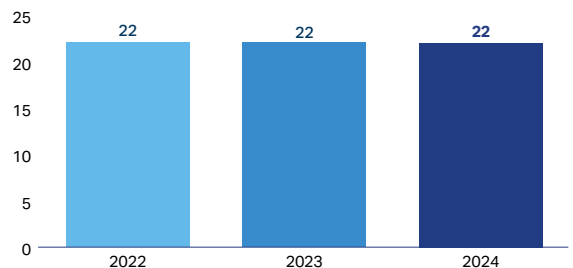
- Continue to reduce LTIFR and zero fatalities.

Gender diversity (%)

Self-assessment of 2024 performance ★★

Link to Thrive strategic objectives	Link to 3Ps and SDGs
 	 

Our strategic performance indicators



Why is this important?










We view diversity as a key driver that enhances our competitiveness and viability as a business and contributes to a thriving world; we aim to appoint more women in senior positions.

Δ Identified sustainability goal¹

2025 objectives





- Stay on track to reach 23% of women in senior positions – HRL19 and upwards by 2025.

¹ For this indicator, we have clear targets for 2030 that we are working towards. See our 2024 Sappi Group Sustainability Report for more information www.sappi.com/2024GSDR

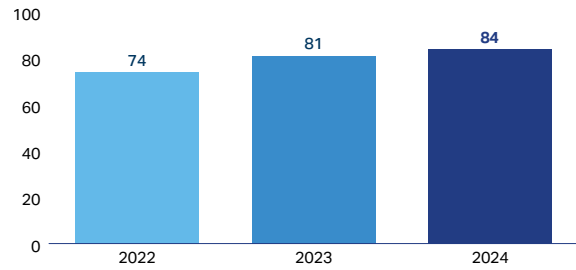
3Ps			SDGs		
 Prosperity	 People	 Planet	 1 NO POVERTY	 7 AFFORDABLE AND CLEAN ENERGY	 8 DECENT WORK AND ECONOMIC GROWTH
			 10 REDUCED INEQUALITIES	 13 CLIMATE ACTION	 15 LIFE ON LAND

Ⓜ Linked to executive remuneration
 Δ Identified sustainability goal

Our strategy and performance continued

Supplier Code of Conduct (%)	
Self-assessment of 2024 performance	★★
Link to Thrive strategic objectives	Link to 3Ps and SDGs
 	 

Our strategic performance indicators



Why is this important?





Research indicates that 85% of consumers are more likely to buy from a company with a reputation for sustainability. By working together in partnership with suppliers, we can better identify risk, assess social and environmental performance, and encourage commitment to sustainable choices and the SDGs throughout our value chain.

△ Identified sustainability goal¹

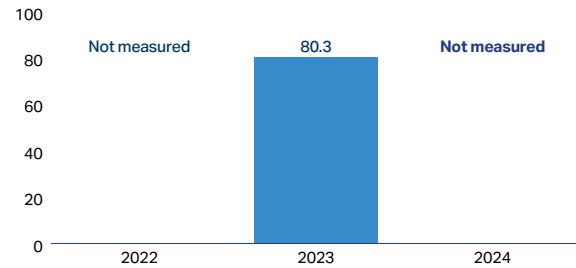


2025 objectives

- Target >80% procurement spend with declared compliance with Supplier Code of Conduct.

Sustainable engagement (%)	
Self-assessment of 2024 performance	★★
Link to Thrive strategic objectives	Link to 3Ps and SDGs
 	 

Our strategic performance indicators



Why is this important?

We rely on a productive and engaged workforce. Employee engagement has been linked to higher safety performance, lower staff turnover, improved productivity and efficiency.

△ Identified sustainability goal¹







2025 objectives

- During Q2 FY2025 we will roll out a new Employee Engagement Survey to our staff. We target >85% participation in 2025 engagement survey and >75% sustainable engagement score.

△ Identified sustainability goal¹

¹ For this indicator, we have clear targets for 2025 that we are working towards. See our 2024 Sappi Group Sustainability Report for more information www.sappi.com/2024GSDR

Self-assessment	Strategic objectives	
★★★★ Outstanding	 Grow our business	 Drive operational excellence
★★★ Satisfactory	 Sustain our financial health	 Enhance trust
★ Progress to be made/ongoing		

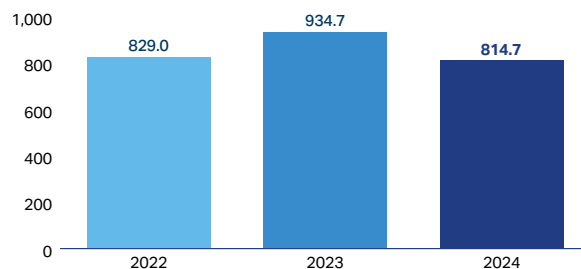
Specific greenhouse gas (GHG) (Scope 1 + 2) emissions (kg CO₂e/adt)

Self-assessment of 2024 performance ★

Link to Thrive strategic objectives

Link to 3Ps and SDGs

Our strategic performance indicators



Why is this important?

Since the UN Climate Change Conference (COP26) in Glasgow, Scotland in November 2021, climate impacts have worsened, and carbon emissions have risen to record levels.

We align with the climate science by having our targets approved by the SBTi and are taking focused action to future-proof our business against the physical and transitional impacts of climate change and be part of the solution.

Ⓜ Linked to executive remuneration
 Δ Identified sustainability goal¹

2025 objectives

- **2025 Target:** Stay on track to decrease specific GHG emissions (Scope 1 + 2) by 18% by 2025 against base year 2019 (908.1 kg CO₂e/adt)
- **2030 science-based target (SBT):** Stay on track to decrease specific GHG emissions (Scope 1 + 2) by 41.5% by 2030 against a base year of 2019.

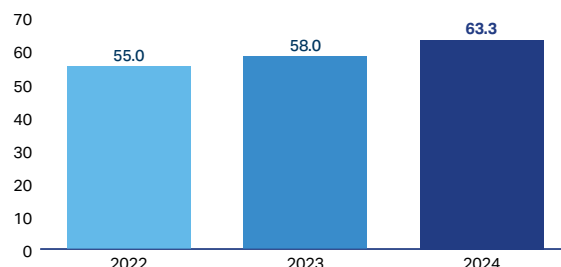
Share of renewable and clean energy (%)

Self-assessment of 2024 performance ★★

Link to Thrive strategic objectives

Link to 3Ps and SDGs

Our strategic performance indicators



Why is this important?

This target supports our commitment to carbon emissions reduction and focused action to future-proof our business against the physical and transitional impacts of climate change and be part of the solution.

Δ Identified sustainability goal¹

2025 objectives

- Stay on track to increase share of renewable and clean energy by 8% by 2025 against base year 2019 (53.5%).




¹ For this indicator, we have clear targets for 2025 that we are working towards. See our 2024 Sappi Group Sustainability Report for more information www.sappi.com/2024GSDR

² For this indicator, we have clear targets for 2025 and 2030 that we are working towards. See our 2024 Sappi Group Sustainability Report for more information www.sappi.com/2024GSDR

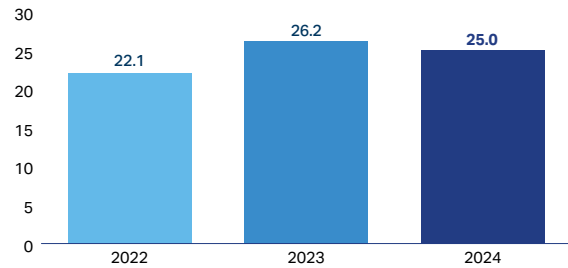
3Ps			SDGs		
Prosperity	People	Planet			

Ⓜ Linked to executive remuneration
 Δ Identified sustainability goal

Our strategy and performance continued

Energy intensity (GJ/adt)	
Self-assessment of 2024 performance ★	
Link to Thrive strategic objectives	Link to 3Ps and SDGs
 	 

Our strategic performance indicators





Why is this important?

Energy intensity is a measure of how efficiently we are operating. By continually improving this metric, we manage costs and lower our environmental impact.

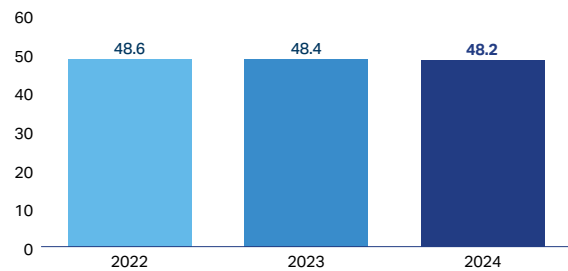
△ Identified sustainability goal¹

2025 objectives

- Stay on track to reduce energy intensity by 5% by 2025 against base year 2019 (22.1 GJ/adt).

Specific process water usage (m ³ /adt) ²	
Self-assessment of 2024 performance ★	
Link to Thrive strategic objectives	Link to 3Ps and SDGs
   	 

Our strategic performance indicators



Why is this important?

Water has been identified as one of the most serious sustainability challenges facing the planet, partly due to the impacts of climate change. Forests and plantations, pulp and paper operations are highly dependent on the use and responsible management of water resources.





△ Identified sustainability goal¹

2025 objectives

- Stay on track to reduce specific process water use by 23% by 2025 against base year 2019 (44.5 m³/adt).

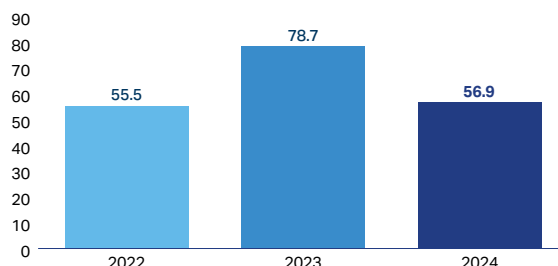
¹ For this indicator, we have clear targets for 2025 that we are working towards. See our 2024 Sappi Group Sustainability Report for more information www.sappi.com/2024GSDR

² This indicator applies to mills in South Africa, as they are at risk of experiencing operational water challenges.

Self-assessment	Strategic objectives	
★★★★ Outstanding	 Grow our business	 Drive operational excellence
★★★ Satisfactory	 Sustain our financial health	 Enhance trust
★ Progress to be made/ongoing		

Specific landfilled solid waste (kg/adt)	
Self-assessment of 2024 performance ★★	
Link to Thrive strategic objectives	Link to 3Ps and SDGs

Our strategic performance indicators



Why is this important?

Our continued focus to reduce solid waste-to-landfill supports the move towards a circular economy. This approach aligns with our purpose of contributing to a thriving world, one with less waste, lower costs and reduced environmental impact.

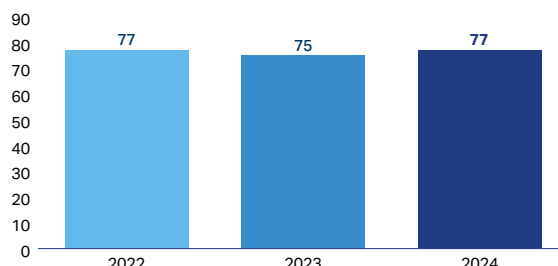
△ Identified sustainability goal¹

2025 objectives

- Stay on track to reduce specific landfilled solid waste by 15% by 2025 against base year 2019 (69.1 kg/adt).

Certified fibre (%)	
Self-assessment of 2024 performance ★★	
Link to Thrive strategic objectives	Link to 3Ps and SDGs

Our strategic performance indicators



Why is this important?

We are committed to sourcing woodfibre from forests and timber plantations in a manner that promotes their health and supports community wellbeing.

△ Identified sustainability goal¹

2025 objectives

- Maintain or improve percentage certified fibre above 75%.

¹ For this indicator, we have clear targets for 2025 that we are working towards. See our 2024 Sappi Group Sustainability Report for more information www.sappi.com/2024GSDR

3Ps			SDGs		
Prosperity	People	Planet	RESPONSIBLE CONSUMPTION AND PRODUCTION	LIFE ON LAND	PARTNERSHIPS FOR GOAL ACHIEVEMENT
			AFFORDABLE AND CLEAN ENERGY	CLIMATE ACTION	LIFE ON LAND

@Linked to executive remuneration
△ Identified sustainability goal

Sustainable development goals – Q&A



“Embracing the UN SDGs is not just our commitment to a better world, it’s our strategic investment in a future where social responsibility and business success converge thereby securing a sustainable legacy for generations to come.”

Tracy Wessels, Group Head Investor Relations and Sustainability, Sappi Limited

Sappi and sustainable development: nature focus

Q&A with Dr Tracy Wessels, Group Head Investor Relations and Sustainability



The concept of ‘nature positive’ is gaining momentum. How does Sappi view this trend and what actions are you taking?

The concept of ‘nature positive’ is emerging as a new benchmark for sustainability, moving beyond net-zero carbon goals to consider broader ecological impacts. While net-zero targets have focused on reducing GHG emissions, a nature-positive approach aims to regenerate ecosystems, restore biodiversity, and enhance the health of natural systems. This shift addresses growing awareness that climate action alone cannot solve the interconnected crises of biodiversity loss and ecosystem degradation. As human activities like deforestation and pollution continue to put immense pressure on natural habitats, nature-positive goals are becoming essential for addressing both climate and biodiversity imperatives.

For Sappi, adopting nature-positive strategies represents an opportunity to future-proof our businesses in a world where natural resources are increasingly constrained, and environmental expectations from regulators, consumers, and investors are rising. Considering nature impacts in our **Thrive** strategy allows us to mitigate risks associated with biodiversity loss, such as supply chain disruptions, resource scarcity and reputational damage. As a company that depends entirely on sustainable woodfibre, we recognise that ecosystem services are critical to our success. By investing in sustainable forestry practices that protect and restore natural ecosystems, we can build resilience, safeguard forestry resources, and potentially reduce costs over the long term.

Furthermore, a nature-positive approach aligns with emerging global standards and frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD), which is encouraging businesses to evaluate and disclose their impacts and dependencies on nature. As regulatory pressure to account for nature-related risks grows, companies that act now can position themselves as sustainability leaders, attract environmentally conscious consumers, and foster goodwill with investors who prioritise environmental, social and governance (ESG) factors. Embracing a nature-positive strategy not only enhances ecological outcomes but can also drive value creation, positioning Sappi to thrive in a future where nature, alongside carbon, becomes a central element of sustainability.



How does Sappi contribute to biodiversity protection and enhancement in its plantation forestry landscape?

Sappi's plantation forestry in South Africa is instrumental in preserving natural and high-value forest ecosystems by providing a sustainable, alternative fibre source that reduces commercial pressure on natural forests. By cultivating eucalyptus and pine trees on plantations specifically designed for fibre production, we help meet the commercial demand for wood products without resorting to harvesting old-growth or high-value biodiversity-rich forests. This approach allows us to source raw materials without contributing to deforestation or the degradation of ecosystems that are essential for climate regulation, biodiversity and water cycles. In turn, plantation forestry creates a sustainable fibre supply chain that aligns with global goals to curb deforestation and preserve critical natural habitats.

Moreover, our plantations are designed and managed with sustainability at their core, supporting biodiversity and ecosystem services in the landscapes where we operate. We integrate conservation areas within our plantation landscapes, setting aside significant portions of land for active protection. These areas often include indigenous forests, wetlands, and grasslands that serve as habitats for local wildlife and support a variety of species, some of which are endangered or rare. By establishing these conservation zones and safeguarding natural features within our plantations, we create diverse habitats and enhance ecological connectivity, promoting resilience across the broader landscape.

Sappi's commitment to sustainability extends beyond conservation alone; we actively create ecological corridors to connect isolated habitats, which helps species migrate, adapt to environmental changes and maintain genetic diversity. These corridors also allow for the natural movement of plants, animals and pollinators, which are critical for ecosystem balance. Furthermore, our plantations are managed using best practices that minimise chemical inputs and promote soil health and water retention, contributing positively to the surrounding environment. As a result, our plantation forests not only provide a responsible source of woodfibre but also reinforce our broader environmental objectives, supporting both biodiversity and the services forestry ecosystems provide for communities and the planet.



The EU has recently promulgated a law regarding deforestation, the EU Deforestation Regulation (EUDR), how does this impact the forest sector and Sappi specifically?

The EU Deforestation Regulation (EUDR) has significant implications for the forest sector and pulp and paper products, as it sets stringent requirements for traceability across forest sector supply chains. Under the EUDR, companies involved in importing, exporting, or processing wood and wood-based products, including pulp and paper, must prove that these materials are not linked to deforestation or forest degradation post-2020. This means that pulp and paper companies must provide precise geolocation data for all woodfibre sources and demonstrate that it originates from deforestation-free areas. Compliance requires robust tracking systems and detailed record-keeping necessitating substantial investment in new technologies and partnerships to maintain transparent supply chains.

For the forest sector, the regulation is intended to drive industry-wide shifts toward more sustainable practices, but companies face potential risks and costs associated with non-compliance, including penalties, supply chain disruptions, and potential loss of market access. The EUDR requires companies to work more closely with suppliers and forest managers to ensure alignment with the regulation and will ultimately increase operational complexity and costs for the sector.

Whilst companies that comply with EUDR must demonstrate that their supply chains are deforestation free, this is only one small aspect of sustainable forestry and does not address the overall nature and social impacts of forestry operations. Forestry certification programmes like Forest Stewardship Council™ (FSC™), Programme for the Endorsement of Forest Certification (PEFC) and Sustainable Forestry Initiative® (SFI®) incorporate rigorous processes and systems that assure stakeholders of deforestation-free, sustainable supply chains. These certifications require forest managers and companies to adhere to strict standards that promote responsible forestry, biodiversity conservation, and the protection of high-conservation-value forests. To maintain certification, forestry operations must go through comprehensive assessments covering legal compliance, ecological impact, and community rights, ensuring that all timber and wood products come from well-managed, sustainable sources.

Sustainable development goals – Q&A continued

A key component of these certifications is the chain of custody system, which tracks materials through every stage of the supply chain – from forest to final product. This tracking system allows companies and stakeholders to verify that certified materials are segregated and not mixed with uncertified or illegally sourced wood, guaranteeing the deforestation-free status of certified products. Additionally, independent, third-party audits are conducted regularly to confirm that all certification standards are met consistently, further enhancing transparency and accountability.

Certification standards also mandate the use of geolocation data, documentation of sustainable forest practices, and the implementation of conservation measures such as setting aside areas for biodiversity protection and maintaining ecological corridors. These requirements and controls not only help prevent deforestation but also enable stakeholders to confidently support and invest in forestry operations that prioritise environmental and social sustainability.

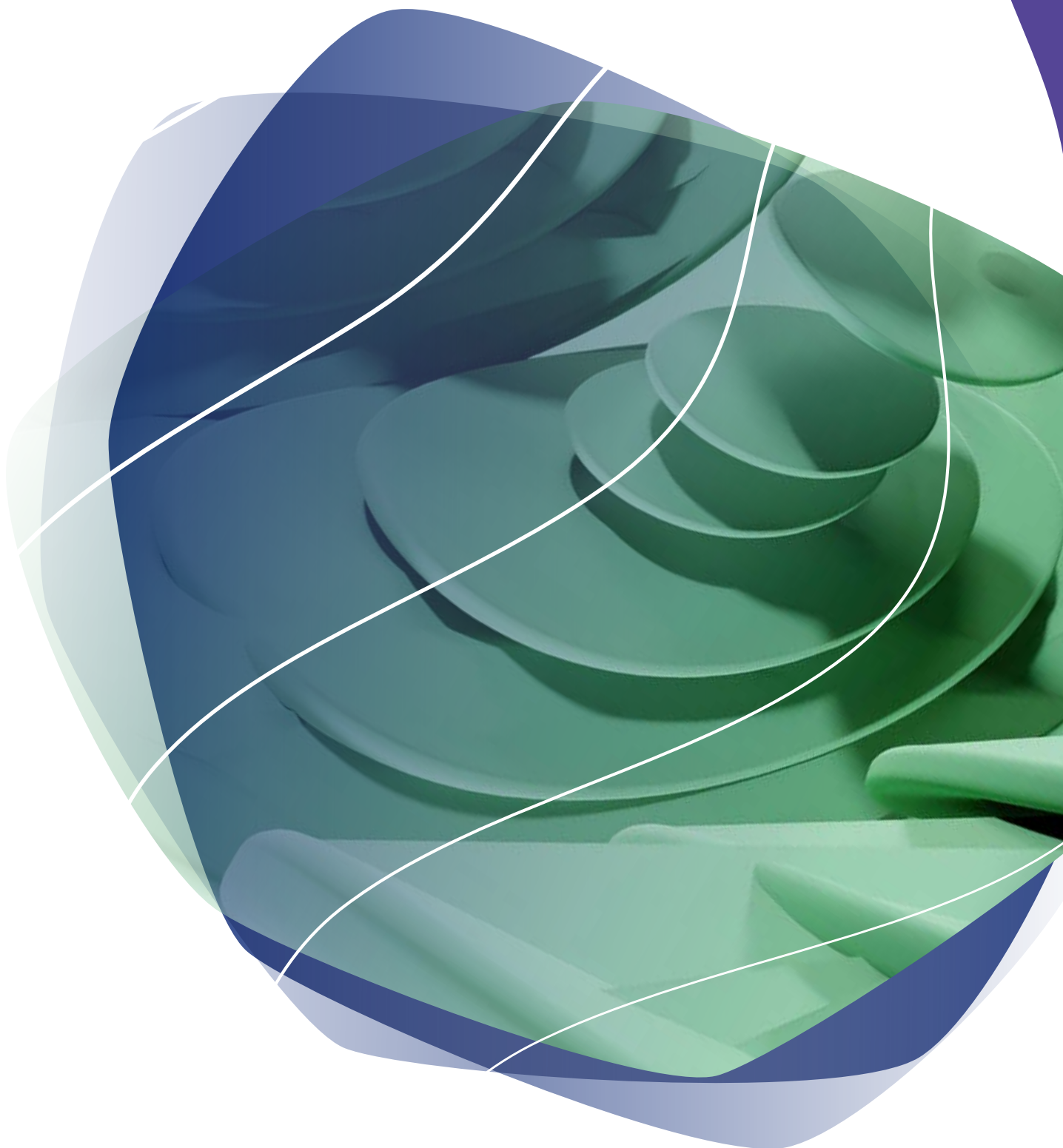
Sappi has long demonstrated a strong commitment to sustainable forest management (SFM) and deforestation-free supply chains, as reflected in the high proportion of certified woodfibre used across our operations. One of our strategic 2025 sustainability targets is focused on increasing forest certification, underscoring our dedication to responsible sourcing. Additionally, we are actively collaborating with our supply chain partners and industry bodies to ensure full compliance with the EUDR when it comes into effect in December 2025. This proactive approach helps us uphold the highest standards of sustainability and transparency in our forest-based operations and supply chains extending our focus well beyond regulatory compliance.



How does Sappi ensure that its climate and nature strategies account for the complex interdependencies and socioeconomic impacts of environmental issues?

Sappi's strategic evaluations of risks and opportunities recognise that climate and nature are deeply interconnected, influencing and reinforcing each other across areas like biodiversity, waste, water and resource efficiency. For instance, climate change directly impacts biodiversity by altering habitats and species distributions, which in turn affects ecosystem resilience and the availability of resources critical to our operations. Deforestation, often driven by economic pressures, both releases carbon emissions and reduces natural carbon sinks, exacerbating climate change. In addressing these interdependencies, we rely on frameworks like the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD) to guide our risk assessment and strategy development.


Waste and resource efficiency are also tightly linked to climate and nature impacts. Reducing waste and maximising resource use can lower GHG emissions, conserve natural resources and reduce pollution that harms ecosystems. Water is another crucial area where climate and nature intersect; as climate change leads to more extreme weather events, water scarcity becomes a growing risk, impacting both biodiversity and operational reliability. In this complex landscape, nothing can be considered in isolation; we must evaluate each factor in the context of geographic, environmental and socioeconomic variables. Moreover, evolving our climate and nature-positive strategies requires careful consideration of social impacts and trade-offs, such as the effects on local communities and employment, ensuring that our plans for resilience also foster equitable development. This holistic approach enables us to contribute meaningfully to a sustainable, interconnected future across the regions where we operate.



Our business model


Our business model is underpinned by our purpose: Sappi exists to build a thriving world by unlocking the power of renewable resources to benefit people, communities and the planet. This is reinforced by our ongoing engagement with our stakeholders (pages 52 to 65) and an in-depth understanding of our operating context (pages 40 to 43), both enabling more tangible business creation.

Our six capital inputs are the basis of our value streams ...



SDGs

- 8
- 12
- 17


-  **Financial capital**
 - Total assets: **US\$6,206 million.**
-  **Intellectual capital**
 - Technology centres around the world
 - R&D investment: **US\$42 million**
 - Leading-edge tree improvement programmes
 - World-class digital transformation strategy.
-  **Manufactured capital**
 - **17** production facilities
 - **26** paper/packaging machines.







SDGs

- 1
- 4
- 8
- 17


-  **Human capital**
 - **11,235** employees
 - **9,000** forestry contractor employees
 - Strong safety culture.
-  **Social and relationship capital**
 - Ongoing stakeholder engagement
 - Corporate social investment:
Sappi Europe (SEU) **€100,000**,
Sappi North America (SNA) **US\$152,459**,
Sappi Southern Africa (SSA) **ZAR54 million.**






SDGs

- 6
- 7
- 12
- 13
- 15
- 17

-  **Natural capital**
 - **401,085 ha** owned and leased plantations. Approximately one third is unplanted and managed for biodiversity conservation
 - Energy purchased: **69,924,065 GJ/annum**
 - Energy generated on-site: **60,065,023 GJ/annum**
 - Renewable energy: **63.3%**, of which **62.7%** own black liquor
 - Process water extracted: **210 million m³** (absolute), **40.5 m³/adt** (specific)
 - Certified fibre used: **77%**.



Our values: As OneSappi, we do business safely with integrity and courage, making smart decisions which we execute with speed.

Our SDGs



Leveraging these value streams ... →

enables the realisation of our strategy ... →

	<p>Timber</p> <ul style="list-style-type: none"> Our FSC™ (FSC™ N003159) and PEFC (PEFC/01-44-43) certified tree plantations in South Africa provide a high-quality woodfibre base and enhance our competitive advantage. Our leading-edge tree improvement programmes ensure this advantage is maintained and leveraged.
	<p>Manufacturing excellence</p> <ul style="list-style-type: none"> We focus on enhancing machine efficiencies, digitising our processes to make the smart factory a reality, reducing variable costs through new logistics and procurement practices and implementing go-to-market strategies which lower the cost of serving our customers and increase customer satisfaction.
	<p>Biomaterials</p> <ul style="list-style-type: none"> We are unlocking the chemistry of trees and aligning with the circular economy by establishing a strong position in adjacent businesses, including fibrillated cellulose, furfural, lignosulphonates and bio-energy. Extracting more value from each tree is at the core of our business model.
	<p>Pulp</p> <ul style="list-style-type: none"> Our dissolving wood pulp (DWP) brand, Verve, creates renewable alternatives for raw material feedstock to textiles, pharmaceuticals, foodstuffs and more – products that meet the needs of people around the globe every day.
	<p>Speciality papers</p> <ul style="list-style-type: none"> Our customers use our speciality papers to add value to niche markets and enable product differentiation. Our focus on innovation helps our customers to meet and anticipate the challenges of changing market dynamics.
	<p>Packaging papers</p> <ul style="list-style-type: none"> Our packaging solutions offer environmentally conscious consumers an alternative to fossil-fuel-based packaging.
	<p>Graphic papers</p> <ul style="list-style-type: none"> Our market-leading range of coated and uncoated graphic papers products is used in magazines, corporate reports and accounts, direct mail, high-quality brochures, catalogues, calendars and books.

-  **Grow our business**
-  **Sustain our financial health**
-  **Drive operational excellence**
-  **Enhance trust**

and generates certain outputs ... →

- Products:**
- 5,176,946 tons of saleable production.
- Waste:**
- 1,383,186 tons of waste generated, of which 1,086,332 tons (78.5%) diverted from disposal.
- Emissions:**
- 3.3 million t CO₂e absolute direct (Scope 1) GHG, in specific terms: 0.64 t CO₂e/adt.

Monitoring and reporting on our ambitious SDG-related 2025 goals aligns with our Thrive strategy of being a trusted partner to all our stakeholders. See our 2024 Sappi Group Sustainability Report for more information www.sappi.com/2024GSDR 

Our business activities create, preserve and erode value, leading to certain key outcomes ...

which we work to enhance in the following ways:

- ✔ Adjusted EBITDA¹: **US\$684 million**
- ⊖ Net debt: **US\$1,422 million**
- ✔ **US\$965 million paid** to employees as salaries, wages and other benefits
- ✔ **US\$456 million reinvested** to grow the business
- ✔ **US\$162 million paid** to governments as taxation
- ⊖ **US\$95 million paid** to lenders of capital as interest
- ✔ **US\$84 million paid** to shareholders as dividends
- ✔ **Seven new products with sustainability benefits launched** to meet evolving market demands.

- **Digital transformation strategy** is progressing well
- **Modernisation** of PM11 at Gratkorn Mill will allow us to continue to serve the print market profitably
- **Investment** at Gratkorn Mill to convert PM9 to produce high-quality label paper completed, expanding the production capabilities of the machine so that it can produce a full range of high-quality label papers including self-adhesive and wet strength labels in addition to traditional coated woodfree graphic papers grades
- **Investment** at Somerset Mill to convert PM2 to solid bleached sulphate (SBS) paperboard on track for start-up in April 2025
- **Decarbonisation** investments at Kirkniemi, Gratkorn and Saiccor Mills delivering not only significant CO₂ savings but also variable cost savings.

- ✔ The most recent **Employee Engagement Survey** showed an increased participation rate and an increase in the percentage of engaged employees
- ✘ **One contractor fatality**
- ⊖ **Improvement in the LTIFR** across all regions
- ✔ **Global training average** (weighted) of **46.7** hours per employee (FY2023: 50.39 hours)
- ⊖ **Productivity 4.4** hours worked per ton of saleable production (FY2023: 4.9 hours)
- ⊖ **Maintained our Level 1 BBEE** contributor status.

- Central **action tracker facilitates** the resolution of issues identified in the Employee Engagement Survey
- **Global safety performance** exceeded the target with all three regions achieving the best-ever performance
- **Global target to increase** proportion of women in management roles on track. All three regions achieved 2024 target
- **Code of Ethics training** to all employees in line with our strong governance culture.

- ⊖ **Decrease** in specific GHG Scope 1 and 2 emissions
- ⊖ **Decrease** in global specific energy usage
- ✘ Specific **process water usage** in SSA not achieved
- ⊖ At stand level, our plantations have a **negative impact on biodiversity**. At plantation level, we manage this impact by managing approximately one-third of our landholdings for biodiversity
- ✔ **Lighter-weight packaging products** – lighter carbon footprint
- ✔ **77% certified fibre** supplied to mills enhances our competitive advantage.

- **Sappi Chair** in Climate Change and Plantation Sustainability at the University of the Witwatersrand **will provide more accurate climate models** and replicable, workable methodologies which will **benefit Sappi and the industry**
- **Collaborating with World Business Council for Sustainable Development (WBCSD) Forest Solutions Group (FSG)** to identify nature-positive actions and develop appropriate metrics for our sector
- **Our World Wide Fund for Nature (WWF) Water Stewardship** project in the uMkhomazi catchment near Saiccor Mill extended for another four years
- **Sappi Rare, Threatened and Endangered Species Stewardship Programme** expanded with three new trees.

✔ Value created ⊖ Value preserved ✘ Value eroded

¹ Adjusted EBITDA excludes special items and plantation fair value price adjustment.

Our business model continued

Our trade-offs

These are detailed throughout this report, with the key trade-offs detailed below.



- We have stopped the development of Sappi Symbio, a natural composite material combining high-quality cellulose from wood with thermo-plastics, due to slow growth in demand. We are now investing our resources into projects showing greater short and medium-term promise.

Risks

- Risk 6: Evolving technologies and consumer preferences
- Risk 10: Liquidity.



- In response to significant market overcapacity and in line with our strategy of reducing exposure to graphic papers markets, we closed the Stockstadt and Lanaken Mills in 2024.

Risks

- Risk 9: Employee relations.



- Market driven production curtailments continued to impede our operational efficiency, causing us to fall short of some of our intensity-based planet-related targets for the year. For example, energy intensity and Scope 1 (direct) and Scope 2 (indirect) GHG emissions intensity was above target. However, we remain steadfast in our commitment to meet and surpass all our **Thrive** (2025) sustainability goals.

Risks

- Risk 4: Sustainability expectations
- Risk 7: Climate change.

Letter to the stakeholders from the Chairman and CEO



“Profitability improved steadily through the year as the challenging destocking cycle of 2023 reversed and ultimately performance exceeded our expectations.”

Nkululeko Sowazi, Chairman

Operating review

Profitability improved steadily through the year as the challenging destocking cycle of 2023 reversed and ultimately performance exceeded our expectations. Boosted by a strong fourth quarter performance, the group delivered Adjusted EBITDA of US\$684 million for FY2024. This was against the backdrop of a subdued macroeconomic environment, ongoing low consumer confidence, and persistent geopolitical uncertainty.

A key highlight was the pulp segment’s exceptional performance, fuelled by strong demand for our Verve dissolving wood pulp products, which led to record profitability in the South African region. However, paper markets remained subdued, with the expected recovery in demand after the prolonged destocking phase of 2023 unfolding more slowly than anticipated. Sales volumes steadily improved in the second half of the year but remained below the previous year. Proactive management of capacity utilisation to align with demand, along with inventory optimisation to maintain working capital, positively impacted earnings. Additionally, significant year-on-year fixed costs savings were achieved through our strategic rationalisation actions.

The principles of our **Thrive** strategy remained a priority with our focus on sustaining our financial health, enhancing trust and driving operational excellence integral to our success. In addition, we made pleasing progress during the year towards our objective of growing the business with the project to convert and expand Somerset Mill PM2 from graphic papers to paperboard progressing on schedule towards commissioning in the third quarter of FY2025.

Strong cash generation by our operations was offset by the closure of the two European paper mills and the increased strategic capital expenditure associated with the Somerset Mill PM2 project. Both of these initiatives will yield substantial benefits in coming years.

Safety

Safety is a fundamental, non-negotiable value at Sappi, seamlessly woven into our strategic framework and embodied in our values statement: As OneSappi, we do business safely, with integrity and courage, making smart decisions that we execute with speed. Recognising that a strong safety culture is vital to our success, we have embedded it across every facet of our operations. This unwavering commitment is a core element of our **Thrive** strategy, supporting our broader goals of sustainability, operational excellence, and building stakeholder trust. In FY2024, we achieved strong safety performance, with each region reaching its best-ever results. However, these achievements were overshadowed by the tragic loss of a contractor in our Mpumalanga forestry operations, a sobering reminder of the critical need for ongoing vigilance and an unwavering commitment to safety. Our condolences go to the family, friends and colleagues affected, and we remain steadfast in our dedication to preventing such tragedies in the future. Our safety ambition remains zero injuries, and we continue to implement enhanced procedures and focus on improved personal behaviour and leadership engagement.

In July, devastating wildfires ravaged rural KwaZulu-Natal, South Africa, fuelled by extremely dry conditions and high winds. Tragically, seven firefighters from one of our forestry contractors, Farmusa Agric and Forestry Proprietary Limited, lost their lives while aiding a farmer in battling a fire on his property. We extend our sincerest condolences to the families and friends of these brave individuals.



“Demand for dissolving wood pulp (DWP) remained robust throughout the year, with selling prices rallying through the second half.”

Steve Binnie, CEO

Markets

Favourable market conditions were supported by a tight supply landscape and strong demand buoyed by high viscose staple fibre (VSF) operating rates and low inventory levels. Supply was tight following closures at competitors and little additional capacity added in the past two years. The hardwood DWP market price recovered sharply and ended the year at US\$960 per ton but overall net US Dollar selling prices for the pulp segment were slightly down year-on-year. Sales volumes declined 5% compared to the prior year primarily due to scheduled maintenance shuts at Ngodwana and Cloquet Mills in the first quarter, which were not in the prior year, and lower high-yield pulp (HYP) sales. Substantial variable cost savings, mainly attributable to lower wood costs in South Africa, boosted profitability of the segment.

Demand for packaging and speciality papers products improved steadily through the year as the destocking cycle of 2023 reversed, leading to an overall 8% increase in sales volumes compared to the prior year. Market dynamics varied across the regions, with North America and South Africa experiencing stronger recoveries and returning to full operating rates. European downstream demand was muted due to lingering poor consumer sentiment. Although higher sales volumes and variable cost savings were achieved, these gains were offset by lower selling prices, leading to margin erosion for the segment.

Graphic papers sales volumes were up 2% from the previous year but the pace of recovery slowed as the year progressed, which suggests a likely permanent structural shift in demand. Lower selling prices were partially mitigated by variable cost savings. The closure of the Stockstadt and Lanaken Mills significantly reduced the fixed cost base and enhanced European capacity utilisation, contributing to improved profitability of the segment compared to the prior year.

Strategic review

We have continued to make difficult but necessary decisions to protect and strengthen our business’s resilience and sustainability, always looking ahead to the thriving future we aim to create.

Sappi’s **Thrive** strategy reinforces our commitment to a sustainable future, focusing on sustainability, innovation, and transparency to position Sappi as a trusted, forward-looking partner in building a biobased circular economy.

Thrive embodies Sappi’s dedication to long-term growth, responsible resource management, and the wellbeing of our employees and the communities we serve. It reflects our mission to not only thrive but to lead in advancing the principles of a sustainable, circular bio-economy.

The **Thrive** strategy is built on four main objectives:



Grow our business – We are committed to our core business segments, investing in innovation and growth opportunities, and fostering strong customer relationships.



Sustain our financial health – This involves reducing debt, growing EBITDA, maximising product value, optimising global processes, and selectively divesting non-core assets.



Drive operational excellence – We are focused on enhancing our safety first culture, reducing resource use, improving efficiency, and making smart digital investments.



Enhance trust – By building stronger relationships with customers and communities, driving sustainable solutions, and meeting the evolving needs of our workforce, we aim to earn and maintain the trust of all our stakeholders.

Letter to the stakeholders from the Chairman and CEO continued

Initiatives and actions undertaken in 2024 to support our strategic objectives are outlined below.

Grow our business



Growing the business is essential to Sappi's long-term success and resilience. By expanding in our growth segments and investing in new opportunities, Sappi not only strengthens its competitive edge but also enhances its ability to adapt to changing market demands. This growth fuels innovation, supports job creation, and provides a solid foundation for further advancements in sustainable practices and product development. Ultimately, a focus on growth ensures Sappi can continue delivering value to its customers, employees and communities, while driving positive environmental and social impact in line with the **Thrive** strategy.

In 2024 our growth segments, pulp and packaging and speciality papers constituted 60% of Adjusted EBITDA and represented 56% of sales volumes (excluding forestry). In a challenging global economic environment marked by low consumer confidence, this was a satisfactory performance reflecting the resilience of these segments. The long-term outlook for pulp, packaging, and speciality papers products remains positive, and we are committed to maximising profitability by expanding capacity and optimising our product mix.

The conversion and expansion of Somerset Mill PM2 from coated woodfree graphic papers to solid bleached sulphate (SBS) paperboard made strong progress this year. This US\$418 million investment – the largest in Sappi's history – is fully aligned with our strategy to reduce exposure to graphic papers and grow in the higher-margin packaging sector. The project remains on schedule for commissioning in April 2025, adding 470,000 tons per annum (tpa) of capacity to our packaging papers segment.

We made good progress in expanding our packaging and speciality papers portfolio during the year with the development of a number of new products. Key advancements include the development of recyclable paper substrates with barrier functionality, such as Guard MH, a renewable alternative to non-recyclable packaging that meets the growing demand for eco-friendly disposal options. Another breakthrough is Silco Star, a glassine paper featuring a new clay-based coating, which reduces silicone usage and offers a sustainable alternative to traditional coatings.

At the end of the financial year, we successfully completed the conversion of the PM9 machine at Gratkorn Mill to produce high-quality label paper, expanding the production capabilities of the machine so that it can now produce a comprehensive range of high-quality label papers including self-adhesive and wet strength label papers in addition to traditional coated woodfree graphic papers grades. The investment introduces advanced technological innovations, such as a new

embossing calendar and updated water and material cycles, critical for producing durable wet-glue label papers suited for returnable beer bottles. This strategic conversion significantly strengthens the Gratkorn Mill's competitive position as the enhanced technical capabilities of the PM9 machine broaden the product portfolio, providing greater flexibility to optimise the product mix and effectively offset the anticipated gradual decline in graphic papers volumes.

Our commitment is to do more with less by making the most out of every tree used in our production processes. Therefore, our Sappi Biotech business remains a long-term strategic focus as we develop new circular products for adjacent markets. We expanded our Valida product line with new biomaterials for diverse sectors. Highlights include Valida fibrillated cellulose for cosmetics and homecare, which reduces energy use by 60%, and Valida T, a biodegradable rheology modifier free of microplastics, aligning with EU environmental regulations. In the agricultural sector, Valida's microplastic-free formulation supports crop protection and fertiliser with a 30% energy reduction, making it a sustainable choice over synthetic polymers. These innovations reflect Sappi's commitment to a thriving, sustainable future. Our lignin business remains a strategic growth opportunity and we have accelerated the development and commercialisation of higher value lignin-based solutions. In 2024, we also successfully launched Viscowell, our lignosulphonate-based product used in oil-well drilling for mud thinning, fluid loss and as a retarder for well cementing.

Sustain our financial health



Globally, graphic papers capacity exceeds demand and the industry continued to be characterised by significant overcapacity in 2024. In response, we proactively undertook a strategic rationalisation of our European business, removing approximately ~30% of our graphic papers capacity through the closures of the Stockstadt and Lanaken Mills. We were able to successfully transfer the sales from these two operations to our remaining graphic papers assets which allowed us to maximise our capacity utilisation, reduce the fixed cost position and improve the profitability of the European business. The net cash costs of the closures in the year were US\$234 million, which included the proceeds from the sale of the Stockstadt Mill site. The sale of the Lanaken Mill site was also successfully completed and proceeds of US\$44 million were received shortly after year end.

Net debt at financial year end increased to US\$1,422 million (FY2023 US\$1,085 million) primarily due to the increased capital expenditure associated with the conversion and expansion of Somerset Mill PM2 project and the cash outflow associated with the closure of the Stockstadt and Lanaken Mills in Europe. In addition, a negative currency translation effect on our Euro-denominated debt being converted at a higher rate, increased net debt by US\$63 million for the year.

Capital expenditure of US\$458 million was slightly below guidance due to timing differences on some projects and the deferment of some non-critical projects. The expenditure included US\$160 million for the conversion and expansion of Somerset Mill PM2. Aligned with our **Thrive** strategy, our capital allocation remains firmly directed toward expanding in high-growth market segments, strengthening our competitive position and delivering sustained shareholder value as we enhance profitability of the group. Capital expenditure for FY2025 is estimated to be in the region of US\$500 million and will include approximately US\$157 million for the completion of the Somerset Mill PM2 project. The project is expected to be completed by April 2025 and therefore most of the capex will be incurred in the first half of the financial year. We remain committed to our net debt target of US\$1 billion, or a leverage ratio of 1.5x net debt/Adjusted EBITDA through the cycle. Debt reduction will therefore be our capital allocation priority in the second half of FY2025 and into FY2026.

Despite the net cash utilisation for the year, liquidity at year end remained healthy with cash on hand of US\$317 million and US\$692 million from unutilised committed revolving credit facilities (RCFs) in South Africa and Europe.

Drive operational excellence



Sappi's strategic focus on operational excellence in FY2024 has been instrumental in driving both efficiency and innovation across our global operations. This commitment enables us to maintain a competitive edge, streamline processes and align with our **Thrive** strategy to meet sustainability and circular economy goals. Our investments this year in advanced equipment, strategic upgrades and decarbonisation initiatives are core to enhancing operational flexibility, reducing costs and responding dynamically to market demands.

At Gratkorn Mill, we made considerable progress with the multi-phase modernisation of PM11, which is the largest coated woodfree paper machine in Europe. Set for completion in the upcoming year, this project introduces significant upgrades across the machine, including advanced automation, electrical improvements, new control systems, and enhanced quality inspection technologies. These enhancements will not only improve PM11's coating profile but also ensure greater machine reliability and uptime by minimising electrical failures. The final adjustments in Phase 3 will bring PM11 to best-available technology standards, reinforcing our competitive stance in the commercial print sector. This project, pivotal to our graphic papers strategy, strengthens Sappi's position in a challenging market and supports our commitment to delivering consistent, high-quality output in the print industry.

At Ehingen Mill, the installation of a new slitter winder added valuable production flexibility, supporting the strategic

'carouselling' of paper grades across our European operations. Following the closure of Stockstadt and Lanaken Mills, Ehingen Mill took on Stockstadt Mill's uncoated woodfree grades, expanding its product offerings and enabling a seamless transition of sales and production. This upgrade was critical for supporting Sappi's agile response to shifting product demands and for maximising the potential of our assets amid broader market changes. Additionally, the new reel packaging machine at Gratkorn Mill now enables the production of reels with variable widths and weights, further enhancing product adaptability and positioning us to meet diverse customer requirements.

Aligned with our **Thrive** strategy, we have also made significant strides in decarbonisation initiatives, which not only reduce Sappi's environmental footprint but also improve operational efficiency and drive cost savings. At Kirkniemi and Gratkorn Mills, we introduced flexible fuel options in our multi-fuel boilers, allowing a transition to biomass – a renewable and cost-effective alternative to fossil fuels. This shift contributes to substantial cost savings and environmental benefits by lowering carbon emissions and reliance on traditional energy sources. Similarly, at Maastricht Mill, the installation of an e-boiler paired with our on-site combined heat and power (CHP) plant offers increased operational agility. This setup allows us to capitalise on renewable energy from the grid when it is abundant and cost-effective while ensuring power consistency through the CHP plant during times of scarcity. When renewable energy production exceeds demand, we can also sell surplus power back to the grid, creating an additional revenue stream. These decarbonisation projects are a testament to the potential for sustainable investments to generate tangible business value through variable cost savings, enhanced efficiency and new revenue opportunities, all while supporting Sappi's climate resilience.

As supply chain challenges persist, our agility in seeking alternative suppliers and chemicals is vital for maintaining procurement flexibility, which is a cornerstone of our operational excellence strategy. Reducing both variable and fixed costs throughout the business is integral both to maintaining or improving margins and to the sustainability of our operations. We set ourselves a target of a US\$58 million reduction in third-party expenditure compared to 2023 through efficiency and raw material usage improvements as well as delivering savings through various procurement initiatives. We are pleased to report that savings of US\$104 million were realised. In 2025 we are targeting approximately US\$60 million in variable cost savings.

Together, these initiatives in operational excellence position Sappi not only to navigate current market challenges but also to thrive long term. By investing in world-class equipment, fostering flexibility across our product lines, and embracing sustainability innovations, Sappi is well-equipped to adapt to industry shifts, maximise asset utilisation, and sustain a strong market position in both graphic papers and packaging papers sectors.

Letter to the stakeholders from the Chairman and CEO continued

Enhance trust



At Sappi, fostering a robust ethical culture is essential for enhancing trust and driving long-term value creation for our stakeholders. Our commitment to integrity and responsibility is anchored in a strong ethical framework, embodied in our Code of Ethics, which guides our directors, employees, suppliers and customers in their daily interactions. This framework extends across all facets of our operations, including environmental stewardship, responsible sourcing, and the promotion of a diverse and inclusive workforce while actively engaging with customers and local communities. To ensure the right ethical behaviour is instilled, our ethics training initiatives utilise relevant and practical examples, moving beyond a mere tick-box approach.

We strive to strengthen trust with stakeholders through a holistic approach that prioritises transparency and active engagement. By openly communicating our operational performance and sustainability initiatives, we reinforce our commitment to transparency, thereby building trust among investors, customers and the broader community. Our people strategy further emphasises leadership development and the cultivation of a cohesive culture that reflects the spirit of OneSappi. Through these efforts, we enhance our organisational capabilities to meet current and future challenges while boosting employee engagement, ultimately reaffirming our dedication to excellence and sustainable growth.

Employee engagement is crucial for enhancing trust as it fosters open communication, collaboration and a shared commitment to the organisation's values, creating a more transparent and supportive workplace culture. Following on from our Employee Engagement Survey in 2023 we held extensive employee consultations and developed action plans to address priority improvement areas. By year end, 84% of these items were closed. The next survey is scheduled for February 2025. We made good progress in our objective to increase gender equality and continue to actively nurture emerging talent and create inclusive growth opportunities. Our commitment to fostering a working environment that values diversity and inclusion, as well as recognising and rewarding the contributions of our employees, garnered several external accolades this year. Sappi was listed by Times magazine as one of the *'World's Best Companies'*¹ and by Forbes as one of the *'World's Best Employers'*². We are also particularly proud to have been ranked seventh by Forbes in their annual *'World's Top Companies for Women'*³ report. These external recognitions reflect our efforts in employee engagement, acknowledging the critical role of women in our industry, attracting and retaining top talent, implementing our **Thrive** strategy, and taking tangible actions to enhance our sustainability performance.

¹ www.time.com/collection/worlds-best-companies-2024/ 

² www.forbes.com/lists/worlds-best-employers/ 

³ www.forbes.com/lists/top-companies-women/ 

Sappi is deeply committed to making a positive social impact in our neighbouring communities, recognising that their prosperity and wellbeing are linked to our own. In South Africa, where challenges such as poverty and unemployment are prevalent, Sappi has embraced the need for businesses to play a pivotal role in addressing social issues. Our focus on shared value not only helps build trust and legitimacy within communities but also reduces operational disruptions, enabling us to establish healthy relationships and enhance our licence to operate. Our Early Childhood Development (ECD) programme has successfully trained practitioners in Mpumalanga and KwaZulu-Natal, with 90% demonstrating improved teaching methods. We successfully bridged the digital divide by donating laptops to top-achieving Grade 12 learners who are heading to university to ease the financial burden on these students as well as equip them with tools to excel in their studies. We also connected six area schools to the internet, positively impacting over 5,000 students and 170 educators. Additionally, our partnership with MyWalk provided eco-friendly shoes to 691 students, reinforcing our commitment to both education and environmental sustainability. Community development efforts through the Abashintshi programme have inspired youth leadership and engagement, and our Enterprise and Supplier Development (ESD) strategy has bolstered small businesses, sustaining over 1,500 jobs this year. The Sappi Khulisa forestry programme has successfully engaged over 4,143 small growers and approximately 942 small, medium and micro enterprises in sustainable forestry practices, resulting in the delivery of 318,116 tons of timber valued at ZAR332.6 million in 2024. We trained 471 people in 20 different courses, including on core operational skills in forestry as well as safety, legal compliance and business management. Through these initiatives, Sappi is not only enhancing its operational sustainability but also uplifting communities and contributing to long-lasting positive change.

Values and ethics are critical for driving operational performance and developing stakeholder trust. We place a high premium on adherence to sustainable business practices and ethical behaviour as encapsulated in our Supplier Code of Conduct and in 2024 we made further progress towards our supplier engagement target with 84% of suppliers in compliance, well ahead of our 2025 target of 80%. Our partnership with EcoVadis continued to gain momentum and in 2024, 59% of our global eligible spend was with suppliers that disclose and have a corporate social responsibility (CSR) performance rating with EcoVadis. Furthermore, 25% of our global eligible spend is with suppliers that commit to science-based emissions reduction targets.

On 06 November 2024, Sappi's directors approved a dividend of 14 US cents per share, payable to shareholders on 13 January 2025. This decision, made after the 2024 fiscal year end, reflects Sappi's commitment to returning value to shareholders, with the dividend covered three times by adjusted earnings per share. Funded from cash reserves, this dividend underscores Sappi's financial strength and dedication to delivering consistent returns.

Sustainability

Sappi is acutely aware of the impact our operations have on both the environment and local communities. By placing sustainability at the forefront of our strategy, we not only reduce our environmental footprint but also safeguard the long-term success of our business. Our dedication to responsible resource management, minimising carbon emissions, and upholding ethical practices reinforces our standing as a progressive and socially responsible leader in the industry. As we tackle the challenges of decarbonising our value chain, we understand that collaboration is vital to our success. We actively engage with the WBCSD Forest Solutions Group (FSG) to advance net zero and nature-positive roadmaps tailored for the forestry sector, and we co-lead efforts to develop an equity roadmap for the sector. Additionally, we have played a significant role in shaping the new Greenhouse Gas Protocol: Land Sector and Removals Guidance.

In 2024, we saw significant improvements in our performance against key planet KPIs, driven by enhanced operational efficiency and fewer production curtailments due to challenging market conditions compared to the previous year. However, capacity utilisation in North America and Europe remained below full potential, and various operational disruptions prevented us from fully meeting our emission and water intensity targets. On a positive note, our renewable energy usage increased, and we successfully achieved our waste reduction targets. We remain confident that our climate strategy and capital investment programme is on track to deliver our 2025 and 2030 commitments.

We are making good progress towards our **Thrive** sustainability goals and are confident that a resilient and growing Sappi is well-placed to lead as it adapts to an uncertain future.

Looking forward

Looking to the future, we are committed to consistently generate lasting value for our stakeholders through our unwavering focus on execution of our **Thrive** strategy.

Dissolving wood pulp market dynamics are expected to remain favourable through the first quarter as VSF operating rates remain high and inventory levels through the value chain are at historical lows. The DWP supply landscape remains constrained with no new capacity anticipated in the short term. VSF pricing increased through November 2024, providing further support for hardwood DWP pricing which maintained its upwards momentum and increased a further US\$10 to US\$970 per ton.

The long-term favourable outlook for our sustainably produced packaging and speciality papers products remains unchanged, and demand from our customers in South Africa and North America is healthy. Sappi is well-positioned to benefit from the additional paperboard capacity from the conversion and expansion of Somerset Mill PM2 that will

start up in the third quarter. However, challenges persist in the short term in Europe as market recovery is taking longer than expected and the macroeconomic landscape remains unpredictable, which is likely to continue to weigh on consumer sentiment. We therefore do not expect any meaningful volume recovery in the region in the first quarter of the financial year.

Graphic papers markets have experienced a permanent structural decline through FY2024 and are expected to resume the historical 6% – 8% decline through FY2025. Globally there is significant overcapacity. We have proactively reduced our capacity in Europe to align with our anticipated market share of demand and will remove further capacity in FY2025 as we ramp up the wet strength label production on Gratkorn Mill PM9. In North America, post the conversion of Somerset Mill PM2, we will continue to meet the needs of our graphic papers customers while fully utilising our assets.

Global pulp markets have diverged over the last few months. In stark contrast to the robust DWP market, paper pulp markets have come under significant pressure as large new pulp capacity has been added and downstream paper demand remains suppressed. Lower paper pulp pricing will benefit our paper businesses, particularly in Europe where we purchase approximately 50% of our pulp requirements from the open market. We anticipate that the plantation fair value price adjustment for the first quarter will be negative due to lower wood costs in South Africa.

Challenging global macroeconomic conditions and ongoing geopolitical tensions continue to cause disruptions in our markets. Additionally, supply chain instability and fluctuating input costs have added pressure to both production and pricing strategies, making market dynamics unpredictable. In this environment, we are sharpening our focus on operational excellence by proactively managing capacity utilisation and vigorously pursuing cost-saving opportunities.

Aligned with our **Thrive** strategy, our capital allocation remains firmly directed toward expanding in high-growth market segments, strengthening our competitive position and delivering sustained shareholder value as we enhance profitability of the group. Capital expenditure for FY2025 is estimated to be in the region of US\$500 million and will include approximately US\$157 million for the completion of the Somerset Mill PM2 project.

Deleveraging of our balance sheet remains a top priority for the business and with our healthy liquidity we are well-positioned to complete our strategic capital project at Somerset Mill and to navigate any market challenges in the coming year.

Notwithstanding the ongoing global macroeconomic challenges, we anticipate that the Adjusted EBITDA for the first quarter of FY2025 will be significantly above that of the equivalent quarter of the prior year.

Letter to the stakeholders from the Chairman and CEO continued

Appreciation

Sappi extends its heartfelt appreciation to all stakeholders, recognising their invaluable contributions and steadfast support that shape the company's actions and decisions. This includes our customers, with whom we collaborate to develop sustainable biobased products, as well as our dedicated employees, whose wellbeing and commitment are essential to our success. We also acknowledge the wide array of stakeholders whose insights and feedback enhance Sappi's role as a responsible corporate citizen. We deeply value these relationships and the integral role each stakeholder plays in our ongoing development and performance. Furthermore, we wish to express our gratitude to our board of directors for their unwavering dedication, expertise and leadership, which are critical in guiding our strategic direction and ensuring our sustainable growth.

In conclusion, we value the support which our shareholders have provided as we work to enhance sustainable long-term shareholder returns. We look forward to their participation at the annual general meeting (AGM) on 05 February 2025.

Changes to the board and the executive management

Mr Mohammed (Valli) Moosa, a longstanding member of the board currently serving as Lead Independent Director, Chairman of the Social, Ethics, Transformation and Sustainability (SETS) Committee and member of the Nomination and Governance Committee will retire on 31 December 2024.

The board has approved the following changes to the directorate which will take effect from 01 January 2025. Mr Michael (Mike) Fallon is appointed as Lead Independent Director and resigns from his position as Chairman of the Human Resources and Compensation Committee. Mr Fallon remains as a member of the committee. Mr Louis von Zeuner is appointed as Chairman of the Human Resources and Compensation Committee. Mr Brian Beamish is appointed as Chairman of the SETS Committee. Additionally, Ms Eleni Istavridis is appointed to the SETS Committee and Ms Zola Malinga to the Nomination and Governance Committee.

We are pleased to announce that Mr Graeme Wild, currently Vice President (VP) Sales and Marketing at Sappi Southern Africa, has been appointed as CEO of Sappi Southern Africa as from 01 December 2024. Graeme succeeds Mr Alex Thiel, who has been CEO of Sappi Southern Africa for 14 years and will now assume new strategic project duties until his retirement at the end of December 2025. We thank Alex for his significant service to Sappi during his 34 years with the company.

Q&A with the CEO

“The Somerset Mill PM2 conversion and expansion is the largest capital investment in Sappi’s history, with a commitment of US\$418 million to transform the PM2 machine from 235,000 tons per annum (tpa) of coated woodfree graphic papers to 470,000 tpa of solid bleached sulphate (SBS) paperboard.”

Steve Binnie, CEO

Q1

How is the Somerset Mill PM2 conversion and expansion project going and how does this project change the Sappi North American product portfolio and profitability?

The Somerset Mill PM2 conversion and expansion is the largest capital investment in Sappi’s history, with a commitment of US\$418 million to transform the PM2 machine from 235,000 tpa of coated woodfree graphic papers to 470,000 tpa SBS paperboard. The project is progressing well and remains on schedule for start-up in April 2025. To date, approximately US\$261 million has been spent, with US\$157 million remaining for the first half of FY2025. SBS paperboard primarily serves three key applications – folding cartons, food service board (FSB) for cups and plates, and liquid packaging – each requiring high standards in print quality, durability, and virgin fibre compliance for food-contact products.

With our Somerset Mill PM1 machine we have approximately 7% market share of the North American SBS market (~5 million tpa) and will double this after the PM2 project. We anticipate a conservative 2% compound annual growth rate (CAGR) aligned with global gross domestic product (GDP) growth with demand driven by rising consumer preference for sustainable packaging options and stricter regulations on single-use fossil fuel derived packaging. Somerset Mill’s expansion through PM2 enables us to support growing demand from established customer relationships while also entering new segments in FSB cup stock and liquid packaging. PM1 and PM2 will be the most technically advanced and modern SBS machines in the US, allowing us to leverage significant economies of scale,

enhanced technical flexibility, and our integrated supply of kraft and bleached chemi-thermo mechanical pulp, positioning us cost-effectively against competitors. The additional volume also caters to the needs of non-integrated converters seeking SBS supply independent of large, integrated players. Somerset Mill’s approach of meeting specific customer requirements and achieving a consistent quality standard, supported by a secure, domestic supply chain, ensures a stable and attractive value proposition in a complex market where brand owners increasingly prioritise sustainability, cost-efficiency, and product quality.

This project supports the broader Sappi **Thrive** strategy by advancing two key objectives: reducing exposure to the declining graphic papers markets and expanding our footprint in the growing packaging and speciality papers sectors. Once the PM2 machine is fully operational, the product mix in Sappi North America will shift, with graphic papers reducing from about 43% of capacity to less than 30% (~780,000 tpa reducing to 540,000 tpa), and packaging and speciality papers rising from 32% to 54% (~580,000 tpa increasing to 1,050,000 tpa). Given the expected 6% – 8% annual decline in US graphic papers demand, this strategic realignment enables us to reduce graphic papers capacity in step with market trends, maximising capacity utilisation whilst maintaining service to our graphic papers customers. Additionally, the hybrid capability of Somerset Mill PM1, which can produce both coated woodfree (CWF) and SBS, offers flexibility to support the PM2 ramp-up while managing decreasing CWF demand, optimising capacity utilisation and profitability.

We anticipate strong returns on the PM2 investment, with the project expected to exceed a 20% internal rate of return (IRR) thus contributing an additional US\$100 million to the annual North American EBITDA over time.

Q&A with the CEO continued



Your dissolving wood pulp (DWP) business performed strongly in 2024. Could you elaborate on the key market demand and pricing drivers and your expectations for the future?

In 2024, textile markets remained relatively subdued, impacted by persistent low consumer confidence driven by macroeconomic challenges, inflation and geopolitical uncertainties. Despite these pressures over the past year, VSF producers managed to sustain high operating rates and historically low downstream inventory levels. This apparent demand resilience is likely due to market share gains from cotton. Cotton prices were more volatile and at a premium compared to VSF over the past two years, encouraging a shift toward VSF in downstream applications.

The DWP supply landscape remained tight throughout 2024. Existing swing capacity between DWP and paper pulp was largely dedicated to DWP production this year, and further shifts are constrained without major capital upgrades, maintaining a restricted DWP supply landscape. The DWP market has a high barrier to entry, as adding new capacity requires significant capital investment. Additionally, traditional paper pulp operations are not technically equipped to produce DWP without expensive modifications to the production process. Historically, there was a strong correlation between DWP and paper pulp prices as swing producers would adjust output based on price differentials. Typically, when the differential exceeded US\$300/ton, swing capacity would shift into DWP production, increasing supply and putting downward pressure on DWP prices. However, the past year has seen a notable disconnect between DWP and paper pulp pricing. The DWP price has risen over the past six months whereas paper pulp prices have dropped dramatically, leading to a differential that exceeds US\$400 per ton. The weakness in paper pulp prices was mainly driven by a substantial influx of new paper pulp capacity amid weak paper market demand. In contrast, demand for DWP and VSF remained robust, leading swing capacity to continue producing DWP for a longer period. While some closures in DWP production partially offset the extended use of swing capacity, the DWP supply landscape remained tight. As a result, DWP demand dynamics have become the key driver of pricing.

DWP pricing is therefore increasingly influenced by the demand dynamics for textile fibres, specifically VSF and cotton demand and pricing. VSF producers have maintained a consistent pricing discount to cotton, which has supported demand for VSF within the context of weak textile markets. As a result, DWP pricing is effectively range-bound by VSF and overall textile fibre pricing trends. A recovery in the global economy and consumer demand for textiles should lead to more favourable textile fibre pricing dynamics, creating additional upward momentum for DWP pricing. The combination of strong downstream demand for DWP from the VSF sector, tight supply landscape and decoupling of pricing from paper pulp led to the more robust short-term market dynamics for DWP compared to other consumer-driven markets in 2024.

The VSF market has traditionally grown at a rate of 4% – 5% annually, outpacing the overall textile market's 2% growth, largely due to a gradual market share gain from cotton, which faces limited growth, land-use challenges, and future climate change impacts. In the medium to longer term, we anticipate that textile markets will resume their growth trends as the global economy recovers. The wood-based textile fibres (VSF and lyocell) offer significant sustainability benefits over cotton and polyester and therefore the higher growth rate of these fibres is likely to be maintained as they slowly increase market share. We remain highly optimistic about the outlook for DWP markets and Sappi will continue to explore opportunities to capitalise on this positive growth.



With declining demand for graphic papers and ongoing market overcapacity, how has Sappi's restructuring in Europe strengthened the company, and what are your future plans for the region?

Our European business is particularly exposed to graphic papers markets with approximately 70% of capacity in the region serving this declining market. Sales volumes for FY2024 were up 3% year-on-year but this was not due to any meaningful change in underlying demand but rather a result of inventory normalisation following the destocking cycle in 2023. The historical rate of decline for graphic papers has been approximately 6% per annum but we are now taking a more conservative modelling approach of 8% annual decline as our base case assumption going forward. RISI's European Graphic Paper five-year forecast (July 2024) estimates that the capacity for coated woodfree (CWF) and coated mechanical (CM) paper in 2024 was close to 9 million tpa with demand at only 5 million tons for the year. While our estimates of capacity are slightly lower than RISI's as we assume that producers have shifted some capacity to speciality papers, this still represents a significant oversupply and industry operating rates are estimated to be in the low 70%. With a continued decline in demand projected for the foreseeable future and recognising that these low operating rates are unsustainable, it is clear that capacity closures will be required to balance the market.

Sappi has been proactive in adjusting our capacity to match our share of demand. With the closures of the Stockstadt and Lanaken Mills we removed 30% of our European capacity and were successfully able to transfer the sales from these mills to our other assets thereby maintaining our market share and continuing to supply our customers whilst maximising our capacity utilisation. The operational efficiency benefits of substantially improved utilisation of our assets and the lower cost base of our other mills relative to Stockstadt and Lanaken Mills yielded variable cost savings and boosted contributions for the transferred sales volumes. In addition, substantial annualised fixed cost savings of approximately US\$120 million led to improved profitability of our graphic papers business in the region in spite of the extremely unfavourable market conditions.

These actions helped to sustain healthy EBITDA margins, demonstrating that, with efficient operations and a balanced capacity, the graphic papers segment remains profitable and cash-generative, which can support future growth in other areas of the group. In the short term, we will continue to reduce our graphic papers capacity as we increase label production on our Gratkorn Mill PM9 machine following the successful capital project to expand our label capabilities to produce wet strength labels. Through this project we will remove a further 100,000 – 150,000 tpa of CWF capacity thereby maintaining our capacity/demand balance for the near future. We are also committed to shifting more production on our hybrid assets at EHINGEN Mill and Maastricht Mill to packaging papers grades as markets in Europe recover and will continue to explore potential for incremental investments to expand our packaging and speciality papers capabilities.



Sappi's net debt increased in FY2024. How does Sappi approach capital allocation to effectively balance growth opportunities with debt management?

The increase in net debt for FY2024 was expected, driven by planned capital expenditure for the Somerset Mill PM2 project and restructuring costs in Europe. We anticipate a further cash outflow in the first half of FY2025 as we make a shareholder dividend payment in January and complete the Somerset Mill project, with PM2 scheduled to be offline for 70 days from January to April. Additionally, annual maintenance shutdowns at Ngodwana and Saiccor Mills are planned for FQ2. Therefore, net debt will likely peak in the second quarter.

Our strategic focus on sustaining our financial health through disciplined capital allocation and a strong emphasis on cash generation has materially repositioned our balance sheet over the last two years. We are committed to our net debt target of US\$1 billion, or a leverage ratio of 1.5x net debt/ Adjusted EBITDA through the cycle. Debt reduction will therefore be our capital allocation priority in the second half of FY2025 and into FY2026. With no major capital projects planned during this period and additional Somerset Mill PM2 volumes boosting FY2026 earnings, we expect to rapidly deleverage our balance sheet. We recognise that a lower debt profile and healthy cash reserves provide us with flexibility to navigate the headwinds of cyclical downturns and provides opportunities for investments for growth in our target markets and debt management therefore remains our top priority in the short term.

Sustaining our operations and enhancing our environmental footprint are also high priorities, with typical maintenance and sustainability capex around US\$320 million per year. We are confident that our strategic focus on reducing graphic papers exposure and expanding our packaging papers business will strengthen cash generation and profitability. We are committed to delivering shareholder value, with a dividend policy targeting a three-times earnings cover.



With your current Thrive sustainability targets set to conclude in 2025, how do you envision your priority metrics and KPIs evolving as you look toward 2030?

Setting targets is essential for Sappi's sustainability journey because it provides clear, measurable goals that drive progress towards our strategic objectives and contribute to global sustainable development. With well-defined targets, Sappi can create a sustainability roadmap that balances the needs of Prosperity, People, Planet: ensuring responsible growth, and contribution to a healthier planet and society, helping to create a world in which both people and nature can thrive.

Reflecting on our progress toward our 2025 goals, it's clear we have made significant strides on our sustainability journey. While there have been challenges in certain areas where progress hasn't fully met our ambitions, our commitment remains steadfast. We are focused on making the greatest positive impact possible in the next 12 months. Looking ahead to 2030, our vision is to ensure that sustainability is embedded in every part of our business, with each Sappi employee empowered to contribute directly to our shared goals.

By prioritising innovation and growth in biobased solutions for a circular economy, Sappi is helping to drive the global shift toward a nature-positive, low-carbon future. Our 2030 goals will continue to align with the UN SDGs and the '3Ps' of sustainability: Prosperity, People, Planet.



Prosperity: These targets will lay the groundwork for sustainable growth and profitability, ensuring resilience and long-term value creation for stakeholders.



People: By setting goals around workplace safety, diversity and community engagement, we will strengthen Sappi's workforce and contribute to a healthier, more inclusive society. These initiatives will also help build a skilled, motivated team, driving our success.



Planet: Given Sappi's significant manufacturing and forest footprint, our environmental targets are critical to ensure that we minimise our impacts on nature and address pressing ecological challenges, such as climate change, biodiversity loss and resource depletion. By focusing on carbon emission reduction, water conservation, waste reduction, biodiversity and forest protection, we will minimise our environmental impact, address climate change, and meet the rising expectations from our stakeholders for sustainable operations.

This integrated approach will enable Sappi to contribute to global sustainability while building a resilient, forward-looking business.





Pace

'Keeping pace' in nature, refers to the ability of organisms to adapt and evolve in response to environmental changes. For species to survive, they must continuously adjust to shifting conditions, such as climate change, availability of resources, and interactions with other species. It's a dynamic process that requires resilience, flexibility, and the capacity to innovate.

At Sappi, we see this as our competitive agility – our ability not to be outpaced by market trends, technological advancements and consumer demands. Momentum in business involves maintaining a steady flow of progress and growth, which we achieve through continuous improvement, innovation, being close to our customers and strategic planning.

It is this ability that allows us to progress steadily and consistently while always keeping pace and staying abreast of market changes through continuous innovation and adaptation. By understanding and responding to the latest environmental regulations and market innovations, we comply to and integrate global sustainability standards, ensuring that we remain effective and relevant in our commitment to the planet and our efforts to advance a circular economy.

Our operating context

Our external operating environment presents us with both risks and opportunities, impacts our ability to generate social and enterprise value and informs our approach to our stakeholders, as well as our approach to material matters.

Slow global macroeconomic growth

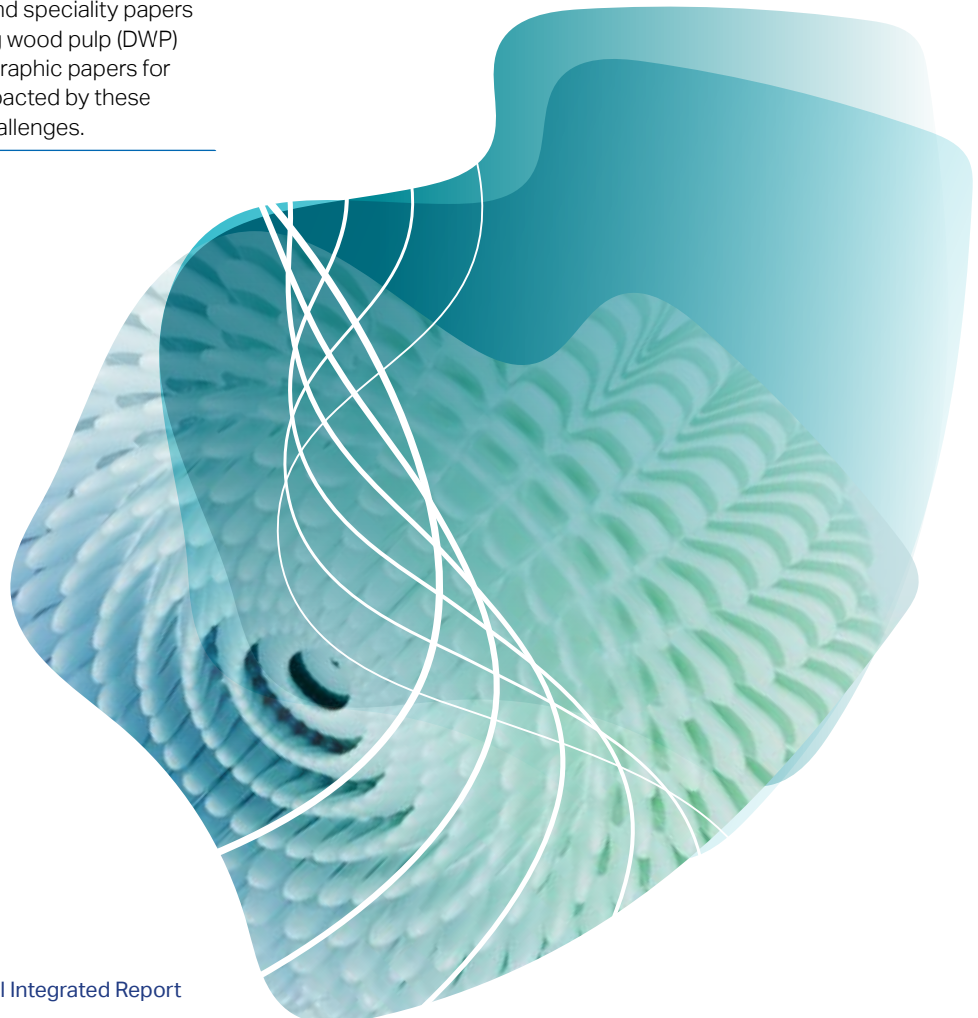
Context



Since the Covid-19 pandemic, global economic growth has decelerated under persistent inflationary pressures. Central banks worldwide have responded by tightening monetary policies, raising interest rates to contain inflation, which has further slowed economic expansion. Higher interest rates have reduced consumer purchasing power and confidence, leading consumers to cut back on non-essential spending, particularly in economies driven by consumer demand. Heightened global tensions, including US-China trade frictions and the conflict in Ukraine, add to economic uncertainty. Ongoing supply chain disruptions, initially triggered by the pandemic and exacerbated by geopolitical conflicts, have resulted in increased costs for businesses and consumers. Sappi, whose business segments include packaging and speciality papers for consumer goods, dissolving wood pulp (DWP) for the textile value chain, and graphic papers for commercial print, is directly impacted by these consumer-driven economic challenges.

Our response

Sappi is proactively addressing weak demand dynamics within our markets by carefully managing capacity utilisation to align with current demand levels, optimising production efficiency, and controlling costs. This approach is complemented by a strong focus on cost-saving initiatives, strengthening customer relationships, and practising disciplined capital allocation, all aimed at sustaining our financial health during this challenging period. By maintaining flexibility and prioritising financial resilience, Sappi is well-positioned to capitalise on future economic recovery, ensuring we are prepared to support growing demand as market conditions improve.



Global supply chain disruptions

Context



Our response

Global supply chains have endured a decade of major disruptions, from the US-China trade war and Covid-19 pandemic to the Russia-Ukraine conflict, leaving lasting effects on how goods and resources flow worldwide. Although supply chain operations stabilised somewhat in 2023, new challenges and risks have emerged for 2024. Economic pressures, such as inflation and recession, continued to pose significant threats to demand and pricing. Geopolitical tensions, with crises in the Red Sea and around Taiwan, amplified risks in key shipping routes. Extreme weather events, like hurricanes, floods, fire, drought and freezing events increasingly impacted supply continuity. Rising cyber threats and labour shortages exacerbated vulnerabilities, alongside infrastructure limitations as seen in the fallout from the Baltimore bridge collapse. Capacity constraints persist, across all transport modes (maritime, air and land transport). In 2024 we have observed more frequent interruptions across labour, geopolitical, cyber, and climate domains, reinforcing the need for strategic supply chain flexibility and resilience amid unpredictable global conditions.

Additionally, in South Africa there are deep-rooted challenges within the state-owned ports and rail company related to a shortage of freight trains, rail infrastructure and inefficient port operations. It is estimated that the negative impact of rail and port's poor performance equates to 5% – 6% of the country's GDP, thereby diminishing South Africa's competitiveness in the global supply chain. Sappi Southern Africa exports the majority of the DWP produced in the region and relies heavily on the Durban port. The region has also traditionally moved a large proportion of both raw material and finished product by rail.

To mitigate the risks from supply chain disruptions, we have taken a proactive approach across all of our regions, strengthening partnerships with suppliers and logistics providers and revisiting our best practices and contractual guidelines to enhance agility and resilience. Recognising the need for flexibility, we have also prioritised innovation in product formulation, exploring recipe modifications to manage raw material shortages while adapting to new, qualified chemicals and additives that enable us to diversify our supplier network effectively. By establishing relationships with multiple vendors and prioritising domestic suppliers where feasible, we are positioning ourselves to better navigate the macroeconomic volatility, geopolitical tensions, and extreme weather patterns shaping the global landscape. This flexible strategy allows us to make swift adjustments to our supply chain as conditions change, ensuring our operational continuity and supply stability amid uncertainty.

In South Africa we have adjusted to the rail and port challenges by increasing road transport routes, working with our logistics partners to contain costs and developed an alternate shipping route from the port of Maputo in Mozambique, rather than the port of Durban. In addition, Sappi is an active participant in the National Logistics Crisis Committee (NLCC) reporting directly to President Ramaphosa, which is focused on immediate operational improvements in the national logistics system as well as longer-term reforms to improve efficiency and competitiveness.

Our operating context continued

Evolving sustainability expectations

Context



Global sustainability expectations are evolving rapidly, driven by growing awareness of the environmental impact of fossil-based products and an urgent desire for greener alternatives. Consumers, businesses, and regulators increasingly recognise the role of traditional materials in contributing to climate change, pollution and resource depletion, leading to stronger demand for sustainable products. This shift is particularly pronounced in sectors where fossil-based products are prevalent, such as packaging and textiles. Many are now seeking biobased, renewable and recyclable options that offer reduced carbon footprints and minimal environmental harm, pushing companies to innovate and transition toward materials that support a circular economy and long-term environmental health.

Our response

Aligned with our **Thrive** strategy, Sappi is ideally positioned to respond to these evolving expectations as we focus on creating responsibly sourced, eco-friendly alternatives to fossil-based materials such as sustainable packaging solutions and dissolving wood pulp for wood-based textile fibres. The sustainability benefits of wood-based textile fibres, being renewable, biodegradable, and offering a lower environmental impact than synthetic alternatives, have been a key driver for Sappi's ongoing strategic focus on dissolving wood pulp. By prioritising dissolving wood pulp, we are not only meeting the growing demand for sustainable, wood-based textile fibres but also advancing our commitment to reducing reliance on fossil fuels and promoting a circular economy in the textile industry. Similarly, the global shift away from plastic packaging driven by both consumer demand and new environmental regulations presents substantial growth opportunities for us. In line with this vision, we are investing US\$418 million in our Somerset Mill to convert PM2 from producing coated woodfree graphic papers to solid bleached sulphate, (SBS) paperboard a versatile material that supports environmentally sustainable packaging. We are also broadening our portfolio of compostable and recyclable packaging options, including innovative products like bagasse-based, compostable, thermomoulded food-grade bowls and plates and paper-based label paper solutions for all consumer goods applications. These initiatives reflect our commitment to leading the way in sustainable packaging, providing viable, plastic-free options that benefit consumers and the environment alike.

Nature-positive developments

Context



The 'nature-positive' movement is transforming how we interact with and value the natural world, emphasising the restoration and sustainable management of ecosystems rather than mere conservation. This global shift recognises that reversing biodiversity loss and addressing ecosystem degradation are essential not only for environmental health but also for economic resilience and human wellbeing. By integrating nature-positive principles into decision making, businesses, governments, and communities are rethinking how they assess impacts, risks and opportunities, viewing biodiversity as a core asset. This approach is reshaping industries, promoting regenerative practices, and driving policies that prioritise ecological balance, ultimately aiming for a future where human progress and nature thrive together.

Our response

Given our high dependency on sustainable woodfibre for our raw material, Sappi is actively integrating nature-positive actions into our sustainability strategy to protect and enhance the natural ecosystems upon which we rely. Through our membership in the WBCSD Forest Solutions Group, we are collaborating with industry peers to define nature-positive actions specifically for our sector and to identify meaningful metrics that can be used to set appropriate targets and track progress. In line with our commitment to transparency and stakeholder trust, Sappi is aligning with the TNFD disclosure framework to better understand and communicate our nature-related impacts, risks and opportunities. Additionally, aligned with the goals of the Global Biodiversity Framework (GBF), we have designated 30% of our forestry landholdings for conservation and have set biodiversity improvement targets within these areas to help drive positive outcomes for nature.

Transitional climate developments

Context



Transitional climate impacts – such as the shift toward a low-carbon economy – are driving significant regulatory changes in our operating regions which represent risk to our licence to operate. In Europe, ambitious emissions reduction targets under the European Green Deal are prompting stricter climate policies, including carbon pricing and renewable energy mandates. North America, particularly the United States and Canada, is advancing climate regulations focused on clean energy incentives, emissions reporting, and supply chain transparency as part of broader sustainability goals. South Africa, meanwhile, is implementing carbon taxes and developing climate adaptation policies to align with global standards and address its unique vulnerabilities to climate change. These regulatory shifts aim to curb emissions, increase resilience and accelerate a just transition to more sustainable economies across these regions.

Our response

Sappi mitigates transitional risk by actively monitoring regulatory developments and engaging with policymakers to help shape climate-related policies that recognise the critical role of forests and forest products in addressing climate change. Our advocacy emphasises the unique benefits of sustainable forestry and renewable products in supporting a low-carbon future. To reinforce our commitment, we have set science-based 2030 decarbonisation targets and established a comprehensive climate transition plan, backed by dedicated decarbonisation capital, to meet our climate action goals. This proactive approach not only secures our licence to operate but also strengthens our competitive edge as a leading provider of renewable, low-carbon solutions for a circular bio-economy. Through these actions, Sappi continues to create long-term value aligned with global climate action priorities.

The rise of artificial intelligence

Context



The rapid advancements in artificial intelligence (AI) are fundamentally transforming the way companies operate, enabling them to analyse vast amounts of data from diverse sources to streamline processes and improve decision making. AI technologies are now seamlessly integrated into daily consumer experiences and are extensively used within organisations to automate repetitive tasks, interpret large datasets, and identify patterns and trends to enhance production, planning and auditing functions. However, the increased use of public AI tools, such as ChatGPT by Microsoft and OpenAI, and Bard by Google, introduces risks, especially around data security and confidentiality. When sensitive information is input into public AI systems, there is a risk that proprietary or confidential data could unintentionally enter the public domain, potentially compromising intellectual property or customer privacy. Additionally, the integration of AI in business operations increases the potential for cyber security vulnerabilities, as AI systems themselves can be targeted by cyber threats. This dual risk of data exposure and heightened cyber security concerns necessitates rigorous data governance and secure AI practices to protect corporate information and maintain customer trust in an increasingly AI-driven business environment.

Our response

We have adopted AI as part of our digital strategy and are using it within existing enterprise resource planning (ERP), security and infrastructure systems as well as machine learning across business functions.

Some of our staff have tested these GenAI tools and have asked to be allowed to explore how using GenAI could benefit their work. Our preference is to enable and allow the use of GenAI rather than to ban it as some other companies have done. Accordingly, we have published guidelines for the use of GenAI within Sappi to protect our confidential information. We are also working on a comprehensive enterprise GenAI strategy which will ensure that both risk and opportunities are appropriately addressed as GenAI capabilities are deployed.


Risk management


Our risk management philosophy

We have an established culture of managing key risks to our business. We believe effective risk management will safeguard the continuity of our operations and contribute to the achievement of our strategic objectives. Therefore, we ensure that our risk management processes are aligned and compatible with our strategy.

Over the years, we have implemented several processes, resources and structures to ensure our risks are managed adequately and efficiently. Among these, we have entrenched safety programmes, internal audit reviews, insurance, information technology (IT) security, compliance and governance processes throughout the group, along with quality management and a range of line management interventions. We are also following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



For an analysis of the principal financial risks we are exposed to, refer to note 32 of the group **2024 Annual Financial Statements** at www.sappi.com/annual-reports 

Our **2024 Risk Report** provides a detailed discussion of the group's risk factors, and can be accessed at www.sappi.com/annual-reports 

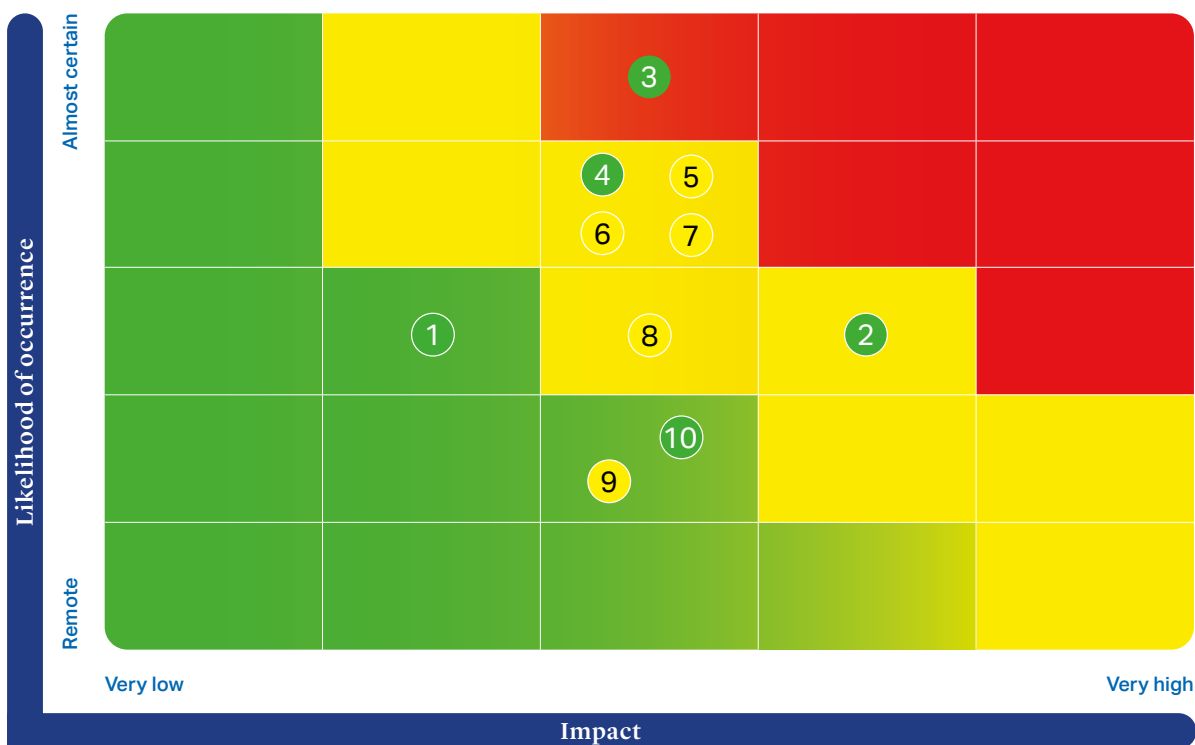
Risk appetite and tolerance

We have a board-approved framework for risk appetite and tolerance. Risk appetite is the total quantum that Sappi wishes to be exposed to on the basis of risk/return trade-offs for one or more desired and expected outcomes.

This is the quantum of risk that the board believes will provide an adequate margin of safety within the group’s risk capacity while enabling the achievement of strategic objectives. Risk tolerance is the amount of uncertainty Sappi is prepared to accept. This is the maximum level of loss or reduced earnings that can be absorbed without compromising key objectives, eg return on investment.

Strength of current mitigations

● Weak ● Satisfactory ● Good



Residual risk ranking



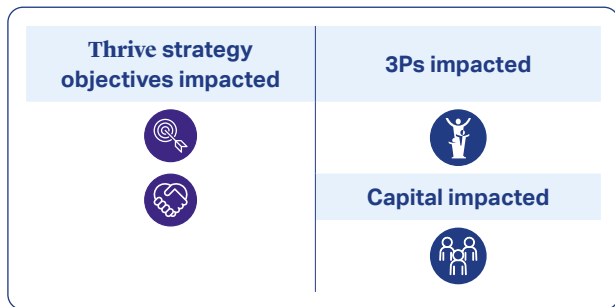
Risk management continued

1 Safety

(2023: 1)

Root cause

Due to the nature of our manufacturing facilities and forestry operations, our employees and contractors operate in a hazardous environment at times. We continue to prioritise their health and safety to ensure the continuity of our business.



Mitigating actions

- Conduct root cause analyses of all major incidents and fatalities
- Drive continuous improvement in safety performance
- Ensure compliance with behaviour-based safety principles
- Host regular training sessions
- Approach all transgressions of our safety policies with discipline
- Encourage reporting of near-miss incidents
- External safety reviews.

Related material issues

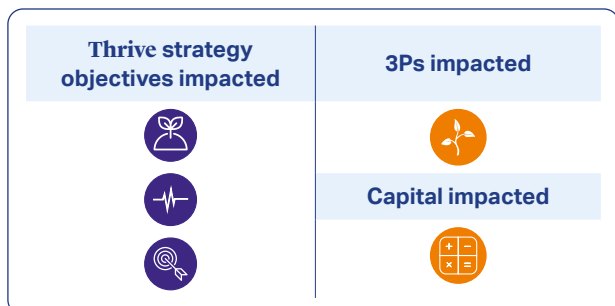
- Ensuring the safety of our employees and contractors
- Attracting, developing and retaining Sappi talent
- Supporting sound labour relations.

2 Cyclical macroeconomic factors

(2023: 2)

Root cause

Our business is impacted by cyclical changes in global economic conditions, including fluctuations in exchange rates, periodic supply and demand imbalances, industry capacity and output levels. Global economic turmoil can lead to significant decreases in sales volumes, as well as pressure on our prices in the markets where we operate. We continue to operate in a highly competitive environment. Consolidation in the pulp and paper industry – leading to larger, more focused companies – has become more prevalent.



Mitigating actions

- Monitor the balance between supply and demand
- Monitor potential impairment of operating assets
- Implement capacity closures as required
- Improve efficiencies and reduce costs across the business
- Enhance customer service, innovation, and efficient manufacturing and logistics processes
- Drive performance to set our businesses apart from competitors
- Increase pulp integration.

Related material issues

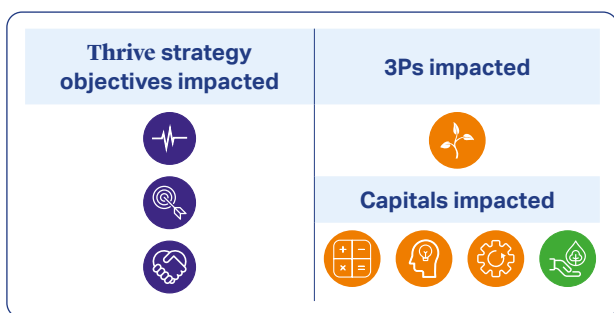
- Maintaining and strengthening our competitive position through agility and operational efficiency
- Responding to evolving customer needs through innovation and collaboration
- Providing sustainable solutions for a low-carbon circular bio-economy.

3 Cyber security

(2023: 3)

Root cause

During the normal course of our business, we make use of our digital platforms to access and transact on confidential customer, employee, financial and commercial information, through our transactional and production systems. We also store, access and share our trade and proprietary information in our databases. These could be vulnerable/susceptible to cyber attacks.



Mitigating actions

- Mitigate against cyber attacks and information security breaches through our multi-layered IT security programme
- Adhere to relevant data protection laws in the jurisdictions where we operate
- Provide relevant cyber security training to all our employees
- Identify the employees susceptible to social engineering and phishing attacks.

Related material issues

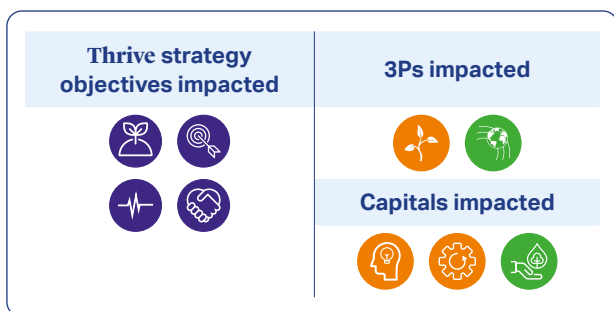
- Maintaining ethical behaviour and compliance
- Attracting, developing and retaining Sappi talent.

4 Sustainability expectations

(2023: 4)

Root cause

The requirements from stakeholders are changing rapidly, challenging Sappi's ability to keep up to date, exceed or even lead with regard to regulatory, social, product and environmental demands. Our operational impact and environmental footprint need to support and demonstrate our sustainability commitments and actions.



Mitigating actions

- Utilise product certifications
- Enhanced health and safety specifications
- Promote recyclability
- Drive product innovation (including R&D)
- Move fast to secure benefit from the high-value niche opportunities created by the 'paper-for-plastics' movement
- Build on our strong position and commitment to fibre certification
- Communicate our social and environmental credentials through all media channels
- ESG-related covenants.

Related material issues

- Procuring responsibly
- Providing sustainable solutions for a low-carbon circular bio-economy
- Responding to evolving customer needs through innovation and collaboration
- Sourcing sustainable woodfibre
- Prioritising clean and renewable energy and responding to climate change
- Focusing on water stewardship
- Focusing on resource efficiency and minimising waste
- Safeguarding and restoring biodiversity.

Risk management continued

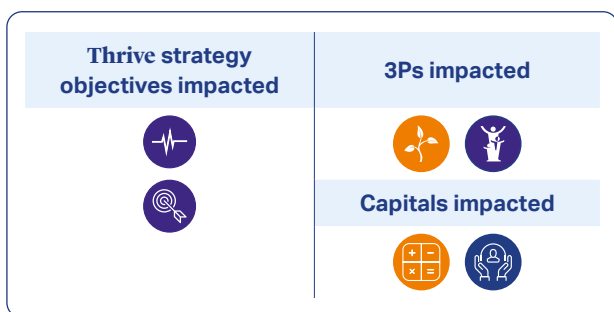
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Supply chain disruptions

(2023: 7)

Root cause

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



Mitigating actions

- Documented business continuity plans
- Ability to operate via multiple transportation modes
- Operational plans to utilise multiple ports for shipments
- Multi-sourcing of raw materials
- Ongoing communication with key stakeholders, including government
- Alternate modes of shipping
- Fine-tuning internal processes to enhance coordination between departments
- Negotiating longer lead times.

Related material issues

- Maintaining and strengthening our competitive position through agility and operational efficiency
- Prioritising clean and renewable energy and responding to climate change
- Procuring responsibly.

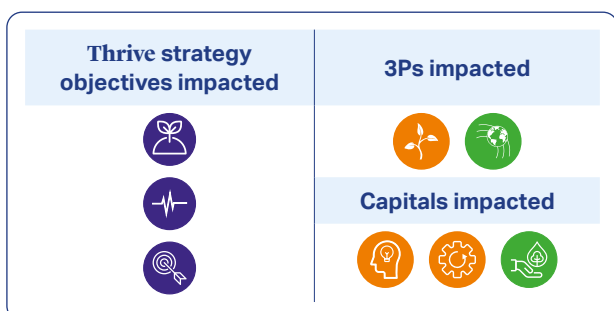
6

Evolving technologies and consumer preferences

(2023: 6)

Root cause

The advent of new technologies has an unavoidable impact on the way we operate. Similarly, changes in consumer preferences driven by emerging trends in advertising and packaging, electronic data transmission and storage, the internet and mobile devices, as well as digital alternatives to traditional paper applications, could materially affect the sustainability of our business.



Mitigating actions

- Improve profitability by implementing restructuring and other cost-saving projects
- Enhance productivity
- Drive growth in our higher-margin packaging and speciality papers business
- Leverage our position in the market to capture growth in the dissolving wood pulp (DWP) market.

Related material issues

- Procuring responsibly
- Maintaining and strengthening our competitive position through agility, and operational efficiency
- Sourcing sustainable woodfibre
- Prioritising clean and renewable energy and responding to climate change
- Providing sustainable solutions for a low-carbon circular bio-economy
- Responding to evolving customer needs through innovation and collaboration.

7

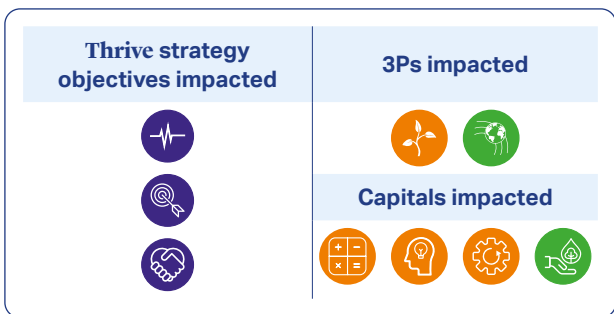
Climate change

(2023: 5)

Root cause

Climate change will have an unavoidable effect on our business in the form of transitional, reputational and physical impacts. The latter includes the frequency and intensity of forest disturbances such as wildfires and extreme storms. This, in turn, could reduce forest productivity and change the distribution of tree species. The impact of climate change on our supply chain and operations, including the availability of water, raw materials and the wood supply, may adversely impact our business.

Regarding transitional risk, governments around the world are focusing on carbon trading and taxes as a response to climate change and such taxes could impact profitability to an increasing extent in future.



Mitigating actions

- Source pulp and woodfibre from a variety of sources and regions
- Invest in fire, pests and disease prevention protocols in South Africa, as well as site species matching to withstand abnormal weather events and reduce our water footprint in this region
- Sappi Southern Africa has engaged National Treasury via Paper Manufacturers' Association of South Africa (PAMSA) to motivate taking into account carbon sequestration by companies that own their own forests when calculating carbon tax
- Group-wide decarbonisation initiatives.

Related material issues

- Providing sustainable solutions for a low-carbon circular bio-economy
- Sourcing sustainable woodfibre
- Prioritising clean and renewable energy and responding to climate change
- Focusing on water stewardship
- Focusing on resource efficiency and minimising waste
- Safeguarding and restoring biodiversity.

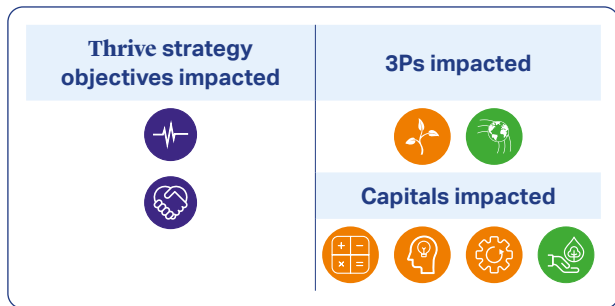
Risk management continued

8 Uncertain and evolving regulatory landscape

(2023: 8)

Root cause

Our business is subject to various regulatory requirements across the regions where we operate, including requirements relating to environmental stewardship, health and safety. Significant changes to applicable laws and regulations – along with instabilities in political, financial and social spheres – could impact our competitiveness and profitability.



Mitigating actions

- Remain up to date on changes to applicable legislation
- Group-wide legal compliance programmes
- Ensure compliance with all relevant laws and legislation
- Report regularly on compliance to the Group Audit and Risk Committee
- Reduce the impact of our operations on the environment, as guided by relevant and recognised programmes
- Invest in initiatives aimed at reducing our air emissions, wastewater discharges and waste generation
- Monitor potential changes in pollution control laws, including GHG emission requirements, and take action accordingly
- Cooperate across regions to apply best practices in sustainability.

Related material issues

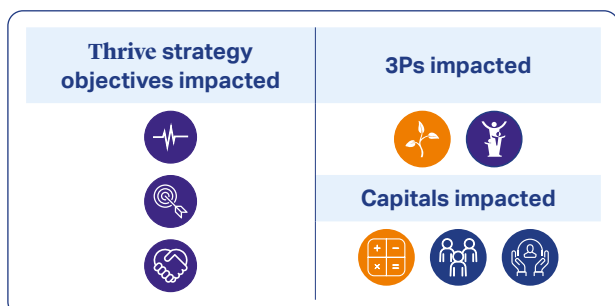
- Maintaining ethical behaviour and compliance
- Procuring responsibly
- Prioritising clean and renewable energy and responding to climate change
- Focus on resource efficiency and minimising waste
- Focus on water stewardship
- Maintaining and strengthening our competitive position through agility and operational efficiency
- Safeguarding and restoring biodiversity
- Ensuring the safety of our employees and contractors.

9 Employee relations

(2023: 9)

Root cause

The majority of our employees are represented by labour unions and are subject to collective bargaining agreements. These agreements are negotiated and renewed periodically, and any corresponding wage increases or work stoppages could impact our business. The risk of workforce reductions, closures or restructuring remains a reality given the current economic climate.



Mitigating actions

- Interact and engage with union representatives and organised labour regularly
- Build constructive work relationships.

Related material issues

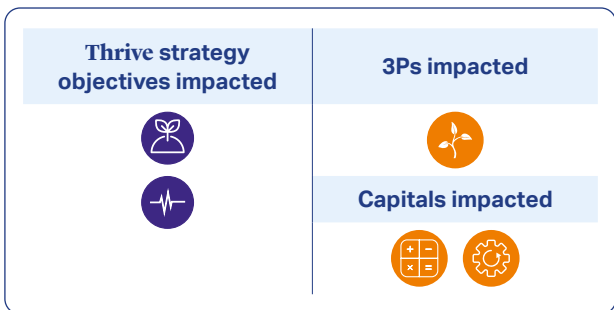
- Ensuring the safety of our employees and contractors
- Creating a positive social impact in our communities
- Supporting sound labour relations
- Attracting, developing and retaining Sappi talent.

10 Liquidity

(2023: 10)

Root cause

Our principal sources of liquidity are cash generated from operations and available under our credit facilities, and other debt arrangements. Our ability to generate cash depends mainly on general economic, financial, competitive, market and regulatory factors. Our cash flow from operations may be adversely impacted by a downturn in worldwide economic conditions, which could result in a decline in global demand for our products.



Mitigating actions

- Cost-saving initiatives
- Re-prioritising various strategic initiatives
- Commercial downtime taken to match supply to demand
- Deferral of non-critical capex projects.

Related material issues

- Maintaining and strengthening our competitive position through agility and operational efficiency.

Our key relationships

Our overarching aim is to partner proactively with our stakeholders as we unlock the power of trees and their limitless potential to accelerate the solutions a thriving world requires.

Highlights in FY2024

- Sappi was recognised by Time Magazine and Statista as one of the World's Best Companies for 2024 (position 623)
- Sappi was recognised by Forbes Magazine and Statista as one of the World's Best Employers (position 483)
- Sappi was recognised by Forbes Magazine and Statista as one of the World's Top Companies for Women (position 7)
- For the sixth consecutive year all three operating regions achieved the highest Platinum rating from EcoVadis
- Sappi Europe established in-house capacity to test product recyclability to meet customer requests for support in moving from plastic to fibre-based packaging solutions
- Sappi Rockwell Solutions awarded 'Design Team of the Year' at UK Packaging Awards 2024 with newly developed StarPaper product, a unique high performance, paper lidding using proprietary heat seal coating. This is a first to market ovenable dual solution paper lidding product
- Under the auspices of Business for South Africa (B4SA), Sappi is participating in the National Logistics Crisis Committee, one of the four interventions business is undertaking in collaboration with the government of South Africa to resolve rail and road and port challenges
- Opening of Sappi Ngodwana Aquaponics and Farmstall, a joint initiative with Standard Bank Group Youth to create job opportunities and improve food security
- Sappi Ngodwana Mill was awarded the 2024 President's Award from the Kruger Lowveld Chamber of Business and Tourism in recognition of community development and regional growth
- Sappi along with 80 companies and civil society organisations and three UN agencies agreed to extend the term of the Business Commission to Tackle Inequality (BCTI) to accelerate the 2030 Agenda in the run-up to COP30 in Brazil
- Sappi joined 72 companies across 20 industrial sectors to present the 'Antwerp Declaration for a European Industrial Deal' to the rotating Chair of the EU as well as the President of the European Commission.

➔ **Employees**

➔ **Unions**

➔ **Customers**

➔ **Communities and neighbours**

➔ **Industry bodies and NGOs**

➔ **Investors**

➔ **Government and regulatory bodies**

➔ **Suppliers**

➔ **Media**

➔ **Research institutes and academia**

Our stakeholder engagement is focused on building trust and delivering impact on what our stakeholders value the most. We proactively collaborate with stakeholders to better inform our decision making amid today's dynamic external landscape.

In determining the issues most material to our stakeholders, as set out in this report, we have intensified our focus on the impact of our activities on people and the planet, in addition to enterprise value and in line with double materiality.

Our approach comprises informal and formal channels of mutual dialogue, ranging from regular employee engagement and customer surveys to community forums and Greenlight Movement community surveys in South Africa. Our stakeholder engagement is aligned to the governance framework of King IV namely performance and value creation, adequate and effective controls and trust, as well as reputation, legitimacy and ethics.

A thriving world is not possible without an ethical culture underpinning our everyday activities. Accordingly, we train our employees, customers and suppliers on our Code of Ethics and promote awareness of the Sappi Hotlines in each region which allows all stakeholders to report breaches of the code in full confidentiality.

We regularly review our activities in terms of the OECD Anti-Bribery Convention and the Convention's 2021 Anti-Bribery Recommendation, particularly Section VII of the OECD Guidelines for Multinational Enterprises dealing with Combatting Bribery, Bribe Solicitation and Extortion. No issues have been raised in Sappi with regards to compliance with the Convention and Guidelines either externally or internally. In FY2024, we also assessed the countries in which we operate according to the Corruption Perception Index 2023 which ranks 180 countries and territories by their perceived levels of public sector corruption. The index is calculated using 13 different data sources from 12 different institutions that capture perceptions of corruption within the past two years.

Our stakeholder engagement is also guided by our work towards realisation of the United Nations Sustainable Development Goals (UN SDGs), in particular our priority SDGs. We have a longstanding membership of the United Nations Global Compact (UNGC) which we joined in 2008, and which is now a global movement with over 20,000 participating companies and over 3,800 non-business participants in over 160 countries.

Our key relationships continued



Employees

Self-assessment of quality of relationships: **Satisfactory**

Why we engage

As we position Sappi to be future-fit, our task is to meet the changing needs of every Sappi employee within a diverse, inclusive, safe workplace where they can develop their full personal and career potential. We recognise that our wellbeing and financial prosperity are inextricably linked to our employees and the communities in which we operate.

Shared priorities

- A safe workplace
- Fair working conditions and respect for human rights
- Recognition
- Inclusive culture
- Open communications
- Opportunities for growth, training and development
- Grievance mechanisms.

Challenges for value creation

- Recruitment and retention of key skills
- Reluctance of younger generations to take up employment in the industry
- Loss of institutional memory as older employees retire.

Opportunities for value creation

- Open, regular communications on Sappi's strategic direction enables our people to contribute more positively to the business as well as their personal and career development
- A diverse workforce enhances our ability to service global markets and promotes a culture of inclusivity
- An increased commitment to safety delivers benefits at personal, team and operational levels
- By living up to our purpose, we become a more attractive employer, particularly to Millennials and Gen-Zs
- By establishing an ethical culture in which corporate citizenship is promoted, we ensure the ongoing viability of our business, enhance reputation and become an employer of choice.





Unions

Self-assessment of quality of relationships: **Satisfactory**

Why we engage

A workplace where people feel they have been heard and in which they can make a meaningful contribution enhances trust, helps to drive our safety first culture and enhances overall efficiency, productivity and stability. Our constructive relationships with our employees and their representatives are based on mutual respect and understanding.

Shared priorities

- Freedom of association, collective bargaining and disciplined behaviour
- Safety and wellness initiatives
- Remuneration, working hours and other conditions of employment
- Grievance mechanisms
- Engagement on company's strategy and long-term growth.



PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 4: The elimination of all forms of forced and compulsory labour.

Opportunities for value creation

- Constructive employee/management relations enable us to resolve new and difficult labour issues as they develop
- When employees understand strategic direction and operating context, they are more likely to be more engaged with Sappi, leading to positive benefits all round
- Idea generation as collective to enhance productivity and safety performance building a sustainable and resilient organisation.

Challenges for value creation

- Multi-union landscapes add to complexities in the labour environment
- Lack of employee understanding relative to appropriate practices regarding wage and benefits
- Lack of real-time visibility or performance against KPIs.

Our key relationships continued



Customers

Self-assessment of quality of relationships: **Satisfactory**

Why we engage

The more closely we engage and collaborate with our customers, the more likely we are to understand and respond to their evolving needs by offering relevant solutions in the form of sustainable and practical products and services. This partnership approach builds the loyalty and long-term relationships that enable us to thrive.

Shared priorities

- Product quality, quality consistency, high runnability for maximised productivity, affordability while maintaining other necessary qualities
- Environmental certification, compliance, sustainable wood sourcing and responsible, ethical suppliers
- Carbon footprint
- Relevant proactive communications and updates (eg via supplier newsletters, websites, trade magazines)
- Competent service and support, including responsiveness, proper consideration of customer concerns, access to direct contact person
- Flexibility in operations to quickly adapt to and anticipate customer needs
- Sustainable products that meet changing consumer and regulatory demands (including avoidance of harmful chemicals, responsible management of mills, renewable energy, waste reduction, recycling promotion)
- Product innovation tailored to customer requirements
- Open, two-way dialogue with customers.

Opportunities for value creation

- There is upward momentum and significant opportunities for value creation in the dissolving wood pulp value chain. Suppliers and brand owners are open to new solutions to improve traceability, to design for circularity and to collaborate more closely together
- AI and state-of-the-art technologies continue to play an increasingly important role in delivering data-driven customer centricity, driving positive sustainable outcomes, and enabling Sappi to minimise its environmental impact in areas where it matters most.

Challenge for value creation

- Fluctuating consumer sentiment and legislative changes continue to impact the production and market dynamics of packaging and speciality papers, as well as structural shifts in demand for graphic papers.



Communities and neighbours

Self-assessment of quality of relationships: **Satisfactory**

Why we engage

Recognising that we are part of the communities beyond our fence lines and that their prosperity and wellbeing are linked to our own, we strive to make a purpose-driven, meaningful contribution towards the wellbeing and development of our neighbouring communities. We work to create positive social impact by jointly identifying and leveraging opportunities, thereby demonstrating our commitment to transparency and collaboration.

Community engagement meetings take various formats in our mills in the regions where they are situated. These range from broad liaison forums for business, local government and communities to legally mandated environmental forums that form part of the licensing conditions of mills. In South Africa, there are local farmer and community forums related to our forestry communities.

Shared priorities

- Addressing fundamental community needs in South Africa, eg literacy, numeracy, digital skills for individuals' future competitiveness
- Practical solutions that address socioeconomic issues whilst being environmentally sustainable
- Sound and air emissions management around mills
- Job creation, skills and enterprise development (especially in South Africa)
- Environmental and climate protection, so communities can continue enjoying nature
- Long-term, holistic, locally driven growth of communities
- Fostering diversity, inclusion and women empowerment across communities.

Challenges for value creation

- Economic pressures on business investments
- Dynamic geopolitical external risks can be destabilising to communities and shift focus away from environmental and climate change projects.

Opportunities for value creation

- Strengthen collaboration with authorities' local development plans to tackle most pressing community needs (including job creation, income generation that fosters local economic development in South Africa)
- Scale up and broaden impact of projects, and continue to enhance the tracking and feedback mechanisms
- Empower communities and employees to capitalise on opportunities that ensure the long-term growth and resilience of local communities
- 61% of South Africans believe partnerships between business and government can lead to more trustworthy management of technology-led changes, ultimately propelling South Africa's progress and growth
- Active participation in industry bodies and communities helps strengthen delivery of Forestry Sector Master Plan and collaboration with the South African government in the Public Private Growth Initiative
- SSA's Enterprise and Supplier Development (ESD) programme already demonstrated impact on-the-ground and can be springboard for stronger strategic partnerships with diverse stakeholders who provide financial and non-financial support to SMEs.

Our key relationships continued



Industry bodies and NGOs

Self-assessment of quality of relationships: **Satisfactory**

Why we engage

We partner with industry and business bodies to provide input on issues and regulations that affect and are relevant to our businesses and industries. We also support and partner with industry initiatives aimed at promoting the use of our products and the overall sustainability of our industry.

An important element of our strategy for achieving our business objectives is to enhance and support collaboration across the forest-based sector to enhance responsible forestry and promote forest certification. Our aim is to be present in multi-stakeholder conversations, support effective advocacy with policymakers and government leaders, and support supply chain initiatives. Close engagement is maintained through the industry organisations Confederation of European Paper Industries (CEPI), American Forest and Paper Association (AF&PA), Paper Manufacturers Association of South Africa (PAMSA) and Forestry South Africa (FSA).

Shared priorities

- Accountability and governance
- Decarbonisation and net zero
- Tangible progress and funding for biodiversity conservation and regeneration
- Open dialogue, knowledge sharing and collaboration with public and private sector for nature-positive outcomes
- Legislative and regulatory certainty
- Robust forestry management that improves long-term resilience of trees amid climate change
- Critical cross-industry action on deforestation, water management
- Data-driven evidence on the benefits and risks of shifting from fossil-based materials to alternative solutions
- Trade-offs in shifting to a circular bio-economy.

Opportunity for value creation

- There is ample opportunity for Sappi to continue strengthening its voice and demonstrating its sustainable leadership, particularly with the change in the European Commission and upcoming priorities by the South African government. The EU's Clean Industrial Deal aims to support companies in transitioning to a climate-neutral economy, whilst the new European Competitiveness Fund will invest in strategic technologies, including clean tech and biotech.

Challenge for value creation

- It is important to foster robust platforms for nuanced, transparent discussions to encourage value-driven collaboration and innovation across business and NGO communities towards unified, nature-positive goals.



Investors

Self-assessment of quality of relationships: **Satisfactory**

Why we engage

Our aim is to provide investors (shareholders and bondholders) and analysts with transparent, timely, relevant communication that provides them with an understanding of our industry and our performance, as well as our plans to achieve our growth ambitions, thereby facilitating informed decisions.

Shared priorities

- Strategy, vision, financial performance and measures to address future market dynamics
- Governance, remuneration
- ESG disclosure
- Financial impact of pertinent risks and opportunities
- Anti-corruption and ethical business conduct
- Future-oriented measures, investments, innovations in response to changing market demands and regulations
- Measures to strengthen diversity and inclusion.

Opportunities for value creation

- Understanding of and commitment to our strategic direction
- Enhanced reputation
- Greater investment confidence
- Easier financing.

Challenge for value creation

- Uncertainties stemming from legislative and regulatory ambiguity.

Our key relationships continued



Government and regulatory bodies

Self-assessment of quality of relationships: **Progress to be made**

Why we engage

Dialogue with members of governments and regulatory authorities is an opportunity for all stakeholders involved to better understand all aspects of the issue at hand. We work to ensure that our position on a broad range of priority issues is understood by politicians, decision makers, opinion formers and other role-players in the regions where we operate. This approach supports a policy and legislative environment that helps us achieve our business objectives, as well as enhance our reputation and brand. In addition to direct contact, we also work through a variety of industry groups and associations as described on page 64.

Shared priorities

- Climate change and sustainability-related regulations
- Regulation of operations through licences and permits
- Implementation and support of government policies on local development, supplier development, employee and contract wellbeing.

Opportunity for value creation

- Active participation in oversight committees help build structures that assist in delivery of sector plans and helps focus governance structures to hold parties accountable for delivery.

Challenges for value creation

- Policies which take neither our high use of biobased energy into account nor recognise the important carbon sequestration role played by the sustainably managed forests and plantations from which we source woodfibre
- Uncertainty about certain regulatory developments like carbon tax (global) and dams (South Africa)
- Administrative and licensing delays.



Suppliers

Self-assessment of quality of relationships: **Satisfactory**

Why we engage

Our suppliers are a core aspect of our business. We aim to establish mutually respectful, value-based relationships with them and encourage them to share our approach to investing in and searching for innovative ways to leave the planet better than we found it and making a purpose-driven and meaningful contribution towards the wellbeing and development of employees and our communities.

Shared priorities

- Efficient, transparent tender process
- Flexible support of small, medium, local enterprises
- Local procurement
- Secure, long-term contracts
- Supplier diversity
- Capacity building and resource support.

Opportunity for value creation

- To support local economic development initiatives and emerging contractor development, SSA continues to leverage the ESD programme by focusing on local supplier development via direct/indirect contracting. To ensure programmes' success, local procurement and recruitment is built into the businesses' policies and incorporated into the procurement contracting processes.

Challenge for value creation

- For our engagement with enterprises and suppliers, it is critical to ensure local SMEs can overcome regulatory and operational challenges, so that they can continue to grow and scale up.

Our key relationships continued



Media

Self-assessment of quality of relationships: **Progress to be made**

Why we engage

We maintain an open relationship with the media.

We continue to update the media on our belief that it is our responsibility to use the full potential of each tree we harvest. We engage with civil society organisations on issues of mutual interest and belong to key organisations relevant to our operations. We engage with various civil society groups on our societal and development impact.

Shared priorities

- Understanding of how Sappi's strategy and key initiatives contribute to its target stakeholders and communities
- Direct engagement with Sappi's leaders on their vision and perspectives on external developments.

Opportunities for value creation

- Deepen media relations and educate stakeholders on data-driven nuances behind complex topics
- More productive collaboration on advancing the debate on important topics, activating wide variety of policy and industry-focused voices.

Challenge for value creation

- Misconceptions on the industry's sustainability progress, occasionally based on isolated cases, can detract from the willingness to better understand the support that Sappi and other companies need to continue investing and innovating towards more positive, sustainable outcomes.



Research institutes and academia

Self-assessment of quality of relationships: **Satisfactory**

Why we engage

Collaborating and engaging with research institutes and academia enables Sappi to contribute to broader scientific advancement, the industry's ability to drive future-oriented net positive sustainable outcomes, and Sappi's own innovative process as it continues exploring long-term and emerging opportunities.

Shared priorities

- Ongoing funding and support for research projects and programmes
- Enhanced visibility on how scientific, data-driven research drives positive business, socioeconomic and environmental outcomes
- Partnerships and best practices sharing.

Opportunity for value creation

- Many topics of interest to Sappi are available for programmes; ensure that our industry and relevant topics are included in the programmes and focus areas of credible research institutions.

Challenge for value creation

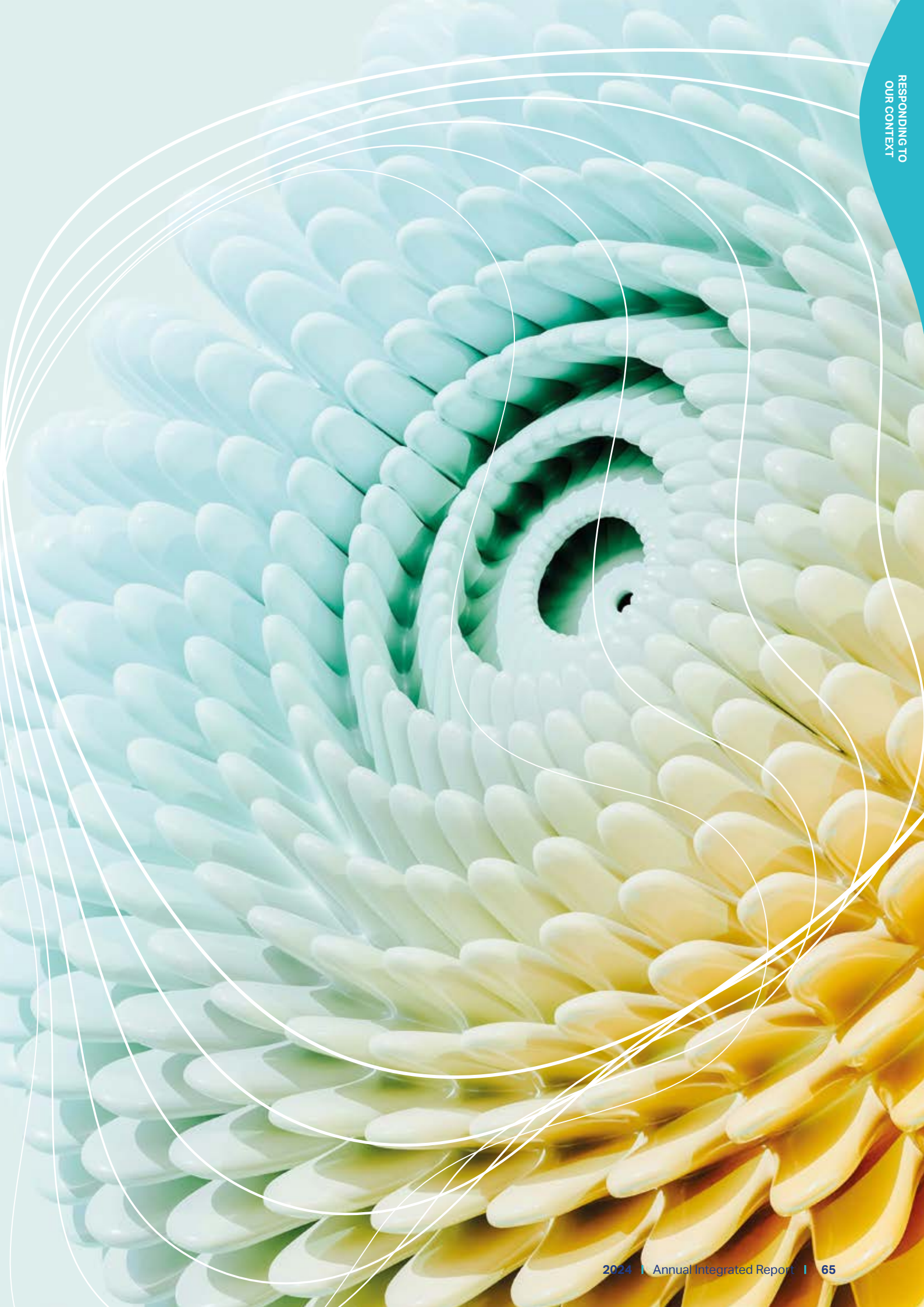
- Budget constraints to fund programmes to be able to direct the work; expert capacity to provide oversight.

Our key relationships continued

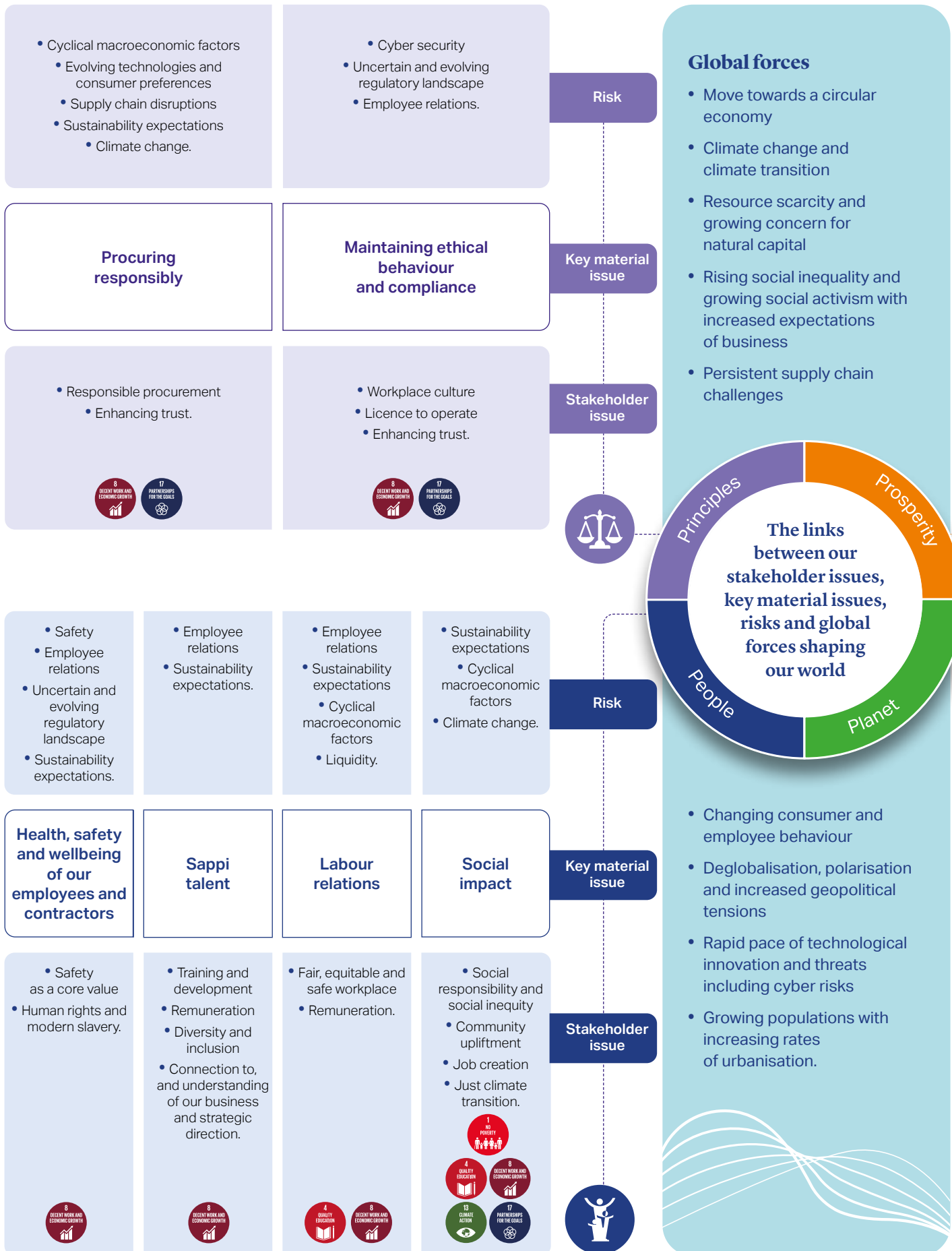
Our key memberships and commitments

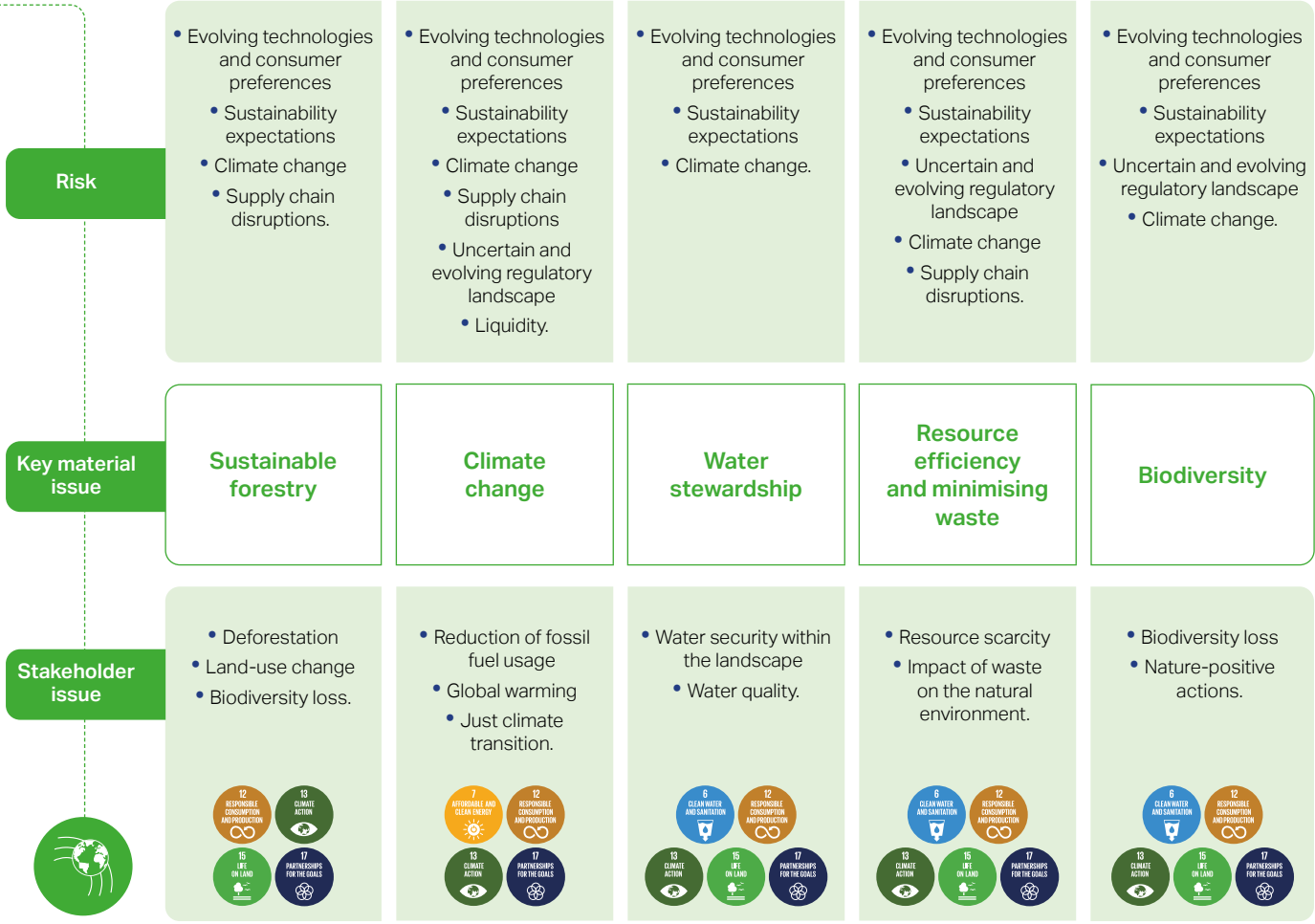
Sappi Limited

Name of organisation	Focus
African Business Leaders Coalition	In the build-up to COP27 in Egypt, the UNGC launched the African Business Leaders Coalition, to advance Africa's sustainable growth, prosperity and development by mobilising a coalition of Africa's business leaders to engage on the continent's most pressing issues as an organised, innovative, forward-looking principles based and unified voice. In May 2024 Sappi joined other African companies in signing the ABLC Gender Statement to demonstrate the collective strength of the African private sector and its commitment to women's economic participation.
Business for Nature #MakeitMandatory	We signed up to this campaign, which calls on all large businesses and financial institutions to assess and disclose their impacts and dependencies on biodiversity.
Business Leadership South Africa (BLSA)	BLSA promotes engagement between South Africa's business leaders and key players in South African society, including government, civil society and labour, to exchange ideas in our national interest and to create effective dialogue.
Business for South Africa (B4SA)	B4SA is an alliance of business leaders working with the South African government and other social partners focused on mobilising business resources and capacity to work alongside and in support of government to address bottlenecks impacting the country socioeconomic development.
EcoVadis	We assess the sustainability performance of our suppliers through proactive ratings and evaluations using EcoVadis methodology – under the EcoVadis banner, we have been submitting our own sustainability performance to our customers for many years now. In FY2024, we held a platinum rating (the highest level) for all three regions.
Ethics Institute of South Africa	As we are headquartered and listed in South Africa, we belong to this institute.
FSC International	Both SNA and SSA belong to this international, non-governmental organisation dedicated to promoting responsible management of the world's forests.
Paris Pledge for Action	We signed this pledge in 2015 to add our voice to global calls to limit global temperature rise to well below 2°C – and pursue efforts to limit the increase to 1.5°C.
PEFC – International Stakeholder Member	PEFC is an independent, non-profit, non-governmental organisation, which promotes sustainably managed forests through independent third-party certification.
Cascale (formerly Sustainable Apparel Coalition)	A global, non-profit alliance of 300 leading consumer goods brands, retailers, manufacturers, sourcing agents, service providers, trade associations, NGOs and academic institutions. Our members represent every link of the global value chain for apparel, footwear, and textiles; home furnishings; sporting and outdoor goods; bags and luggage. We use their sustainability measurement suite of tools, the Higg Index, to evaluate materials, products, facilities, and processes based on environmental performance, social labour practices, and product design choices.
Technical Association of the Pulp and Paper Industry	An international NGO of about 14,000 member engineers, scientists, managers, academics and others involved in the areas of pulp and paper.
The Textile Exchange (TE) and TE man-made cellulosic fibre roundtable and climate sub-committee	The TE launched their Climate+ Strategy in 2019, with a goal to reduce GHG emissions in the textile value chain by 45% by 2030, while addressing other climate-related impact areas, like water, biodiversity and soil health. Sappi was an advisory partner in the development of the TE's biodiversity benchmarking module and participated in the pilot launch of the tool. We also participate in the cellulosic roundtable and climate sub-committee.
World Business Council for Sustainable Development (WBCSD)	The organisation has three imperatives with climate being a primary focus, in addition to nature and equity. The Forest Solutions Group (FSG) is a sector-specific working group under the WBCSD umbrella. Sappi is an active participant in the FSG, has contributed to the development of the net zero and nature positive roadmaps for the forest sector and is one of the co-leads for the equity roadmap which is in progress.



Integrating our key material issues



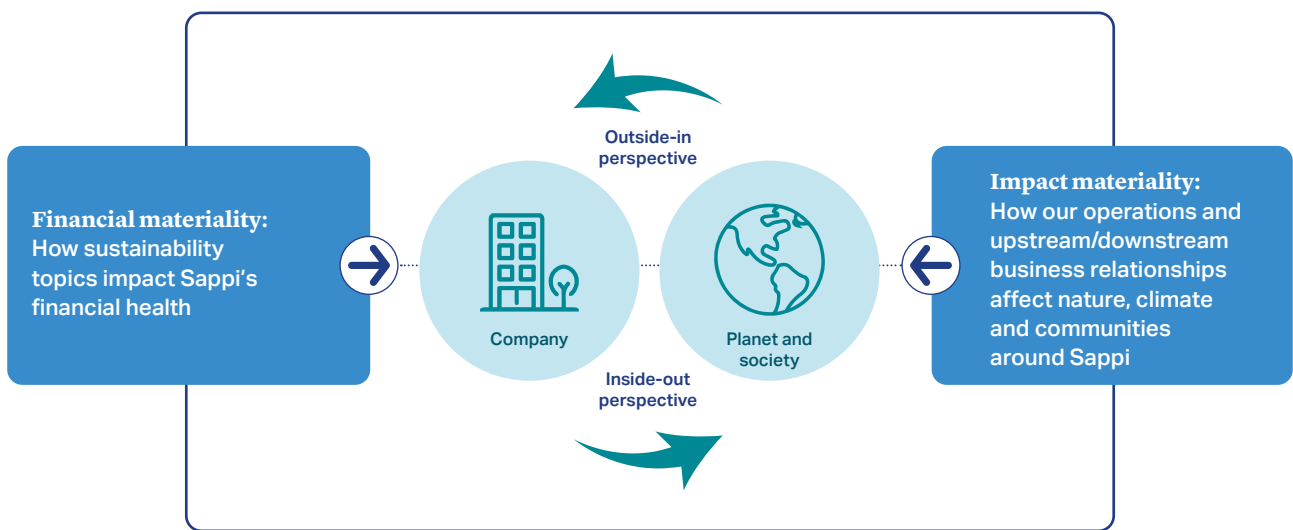



Our key material issues

Our key material issues are those that we believe underpin our strategic risks and opportunities and have the highest potential impact – negative and positive – on stakeholder value.

The following pages set out a summary of why we believe these issues are material to Sappi, both in financial and impact terms, as well as their links to other aspects of our business, FY2024 highlights and the developments that present opportunities for value creation.

Our double materiality approach



A comprehensive background to each material issue, together with key developments in FY2024 can be found in our 2024 Sappi Group Sustainability Report www.sappi.com/2024GSDR 

Principles

Ethical behaviour and compliance



Financial materiality

Our strong ethical culture underpins our reputation, built up over many years. However, just one breach of ethics could destroy our reputation, jeopardise our licence to operate and negatively erode stakeholder value. Accordingly, we place a high premium on adherence to ethical behaviour as encapsulated in our Code of Ethics.

Impact materiality

As an organisation with a large manufacturing and forestry footprint, our potential impact on the environment and communities surrounding our operations is material. Sappi's objective is to be a 'trusted partner to all our stakeholders'. We cannot achieve this unless we all 'live' our values of integrity and courage and act when these values are threatened. In doing so, we protect the viability of our business and the interest of all our stakeholders.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
		<ul style="list-style-type: none"> • Rapid pace of technological innovation and threats, including cyber threats • Changing consumer and employee behaviour • Growing populations with increasing rates of urbanisation • Sanctions and modern slavery.

Our top 10 risks

- | | | | |
|--------------------------------------|----------------------------------|---|--|
| 4 Sustainability expectations | 5 Supply chain disruption | 6 Evolving technologies and consumer preferences | 8 Uncertain and evolving regulatory landscape |
|--------------------------------------|----------------------------------|---|--|

Our highlights

- Comprehensive ethics training
- Ethics issues incorporated into Employee Engagement Survey.



Opportunities for value creation

We constantly strive to enhance all our policies, including those relevant to our ethical standards. In 2024, we launched awareness campaigns for our updated group whistle-blowing policy that was carefully reviewed to align with the latest global standards and best practices. The campaign included communication for a separate SEU whistle-blower policy that was adopted in line with the requirements of the EU whistle-blower directive. In addition, we created awareness for a new group anti-retaliation policy that complements and enhances our ethical standards.

To commemorate Global Ethics Day in 2024, all employees and board members were invited to sign a pledge to reinforce their loyalty to Sappi's Code of Ethics. During this period, our activities emphasised the value of integrity and making smart decisions. By watching the video 'Moment of truth', for example, employees learned how to make the right ethical decisions in a dilemma.



Employees signing the Sappi Code of Ethics pledge.

Our key material issues continued

Principles continued

Responsible procurement

Financial materiality

With over 20,000 suppliers, maintaining a well-organised supply chain is integral to our business and key to meeting our strategic pillars which include growing our business, sustaining our financial health and driving operational excellence. It also underpins our licence to operate.

Impact materiality

In today's environmentally and socially conscious world, ethical supply chains are a key concern. We are enhancing trust – the fourth pillar of our strategy – and working towards our vision of a thriving world by avoiding negative sourcing impacts, giving our customers and consumers transparent insight into our supply chain and collaborating with our suppliers to promote responsible business.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
		<ul style="list-style-type: none"> • Changing consumer and employee behaviour • Persistent supply chain challenges • Resource scarcity and growing concern for natural capital • Rising social inequality and growing social activism with increased expectations for business • Move towards the circular economy.

Our top 10 risks

- 4 Sustainability expectations
- 5 Supply chain disruption
- 6 Evolving technologies and consumer preferences

Our highlights

- 84% of our global eligible¹ spend with declared compliance to our Supplier Code of Conduct
- 59% of our global eligible² spend is with suppliers that disclose and have a corporate social responsibility (CSR) performance rating with EcoVadis
- 25% of our global eligible² spend is with suppliers that commit to science-based emissions reduction targets.



Opportunities for value creation

Scope 3 emissions, the indirect emissions across a company's value chain, pose a global challenge due to the accounting complexity and the need for accurate exchange of product level primary emissions data between a wide array of stakeholders. At Sappi, engaging with Tier 1 raw material suppliers on greenhouse gas (GHG) emissions is a critical step towards not only quantifying these emissions but also gaining a deeper understanding of the overall carbon footprint of our products. This collaboration goes beyond accounting; it has provided an opportunity for us to exchange with our suppliers about climate action and decarbonisation progress. It supports our ability to identify where hard-to-abate emissions lie and uncover opportunities for value chain abatement. By working together with our suppliers, we learn about their product and process innovations that can support the CO₂ reduction of our products and sector more broadly. Working across our value chain ensures that we address immediate and long-term sustainability challenges, identify opportunities, and create a resilient and sustainable value chain.

¹ Eligible spend excludes internal spend categories, taxes, rebates and in North America purchases from private wood landowners and payments to union pension funds.

² Eligible spend excludes internal spend categories, taxes, rebates and in North America purchases from private wood landowners and payments to union pension funds, as well as spend with government organisations and Enterprise and Supplier Development (ESD) suppliers in South Africa.

Prosperity

Competitive position

Financial materiality






Amid ongoing uncertainties and challenges in the macroeconomic and market environment for the paper and pulp industry, technological investments, R&D and innovation, agility and operational efficiency are key enablers to Sappi's competitiveness and ability to drive positive sustainable outcomes for customers and downstream sectors.

Operational efficiency minimises waste and optimises resource use, leading to improved productivity and lower costs – critical for sustaining our competitive cost position. Meanwhile, continuous innovation enables Sappi to respond to changing consumer preferences, develop new products, enter emerging markets and create additional revenue streams. Together, operational efficiency and innovation strengthen Sappi's ability to adapt to market dynamics, ensuring sustainable growth and profitability in both the short and long term.

Impact materiality

Improving operational efficiencies and driving innovation in circular products delivers environmental, social and economic benefits. Reducing energy consumption, increasing renewable energy use, and minimising waste, not only lower carbon footprints but also support ecosystem health and resource conservation. Circular innovations, such as biobased products, extend product lifecycles, enhance recyclability and reduce reliance on fossil fuels. These efforts align with consumer demand for sustainable solutions, foster industry collaboration, and promote a resilient, low-carbon economy while creating shared value for society and the environment.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
 	  	<ul style="list-style-type: none"> • Changing consumer and employee behaviour • Rapid pace of technological innovation and threat, including cyber security • Persistent supply chain challenges • Move towards a circular economy • Climate change and climate transition • Resource scarcity and growing concern for natural capital.

Our top 10 risks

- 4 Sustainability expectations
- 5 Supply chain disruption
- 6 Evolving technologies and consumer preferences
- 7 Climate change
- 10 Liquidity

Our highlights

- US\$104 million from our strategic procurement savings project vs a target of US\$58 million
- R&D spend for FY2024 of US\$42 million
- Released seven new products with sustainability benefits, including new packaging and speciality papers as well as biomaterial products.

Opportunities for value creation

Using AI to help demystify Packaging and Packaging Waste Regulation (PPWR)

Sappi Europe's customer experience team developed a chatbot to assist users in navigating the complexities of the EU's PPWR. The tool is built on advanced GenAI technology with input from Sappi experts. It significantly reduces the time users spend searching for information in lengthy documents. Over the coming months, the chatbot will undergo further enhancements to ensure it becomes accessible to external users and can be expanded to include additional legislation, such as the European Deforestation Regulation (EUDR).

Our key material issues continued

Prosperity continued

Sustainable solutions for a circular bio-economy



Financial materiality

Aligned with our **Thrive** strategy, we design product solutions based on circular principles that reduce environmental impact while meeting evolving consumer preferences and regulatory requirements for eco-friendly alternatives. As sustainability becomes a greater priority across our value chains, the demand for renewable, recyclable and biodegradable products continues to grow. This shift generates sustainable revenue opportunities while mitigating risks linked to regulatory compliance and resource scarcity. Moreover, circular bio-economy solutions strengthen brand value and customer loyalty, positioning Sappi for long-term growth and driving operational efficiencies through circular practices.

Impact materiality

By offering sustainable circular solutions that harness the value of renewable woodfibre, we support society's broader shift toward realising key circular economy principles. Our products enable value chains to reduce reliance on fossil-based materials, lower carbon footprints and improve recyclability or biodegradability. Through integration into circular systems, we help minimise waste, promote a healthier planet, and regenerate natural systems in a financially sustainable way, while also meeting the needs of environmentally conscious consumers.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
		<ul style="list-style-type: none"> • Changing consumer and employee behaviour • Move towards a circular economy • Climate change and climate transition • Resources scarcity and growing concern for natural capital • Shifting demographics.

Our top 10 risks

2 Cyclical macroeconomic factors	4 Sustainability expectations	6 Evolving technologies and consumer preferences
7 Climate change	10 Liquidity	

Background

By harnessing renewable woodfibre and integrating sustainable practices throughout our operations, Sappi is dedicated to advancing the circular bio-economy. We emphasise the holistic use of the entire tree, ensuring that every component is maximised, including residues and byproducts, which are transformed into innovative value-added products. Our diverse offerings – including paper and packaging solutions, Verve dissolving wood pulp, and biomaterials – reflect our commitment to sustainability. By collaborating with value chain partners and embedding circular principles into our processes, we play a crucial role in propelling the transition toward a more sustainable and regenerative economy, ultimately fostering a healthier planet for future generations.

Our highlights

- Significantly reduced the carbon footprint of our Galerie graphic papers
- Leveraged collaborative partnerships to create enabling tools to drive circularity in packaging and speciality papers
- Progressed our value chain partnerships with three South African retailers, Mr Price, The Foschini Group (TFG), and Woolworths, to develop use of deforestation-free fabrics made from Verve and recycled cotton
- Verified our Higg FEM score for Verve from Cloquet Mill
- Commercial sales of Viscowell, Pelletin and Permagro, our functionalised lignosulphonate-based products used in oil-well drilling, animal feeds and agriculture
- Launch of Valida T, transparent fibrillated cellulose for personal care products
- Successful piloting of the Sappi furfural manufacturing process and advanced plans and engineering for a commercial furfural plant at Saiccor Mill
- SNA announced collaboration with Biophilica, the company behind Treekind® in March 2024. Treekind is one of the only plastic-free leather alternatives that is 100% biobased, home compostable, non-toxic and PETA vegan certified. For more information see www.sappi.com/unique-plastic-free-vegan-leather-an-ultracast-release-case-study 



Opportunities for value creation

The world is awakening to the power of sustainable materials and technologies. As awareness of our environmental impact grows, so does the demand for eco-friendly textiles, hygiene products and biodegradable materials. Government regulations are stepping up to promote sustainability; for instance, by creating fertile ground for the rise of sustainable wood-based fibres in the textile and non-woven sectors. The opportunity here lies in participating in a fashion value chain that minimises reliance on fossil fuels, tackles microplastic pollution, and embraces materials that naturally biodegrade, reducing our environmental footprint. Wood-based fabrics offer all this and more. They are soft, breathable and durable, making them an excellent alternative to cotton. Plus, they provide a higher yarn yield per hectare of land compared to cotton, making them a smart choice for the future. Our forestry supply chains are deforestation-free and in South Africa our forestry operations have a profound social impact on the rural communities where we operate. This makes Verve the fibre of choice for customers and brand partners committed to sustainable fashion. Together, we can weave a future that is not only stylish but also kind to our planet. This ambition and our ability to collaborate and deliver beautiful, sustainable solutions for a circular economy applies to innumerable sectors.



TIME Magazine ranks Sappi as one of the World's Best Companies (2024)

CASE study

Our commitment to our **Thrive** strategy and delivering value to our stakeholders drives us forward. It is thus heartening when our efforts are recognised externally. Sappi inclusion in the World's Best Companies (2024) is based on information including employee-satisfaction surveys, revenue growth and environmental, social and corporate governance data.

Read the story www.time.com/collection/worlds-best-companies-2024/ 

Our key material issues continued

People

Health, safety and wellbeing of our employees and contractors

Financial materiality

Entrenching a strong safety culture is the moral responsibility of every employer. It also just makes good financial sense. If a worker is injured on the job, it costs the company in terms of lost working hours, increased insurance costs, worker compensation premiums and legal costs.

Impact materiality

Productivity and morale suffer when workplaces are unsafe. When a workplace is safe, employees feel more engaged and connected with the company. We strive to ensure that all our people have a 24/7 safety mindset, inculcating this through various initiatives and leading by example.

How this issue links to other aspects of our business

Our global priority SDG	Our strategic fundamentals	The global forces shaping our Thrive strategy
		<ul style="list-style-type: none"> Rising social inequality and growing social activism with increased expectations of business Changing consumer and employee behaviour Growing populations with increasing rates of urbanisation.

Our top 10 risks

- 1 Safety
- 9 Employee relations

Our highlights

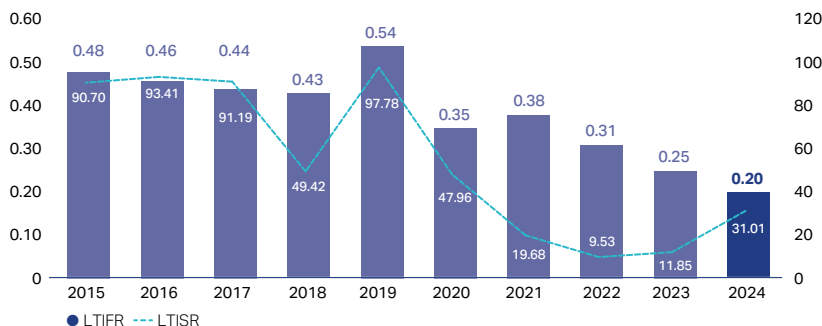
- Continuous improvement in the LTIFR across all regions
- Safety recognition awards launched in SNA and SEU
- The annual safety and environmental awards in SSA have grown to become an inspiring platform
- Global safety workgroup – alignment and collaboration of regional safety manager clusters and platforms across all regions
- Regions are aligning towards a globally harmonised safety management system.

Opportunities for value creation

Following the tragic fatality in our forestry operations we have engaged Wiremu Lee Edmonds to assist Sappi Southern Africa and our contractors in further embedding a safety culture in our operations. Along with his wife Marcella, he led a session for leadership teams entitled 'Standing in the Gap'. This initiative emerged from the profound loss of their 23-year-old son, Robert, a fifth-generation forester, who tragically died in a logging incident.

The session focused on instilling values, principles and behaviours among supervisors and leadership to combat the tendency for people to take shortcuts and engage in risky practices. Wiremu and Marcella also presented at the SSA Safety Awards in 2024 and facilitated a series of small group sessions with operational leaders, contract owners, managers and supervisors involved in high-risk operations such as chainsaw felling and yarding. This effort complements our 'Stop and Think Before You Act' programme, which was developed to address the 10 reasons why people take risks.

Sappi group – LTIFR and LTISR combined



Note: We calculate LTIFR by dividing the product of lost-time injuries and a group-wide standard for work hours by the unit's work hours, ie $LTIFR = \frac{LTI \times 200,000}{\text{units actual work hours}}$. LTISR is the lost-time injury severity rating and in a similar manner to the frequency rate, is calculated by dividing the product of the number of days lost to the injury and the group-wide standard hours by the unit's man hours, ie $LTISR = \frac{\text{Number of days lost} \times 200,000}{\text{actual man hours}}$.




Sappi talent

Financial materiality

Companies that are diverse, equitable and inclusive can better respond to challenges, win top talent, and meet the needs of different customer bases. Accordingly, we strive to create a diverse, inclusive working environment that establishes a sense of belonging and a shared sense of purpose among employees.

In addition, we encourage and support our people to upgrade their job-related skills and knowledge to improve their job performance and abilities for future career growth. Our approach is an expression of our strategic pillar of 'enhancing trust' and leads to greater levels of retention, connection and productivity that translates directly into improved performance and stronger business results.

How this issue links to other aspects of our business

Our global priority SDG	Our strategic fundamentals	The global forces shaping our Thrive strategy
		<ul style="list-style-type: none"> • Deglobalisation, polarisation and increased geopolitical tensions • Rising social inequality and growing social activism with increased expectations of business • Changing consumer and employee behaviour • Growing populations with increasing rates of urbanisation.
Our additional SSA priority SDG		
		

Our top 10 risk

- 9 Employee relations

Our highlights

- Good progress on the HR 'Beyond' strategy
- All global leadership programmes revised and implemented
- Good execution on our succession and retirement planning
- Comprehensive talent reviews implemented in all business units
- Overall good shareholder support for our 2023 Remuneration Report
- Inclusion of sustainability as a long-term measure in our remuneration incentives
- Achieved the proportion of women in management roles target for FY2024.



Opportunities for value creation

After analysing our 2023 results, all Sappi leadership programmes were refreshed in 2024 to focus more on improving management's ability to build productive relationships in teams. We are now encouraging leaders at all levels to:

- Be proactive
- Challenge the status quo
- Encourage innovation
- Collaborate
- Be active in society
- Accelerate sustainability actions
- Unlock value for staff and communities.

To enable direct communication with shop floor employees, Sappi partnered with Staffbase, an application that specialises in communication with non-email workers. The app, branded SappiConnect, was launched to 5,012 employees in 11 locations so far. Of this group, 2,527 employees have registered as users and more than 1,100 are actively using the app every week. In 2025, we aspire to reach 80% participation.



Our key material issues continued

People continued

Sappi talent continued



Forbes ranks Sappi as a top company for women in 2024


CASE study

Sappi works to uplift women in both our workplaces and communities. Our remarkable progress was recognised in 2024 when Forbes recognised Sappi as a top global company for women. In seventh place, Sappi is now firmly among the likes of the most progressive Fortune 100 companies in the world. Rankings are based on employee surveys with a combination of brand, public opinion and leadership scores.

We are incredibly proud of this recognition which stands as a powerful testament to our commitment to foster an inclusive workplace where women can thrive and succeed. It validates our efforts to recognise the critical role that women play in our industry, retain and attract the best talent, implement our **Thrive** strategy, and continuously enhance our gender, diversity and inclusion performance.

Read the story www.forbes.com/lists/top-companies-women 

Rank	Name	Industries	Country/territory	Employees
1	Hilton Worldwide Holdings	Hotels	United States	45,000
2	MAIF	Insurance	France	8,000
3	Douglas	Retail and Wholesale	Germany	18,000
4	Virgin Group	Business Services & Supplies	United Kingdom	60,000
5	Netflix	Media & Advertising	United States	13,000
6	Rio Tinto	Construction, Chemicals, Raw Materials	United Kingdom	15,000
7	Sappi	Construction, Chemicals, Raw Materials	South Africa	11,600
8	Microsoft	IT Software & Services	United States	221,000
9	Generali Group	Insurance	Italy	82,000
10	Deloitte	Professional Services	United Kingdom	457,000

This award builds on the recognition by Forbes, which includes Sappi as one of their World's Best Employers for 2024. Refer to our 2024 Sappi Group Sustainability Report www.sappi.com/2024GSDR  for more detail.

Labour relations





Financial materiality

Sound labour relations based on trust – one of our strategic fundamentals – are important to maintaining the smooth running of our operations and reputation, as well as enhancing productivity. These factors, in turn, drive financial value.

Impact materiality

Effective communication underpins sound labour relations. Understanding of Sappi's strategic direction and purpose helps to elevate engagement, while transparent, constructive discussions related to issues, opportunities and challenges reduce the possibility of conflict and help create a positive working environment.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
 	 	<ul style="list-style-type: none"> • Rising social inequality and growing social activism with increased expectations of business • Changing consumer and employee behaviour • Growing populations with increasing rates of urbanisation.

Our top 10 risks

- 1 Safety
- 2 Cyclical macroeconomic factors
- 9 Employee relations

Our highlight

- Good labour relations in all regions.



Opportunities for value creation

The labour market has become very competitive in all regions. The healthy relationships we have established with organised labour help to ensure retention of critical technical skills.

Social impact








Financial materiality

Our focus on profit with purpose is aligned with our vision of a thriving world. It drives us in our creation of economic value for Sappi and value for society.

Impact materiality

By investing in communities, we promote socioeconomic growth and establish mutually beneficial relationships.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
 	  	<ul style="list-style-type: none"> • Deglobalisation, polarisation and increased geopolitical tensions • Rising social inequality and growing social activism with increased expectations of business • Changing consumer and employee behaviour • Growing populations with increasing rates of urbanisation.
Our additional SSA priority SDGs  		

Our top 10 risks

- 2 Cyclical macroeconomic factors
- 9 Employee relations

Our highlights

- Exceeded our ESD spend target in SSA sustaining 1,502 jobs
- Enterprise and digital skills development for all ages in SSA
- Support for educational initiatives and Ukrainian refugees in SEU
- Focus on 'Employee Ideas that Matter' in SNA.



Opportunities for value creation

Our sustainable procurement actions through our dedicated ESD programme look to teach and support suppliers to understand what sustainability is, what actions they can take and how we can work together to make a difference. One powerful example of this partnership is our work with the Ngodwana Nursery, which supplies more than 17 million seedlings and cuttings to Sappi Forests in South African and other customers annually. The nursery was strategically chosen as the location for an innovative aquaponics project that is bridging the youth unemployment gap and providing food security in the area. The project shows what is possible when we work together across the value chain, including with suppliers, to create shared value for communities.

Our key material issues continued

Planet

Sustainable forestry



Financial materiality

Securing a dependable supply of sustainably sourced woodfibre is core to our operations and our business strategy. We are committed to providing our global customers with products free from the risk of deforestation or forest degradation. Furthermore, the pulp and paper industry incentivise long-term forest management by providing markets for responsibly grown wood.

Impact materiality

We manage our forests and plantations sustainably with robust certification standards and a focus on traceability. Our actions help to mitigate climate change, safeguard biodiversity and bolster other ecosystem services that support economic, social and environmental wellbeing.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
		<ul style="list-style-type: none"> • Climate change and climate transition • Resource scarcity and growing concern for natural capital • Move towards a circular economy • Persistent supply chain challenges.

Our top 10 risks

- 4 Sustainability expectations
- 5 Supply chain disruption
- 7 Climate change

Our highlights

- High level of self-sufficiency (63% in FY2024) in South Africa from our own plantations in South Africa
- Progressing PEFC-endorsed South African Forestry Assurance Scheme (SAFAS) forest certification in South Africa
- Exceeding our performance against our certified fibre target
- Excellent progress preparing our systems to comply with EUDR.



Opportunities for value creation

Sappi, alongside several other PEFC International stakeholder members, has supported PEFC International in launching a study to assess the impact of PEFC sustainable forest management (SFM) certification in Europe. The project aims to produce scientific evidence of the impact of PEFC SFM certification compared to non-certified forests. The European Forest Institute (EFI) has been appointed to undertake the project. The project has two stages: a desk study and a field verification.

In 2024, the desk study screened existing impact assessment studies, with the findings showing that most European studies linked to SFM impact focused on the economic impact rather than the ecological or social impact. Based on that information, the Sustainability Impact Assessment (SIA) methodology was developed, selecting relevant indicators that would be applicable and representative of European forestry. The field verification stage, currently ongoing, will use these indicators to assess the impact of PEFC SFM certification. The study's results are expected in 2025.

Climate change

Financial materiality

We recognise that climate change is financially material to our operations and our value chains. The effects of climate change, including extreme weather events and shifting climatic conditions, can significantly impact the health and availability of the forests that provide our raw materials. This not only affects our supply chain but also increases operational costs as we adapt to these changes. Additionally, as stakeholders increasingly demand sustainable practices, our ability to maintain market access and uphold our brand reputation relies on our commitment to environmental stewardship.



We are also aware that evolving regulatory frameworks aimed at combatting climate change will impose new compliance costs and operational requirements. The transition towards a low-carbon future necessitates the availability of advanced technology, renewable energy sources and significant investment. Furthermore, we understand that the financial impact of climate change on our business, stemming from both physical and transitional risks, must be continually assessed, mitigated and adapted to. Therefore, proactively addressing climate change is essential to ensure our long-term financial stability and resilience, allowing us to continue delivering value to our customers, shareholders and communities.

Impact materiality

As identified by the United Nations, fossil fuels are the largest contributor to global climate change, responsible for over 75% of global GHG emissions and 90% of carbon dioxide emissions. In response, Sappi is dedicated to reducing our reliance on fossil fuels and lowering the emission intensity of our products. By actively contributing to climate change mitigation, we aim to alleviate the negative impacts on ecosystems, water resources, biodiversity and human health.

Failure to take decisive action could have profound environmental and social repercussions, including the degradation of vital ecosystems, loss of biodiversity and increased frequency of extreme weather events. These changes not only threaten the health of our planet but also endanger the livelihoods of communities that depend on natural resources. The ramifications of inaction could lead to heightened resource scarcity, social inequality and increased health risks for vulnerable populations, underscoring the urgent need for Sappi to play its part in climate action.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
		<ul style="list-style-type: none"> Climate change and climate transition Resource scarcity and growing concern for natural capital Changing consumer and employee behaviour Rising social inequality and growing social activism with increased expectations of business Move towards a circular economy.

Our top 10 risks

- 4 Sustainability expectations
- 6 Evolving technologies and consumer preferences
- 7 Climate change

Our highlights

- SEU increased its consumption of renewable energy by more than 30% compared to last year. This significant increase is mainly due to our Kirkniemi Mill in Finland eliminating coal as the fuel source in their multi-fuel boiler, switching to biomass residues such as bark, sawdust and woodchips
- The closure of our Lanaken and Stockstadt Mills contributed positively to a reduction in Scope 1 emissions as these mills relied heavily on fossil fuel sources
- SNA continues to operate at a high level of renewable energy of 78% in FY2024
- In SSA, Saiccor Mill increased their renewable energy consumption by adding purchased biofuel, Mkomazi alien fuels (MAF), as fuel sources into their biomass bark boiler.



Opportunities for value creation

In April 2024, Steve Binnie and 80 Chief Executives from leading companies and civil society organisations and three UN agencies, united in their support of a two-year extension of the Business Commission to Tackle Inequality (BCTI). Sappi recognises the need to collaborate as broadly as possible to deepen corporate accountability for inclusive, equitable markets and deliver a just transition to a net-zero, nature-positive economy. BCTI is designed to accelerate the 2030 agenda in the run-up to COP30 in Brazil. With 55 corporate and 28 non-private sector leaders as members, BCTI will focus on transforming organisations and value chains while addressing market-level roadblocks.

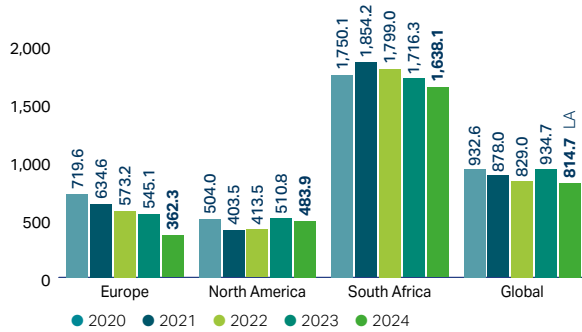
Our key material issues continued



Planet continued

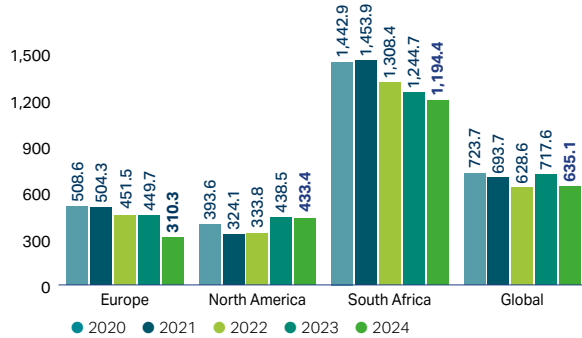
Climate change continued

Specific GHG emissions (Scope 1 and 2) (kg CO₂e/adt)

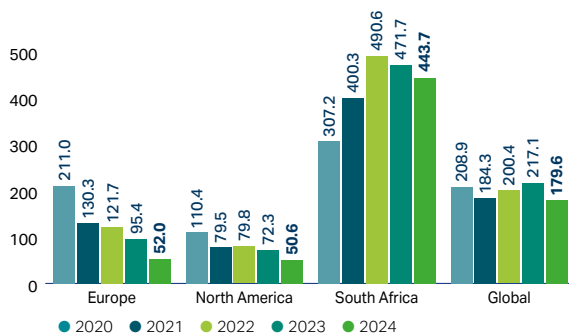


LA = Limited assurance.

Direct emissions (Scope 1) (kg CO₂e/adt)



Indirect emissions (Scope 2) (kg CO₂e/adt)



Direct emissions (Scope 1)

A global decrease in Scope 1 direct emissions was observed, driven by various region-specific initiatives and improvements aimed at reducing fossil fuel consumption and enhancing energy efficiency. In SEU, the decrease was primarily attributed to Kirkniemi Mill's transition to biomass as a fuel source. This shift not only reduced reliance on fossil fuels but also significantly improved the facility's overall emissions performance. The closure of Lanaken and Stockstadt Mills further contributed to the reduction, as both mills had historically relied heavily on fossil fuels, and their closure eliminated the associated emissions. In SNA, there was a slight decrease due to improved operational efficiencies across several mills. At Cloquet, Matane and Westbrook Mills, reductions in specific emissions were largely driven by decreased market downtime, which allowed for more stable operations and enhanced process efficiencies. Cloquet Mill, in particular, achieved a reduction in absolute Scope 1 emissions due to a shift from natural gas to increased biomass usage in the boilers. At Somerset Mill, however, Scope 1 emissions increased slightly due to higher natural gas consumption during a cold mill outage and other process disruptions. Despite this, improvements at other facilities helped mitigate the overall impact, leading to a net reduction in the region's Scope 1 emissions. In SSA, there was a slight decrease. Saiccor Mill consumed less coal and heavy fuel oil (HFO) due to better boiler availability and increased use of renewable energy sources (black liquor and alternative biomass). Stanger Mill experienced a reduction in steam demand, which led to lower coal usage, primarily due to an extended off-crop bagasse season. Lomati Mill consumed less diesel for on-site transportation, contributing to overall emissions reductions. Tugela Mill's improved efficiency was evident through a better steam-to-coal ratio in high-pressure boilers and reduced gas usage in low-pressure boilers, thanks to less downtime on the high-pressure boilers.

Indirect emissions (Scope 2)

Globally, there was a decrease in Scope 2 indirect emissions, reflecting significant steps taken across regions to reduce reliance on purchased power and increased renewable and self-generated energy sources. In SEU, the decrease was largely driven by Kirkniemi Mill's switch to cleaner, purchased power, which significantly lowered Scope 2 emissions. In SNA, improvements in Scope 2 emissions were achieved through a combination of reduced purchased power at Cloquet Mill and the increased purchase of renewable energy certificates (RECs) at Somerset Mill. In SSA, a decrease was observed across several facilities. Ngodwana Mill's decision to discontinue the sale of RECs, allowed the facility to use more of its internally produced renewable energy, thereby decreasing reliance on purchased power. Tugela Mill enhanced its power self-sufficiency, further reducing its dependence on purchased electricity. Additionally, Saiccor Mill's higher production levels increased the availability of black liquor, a renewable byproduct used for internal power generation, which reduced the need for externally sourced power.

Water stewardship


Financial materiality

Water is essential to all life, and it is equally crucial to our business. It nourishes trees, aids in pulp and paper production and generates steam power in our mills. Recognising that water stewardship is not just an operational necessity but integral to our long-term strategic objectives, all our mills use and treat water according to comprehensive environmental permits, essential for growing our business and sustaining our financial health. We embed operational excellence in our environmental water management plans for our manufacturing business and for our plantation forestry and nurseries. We incorporate water-related risks, both internal and external, along with climate change trends, into our operational and capital expenditure plans to ensure sustainable practices, that are reviewed and updated annually.

Impact materiality

Currently, roughly half of the world's population experiences severe water scarcity for at least some part of the year, as climate change continues to disrupt natural rain cycles through rising global temperatures. Water-related hazards such as droughts and floods impact socioeconomic growth, food security and public health, highlighting the urgent need for sustainable water management. Recognising water as a finite and essential resource for our operations, we are committed to conserving water and enhancing the efficiency of our pulp and papermaking processes. This involves extensive recycling within these processes and improving the quality of the wastewater we discharge.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
		<ul style="list-style-type: none"> • Climate change and climate transition • Resource scarcity and growing concern for natural capital • Changing consumer and employee behaviour.

Our top 10 risks

- 4 Sustainability expectations
- 6 Evolving technologies and consumer preferences
- 7 Climate change

Our highlights

- Total water withdrawal decreased by 3.1% year-on-year in FY2024 and by 2.3% over five years
- Specific process water decreased by 9.7% with all regions recording year-on-year improvements
- Sappi Verve joined ZDHC in a pre-competitive initiative to set best practice air and wastewater emissions standards for the dissolving wood pulp industry
- Continued to progress our nature-positive efforts through our WWF Water Stewardship partnership and began discussions with brand owners in the fashion sector interested in investing in this initiative.

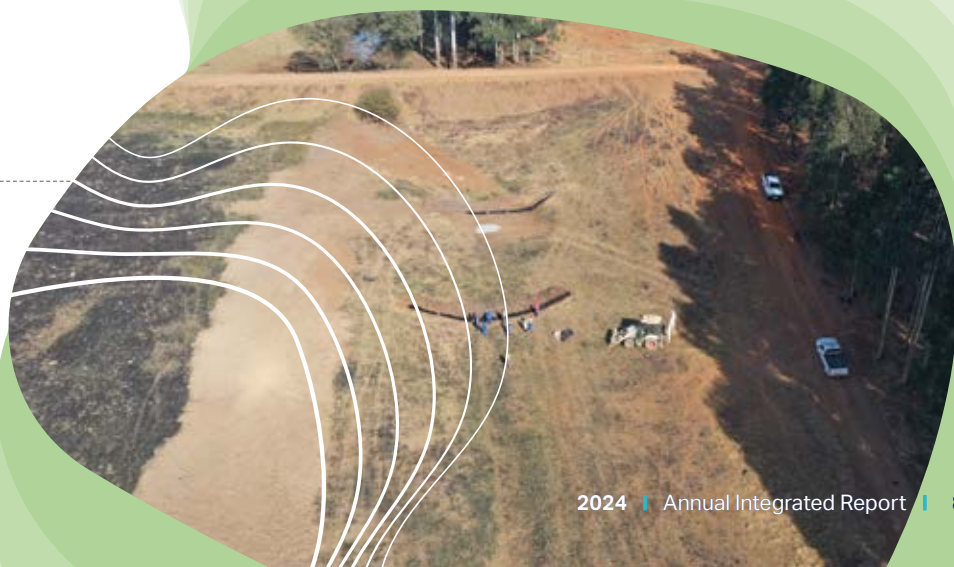


Opportunities for value creation

Wetlands offset initiative

Sappi's Comrie Dam, near Bulwer in KwaZulu-Natal, was upgraded to boost storage capacity and ensure water security for Saiccor Mill during dry seasons. This upgrade caused the inundation of upstream wetlands, requiring offsite mitigation to ensure there is no net loss of functional wetland habitat. To address this, suitable wetland sites within Sappi's landholdings were identified for restoration.

Wetland restoration work in progress.



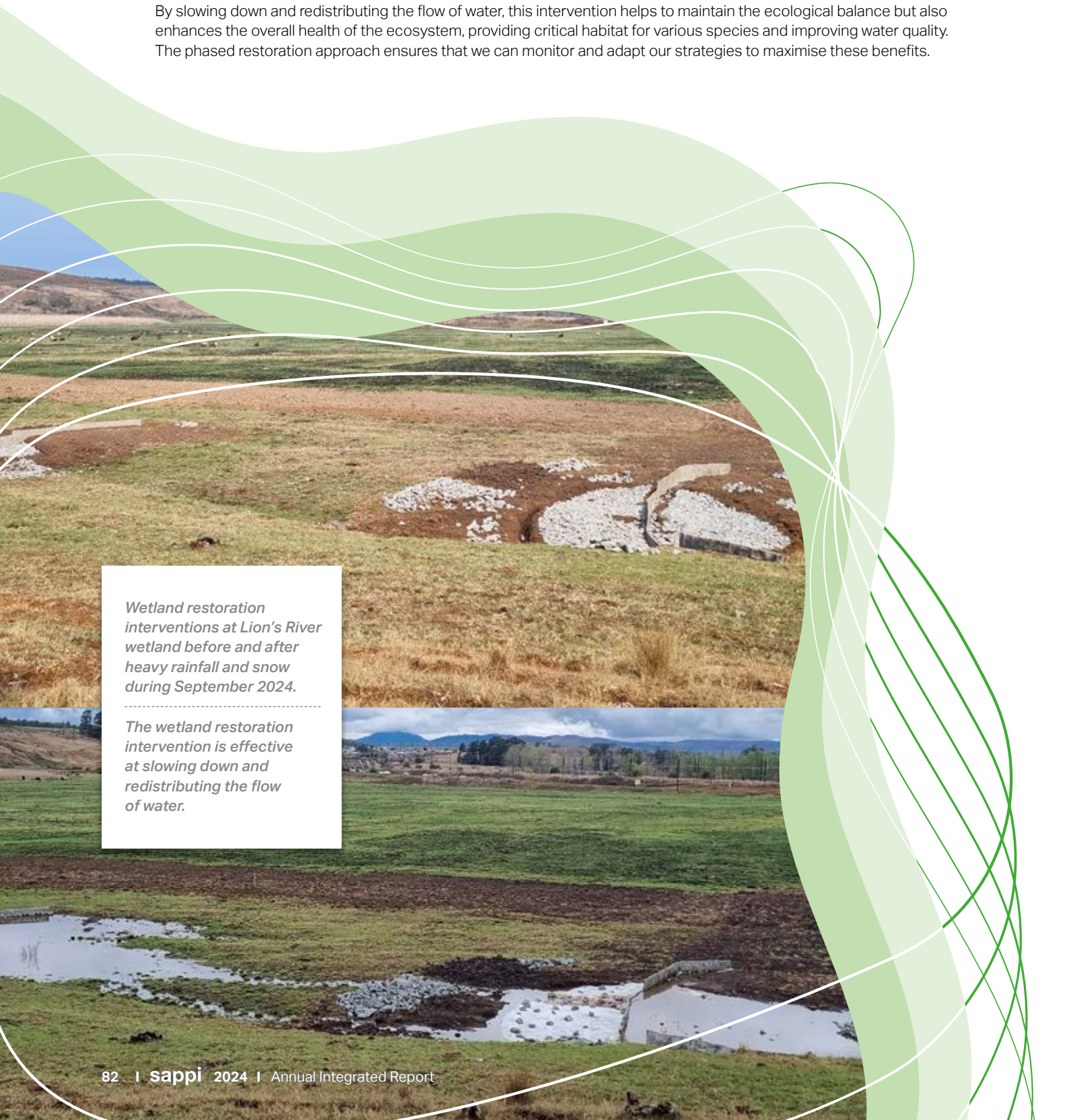
Our key material issues continued



Planet continued

Water stewardship continued

The completed Comrie Dam expansion resulted in the loss of 29.4 hectare-equivalents of functional wetland. To offset this impact, we set a target to restore 29.4 hectare-equivalents of wetland functionality and 117.0 hectare-equivalents of ecosystem conservation. Wetlands on the Clan and Shafton plantations were selected to meet these restoration goals. Detailed restoration plans have been developed and are being implemented in phases, starting with the Lion's River and Shafton wetlands, to restore ecological and hydrological functions and enhance ecosystem services. By slowing down and redistributing the flow of water, this intervention helps to maintain the ecological balance but also enhances the overall health of the ecosystem, providing critical habitat for various species and improving water quality. The phased restoration approach ensures that we can monitor and adapt our strategies to maximise these benefits.



Wetland restoration interventions at Lion's River wetland before and after heavy rainfall and snow during September 2024.

The wetland restoration intervention is effective at slowing down and redistributing the flow of water.

Resource efficiency and minimising waste

Financial materiality

By adopting a more resource-efficient, responsible consumption and production model, we can keep raw materials in production cycles for longer and reduce waste. Our strategic focus on minimising waste lowers disposal costs and creates opportunities for value-added beneficiation of waste byproducts. The economic benefits of this approach are clear: resource efficiency and waste reduction decrease operational costs, extend product lifecycles, and strengthen resilience against supply chain volatility – all while supporting environmental goals.

Impact materiality

Minimising waste and promoting the sustainable use of resources through smarter production processes and innovative waste reduction strategies can drive significant positive impacts on both environment and society. By reducing waste, we cut down on emissions and lower pressures on ecosystems, actively addressing urgent challenges like climate change and biodiversity loss. Moreover, when waste is transformed through beneficiation, it creates shared value by generating new economic opportunities, supporting local communities and fostering inclusive job creation. This approach benefits not only the planet but also people, empowering sustainable development that serves both environmental health and social wellbeing.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
		<ul style="list-style-type: none"> • Move towards a circular economy • Climate change and climate transition • Resource scarcity and growing concern for natural capital.

Our top 10 risks

- 4 Sustainability expectations
- 6 Evolving technologies and consumer preferences
- 7 Climate change

Our highlight

- Globally we have substantially exceeded our 2025 waste-to-landfill reduction target.



Opportunities for value creation

Sappi's collaboration with Stellenbosch University (SU), the Paper Manufacturers Association of South Africa (PAMSA), and Mpact (one of the largest paper recycling companies in South Africa) represents a breakthrough opportunity for value creation by converting cellulose fibre-rich waste from pulp and paper mill operations into ethanol through a specialised fermentation process. This innovative approach transforms paper sludge – a high-moisture byproduct collected from paper mill wastewater systems – into bioethanol, a versatile substance used in producing industrial chemicals, biobased plastics, and sustainable aviation fuel. A demonstration plant has been commissioned at Sappi's Tugela Mill to provide proof of concept and develop the business case. The project, which was showcased to government officials, media, and industry partners at Sappi's Tugela Mill on 24 April 2024, not only advances Sappi's waste beneficiation efforts but also has the potential to add significant value to both the company and the broader economy.

This solution is uniquely resource-efficient, as SU research confirms that paper sludge, food, and textile waste require no pre-treatment before fermentation. By converting these waste streams into bioethanol, this technology has the potential to reduce waste-to-landfill, decrease GHG emissions and enhance water reclamation for reuse, further aligning with circular economy principles and advancing industrial decarbonisation. The bioethanol produced through this process can potentially command premium prices in global markets, reflecting its sustainability credentials and economic promise. Beyond revenue generation, the project also offers future sustainable employment, regional economic growth, and upskilling opportunities for the surrounding communities, cementing Sappi's role as a leader in sustainable development.

This initiative also highlights the impact of partnerships and pioneering technologies in driving economic reconstruction through circular economy practices and modernising manufacturing. Globally, waste-derived bioethanol is celebrated for its environmental benefits, including attractive GHG reduction credits from avoided landfill emissions and the displacement of fossil fuels. With this demonstration plant in operation for a nine-month period at Tugela Mill, Sappi underscores the power of innovation to unlock economic, environmental, and social value through sustainable production.

Our key material issues continued

Planet continued

Biodiversity

Financial materiality

Given our dependence on wood, a naturally occurring resource influenced by ecosystem health, it follows that maintaining healthy ecosystems will cushion us from financial risks. We consider this a strategic risk management priority and believe that with the right focus and emphasis in our business, it offers us a competitive and commercial advantage.

Impact materiality

Worldwide, people rely heavily on nature's ecosystem services. From pollination, crucial for crop production; carbon sequestration, mitigating climate change; erosion control, preventing soil degradation; flood and storm protection; disease control; and maintaining soil quality for sustainable agriculture, ecosystem services are vital for human health and survival, providing essential resources such as freshwater, food and fuel. Maintaining and protecting these services is not only an environmental priority but a socioeconomic necessity.

How this issue links to other aspects of our business

Our global priority SDGs	Our strategic fundamentals	The global forces shaping our Thrive strategy
		<ul style="list-style-type: none"> • Move towards a circular economy • Climate change and climate transition • Resource scarcity and growing concern for natural capital.

Our top 10 risks

- 4 Sustainability expectations
- 7 Climate change

Our highlights

- Exceeded our Thrive biodiversity improvement target within our forestry landholdings
- Over 200 species recorded across KwaZulu-Natal (KZN) and Mpumalanga, including the first discovery of the endangered long-toed tree frog in a wetland at our Pinewoods plantation in KZN
- Integrating the mitigation hierarchy in readiness for GRI 101
- Expanding the Sappi Rare, Threatened and Endangered Species Stewardship Programme.

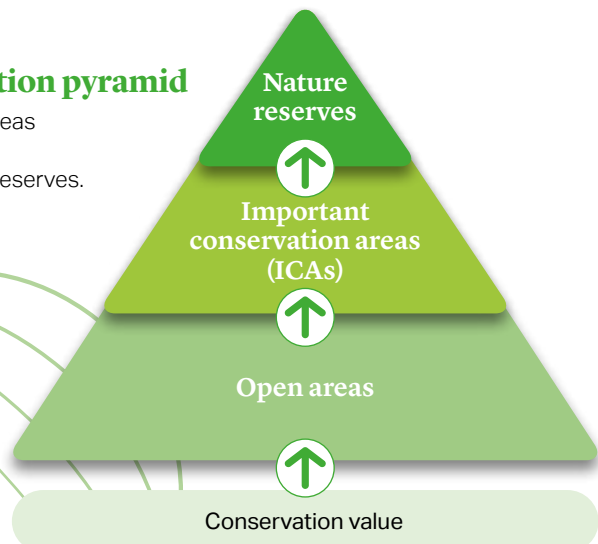


Opportunities for value creation

The Global Reporting Initiative (GRI) introduced the Biodiversity Reporting Standard (GRI 101), effective from January 2026, to help organisations voluntarily disclose their biodiversity-related impacts and management approaches. In preparation for the new disclosures, Sappi has integrated the mitigation hierarchy into our impact assessments, emphasising **avoidance, minimisation, restoration, and offsetting** of environmental impacts, weaving these principles into all aspects of our work, including introducing **transformative measures**.

Protection pyramid

- Open areas
- ICAs
- Nature reserves.



Sappi's comprehensive approach to biodiversity management underscores our commitment to environmental stewardship and sustainable growth.

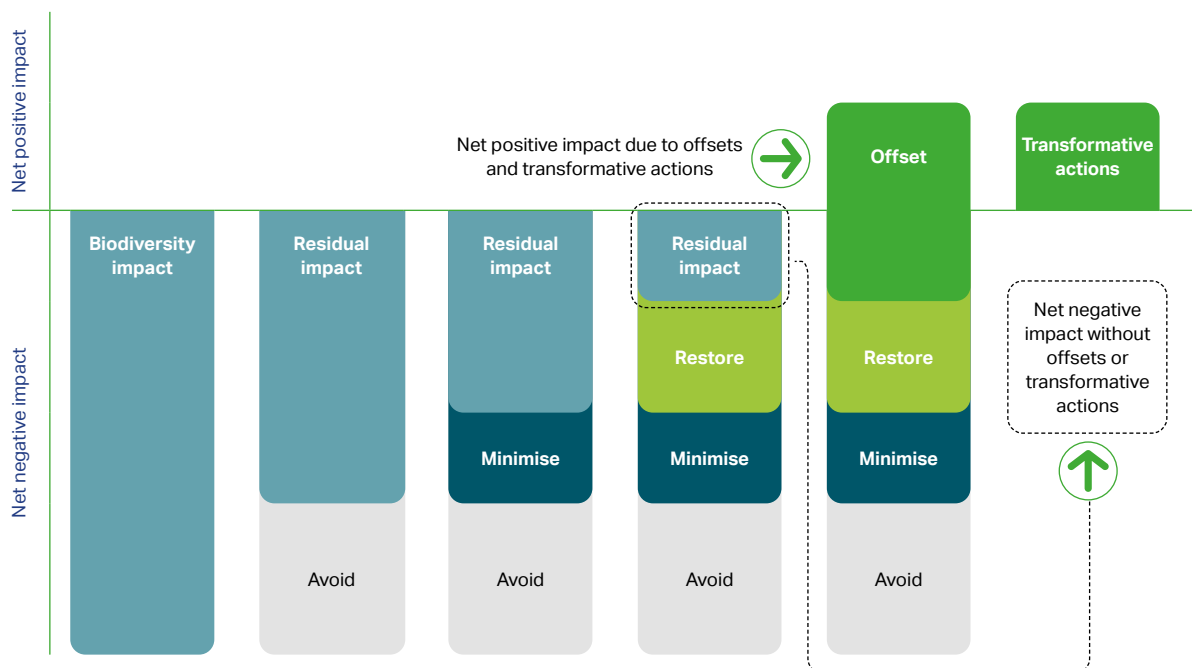
Avoidance: Sappi prevents impacts by carefully planning infrastructure placement, particularly in high-conservation-value areas and riparian buffer zones. We use a systematic conservation approach, supported by national legislation (National Water Act, National Environmental Management Act) and certification requirements (FSC and PEFC), to protect areas based on their conservation value. Sappi designates its land into three conservation categories: open areas, important conservation areas (ICAs), and nature reserves. Open areas are for general conservation with some sustainable use allowed. ICAs hold significant ecological value, such as habitats for threatened species or ecosystems providing essential services and are more strictly managed. Nature reserves are the highest level of conservation, formally protected by South Africa's legal framework, and home to highly sensitive or rare ecosystems and species critical to biodiversity.

Minimisation: We reduce the duration, intensity and extent of unavoidable impacts through detailed impact assessments and adaptive practices. These assessments evaluate the potential effects of forestry activities, such as planting, harvesting, and road construction, on the environment, biodiversity, water resources and surrounding communities. Early risk identification allows us to adapt practices to mitigate negative outcomes and comply with environmental regulations and certification standards. For example, we plan harvesting activities to minimise soil erosion and use mulching to preserve soil health, reduce fuel loads, regulate soil temperature and conserve moisture conservation.

Restoration: Sappi rehabilitates degraded ecosystems and restores cleared areas. Our efforts include increasing weed control, improving stream flow, and preventing overgrazing. In 2024, we achieved a 13% improvement in biodiversity, equivalent to 1,368 Condition-Adjusted hectares.

Offsetting: When on-site mitigation is not possible, we compensate for impacts by restoring or conserving habitats elsewhere. For instance, the Comrie Dam upgrade led to the restoration of 29.4 hectares of wetlands on our plantations. See page 81 for more information.


Transformative actions: Transformative actions include addressing the drivers of biodiversity loss through technological, economic, institutional and social factors, emphasising the importance of underlying values and behavioural changes. Sappi supports sustainable forestry practices through the certification of community growers under FSC and PEFC standards. See page 78 for more information. Through Sappi Khulisa over 37,000 hectares have been transformed into sustainably managed plantations, enhancing biodiversity and responsible land use.



Sappi is steadfast in its commitment to climate action, driving sustainable innovation and reducing environmental impacts as we transition toward a low-carbon future.

This report is prepared in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Its purpose is to provide transparency into our approach to managing climate-related risks and opportunities, reflecting our commitment to sustainable growth and long-term resilience.

By adopting the TCFD framework, we aim to enhance stakeholder confidence through clear disclosures on how climate considerations are integrated into our governance, strategy, risk management and performance metrics. This report outlines our efforts to adapt to a low-carbon economy, mitigate environmental impacts, and seize opportunities arising from the global transition to a sustainable future.

	Disclosure location	Further information links
Governance		
(a) Describe the board's oversight of climate-related risks and opportunities.	pages  87 – 88	Corporate governance pages  154 – 174
(b) Describe managements roles in assessing and managing climate-related risks and opportunities.	pages  87 – 88	Corporate governance pages  154 – 174
Strategy		
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	pages  96 – 105	Our strategy and performance pages  10 – 19
(b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial reporting.	pages  89 – 105	Our strategy and performance pages  10 – 19
(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario.	pages  89 – 98	Our strategy and performance pages  10 – 19
Risk management		
(a) Describe the organisation's processes for identifying and assessing climate-related risks.	pages  96 – 97	Risk management pages  44 – 51 Separate Risk Report on www.sappi.com/annual-reports 
(b) Describe the organisation's processes for managing climate-related risks.	pages  96 – 97	Risk management pages  44 – 51 Separate Risk Report on www.sappi.com/annual-reports 
(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management.	pages  96 – 97	Risk management pages  44 – 51 Separate Risk Report on www.sappi.com/annual-reports 
Metrics and targets		
(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	pages  106 – 107	2024 Sappi Group Sustainability Report www.sappi.com/2024GSDR 
(b) Disclose Scope 1, Scope 2 and if appropriate Scope 3 GHG emissions and related risks.	page  107	2024 Sappi Group Sustainability Report www.sappi.com/2024GSDR 
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	page  106	2024 Sappi Group Sustainability Report www.sappi.com/2024GSDR 

Governance

In order to unlock the power of renewable resources to benefit people, communities and the planet, we need to do so from a foundation of trust. This foundation is reinforced by our robust sustainability governance framework summarised below.

Sappi Sustainability Governance Framework

Sappi board						
Committees	Social, Ethics, Transformation and Sustainability (SETS) Committee	Other board committees		Executive Management Committee (EXCO)	Group Sustainable Development Council (GSDC)	Regional Sustainability Councils
		Audit and Risk	Remuneration and Compensation			
	Chaired by an independent Non-executive Director	Chaired by an independent Non-executive Director	Chaired by an independent Non-executive Director	Chaired by the group CEO	Chaired by the Group Head: Sustainability and Investor Relations	Chaired by regional CEOs and sustainability leads
Purpose	Oversees the group's sustainability strategy, commitments, policies performance	Oversees the group's corporate financial reporting, internal control systems, risk management and relationship with the external auditor	Ensures that incentives drive the appropriate behaviours that deliver our strategy	Management responsibility for execution of sustainability strategy and policies guided by the SETS Committee	Provides expert insights and support to the business on sustainable development matters	Oversees the integration of sustainable development into the operations
Responsibility	Responsible for the governance of matters related to sustainable development including: environment, climate change, biodiversity, product stewardship, labour, human rights, diversity and transformation and ethics. Ensures alignment to best practice and disclosure standards	Oversees the group's corporate financial reporting. Oversees the risk management process including sustainability risks. Monitors effectiveness of internal control systems including hotline reporting platform	Aligns remuneration to performance against key sustainability targets and focus areas	Prioritises capital allocation and ensures business unit line management holds primary responsibility and accountability for sustainability performance	Keeps abreast of best practice and regulatory compliance requirements. Develops sustainability-related strategy and policies for the group	Develops action plans aligned with strategy and policies and monitors progress towards sustainability targets and commitments. Ensures integration of sustainability requirements into operational systems and processes
	↑	↑	↑	↑	↑	↑
	Oversight			Accountable	Advisory	Execution

TCFD report continued

The **SETS Committee** has an independent role with accountability to the **Sappi Limited board** and comprises a majority of independent non-executive members, whose duties are delegated to them by the board 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 matters within the company, including climate-related issues, and to provide guidance to management's work in respect of its duties. The SETS Committee provides oversight on the group's sustainable development strategies, policies, objectives and targets and public disclosures. The committee addresses issues relating to environmental impact and climate change, corporate social investment, ethical conduct, diversity, transformation and empowerment and ongoing sustainability initiatives. The responsibilities include monitoring the company's ESG activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice.

The SETS Committee meets three times per year and the Chair of the committee reports back to the board after every meeting. Progress against our **Thrive** sustainability targets is an integral component of the SETS Committee agenda and is reviewed twice per year. Each of the three regions and Sappi Forests presents a detailed report on progress against regional **Thrive** targets as well as feedback on key initiatives, action plans and challenges relating to sustainability and climate-related matters. Additionally, a detailed climate report is presented to the SETS Committee annually outlining the company's progress according to the TCFD framework.

Audit and Risk Committee (ARC) provides additional governance oversight on climate-related matters. The ARC oversees the group's corporate financial reporting and annual planning process, and the group's internal controls and risk assessment process, which includes sustainability and specifically climate-related risks. The committee also provides oversight of external assurance of key sustainability metrics, which include GHG emissions.

The **Remuneration and Compensation Committee** is responsible for ensuring that incentive schemes drive the appropriate behaviours that deliver our sustainability strategy, including the alignment of remuneration to performance against our key **Thrive** sustainability commitments and targets.

The **Executive Management Committee (EXCO)**, chaired by the group CEO, is accountable for delivery of the sustainability strategy and responsible for ensuring that the strategic objectives and goals of the organisation are achieved. The committee is responsible for ensuring that capital allocation is aligned with business and sustainability objectives and prioritised appropriately to ensure timely delivery against our public commitments. The EXCO regularly reviews progress against our sustainability and climate commitments and targets. In addition, sustainability matters of a strategic nature, including those relating to climate change, are reviewed and discussed by the EXCO prior to submission to the SETS Committee. This allows the EXCO to provide their strategic input and ensures that there is complete management alignment on sustainability matters.

The **GSDC** reviews key global and regional trends and developments and makes recommendations on strategy and policy that are fed through to the EXCO, the SETS Committee and ultimately, to the Sappi Limited board of directors. The Group Head of Sustainability and Investor Relations and the Group Head Technology are responsible for coordinating actions related to the group's climate change-related risks and opportunities and providing reports to the EXCO to enable it to discharge its responsibility.

The GSDC meets quarterly and reviews progress against **Thrive** sustainability targets at each meeting. Additionally, other climate-related topics such as regulatory changes and trends, sustainable procurement, SBTi, TCFD, TNFD and forestry related issues are discussed at the majority of the meetings. All climate change-related matters of strategic importance are raised by the Group Head of Sustainability and Investor Relations at EXCO meetings for input and guidance. Additionally, the progress against our science-based decarbonisation targets, regional climate transition action plans and capital allocation are reviewed in detail by EXCO annually with the annual budget-setting programme.

The group's **Regional Sustainability Councils (RSCs)**, in Europe, North America and South Africa, are responsible for establishing and implementing our on-the-ground sustainability strategy and action plans. Their work is overseen and reviewed by the GSDC.





Strategy

Sustainability forms the foundation of our **Thrive** strategy and is fully integrated into our operations where the primary focus is on the sustainable management of our operations, increasing efficiency and maximising value from our sustainable natural resources.

As we look to the future, it is clear we have an obligation to play a role beyond making and selling. Policy measures to enable the transition to low-carbon economies, with a general goal for net-zero emissions of GHG by 2050 are being rolled out globally. The private sector has a key role to play in this just transition and in line with this obligation, we have set 2030 science-based decarbonisation targets.

The core principles of Sappi's climate strategy are aligned with the overarching **Thrive** strategy as outlined below. Furthermore, detailed strategic objectives and actions aligned with our climate transition plan are disclosed on page 92.

Sappi's climate strategy

	Grow our business 	Sustain our financial health 	Drive operational excellence 	Enhance trust 
What it means	Committing to core business segments while investing in innovation, growth opportunities and ongoing customer relationships.	Reducing and managing our debt, growing EBITDA, maximising product value, optimising processes globally and strategically disposing of non-core assets.	Strengthening our safety first culture and reducing resource use while enhancing efficiency and making smart data investments.	Improving our understanding of, and proactively partnering with, customers and communities, driving sustainability solutions, and meeting the changing needs of every employee at Sappi.
Climate relevancy	Purposeful innovation and collaboration to provide low-carbon, biobased solutions and accelerate climate action.	Optimise allocation of capital for profitable growth while ensuring that it reduces our impact on climate change and positions us competitively for a low-carbon future.	Continual focus on reducing our own and value chain emissions; protecting biodiversity and promoting the responsible use of scarce water resources.	Being a transparent, proactive and responsible company and partner with a long-term, solutions-oriented approach to address climate change mitigation, adaptation and resilience. Playing our part to ensure a socially inclusive just transition.

Sappi recognises the **interconnections between climate, forests, water and biodiversity** and adopts a holistic approach to managing these interdependencies. Guided by our Prosperity, People, Planet framework and the six capitals model, we use a double materiality approach to evaluate both financial and environmental impacts. By integrating tools such as ISO 14001, lifecycle assessments, WWF water risk tool and forestry certification processes, Sappi systematically assesses and addresses environmental risks, ensuring sustainability considerations are embedded in operations, decision making and strategic planning. This approach enhances the management of trade-offs and links environmental challenges to both business performance and positive environmental outcomes.

We have developed a **climate transition plan and decarbonisation capital allocation strategy** to achieve our 2030 science-based decarbonisation targets and have also committed to using our influence to encourage our major suppliers to set their own science-based targets (SBTs). We acknowledge that the decarbonisation of our South African assets will be more challenging than in our other operating regions due to the nature of the energy landscape, which is heavily dependent on coal, an abundant resource in the country.

The South African climate challenge

South Africa faces significant climate adaptation and mitigation challenges due to a combination of geographical, socioeconomic and developmental factors. Geographically, the country is highly vulnerable to extreme weather events such as droughts, heatwaves and floods, which are expected to intensify with global warming. Its reliance on climate-sensitive sectors like agriculture, water and biodiversity further heightens this vulnerability. Socioeconomic challenges, including high levels of poverty, inequality and unemployment, leave many communities without the resources needed to adapt to climate change effectively. Inadequate infrastructure, limited access to essential services and the prevalence of informal settlements exacerbate the impacts of climate shocks. On the mitigation front, South Africa's heavy dependence on a coal-based economy complicates efforts to reduce emissions and transition to renewable energy systems. These interconnected challenges underscore the country's heightened exposure to climate change and the urgency of coordinated adaptation and mitigation efforts, both of which require significant financial investments.

We therefore highlight South Africa's reliance on international financial support and collaborative solutions to address the country's systemic barriers to climate adaptation and mitigation to ensure a just and equitably transition.

South Africa's climate transition plan aims to balance climate action with sustainable development and economic growth, targeting a low-carbon economy by 2050. It emphasises reducing emissions, enhancing climate resilience and expanding renewable energy, with natural gas specifically identified as a transitional fuel. The draft Integrated Resources Plan (IRP 2023)¹, the country's mitigation blueprint, does not currently address its primary energy security and emissions abatement objective and does not provide any analysis to show how this might be achieved in the short term. The 2023 draft's estimate of renewables in the power system by 2030 is significantly reduced from the 2019 plan and likely to be well below the levels required to achieve a 1.5°C-compatible pathway and specifically includes a shift from coal to gas as a key abatement action. The Presidential Climate Commission², has highlighted that the plan lacks sufficient detail and has recommended that further analysis of scenarios is critical and greater transparency is required, including publishing cost impacts of the proposed energy mix and disclosing the assumptions and results of the modelling analyses. The Just Energy Transition Implementation Plan (JET)³ estimates a financing need of US\$98 billion over five years to drive a sustainable and equitable transition in South Africa, highlighting the significant financial burden of the transition. While

South Africa's transition plan in principle aligns with the Paris Agreement's 1.5°C goal, it requires ambitious targets, accelerated renewable energy adoption and significant international investment to fully meet this commitment.

Implications of South Africa's climate challenge for Sappi

Sappi Southern Africa (SSA) relies significantly on coal-based power, with Eskom (South Africa's national energy provider) supplying 50% of our energy needs in 2024. SSA accounted for 80% of the Sappi group Scope 2 emissions in FY2024, up from 43% in 2019, reflecting the region's high contribution to the group's Scope 2 emissions. The uncertainty surrounding South Africa's (and Eskom's) energy transition, specifically the absence of a transition plan that is fully aligned with the country's climate commitments and the significant financial burden of the transition, pose significant risks to the country achieving a 1.5°C-aligned decarbonisation by 2030 and net zero by 2050.

Although Sappi's 2030 climate transition plan includes direct investments in renewable energy generation in South Africa as well as renewable energy procurement from independent providers, we remain partially reliant on Eskom to fulfil our power requirements. Eskom has publicly stated that their transition plans include investments in natural gas as a transitional fuel⁴. As a result, Sappi is unable to commit to eliminating all spending on fossil fuel expansion due to this dependency.

Sappi acknowledges the critical need for a just energy transition in South Africa and is committed to collaborating with business leaders, communities and government stakeholders to advocate for equitable solutions. As an active member of the National Business Initiative (NBI), Sappi participates in advancing decarbonisation and addressing socioeconomic challenges, participating as a 'CEO champion' for key initiatives such as 'The Just Transition and Climate Pathways Study for South Africa: Decarbonising the Agriculture, Forestry and Land Use Sector'⁵ and the JET Skilling for Employment Programme (JET SEP)⁶.

Sappi fully supports the principles of the Paris Agreement and recognises the importance of decarbonising to achieve net zero by 2050. However, achieving this goal within the South African context presents unique challenges. South Africa's reliance on coal-based power and the considerable social implication of the transition means that significant progress on decarbonisation requires systemic changes well beyond the capacity of individual companies.

¹ www.gov.za/sites/default/files/gcis_document/202401/49974gon4238.pdf

² www.pcccommissionflo.imgix.net/uploads/images/PCC-Response-to-Draft-IRP2023.pdf

³ www.stateofthenation.gov.za/assets/downloads/JET%20Implementation%20Plan%202023-2027.pdf

⁴ www.eskom.co.za/wp-content/uploads/2021/10/JET-Factsheet13Oct2021.pdf

⁵ www.nbi.org.za/wp-content/uploads/2023/09/NBI-Chapter-5-Decarbonising-the-AFOLU-Sector.pdf

⁶ www.nbi.org.za/wp-content/uploads/2024/10/Powering-Futures-The-Green-Skilling-Opportunity_Digital-Upload.pdf

For Sappi to reach net zero by 2050, we currently assume that substantial direct investment would be needed to abate a significant portion of our Scope 2 emissions in South Africa. While we are fully committed to advancing our decarbonisation efforts, we believe that addressing Scope 2 emissions primarily falls within the remit of the national energy sector, given its critical role in transitioning the country's power infrastructure. The uncertainty surrounding South Africa's energy transition, coupled with the potential additional burden for Sappi to directly address Scope 2 emissions, poses a significant barrier for us in setting a net-zero target at this time. Nevertheless, we remain committed to making meaningful progress on our decarbonisation journey and contributing to a socially inclusive just transition.

Key assumptions and dependencies within Sappi's 2030 climate transition plan

- **Sustainable forestry management practices:** The plan depends on continued availability of sustainably sourced woodfibre through responsible forestry management, crucial for climate change mitigation and adaptation. It depends on the sustainable management of Sappi's forests and woodfibre supply chains to ensure long-term supply, ecological balance and zero deforestation
- **Regulatory support:** The plan relies on favourable government policies that promote emissions reductions and renewable energy investments, especially in South Africa, where the energy landscape is heavily reliant on coal. Successful implementation hinges on the decarbonisation of Eskom, the national energy provider, alongside adequate investments in renewable infrastructure such as grid transmission
- **Adaptation to climate risks:** The plan depends on Sappi's ability to manage and adapt to climate-related risks, such as extreme weather to maintain operational resilience. The plan is dependent on the ability of Sappi's tree breeding programme to develop genetic enhancements that enhance our plantation forest resilience through genetic adaptations to the climate change induced environmental stressors that are anticipated
- **Technological innovation:** The plan assumes ongoing advancements in technologies for energy efficiency and emissions management to improve performance within operations
- **Market demand for sustainable products:** The plan assumes growing market demand for sustainable products, driven by consumer preferences for eco-friendly options, which will be key for growth in packaging, speciality papers, dissolving wood pulp and biomaterials
- **Collaboration with stakeholders:** The plan depends on collaboration with stakeholders, including customers, suppliers and local communities, to achieve transition goals and ensure a just energy transition, particularly given the social impacts of the transition from coal in South Africa.

Sappi's key decarbonisation levers

In the short and medium term, Sappi's decarbonisation strategy focuses on abatement investments to continuously reduce emissions from high emitting assets and reduce energy intensity using best-available technology. In the longer term, Sappi will evaluate emerging technologies and collaborate with strategic partners to understand feasibility and cost of new technologies that will reduce hard-to-abate emissions.

Scope 1 and 2 emissions

1

Exiting fossil fuels

- Converting our boilers from coal/gas to biofuels
 - Electrification.

2

Energy efficiency

- Investing in best-available and new technologies to reduce energy intensity of our operations.

3

Investments in renewable energy

- Investing in new solar/wind/biomass energy assets (specific to South Africa).

4

Greening our electricity supply

- Procuring renewable energy.

Scope 3

5

Supplier engagement

Residual emissions

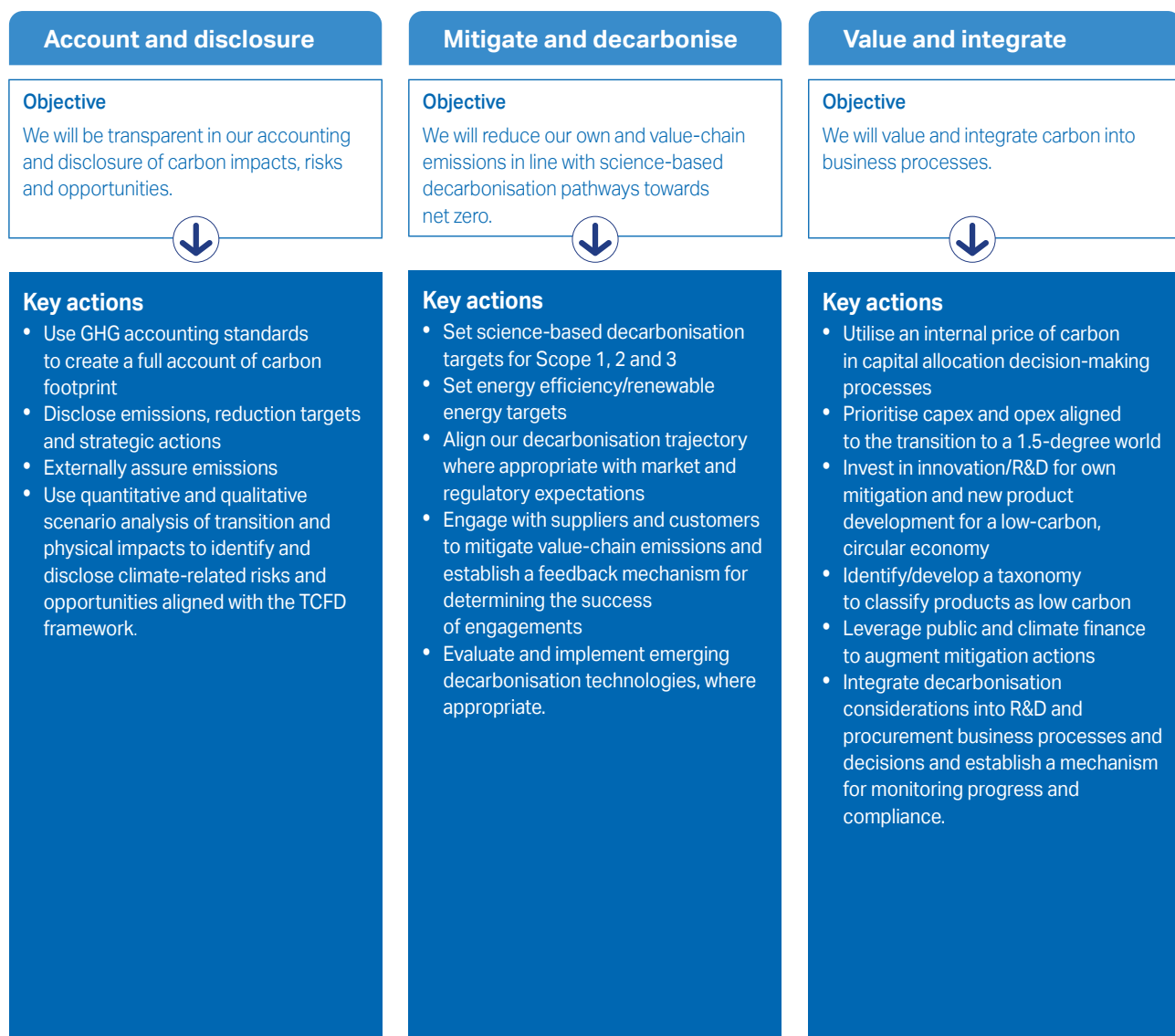
Our short and medium-term focus is on direct abatement of emissions from our operations and value chain. We acknowledge that as we approach 2050, we are likely to have residual emissions that cannot feasibly be eliminated. We will consider neutralising these emissions through credible solutions.

Forestry emissions and removals

Climate impacts on our own plantations, our operations and our products are considered within our transition plan using a double materiality impact approach. This holistic approach considers both the financial impact and environmental and social impact of carbon emissions and removals across our own operations and value chain with land-based (forest) emissions and removals being a key component of our climate impact. Forests form an integral component of Sappi's transition plan due to the critical role they play in carbon sequestration, absorbing large amounts of CO₂ from the atmosphere and helping to mitigate climate change. Sustainably managed forests ensure a renewable supply of woodfibre for our operations while maintaining biodiversity and ecosystem health, which are essential for resilience against climate impacts. Additionally, by preventing deforestation and promoting sustainable forest management (SFM) practices, we can reduce emissions linked to land-use changes, contributing to global climate goals.

The SBTi requires all organisations with land-based emissions to set a **Forestry Land and Agriculture (FLAG) SBT**. Currently there is no globally accepted standard methodology for land-use carbon accounting. The GHG protocol is developing a carbon accounting guidance for land sector emissions and removals – Land Sector and Removals Guidance (LSRG GHG P). This methodology will likely become the standard for forest carbon accounting and will be utilised within the SBTi FLAG emission reduction target-setting process once it is finalised. Sappi has been actively involved in the LSRG technical working groups and was one of the forestry companies that piloted the first version of the guidance. Unfortunately, the finalisation of the LSRG protocol is taking much longer than planned due to stakeholder misalignment on key forest accounting methodologies, which still remain unresolved. Once the protocol is finalised, we will evaluate the FLAG target-setting process and implications for our SBTi targets.

Key elements of Sappi's climate transition plan



Aligning our external engagement activities

Sappi's external stakeholder engagements on climate issues are guided by Sappi's policies including our Code of Ethics, group sustainability charter and various environmental policies (climate, water stewardship and woodfibre) and SDG commitments. In terms of climate, Sappi engagement activities are further guided by our support of the Paris Agreement, our SBTi commitments and the priority targets we have established in alignment with climate-relevant UN SDGs, including SDG7: Renewable and Clean Energy and SDG13: Climate Action.

Sappi ensures alignment on policy and legislative matters affecting sustainability, including climate and nature, through collaboration among senior leaders, regional CEOs, and sustainability teams. These topics are regularly reviewed at regional and global Sustainable Development Councils, as well as in key committee meetings, to determine appropriate actions consistent with Sappi's overarching climate and nature strategy.

Sappi engages both directly with regulators on climate policy through formal processes and indirectly through trade associations or other intermediary organisations.

Sustainability linked finance framework

Sappi's international revolving credit facility (RCF) of €515 million, which matures in 2027, is linked to the group's Sustainable Financing Framework. The RCF is structured with a margin adjustment mechanism, linked to progress in achieving the framework KPIs. The framework defines four material sustainability KPIs and provides a basis for future KPI-linked credit and capital market activities of the group. The KPIs focus on specific GHG (Scope 1 and 2) emissions; certified fibre supplied to Sappi mills, solid waste-to-landfill and the safety of our employees. This is an important strategic step for Sappi and supports our long-term vision to be a sustainable business and demonstrates that we are committed to delivering our ambitious sustainability strategy.

Advocate

Objective

We will advocate that the Forest and Forest Products Sector's contribution towards achieving net zero is recognised and valued.



Key actions

- Engage with regulatory bodies and trade associations to advocate for policies consistent with achieving net zero by 2050
- Secure recognition of carbon benefits derived from forests and woodfibre-based products
- Engage and participate in GHG carbon accounting working groups to advocate for development/ implementation protocols consistent with achieving net zero by 2050.

Innovate and collaborate

Objective

We will partner to develop solutions and accelerate climate action.



Key actions

- Collaborate with peers, suppliers, customers, governments, civil society and employees to support decarbonisation efforts
- Identify consortia and multi-stakeholder alliances to promote best practice sharing and collective climate action
- Collaborate with value chains to develop carbon-neutral offerings
- Create shared value with our communities to improve livelihoods and ensure long-term resilience.

Build resilience

Objective

We will address and adapt to climate change impacts.



Key actions

- Develop and invest in adaptation technologies to ensure the continued sustainability of our forestry assets in South Africa
- Promote biobased circular economy principles and leverage our forestry assets and know-how to support the development of rural community agroforestry
- Address short and long-term physical and transitional climate risks identified through TCFD processes to build resilience
- Play our part as a socially responsible business to ensure a just transition
- Protect and improve biodiversity in our forestry landholding and reduce use of water in our operations located in water-stressed regions
- Collaborate with landscape-level stakeholders to promote nature-positive action.

Climate scenario modelling

There are many uncertainties around the potential physical and transitional impacts of climate change, and we therefore continue to enhance the quality of our scenario modelling to further understand these impacts.

Sappi uses climate modelling to assess physical risks and also considers transitional risks, such as evolving regulations, to identify interconnections and dependencies.

This scenario analysis has enhanced Sappi's ability to identify and manage environmental risks and opportunities, spanning both transitional and physical factors.

Sappi adopts an integrated approach to climate scenario modelling which has been conducted for our own manufacturing and forest operations. The objective of the scenario modelling is to evaluate a broad range of risks across all climate eventualities, enhance our understanding of the particular climate-related risks at each operational site and integrating these into our risk management and mitigation processes.

In terms of **physical climate risks**, we have utilised S&P Consulting to assist us with climate scenario modelling of our own manufacturing and forest operations. Climate hazard indicators, water stress, floods, heatwaves, cold waves, hurricanes, wildfires and sea level rise, were evaluated under three different Representative Concentration Pathway (RCP) scenarios using the S&P Global Trucost dataset. The baseline year was 2020, with scenarios to 2030 and 2050.

- RCP 2.5 – a low climate change scenario, involving aggressive mitigation actions to halve emissions by 2050
- RCP 4.5 – a moderate climate change scenario involving strong mitigation actions to reduce emissions to half of current levels by 2080
- RCP 8.5 – a high climate change scenario representing continuation of business as usual with emissions at current rates.

The outcome of the scenario modelling for our manufacturing operations is that Sappi faces moderate risk, with the greatest exposure to water stress and cold wave.

The results were as follows:

- (a) Our exposure to wildfire (with the exception of our plantations), is low across all scenarios
- (b) Cold wave risk exposure is generally low on average and declines over time in the transition from the low to high climate scenario
- (c) Heatwave exposure is generally low for all sites, with the sites having the highest exposure in Italy, South Africa and the USA. However, the risk rises for all sites over time and the various scenarios
- (d) Across all scenarios used, water stress exposure is low moderate over time, however risks for specific sites could rise sharply by 2050. Under RCP 4.5, two mills could expect high levels of water stress by 2050, while seven could experience moderate water stress within the same time period. These mills are in Belgium, Germany, Italy, South Africa and the Netherlands
- (e) Flood risks are low across all sites, declining over time for RCP 2.6 and RCP 4.5
- (f) Across all scenarios, sea level rise and hurricane risks are very low for all sites.

With water security highlighted as a potential climate risk to our operations we have also conducted additional water risk analysis using the **World Wildlife Fund (WWF) water risk tool** to determine if our mills are located in areas classified as water stressed. Further water scarcity scenario analysis was performed using the **WWF water risk filter (WRF)** to assess risks at our production sites for 2030 and 2050. The assumptions for this scenario are built around three different pathways: optimistic, current and pessimistic. These pathways reflect a combination of climate projections from the IPCC AR5 (RCP) and socioeconomic scenarios from IIASA (SSP). The optimistic scenario assumes rapid adoption of water-saving technologies by 2030. It is also assumed that strict water conservation policies will need to be in place. Regional economic conditions and local factors may affect water availability, which may not be fully represented in the scenario results. The WRF scenario models have limitations due to certain assumptions in climate and socioeconomic projections.

The risk classification is based on the WWF thresholds where a water scarcity rating of 3.4 – 4.2 is classified as high risk and 4.2 – 5 as very high risk. In FY2024, our results using the recently updated WWF water risk tool indicated that none of our operations fall into these categories.

Outputs of the water risk scenario analysis are supplemented with local knowledge and practical experience. Where water availability risk within our direct operations is determined to be material, we implement specific integrated water management plans to mitigate risk and allocate capital for water reduction initiatives. Where water security risks are identified within our catchment areas, Sappi actively seeks opportunities for landscape-level collaboration. For example, we are partnering with WWF on a water stewardship programme to enhance water security in the uMkhomazi catchment area, which supplies our Saiccor Mill. Sappi firmly believes that addressing future water needs requires coordinated, multi-stakeholder collaboration across the landscape.

In terms of **climate scenario modelling for our forestry operations**, it was identified that the S&P Trucost data set was not sufficiently downscaled for local South African conditions. We therefore supplemented the work of S&P global by collaborating with the Global Change Institute at the University of the Witwatersrand in Johannesburg and other industry members to identify six representative climate change models and downscaled these to local conditions at a finer resolution for years between 1960 and 2100. The data was processed to various beneficial data products to inform on a range of factors, including drought, heat and fire risk. Sappi further processed the forecast climate data in-house by algebraically adjusting the basic weather forecasts to a year 2000 baseline. The modelling highlighted significant chronic and acute climate change impacts including rising temperatures, changes in precipitation patterns and drought. These environmental impacts were used to assess risks for our forestry operations which included forest ecosystem vulnerabilities like wildfires, drought resilience, and biodiversity threats (eg pests and diseases).

A number of material forest-related physical climate risks have been identified through this process. The financial impact and mitigation strategies are disclosed in the section of the report on risks and opportunities. Sappi has already anticipated the potential significant impact of climate change on our forestry operations for many years now. Adaptation strategies are complicated by the fact that forestry crops are long-lived, with rotation periods of 10 years for eucalypts and 20 years for pines and it typically takes more than 20 years to develop a new hybrid tree variety. Accordingly, our adaptation strategy has evolved to focus more intensely on tree improvement research to breed trees for drought resistance and match tree species to the unique water qualities of plantation sites.

In terms of **climate transition risk**, we have conducted scenarios involving nationally determined contributions (NDCs) and their associated timeframes. Each country in which we have manufacturing operations, as well as the EU region, has submitted NDCs to the United Nations Framework Convention on Climate Change (UNFCCC). Various scenarios within the parameters of key regulatory developments were also assessed against the backdrop of climate issues (for example: our own decarbonisation plans and possible carbon taxes to drive behavioural change; reputational impact if site emissions reduction plans do not align with the relevant NDC and market expectations). In FY2025 we will expand our scenario analysis for transitional risk through a further collaboration with S&P Global. The analysis will focus on carbon policy risk for our operations and carbon market risk for top suppliers and customers.

To address potential transitional risks in terms of carbon taxes we have implemented an internal carbon price (ICP) within the capital evaluation process to ensure that the impact of carbon for all large capital investments is understood. The ICP is embedded in our cost calculations as a financial indicator and allows for carbon abatement projects to be compared across regions to determine the most overall cost-effective abatement capital allocation strategy.

Risks and opportunities

Sappi has a well-established risk management process within a formal governance structure. The risk evaluation process is run annually, with comprehensive discussions which include climate change (led by regional risk managers) with each mill and central function.

In addition, we incorporate historical experiences as identified by mill and forestry management teams in light of current, short and medium-term predictions. This is supplemented by our environmental and legal teams' knowledge of emerging regulations and other transitional concerns. This risk approach is supplemented by ongoing review of downstream industry dynamics, particularly risks and opportunities related to single-use plastics, lightweighting of products and the transition to a low-carbon economy. This work is captured by regular meetings with our customers together with our global R&D teams.

Once risks have been identified by the working groups, they go through the review process of our risk governance structure. We have identified seven material physical risks associated with our South African plantations, mill operations and supply chains and one material transition risk. In terms of opportunities, we have identified two transitional opportunities and two operational opportunities. We define our timeframes for assessment on page 99.

Climate change risks and opportunities are fully integrated into Sappi's strategy and organisational processes, with climate change recognised as a principal strategic risk. These factors are routinely considered in our strategic planning, financial decision making, capital allocation and operational management. Given the energy-intensive nature of our industry and our reliance on woodfibre and water – both affected by climate change – we are committed to addressing these risks and contributing to the climate solution.

Sappi aligns with climate science and has invested significantly in R&D for decarbonisation, focusing on increasing pulp backward integration, renewable energy opportunities, and exploring new technologies for deep decarbonisation. Our Future Energy Technologies & Decarbonisation cluster is exploring advancements in renewable power, pulping, papermaking and carbon capture.

Achieving our science-based decarbonisation targets is central to future-proofing the business, and we view decarbonisation investments as essential for reducing costs, fostering innovation, and enhancing resilience. With a clear climate transition roadmap, Sappi is committed to meeting its 2030 targets and encouraging suppliers to set their own SBTs. The capital expenditure between FY2021 – FY2030 required to achieve the targets is estimated to be in the region of US\$60 – US\$70 million per annum.

Climate change is having a significant impact on our woodfibre supply. In both Europe and Southern Africa, the changing climate is impacting the health and resilience of the forests and plantations from which we source woodfibre. Increased drought, floods, wind, pest and disease outbreaks and wildfires are all accelerating forestry risks and could potentially significantly increase our wood costs.

Temperatures over the South African interior are projected to rise at about 1.5 to 2 times the global rate, with significant implications for our plantations. In addition to hotter, drier conditions, we expect shifting seasons with later summer rainfall, which will make our planting season shorter. We also anticipate that weather will become more extreme and that drought and floods, as well as wind, snow and hail will intensify. In response, we have developed climate smart forest management practices. Our Sappi Forests' scientists have developed a high level of expertise in assessing the impact of climate change on our plantations in South Africa. Their knowledge is supplemented by our strong partnership with the Global Change Institute at the University of the Witwatersrand (Wits) in Johannesburg. Recognising that there is a lack of data and expertise within South Africa for climate modelling, we launched the Sappi Chair in Climate Change and Plantation Sustainability at the University of the Witwatersrand in Johannesburg. The Research Chair will identify critical research needs and develop research outputs related to climate change and will also develop capacity in South Africa to manipulate and interpret climate modelling data.

R&D 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. Besides 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. Nursery technologies research improve propagation techniques of elite genotypes. Land management and Pest and Disease Programmes conduct research on stress detection, climate change predictions, site classification to improve site-genotype matching, risk mapping, nutritional research, site resilience, biological control measures, national pest and disease surveys etc. In addition to these initiatives and programmes, we also maintain a solid base of permanent sample and long-term soil monitoring plots, with the plot coordinates stored on our GIS database. These help us to monitor climate change based on geology, temperature zone and water availability. This enables us to keep track of forest litter, soil physical and chemical properties, allowing for early detection of site changes.

In terms of climate-related opportunities, we recognise that our sector is uniquely positioned to produce circular and low-carbon products, which can offer consumers alternatives to fossil-based products. There is a significant opportunity for Sappi to accelerate the transition to the circular biobased economy our planet demands.

Through our continued focus on innovating packaging and speciality papers solutions, we remain committed to partnerships with customers, who are increasingly focused on the social and environmental credentials of our products. We are committed to embracing the circular economy using sustainable materials based on certified woodfibre and replacing fossil-based chemistry and to working on new technologies that support transformation in Sappi and across our value chain partners to reduce GHG emissions. There is significant potential to expand and unlock revenue streams with our paper-based packaging solutions to replace petroleum-based packaging in many sectors including the food and beverage, cosmetics, pharmaceuticals and electronics industries.

The majority of dissolving wood pulp (DWP) is consumed in the textile industry where pulp is converted through the value chain to yarn and ultimately textiles providing soft, breathable fabrics (eg viscose and lyocell) which hold colour well and drape beautifully. The global textile fibre industry is facing unprecedented sustainability challenges. Issues such as a rising population, climate change, water scarcity, land use (food versus fibre), deforestation and loss of biodiversity, plastic waste and marine pollution have combined to question the long-term credentials of the industry and its attempts to create a sustainable circular economy. Textile fibres derived from natural cellulose (dissolving wood pulp) are therefore gaining interest and have been the fastest growing textile fibre over the last 10 years. With increasing concerns about microplastic pollution in the oceans, petroleum-based textile fibres will continue to come under pressure and cotton cannot expand its area any further, meaning cellulosic fibres remain at an advantage and their market share will continue to expand. Lyocell represents the next generation of cellulose textile fibres. With its sustainable DWP raw material, reduced chemical processing and closed-loop systems, lyocell continues to be the most sustainable wood-based cellulosic fibre and is the fastest growing textile fibre group. Sappi is uniquely positioned as the world's largest non-integrated DWP producer and largest supplier to the lyocell sector to benefit from the growth in cellulosic textiles.

Traditionally the papermaking process has only used approximately half of the raw wood material to manufacture pulp and paper products. The balance of the wood raw material is used to generate energy to power the mill or to sell into the electricity grid. Sappi is, however, developing new processes and biomaterials which extract more value from each tree and supports our business strategy to move into new and adjacent markets. Sappi's innovative technology enables us to derive speciality biobased chemicals from the parts of the tree which are not used for pulp and paper making. These high-performance products often displace non-sustainable petroleum-based alternatives. There is significant opportunity to unlock further revenue streams through commercialisation of these biomaterials.

Our innovation programme is fully aligned with our **Thrive** strategy. The focus of the projects, which are global and based on the OneSappi approach, has shifted to emphasise sustainability, together with a focus on our segments with significant growth opportunity ie, packaging and speciality papers, dissolving wood pulp and biomaterials.

Our commitments to zero deforestation and wood sourcing from sustainably managed, healthy working forests with a high level of forestry certification enables us to offer products to our customers around the world that carry no risk of deforestation or forest degradation. Deforestation negatively impacts ecosystem services and climate. It also increases the transmission risk of zoonotic diseases. In addition to helping to respond to climate change and protect soils and water, forests hold more than three quarters of the world's terrestrial biodiversity. This means that deforestation has serious negative impacts on biodiversity and climate change.

Trees and forests play an integral role in the global carbon cycle. Through sequestering carbon dioxide from the atmosphere and storing it in forest biomass and soils, forests store vast amounts of carbon and release oxygen back into the atmosphere. Recent studies point to the further contribution that trees and forests could deliver to mitigate climate change if afforestation, reforestation, and restoration efforts were scaled up substantially. Managing forests for wood production can help to maximise their contribution to carbon sequestration. Forest management practices which rely on scientific knowledge of silvicultural best practices applicable in respective vegetation zones, promote growth and carbon sequestration. In our plantations in South Africa and in the managed forests from which we source wood raw material, the cycle of regeneration, growing, thinning and harvesting is actively managed to enhance biodiversity, resilience, and maintain functional ecological condition.

The pulp and paper industry provides dependable markets for responsibly grown woodfibre, thereby incentivising long-term forest management. This assurance of financial returns enables and encourages landowners to manage their forestlands as working forests, instead of selling the land for development or converting it to non-forest uses. Furthermore, the pulp and paper industry typically utilises different species and/or smaller diameter trees or portions of trees that are not desirable in the solid wood industry. By providing this market and revenue stream, the industry is supporting necessary holistic forest stand-improvement activities that are essential for maintaining and restoring forest health, species and age-class balance, wildlife habitat and biodiversity, wildfire mitigation and hazardous fuels reduction, watershed protection, soil conservation and carbon sequestration. By ensuring forests and plantations are sustainably managed through high levels of certification and prioritising traceability, we can help to combat climate change and enhance the ecosystems services that contribute to greater levels of economic and environmental wellbeing. Our opportunity is to invest in and promote healthy forests both for our benefit and the myriad of benefits they deliver to the planet.

Sappi's climate-related physical risks

Risk	Description
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Physical risks</p> <p style="text-align: center;">South African plantation losses</p>	<p>Acute physical</p> <p>More frequent, longer-lasting and more severe droughts are anticipated over the Southern African region due to climate change. As the planet continues to warm, rainfall reductions over the summer rainfall region are expected to become more pronounced, and the rising temperature drives evaporation. Accordingly, the 'water balance' is more strongly negative than the decline in rainfall alone. Levels of global warming of 2°C or higher are associated with substantial increases in risk in the summer rainfall parts of Southern Africa where Sappi's plantations are situated. When several dry years follow directly on one another, the impact on plant production is extremely negative.</p>
	<p>Chronic physical</p> <p>Mean annual temperatures are expected to increase by between 3°C and 7°C. This increase in temperature in association with small changes in rainfall as well as potential changes in interannual rainfall patterns that will extend the annual dry period in the summer rainfall region, will increase plant heat stress and will have a negative impact on tree growth.</p> <p>In addition, extension of the dry season or changes to rainfall seasonality could negatively impact re-establishment plantings by extending the area that is temporarily unplanted.</p>
	<p>Higher temperatures and changing climatic conditions may increase vulnerability to pests and diseases. Given that temperature is the most important environmental factor affecting insect behaviour, distribution, development and reproduction, the general impact of increased temperature on insect pests might result in: increased reproduction and flight duration; expansion of geographic range (naturally or through severe weather such as storms and strong wind); increased survival rates of overwintering populations; increased risk of introduction of invasive insect species; increased evidence of insect-transmitted plant disease due to range expansion and rapid reproduction of insect vectors and reduced effectiveness of biological control agents and natural enemies. Thus, the additional temperature and water stress are likely to increase pest and disease-related growth losses. Stricter rules regarding use of pesticides by government and certification bodies will make it more difficult and expensive to control pest and disease outbreaks, as well as invasive plants.</p>

Timeframe:

Short term **1 – 2 years**, medium term **3 – 5 years**, long term **5 – 30 years**

	Time frame	Financial impact (pa)	Mitigation	Financial cost of mitigation (pa)
	Long term	US\$5 million to US\$20 million	R&D 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. Besides 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 exploring new technologies are some of the assets of the programme. Nursery technologies research improve propagation techniques of elite genotypes.	US\$3 million to US\$5 million The combined direct annual R&D expenditure per annum of the Sappi Nursery Technologies, land management, pest and diseases and tree breeding programmes.
	Medium to long term	US\$5 million to US\$10 million	Land management and pest and disease programmes conduct research on stress detection, climate change predictions, site classification to improve site-genotype matching, risk mapping, nutritional research, site resilience, biological control measures and national pest and disease surveys.	
	Medium to long term	US\$3 million to US\$13 million		

Sappi's climate-related physical risks continued

Risk	Description
<div style="writing-mode: vertical-rl; transform: rotate(180deg);">Physical risks</div> <p style="text-align: center;">South African plantation losses</p>	<p>Fire remains a high risk to our plantations and is exacerbated by periods of drought.</p>
<p style="text-align: center;">Interruptions to mill operations and supply chains</p>	<p>Acute physical Increased severity and frequency of extreme weather events may result in damage to our infrastructure and that of our supply chain partners. Extreme weather events could be flooding, hail or frost/snow.</p> <hr/> <p>Chronic physical More frequent, longer lasting and more severe droughts are anticipated over the Southern African region due to climate change. As the planet continues to warm, rainfall reductions in the summer rainfall region are expected to become more pronounced and the rising temperature drives rising evaporation. Levels of global warming of 2°C or higher are associated with substantial increases in drought risk in the summer rainfall parts of Southern Africa where Sappi's operations are situated. When several dry years follow directly on each other, the impact on available groundwater in the water river basins that serve our operations could be severely impacted. Our pulp and paper operations are water-intensive and any reduction in water availability could result in extended water shortages, which could disrupt our operations.</p>

Timeframe:Short term **1 – 2 years**, medium term **3 – 5 years**, long term **5 – 30 years**

	Time frame	Financial impact (pa)	Mitigation	Financial cost of mitigation (pa)
	Short to long term	US\$18 million to US\$130 million	Sappi Forests has a comprehensive risk management system, which comprises risk assessments, monthly compliance checks, management procedures, standards and general backup information. Fuel load maps are prepared for all districts to assess in the management of fuel loads and identification of major risks. When re-planting, Sappi is increasingly making use of mulchers as a more expensive but lower-risk alternative to burning of harvest residue. Regular weeding helps reduce fuel loads. Each plantation/district has a weather monitoring station that is strategically placed to keep track of the Fire Danger Index (FDI). The FDI data is reported automatically using a cell phone or the camera detection data network to a central database (Vital Fire Weather – VFW), which sends alerts via SMS and email. When the FDI reaches a pre-determined level, all aerial and ground firefighting resources are strategically located, all airstrips are manned and detection centres are instructed to activate aircraft immediately should a fire be detected within or near plantations.	US\$15 million to US\$20 million (Insurance and fire protection costs per annum).
	Medium term	US\$10 million to US\$50 million	Sappi has comprehensive insurance coverage in place, which covers both our assets and business interruption.	US\$35 million to US\$45 million
	Medium to long term	US\$10 million to US\$50 million	Sappi has water management plans for each operation in South Africa, which focus on implementing water-efficiency projects and implementing closed-loop and water-recycling initiatives to reduce water intensity of our operations. We also engage local authorities, other industrial users and local communities within critical water basins to identify solutions and enhance water stewardship.	US\$1 million to US\$3 million (Estimated SSA capex for water efficiency).

Sappi's climate-related transition risks

Risk	Description
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Transition risk</p> <p>GHG regulatory changes and changing downstream requirements for low-carbon products</p>	<p>Sappi's European operations fall under the EU Emissions Trading System. As EU Emissions Trading System allowances decrease over time and if our decarbonisation efforts do not keep pace with the required trajectory, there is potential that some operations may have deficits, which will require purchasing of ETs. Similarly, SSA's operations are subject to carbon taxes which are anticipated to increase steadily over time. Currently, there are no carbon tax regulations in North America, but this could change over time.</p> <p>Many of our downstream markets are positioning their value proposition on a low-carbon footprint with science-based decarbonisation commitments, including net zero by 2050, gaining momentum. This will apply pressure on our business to decarbonise to support these commitments within our value chains.</p> <p>As legislation and customer preferences shift to low-carbon impact, achieving our science-based decarbonisation trajectory will be a key enabler for future-proofing our business as we focus our growth strategy on circular, nature-based solutions for a low-carbon economy. Not being able to realise our decarbonisation strategy through improved energy efficiency and the use of renewable energy represents a significant reputational and financial risk.</p>

Timeframe:

Short term **1 – 2 years**, medium term **3 – 5 years**, long term **5 – 30 years**

Time frame	Financial impact (pa)	Mitigation	Financial cost of mitigation (pa)
Medium to long term	<p>US\$20 million to US\$180 million</p>	<p>We have developed a climate transition roadmap and capital allocation strategy to achieve our 2030 targets and we have also committed to using our influence to encourage our major suppliers to set their own SBTs.</p> <p>We acknowledge that the decarbonisation of our South African assets will be more challenging than in our other operating regions. Our mills in this report are all reliant on coal-based power for a significant proportion of their energy requirements. The South African energy landscape is heavily dependent on coal, which is an abundant resource in the country. Accordingly, our decarbonisation roadmap for the region assumes that we will have to invest in our own renewable energy assets. We are actively investigating opportunities for investment in solar, wind and biomass power assets and will furthermore continue to collaborate and explore opportunities for purchasing renewable energy from independent power producers.</p> <p>Within the context of South Africa's national dependency on coal and high levels of unemployment and social inequality, we recognise that a just transition is critical for South Africa. We will therefore use our influence to collaborate with other business leaders, communities and government stakeholders to advocate for a just transition where no one is left behind.</p>	<p>US\$60 million to US\$70 million</p> <p>(Estimated SBTi capital requirement per annum).</p>

Sappi's climate-related opportunities

	Opportunity	Description
Transition opportunity	Changing consumer behaviour and preference for renewable, circular, low-carbon products	<p>The global demand for sustainable packaging solutions is prompting increasing investment and collaboration to develop innovative solutions to cater to changing customer preferences. Paper-based packaging being renewable and circular emerges as an excellent substitute for less eco-friendly options. By capitalising on our sustainable packaging solutions, we aim to address the growing demand for a wider range of paper-based packaging products.</p> <p>Likewise, the surge in demand for sustainable textile fibres opens up possibilities for our dissolving wood pulp business. Our prominent role in supplying pulp to the lyocell fibre market positions us favourably, given the improved environmental impact of lyocell fibres, which are expected to double in market share over the next five years.</p>
	Beneficiation of wood byproducts	<p>Furfural is an important biobased platform chemical which is used in a wide variety of applications including foundry resins, solvents and crop protection products. In many cases, biobased furfural replaces products which would otherwise be made from fossil fuels. Sappi has developed innovative technology for the production of furfural using the hemicellulose co-product of our DWP operations. By using this co-product, we are able to maximise the portion of the tree used to make renewable value-added products. The Sappi technology is fully integrated with the pulp production technology, enabling a significant reduction in the carbon footprint of furfural production.</p>
Operational opportunity	Reduced operating costs through energy efficiency and use of renewable energy	<p>The pulp and paper manufacturing processes require a substantial amount of energy, contributing significantly to our GHG emissions. In numerous regions where our operations are situated, renewable fuel sources like biomass prove to be more cost-effective than traditional fossil fuels such as coal and gas. Furthermore, there is an expectation that renewable power, available for purchase, will progressively become more economical than power derived from fossil fuels over the medium to long term. By improving the efficiency of our energy plants and manufacturing operations and fostering adaptability to employ diverse fuel sources, we have the opportunity to potential to achieve cost savings.</p>
	Increased resilience of plantations to impacts of climate change	<p>Sappi's tree improvement programmes are aimed at increasing pulp yield produced per hectare by testing various species and hybrids across Sappi's diverse landholdings. As well as growth improvements, trees are bred for superior wood properties and resistance to biotic and abiotic threats including frost, drought, pests and diseases. Available water is the main driver of tree growth in South African industrial plantations. Thus, through tree breeding, breeders are developing genotypes that produce more wood with less water. The Eucalyptus genotypes that are currently planted, such as Eucalyptus (E.) dunnii, E. grandis x E. nitens hybrids and E. grandis x E. urophylla, have much higher water use efficiency (WUE) than pure E. grandis that was planted in the past.</p>

Note: Cost to realise the transitional opportunities for packaging papers and biomaterials is focused exclusively on two specific projects (conversion and expansion of Somerset Mill PM2 and furfural at Saiccor Mill), which are the two most advanced and likely to reach commercialisation opportunities in the current portfolio. R&D initiatives are ongoing in this space and opportunities will be added as they emerge.

	Time frame	Financial impact	How we realise the opportunity	Financial cost to realise opportunity
	Short to long term	US\$100 million to US\$200 million	To meet the growing demand for packaging papers, we have initiated a capital project at Somerset Mill to convert PM2 from coated woodfree graphic papers to solid bleached sulphate (SBS) board. The machine capacity will also be increased during the conversion from 235,000 tpa to 470,000 tpa. The project is expected to be completed in early 2025.	US\$418 million Total capex for PM2.
	Medium to long term	US\$20 million to US\$30 million	Sappi has invested in a pilot plant at Saiccor Mill, which has successfully demonstrated the technology for furfural production and testing of product with customers, and is progressing well. A class 10 capex estimate for a full-scale plant with the capacity to produce 25,000 tpa is being explored.	US\$60 million Total capex estimate for 25,000 tpa plant.
	Short to long term	US\$20 million to US\$50 million	Based on our corporate commitment to reduce emissions and meet our SBTi targets, together with increasing market and regulatory pressure to reduce the carbon footprint of our products, we have implemented a comprehensive capital investment programme to reduce GHG emissions. Projects focus on energy efficiency and fuel switching to allow replacement of fossil fuels in our boilers with biomass and renewable energy projects. Many of these projects improve the efficiency of our manufacturing operations and allow for significant savings through fuel and power arbitrage opportunities.	US\$60 million to US\$70 million (Estimated SBTi capital requirement per annum).
	Medium to long term	US\$2 million to US\$10 million	Sappi realises the benefits of its tree breeding programme by systematically integrating genetically improved trees into operational planting programmes. Advanced vegetative propagation protocols amplify the production of superior genotypes, ensuring plantation consistency and quality. The financial impact of these initiatives is significant. Sappi estimates an advantage of 0.5% – 2% of the standing value of its tree plantations in South Africa which translates to a benefit ranging from US\$2.6 million (0.5%) to US\$10.4 million (2%), representing a competitive edge over industry peers. By enhancing fibre yields and plantation quality, Sappi ensures a measurable and sustained financial return from its tree breeding programmes, strengthening its competitive position in the forestry sector.	US\$3 million to US\$5 million The combined direct annual R&D expenditure per annum of the Sappi Nursery Technologies, land management, pest and diseases and tree breeding programmes.

Metrics and targets

We use a variety of metrics to measure the current and potential impact of our climate change-related risks and opportunities including metrics related to GHG emissions, water use, forestry certification and biodiversity.
















Direct GHG emissions are from our energy plants through combustion of fuels to generate the power required for our manufacturing operations (Scope 1). We also purchase power from the grid (Scope 2) and have indirect GHG emissions throughout the value chain, mainly as a result of our purchase of raw materials, fuel and transportation, which make up the majority of our Scope 3 emissions. We are acting across all three Scopes and working closely with our partners to reduce GHG emissions for our business and our value chain. In 2022, our 2030 science-based decarbonisation targets, including a Scope 3 advocacy target, were approved by the SBTi. We remain committed to zero deforestation in our woodfibre supply chains and to maintaining carbon sinks in forestry through implementation of best forest management and silviculture practices.

Given the strategic importance of sustainability, the group's Executive Directors' remuneration is linked to their contribution to the overall success of our **Thrive** strategy. Specifically, a portion of the personal objectives of Executive Directors within the short-term management incentive scheme (MIS) is directly linked to climate change through emission reduction, forestry certification and waste-to-landfill performance targets. Additionally, from FY2024 10% of the long-term incentive (performance share plan (PSP)) is linked to performance against our SBTi targets.

For further details on our remuneration policy, see our **Remuneration report** on page 176.


Our performance against our planet targets, which have an impact on climate change, is shown below.

FY2024 group performance against 2025 climate targets

	FY2024 snapshot of Thrive (2025) and SBTi targets	Sappi KPI	
Planet targets	 Clean water and sanitation	Specific process water usage (SSA)	
	 Renewable and clean energy	Share of renewable energy	
		Specific energy intensity	
	 Responsible consumption and production	Specific landfilled solid waste	
	 Climate action	Specific GHG emission	
	 Life on land	Share of certified fibre	
Biodiversity (SSA)			
SBTi targets	 Climate action	Scope 1 and 2	
		Scope 3 engagement	

For more details on performance against planet targets, see our 2024 Sappi Group Sustainability Report at www.sappi.com/2024GSDR

Global targets for FY2024 for specific total energy and specific GHG emissions were not achieved. The primary reason for the poor performance against our targets is the market-related production curtailment that was required during the year which significantly reduced the efficiency of our operations. However, the share of renewable and clean energy target was achieved. The waste-to-landfill target was achieved for FY2024 and exceeded the FY2025 goal. Specific water usage is an SSA-specific target. The target was not achieved due to incidences of unstable operating conditions and product quality challenges which required additional water usage as well as lower production volumes than planned for FY2024. The global certified fibre target >75% was exceeded. In terms of our biodiversity improvement target for our own forest operations, a cumulative improvement of 21% has been achieved from the 2020 baseline condition, well in excess of our target.

Read more on Sappi's material issues relating to climate change, sustainable forestry, water stewardship, resource efficiency and minimising waste and biodiversity in our 2024 Sappi Group Sustainability Report www.sappi.com/2024GSDR .

Science-based targets

The FY2024 Scope 1 and 2 emission intensity of 0.82 t CO₂e/adt was 18% above our SBTi trajectory due to ongoing market-related production curtailments and the associated negative impacts on energy efficiency. However, we achieved a substantial reduction of 13% versus the previous year. The improvement was due to excellent emissions reductions in Europe and overall improved capacity utilisation and operational efficiencies compared to the prior year.

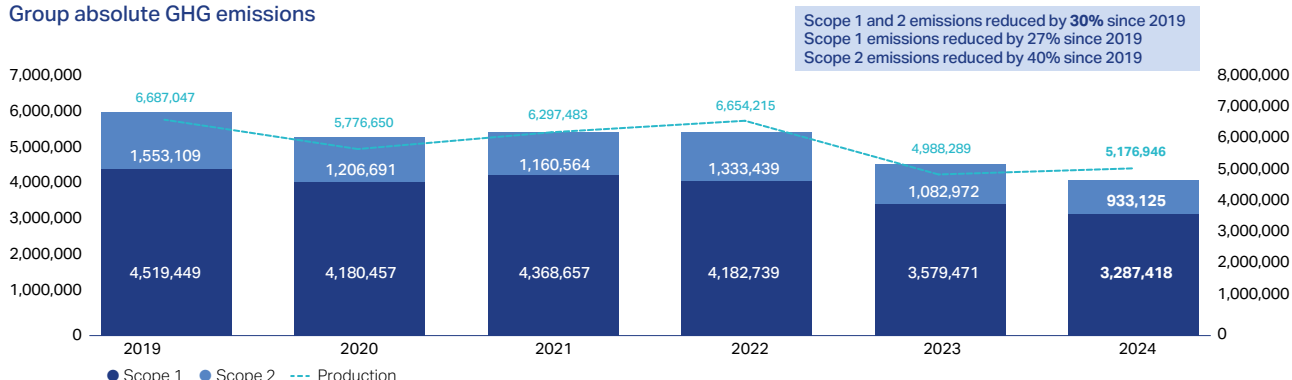
FY2024 GHG emissions data and five-year trend

	GRI reference	Unit	2020	2021	2022	2023	2024
Scope 1	305-1a	t CO ₂ e/annum	4,180,457	4,368,657	4,182,739	3,579,471	3,287,876
	305-4	kg CO ₂ e/adt	723.7	693.7	628.6	717.6	635.1
Scope 1 emissions from							
CO ₂	305-1b	t CO ₂ e/annum	3,762,801	3,960,852	3,774,529	3,171,556	2,871,056
CH ₄		t CO ₂ e/annum	363,439.4	354,323.3	354,772.1	355,536.5	363,279.8
N ₂ O		t CO ₂ e/annum	54,216.4	53,481.9	53,437.6	52,379.1	53,539.8
Biogenic emissions	305-3c	t CO ₂ e/annum	6,803,390	6,621,873	6,877,140	6,728,999	6,845,659
Scope 2	305-2a	t CO ₂ e/annum	1,206,691	1,160,564	1,133,439	1,082,972	929,692
	305-4	kg CO ₂ e/adt	208.9	184.3	200.4	217.1	179.6
Scope 1 and 2 GHG emissions							
		t CO ₂ e/annum	5,387,148	5,529,222	5,516,178	4,662,444	4,217,568.4
	305-4	t CO ₂ e/adt	932.6	878.0	829.0	934.7	814.7
		t CO ₂ e/ US\$ million	1,146.70	1,031.40	741.7	810.7	772.7
Scope 3	305-3a	t CO ₂ e/annum	3,330,897	3,476,733	3,750,363	3,445,407	3,741,168
	305-4	kg CO ₂ e/adt	576.6	552.1	563.6	690.7	722.7

Production curtailments continue to impact emission intensity since production is the denominator in the calculation. Sappi's absolute emissions have reduced by 30% since 2019 and benefited in 2024 from the closures of Stockstadt and Lanaken Mills. The majority of the sales volumes from the two closed mills were transferred to Gratkorn and Ehingen Mills which have lower emission intensity, thereby positively reducing both the absolute emissions and emission intensity of the European region.

Group absolute GHG emissions six-year trend

Group absolute GHG emissions



Although the FY2024 emission intensity remains above our SBTi target trajectory, this is to a large extent due to the production curtailments and the impact on operational efficiencies. The key abatement capital projects that have been completed in the last few years are demonstrating significant emission reductions.

In terms of the abatement projects, we achieved significant reductions in Scope 1 emission intensity in FY2024 from the four main projects listed below.

- 1 Kirkniemi Mill Scope 1 emission intensity reduced by 85% from the 2019 baseline driven primarily by the conversion of the coal fired boiler to biomass.
- 2 Gratkorn Mill Scope 1 emission intensity reduced by 34% from the 2019 baseline due to the conversion of the coal fired boiler to natural gas/biomass. Intensity will reduce even further as the final phase of the project to handle biomass is completed and the boiler converts fully to biomass.
- 3 Maastricht Mill Scope 1 emission intensity reduced by 16% from the 2019 baseline as e-boiler benefits were realised.
- 4 Saiccor Mill Scope 1 emission intensity reduced by 55% from the 2019 baseline due to the sustainability investments included in the recent expansion project.

In terms of our engagement target for Scope 3 to have 44% of our suppliers by spend with SBTs by 2026. Globally we achieved 25% with each region achieving the following: SEU 28%, SNA 22%, SSA 25%. Unfortunately, delays in SBTi finalising their guidance for the chemical sector has prevented a number of our suppliers setting SBTs. We anticipate that more of our chemical suppliers will join SBTi in FY2025 after the guidelines are published for the sector.

In 2024 we have intensified our supplier engagement by sending out questionnaires to all our Tier 1 suppliers to collect primary Scope 3 emissions data. This is a necessary step to more accurately measure and monitor our Scope 3 emissions. Engaging also leads to informing suppliers of the importance of climate change and reducing environmental impact. We are still developing our process for further engagement and increasing spend with suppliers who have demonstrated good performance in terms of compliance with our Supplier Code of Conduct, having SBTs, having a good performance on EcoVadis and supplying primary emission factors for their products.

Limited assurance

In 2023 we engaged KPMG to perform limited assurance on the following planet variables:

- Scope 1 and 2 GHG emissions
- Solid waste-to-landfill
- Certified fibre
- Water usage (SSA only).

Conclusion

A number of physical and transitional risks and opportunities have been identified related to climate change and we continue to monitor developments with respect to legislation, markets, technology and disclosure requirements. Further climate-related scenario analysis for transitional impacts will be undertaken in FY2025. Risks, opportunities and financial impacts will continue to be refined.

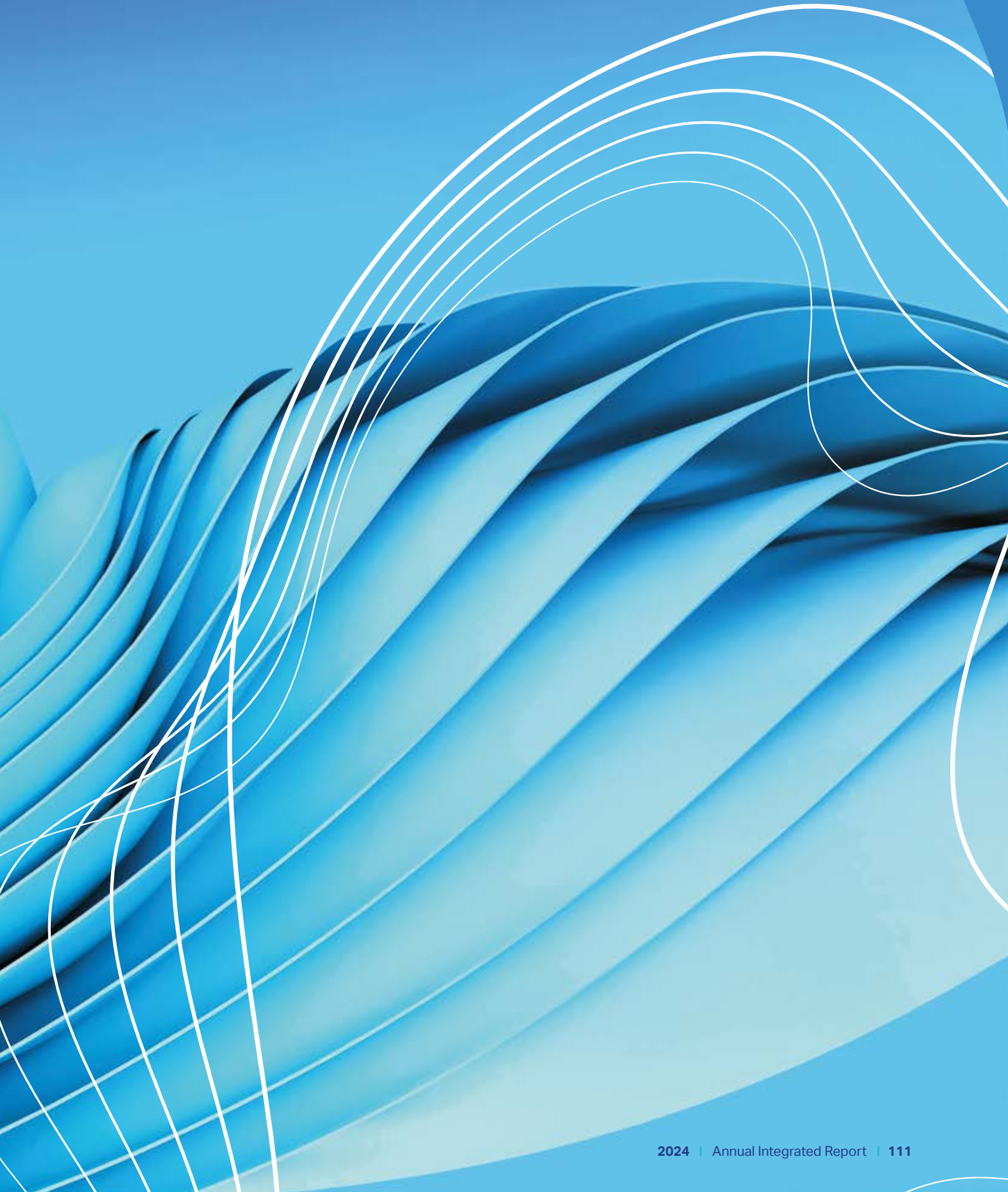
We believe that we have the right strategy to address the risks and opportunities arising from climate change and will continuously enhance our scenario modelling to expand our thinking and ensure that our strategy and transition plan remains resilient.

Headway

Much like ships of old navigated through uncharted waters to discover new lands, ours is often a journey of discovery as we find new ways to develop technologies that address critical challenges, driving progress in fields like renewable energy and biotechnology.

We are making headway in reducing our carbon footprint through renewable energy projects and we have made significant strides in our sustainability efforts. Our milestone Power Purchase Agreement with EnPower will appreciably reduce our Scope 1 and Scope 2 emissions – not only supporting our own decarbonisation objectives – but also contributing to the transformation of the South African electricity supply industry by providing cleaner and more affordable power.

Sappi is also making headway as we enter exciting new markets with our innovative technology for producing furfural using the hemicellulose co-product from our Verve cellulose operations. By utilising this co-product, we maximise the portion of the tree used to create renewable, value-added products. This approach ensures that our furfural production is supported by the same sustainability and forest stewardship credentials as our Verve production, much like navigating new waters with a trusted and reliable vessel.





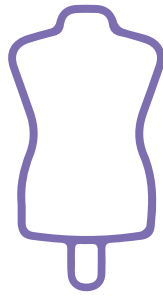
Pulp

Our renowned dissolving, high-yield and kraft pulps provide a sustainable, versatile approach to creating a better tomorrow.

Our dissolving wood pulp (DWP) brand, Verve, creates renewable alternatives for raw material feedstock to textiles, pharmaceuticals, foodstuffs and more.



Pulp



“We continue to invest in all three of our world-class dissolving wood pulp (DWP) production sites – further entrenching our leadership position as a trusted source for responsible and sustainable DWP.”

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

Our Verve brand is a significant player in the DWP market. With capacity of 1.5 million tons per annum and 15% share of the DWP market, Verve is a truly sustainable brand. From textiles to pharmaceuticals and food applications, Sappi has the expertise, technology and track record to meet almost any challenge from these DWP market segments.

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

Viscose staple fibre (VSF) accounts for approximately 75% of global DWP demand. VSF is most commonly used in fashion, home and decorating textiles as well as non-woven applications such as the fibre component in face masks, health and hygiene clothing and sanitation. Verve DWP provides both the quality and the sustainability assurance into this major market segment.

Lyocell represents the next generation of DWP fibres. With its sustainable DWP raw material, reduced chemical processing and closed-loop systems, lyocell continues to be the most sustainable wood-based cellulosic fibre. Our commitment



to and investment in sustainability shows in that approximately 50% of the world's lyocell fibre is manufactured from DWP produced at Sappi's dissolving wood pulp manufacturing sites.

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

In FY2024, the
pulp segment
made up
22%
of sales revenue

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

Market prices for DWP are influenced by VSF and other textile market dynamics, paper pulp market pricing which influences swing mills and US Dollar/RMB exchange rates fluctuations.

Sappi's Matane Mill, located in Quebec, Canada, has the capacity to produce 285,000 tons of high-yield pulp (HYP). Approximately 39% of Matane Mill's pulp production was consumed internally within our packaging and paper businesses during FY2024, thereby increasing pulp integration. The higher level of pulp integration lowers our cost of pulp, reduces its volatility on earnings through the pulp cycle and provides certainty of supply. External HYP sales to third parties are included in the pulp segment.

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

Sales volumes of 1,445,000 tons included 177,000 tons of HYP from Matane Mill and 5,000 tons of kraft pulp produced at Somerset Mill.

Our markets in 2024 and outlook for 2025

Demand for DWP remained strong throughout the year, with selling prices rallying through the second half. Favourable market conditions were supported by a tight supply landscape following closures at competitors and little additional capacity added in the past two years, and strong demand buoyed by high VSF operating rates and low inventory levels. The hardwood DWP market price¹ recovered sharply and ended the year at US\$960 per ton but overall net US Dollar selling prices for the pulp segment were slightly down year-on-year.

Sales volumes declined by 5%, or 72,000 tons, compared to the prior year primarily due to scheduled maintenance shuts at Ngodwana and Cloquet Mills in the first quarter, which were not in the prior year, and lower HYP external sales. Substantial variable cost savings, mainly attributable to lower wood costs in South Africa, boosted profitability of the segment resulting in Adjusted EBITDA for the year being substantially higher than the prior year with Adjusted EBITDA margins improving from approximately 18% to 23%.

The reduction in HYP sales was due to higher integration into our own packaging paper assets in North America and Europe as packaging market conditions improved. Production at Saiccor Mill improved year-on-year due to more stable operations.

Dissolving wood pulp market dynamics are expected to remain favourable through the first quarter as VSF operating rates remain high and inventory levels through the value chain are at historical lows. The DWP supply landscape remains constrained with no new capacity anticipated in the short term. VSF pricing increased through November 2024, providing further support for hardwood DWP pricing which maintained its upward momentum and increased a further US\$10 to US\$970 per ton since the end of September.

We aim to remain focused on meeting and exceeding the needs of our customers. We will continue to capitalise on our competitive advantages: our world-class and sustainably managed plantations, our geographic positioning and our sterling reputation as a reliable partner, to bring our customers sustainable products that create shared value for everyone.

Moderate HYP demand growth continues to be driven by increased packaging demand due to single-use plastic replacement, e-commerce driven packaging demand and limited recovered paper availability. Significant board capacity expansion has occurred and is planned, particularly for Asia, but much of this will be accompanied by integrated HYP and other integrated pulp capacity additions. Recession is a risk to HYP demand from both paper and packaging segments. Our focus remains on meeting our own growing need for high-quality, HYP for our packaging and speciality papers businesses in Europe and North America, as well as external sales to third parties.

¹ Market price for imported hardwood DWP into China issued daily by the CCF Group.



Packaging and speciality papers

Developing and delivering innovative, sustainable solutions is at the heart of our philosophy.

We offer a broad range of paper-based sustainable solutions as an alternative to non-renewable, fossil fuel-based packaging in many of our product segments.



Packaging and speciality papers



“We manufacture innovative packaging and speciality papers products and services with a commitment to sustainability and a circular economy. Working closely with brand owners, converters, printers, designers and communications agencies, we pride ourselves in being a reliable and global business partner.”

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

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

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

Packaging papers and boards

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

Sappi's evolution within this segment is supported by the suitability of our technically advanced and efficient paper machines for conversion to packaging grades that require a variety of surface treatments or coatings for functionality. Ahead of commissioning conversion projects, we carefully analyse the growth potential and technical requirements of a wide range of packaging papers market segments to match those requirements with our assets, specifically our production capabilities and cost of production, the cost to serve customers and competitive threats. We choose only those projects where we believe we hold a significant advantage.

Flexible packaging


Innovative paper-based solutions with integrated functionalities such as barrier technology from water, oxygen and grease as well as sealing properties are suitable for various applications, notably in packaging for food as well as non-food markets. Flexible packaging is manufactured at our Alfeld Mill in Germany, at our Italian mills, Carmignano and Condino and Rockwell Solutions in Scotland.

Paperboard

High-quality coated boards for use in luxury packaging applications that require functionality and superior graphics across a range of market segments, including health and beauty, confectionery, premium beverages and food packaging. Paperboard is manufactured at our Alfeld Mill in Germany, Maastricht Mill in the Netherlands and Somerset Mill in North America.

Containerboard

Includes liners and fluting, for corrugated boxes. Sappi's products are found in applications like consumer packaging, shelf-ready packaging and transport packaging for agricultural and industrial uses. Containerboard is manufactured at our Ehingen Mill in Germany and at our South African mills, Ngodwana and Tugela.



**In FY2024, the
packaging and
speciality papers
segment made up
31%
of sales revenue**



Label papers and self-adhesives

Label papers are used for both wet-glue (cut and stack) and wet-strength label processes in beverage, food and packaging applications. Our clay-coated kraft and glassine release liners provide solutions not only for labels but applications such as self-adhesive tapes, medical and industrial applications. Label papers and self-adhesives are manufactured at our Alfeld Mill in Germany, Carmignano Mill in Italy, Cloquet Mill in North America, Gratkorn Mill in Austria and Somerset Mill in North America.

Casting and release papers

Used by suppliers in the fashion, textile, automobile and laminate industries. Our papers serve as moulds to impart textures on other surfaces, ranging from decorative laminates and synthetic leather to engineered films and rubber. Casting and release papers are manufactured at our Westbrook Mill in North America.

Dye sublimation papers

For digital transfer printing with water-based dye sublimation inks. Designed for the transfer of an image onto various materials, such as apparel, outdoor advertising and home textiles. Dye sublimation papers are manufactured at our Italian mills, Carmignano and Condino.

Tissue paper

Used for bathroom tissue, kitchen towels, serviettes and medical and industrial wipes. Tissue paper is manufactured at our Stanger Mill in South Africa.

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

Our markets in 2024 and outlook for 2025

Demand for packaging and speciality papers products improved steadily through the year as the destocking cycle of 2023 reversed, leading to an overall 8% increase in sales volumes compared to the prior year. Market dynamics varied across the regions, with North America and South Africa experiencing stronger recoveries and returning to full operating rates compared to Europe, where downstream demand remained suppressed due to lingering poor consumer sentiment. Although higher sales volumes and variable cost savings were achieved, these gains were offset by lower selling prices, leading to margin erosion for the segment. Adjusted EBITDA margins for the segment decreased from 12.2% last year to 7.4% in FY2024.

Demand for packaging and speciality papers in North America is particularly robust and our customers are actively seeking to increase their volumes with Sappi. In November 2022, the board approved a US\$418 million investment at Somerset Mill to convert PM2 from coated woodfree graphic papers to SBS board. The machine capacity will be increased during the conversion from 235,000 tons to 470,000 tons per annum. The project is progressing well and on track to start-up in April 2025. The FY2024 capital expenditure on the project was approximately US\$160 million and the estimated spend for FY2025 is US\$157 million. Refer to **Letter to the stakeholders – Grow our business** section of this report on page 30 for further information on investments made in our packaging and speciality papers segment. These strategic investments are integral to our **Thrive** strategy to reduce exposure to declining graphic papers markets and increased capacity in growing packaging papers markets.

The long-term favourable outlook for our sustainably produced packaging and speciality papers products remains unchanged, and demand from our customers in South Africa and North America is healthy. Sappi is well-positioned to benefit from the additional paperboard capacity from the conversion and expansion of Somerset Mill PM2 that will start up in the third quarter. However, challenges persist in the short term in Europe as market recovery is taking longer than expected and we therefore do not expect any meaningful volume recovery in the region in the first quarter of the financial year.



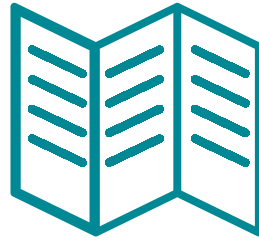
Graphic papers

Our wide range of brilliant, high-performing graphic papers create impactful brand experiences.

When companies build brands, selecting the right paper can mean the difference between creating something average and something memorable.



Graphic papers



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

Our markets in 2024 and outlook for 2025

Paper markets remained subdued throughout the year, with the expected recovery in demand after the prolonged destocking phase of 2023 unfolding more slowly than anticipated.

Graphic papers sales volumes were up 2% from the previous year but the pace of recovery slowed as the year progressed, which suggests a likely permanent structural shift in demand. Lower selling prices were partially mitigated by variable cost savings. The closure of the Stockstadt and Lanaken Mills significantly reduced the fixed cost base and enhanced European capacity utilisation, contributing to improved profitability of the segment compared to the prior year. The graphic papers segment generated Adjusted EBITDA of US\$259 million with Adjusted EBITDA margins increasing from 9.7% in the prior year to 10.2%.

Graphic papers markets have experienced a permanent structural decline through FY2024 and are expected to resume the historical 6% – 8% decline through FY2025. Globally there is significant overcapacity. However, we have proactively reduced our capacity in Europe to align with our anticipated market share of demand and will remove further capacity in FY2025 as we ramp up the wet strength label production on Gratkorn Mill PM9. In North America, post the conversion of Somerset Mill PM2, we will continue to meet the needs of our graphic papers customers while fully utilising our assets.

The four major grades of graphic papers are discussed below:

Coated woodfree paper

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

Demand trends: The share of global advertising spend relative to print is expected to continue to decline. However, we believe there will always be a place for paper within the marketing mix. Globally, demand for coated woodfree paper is forecast to decline from approximately 21 million tons in 2019 to approximately 13.8 million tons by 2025.

Sales: Sappi's sales volumes for coated woodfree paper increased 5% from last year but sales revenue was 7% lower, due to a challenging macroeconomic environment where demand for graphic papers remained suppressed. Globally, demand for coated woodfree paper marginally increased from the approximately 16% decline experienced in the prior year.

Coated mechanical paper

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



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

Sales: Sappi's sales volumes from coated mechanical paper were approximately 11% higher than the prior period, however, sales revenue was 6% lower year-on-year, due to the unfavourable economic climate. This year, the global market contracted by approximately 3% relative to the prior year.

Uncoated woodfree paper

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

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

Sales: Our sales revenue from uncoated woodfree paper was 24% lower than last year, largely as a result of the strategic rationalisation of our European assets. Globally, demand marginally increased in the current financial year.

Newsprint paper

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

Demand trends: Demand for newsprint is principally derived from newspaper circulation and overall retail advertising. Newspaper readership is declining around the world. This industry segment was hard hit by the challenging macroeconomic environment with an estimated drop in demand of approximately 4% during the current year and an estimated decline of 5% – 6% annually through to 2028. Publishers are consolidating, while some titles have closed. Pockets of growth exist in advertising-financed daily newspapers typically found in large metropolitan cities.

Sales: Newsprint volumes continue to be impacted by the volatile and challenging macroeconomic environment, however, no production curtailment was necessary in the current financial year. Relative to the prior year our volumes were 5% down and sales revenue was 11% lower. Globally, newsprint demand declined 4% versus 2023.

In FY2024, the
graphic papers
segment made up

47%
of sales revenue

Chief Financial Officer's report



“The **Thrive** strategy provides the group with the flexibility to adapt to a changing external environment.”

Glen Pearce, Chief Financial Officer (CFO)

Section 1: Financial highlights

US\$ million	2024	2023	% change
Sales	5,458	5,809	(6)
Adjusted EBITDA	684	731	(6)
Operating profit excluding special items	407	432	(6)
Profit for the year	33	259	(87)
Adjusted EBITDA to sales %	12.5	12.6	n/a
Operating profit excluding special items to sales %	7.5	7.4	n/a
Operating profit excluding special items to capital employed (ROCE) %	10.8	12.3	n/a
Net cash (utilised) generated	(306)	210	n/m
Net debt	1,422	1,085	31
Basic earnings per share (US cents)	6	46	(87)

The group reported steady quarterly operational improvements during the year as sales volumes (excluding forestry sales volumes) recovered, selling prices stabilised and the fixed cost base was adjusted by the closure of excess capacity in Europe. The average operating rate of the group improved from 69% last year to 80% resulting in EBITDA excluding special items and the plantation fair value price adjustment (Adjusted EBITDA) of US\$684 million and a margin of 12.5%. The net cost of closing capacity in Europe at the Stockstadt and Lanaken Mills amounted to US\$234 million, and combined with the Somerset Mill paper machine conversion costs of US\$160 million, were the main contributors to the resulting cash utilised of US\$306 million for the year. The cash outflows were funded by opening cash reserves as gross debt remained stable year-on-year.

The graphic papers segment recorded a 2% improvement as sales volumes recovered during the second half of the year. European operating rates improved markedly following the mill capacity closures and the successful transfer of volumes to the remaining operations. Net selling prices stabilised, arresting the downward trend of the prior year. Total fixed and variable costs per ton reduced by 4% contributing to an Adjusted EBITDA margin of 10% for the year.

Section 1 *continued*

Financial highlights *continued*

Packaging and speciality papers sales volumes increased by 8% as demand recovered across most categories. Selling prices were under pressure after the peaks of the previous year and reduced by 9% year-on-year. The reduction was partially offset by total cash costs per ton reducing by 3% resulting in a reduced Adjusted EBITDA margin of 7% relative to the prior year of 12%.

Sales volumes for the pulp segment in the prior year benefited from the previous year's high stock levels. Although sales volumes in the current year were down 5%, the segment experienced strong demand and sales volumes followed production output. Net selling prices and total cash costs per ton reduced by 1% and 5% respectively. As a result, the Adjusted EBITDA margin improved from 18% to 23%.

The group utilised cash of US\$306 million after a reduction in net working capital of US\$29 million, closure and

restructuring costs of US\$280 million and capex of US\$458 million. Profit for the year of US\$33 million (LY = US\$259 million) included special item costs of US\$225 million. Adjusted earnings per share reduced from US52 cents to US41 cents. The directors declared a dividend of US14 cents per share at three times earnings cover adjusted for non-cash items.

Segment reporting

Our reporting is based on the geographical location of our businesses, ie, Europe, North America and South Africa.

The selected product line information is reviewed by our Executive Committee in addition to the geographical basis upon which the group is managed. This additional information is presented in this report to assist our stakeholders in obtaining a complete understanding of our business.

Exchange rates and their impact on the group's results

The group reports its results in US Dollar and, as such, the main foreign exchange rates used in the preparation of the financial statements were:

	INCOME STATEMENT AVERAGE RATES		BALANCE SHEET CLOSING RATES	
	2024	2023	2024	2023
€1 = US\$	1.0843	1.0679	1.1164	1.0572
US\$1 = ZAR	18.5357	18.1791	17.1162	18.9299

Two of our three geographic business units (Europe and South Africa) have home or 'functional' currencies of Euro and ZAR respectively. The results and cash flows of these two non-US Dollar units are translated into US Dollar at the average exchange rate for the reporting period in order to arrive at the consolidated US Dollar results and cash flows. The balance sheet values are translated into US Dollar at the closing rates. When exchange rates differ from one period to the next, the impact of translation from the functional currency to reporting currency can be significant.

Chief Financial Officer's report continued

Section 2: Financial performance

The discussion in this section focuses on the group financial performance in 2024 compared with 2023. A detailed discussion, in local currencies, of each of our three operating regions follows in section 3.

Income statement

Our group financial results can be summarised as follows:

	2024	2023	% change
Sales volume (metric tons '000)	5,967	6,282	(5)
US\$ million			
Sales revenue	5,458	5,809	(6)
Variable manufacturing and delivery costs	(3,299)	(3,538)	(7)
Fixed costs	(1,712)	(1,788)	(4)
Sundry items ¹	(40)	(51)	(22)
Operating profit excluding special items	407	432	(6)
Special items	(225)	(52)	n/a
Operating profit	182	380	(52)
Net finance costs	(67)	(49)	37
Taxation	(82)	(72)	14
Net profit	33	259	(87)
Adjusted EPS (US cents)	41	52	(21)

¹ Sundry items include all income and costs not directly related to manufacturing operations such as debtor securitisation costs, commissions paid and received and results of equity-accounted investments.

Sales volume

In 2024, sales volume decreased by 315,000 tons compared with 2023. The regional and product segment contributions to sales volume are shown below:

Sales volume	2024	2023	% change
Metric tons '000			
North America	1,410	1,373	3
Europe	1,969	1,909	3
South Africa	2,588	3,000	(14)
Group	5,967	6,282	(5)
Pulp	1,445	1,517	(5)
Packaging and speciality papers	1,348	1,251	8
Graphic papers	2,163	2,124	2
Forestry	1,011	1,390	(27)

Pulp volumes decreased by 5% for the year driven by increased levels of planned maintenance, which was not in the prior year, and production disruptions. Market conditions for dissolving wood pulp (DWP) continued to be favourable, supported by tight supply and strong demand, which was supported by high downstream viscose staple fibre (VSF) operating rates and low inventory levels.

Packaging and speciality papers volumes were up 8% following a rebound in paperboard demand in North America which facilitated a return to full paperboard capacity utilisation at the Somerset Mill.

Graphic papers volumes were up 2% for the year. Graphic papers markets gradually recovered from the lows of the prior year as the downstream value chain inventories normalised. However, there has been a structural decline in demand from the highs of 2022.

Section 2 *continued* **Financial performance** *continued*

Capacity utilisation improved to an average of 80% for the group as we reduced production downtime to 743,000 tons compared to 1.9 million tons in the prior year following the closure of capacity at the Stockstadt and Lanaken Mills. Operating rates in our European graphic papers assets increased substantially during the year due to the successful transfer of sales volumes from the closed Stockstadt and Lanaken Mills.

	2024	2023
Sales volume to capacity	%	%
North America	78	74
Europe	75	55
South Africa	87	89
Group	80	69

Sales revenue

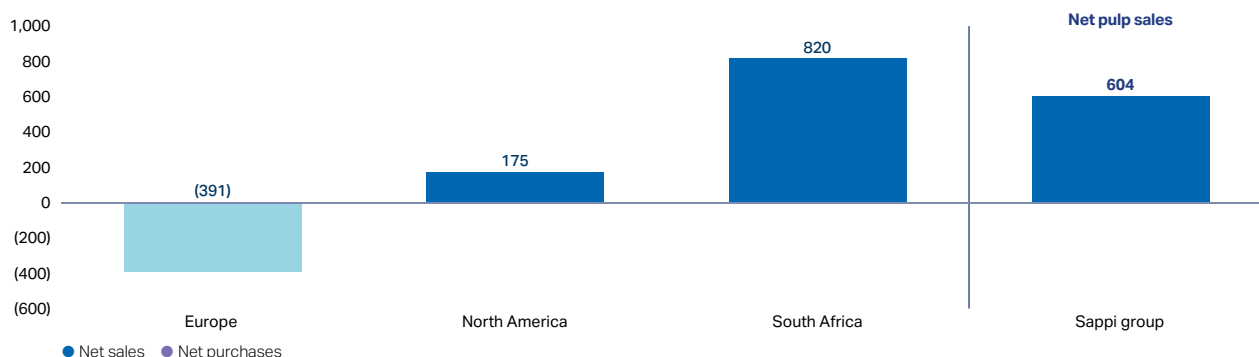
Consolidated sales volumes (including forestry volumes) were down on last year as discussed above, resulting in sales revenue reducing by US\$351 million. The weaker US Dollar resulted in a positive US\$20 million conversion impact.

Variable and delivery costs

Variable and delivery costs decreased by US\$239 million from 2023. The lower sales volumes accounted for 5% of the decrease. Wood costs and energy costs per ton of product sold decreased by 15% and 8% year-on-year respectively while other main cost categories decreased between 2% and 7%.

The net pulp purchases and sales of the Sappi group are detailed in the graph below.

Sappi group pulp (US\$ million)



The table below reflects the breakdown of variable and delivery costs by type.

Variable manufacturing and delivery costs	2024	2023	% change
US\$ million			
Wood	714	829	(14)
Energy	529	569	(7)
Chemicals	823	852	(3)
Pulp and other	784	835	(6)
Delivery	449	453	(1)
Group	3,299	3,538	(7)

Chief Financial Officer's report continued

Section 2 *continued*

Financial performance *continued*

Fixed costs

Fixed costs decreased by US\$76 million from fiscal 2023 following the closure of the Stockstadt and Lanaken Mills. The decrease in 'Other' is mainly a change to inventory movement during fiscal 2024 as a result of a stock increase. The stronger Euro resulted in an increase in US Dollar costs (US\$3 million). Excluding the currency impact, fixed costs decreased by US\$79 million.

Details of the make-up of fixed costs are provided in the table below.

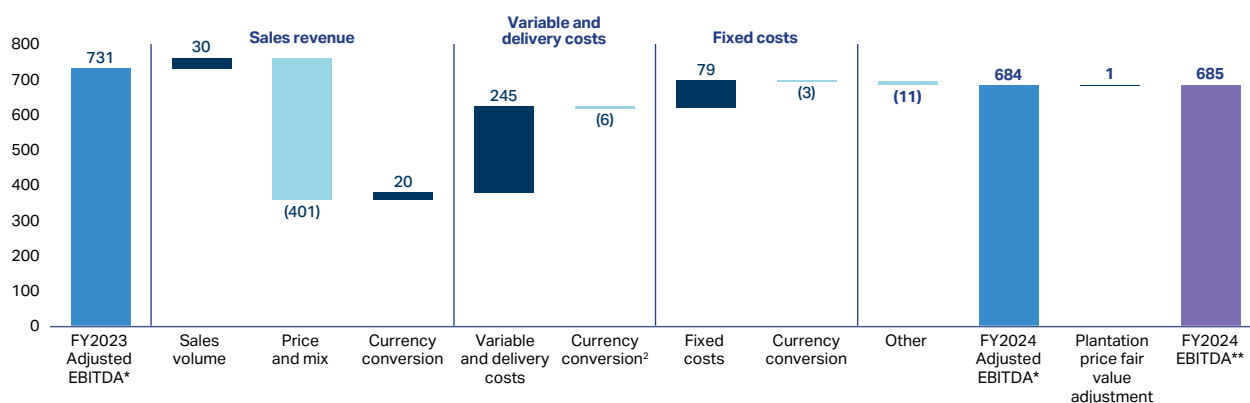
Fixed costs US\$ million	2024	2023	% change
Personnel	1,035	1,024	1
Maintenance	235	248	(5)
Depreciation	272	292	(7)
Other	170	224	(24)
Group	1,712	1,788	(4)

Adjusted EBITDA and operating profit excluding special items

Adjusted EBITDA decreased to US\$684 million, 6% lower than the previous year. Operating profit excluding special items decreased from US\$432 million last year to US\$407 million in 2024.

The EBITDA bridge reflected in the graph below shows the impact on profitability from lower selling prices offset by higher sales volumes (excluding forestry sales volumes), reduced variable and fixed costs.

Reconciliation of EBITDA excluding special items: 2024 compared to 2023¹ (US\$ million)



Notes:

¹ All variances were calculated excluding Sappi Forestry.

² 'Currency conversion' reflects translation and transactional effect on consolidation.

* Adjusted EBITDA = EBITDA excluding special items and plantation price fair value adjustment.

** EBITDA = EBITDA excluding special items.

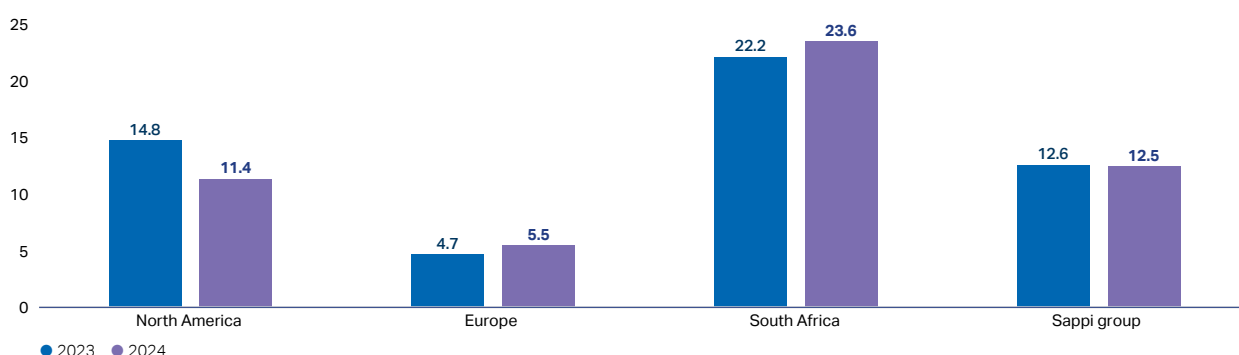
Section 2 *continued* **Financial performance** *continued*

The tables below detail the Adjusted EBITDA of the business for both 2024 and 2023 and the margins of each.

Adjusted EBITDA by region

US\$ million	2024	2023
North America	201	267
Europe	129	124
South Africa	340	332
Corporate and other	14	8
Group	684	731

Adjusted EBITDA margin by region (%)



Adjusted EBITDA by product category

US\$ million	2024	2023
Pulp	284	238
Packaging and speciality papers	127	214
Graphic papers	259	271
Other	14	8
Group	684	731

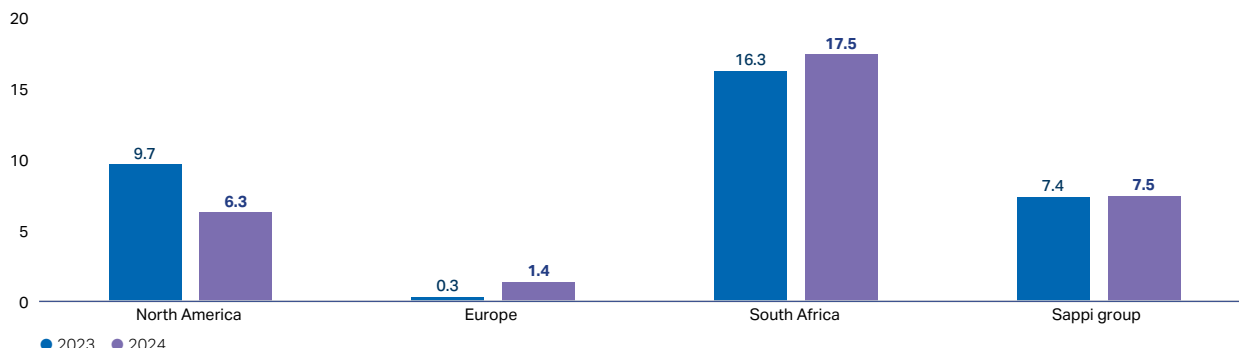
Operating profit excluding special items by region

US\$ million	2024	2023
North America	110	175
Europe	33	8
South Africa	252	244
Corporate and other	12	5
Group	407	432

Chief Financial Officer's report continued

Section 2 *continued* Financial performance *continued*

Operating profit excluding special items margin by region (%)



Operating profit excluding special items by product category

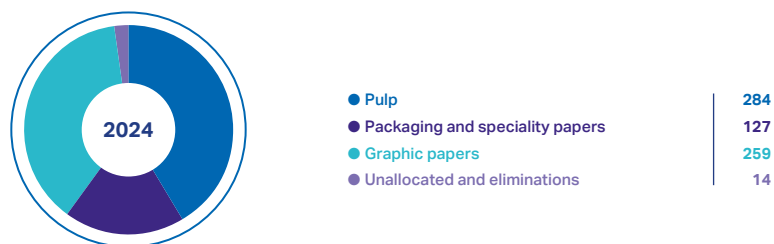
US\$ million

	2024	2023
Pulp	171	162
Packaging and speciality papers	66	119
Graphic papers	158	145
Other	12	6
Group	407	432

In the chart below, 60% of the group's Adjusted EBITDA originates from growing markets in the pulp and packaging and speciality papers segments. The graphic papers segment, which contributes 38% of the Adjusted EBITDA remains an important strategic component as we focus on the commercial print market.

Adjusted EBITDA by product

2024: US\$684 million



For information regarding the financial performance of the regions, please refer to section 3 of this report.

Key operating targets

Our financial targets and performance against the key operating targets are dealt with in the Our strategy and performance section.

Section 2 *continued*
Financial performance *continued*
Special items

Special items consist of those items which management believe are material by nature or amount, to the results for the year and require separate disclosure. A breakdown of special items for 2024 and 2023 is reflected in the table below:

Special items – gain/(loss) US\$ million	2024	2023
Plantation price fair value adjustment	–	123
Net restructuring provisions	(134)	(77)
Profit/(loss) on disposal, written-off assets and incremental costs	(3)	3
Asset impairments reversals/(impairments)	24	(233)
Reversal of loss/(loss) on held-for-sale assets	–	181
Profit/(loss) on disposal of held-for-sale assets	10	(1)
Insurance recoveries	5	7
Fire, flood, storm and other events	(127)	(55)
Total	(225)	(52)

The net impact of special items in 2024 was US\$225 million. The major components are described below:

- Restructuring provisions of US\$134 million were raised largely related to the closure of our Lanaken Mill
- Fixed asset impairments reversals of US\$30 million and US\$3 million were recognised at our Lanaken and Stockstadt Mills respectively. This was offset by fixed asset impairments at our Westbrook Mill of US\$5 million and intangible asset impairments of US\$4 million incurred within our European segment
- A profit on held-for-sale assets of US\$10 million was recorded on the sale of our Stockstadt Mill
- Insurance recoveries of US\$5 million largely relate to insurance claims on fire damaged plantations in South Africa
- A number of additional special item charges were recorded which include among others Stockstadt and Lanaken Mills closure costs of US\$54 million, business interruption losses at Ehingen, Kirkniemi, Somerset, Saiccor and Ngodwana Mills amounting to US\$38 million, fire and snow damaged timber of US\$20 million, incremental insurance costs of US\$3 million and a pension settlement loss of US\$2 million.

Net finance costs

US\$ million	2024	2023
Finance costs	104	107
Finance income	(28)	(48)
Net foreign exchange gains	(9)	(10)
Total	67	49

Finance costs of US\$67 million were higher than the prior year due to lower average cash balances.

Chief Financial Officer's report continued

Section 2 *continued*

Financial performance *continued*

Taxation

A regional breakdown of the tax charge is provided below.

US\$ million	Profit/(loss) before tax	Tax (charge)/relief	Effective tax rate %
Europe	(214)	(13)	(6)
North America	98	(22)	22
South Africa	231	(46)	20
Total	115	(82)	71

The difference between the European effective and statutory tax rate is due to the utilisation of assessed losses on profits in Austria and Finland and unrecognised losses in Belgium and Germany originating from the closure costs incurred at the Lanaken and Stockstadt Mills.

The North American effective tax rates are below the statutory tax rate due to prior year adjustment credits.

The South African effective tax rate is below the statutory tax rate, mainly due to special tax allowances.

Net profit, earnings per share and dividends

After taking into account net finance costs and taxation, our net profit and earnings per share for 2024, with comparatives for 2023, were as follows:

US\$ million	2024	2023
Operating profit	182	380
Net finance costs	67	49
Profit before taxation	115	331
Taxation	82	72
Profit for the period	33	259
Weighted average number of shares issued (millions)	582.4	563.6
Basic earnings per share (US cents)	6	46

The directors have elected to declare a dividend of US14 cents per share at three times earnings cover adjusted for non-cash items amounting to a gross dividend of approximately US\$84 million (FY2023 = US\$84 million).

Section 3: Regional business performance

Below we discuss the performance of the regional businesses. The discussion is based on performance in local currencies as we believe this facilitates a better understanding of the revenue and costs in the European and South African operations.

North America

Metric tons '000	2024	2023	% change
Sales volume	1,410	1,373	3
Pulp	437	483	(10)
Packaging and speciality papers	456	375	22
Graphic papers	517	515	0

	US\$ million 2024	US\$ million 2023	% change	US\$ per ton 2024	US\$ per ton 2023	% change
Sales	1,759	1,810	(3)	1,248	1,318	(5)
Variable manufacturing and delivery costs	(1,048)	(1,061)	(1)	(743)	(773)	(4)
Contribution	711	749	(5)	505	545	(7)
Fixed costs	(568)	(551)	3	(403)	(401)	0
Sundry items and consolidation entries	(33)	(23)	43	(24)	(17)	41
Operating profit excluding special items	110	175	(37)	78	127	(39)
Adjusted EBITDA	201	267	(25)	143	194	(26)

Capacity utilisation improved by 4% to 78% in North America as sales volumes increased by 3%. Strong demand recovery in the packaging and speciality papers segment was offset by a reduction in pulp sales. Net selling prices were under pressure as variable costs reduced and supply chains normalised. As a result, contribution margins per ton reduced by 7% to US\$505 per ton. Fixed costs, which included major shuts at Somerset and Cloquet Mills, were well-controlled in an inflationary environment. The strategic project to convert and expand the Somerset Mill PM2 from coated woodfree paper to solid bleached sulphate (SBS) paperboard incurred approximately US\$160 million capital expenditure during the year. The project is planned to start up in April 2025 at a total cost of US\$418 million.

Chief Financial Officer's report continued

Section 3 *continued*

Regional business performance *continued*

Europe

Metric tons '000	2024	2023	% change
Sales volume	1,969	1,909	3
Packaging and speciality papers	465	452	3
Graphic papers	1,504	1,457	3

	€ million 2024	€ million 2023	% change	€ per ton 2024	€ per ton 2023	% change
Sales	2,167	2,455	(12)	1,101	1,286	(14)
Variable manufacturing and delivery costs	(1,457)	(1,637)	(11)	(740)	(858)	(14)
Contribution	710	818	(13)	361	428	(16)
Fixed costs	(663)	(774)	(14)	(337)	(405)	(17)
Sundry items and consolidation entries	(17)	(37)	(54)	(9)	(19)	(53)
Operating profit excluding special items	30	7	329	15	4	275
Adjusted EBITDA	119	116	3	60	61	(2)

European sales volumes for both packaging and speciality papers and graphic papers improved by 3% relative to the previous year. Net selling prices reduced by 14% after peaking at historic highs during the prior year. Similarly, variable costs reduced by 14% with energy and chemical costs recording the largest percentage reductions. Fixed costs reduced by 14% following the closure of the Stockstadt and Lanaken Mills. As a result, capacity utilisation improved from 55% to 75%, reducing the fixed cost per ton by €68 per ton to €337 per ton. The full impact of the closure of the two mills on fixed costs only took effect from the middle of the third quarter onwards. Retrenchment and closure costs totalled US\$280 million and were offset by the sale of the Stockstadt Mill land during Q3 for €43 million (US\$46 million). The contract for the sale of the Lanaken Mill subsidiaries was concluded on 25 October 2024 for US\$44 million (€40 million). Funds were received during Q1 of fiscal 2025.

Section 3 *continued* **Regional business performance** *continued*
South Africa

Metric tons '000	2024	2023	% change
Sales volume*	1,577	1,610	(2)
Pulp	1,008	1,034	(3)
Packaging and speciality papers	427	424	1
Graphic papers	142	152	(7)

	ZAR million 2024	ZAR million 2023	% change	ZAR per ton 2024	ZAR per ton 2023	% change
Sales*	25,505	25,687	(1)	16,173	15,955	1
Variable manufacturing and delivery costs	(15,348)	(16,815)	(9)	(9,732)	(10,444)	(7)
Contribution	10,157	8,872	14	6,441	5,511	17
Fixed costs	(7,878)	(7,453)	6	(4,996)	(4,629)	8
Sundry items and consolidation entries	2,392	3,017	(21)	1,517	1,873	(19)
Operating profit excluding special items	4,671	4,436	5	2,962	2,755	8
Adjusted EBITDA	6,302	6,035	4	3,996	3,748	7

* Excludes Forestry.

The South African business delivered another record Adjusted EBITDA of ZAR6.302 billion for the year in a challenging environment. A reduction in pulp and graphic papers sales volumes were partially offset by volume increases in packaging papers. Pulp sales were affected by vessel delays at the Durban port which increased to 22 days during Q2 and improved to 11 days by the end of the year following a concerted effort by port authorities to address port inefficiencies. The reduction in variable costs was mainly attributed to lower wood and chemical costs in the second half of the year. Fixed costs were well-controlled taking into account the increase in maintenance and insurance costs which were above inflationary adjustments.

Major sensitivities

Some of the more important factors which impact the group's Adjusted EBITDA, based on current anticipated revenue and cost levels, are summarised in the table below:

Sensitivities	Change	Europe € million	North America US\$ million	South Africa ZAR million	Translation impact* US\$ million	Group US\$ million
Net selling prices	1%	24	21	304	–	59
Dissolving wood pulp prices	1%	–	3	182	–	13
Variable costs	1%	14	10	162	–	32
Sales volume	1%	7	8	120	–	22
Fixed costs	1%	6	5	73	–	15
Paper pulp price	1%	5	2	8	–	7
Oil price	1%	3	1	2	–	3
ZAR/US\$ (weakening)	10 cents	–	–	107	(2)	4
€/US\$ (weakening)	10 cents	(1)	(5)	–	(11)	(17)

* Based on currency impact on translation of Adjusted EBITDA.

The table demonstrates that Adjusted EBITDA excluding special items is most sensitive to changes in the selling prices of our products.

The calculation of the impact of these sensitivities assumes all other factors remain constant and does not consider potential management interventions to mitigate negative impacts or enhance benefits.

Chief Financial Officer's report continued

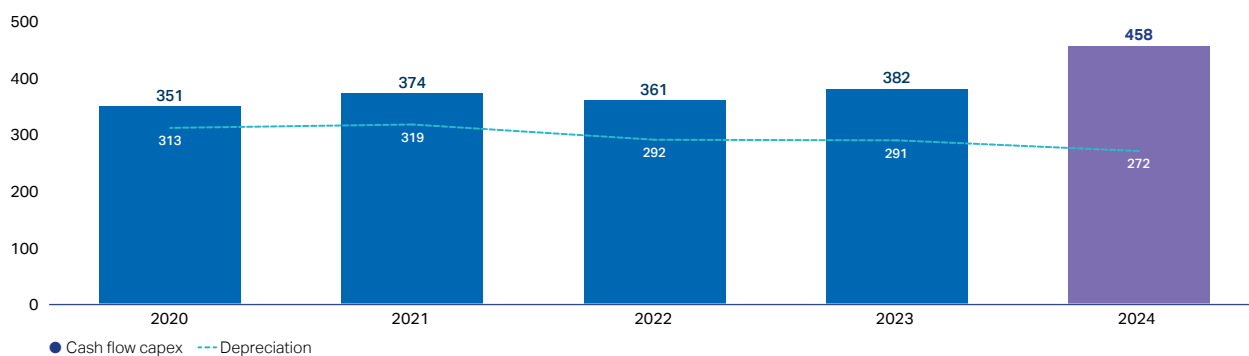
Section 4: Cash flow

In the table below, we present the group's cash flow statement for 2024 and 2023 in a summarised format:

US\$ million	2024	2023
Operating profit excluding special items	407	432
Depreciation and amortisation	278	299
EBITDA excluding special items	685	731
Contributions to post-employment benefits	(24)	(32)
Other non-cash items	(111)	(40)
Cash generated from operations	550	659
Movement in working capital	29	178
Closure and restructuring costs paid	(280)	–
Net finance costs	(41)	(91)
Taxation	(50)	(56)
Dividend paid	(84)	(85)
Capital expenditure	(458)	(382)
Net proceeds on disposal of assets	51	16
Other	(23)	(29)
Net cash (utilised) generated	(306)	210

Lower profitability resulted in lower cash generation from operations of US\$550 million (LY = US\$659 million). The Stockstadt and Lanaken Mills closure and restructuring costs of US\$280 million was offset by the proceeds of asset sales of US\$51 million largely related to the sale of the Stockstadt Mill land. Capital expenditure costs include US\$160 million for the conversion of the Somerset Mill paper machine. Net cash utilised for the financial year was US\$306 million (FY2023: cash generated US\$210 million).

Investment in fixed assets versus depreciation (US\$ million)



Section 5: Balance sheet
Summarised balance sheet

US\$ million	2024	2023
Property, plant and equipment	3,241	2,886
Right-of-use assets	79	69
Plantations	562	488
Net working capital	489	447
Other assets	317	317
Net post-employment liabilities	(110)	(114)
Other liabilities	(661)	(563)
Employment of capital	4,000	3,530
Equity	2,578	2,445
Net debt	1,422	1,085
Capital employed	4,000	3,530

Sappi has 17 production facilities in nine countries, capable of producing approximately 3.7 million tons of pulp and 4.6 million tons of paper. For more information on our mills, their production capacities and products, please refer to the Where we operate section.

During 2024, property, plant and equipment additions amounted to US\$490 million. The capacity replacement value of property, plant and equipment for insurance purposes has been assessed at approximately US\$20 billion.

Property, plant and equipment

The cost and depreciation related to our property are set out in the table below.

Book value of property, plant and equipment US\$ million	2024	2023
Cost	9,141	9,321
Accumulated depreciation and impairment	5,900	6,435
Net book value	3,241	2,886

Property, plant and equipment additions amounted to US\$490 million during the year. This was offset by depreciation of US\$248 million and transfers to held-for-sale assets of US\$78 million. Net impairments reversals amounted to US\$29 million.

Plantations

We regard ownership of our plantations in South Africa as a key strategic resource as it provides access to low-cost fibre for pulp production and ensures continuity of supply on an important raw material input source.

The South African region has access to approximately 401,000 hectares of land of which approximately 262,000 hectares are planted with pine and eucalyptus. These plantations provide approximately 60% of the wood requirements for our South African mills.

Our plantations are valued on the balance sheet at fair value less the estimated costs of delivery, including harvesting and transport costs. In notes 2, 3, 4 and 11 to the financial statements, we provide more detail on our accounting policies for plantations, how we manage our plantations, as well as the major assumptions used in the calculation of fair value.

Chief Financial Officer's report continued

Section 5 *continued*

Balance sheet *continued*

Working capital

The component parts of our working capital at the 2024 and 2023 fiscal year ends are shown in the table below:

Net working capital US\$ million	2024	2023
Inventories	836	777
Trade and other receivables	771	658
Trade and other payables and provisions	(1,118)	(988)
Net working capital	489	447

Optimising working capital remains a key focus area for us and appropriate targets are incorporated into the MISs for all businesses. The working capital investment is seasonal and typically peaks during the third quarter of each financial year.

Net working capital increased to US\$489 million in 2024 from US\$447 million in 2023. The material movements in working capital are discussed below:

- Inventories increased by US\$59 million, caused mainly due to increased inventory levels and an unfavourable currency translation impact of US\$34 million
- Receivables increased by US\$113 million on higher sales volumes and an unfavourable currency translation impact of US\$22 million
- Payables increased by US\$130 million largely due to increases in capital, bonus and rebate accruals, and a favourable currency translation impact of US\$58 million.

Post-employment liabilities

We operate various defined benefit pension/lump sum plans, post-employment healthcare subsidies and other employee benefits in the various countries in which we operate. A summary of defined benefit assets and liabilities (pension and post-employment healthcare subsidies) is as follows:

Defined benefit liabilities US\$ million	2024	2023
Defined benefit obligation	(529)	(481)
Fair value of plan assets	422	373
Asset ceiling	(3)	(5)
Net balance sheet liability	(110)	(113)
Cash contributions to defined benefit plans/subsidies	24	28
Income statement charge/(credit) to profit or loss	(15)	(24)
Cash contributions deemed 'catch-up'*	14	18

* 'Catch-up' is cash contributions paid to defined benefit plans in excess of current service cost.

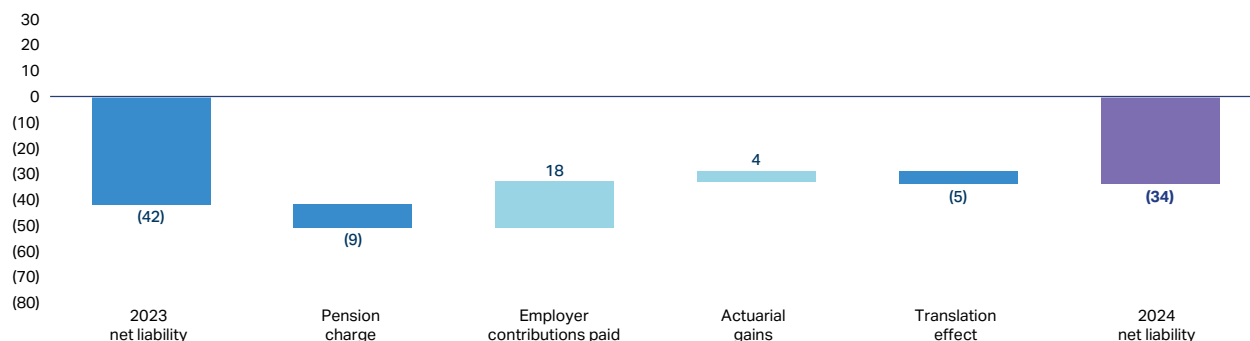
Gross liabilities from all our plans increased by US\$48 million from US\$481 million to US\$529 million over the year. The main driver of the overall increase in gross liabilities was a drop in discount rates due to falling yields in respective bond markets.

Fair value of plan assets increased by US\$49 million from US\$373 million to US\$422 million. Significant portions of our assets are held in bonds as part of liability matching strategic allocations. An equivalent increase is therefore seen in asset returns across the group, mostly relating to the North American plan assets, with higher-than-expected returns being achieved.

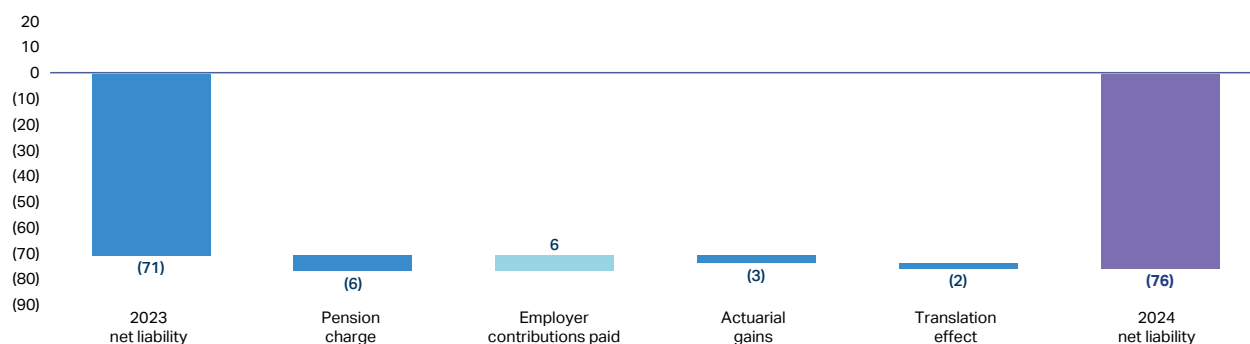
Included in the liability and asset movements above is a US\$7 million loss resulting from movements relative to the reporting currency.

Section 5 *continued* **Balance sheet** *continued*

Sappi Limited defined benefit pensions balance sheet movement (US\$ million)



Sappi Limited post-retirement medical aid subsidy balance sheet movement (US\$ million)



Equity

Year-on-year, equity increased by US\$133 million to US\$2,578 million as summarised below:

Equity reconciliation US\$ million	2024
Equity as at September 2023	2,445
Profit for the year	33
Dividend paid	(84)
Issue of shares	59
Share-based movements	6
Movement in hedging reserves	17
Actuarial losses	(1)
Foreign currency movements	103
Equity as at September 2024	2,578

The group realised a profit for the year of US\$33 million. Additionally, shares to the value of US\$59 million were issued as settlement of our residual convertible bond, a share-based charge of US\$6 million was recorded, hedging gains amounted to US\$17 million and foreign currency movements resulted in an increase of US\$103 million. These were offset by the dividend declared of US\$84 million and actuarial losses of US\$1 million.

Chief Financial Officer's report continued

Section 5 *continued*

Balance sheet *continued*

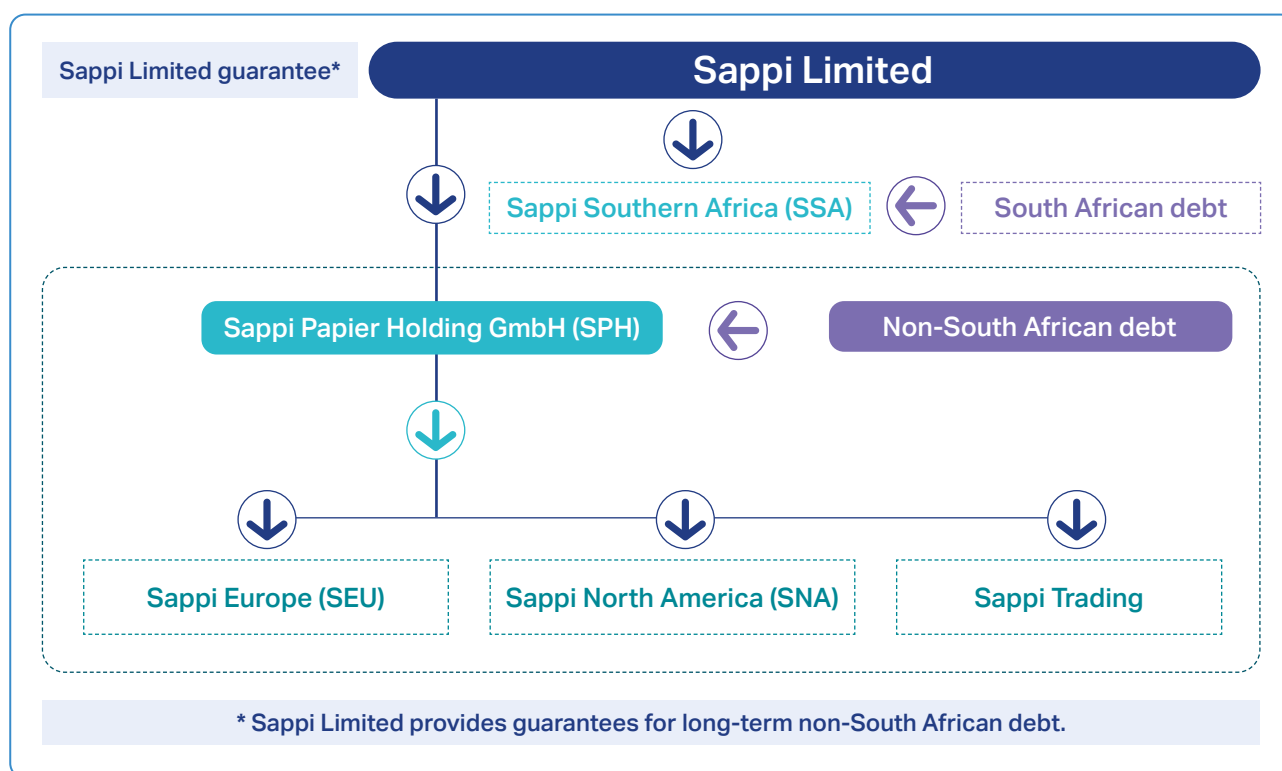
Debt

Debt is a major source of funding for the group. In the management of debt, we focus on net debt, which is the sum of current and non-current interest-bearing borrowings and bank overdrafts, net of cash and cash equivalents.

Debt funding structure

The Sappi group principally takes up debt at two legal entities. Sappi Southern Africa Limited issues debt in the local South African market for its own funding requirements and Sappi Papier Holding GmbH (SPH), which is Sappi's international holding company, issues debt in the international money and capital markets to fund our non-South African businesses. SPH's long-term debt is supported by a Sappi Limited guarantee and the financial covenants on certain of its debt agreements are based on the ratios of the consolidated Sappi Limited group. The covenants applicable to the debt of these two entities and their respective credit ratings are discussed below.

The diagram below depicts our debt funding structure.



Below we highlight the main financing activities that occurred during the year:

- New €150 million seven-year OeKB bank term loan
- Conversion of the ZAR1.8 billion SSA convertible bond to equity
- Refinancing the ZAR1.5 billion SSA08 bond maturity in South Africa with a new local bond issue.

Section 5 *continued*
Balance sheet *continued*

Structure of net debt and liquidity

We consider the group liquidity position to be strong, with cash holdings of US\$317 million at financial year end, and US\$692 million of unutilised committed RCFs.

The structure of our net debt as at September 2024 and 2023 is summarised below:

US\$ million	2024	2023
Long-term debt	1,611	1,397
Senior unsecured debt	1,286	1,213
Securitisation funding	293	280
IFRS 16 <i>Leases</i> *	95	91
Less: Short-term portion	(63)	(187)
Net short-term debt/(cash)	(188)	(312)
Overdrafts, RCF and short-term loans	65	101
Short-term portion of long-term debt	63	187
Less: Cash	(317)	(601)
Net debt	1,422	1,085

* IFRS 16 accounting standard adopted from fiscal 2020.

Movement in net debt

The movement of our net debt from fiscal 2023 to fiscal 2024 is summarised in the table below:

	US\$ million
Net debt at September 2023	1,085
Increase of IFRS 16 <i>Leases</i>	23
Convertible bond conversions	(58)
Net cash utilised in 2024	306
Currency translation, fair value and other non-cash adjustments	66
Net debt at September 2024	1,422

Chief Financial Officer's report continued

Section 5 *continued*

Balance sheet *continued*

Group debt profile

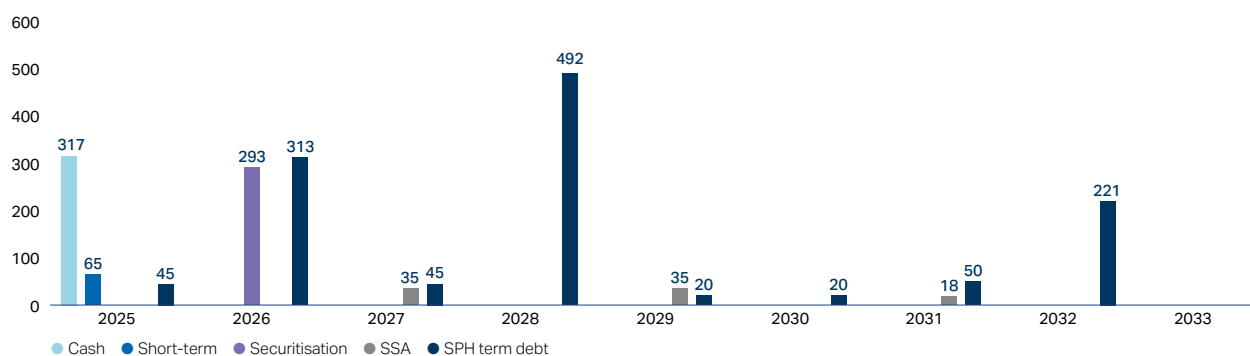
We show the major components and maturities of our net debt as at September 2024 below. These are split between the debt in South Africa and the debt outside South Africa.

MATURITY (SAPPI FISCAL YEARS)

	Amount US\$ million	Interest rates (local currencies)	Fixed/ variable	2025	2026	2027	2028	Thereafter
South Africa								
SAA10 public bond	35	9.50%	Variable			35		
SAA11 public bond	35	9.66%	Variable					35
SAA12 public bond	18	9.80%	Variable					18
Gross debt	88							
Less: Cash	(113)			(113)				
Net South African debt	(25)			(113)		35		53
Non-South African								
Securitisation (US\$)	128	6.80%	Variable		128			
Securitisation (€)	165	5.10%	Variable		165			
IFRS 16 Leases	95	Various	Mixed	21	17	15	13	29
OeKB term loan 1	167	4.80%	Fixed	20	20	20	20	89
OeKB term loan 2 (CAD)	55	3.90%	Fixed	14	14	14	14	
OeKB term loan 2 (€)	47	1.30%	Fixed	12	12	12	12	
Other bank debt (€)	65	3.60%	Variable	65				
2026 public bonds (€)	268	3.13%	Fixed		268			
2028 public bonds (€)	447	3.63%	Fixed				447	
2032 bonds (US\$)	221	7.50%	Fixed					221
IFRS adjustments	(7)							(7)
Gross debt	1,651							
Less: Cash	(204)			(204)				
Net non-South African debt	1,447			(73)	623	60	505	332
Net group debt	1,422			(186)	623	95	505	385

The majority of our non-South African long-term debt is guaranteed by Sappi Limited, the group holding company.

The debt maturity profile for Sappi fiscal years is shown below:



¹ Excludes IFRS 16 Leases with an average time to maturity of approximately four years.

Covenants

Non-South African covenants

Financial covenants apply to US\$269.2 million of our non-South African bank debt, the €515 million RCF and the non-South African securitisation facility.

The covenants applicable from December 2024 to December 2026 are described below and are calculated on a rolling last-four-quarter basis and must be met at the end of each quarter.

- Ratio of group net debt to EBITDA should not be more than 4.0 times
- Ratio of group EBITDA to net interest expense should not be less than 2.50 to 1.

South African covenants

Separate covenants also apply to the RCF of our Southern African business.

These covenants are calculated on a rolling last-four-quarter basis and require that at the end of March and September each year, with regard to Sappi Southern Africa Limited and its subsidiaries:

- The ratio of net debt to equity at the end of March and September is not greater than 65%
- The ratio of EBITDA to net interest paid is not less than 2.5 to 1.

Below we show that for the financial year ended September 2024, the group financial covenants were comfortably met.

	Sept 2024	Covenant
Non-South African covenants		
Net debt to EBITDA	1.98	<4.00
EBITDA to net interest	10.46	>2.50
South African covenants		
Net debt to equity	0.66%	<65%
EBITDA to net interest	31.04	>2.50

In addition to the financial covenants referred to above, our bonds and certain of our bank facilities contain customary affirmative and negative covenants restricting, among other things, the granting of security, incurrence of debt, the provision of loans and guarantees, mergers and disposals and certain restricted payments. As regards dividend payments, in terms of the international bond indentures, any cash dividends paid may not exceed 50% of net profit excluding special items after tax and certain other adjustments, calculated on a cumulative basis.

Credit ratings

Global Credit Ratings: South African national scale rating:

Sappi Southern Africa Limited: AAA (za)/A1+(za)/Stable Outlook (July 2024)

Moody's

Sappi Corporate Family Rating: Ba2/NP/Positive Outlook (December 2023)

SPH Debt Rating:

- 2026/2028 Bonds: Ba2/Positive Outlook (December 2023)
- 2032 Bonds: B1/Positive Outlook (December 2023).

S&P Global Ratings

Corporate Credit Rating: BB/B/Stable Outlook (December 2023)

SPH Debt Rating:

- 2026/2028/2032 Bonds: BB Stable Outlook (December 2023).

Fitch Ratings

Group Long-Term Issuer Default Rating: BB+ Stable Outlook (March 2024)

SPH Unsecured Debt Rating:

- 2026/2028/2032 Bonds: BB+ Stable Outlook (March 2024).

Conclusion

The **Thrive** strategy provides the group with the flexibility to adapt to a changing external environment. The closure of capacity in Europe reset the underlying cost base to align with the accelerated demand reduction for graphic papers. The strength of the balance sheet enabled the group to absorb the costs of the capacity closure taking into account the capital expenditure commitments of the conversion project at Somerset Mill. Improved systems and processes supported the closure decision and aided the successful transfer of production to remaining sites in Europe. The packaging and speciality papers and pulp segments are projected to provide growth opportunities and the **Thrive** strategy is designed to take advantage of the opportunities.

The conversion of the paper machine at Somerset Mill is scheduled for completion by April 2025. The short-term focus of the group will be the ramp-up of volumes on the converted machine, manage the macroeconomic uncertainties in Europe and reduce the net debt to our targeted levels.

The medium to longer-term strategy to invest in growth opportunities and achieve our sustainability goals remains intact.

GT Pearce

Chief Financial Officer

06 December 2024

Rise

In a world where companies pursue accelerated growth through irresponsible and short-term actions, activities like deforestation and pollution, place a collective toll on natural resources. As a company reliant on sustainable woodfibre, we recognise the critical role of ecosystem services. By investing in sustainable forestry practices, we build resilience, safeguard resources, and potentially reduce long-term costs, all while pursuing accelerated growth in a responsible manner.

It's vital to focus not only on net-zero targets and reducing greenhouse gas emissions but also on a nature-positive approach. We future-proof our business by restoring biodiversity and regenerating ecosystems, aligning with the Taskforce on Nature-related Financial Disclosures (TNFD). We disclose our actions not just because we must, but because we believe it's the right way to secure our existence as a company committed to the circular economy.

Our plantations are designed with sustainability at their core, supporting biodiversity and ecosystem services. We integrate conservation areas within our plantations, setting aside significant portions of land for active protection. These areas include indigenous forests, wetlands and grasslands that serve as habitats for local wildlife, supporting a variety of species, some endangered or rare.

While we pursue accelerated growth, we do so with foresight, mindful of the impacts of our actions and the measures needed to balance them. Embracing a nature-positive strategy enhances ecological outcomes and drives value creation, positioning Sappi to thrive in a future where nature, alongside carbon, becomes a central element of sustainability.

Our leadership and executive management

Non-executive Directors



Nkululeko Leonard Sowazi (61)



Independent

Qualifications: MSc (Urban Planning)

Nationality: South African

Appointed: October 2022
(Chairman as of 08 February 2024)

Skills, expertise and experience:

Mr Sowazi has over 30 years senior executive and investment management experience and has served on numerous boards of both listed and unlisted companies. Mr Sowazi has a strong commercial and entrepreneurial business track record and presents with an impeccable reputation in the market.



Brian Richard Beamish (Brian) (67)



Independent

Qualifications: BSc (Mechanical Engineering), HBS PMD

Nationality: British and South African

Appointed: March 2019

Other board and organisation memberships:

- Metso Corporation (Member of the Remuneration and Human Resources Committee).

Skills, expertise and experience:

Mr Beamish, a qualified mechanical engineer, brings more than 40 years' experience in management, business and leadership in capital-intensive industries to the board.



Michael Anthony Fallon (Mike) (66)



Independent

Qualifications: BSc Hons (First Class)

Nationality: British

Appointed: September 2011

Skills, expertise and experience:

Mr Fallon brings management and leadership experience that extends across a wide range of functions from research and development, human resources, finance, plant management, sales and marketing and supply chain to general management, including mergers and acquisitions.



James Michael Lopez (Jim) (65)



Independent

Qualifications: BA (Economics)

Nationality: American

Appointed: March 2019

Skills, expertise and experience:

Mr Lopez brings his experience as the former President and CEO of Tembec Inc (2006 to 2017) a manufacturer of lumber, pulp, paper/paperboard and speciality cellulose and a global leader in sustainable forest management practices.



Zola Nwabisa Malinga (46)



Independent

Qualifications: BCom, CA(SA)

Nationality: South African

Appointed: October 2018

Other board and organisation memberships:

- Pepkor Holdings Limited
- St Mary's Foundation
- Jade Capital Partners Proprietary Limited
- Jade Foundation Trust
- Intocast SA Proprietary Limited.

Skills, expertise and experience:

Ms Malinga has extensive experience in investment banking, corporate finance, real estate and corporate governance, having held senior roles at various financial institutions. Ms Malinga has leadership and governance expertise having served on numerous boards as a non-executive director.



Dr Bonakele Mehloimakulu (Boni) (51)



Independent

Qualifications: PhD (Chemical Engineering)

Nationality: South African

Appointed: March 2017

Other board and organisation memberships:

- Hulamin Limited
- Yokogawa South Africa Proprietary Limited.

Skills, expertise and experience:

Dr Mehloimakulu has experience and expertise in innovation policy, environmental, social and governance (ESG) oversight; corporate management and leadership.



Mohammed Valli Moosa (Valli) (67)



Independent

Qualifications: BSc (Mathematics and Physics)

Nationality: South African

Appointed: August 2010

Skills, expertise and experience:

Mr Moosa has held numerous leadership positions across business, government, politics and civil society in South Africa and internationally. Mr Moosa has expertise in finance, general business and mining and is an international expert on sustainable development and climate change.



Robertus Johannes Antonius Maria Renders (Rob Jan) (71)



Independent

Qualifications: MSc (Mechanical Engineering), MDP

Nationality: Dutch

Appointed: October 2015

Other board and organisation memberships:

- Mepco – Executive board member, Acting Group President and Chairman of the Strategy and Executive Committee.

Skills, expertise and experience:

Mr Renders currently serves as a business consultant as independent director and brings to the board his extensive experience in governance and leadership as well as operational expertise in manufacturing and packaging internationally.



Louis Leon von Zeuner
(63)

Independent

Qualifications: BEcon (Economics)

Nationality: South African

Appointed: September 2022

Other board and organisation memberships:

- FirstRand Limited – Independent Non-executive Director, (Chairman of Remuneration Committee, Member of Risk Committee, Audit Committee, Social and Ethics Committee, Credit and Large Exposure Committee and Directors Affairs Committee
- First National Bank Limited – Member of the Board
- First Rand Insurance Holdings Proprietary Limited – Member of the Board
- University of the Free State – Council Member.

Skills, expertise and experience:

Mr von Zeuner holds a Bachelor of Economics degree from the University of Stellenbosch and is a Chartered Director (SA). He served as Deputy CEO of the Absa Group at the time of his retirement in 2012 after 32 years of service in banking. His role as board member, aside from the normal focus on strategy profitability, sustainability and has a key focus on governance status. Despite his role change from executive to non-executive, Mr von Zeuner has been able to continue to play a leadership role in the activities of various organisations and contribute to growing the businesses. He is results driven and supports growing customer relationships.



Eleni Istavridis
(67)

Independent

Qualifications: BA, MBA, MIA

Nationality: American

Appointed: October 2022

Other board and organisation memberships:

- Sonoco Products Company Independent Non-executive Director (Member of the Financial Policy Committee, Employee and Public Responsibility Committee and Audit Committee).

Skills, expertise and experience:

Ms Istavridis is a seasoned leader with international experience, including 17 years in the United States and 22 years in Asia in financial services and manufacturing. She has deep expertise in strategy, finance and global operations. Most recently she was Executive Vice President at Bank of New York Mellon as Head of Global Client Management for Asia and later Head of Investment Services, Asia Pacific. Earlier she served in a variety of senior leadership roles including, President and Chief Operating Officer of Tristate, an Asia-based manufacturer, and Managing Director at Bankers Trust Company. She is currently an independent board member of two public companies and has committee assignments focused on audit, financial policy, employees and public responsibility areas.

Executive directors



Stephen Robert Binnie
(Steve) (57)

CEO

Qualifications: BCom, BAcc, CA(SA), MBA

Nationality: British

Appointed: September 2012

Skills, expertise and experience:

Mr Binnie was appointed CEO of Sappi Limited in July 2014 and brings extensive experience in financial management, leadership, corporate activity and strategy to the role.



Glen Thomas Pearce
(61)

CFO

Qualifications: BCom, BCom Hons, CA(SA)

Nationality: South African

Appointed: June 1997

Skills, expertise and experience:

Mr Pearce joined Sappi Limited in June 1997 and was promoted to CFO and Executive Director of Sappi Limited in July 2014. Mr Pearce has extensive financial management experience, both locally and abroad.

Sappi board committee memberships:

- Audit and Risk Committee
- Nomination and Governance Committee
- Human Resources and Compensation Committee
- Social, Ethics, Transformation and Sustainability (SETS) Committee
- Sappi Limited board
- ◆ Chairman
- ▲ Lead Independent Director
- * Committee Chairman

Our leadership and executive management continued

Executive management



Stephen Robert Binnie**
(Steve) (57)

CEO

Qualifications: BCom, BAcc, CA(SA), MBA

Nationality: British

Appointed: September 2012

Skills, expertise and experience:

Mr Binnie was appointed CEO of Sappi Limited in July 2014 and brings extensive experience in financial management, leadership, corporate activity and strategy to the role.



Glen Thomas Pearce**
(61)

CFO

Qualifications: BCom, BCom Hons, CA(SA)

Nationality: South African

Appointed: June 1997

Skills, expertise and experience:

Mr Pearce joined Sappi Limited in June 1997 and was promoted to CFO and Executive Director of Sappi Limited in July 2014. Mr Pearce has extensive financial management experience, both locally and abroad.



Marco Eikelenboom**
(57)

CEO of Sappi Europe

Qualifications: MS (Business Economics)

Nationality: Dutch

Appointed: September 1992

Skills, expertise and experience:

Mr Eikelenboom was appointed CEO of Sappi Europe on 01 April 2021. Mr Eikelenboom was previously VP Marketing and Sales for Graphic Papers and was integral in the successful restructure and refocus of Sappi's European operations.



Michael George Haws**
(Mike) (61)

CEO of Sappi North America

Qualifications: BSc (Paper Science and Engineering)

Nationality: American

Appointed: January 2012

Skills, expertise and experience:

Mr Haws brings his extensive industry leadership and strategy experience to the business. Mr Haws was integral to the development and execution of Sappi's 2020Vision and the investments made in North America to grow the dissolving wood pulp and packaging and speciality papers businesses.



Alexander van Coller Thiel (Alex)**
(63)

CEO of Sappi Southern Africa

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

Nationality: South African

Appointed: December 1989

Skills, expertise and experience:

Mr Thiel has a long history with Sappi. His experience and expertise include marketing, logistics, procurement, strategy and operations across Europe and Southern Africa.



Fergus Conan Salvador Marupen (Fergus)**
(59)

Group Head Human Resources

Qualifications: BA Hons (Psychology), BEd (Education Management), Masters Diploma (HR Management), MBA, LCOR

Nationality: South African

Appointed: March 2015

Skills, expertise and experience:

Mr Marupen's experience across a variety of industries in South Africa enables him to offer insight into HR, governance and management, among many other fields.

** Member of the Executive Committee.



**Mohamed Iqbal
Mansoor****
(57)

Executive VP of Sappi Pulp

Qualifications: BSc (Chemistry and Mathematics), BSc Hons (Chemistry), MBA

Nationality: South African

Appointed: August 1991

Skills, expertise and experience:

Mr Mansoor's expertise includes contract negotiation and management, supply chain management, strategic planning, sales management, key account management, dissolving wood pulp, international logistics and technical application support.



Louis Kruyshaar**
(54)

Group Head of Manufacturing and Innovation

Qualifications: BEng (Chemical Engineering), BTech (Pulp and Paper), MBA, EDP

Nationality: South African

Appointed: January 1993

Skills, expertise and experience:

Mr Kruyshaar has more than 30 years of experience in the pulp and paper industry with expertise in operations, technical management and innovation; and has held various leadership positions across the group in a range of related functions locally and abroad.



Maarten van Hoven**
(51)

Group Head Strategy and Legal

Qualifications: BProc, LLM (International Business Law)

Nationality: South African

Appointed: December 2011

Skills, expertise and experience:

As an admitted attorney of the High Court in South Africa, Mr van Hoven brings expertise in corporate, commercial and competition law, in the private and public sectors, as well as experience in mergers and acquisitions.

Our leadership and executive management continued

Corporate management



Richard Wells
(54)^{***}

CEO of Sappi Trading

Qualifications: BCom (Accounting), BCompt Hons, CA(SA), GEDP, EDP



Ami Mahendranath
(56)^{***}

Group Company Secretary

Qualifications: BCom FCG, Certificate in Corporate Governance



Tracy Wessels
(49)^{***}

Group Head Investor Relations and Sustainability

Qualifications: PhD (Organic Chemistry), PMD



André Oberholzer
(57)^{***}

Group Head Corporate Affairs

Qualifications: BCom (Law), Strategic Communication Management Professional (SCMP®)



Marjorie Boles
(54)

Chief Information Officer

Qualifications: BA (Economics and Mathematics), MBA (Entrepreneurship)



Jörg Pässler
(63)

Group Treasurer

Qualifications: BCom (Hons) Cum Laude, MCom, HDip (Tax), CAIB (SA), FT Non-Executive Director Diploma

^{***} Member of the Group Management Committee.

Sappi Europe lead team



Marco Eikelenboom
(56)

CEO

Qualifications: MS (Business Economics)



Stephen Blyth
(50)

VP and CFO

Qualifications: BCom (Hons), CA(SA), HDip (Tax Law)



Steffen Wurdinger
(64)

VP Manufacturing and Technology

Qualifications: MS (Paper Technology Engineering), Dr.-Ing (specialisation in CTMP)



Rainer Neumann
(62)

VP Human Resources

Qualifications: MS (Industrial Relations & HR), MS (Administrative Sciences)



Flavio Froehli
(53)

VP Marketing & Sales

Qualifications: MBA



Hannes Boner
(61)

VP General Counsel

Qualifications: lic iur, DHEE, Admitted Attorney



Jan Sander Van Tuijl
(48)

VP Supply Chain & Procurement

Qualifications: MSc (Forestry, specialisation Wood Science)



Misa Bursac
(46)

VP Innovation and R&D

Qualifications: MS (Paper Technology Engineering)

Our leadership and executive management continued

Sappi North America lead team



Mike Haws
(61)

CEO

Qualifications: BS (Paper Science and Engineering)



Anne Ayer
(59)

VP Pulp Business and Supply Chain

Qualifications: MBA from Stanford University, BA (Psychology) from Harvard



Paul Bortolan
(50)

VP Research, Development and Sustainability

Qualifications: BA (Business Economics) from the University of South Africa



Deece Hannigan
(62)

VP Graphics, Packaging and Specialties

Qualifications: BA (Political Science) from the North Carolina State University



Annette Luchene
(62)

VP and CFO

Qualifications: MBA from Loyola University of Chicago, BS (Accounting) from Northern Illinois University



Sarah Manchester
(59)

VP HR and General Counsel

Qualifications: BA (History) from Dartmouth College, JD from Cornell Law School



Mike Schultz
(60)

VP Manufacturing

Qualifications: BS (Paper Science and Engineering) from the University of Wisconsin, Stevens Point

Sappi Southern Africa lead team



Alex Thiel
(63)

CEO

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



James Manana
(51)

VP HR

Qualifications: BA (HR Management), Advanced Diploma (Labour Law), Institute of People Management Diploma, LDP



Pramy Moodley
(48)

CFO

Qualifications: BAcc, CA(SA), PMD



Tebele Maketha
(39)

Head of Corporate Affairs

Qualifications: LLB, LLM (Commercial Law)



Beverley Sukhdeo
(57)

VP Manufacturing, R&D and Engineering

Qualifications: MBA, BSc (Chemistry), DBA



Naresh Naidoo
(52)

Chief Procurement Officer

Qualifications: BSc (Chemical Engineering), MBA



Graeme Wild
(52)

VP Sales and Marketing

Qualifications: BSc (Forestry), MBA



Duane Roothman
(51)

VP of Sappi Forests

Qualifications: BSc (Forestry), MBA



Morgan Moodley
(55)

VP Supply Chain

Qualifications: B-Compt (AGA SA)

Corporate governance

Sappi is committed to the highest standards of corporate governance, which form the foundation for the long-term sustainability of our company and creation of value for our stakeholders.

100%
overall committee attendance rate

Good governance at Sappi contributes to living our values through enhanced accountability, a transparent and ethical culture, strong risk management, a focus on effective control of the business, legitimacy and good performance. Governance is one of our key enablers to unlocking and protecting value, as we optimise the use of our capitals, address our key risks while taking advantage of exciting opportunities (refer to **Risk management** on page 44), while minimising the negative impacts of trade-offs that have to be made, as set out in the presentation of **Our key material issues** on page 68.

Sappi is listed on the JSE Limited and complies in all material respects with the JSE Listings Requirements. Sappi subscribes to full compliance with the Companies Act, and the relevant laws governing its establishment, specifically related to its incorporation. Sappi operates in conformity with its memorandum of incorporation (MOI). Furthermore, Sappi endorses the recommendations contained in the King Code of Governance™* for South Africa 2016 (King IV) and applies the various principles in the achievement of the following good governance outcomes.

An application register of how Sappi applies the King IV principles is provided on the group's website <https://www.sappi.com/corporate-governance-and-risk>.

The group is listed on the JSE Limited and complies in all material respects with the JSE Listings Requirements, regulations and codes.

The board of directors

The basis for good governance at Sappi is laid out in the board charter, which sets out the division of responsibilities between the board and executive management. The board creates and protects sustainable value by collectively determining strategies, approving major policies and plans, taking responsibility for risk management, and providing oversight as well as monitoring, to help to ensure accountability. The board is comfortable that the board charter ensures a clear division of responsibilities between management and the board and that no director has unfettered authority. The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

For further information about the board and the board charter, please refer to www.sappi.com.

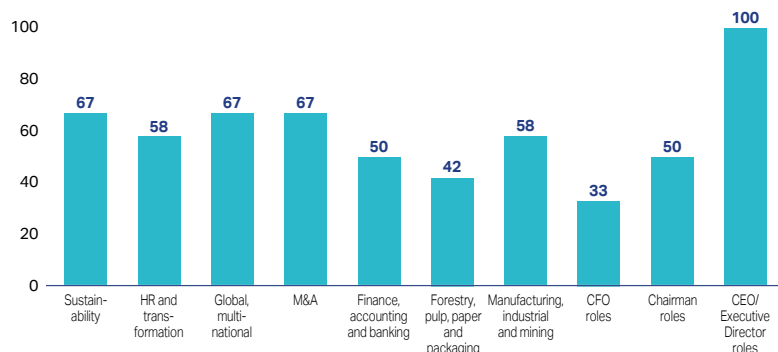
The Sappi board and diversity

Sappi operates globally and across a variety of markets, jurisdictions and cultures, requiring a diverse mix of experience, skills, gender, age and backgrounds. It is important that our board composition reflects this diversity, both in a South African context as well as globally. Diversity gives Sappi access to an increased range of talent, which helps to provide insight into the needs and motivations of a broader stakeholder base.

* Copyright and trademarks are owned by the Institute of Directors South Africa NPC and all of its rights are reserved.

Board experience (%)

Sappi's board members have experience across multiple industries and leadership roles

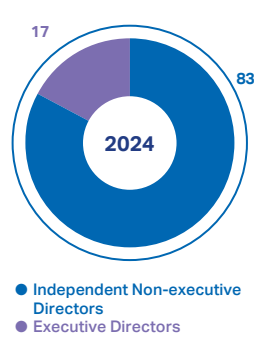


The composition of the board and attendance at board meetings and board committee meetings is set out in the table below for the year ended September 2024:

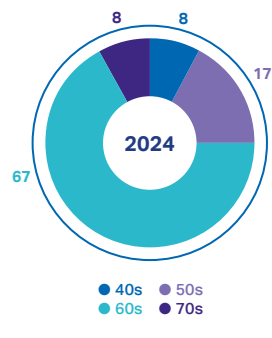
	Board	Board committees				% attendance during tenure	AGM	
		Audit and Risk	Nomination and Governance	Human Resources and Compensation	SETS			
Independent Non-executive Directors	BR Beamish	👤👤👤👤👤			👤👤👤👤👤	👤👤👤	100	👤
	MA Fallon	👤👤👤👤👤		👤👤👤👤👤	👤👤👤👤👤		100	👤
	JM Lopez	👤👤👤👤👤			👤👤	👤👤👤	100	👤
	NP Mageza	👤👤👤	👤👤👤		👤👤👤		100	👤
	ZN Malinga	👤👤👤👤👤	👤👤👤👤👤				100	👤
	B Mehlomakulu	👤👤👤👤👤	👤👤👤👤👤			👤👤👤	100	👤
	MV Moosa	👤👤👤👤👤		👤👤👤👤		👤👤👤	100	👤
	RJAM Renders	👤👤👤👤👤	👤👤👤👤👤		👤👤👤👤👤		100	👤
	Sir Nigel Rudd	👤👤👤	👤👤👤	👤👤	👤👤👤	👤👤	93	👤
	LL von Zeuner	👤👤👤👤👤	👤👤👤👤👤		👤👤		100	👤
	NL Sowazi	👤👤👤👤👤	👤👤👤👤👤	👤👤👤	👤👤👤	👤👤👤👤	100	👤
	E Istavridis	👤👤👤👤👤	👤👤👤👤👤				100	👤
	Executive Directors	SR Binnie (CEO)	👤👤👤👤👤	👤👤👤👤👤	👤👤👤👤👤	👤👤👤👤👤	👤👤👤	100
GT Pearce (CFO)		👤👤👤👤👤	👤👤👤👤👤				92	👤

👤 Lead director
 👤 Committee member or invitee (Mr Sowazi was a member of the Audit and Risk Committee (ARC) for the first three months)
👤 Chairman
 👤 Ex officio
 👤 Absent
 👤 By invitation
 👤 Appointed as member of committee on 08/05/2024
👤 Appointed as Chairperson on 08/02/2024
 👤 Retired on 08/02/2024

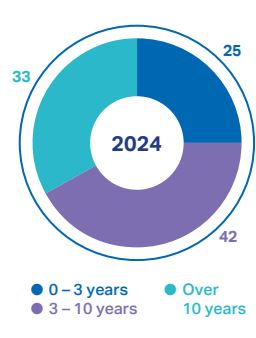
Directors' independence (%)



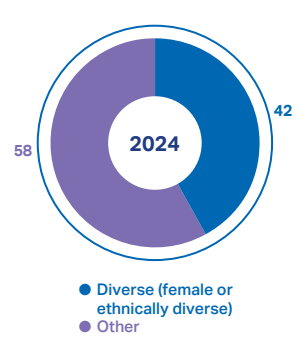
Directors' ages (%) (average 62 years old)



Directors' tenure (%) (as at year end) (average 8 years)



Diversity (%)



Corporate governance continued

Strategic and other focus areas

The board focused on the following items in 2024:

- Oversight of progress in executing the **Thrive** strategic plan
- Review and approval of the five-year plan
- Deep dives into the following topics:
 - Sappi Southern Africa (SSA) fires and fatalities
 - Impact of political instability on Sappi Europe strategy
 - SSA strategy
 - Review and approval of the global shipping tender
 - Post-completion audits of major capital projects
 - Tour of Ngodwana Mill and review of the mill strategy and capex projects
 - Review of the macroeconomic outlook, conditions impacting on Asia, China, Europe, North America, South Africa, and the ramifications for commodities
 - Pulp strategy
 - Global business systems projects, finance and IT
- Review of risks and opportunities related to carbon emissions and the reduction of Sappi's carbon footprint, in line with the Task Force on Climate-related Finance Disclosure (TCFD) recommendations
- SSA transformation and succession planning, training and development
- Monitoring of voluntary diversity targets, in accordance with the JSE Listings Requirements relating to the policy on the promotion of broader diversity at board level
- Monitoring and approval of the restructuring plans for Sappi Europe, including closure of:
 - Operations at Lanaken Mill
 - Specific biotech projects in Sappi Europe
- Review of the development of the Furfural Pilot Plant at Saiccor Mill
- Monitoring of the expected economic recovery in Europe and North America
- Review of regional market peculiarities, performance, opportunities and challenges
- A review of the Code of Ethics and related policies
- Review of the safety report, statistics and initiatives
- Review the progress of the mill maintenance shuts in 2024
- Oversight of the company's climate transition plan
- Review of IT risks, security and cyber risk developments and monitor technology landscape
- Reviewed feedback on the 2023 board evaluation
- Succession planning (Executive Committee, regional lead teams and other key positions)
- Executive remuneration overview
- HR: Unleashing the potential of our people and HR strategy
- Review of share performance
- Review and approval of the Group Authorities Framework
- Review of the stakeholder relations report and corporate social responsibility report
- Review of credit exposure (semi-annual)
- Review of the loan guarantee schedule
- Treasury policy review
- Group insurance renewal
- Consideration and approval of adoption of fair value accounting
- Consideration of paying a dividend.

All the top risks as well as emerging risks have been focused on by the board during 2024.


The following areas will receive specific focus by the board in 2025:


- Oversight of progress in achieving the **Thrive** strategic plan
- Project management and oversight for large capital projects, including the Somerset Mill PM2 conversion and expansion
- Review the technical and innovation initiatives
- Review and approval of the 2026 business plan and the five-year plan
- Monitoring of the geopolitical tensions in Europe and the US
- Review the progress of the mill maintenance shuts scheduled for 2025
- Oversight of the company's climate transition plan
- Review of Sappi's captive insurance entity (strategy, governance, insurance claims)
- Oversight of HR's project to upgrade HR system technology, including the development of an employee app
- Monitoring of voluntary diversity targets
- Monitor the actions resulting from the employee engagement survey
- Review the HR strategy
- Monitor developments in the technology landscape
- External evaluation of the board.

Induction and training of directors

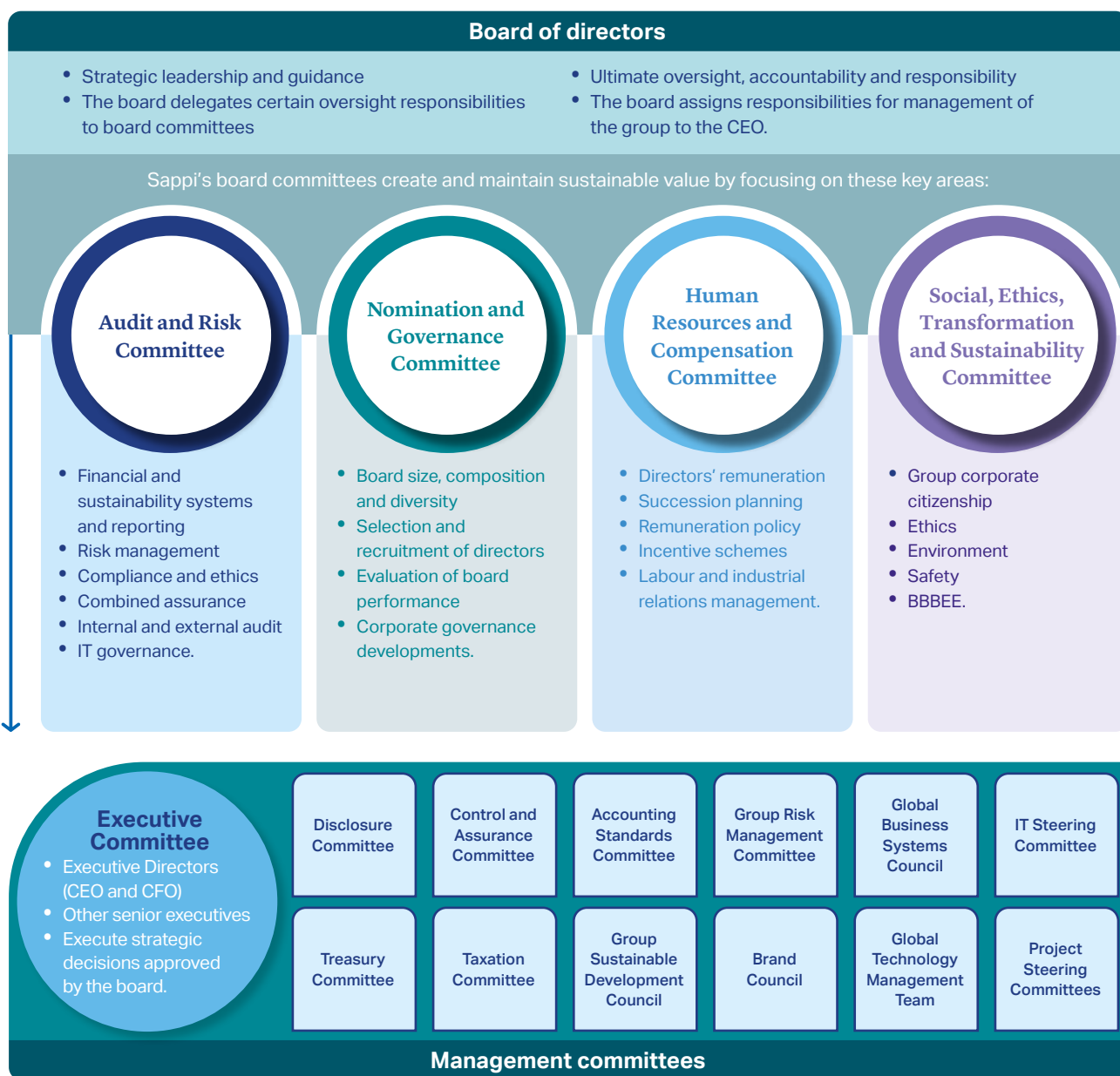
- Following appointment to the board, directors receive induction and all directors receive training tailored to their individual needs, when required
- RMB (sponsor) provided training to the board on governance topics, such as directors' liability, price sensitivity, dealing in securities. This includes the implementation of online training for officers, executives and non-executive directors on various governance, regulatory and risk topics.

Stakeholder communication

The board is responsible for presenting a balanced and understandable assessment of the group's position in reporting to stakeholders. The group's reporting addresses material matters of significant interest and is based on principles of openness and substance over form. The reporting includes information on key trade-offs that have to be made. Various policies have been developed to guide engagement with Sappi's stakeholders such as the **Group Stakeholder Engagement Policy** and **Group Corporate Citizenship Policy** on www.sappi.com/policies . Sappi has a policy addressing Alternate Dispute Resolution (ADR) and relevant ADR clauses are generally included in contracts with customers and suppliers. There have been no requests for information for the period under review in terms of the Promotion of Access to Information Act (South African legislation).

Refer to **Our key relationships** on page  52 for more information.

Board and management committees have been established and are discussed from pages 158 to 169.



Management committees

Executive Committee

- Executive Directors (CEO and CFO)
- Other senior executives
- Execute strategic decisions approved by the board.

Disclosure Committee

Control and Assurance Committee

Accounting Standards Committee

Group Risk Management Committee

Global Business Systems Council

IT Steering Committee

Treasury Committee

Taxation Committee

Group Sustainable Development Council

Brand Council

Global Technology Management Team

Project Steering Committees

Board committees

The board has established committees to assist it to discharge its duties. The committees operate within written terms of reference set by the board.



Audit and Risk Committee

Zola Malinga (*Chairperson*)

Key roles and responsibilities

The ARC consists of five Independent, Non-executive Directors. The committee assists the board in discharging its duties with oversight of:

- The risk management function
- Sustainability and climate change risks including the quality and transparency of sustainability information presented in the Annual Integrated Report and the external ESG assurance provided by KPMG
- IT risks, related controls and governance. The committee continued its special focus on the increasing threats of cyber attacks and security in the operational technology area
- Non-financial risks and controls
- Safeguarding and efficient use of assets
- Operation of adequate systems and control processes
- The integrity of financial information and the preparing of accurate financial reports in compliance with applicable regulations and accounting standards
- Combined assurance
- Compliance with the group's Code of Ethics and external regulatory requirements
- The external auditors' qualifications, experience, independence and performance, including a review of IRBA reporting
- Review and approval of non-audit services, undertaken by external audit
- The performance of the internal audit function, this included review of the results of the annual Internal Quality Assurance Review
- The performance of the finance function
- Group treasury policies, developments, refinancing arrangements and liquidity
- Captive insurance matters
- Risks and governance relating to joint ventures
- Retirement fund risks, developments and independent assurance
- Pending litigation and legal compliance programme feedback

Membership details at September 2024:



ZN Malinga

RJAM Renders

B Mehlomakulu

LL von Zeuner

E Istavridis

- Land claims review, initiatives and outlook
- Taxation policies, congruent with responsible corporate citizenship
- Asset impairments and treatment of assets held for sale
- An internal review of the committee's operating effectiveness and performance every two years by way of an assessment with feedback being provided to the board
- Review and approval of the Annual Integrated Report in a joint sitting of the ARC and the Disclosure Committee.


Strategic and other focus areas

The ARC helped to create and protect value by providing oversight and guidance for a wide range of topics, including the following areas related to Sappi's strategy:

- Governance and risk aspects of projects to accelerate the group's ability to take advantage of opportunities in higher-margin growth segments, such as with Project Elevate at Somerset Mill
- Oversight of restructuring activities, risks and controls relating to the SEU asset sale of Lanaken Mill
- Cyber security incidents and disaster recovery plans
- Business and IT continuity arrangements
- Sappi's forensic activities relating to cases reported and whistle-blower arrangements
- Governance and risks relating to joint venture arrangements.

Areas of oversight for the committee in 2025 will include:

- Additional focus on IT cyber security threats and other digital developments 
- Sustainability risks and revised reporting for ESG matters and procedures for financial reporting attestations
- The roll-out of the various Global Business Systems projects and related risks and control activities 
- Capital, IT and business projects governance 

For more information refer to the **Audit and Risk Committee report** in our group **Annual Financial Statements** www.sappi.com/annual-reports .

The ARC confirms that it has received and considered sufficient and relevant information to fulfil its duties, as set out in the Audit and Risk Committee report.

The external and internal auditors attended ARC meetings and had unrestricted access to the committee and Chairman. The external and internal auditors met privately with the ARC during 2024.

Mr NP Mageza was the Chairman and designated financial expert and retired from the board and the ARC on 08 February 2024. Ms ZN Malinga was appointed as Chairperson and designated financial expert, on 08 February 2024.

Mr NL Sowazi resigned from the ARC on 08 February 2024 following his appointment as Chairman of Sappi Limited. Mr Sowazi attends the ARC ex officio.

The committee is satisfied that it has fulfilled its responsibilities as set out in its terms of reference.

100%
overall committee
attendance rate

Stakeholders

The ARC has helped to create and protect value for the following stakeholders: employees, customers, shareholders and regulators.


Refer to **Our key relationships** for further details on page  52.



Risks

The ARC has focused on all of the top 10 risks:

- | | |
|--|---|
| <ol style="list-style-type: none"> 1 Safety 2 Cyclical macroeconomic factors 3 Cyber security 4 Sustainability expectations 5 Supply chain disruption | <ol style="list-style-type: none"> 6 Evolving technologies and consumer preferences 7 Climate change 8 Uncertain and evolving regulatory landscape 9 Employee relations 10 Liquidity |
|--|---|

For further details refer to **Risk management** on page  44.

Nomination and Governance Committee



Nkululeko Leonard Sowazi *(Chairman)*

Key roles and responsibilities

The Nomination and Governance Committee consists of three Independent Directors. The committee considers the leadership and governance requirements of the company including a succession plan for the board. The committee identifies and nominates suitable candidates for appointment to the board in line with Sappi's policy on the promotion of gender and race diversity at board level, for board and shareholders' approval. The committee considers the independence of candidates as well as directors. The committee makes recommendations on corporate governance practices and disclosures, and reviews compliance with corporate governance requirements. The committee has oversight of appraising the performance of the board and all the board committees. The results of this process and recommended improvements are communicated to the Chairman of each committee and the board. The committee had oversight of the actions to implement the policy on broader diversity at board level. The functioning and performance of Sappi's board and board committees were assessed internally in 2024 and established that the board and board committees functioned well. The committee reviews of the type of training provided to directors, including the online training made available during 2024.

Membership details at September 2024:



NL Sowazi

MV Moosa

MA Fallon

Member of the committee and Lead Independent Director, Mr MV Moosa, will retire from the board and the committee on 31 December 2024. Ms ZN Malinga will be appointed as member of the committee. This appointment is effective from 01 January 2025.

Strategic and other focus areas

The Nomination and Governance Committee helped to protect value by providing oversight and guidance in 2024 over:    

- Handover process from the outgoing Chairman Sir Nigel Rudd to the new Chairman, Mr Nkululeko Sowazi
- Corporate governance
- Succession plans for senior executives and the board with a focus on board composition, chairmanships, rotation and replacement of directors, as well as the appointment of replacements for direct reports of the CEO
- The promotion of broader diversity at board level policy, which includes diversity indicators. This included the validation of gender and race targets for Non-executive Directors and in particular as relates to directors from the Southern African geographic region
- Assessment of the board and board committee performance
- Reviewed the Sappi Limited directors' shareholdings and dealings in securities.

Focus areas for 2025 will be:

- Optimise board composition for an increasingly complex and changing business environment
- Consider how best to oversee new and changing risks and opportunities (ESG, AI, geopolitical, etc) relevant to business and sector
- Board succession planning, performance evaluation and gender and race targets in light of the recent retirements and appointments.

The committee is satisfied that it has fulfilled its responsibilities as set out in its terms of reference.

100%
overall committee
attendance rate

Stakeholders

The Nomination and Governance Committee has helped to protect value primarily for the following stakeholders: shareholders and regulators.


Refer to **Our key relationships** for further details on page  52.



Risks

The Nomination and Governance Committee focused on governance, independence and composition of the board, board committees and executive management positions to effectively address all material risks facing the company including all the top 10 risks.

- | | | | |
|----------|--------------------------------|-----------|--|
| 1 | Safety | 6 | Evolving technologies and consumer preferences |
| 2 | Cyclical macroeconomic factors | 7 | Climate change |
| 3 | Cyber security | 8 | Uncertain and evolving regulatory landscape |
| 4 | Sustainability expectations | 9 | Employee relations |
| 5 | Supply chain disruption | 10 | Liquidity |

For further details refer to **Risk management** on page  44.



Human Resources and Compensation Committee

Michael Anthony Fallon (*Chairman*)

Key roles and responsibilities

The Human Resources and Compensation Committee consists of five Independent Directors.

The Human Resources and Compensation Committee ensures that the policy governing compensation practices and structures within the group support the group's strategy and performance goals. The policy also enables the attraction, retention and motivation of executives and all employees.

The committee ensures that the compensation philosophy and practices of the group, including the CEO's performance objectives, are aligned to the group's **Thrive** strategy and performance goals. It reviews and agrees the various compensation programmes and in particular the compensation of Executive Directors and senior executives as well as employee benefits. It also reviews and agrees to executive proposals on the compensation of Non-executive Directors for approval by the board and ultimately by shareholders. The committee is updated on the Industrial Relations Climate Training initiatives and engagement survey results and action items.

Membership details at September 2024:



MA Fallon

RJAM Renders

BR Beamish

JM Lopez

LL von Zeuner

Mr NP Mageza retired from the board and the committee on 08 February 2024.

Mr JM Lopez and Mr LL von Zeuner joined the committee on 08 May 2024.

The Chairman of the committee, Mr MA Fallon, will be appointed Lead Independent Director and as such will resign as Chairman of the committee, but will remain a member. Mr LL von Zeuner will be appointed as Chairman of the committee. These changes will be effective from 01 January 2025.

Strategic and other focus areas

The 2023 report was supported at the AGM on 07 February 2024 with a vote of 87.78% on the remuneration policy and 93.58% on the implementation report. This has been a significant endorsement by the shareholders in relation to our ongoing commitment to good governance and disclosure.

Apart from its normal annual workplan, the key focus for the committee was on the following:

Recommended and approved:

- The allocation of 2024 performance share awards to Executive Directors and all other eligible participants
- Salary increases and bonus payments for Executive Directors and other key senior managers for 2024
- Fee levels for Non-executive Directors of the Sappi Limited board for consideration and recommendation to shareholders for approval
- The allocation model and the comparator peer group for the 2024 performance share plan (PSP)
- Design the 2025 Sappi Management Plan
- The cash flow return on net assets (CFRONA)
- Design of a sustainability measure for inclusion in the PSPs
- Fees for the board
- Discontinuation of the executive bonus scheme.

Reviewed:

- The 2023 remuneration report, including the content of the company compensation policy and practices, which was put to shareholders for a non-binding vote at the AGM on 07 February 2024
- Development of the 2024 remuneration report for shareholder approval in February 2025

- The succession, retirement and development plans for key management positions
- The group's industrial relations policy and implementation
- The group's training and development policy and implementation
- The investor feedback on the 2023 remuneration report
- The status of all benefits funds.

The strategic focus areas for the committee in 2025:

Key activities for the committee in 2025 will be, inter alia, the approval of the remuneration and bonuses for Executive Directors and senior management. Reviewing and approval of measures for both long and short-term incentives. After the visits to some key shareholders in end of August 2024, the committee will also focus on the following:

- Implementation of the Sappi Management Plan
- Implementation of the new measures for both the long-term and short-term incentive plans
- Gender representativity across all Sappi operations
- Implementation of the changes as recommended by the new Companies Act.

In addition to the annual work plan as approved by the committee, the Chairman of the committee and senior executives from Sappi will, if required, also be visiting key shareholders to discuss issues of mutual concern.



The committee is satisfied that it has fulfilled its responsibilities as set out in its terms of reference.

For more information refer to the **Remuneration report** on page  176.

100%
overall committee
attendance rate

Stakeholders

The Human Resources and Compensation Committee has helped to protect value primarily for the following stakeholders: employees, shareholders and regulators.

Refer to **Our key relationships** on page  52 and to the **Remuneration report** on page  176 for further details.



Risks

The Human Resources and Compensation Committee has focused on the following of the top 10 risks:

1 Safety


2 Cyclical macroeconomic factors

4 Sustainability expectations

7 Climate change

8 Uncertain and evolving regulatory landscape

9 Employee relations

For further details refer to **Risk management** on page  44.



Social, Ethics, Transformation and Sustainability Committee

Mohammed Valli Moosa (Chairman)

Key roles and responsibilities

The Social, Ethics, Transformation and Sustainability (SETS) Committee comprises four independent Non-executive Directors and the CEO. A 100% attendance record was achieved by board committee members for 2024. Other executive and group management committee members attend SETS Committee meetings by invitation. It should be noted that a number of other Non-executive Directors attend SETS Committee meetings ex officio. The Chairmen of the ARC and SETS Committee attend each other's committee meetings to avoid unnecessary repetition of discussions.

The committee's mandate is to oversee the group's sustainability strategies, activities addressing climate change, nature impacts, ethics management, good corporate citizenship, labour and employment practices, health and safety, as well as its contribution to social and economic development and, with regards to the group's South African subsidiaries, the strategic business priority of transformation. The committee monitors progress towards and ensures that appropriate programmes are implemented to achieve the company's sustainability targets. The committee regularly reviews targets to ensure that they are both relevant to our operating context and reflective of an appropriate level of ambition.

As environment, social, governance (ESG) reporting and disclosures become increasingly important to stakeholders and aligning with our strategic imperative to enhance trust, the committee is mandated to oversee the company's public disclosures ensuring that reporting is aligned with appropriate global standards and compliant with regulatory requirements.

The SETS Committee is supported by the Group Sustainable Development Council (GSDC) as well as by Regional Sustainability Committees in dealing with day-to-day

Membership details at September 2024:



MV Moosa

SR Binnie

B Mehlomakulu

BR Beamish

JM Lopez

sustainability issues and helping to develop and entrench related initiatives in the business.

The Chairman of the committee and Lead Independent Director, Mr MV Moosa, will retire from the board and the committee on 31 December 2024. Mr BR Beamish will be appointed as Chairman of the committee. Ms E Istavridis will be appointed to the committee in 2025. Both appointments are effective from 01 January 2025.

Strategic and other focus areas

In 2024 the committee provided oversight of:

- Sappi's social and economic development standing (UNGC and OECD)
- Review of the decent work and working conditions in terms of the International Labour Organization protocol
- Safety performance across the three operating regions, safety incidents and key safety initiatives and action plans
- Progress towards the 2025 sustainability targets for the three operating regions and Sappi Forests and consolidated group performance
- Progress towards the validated science-based targets (SBTs) and the approved climate change strategy, including the climate action aligned with the TCFD and the transition plan
- External assurance on selected ESG KPIs: group LTIFR, group Scope 1 and Scope 2 emissions, group certified fibre, group waste-to-landfill and specific water usage in South Africa



- SSA's performance against the applicable BBBEE legislation, the Employment Equity Act and the Forestry Charter, including unfair discrimination and equality policy
- Sappi's Code of Ethics, ethics training programme and its effectiveness
- Group training and development programmes
- Production unit operating efficiencies, reliability and unscheduled downtime metrics
- Sappi's public sustainability disclosures
- Reviewed and approved various policies:
 - Group Sustainability Charter
 - Group Environmental Policy
 - Group Climate Change Policy
 - Group Water Stewardship Policy
 - Group Woodfibre Procurement Policy
 - Group Product Safety Policy
 - Group Human Rights Policy
 - Group Occupational Health and Safety Policy
 - Group Diversity and Inclusion Policy
- Approved a new policy: Group Anti-Bullying and Psychological Harassment Policy
- Review and approval of the Group Corporate Citizenship Policy and endorsement of the public affairs and social impact programmes
- Review of global public policy development and impact to Sappi
- Review of group safety statistics
- Consolidated HR report on key training and development initiatives
- Review of company policy on diversity and inclusion

- Deep dives were conducted into the following areas:
 - Nature action: Global trends and disclosure expectation/requirements
 - Sustainable procurement
 - Review of key sustainability risks and opportunities in Sappi Europe
 - Biodiversity in South Africa.

The committee is satisfied that it has fulfilled its responsibilities as set out in its terms of reference.

The committee will provide oversight of the following strategic business areas in 2025: 

- Further development of the approach to nature-related disclosures aligned with the Task Force on Nature-related Financial Disclosure (TNFD)
- Progress towards the validated SBTs and the climate change strategy
- Alignment of group sustainability disclosures to comply with European Corporate Sustainability Reporting Directive for FY2026 reporting period
- Progress towards **Thrive** sustainability targets for 2025
- Set new set of sustainability targets for the next strategic five-year period 2026 to 2030
- Production efficiencies and events
- Employee Engagement Survey results and proposed action plans.

For more information refer to the **SETS Committee report** on page  202 and to [Our global sustainability goals](#) 

100%
overall committee
attendance rate

Stakeholders

The SETS Committee has a broad spread of stakeholders for which it helps to protect (or create) value: suppliers, customers, employees, regulators, shareholders and society.

Refer to **Our key relationships** on page  52 for further details.



Risks

The SETS Committee has focused on the following of the top 10 risks:

1 Safety

2 Cyclical macroeconomic factors

4 Sustainability expectations


5 Supply chain disruption

6 Evolving technologies and consumer preferences

7 Climate change

8 Uncertain and evolving regulatory landscape

9 Employee relations

For further details refer to **Risk management** on page  44.

Corporate governance continued

Management committees

The board assigns responsibility for the day-to-day management of the group to the CEO. To assist the CEO in discharging his duties, a number of management committees have been formed. Some of these committees also provide support for specific board committees. The management committees are a key component of Sappi's second line of defence and assurance. Refer to page [171](#) for additional details of Sappi's approach to risk, controls and assurance.

Executive Committee

This committee comprises Executive Directors and senior management from Sappi Limited as well as the CEOs of the three main regional business operations, and the dissolving wood pulp business. The CEO has assigned responsibility to the Executive Committee for a number of functional areas relating to the management of the group, including the development of policies and alignment of initiatives regarding strategic, operational, financial, governance, sustainability, social and risk processes. The Executive Committee meets at least five times per annum. All key topics discussed at board level are subject to review and discussions by the Executive Committee.

Group Risk Management Committee



The committee is known as the Group Risk Management Team (GRMT) and is mandated by the board to establish, coordinate and drive the risk management process throughout Sappi. It has established a risk management system to identify and manage significant risks. The GRMT reports regularly on risks to the ARC and the board. Risk management software is used to support and report upon the risk management process. During 2024, key initiatives included updating the regional risk registers and business continuity plans, including IT security risks. In 2025 the GRMT will review policy, procedures and assurance, and provide oversight of group, regional and unit level emerging risks. This includes risk assessments and analysis required for climate change and ESG-related risks and exposures.

Group Sustainable Development Council



The Sappi Group Sustainable Development Council (GSDC) leads on all sustainability-related policies and practices and provides support to the SETS Committee. Members meet quarterly to report progress against sustainability goals and key initiatives, share best practices, and exchange information on emerging issues. Members review regional information for various disclosure mechanisms, including the CDP's Climate Change, Forests and Water Programmes and the annual Group Sustainability Report.

Key focus areas for 2024 included:

- Oversight and review of the **Thrive** sustainability targets
- Sappi's climate change strategy and action plans including:
 - Alignment of Sappi's decarbonisation roadmap with the Science Based Targets initiative (SBTi)
 - Assessment, and improvement, of our resiliency to risks and opportunities posed by climate change, as framed by the TCFD
 - Integration of decarbonisation and sustainability metrics in capital investment procedures
- Sustainable procurement, roll-out of EcoVadis to our top suppliers
- Social impact strategy for South Africa
- Identifying collaboration opportunities to further Sappi's sustainability objectives and leverage Sappi expertise to contribute to the SDGs.

Brand Council



The Brand Council's mission is to enhance Sappi's brand awareness and reputation, ensuring that Sappi's values and identity are consistently reflected in every touchpoint and region served. The council is dedicated to fostering brand cohesion and driving strategic alignment across all levels of the organisation, playing a critical role in supporting sustainable growth by increasing and optimising communication activities. The council is committed to understanding the results and impact of Sappi's marketing and corporate communications, sharing insights and learnings to drive continuous improvement and deliver value for corporate and commercial teams. The council undertakes annual brand and corporate identity audits to review alignment and best practice. Council members meet monthly and serve as a unifying force, working collaboratively across departments to inspire action and strengthen Sappi's brand in support of the overall purpose, vision and business strategy.

During 2024, key initiatives included:

- Rolling out new digital channels for internal and external brand awareness as well as overall communication
- Development of an employer brand programme
- Strengthen sustainability and brand positioning internally and externally
- Refresh segment and product architecture to improve cross-segment and cross-region market presence.

Project Steering Committees



For key strategic projects, steering committees are established to oversee successful execution of the project.

Global Technology Management Team



The Global Technology Management Team (GTMT) is a global team of managers from operations through to R&D, constituted to coordinate technology management at Sappi which includes the sharing of technical knowledge, establish best practice, enhance manufacturing efficiencies and accelerate innovation in support of our **Thrive** strategy.

The GTMT is supported by a number of technology clusters to create value as follows:

- Assisting the Sappi Executive Committee and the Sappi board with the coordination and oversight of the group technology strategy planning and execution
- Provide oversight of the global innovation portfolio based on business priority and value delivery metrics. Recommend resource allocation and review skills requirements to deliver the **Thrive** goals
- Provide oversight of the interregional progress and projects undertaken by the technology clusters to advance knowledge sharing, best practice development and performance achievement in the area of focus of the respective clusters
- The GTMT provide support to identify best-available technology and share best practice to optimise return on investment, as well as to harmonise procedures and processes towards application of best practice adoption of common standards and measurements via a OneSappi approach
- Review new to the world technology trends, futures and scout for new and disruptive technology developments in order to recommend how Sappi act or exploit the same
- Review manufacturing efficiencies and develop processes and procedures to deliver continuous improvement and reverse negative trends
- Provide oversight of the safety and operational risk mitigation programmes
- Coordinate technical scrutineering of capital investments to enhance value delivery and mitigate risk
- Coordinate the Sappi Technical Innovation Awards which recognise innovation and technical excellence across the group.

The GTMT and technology clusters focus on global technical alignment, performance and efficiency measurement as well as new product development.

Corporate governance continued

Disclosure Committee



The Disclosure Committee comprises members of the Executive Committee and senior management from various disciplines. Its objective is to review and discuss financial and other information prepared for public release. It is the ultimate decision-making body, apart from the board, with regards to disclosure.

IT Steering Committee



The IT Steering Committee, assisted operationally by the Group IT Council (GITCO), promotes IT governance throughout the group and is the highest authority responsible for this aspect of Sappi's business, apart from the board. The committee has a charter approved by the ARC and the board. An IT governance framework has been developed and IT feedback reports are presented to the ARC and the board. Sappi IT has implemented a standardised approach to IT risk management through a group-wide risk framework supported by the use of risk management software. The committee has helped to create value for shareholders in 2024 by its oversight of:

- The implementation of major strategic projects to drive operational excellence in manufacturing, sales, supply chain, finance and logistics among other functions
- The digital strategy and governance model to drive innovation at scale across all divisions
- The expansion of the group security function and talent pipeline and tangible progress toward the security strategy
- The framework to evaluate third-party IT security risks
- The delivery of a cohesive cloud infrastructure and security strategy inclusive of security resilience
- The deployment of global operational technology (OT) security solutions across the manufacturing landscape
- Strategic planning around core enterprise solutions.

A significant part of the IT Steering Committee's responsibility is to monitor and direct Sappi's information and cyber security activities. The ARC oversees these activities. Security matters are shared and discussed with the board at least quarterly. Sappi does have cyber risk insurance. Sappi's internal IT audit team undertakes reviews of information and cyber security.

Oversight by the committee will continue in 2025 for these IT initiatives, as well as:

- Support for new business priorities to address evolving market conditions in alignment with **Thrive** priorities
- Capitalising on innovative new solutions to maximise value realisation
- Additional security improvements including enhanced recovery capabilities, global OT security standards, central vulnerability management, and further smart partnerships to extend security best practices and capacity
- Infrastructure simplification through further global harmonisation opportunities and cloud consolidation.

Treasury Committee



The Treasury Committee meets monthly to assess financial risks on treasury-related matters. Specific focus areas in 2024 related to:

- Refinancing the ZAR1.5 billion SSA08 bond in South Africa with a new local bond issue
- Conversion of the ZAR1.8 million convertible bond to equity
- New €150 million seven-year term loan to partially fund the SNA conversion and expansion project.

Key focus areas in 2025 will be:

- The effective management of cash and interest costs due to the changing interest rate environment
- Consider appropriate action for upcoming debt maturities
- Renewal of the €330 million securitisation programme at Sappi Papier Holding GmbH.

Sappi Accounting Standards Committee



The Sappi Accounting Standards Committee (SASC) meets regularly to discuss and decide on the accounting treatment and the application of accounting standards at Sappi. SASC comprises finance, treasury and accounting officers throughout the group. Internal and external audit attend meetings by invitation. A main topic of discussion in FY2024 was the discount rate calculation methodology used in the plantation valuation.

Taxation Committee



The Taxation Committee meets monthly to discuss and address global taxation matters. The main focus areas of the committee for 2024 included:

- Tax accounting and reporting
- Tax compliance including transfer pricing and BEPS reporting
- Tax audits and international mitigation measures to avoid double taxation
- Tax implications of strategic projects
- New tax legislation.

These topics will continue to receive oversight from the committee in 2025.

Control and Assurance Committee



The Control and Assurance Committee (CAC) comprises group and regional heads of department representing all the main operating and support functions at Sappi. CAC is supported by the internal control function and internal audit. A multi-disciplinary Combined Assurance Workgroup (CAW) provides oversight and guidance to the business on internal controls and combined assurance for financial, strategic and operational risks. CAW provides input to CAC, who in turn, is accountable to the GRMT and the ARC.

Corporate governance continued

Ensuring leadership through ethics and integrity

Sappi is committed to doing business the right way. Trust is created by operating from a commonly accepted set of values, enhancing and protecting our reputation. We require our directors and employees to act with integrity, to be courageous, to make smart decisions and to execute with speed, in all transactions and in their dealings with all business partners and stakeholders.


Code of Ethics

Our values underpin the group's Code of Ethics and commit the group and its employees to sound business practices and compliance with applicable legislation, which help to promote legitimacy.

All new employees receive training on the Code of Ethics and related topics, such as anti-bribery and corruption and anti-competitive practices, as part of onboarding. The Code was refreshed during 2022 and released in 2023. All employees receive refresher training on these courses every three years.

A Group Supplier Code of Conduct (Code) has been developed and communicated to help ensure that Sappi's values and ethical standards are clearly understood and supported by all our suppliers, their first-tier suppliers and other stakeholders.

Actions are taken against employees and suppliers who do not abide by the spirit and provisions of our Code. This includes termination of contractual arrangements, and criminal actions.

Refer to www.sappi.com  for the Code of Ethics.



Legal compliance programme

The programme is designed to increase awareness of, and enhance compliance with, applicable legislation in place. The group compliance officer reports twice per annum to the ARC.

Sappi's legal compliance programme has been boosted by:

- The implementation of legal compliance software including Exclaim for SSA, GEORG Compliance Management for the German mills, Syneris, is being used as a compliance management application in Austria, and Policy Passport for group policies and procedures
- The provision of online training to employees on relevant legal compliance topics. This included social media, procurement, confidentiality, and conflict of Interest training during FY2024.

Key focus areas in 2025 will be:


- Competition law training
- Privacy training (POPIA, GDPR and 201 CMR 17.00).

The use of software tools and the related training and online learning is helping to create and protect value primarily for employees, customers, shareholders and regulators.

Conflict of interest

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. Sappi undertook a Conflict of Interest policy relaunch with refresher training in FY2024.

During the year under review, apart from that disclosed in the financial statements, none of the directors had a significant interest in any material contract or arrangement entered into by the company or its subsidiaries.

For more information on how Sappi addresses conflict of interest please refer to the Preventing fraud and corruption section of the Code of Ethics, at www.sappi.com 

Insider trading

The company has a code of conduct for dealing in company securities and follows the JSE Limited Listings Requirements in this regard.


For further information refer to the Insider trading section of the Code of Ethics which can be found at www.sappi.com 

Reporting on compliance and ethics concerns

Sappi employees and stakeholders can report any potential illegal or non-compliant behaviour they observe directly to senior management, internal audit or legal counsel, or alternatively, report anonymously, via telephone or by completing an online web-portal form. Whistle-blower 'hotlines' have been implemented in all the regions in which the group operates. The hotline and web-portal service, operated by independent service providers, enables all stakeholders to anonymously report environmental, safety, ethics, accounting, auditing, control issues or other concerns. Retaliation against whistle-blowers is not tolerated. The follow up on all reported matters is coordinated either by legal counsel or internal audit and reported to the ARC. The majority of calls and ethics reports received related to the Southern African region.

Please refer to the whistle-blower hotline and ethics report graphs for information on the:

- Number of hotline calls per 1,000 employees
- Number of forensic cases closed and average time spent per case
- Categories of hotline calls and ethics reports
- Outcome of the investigations.

The hotline report rates, categories of reports and outcomes of cases broadly align with international whistle-blower benchmark data. For more information, refer to the Reporting and whistle-blowing section of the Code of Ethics, at www.sappi.com 

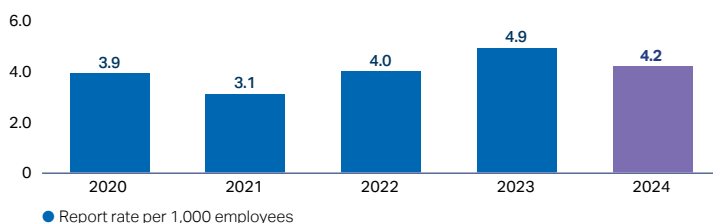
Financial statements

The directors are responsible for overseeing the preparation and final approval of the group Annual Financial Statements, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

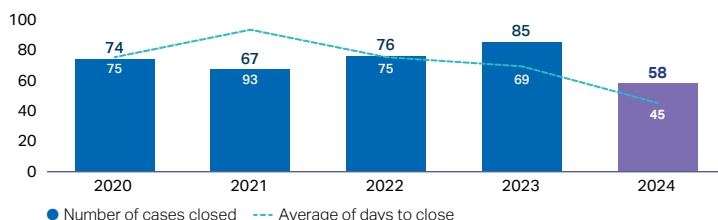
The group's results are reviewed prior to submission to the board, as follows:

- All quarterly results – by the Disclosure Committee as well as the ARC
- Interim and final results – by external audit.

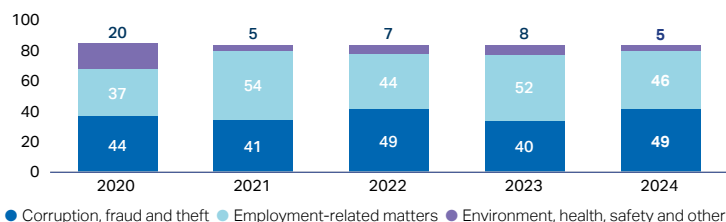
Hotline report rate per 1,000 employees per annum



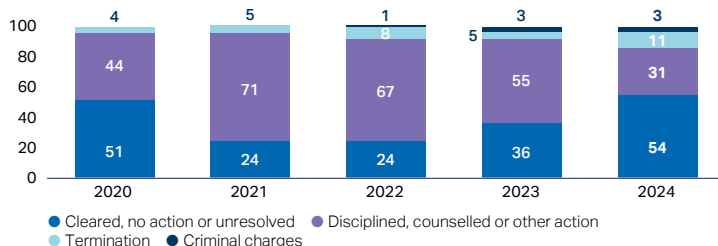
Forensic cases closed and average time taken to close



Hotline and ethics cases by category (%)



Hotline and ethics case outcomes (%)



Risk, controls and assurance at Sappi

Risks facing the group are identified, evaluated and managed by implementing risk mitigations, such as insurance, strategic actions or specific internal controls. Sappi maintains a robust framework of risks and controls which assists in the application of the King IV guidelines and the achievement of governance outcomes by helping to: create an ethical culture; establishing effective control; and promoting legitimacy, all of which help Sappi and its stakeholders to benefit from good performance. The framework includes controls addressing our material matters, by focusing on the main drivers of Sappi and comprises both financial and non-financial controls, which support the achievement of our strategy, within our risk appetite and tolerance levels, across the economic, social and environmental context in which the organisation operates as well as each of the six capitals set out in the International Integrated Reporting Council's model. More information on these capitals and integrated thinking in the context of Sappi's sustainable business model can be found in **Our strategy and performance** on page 11, as well as [Our global sustainability goals](#)

The group's internal controls and systems are designed in accordance with the Committee of Sponsoring Organizations control framework to support the achievement of the group's objectives including strategic, operational and financial performance goals, effective and efficient use of resources, safeguarding assets against material loss, integrity and reliability of internal and external financial and non-financial reporting, and compliance with applicable laws and regulations.

Sappi operates a combined assurance framework, which aims to optimise the assurance coverage obtained from management, and internal and external assurance providers, on the risk areas affecting the group. Combined assurance is overseen by CAC. The committee and its CAW provide holistic feedback to the GRMT and ARC on the state of controls and the quality and coverage of assurance from the various assurance providers across Sappi's three lines of assurance. The workgroup focused on the following risk topics in 2024: fibre certification, fraud and ethics management, cyber security, operational technology, legal compliance, business continuity, contractors and maintenance, energy, waste and safety.

In FY2025 the CAW will assist the CAC to create and protect value by further developing combined assurance, risks and controls relating to IT security, regulatory compliance and sustainability.

Corporate governance continued

Sappi's combined assurance framework, incorporating three lines of assurance and oversight by the board and board sub-committees

	First line of assurance	Second line of assurance	Third line of assurance	Oversight by the board
Risk areas and value drivers, capitals	Business management operations supported by appropriate controls and systems	Monitoring and oversight functions	Independent assurance provided by external audit, internal audit and other assurance providers	Board and board sub-committees
Governance, risk and controls – general (core business cycles)	<ul style="list-style-type: none"> Day-to-day risk management activity Established risk and control environment Executive, corporate and regional lead teams Corporate and regional business functions, eg sales, finance, IT, HR, purchasing Business units, eg forestry, mills, sales offices Business unit operations, eg production, engineering, controlling, materials management. 	CAC, management self-assessments	Internal audit	Audit and Risk sub-committee
Strategy and vision, competition and markets, sociopolitical		Executive Committee, Group Head Strategy, Global Business Council, CAC, management self-assessments	Internal audit	Nomination and Governance Committee
Financial, tax and treasury		Control and assurance, accounting standards, taxation, treasury and Disclosure Committees, management self-assessments	KPMG, tax authorities, internal audit	ARC
Legal and compliance		Legal compliance programme, Group Compliance Manager	Legal compliance audits, internal audit	ARC, SETS Committee, and Human Resources and Compensation Committee
IT		IT Steering Committee, group IT governance functions, management self-assessments	KPMG, ISA 3402s, penetration testing, internal audit	ARC
Planet, environment, natural capital		Sustainability councils, Environmental and Energy (E4) Global Cluster, GRMT	ISO 14001, FSC, PEFC, SFI, EMAS, KPMG, EcoVadis Government reviews emissions effluent etc, internal audit	SETS Committee
Ethics		Group Compliance Manager, ethics surveys, management self-assessments	Internal audit	SETS Committee, ARC
People, HR and transformation		Global Human Resource Committee, regional labour forums, employee engagement surveys, management self-assessments	BBBEE audits, internal audit	ARC, SETS Committee, and Human Resources and Compensation Committee
R&D, intellectual property		Group technical cluster, management self-assessments	ISO 17025, internal audit	SETS Committee
Manufacturing, supply chain management, quality, forestry		Technical clusters and platforms, regional safety, health, environment and quality audits, supplier audits, management self-assessments	ISO 9001, ISO 50001, FSC, PEFC, SFI, Matrix, internal audit	SETS Committee
Stakeholders, communication, reputation, society	Group corporate affairs, sustainability and investor relations functions	Internal audit	SETS Committee	
Safety	Group and regional risk management teams, safety audits	ISO 45001, ISO 22000 regulatory inspections, internal audit	SETS Committee	

A key element of combined assurance at Sappi is derived from the annual control self-assessments completed by control owners, which helps to protect value for stakeholders by providing management and the board with assurance on the state of controls throughout the group. The remediation of control gaps identified through this process is monitored by management, relevant committees, auditors and the board.

The ARC advises the board on the state of risk management and controls, as well as assurance, in Sappi's operating environment. This information is used as the basis for the board's review, sign-off and reporting to stakeholders, via the Annual Integrated Report and Annual Financial Statements, on risk management and the effectiveness of internal controls and assurance within Sappi.

As part of combined assurance with respect to reported information, Sappi has obtained assurance on the data in the Annual Integrated Report from the following sources:

- Financial data is independently audited by KPMG
- External sustainability assurance was obtained from KPMG in 2024 for Scope 1 and 2 emissions information, water usage in South Africa, fibre certification, waste, as well as specific safety information

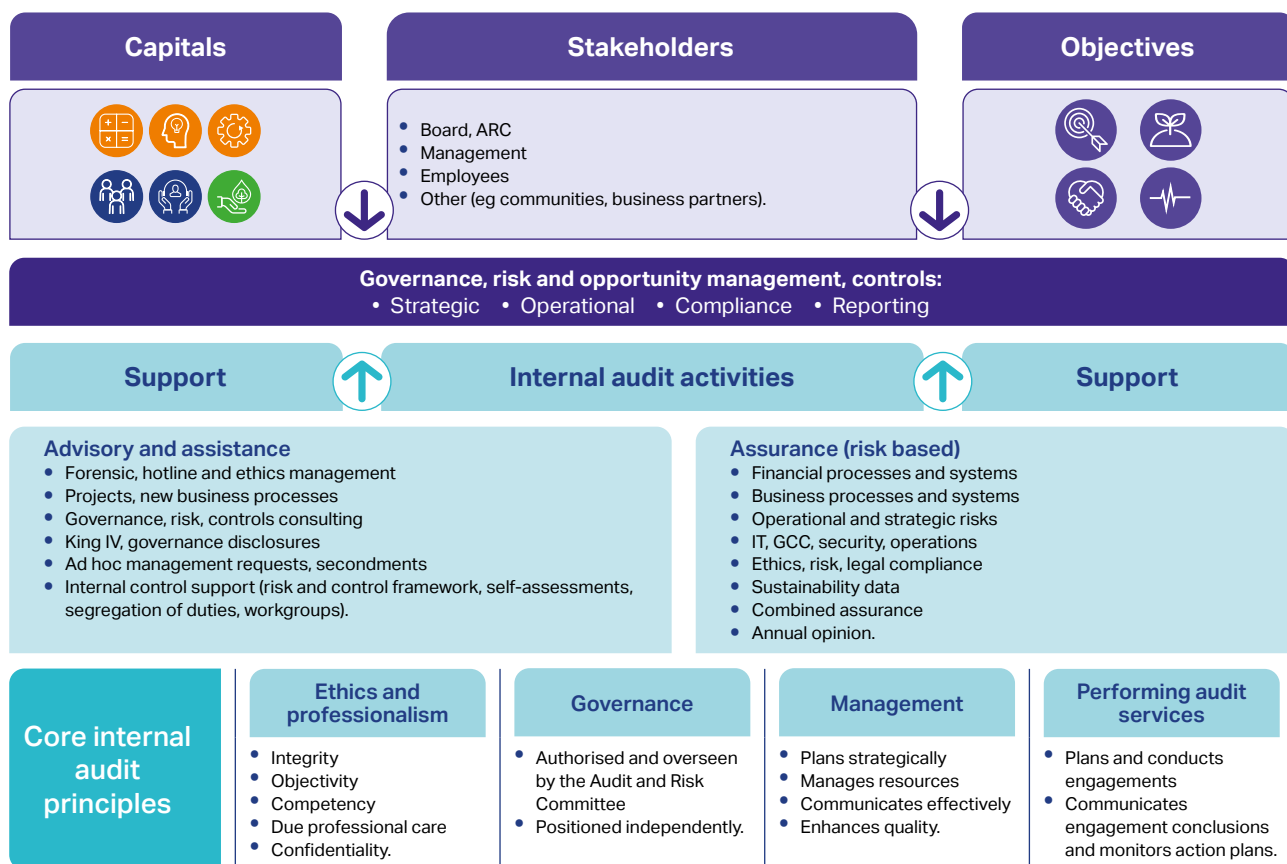
- Specific planet (environment) related processes are subject to review by third parties during the year. Certain local environmental and safety reporting is subject to audit by local regulators
- Reviews of sustainability information were undertaken by central technical management and internal audit.

Internal audit

The group has an effective, suitably resourced, risk-based internal audit department. The department operates in terms of a specific charter from the ARC and independently appraises the adequacy and effectiveness of the group's governance, risk management, systems, internal controls and accounting records. Internal audit coordinates combined assurance and reports the findings to local and divisional management, the external auditors, and the ARC.

The head of internal audit reports to the ARC, meets with board members, has direct access to executive management and is invited to attend certain management meetings. The role of internal audit at Sappi is set out in the following diagram:

Internal audit value proposition





Corporate governance continued


During 2024, the risk-based coverage plan was substantially achieved. Apart from the ongoing focus on financial controls, internal audit helped to create and protect value for Sappi and our stakeholders by completing reviews in support of the following strategic objectives:


- **Achieve cost advantages:** advisory services to the global business systems projects (Requisition to Pay, Sales Order to Cash, implementation of Robotics Process Automation, reviews of production recording and quality, procurement, as well as contractor charges
- **Rationalising declining businesses:** project management reviews for business optimisation projects
- **Accelerate growth in higher-margin products:** assurance reviews of Product Innovation and R&D. Project Elevate in SNA was a focus of these reviews.

In 2025 internal audit will support the achievement of Sappi's **Thrive** strategic objectives by completing advisory and assurance projects in the following areas:

 **Grow our business:** R&D, packaging and speciality papers, capital projects (Project Elevate in SNA), and new businesses eg biomaterials

 **Sustain our financial health:** sales, procurement, treasury, and working capital processes, mill closure activities

 **Drive operational excellence:** sales and operations, maintenance, energy, strategic business and IT projects including global MES projects

 **Enhance trust:** ethics, governance, sustainability, regulatory compliance and cyber security reviews

Internal audit maintains an internal quality assurance programme. Our last external quality assurance review was conducted by the Institute of Internal Auditors (IIA) in 2021. A Generally Conforms rating was received, which is the highest of the three levels of conformance to the IIA's standards. Matters that arose and have been addressed include the upgrading of our automated audit software solution, the adaption of our procedures and our charter and policies to comply with the Global Internal Audit Standards, issued in 2024, including documenting our stakeholder engagement approach, updating and presentation of our strategy and updating our key performance measures. A focus for 2025 will be further updates to internal audit's approach to align with the Global Internal Audit Standards.

Board assessment of the company's risk management, compliance function and effectiveness of internal controls and combined assurance

The board is responsible for the group's systems of internal financial and operational control. As part of an ongoing comprehensive evaluation process, control self-assessments, independent reviews by internal audit, external audit and other assurance providers, were undertaken across the group to test the effectiveness of various elements of the group's financial, disclosure and other internal controls as well as procedures and systems. Identified areas of improvement are being addressed to strengthen the group's controls further. The board has assessed the combined assurance provided in 2024. The results of the reviews did not indicate any material breakdown in the functioning of these controls, procedures and systems during the year. The internal controls in place, including the financial controls and financial control environment, are considered to be effective and provide a sound basis for the preparation of the Annual Financial Statements, Annual Integrated Report and other reports used internally for management's decision making.

Company Secretary

The Company Secretary does not fulfil executive management functions outside of the duties of Company Secretary and is not a director. During the year, the board has assessed the independence, competence, qualifications and experience of the Company Secretary and has concluded that she is sufficiently independent (ie maintained an arm's length relationship with the executive team, the board and individual directors), qualified, competent and experienced to hold this position. The Company Secretary is responsible for the duties set out in section 88 of the Companies Act 71 of 2008 (as amended) of South Africa. Specific responsibilities include providing guidance to directors on discharging their duties in the best interests of the group, informing directors of new laws affecting the group, as well as arranging for the induction of new directors.



Remuneration report



On behalf of the board, I am pleased to present the remuneration report for the year ended September 2024, which sets out how we have implemented the remuneration policy that was approved by shareholders at the AGM in February 2024. The information provided in this report has been approved by the board as per the recommendation of the Human Resources and Compensation Committee.

Mike Fallon (*Chairman of the Human Resources and Compensation Committee*)

The main sections of the report are as follows:



Section
A

Voting and governance

Section
B

Key functions of the Human Resources and Compensation Committee

Section
C

Overview of the remuneration policy

Section
D

Remuneration implementation report

Our report and disclosures fully comply with regulatory and statutory provisions relating to remuneration governance in all the countries in which we operate. This report is aligned with the principles and recommended practices of the King Report on Corporate Governance (King IV).

The year 2024 – business environment and our remuneration context

The previous financial year was characterised by significant macroeconomic volatility, higher interest rates and low consumer confidence, which had significant impact on market demand; the post-pandemic boom had led to significant overstocking in the supply chains and forecast demand was low. In 2024, market demand for paper remained subdued, although market conditions for dissolving wood pulp improved.

It has been a year of significant rationalisation and transformation; the closure of two European sites, Lanaken and Stockstadt Mills, conversion and expansion of the Somerset Mill plant and stabilisation at Saiccor Mill following the recent expansion project. The investment in North America and South Africa are aligned with Sappi's long-term strategy to drive lower costs and capacity in graphic papers and enable growth in both packaging papers and dissolving wood pulp. Success of these large capital projects; to gain additional revenue in the growing markets of dissolving wood pulp and packaging, and the ability to retain existing graphic papers sales volumes within the post-closure mill footprint were vitally important in 2024.

The board therefore set the short-term incentive targets to drive a number of objectives to ensure the successful execution and implementation of this transformation to secure future benefits, including:

- Improved safety performance for all the regions
- Disciplined cost management
- Closure of Lanaken and Stockstadt Mills followed by the successful carouselling of sales volumes to remaining mills

- Significant lower Sappi Europe (SEU) overhead costs
- Smooth management of industrial relations
- On-time project delivery of the Somerset Mill expansion project. This is the largest capital project in the history of Sappi (US\$420 million). Development of detailed production and product ramp-up plans for the Somerset Mill machine conversion are in progress.

The board is pleased to report success in these transformation programmes. Detailed remuneration outcomes are set out in **section D** on page 194.

Health and safety

All three regions continued to deliver improved safety performances. Both SEU and SNA achieved their best safety performance for 2024. Unfortunately, SSA had a contractor fatality in Forestry. Details can be found on page 74 of this report. The commitment of the group is always to put safety first and management will continue with their drive to further improve safety performance across all regions.

2024 committee work plan

Implemented sustainability measure for the long-term incentive plan

The committee’s focus for 2024 was to finalise the details of our sustainability measure for inclusion in our long-term incentive plan (LTIP). This measure is based on our validated science-based decarbonisation pathway and will account for 10% of the overall measures. Sappi Limited has committed to reduce Scope 1 and Scope 2 greenhouse gases (GHG) emissions by a significant 41.5% per ton of product by 2030, using 2019 as base year. This target has been validated by the Science Based Targets initiative (SBTi) and is now

included in the LTIP and details can be found on pages 190 and 191 of this report. All the consultations and communication with participating employees have been successfully concluded.

Designing the future long and short-term incentive plans measures

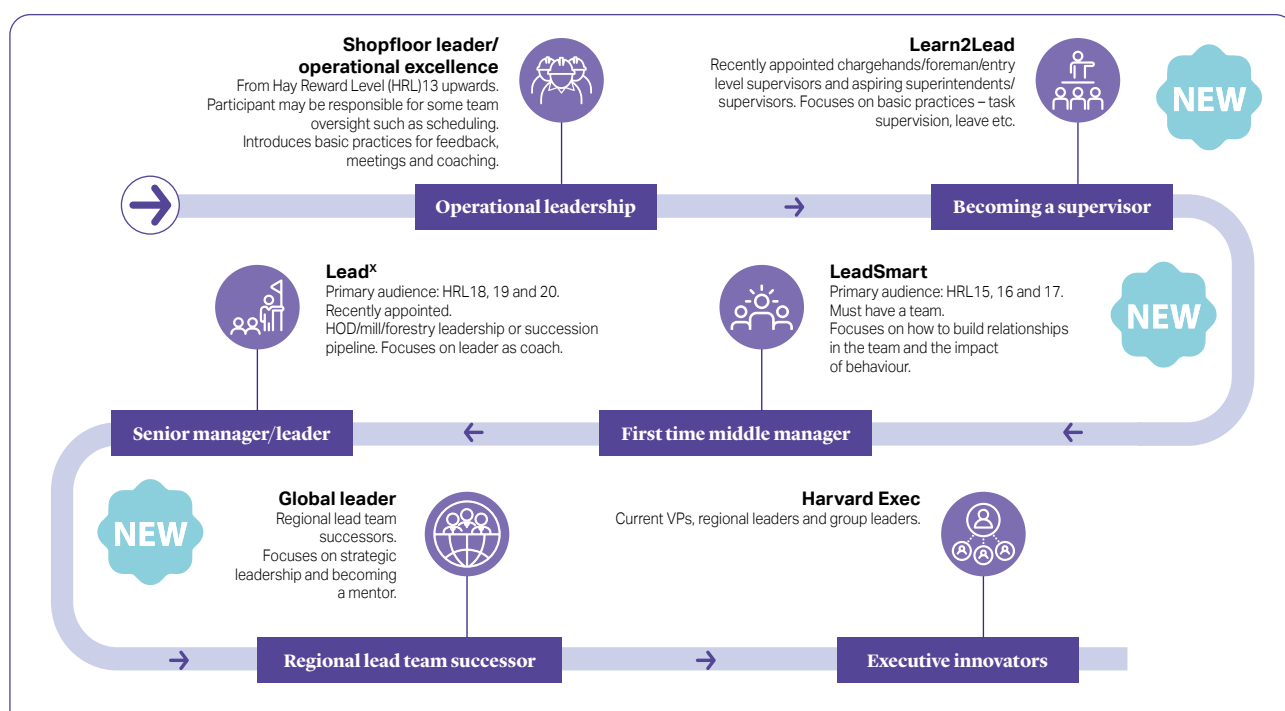
After consultations with shareholders in 2023 and 2024, Sappi has embarked on a process to modify existing LTIPs and measures. The focus of the change was to limit the complex plans to fewer executives that have a greater influence on the performance of the company. The result will be a PSP scheme with fewer participants and more relevant measures. ROCE will be removed from the short-term incentive plan and be introduced as a long-term measure. We view ROCE as appropriate for the long-term incentive and will be measured against weighted average cost of capital (WACC). These changes will further contribute to the alignment of shareholders and executives.

Parallel to this scheme, the Sappi Management Plan will be introduced to a broader employee base to the levels below that of the PSP participants. This will be simplistic and can serve as an effective retention tool for Sappi. Further details are provided on page 190 of this report.

The executive bonus scheme has been discontinued from October 2024.

Training and development

The Sappi Leadership Journey, as set out in the infographic below, is now completed. The Global Leadership programme was launched with key talent from all regions in September 2024.



Remuneration report continued

Talent management

The talent management and succession process are now fully embedded in all regions with the consistency of data and reviews.



Executive capacity building

During the reporting period Graeme Wild was appointed as CEO of Sappi Southern Africa. He succeeds Alex Thiel who will only retire from Sappi in December 2025. Alex will remain a key member of the team and will be contributing to the successful implementation of the **Thrive** strategy. All other senior management changes that took place in 2023 and 2024 have now been bedded down. Carefully planned succession is bearing fruit as evidenced by the smooth business transition and the continued high performance of the various teams.

Several key retirements will take place between now and 2030. The committee is working with management to ensure smooth management transitions over the next few years.

Personal development opportunities for all employees remain a key focus area with particular attention given to technical development in operations and engineering. Targeted development for high-potential employees, using role-specific competency assessments, has significantly improved the bench strength of candidates who are ready to step into other roles. Leadership capacity building at three levels (head of department, managers and supervisors) also gained significant traction with satisfactory progress on all our leadership programmes. This is a key focus for the committee.

As testimony to the key development initiatives that have been taking place over the last few years, Sappi was recognised as follows:

Time Magazine, once a year rates the top 1,000 companies globally. For 2024, Sappi attained position 623 and was one

of only four South African companies, and the only one in our sector. The ranking involved public information and no input from Sappi. The formula used included employee satisfaction surveys, revenue growth and ESG data.

Forbes Magazine: Forbes, in partnership with market research firm Statista, surveyed more than 300,000 employees in over 50 countries who work for multinational corporate groups that employ more than 1,000 workers and operate in at least two of the six continental regions of the world. This was done to determine the World's Best Companies for 2024. They placed Sappi 483 out of 850 companies with only 10 companies from South Africa and 13 from Africa.

In addition, **Forbes Magazine** – in a separate award, placed Sappi seventh in the World's Top Companies for Women 2024. We are very proud that we are one of the top companies among all these global and iconic companies, particularly as a manufacturer.

Continued strengthening of our Non-executive Director team

The Nomination and Governance Committee reviews the composition of the board three times per annum, considering size, skills, independence, tenure, experience/expertise, diversity and the overall mix of the board. The board Chairman and the Lead Independent Director also have individual consultations with board members regarding their performance. Every second year there is an independent evaluation of the board, the sub-committees and individual member effectiveness. These evaluations get discussed by the board and action plans are prepared and tracked.

Sappi's approach to and process for the appointment of Non-executive Directors is based on criteria which look at the diversity of tenure, race, gender, geographical location and expertise. We are committed to ensuring that our board composition will continue to reflect the benefits of our rigorous Non-executive Director succession planning.

The appointment of the board Chairman, Mr Nkululeko Sowazi has been concluded as well as changes to the composition on the board sub-committees. Mr Louis von Zeuner and Mr Jim Lopez have been appointed to the Human Resources and Compensation Committee. Mr Mohammed Valli Moosa will retire from the board on 31 December 2024. Mr von Zeuner will be appointed as Chairman of the Human Resources and Compensation Committee from 01 January 2025. I will remain as a member of this committee in addition to the role of Lead Independent Director until retirement in February 2027.


The following changes have also been made:

- Zola Malinga – appointed to the Nomination and Governance Committee
- Brian Beamish – appointed as Chairman of the Social, Ethics, Transformation and Sustainability (SETS) Committee
- Eleni Istavridis – appointed to the SETS Committee.

Conversations with our shareholders

Both our remuneration policy and implementation report received the prerequisite shareholder approval at the February 2024 AGM. Despite there being no mandatory requirement to do so, and as part of our good governance process, we met with key shareholders in August 2024 to seek their guidance and input on strategic remuneration issues. We were encouraged by the level of engagement and the guidance provided to ensure that Sappi's remuneration policy and implementation report remain robust. Key issues discussed during these engagements were changes to the long and short-term incentive plans, ie:

- Adding sustainability to our PSP measures, ie 41.5% reduction of GHG emissions per ton by 2030. This measure will be against our SBTi targets as approved in 2022
- Introducing the Sappi Management Plan for employees below executive levels
- Anticipated changes to the current PSP scheme, which included limiting the number of participants and introducing ROCE as an additional measure
- Discontinuation of the executive bonus scheme
- Update on Non-executive Director succession.

Full details are disclosed on pages  190 and 191 of this report.

We value the input from our shareholders and will continue to seek input to ensure improved disclosures.

Compliance statement

The Human Resources and Compensation Committee is committed to maintaining high standards of corporate governance and supports and applies the principles of good governance advocated by King IV. Our remuneration approach and disclosures fully comply with regulatory and statutory provisions relating to reward governance in all the countries in which we operate. The committee ensures compliance with legal and regulatory requirements concerning compensation.

The Human Resources and Compensation Committee is of the view that the objectives stated in the remuneration policy have been achieved for the period under review. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference and with the status of remuneration and incentives in the group.

The new Company's Act was signed into law on 26 July 2024 and has made some specific recommendations regarding the remuneration report. As this report is for the period 01 October 2023 to 29 September 2024, all the changes as recommended will be incorporated into our 2025 report. This will form part of the committee's 2025 workplan.

Conclusion

Our remuneration policy is benchmarked continuously against the relevant industry peers to ensure competitive reward. It motivates our senior team to achieve the group's objectives, deliver sustainable returns, and value creation for our shareholders. I would like to thank our shareholders for the strong support given at the last AGM and during our visits in August 2024 for our remuneration policy and implementation report. The committee believes that the remuneration of executives during 2024 reflects our challenges and successes to date in the delivery of our strategy.

As detailed earlier, this becomes my last remuneration report as I will hand over the chairmanship to Mr Louis von Zeuner. Louis brings a wealth of knowledge and experience in this field, and I'm very pleased to be able to help and support him during this handover.

It has been both a learning experience and pleasure to serve as Chairman of this committee. I have appreciated the guidance and advice of shareholders over the recent years, particularly in our face-to-face discussions in July 2022, September 2023 and August 2024.

I will also be available to answer any questions which you may have at the February 2025 annual general meeting.

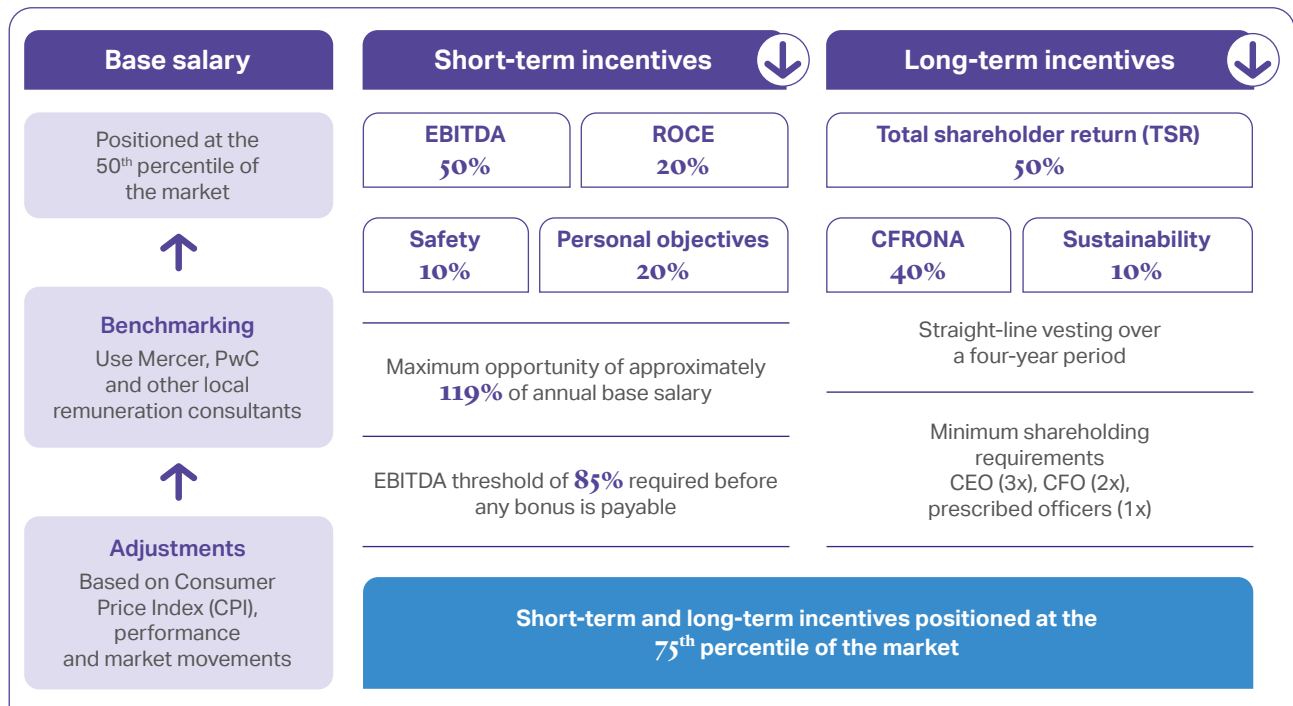
Finally, I would like to thank my fellow committee members for their exceptional help and support.

Mike Fallon

Chairman of the Human Resources and Compensation Committee

Remuneration report continued

Sappi remuneration at a glance from 01 October 2024



Sustainability as a performance measure is part of our LTIP. See page 189.

Summary of our executive remuneration policy and implementation report for 2024

Remuneration component	Executive Directors
Base salary	<ul style="list-style-type: none"> Mr SR Binnie – Local South African salary increased by 6.5% and offshore salary increased by 4% Mr GT Pearce – Local South African salary increased by 7.0% and offshore salary increased by 4% In line with the increases applied to wider South African workforce.
Annual bonus (MIS)	<ul style="list-style-type: none"> Maximum opportunity unchanged at 119% for the CEO and CFO of annual base pay Resultant points of the 2024 performance measures: EBITDA (69.4), ROCE (30), safety (0).
Long-term variable pay (PSP)	<ul style="list-style-type: none"> Performance measures, TSR (100%) and CFRONA (100%).
Current voluntary minimum shareholding requirement	<ul style="list-style-type: none"> Mr SR Binnie (2.3 X annual base salary) and Mr GT Pearce (1.9 X annual base salary).

Section A: Voting and governance

Statement of voting at AGM

The AGM of Sappi Limited was held on 08 February 2024 and the requisite resolutions endorsing the remuneration policy and the implementation report were passed as follows:

Resolution	Vote for
Ordinary resolution number 16: Non-binding endorsement of remuneration policy	87.78%
Ordinary resolution number 17: Non-binding endorsement of implementation report	93.58%

Voting on remuneration

As required by King IV, Sappi's remuneration policy and implementation report as detailed in this remuneration report, need to be tabled for separate non-binding advisory votes by shareholders at the upcoming AGM. In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the voting rights entitled to be exercised by shareholders at such AGM, the committee will ensure that the following measures are taken in good faith and with best reasonable efforts:

- An engagement process to ascertain the reasons for the dissenting votes
- Appropriately addressing legitimate and reasonable objections and concerns raised which may include amending the remuneration policy or clarifying or adjusting remuneration governance and/or processes.

Statement by the board regarding compliance with the remuneration policy

The board annually receives a report from the Human Resources and Compensation Committee on pay practices across the group, including salary levels and trends, collective bargaining outcomes and bonus participation.

The board endorses the Human Resources and Compensation Committee position that Sappi's remuneration policy is set taking appropriate account of remuneration and employment conditions of other employees in the group and external factors. It is the view of the board that this policy as detailed herein, drives business performance and value creation for all stakeholders.

Statement of fair and responsible remuneration

The group's compensation policy for the remuneration of Executive Directors and other senior executives is set taking appropriate account of remuneration and employment conditions of other employees in the group.

The committee annually receives a report from management on pay practices across the group, including salary levels and trends, collective bargaining outcomes and bonus participation. At the time that salary increases are considered, the committee additionally receives a report on the approach management proposes to adopt for general staff increases. Both these reports are considered in the committee's decisions regarding the remuneration of Executive Directors and other senior executives.

In some countries where the group operates, more formal consultation arrangements with employee representatives are in place relating to employment terms and conditions, in accordance with local legislation and practice. The group also conducts employee engagement surveys every two years which gauge employees' satisfaction with their working conditions. The Sappi board is given feedback on these survey results.

Section B: Key functions of the Human Resources and Compensation Committee

Human Resources and Compensation Committee

The purpose of the committee is to oversee remuneration matters for all controlled subsidiaries of Sappi Limited. Its key objectives are to:

- Make recommendations on remuneration policies and practices, including Sappi's employee share schemes
- Ensure effective executive succession planning
- Review compliance with all statutory and best practice requirements on labour and industrial relations management.

The committee consisted of five Independent Non-executive Directors:

Mr MA Fallon – Chairman

Mr BR Beamish

Mr JM Lopez

Mr RJAM Renders

Mr LL von Zeuner

The Chairman of the company, Mr Nkululeko Sowazi, attends committee meetings ex officio while the Group CEO, Mr SR Binnie together with Group Head Human Resources, Mr Fergus Marupen attend meetings by invitation.

Mrs A Mahendranath, Company Secretary, attends the meeting as secretary to the committee.

The Human Resources and Compensation Committee met four times during the year and held one telephone conference.

Attendance at meetings by individual members is detailed on page 155.

The Chairman of the Human Resources and Compensation Committee, Mr Mike Fallon, Mr Steve Binnie Group CEO, Ms Tracy Wessels Group Head Sustainability and Investor Relations and Mr Fergus Marupen, Group Head of Human Resources met with key shareholders in August 2024 to discuss the remuneration policy.

None of the committee members has any significant personal financial interest, or conflict of interest, or any form of cross-directorship, or day-to-day involvement in the running of the business.

Executive Directors and managers are not present during committee discussions relating to their own compensation.

The Human Resources and Compensation Committee ensures that the policy governing compensation practices and structures within the group supports the group's strategy and performance goals. The policy also enables the attraction, retention and motivation of executives and all employees.

Key decisions regarding directors' remuneration are summarised as follows:

Recommended and approved

- The allocation of 2024 performance share awards to Executive Directors and all other eligible participants
- Salary increases and bonus payments for Executive Directors and other key senior managers for 2024
- Fee levels for Non-executive Directors of the Sappi Limited board for consideration and recommendation to shareholders for approval
- The allocation model and the comparator peer group for the 2024 PSP
- Design of the 2025 Sappi Management Plan
- The CFRONA
- Design of a sustainability measure for inclusion in the PSPs
- Fees for the board
- Discontinuation of the executive bonus scheme.

Reviewed

- The 2023 remuneration report, including the content of the company compensation policy and practices, which was put to shareholders for a non-binding vote at the AGM in February 2024
- Development of the 2024 remuneration report for shareholder approval in February 2025
- The succession, retirement and development plans for key management positions
- The group's industrial relations policy and implementation
- The group's training and development policy and implementation
- The investor feedback on the 2023 remuneration report
- The status of all benefits funds.

Independent advice

Management engaged the services from the following organisations to assist in compensation work during the year:

Consultancy	Engagement
Mercer	Recommendations in relation to the PSP with reference to: <ul style="list-style-type: none"> • Allocations and calculation of the TSR performance condition • Peer group additions • Long and short-term incentive measures for the future • Recommendation on appointment fee levels for the Chairman.
KPMG	Verification and sign-off on the MIS measures, ie EBITDA and ROCE. Verification and auditing of the CFRONA performance condition of the PSPs.
PricewaterhouseCoopers Tax Services, South Africa	Tax advice to Non-executive Directors

Areas of focus for 2025

Key activities for the committee in 2025 will be, inter alia, the approval of the remuneration and bonuses for Executive Directors and senior management. Reviewing and approval of measures for both long and short-term incentives.

After the visits to some key shareholders at the end of August 2024, the committee will also focus on the following:

- Implementation of the Sappi Management Plan
- Implementation of the new measures for both the long-term and short-term incentive plans
- Gender representativity across all Sappi operations
- Implementation of the changes as recommended by the new Companies Act.

In addition to the annual work plan as approved by the committee, the Chairman of the committee and senior executives from Sappi will, if required, also be visiting key shareholders to discuss issues of mutual concern.

Remuneration report continued

Section C: Overview of the remuneration policy

Compensation strategy and policy

Our compensation packages:

- Are designed to attract, retain and motivate executives and all employees to deliver on performance goals and strategy
- Are simple, transparent, and aligned with the interests of shareholders
- Reflect the views of our investors, shareholder bodies and stakeholders
- Are structured in a way that substantial rewards are only paid for exceptional performance and that poor performance does not earn an incentive award
- Encourage behaviour consistent with the group's risk and reward philosophy
- Have an appropriate and balanced reward mix for Executive Directors and other executive managers based on base pay, benefits, and short and long-term incentives within the context of the industry sector
- Are applied consistently across the group to promote alignment and fairness
- Are designed to pay at the market median for all components of pay, except for short-term incentives, which are targeted at the 75th percentile
- Are designed to support our **Thrive** ambitions.

Summary of reward components of Executive Directors and other members of the group Executive Committee

The compensation of Executive Directors and other Executive Committee members comprises fixed and variable components.

	Purpose	Structure	Opportunity
	Fixed		
Component – Base salary	<ul style="list-style-type: none"> • To reflect market value of the role, individuals' skills, contribution, experience and performance • To attract and retain key talent. 	<ul style="list-style-type: none"> • Paid monthly in cash • Reviewed annually with any increases to be effective from 01 January each year • Base salary reviews consider prevailing market practices, economic conditions and the levels of base salary increase mandates provided to the general employee population. 	<ul style="list-style-type: none"> • Increases are applied in line with outcomes of performance discussions with the individuals concerned and market conditions.
Component – Benefits	<ul style="list-style-type: none"> • To provide protection and market competitive benefits to aid recruitment and retention. 	<ul style="list-style-type: none"> • Private medical insurance • Income in the event of death or disability. <p>These are:</p> <ul style="list-style-type: none"> • Appropriate in terms of level of seniority • Market-related • Death benefit is a multiple of base salary • Non-pensionable. 	<ul style="list-style-type: none"> • None.
Component – Pension	<ul style="list-style-type: none"> • To provide market-related benefits • Facilitate the accumulation of savings for post-retirement years. 	<ul style="list-style-type: none"> • Comprises defined benefit and defined contribution plans • Many defined benefit plans are closed to new hires • Employees in legacy-defined benefit plans continue to accrue benefits in such plans for both past and future service • Retirement plans differ by region. 	<ul style="list-style-type: none"> • Executive members of defined contribution plans receive a company contribution of up to 18.47% of salary.

Purpose	Structure	Opportunity
<p>Component – Annual cash incentive</p>	<p>Variable</p> <ul style="list-style-type: none"> • Focus participants on targets relevant to the group’s strategic goals • Drive performance • Motivate executives to achieve specific and stretching short-term goals • Reward individuals for their personal contribution and performance. 	<ul style="list-style-type: none"> • All measures and objectives are reviewed and set at the beginning of the financial year • Payments are reviewed and approved at year end by the committee based on performance against the targets • Threshold is required to be met for any bonus payment to occur • Target level of bonuses varies from 65% – 85% of base salary. See page 188 • Weightings for 2024 were: EBITDA – 50%; ROCE – 20% and Safety – 10%; Individual – 20% • If the agreed target for EBITDA is achieved, a bonus award percentage of 100% will be paid for that component. A bonus award percentage of up to 150% can be earned if 110% or more of the agreed target is achieved. If the EBITDA is less than 85% of target, no bonus is paid • If the group achieves the agreed target for ROCE, a bonus award percentage of 100% will be paid. A bonus award percentage of up to 150% can be earned if the group achieves 115% or more of the agreed target. If the group achieves less than 75% of the target, then no bonus award will be paid. ROCE is only measured at a group level • Safety performance is measured against LTIFR and the lost-time injury severity rate (LTISR) • Contractor hours and injuries are combined with own employees for calculation of LTIFR. The combined LTIFR accounts for 50% of the MIS safety target • Severity rate is measured by LTISR for both own employees and contractors. This amounts to the other 50% of the MIS safety target • An additional bonus award of 50% can be earned on the combined LTIFR portion only if the region achieves an LTIFR better than the best ever achieved during the past five years. No bonus award will be paid if the region’s safety performance actual measures are higher than 110% of the best ever achieved during the past five years. If a region achieves between 110% and 100% of the best ever achieved a straight-line prorated percentage will be awarded • Bonuses are paid in cash • Non-pensionable • Malus and clawback may be applied in the following circumstances: <ul style="list-style-type: none"> (i) Financial results of the group or a company/business unit in the Sappi group have been materially misstated (ii) A participant has ceased to be a director or employee by reason of gross misconduct and has resulted in significant losses to the business (iii) There has been material breach of Code of Ethics/law (iv) There has been an erroneous assessment of the extent to which any performance conditions have been satisfied resulting in a higher vesting outcome.

Remuneration report continued

Section C: Overview of the remuneration policy continued

	Purpose	Structure	Variable	Opportunity
Component – Long-term share incentive plans	<ul style="list-style-type: none"> Align the interests of the executive members with those of the shareholder Reward the execution of the strategy and long-term outperformance of our competitors Encourage long-term commitment to the company Is a wealth creation mechanism for executive members if the company outperforms the peer group. 	<ul style="list-style-type: none"> Conditional grants awarded annually to Executive Directors, Executive Committee members and other key senior managers of the company Straight-line vesting after four years Performance is measured relative to a peer group of 16 other industry-related companies The number of conditional shares allocated varies between the Group CEO and each of the Executive Committee members Measures for 2024 awards were relative TSR – 50%, relative CFRONA – 40% and sustainability (decarbonisation – progress against SBTi targets) – 10% Malus and clawback may be applied in the following circumstances: <ul style="list-style-type: none"> Financial results of the group or a company/business unit in the Sappi group have been materially misstated A participant has ceased to be a director or employee by reason of gross misconduct and has resulted in significant losses to the business There has been material breach of Code of Ethics/law There has been an erroneous assessment of the extent to which any performance conditions have been satisfied resulting in a higher vesting outcome. 		<ul style="list-style-type: none"> A higher share price will benefit the participants.
	<ul style="list-style-type: none"> Voluntary minimum shareholding requirement for prescribed officers. 	<ul style="list-style-type: none"> The target holding as a multiple of annual base salary. The requirement is that the CEO should hold three times annual base salary. The CFO two times and all other prescribed officers at one times annual base salary The acquisition of shares will primarily be achieved by vesting PSPs. 		
Component – Service contracts	<ul style="list-style-type: none"> Provide an appropriate level of protection to both the executive and to Sappi. 	<ul style="list-style-type: none"> Executive committee members have notice periods by the company of 12 months or less Separation agreements, when appropriate, are negotiated with the individual concerned with prior approval being obtained in terms of our governance structures. 		<ul style="list-style-type: none"> In circumstances where there is a significant likelihood of a transaction involving the Sappi group or a business unit, limited change in control protections may be agreed and implemented if deemed necessary for retention purposes.

Approach to remuneration benchmarks

Executive compensation is benchmarked on data provided in national executive compensation surveys, for countries in which executives are domiciled, as well as information disclosed in the annual reports of listed companies of the Johannesburg Stock Exchange. Sappi participates in and uses data from global remuneration surveys, ie PwC, Mercer, Kornferry, Remchannel et al, to determine appropriate remuneration levels. Ensuring appropriate peer information to retain the integrity and appropriateness of the benchmark data is a key task of the Human Resources and Compensation Committee. Executive pay is benchmarked every alternate year.

When the committee considered the executive director increases for 2024, the committee looked at data from all the above survey houses matching the respective Hay Reward Levels and job to the market 50th percentile which is Sappi's compensation philosophy. The committee applies judgement when considering such data to ensure competitive salary structures as well as internal and external equity is maintained.

The remuneration package for a newly appointed Executive Director is set in accordance with the terms of the group's approved remuneration policy in force at the time of appointment. The variable remuneration for a new Executive Director is determined in the same way as for existing Executive Directors. For internal and external appointments, the group may meet certain relocation expenses, as appropriate.

Service contracts

Mr Binnie and Mr Pearce have ongoing employment contracts which require six months' notice of termination by the employee and 12 months' notice of termination by the company.

Depending on their location, Executive Committee members have ongoing employment contracts which require between three to six months' notice of termination by the employee and six to 12 months' notice of termination by the company.

Other than in the case of termination for cause, the company may terminate the Executive Directors' service contracts by making payment in lieu of notice equal to the value of the base salary plus benefits which they would have received during the notice period.

Executive Directors are required to retire from the company at the age of 65 years. The retirement age of Executive Committee members is generally between the ages of 65 years and 67 years and differs by region.

Choice of performance measures and approach to target setting

Short-term incentive: Management incentive scheme (MIS)

The table below shows the metrics and why they were chosen and how targets are set.

Metric	Relevance	How do we set the targets?
EBITDA 50%	A key indicator of the underlying profit performance of the group, reflecting both revenues and costs. Aligns closely with our strategic goals of achieving cost advantages and growth. More efficient water, energy and raw material usage is also encouraged.	<p>Targets and ranges are set each year by the board taking account of required progress towards strategic goals, and the prevailing market conditions.</p> <p>The EBITDA will be as reported in the Income Statement and the items below will be excluded from the target and actual:</p> <ul style="list-style-type: none"> Plantations fair value by adding back both the 'fair value plantations adjustment – volume', 'price' and 'fellings' External securitisation costs MIS, share scheme costs and production bonus.
ROCE 20%	<p>A key indicator of the underlying returns that the group achieves on its capital employed.</p> <p>Achieving a ROCE over time that outperforms the group's WACC + 2% over the cycle will ensure alignment of the group's returns targets with those expected by the group's shareholders.</p> <p>A key measure for capital expenditure decision making.</p> <p>ROCE will be defined as operating profit excluding special items divided by average capital employed:</p> <ul style="list-style-type: none"> Operating profit achieved will be as reported in the income statement including any adjustments and excluding other non-operating costs and special items Capital employed is shareholders' equity plus net debt less spend on capex projects which are not yet in production Average capital employed will be defined as the trailing 12-month average capital employed as defined above Fair value price adjustment will be excluded from operating profit for this calculation (this is excluded because of the short-term nature of this incentive scheme) Over time Sappi will deliver returns outperforming our cost of capital. 	Targets and ranges are set each year by the board taking account of the required progress towards strategic goals, and the prevailing market conditions.

Remuneration report continued

Section C: Overview of the remuneration policy continued

Choice of performance measures and approach to target setting continued

Short-term incentive: Management incentive scheme (MIS) continued

Metric	Relevance	How do we set the targets?
Safety 10%	A core value of the company and one of the key indicators of whether the business is meeting its sustainability goal of zero harm.	<p>The committee considers input from the Social, Ethics, Transformation and Sustainability (SETS) Committee and sets appropriate standards and goals. Safety performance is measured against LTIFR (50%) as well as LTISR (50%).</p> <p>An additional bonus award of 50% can be earned on the combined LTIFR portion only if the region achieves an LTIFR better than the best ever achieved during the past five years. No bonus award will be paid if the region's safety performance actual measures are higher than 110% of the best ever achieved during the past five years. If a region achieves between 100% and 110% of the best ever achieved a straight-line prorated percentage will be awarded.</p>
Individual performance 20%	An indicator of the contribution of each Executive Director, individual performance for relevant managers. Includes several key non-financial targets in relation to ESG, major capital projects, gender equality and BBBEE in the case of South Africa.	Priorities are set for the CEO by the Chairman of the board in line with the business plan for the applicable year. Targets and ranges are then cascaded to the rest of the business teams. These are reviewed as part of an annual review with the Chairman.

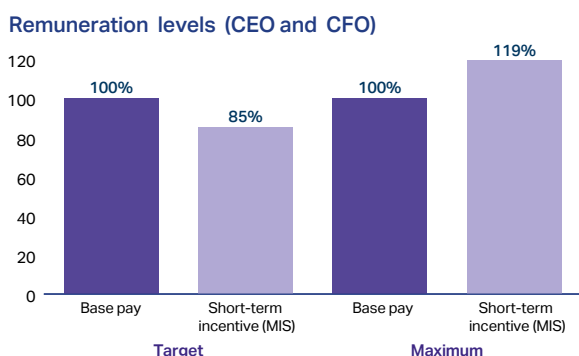
The bonus payment opportunity available to Executive Directors and Executive Committee members is as follows:

	On-target bonus	Maximum bonus potential
Executive Director	85% of base salary	119% of annual base salary
Regional CEO	70% of base salary	98% of annual base salary
Other prescribed officers (ie Executive Committee members)	65% of base salary	91% of annual base salary

See pages [198](#) and [199](#) for remuneration details.

Remuneration at different performance levels

The chart below illustrates the total potential remuneration (base pay and short-term incentives) for Executive Director at different performance levels.



Long-term incentives are excluded from these scenarios as their vesting depends on longer-term performance conditions being met.

Performance share plan (PSP)

The PSP provides for annual awards of conditional performance shares which are subject to meeting performance targets measured over a four-year period. These awards will only vest if Sappi's performance, relative to a peer group of 16 other industry-related companies is ranked at median or above the median.

The performance criteria are relative TSR, relative CFRONA and sustainability.

The table below shows the metrics and why they were chosen and how targets are set.

Metric	Relevance	How do we set the targets?
TSR 50%	TSR measures the total returns to Sappi's shareholders, providing close alignment with shareholder interests.	The committee sets the performance requirements for each grant. A peer group of packaging and paper sector companies is used. Nothing vests in positions 10 – 17 of the peer group. Vesting increases from 25% at position nine to 100% for positions one to five.
CFRONA 40%	A key indicator of the effective use of capital. CFRONA is calculated as cash available from operating activities, divided by average total assets (excluding cash) less interest-free liabilities. This measure is calculated using a simple annual average over the previous four-year period.	The committee sets the performance requirements for each grant. A peer group of packaging and paper sector companies is used. No vesting occurs in positions 10 – 17 of the peer group. Vesting increases from 25% at position nine to 100% for positions one to five.
Sustainability 10%	The commitment is to reduce Scope 1 and Scope 2 GHG emission intensity by 41.5% per ton of product by 2030 from a 2019 base year.	Average over a four-year period against the approved SBTi pathway.

Peer group

The remaining peer group for the 2020 PSP award consisted of the following industry-related companies



- BillerudKorsnäs
- Borrogaard
- Holmen
- International Paper
- Lenzing
- Metsá Board
- Mondi Plc
- Rayonier Advance Materials
- Smurfit Westrock
- Stora Enso
- Suzano
- UPM-Kymmene

Vesting schedule

The original vesting schedule for 2020 allocation for both TSR and CFRONA is as follows:

Position	Vesting
1 – 5	100%
6	80%
7	65%
8	45%
9	25%
10 – 17	0%

Adjusted vesting schedule for 2020 allocations

There has been an increase in M&A activity in Sappi's peer group. Various peer group companies have been replaced or removed. In 2020, Sappi tasked Mercer, a specialist remuneration consultancy, to provide alternatives to ensure the robustness of the comparator group and the integrity of the vesting schedule.

To date, Sappi has applied the 'follow the money' methodology for all in-flight PSPs impacted by M&A by removing peers that have been subject to M&A activity and adjusting the vesting schedule. This ensured that the TSR targets remain as challenging as before. The recalibration of this kind follows a set of standard principles that will ensure fairness for shareholders and participants. This will result in fewer peers for the mentioned outstanding cycles.

The adjusted schedule for the 2020 allocation for both TSR and CFRONA is as follow:

Position	Vesting
1 – 4	100%
5	75%
6	50%
7	25%
8 – 13	0%

Remuneration report continued

Section C: Overview of the remuneration policy continued

Disclosure

In this report, Sappi discloses vested as well as grant performance share values.

Malus and clawback

Awards made to the CEO, CFO and prescribed officers under Sappi's MIS and PSP are subject to both malus and clawback provisions which may be applied during the period of two years after the date of vesting or granting. Clawback refers to the recovery of paid or vested amounts and malus refers to the reduction, including to nil, of unvested or unpaid amounts. Malus and clawback may be applied in the following circumstances:

- Financial results of the group or a company/business unit in the Sappi group have been materially misstated
- A participant has ceased to be a director or employee by reason of gross misconduct and has resulted in significant losses to the business
- There has been material breach of Code of Ethics/law
- There has been an erroneous assessment of the extent to which any performance conditions have been satisfied resulting in a higher vesting outcome.

New incentive measures that will be introduced in October 2025

After consultations with shareholders in 2023 and 2024, Sappi has embarked on a process to modify existing LTIPs and measures. The focus of the change was to limit the complex plans to fewer executives that have a greater influence on the performance of the company. The result will be a PSP scheme with fewer participants and more relevant

measures. ROCE will be removed from the short-term incentive plan and be introduced as a long-term measure. We view ROCE as appropriate for the long-term incentive and will be measured against WACC. These changes will further contribute to the alignment of shareholders and executives.

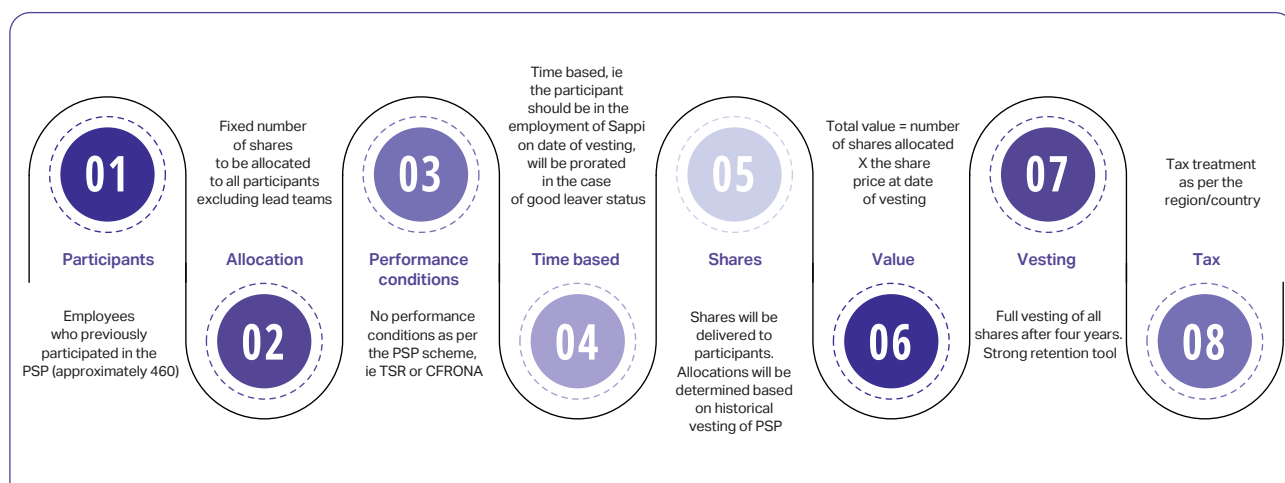
Parallel to this scheme, the Sappi Management Plan will be introduced in October 2025 to a broader employee base for the group directly below those participating in the PSP scheme. This will be simplistic and can serve as an effective retention tool for Sappi. This plan will be time-based. The rules of the Sappi Limited PSP, which allows for the operation of both schemes, were approved by the JSE on 18 November 2024. It will subsequently be submitted for shareholder approval in February 2025. See **Resolution** on page 218.

Both these schemes are depicted in the infographics below and on the next page.

In the MIS, working capital has been identified as an appropriate measure to replace ROCE. This is a key indicator of accounts payable, accounts receivable, cash management and stock levels. Achieving optimum working capital levels in the business requires efficient use of resources throughout the supply chain and influences cash management, a key pillar of our strategy. Net working capital as a percentage of sales will be used a measure.

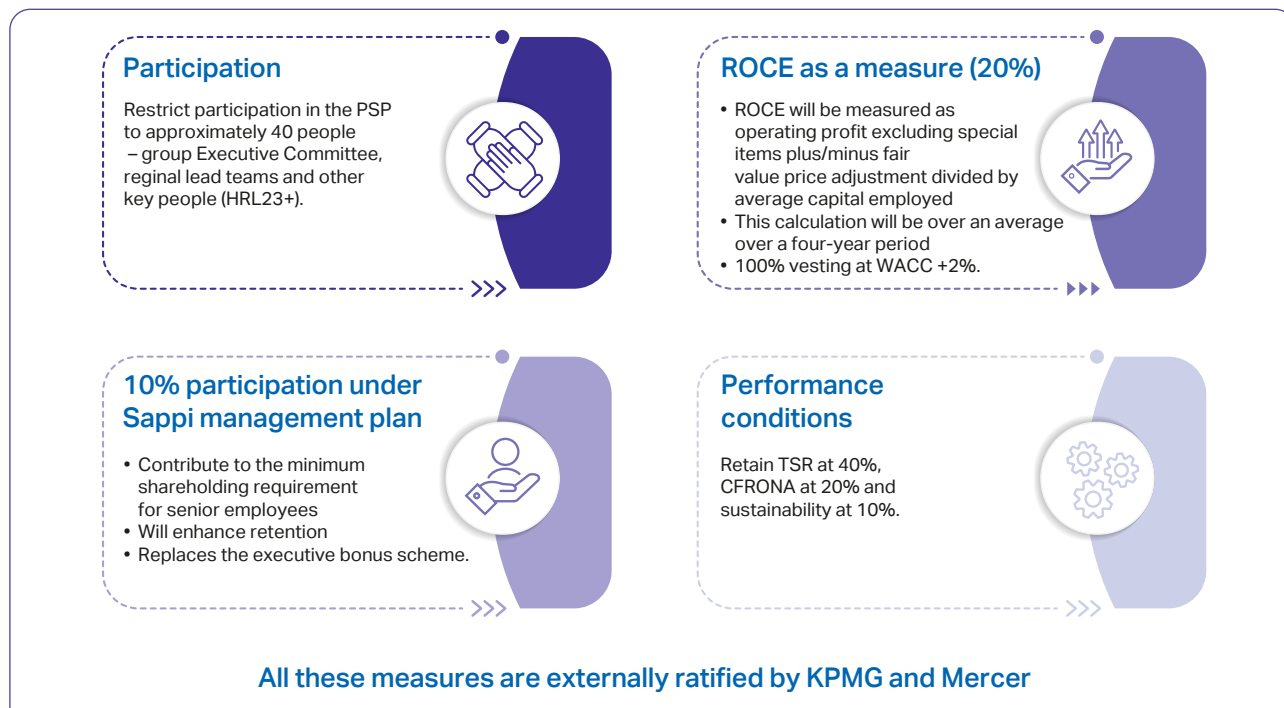
The executive bonus scheme was discontinued from 01 October 2024.

The Sappi management plan – key features



The PSP will be limited to approximately 40 senior executives at a group and regional level. New measures will be introduced to align this group of people to shareholder objectives. These changes will be introduced as from 01 October 2025 and communication will start after the AGM approvals in February 2025. See infographic below.

Changes to the current PSP scheme



Summary of long-term incentive measures: PSP to be introduced in October 2025

Metric	Relevance	Application
TSR 40%	TSR measures the total returns to Sappi's shareholders, providing close alignment with shareholder interests.	Long-term timeframe of four years and will be measured against peer group. Externally measured by a third party.
ROCE 20%	ROCE will be measured: <ul style="list-style-type: none"> • As operating profit including fair value price adjustment excluding special items divided by average capital employed. This calculation will be over a four-year average • Capital employed is shareholder's equity plus net debt • Average four-year capital employed will be defined as the sum of the opening and closing capital employed for each year divided by two. 	Achievement of this performance condition will be against the WACC. The WACC will be nominal pre-tax at the end of September (not trend WACC) applying a pro-rata weighting of the regional net assets to determine the consolidated net WACC. The target will be an average of the last four years September WACC. Target vesting of 100% will be at WACC + 2%.
CFRONA 20%	A key indicator of the effective use of capital. CFRONA is calculated as cash available from operating activities, divided by average total assets (excluding cash) less interest-free liabilities. This measure is calculated using a simple annual average over the previous four-year period.	This measure is against a peer group. Internally calculated and signed off by the external auditors.

Remuneration report continued

Section C: Overview of the remuneration policy continued

Metric	Relevance	Application
Sustainability (Sappi's science-based decarbonisation targets) 10%	Sustainability measured against SBTi validated decarbonisation target.	Internally measured and verified by external auditors against approved SBTi path.
Sappi management plan 10%	<p>New plan introduced for employees below the group and regional lead teams. Group and regional lead teams will participate at 10%.</p> <p>Plan is focused on the retention of skills in the business.</p> <p>Allowing a portion of vesting of the total PSP allocation under this scheme would enhance retention and minimum shareholding requirement for senior people.</p>	Part of the total allocation will be based on this scheme.

ROCE vesting schedule for the PSP measure will be as follows:

Weighting	Basis of measure	Vesting	
20% of PSP	Average ROCE (including fair value price adjustment) against the average WACC over a four-year period.	25%	100%
		WACC	WACC + 2%

All calculations and disclosures audited by KPMG.

Remuneration policy for Non-executive Directors (fees)

Sappi may reimburse the reasonable expenses of board directors that relate to their duties on behalf of Sappi. Sappi may also provide advice and assistance with board directors' tax returns where these are impacted by the duties they undertake on behalf of Sappi.

All Non-executive Directors have letters of appointment with Sappi Limited for an initial period of three years. In accordance with best practice, Non-executive Directors are subject to re-election at the AGMs after the three-year period. Appointments may be terminated by Sappi with six months' notice. No compensation is payable on termination, other than accrued fees and expenses.

Element	Purpose	How it works	Fees
Non-executive Chairman (fees)	<ul style="list-style-type: none"> To attract and retain a high-calibre Chairman, with the necessary experience and skills To provide fees which take account of the time commitment and responsibilities of the role. 	<ul style="list-style-type: none"> The Chairman receives an all-inclusive fee. 	<ul style="list-style-type: none"> The Chairman's fees are reviewed periodically by the committee Fees are set by reference to market median data for companies of similar size and complexity to Sappi.
Other Non-executive Directors (fees)	<ul style="list-style-type: none"> To attract and retain high-calibre non-executives, with the necessary experience and skills To provide fees which take account of the time commitment and responsibilities of the role. 	<ul style="list-style-type: none"> The non-executives are paid a basic fee Attendance fees are also paid to reflect the requirement for Non-executive Directors to attend meetings in various international locations The chairmen of the main board committees and the Lead Independent Director are paid additional fees to reflect their extra responsibilities. 	<ul style="list-style-type: none"> Non-executive Directors' fees are reviewed periodically by the Chairman and Human Resources and Compensation Committee Fees are set by reference to market median data for companies of similar size and complexity to Sappi.

Non-executive Director succession: An overview

A. Key considerations



<p>Expertise Relevant business skills and expertise.</p>	<p>Tenure Having the right mix of Non-executive Directors with a focus on experience, knowledge and new thinking.</p>	<p>Diversity and inclusion considered Gender, race and location.</p>	<p>Understanding the Sappi business environment Understanding the cyclical nature of the pulp and paper industry.</p>
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B. Annual review of the composition and effectiveness of the board



- Every second year an independent evaluation of the board and individual member effectiveness
- Nomination and Governance Committee reviews the composition of the board three times per annum, looking at size, knowledge, experience, tenure, expertise, diversity and overall mix of the board
- The independence of the Non-executive Directors is subject to a robust annual review by the Nominations and Governance Committee.

C. Process



<p>Succession/vacancy Nominations and Governance Committee consider the key issues and criteria.</p>	<p>Appointment of a specialist recruitment agency Provide a shortlist on candidates to the Nominations and Governance Committee.</p>	<p>Interviews Completed by the Nominations and Governance Committee.</p>	<p>Appointment Followed by a detailed induction plan.</p>
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Three new Non-executive Directors were appointed since September 2022, namely, Mr Louis von Zeuner, Mrs Eleni Istavidis and Mr Nkululeko Sowazi. As announced in November 2023, Mr Sowazi has been appointed as Chairman. Sir Nigel Rudd and Mr Peter Mageza retired from the board in February 2024. Mr Mohammed Valli Moosa will retire at the end of December 2024. Total female representation will be 33%.

Board	1 January 2024	1 January 2025
Number of members	12	9
Average age	63.58	62.2
Average tenure	7.4 years	5.9 years

Remuneration report continued

Section D: Remuneration implementation report

Remuneration structure

Total remuneration comprises fixed pay (ie base salary and benefits) and variable performance-related pay, which is divided further into short-term incentives with a one-year performance period and long-term incentives which have a four-year performance period as detailed in Section C. Our compensation policy aims to have a balance between guaranteed package, short and long-term incentives. All of these are verified by external service providers.

Reward mix

The five elements of our reward mix and the remuneration outcomes for Executive Directors and Executive Committee members are detailed in the following section:

Base salary

The Human Resources and Compensation Committee approved the level of base salary for each Executive Director, Executive Committee member and other key senior managers.

The salary increases were based on individuals' performances and contributions, internal relativities, inflation rates in the countries of operation, general market salary movement and overall affordability.

In January 2024, Mr Binnie received a salary increase of 6.5% on the South African portion of his salary and 4% on the offshore portion of his salary. Mr Pearce received a salary increase of 7% on the South African portion of his salary and 4% on the offshore portion of his salary. Their salaries were US\$667,449 per annum and US\$378,107 per annum, respectively.

The same salary increase percentages were applied in determining the salary increases for Executive Committee members and general staff, dependent on location.

Retirement benefits

Retirement benefits are largely in the form of defined contribution schemes. In some instances, legacy-defined benefit schemes exist. Almost all the defined benefit schemes are closed to new hires.

Mr Binnie and Mr Pearce are both members of defined contribution funds and the total employee and company contribution is ZAR350,000 each.

Short-term incentive

A performance threshold of 85% of budgeted EBITDA for the group is required before any bonus can be paid to participants in the group scheme.

The year 2024 has seen a transformational change in Sappi. Restructuring in Europe and the investments in Saiccor Mill and Somerset Mill were clearly the right strategy to drive lower costs in graphic papers and growth in packaging papers and dissolving wood pulp (DWP). The key task for management was to deliver the plan on time, within cost estimates and driving the benefits of these investments. During this time, it was important to retain the mill sales post the successful closures of the Lanaken and Stockstadt Mills. Therefore, in October 2023 the board set appropriate short-term targets to drive this transformation. All aspects are progressing to plan and cost, and are positioning well for future growth and lower fixed costs.

For the MIS purposes, the group achieved an adjusted EBITDA of US\$731 million and a ROCE of 12.56%. In the graphic papers and packaging papers segments, the size and speed of the demand rebound following 2023 falls remained below expectations, shrinking market sizes considerably resulting in 716,000 tons of commercial downtime. However, through strong customer management, cost reductions and a strong DWP sector performance, the ROCE exceeded the cost of capital by 4%.

The table below summarises the scoring methodology for the short-term incentive measures (MIS) and maximum potential points allocation.

Metric	Points allocated for 100% achievement of target	Potential bonus points for exceeding target	Total possible points
EBITDA	50	Additional 25 points if EBITDA achievement is 110% of target; linear sliding scale allocation of the 25 bonus points between 100% – 110% achievement	75
ROCE	20	Additional 10 points if ROCE achievement is 115% of target; linear sliding scale allocation of the 10 bonus points between 100% – 115% achievement	30
Safety – LTIFR	5	Additional 2.5 points if LTIFR is best ever during last five years	7.5
Safety – LTISR	5	n/a	5
Personal	20	n/a	20
Total	100		137.5

If targets are exceeded:

- The maximum bonus for Executive Directors is 119% of base salary
- The maximum bonus for Regional CEOs is 98% of base salary
- The maximum bonus for Executive Committee members and other senior managers is 91% of base salary.

The table below summarises the FY2024 targets and outcomes on each of the short-term incentive measures (MIS) and points allocated.

Metric ¹	FY2024 target	FY2024 actual	% achievement	Points allocated	Bonus points for exceeding target	Total points
EBITDA	US\$678m	US\$731m	108%	50	19.4	69.4
ROCE	9.04%	12.56% ²	139%	20	10	30
Safety – LTIFR	0.27	0.20	No points awarded for safety due to fatality			0
Safety – LTISR	14.07	31.01				0
Personal			See details on page 196.			19

¹ Refer to definitions of metrics for MIS purposes on page 187.

² The ROCE of 12.56% was above the pre-tax WACC of 8.37%.

Remuneration report continued

Section D: Remuneration implementation report continued

Personal objectives of executives for 2024 MIS

The Executive Directors share many key objectives and also have individual objectives that are specific to their roles. Key objectives, and achievements against these objectives during 2024, included:

Thrive objectives	Achievements															
<ul style="list-style-type: none"> Invest for growth in DWP Invest for growth in packaging and speciality papers Improve and sustain the balance sheet and leverage 	<p>Achieved (2020 – 2023)</p> <ul style="list-style-type: none"> Net debt dramatically reduced from US\$2 billion (2019) to US\$1.4 billion (2024). Increase in debt from prior year was planned and associated with strategic growth capex and restructuring of European business Major investments in SSA dissolving wood pulp and SNA packaging and speciality papers grades, supported by strong market growth SSA and SNA on solid ground. <p>Work in progress (2024 – 2025)</p> <ul style="list-style-type: none"> Plans in place to manage the excess graphic papers exposure in Europe and North America Grow SEU packaging and speciality papers from a solid base ROCE above WACC for 2024: <ul style="list-style-type: none"> ROCE = 12.56% WACC = 8.37%. 															
<p>Drive the safety first principles across Sappi operations with continued improvement on overall measured by the injury index and severity index</p>	<p>Best-ever LTIFR performance achieved in each region</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Target</th> <th>Achievement</th> </tr> </thead> <tbody> <tr> <td>Group LTIFR</td> <td>0.27</td> <td>0.22</td> </tr> <tr> <td>SSA – LTIFR</td> <td>0.20</td> <td>0.21</td> </tr> <tr> <td>SEU – LTIFR</td> <td>0.35</td> <td>0.33</td> </tr> <tr> <td>SNA – LTIFR</td> <td>0.1</td> <td>0.09</td> </tr> </tbody> </table>	Region	Target	Achievement	Group LTIFR	0.27	0.22	SSA – LTIFR	0.20	0.21	SEU – LTIFR	0.35	0.33	SNA – LTIFR	0.1	0.09
Region	Target	Achievement														
Group LTIFR	0.27	0.22														
SSA – LTIFR	0.20	0.21														
SEU – LTIFR	0.35	0.33														
SNA – LTIFR	0.1	0.09														
<p>Reduce exposure to graphic papers (convert/sell/close)</p>	<ul style="list-style-type: none"> Progressed the PM2 conversion at Somerset Mill on time and budget Reduced capacity with the closures of Lanaken and Stockstadt Mills Project to produce wet strength labels on Gratkorn Mill PM9 completed. 															
<p>Grow the business</p>	<ul style="list-style-type: none"> Biotech – furfural pilot plant built at Saiccor Mill Conversion at PM2 at Somerset Mill to be completed in April 2025 Forestry growth opportunities on track. 															
<p>Progress on sustainability targets</p>	<ul style="list-style-type: none"> SBTi plan execution in progress (reduce GHG by 41% – 2030) Comprehensive TCFD disclosure on climate risks and opportunities Significant decarbonisation achieved from abatement investments Decarbonisation now a measure in the long-term incentive Waste-to-landfill targets exceeded Certified fibre target exceeded. 															
<p>Efficiency and cost containment</p>	<ul style="list-style-type: none"> Production stability across all regions – focus was on Ngodwana, Saiccor and Tugela Mills Continue with balanced approach to maintaining assets – ensure complying with maintenance obligations Ensure the right skills are in place to maintain and grow the business. 															
<p>Drive the investor relations programme</p>	<ul style="list-style-type: none"> Action plan to support the share price. 															
<p>People development</p>	<ul style="list-style-type: none"> All actions in relation to the 2023 Employee Engagement survey are at 84% completed Strong succession is in place for all key positions across the business Time Magazine recognised Sappi as #623 as part of their top 1,000 companies Forbes Magazine placed Sappi 483 out of 850 companies for the World's Best Companies for 2024 Forbes magazine placed Sappi seventh overall for the World's Top Companies for Women 2024. 															

The Chairman conducted a formal review with the CEO and scored him 19 out of 20 points on the achievement of the stated objectives.

As detailed in the remuneration policy, the short-term incentive opportunity for Mr Binnie and Mr Pearce for 2024 was:

- Mr Binnie – 85% of annual salary X 118.32% (business + personal performance) = 101% of total annual salary
- Mr Pearce – 85% of annual salary X 117.32% (business + personal performance) = 100% of total annual salary.

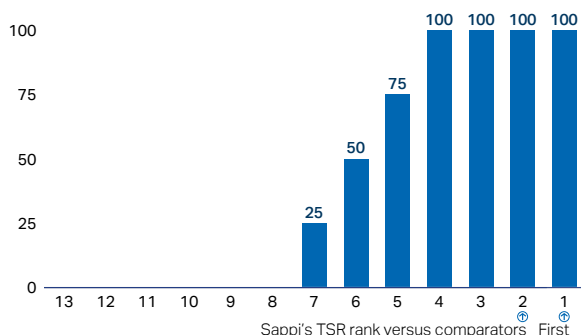
PSP outcomes for 2024

For the four-year period ended September 2024, Sappi's performance relative to the peer group measured on TSR was ranked second resulting in a 100% vesting on the TSR component. The determination of the vesting of the shares was provided by Mercer, an independent third party.

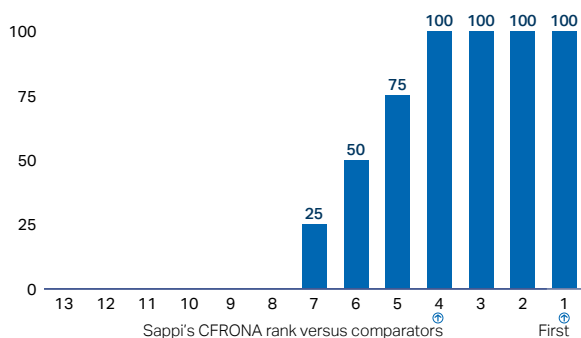
For the four-year period ended September 2024, Sappi's performance relative to the peer group measured on CFRONA was ranked fourth, resulting in 100% vesting on the CFRONA component. This result was verified by KPMG, our external auditors.

In aggregate, therefore 100% of the total 2020 awards vested. This is detailed in the two graphs below.

2020 TSR vesting schedule (% of awards vesting)



2020 CFRONA vesting schedule (% of awards vesting)



In November 2020, Mr Binnie was granted 250,000 conditional performance plan shares, of which 250,000 of the allocation will vest in November 2024.

In November 2020, Mr Pearce was granted 115,000 conditional performance plan shares, of which 115,000 of the allocation will vest in November 2024.

The historical vesting of PSP awards:

Share awards	2020 %	2021 %	2022 %	2023 %	2024 %
TSR	0	0	0	0	100
CFRONA	100	25	100	75	100
Aggregate	50	12.5	50	37.5	100

PSP allocations for 2024

Each year, Mercer Kepler provides management with a recommendation for an appropriate pool size. For the 2024 allocation, it was approved to grant the number of shares implied by the same ZAR value of the previous year PSP awards, where share value is based on trailing long-run average share price at grant (eg 12 months). This approach has been applied for the last five years and is consistent with recommendations by our shareholders, to disclose the allocation method.

Mr Binnie was awarded 210,000 conditional performance plan shares in November 2024 that will vest in November 2028.

Mr Pearce was awarded 117,000 conditional performance plan shares in November 2024 that will vest in November 2028.

Dilution

If all outstanding plan shares were to vest as at September 2024, the resulting dilution effect would be 3.11% (2023: 2.98%, 2022: 2.79%, 2021: 2.53%, 2020: 2.12%) of issued ordinary share capital excluding treasury shares.

Voluntary minimum share holding

A voluntary minimum requirement has been introduced for all prescribed officers. The target holding as a multiple of annual base salary needs to be achieved within a period of five years from date of appointment.

The requirement is that the CEO should hold three times annual base salary, up from his previous two times. The CFO two times and all other prescribed officers at one times annual base salary.

Remuneration report continued

Section D: Remuneration implementation report continued

The acquisition of shares will primarily be achieved by vesting PSPs. However, individuals can also purchase shares during the normal open period with the appropriate approvals. SENS announcements will be applicable. Good progress has been made on this requirement, despite low vesting on the PSPs and minimal short-term incentive payments.

Prescribed Officer	Shareholding			Actual multiple	Requirement
	Target minimum	Number of shares (Sept 2024)	Value of shares US\$		
SR Binnie	3x	488,000	1,307,840	2.3	N
GT Pearce	2x	225,384	604,029	1.9	N
M Eikelenboom*	1x	44,568	119,442	0.2	N
M Haws	1x	91,600	245,488	0.6	N
A Thiel	1x	643,152	1,723,647	5.1	Y
M van Hoven	1x	240,537	644,639	3.6	Y
L Kruyshaar**	1x	59,196	158,645	0.8	N
F Marupen	1x	114,550	306,994	1.6	Y
M Mansoor	1x	100,050	268,134	0.8	N

Average share price of US\$2.68 (ZAR46.58) for September 2024.

Based on the base salary as at 1 January 2021.

* Based on base salary as at 1 April 2021 for M Eikelenboom.

** Based on base salary as at 1 January 2024 for L Kruyshaar.

Overall summary of the remuneration disclosure for Executive Directors and Prescribed Officers

Executive Directors' emoluments for 2024 (US Dollar)

Executive Director	Short-term compensation (STC)				Subtotal STC	LTIP (value of shares vested this year*)	Total
	Base salary US\$	Annual cash award US\$	Other income (excess over ZAR350,000 pension) US\$	Benefits and pension US\$			
SR Binnie	581,824	585,119	85,625	81,471	1,334,039	683,412	2,017,451
GT Pearce	336,539	335,583	41,568	56,492	770,182	314,369	1,084,551
Total	918,363	920,702	127,193	137,963	2,104,221	997,781	3,102,002

* LTIP, also referred to as PSP.

- Local earnings are translated into the reporting currency (US\$) using the average exchange rate over the financial year. The average rate for SA Rand strengthened by 2% against the US Dollar
- Due to the earnings currencies (ZAR) weakening against the reporting currency (US\$) over the year, this had the effect of showing earnings in US\$ terms to be lower
- Base salary – the actual salary earned during 2024
- Performance-related remuneration – the actual value earned in 2024 based on the rules of the MIS. Payments based on three months of 2023 (October to December) and nine months (January to September) of 2024 base salary
- Contributions paid under pension and medical aid schemes – the annual contribution paid by the company into a defined benefit fund on behalf of the members determined as a percentage of their base salary
- Long-term shares vested in November 2024.

LTIP benefit: 2024 allocation (will vest in 2028)

Executive Director	Number of shares	Share price at allocation ZAR	Total awarded benefit* US\$
SR Binnie	210,000	50.04	566,928
GT Pearce	117,000	50.04	315,860

* Assuming 100% vesting on both performance conditions.

Executive Directors' emoluments for 2023 (US Dollar)

Executive Director	Short-term compensation (STC)				Subtotal STC A US\$	LTIP (value of shares vested this year*) B US\$	Total A + B US\$
	Base salary US\$	Annual cash award US\$	Other allowances US\$	Benefits and pension US\$			
SR Binnie	532,564	79,460	17,376	76,477	705,877	129,942	835,819
GT Pearce	307,550	45,864	9,875	54,008	417,298	59,140	476,438
Total	840,114	125,324	27,251	130,485	1,123,175	189,082	1,312,257

* LTIP, also referred to as PSP.

- Local earnings are translated into the reporting currency (US\$) using the average exchange rate over the financial year. The average rate for SA Rand and Swiss Franc's weakened by 15% and 3% respectively against the US Dollar
- Due to the earnings currencies (ZAR) weakening against the reporting currency (US\$) over the year, this had the effect of showing earnings in US\$ terms to be lower
- Base salary – the actual salary earned during 2023
- Performance-related remuneration – the actual value earned in 2023 based on the rules of the MIS
- Sums paid by way of expense allowance – expenses allowed
- Contributions paid under pension and medical aid schemes – the annual contribution paid by the company into a defined benefit fund on behalf of the members determined as a percentage of their base salary
- Long-term shares vested in November 2023.

Prescribed officers/Executive Committee members (US Dollar)

Prescribed officers are members of the group Executive Committee.

The table below sets out the remuneration for Prescribed officers for 2024:

Prescribed officer	Short-term compensation (STC)				Subtotal STC A US\$	LTIP (value of shares vested this year) B US\$	Total A + B US\$
	Base salary US\$	Annual cash award US\$	Other income (excess over ZAR350,000 pension) US\$	Benefits and pension US\$			
M Eikelenboom	715,926	343,563	–	158,992	1,218,481	377,243	1,595,724
M Haws	494,646	392,283	–	58,531	945,460	377,243	1,322,703
A Thiel	345,886	289,568	44,001	55,138	734,593	377,243	1,111,836
M van Hoven	185,333	141,324	14,615	44,503	385,775	292,500	678,275
G Bowles	89,628	73,341	9,351	16,544	188,864	300,701	489,565
F Marupen	195,999	149,457	16,307	43,106	404,869	251,495	656,364
M Mansoor	336,786	306,563	142,347	89,111	874,807	218,692	1,093,499
L Kruyshaar	210,115	160,051	–	65,107	435,273	177,687	612,960
Total	2,574,319	1,856,150	226,621	531,032	5,188,122	2,372,804	7,560,926

Remuneration report continued

Section D: Remuneration implementation report continued

LTIP benefit: 2024 allocation (will vest in 2028)

Prescribed officer	Number of shares	Share price at allocation ZAR	Total awarded benefit* US\$
M van Hoven	91,000	50.04	245,669
F Marupen	81,000	50.04	218,672
A Thiel	117,000	50.04	315,860
M Eikelenboom	117,000	50.04	315,860
M Haws	117,000	50.04	315,860
M Mansoor	70,000	50.04	188,976
L Kruyshaar	81,000	50.04	218,672

* Assuming 100% vesting on the three performance conditions.

The table below sets out the remuneration for prescribed officers for 2023:

Prescribed officer	Short-term compensation (STC)				Subtotal STC	LTIP (value of shares vested this year)		Total
	Base salary US\$	Annual cash award US\$	Other allowances** US\$	Benefits and pension US\$		A US\$	B US\$	
M Eikelenboom	548,789	61,453	4,772	123,839	738,853	22,490	761,343	
M Haws	474,601	250,186	–	55,259	780,046	71,634	851,680	
A Thiel	318,555	197,119	10,698	22,270	548,642	71,634	620,276	
M van Hoven	170,887	19,488	5,493	43,950	239,818	55,808	295,626	
G Bowles	251,584	31,034	9,222	48,369	340,208	59,140	399,348	
F Marupen	179,618	21,692	5,797	41,429	248,535	48,312	296,847	
M Mansoor	324,772	143,999	146,876	78,206	693,853	41,648	735,501	
Total	2,268,806	724,971	182,858	413,322	3,589,955	370,666	3,960,621	

** Other allowances include a significant salary sacrifice.

Non-executive Directors' fees

Directors are normally remunerated in the currency of the country in which they live or work from. Directors' fees are established in local currencies to reflect market conditions in those countries.

Non-executive Directors' fees reflect their services as directors and services on various sub-committees on which they serve. The quantum of committee fees depends on whether the director is an ordinary member or a Chairman of the committee. Non-executive Directors do not earn attendance fees, however, additional fees are paid for attendance at board meetings in excess of the five scheduled meetings per annum.

The Chairman of the Sappi Limited board receives a flat director's fee and does not earn committee fees. Non-executive Directors do not participate in any incentive schemes or plans of any kind.

In determining the fees for Non-executive Directors, due consideration is given to the fee practice of companies of similar size and complexity in the countries in which the directors are based. The extreme volatility of currencies, in particular the SA Rand/US Dollar exchange rate in the past few years, caused distortions of the relative fees in US Dollar paid to individual directors.

All Sappi's Non-executive Directors' fees will be adjusted in line with executive management increases globally. These increases were estimated between 4% and 5.5%. Details of the fees can be found on page 201 of this report.

We will continue to review our Non-executive Directors' fees against the market and our comparator group to ensure that our fees are at the appropriate levels, taking into account the size and complexity of Sappi.

Non-executive Directors' fees are proposed by the Executive Committee, agreed by the Human Resources and Compensation Committee, recommended by the board and approved at the AGM by the shareholders.

The Non-executive Directors' fees for the 2024 financial year were approved by shareholders. The table below sets out the remuneration for Non-executive Directors for 2024:

Name	Board fees	Committee fees	Travel allowance	Total
ANR Rudd	GBP113,082	GBP0	GBP9,252	GBP122,335
MA Fallon	GBP51,728	GBP73,212	GBP14,919	GBP139,859
BR Beamish	GBP51,728	GBP43,736	GBP12,086	GBP107,550
NL Sowazi	ZAR1,675,015	ZAR97,581	ZAR140,733	ZAR1,913,330
NP Mageza	ZAR187,946	ZAR256,223	ZAR0	ZAR444,170
MV Moosa	ZAR795,649	ZAR504,735	ZAR140,724	ZAR1,441,108
B Mehlomakulu	ZAR531,750	ZAR448,852	ZAR140,724	ZAR1,121,326
ZN Malinga	ZAR531,750	ZAR454,581	ZAR140,724	ZAR1,127,055
LL von Zeuner	ZAR531,750	ZAR344,820	ZAR140,790	ZAR1,017,360
RJAM Renders	EUR68,701	EUR64,102	EUR14,113	EUR146,917
JM Lopez	US\$78,203	US\$39,517	US\$22,800	US\$140,520
E Istavridis	US\$78,203	US\$39,556	US\$22,800	US\$140,559

- Fees are benchmarked and comparable to the market fees payable to the director's residence
- ANR Rudd and NP Mageza retired in February 2024.

2023

Name	Board fees	Committee fees	Travel allowance	Total
ANR Rudd	GBP319,940	GBP0	GBP9,459	GBP329,399
MA Fallon	GBP49,739	GBP51,039	GBP9,459	GBP110,237
BR Beamish	GBP49,739	GBP42,054	GBP9,459	GBP101,252
NL Sowazi	ZAR449,296	ZAR259,235	ZAR140,481	ZAR889,012
NP Mageza	ZAR499,296	ZAR680,682	ZAR140,481	ZAR1,320,459
MV Moosa	ZAR747,088	ZAR473,930	ZAR140,481	ZAR1,361,499
B Mehlomakulu	ZAR499,296	ZAR421,458	ZAR140,481	ZAR1,061,235
ZN Malinga	ZAR499,296	ZAR259,235	ZAR140,481	ZAR899,012
LL von Zeuner	ZAR499,296	ZAR259,235	ZAR140,481	ZAR899,012
RJAM Renders	EUR66,059	EUR61,636	EUR10,782	EUR138,477
JM Lopez	US\$75,196	US\$27,183	US\$11,400	US\$113,779
E Istavridis	US\$75,196	US\$38,035	US\$7,600	US\$120,831

- Fees are benchmarked and comparable to the market fees payable to the director's residence.

Social, Ethics, Transformation and Sustainability Committee Report

for the year ended September 2024



The members of the Social, Ethics, Transformation and Sustainability (SETS) Committee during the 2024 financial year were:



Mr MV Moosa
(Chairman from 01 March 2016)

Mr SR Binnie

Dr B Mehlomakulu

Mr BR Beamish


Mr JM Lopez

Mohammed Valli Moosa
(Chairman SETS Committee)

Introduction

The SETS Committee presents its report for the financial year ended September 2024. This committee is a statutory committee with a majority of independent non-executive members, whose duties are delegated to them by the board of directors. The committee conducted its affairs in compliance with a board-approved terms of reference and discharged all its responsibilities contained therein.

Multi-functional Regional Sustainability Councils provide strategic and operational support to a Group Sustainable Development Council which in turn provides support to the SETS Committee in dealing with key sustainability issues.

For more information refer to the Governance section of our [2024 Sappi Group Sustainability Report](#) 

During the financial year the committee formally met three times at which meetings it deliberated on all aspects relating to its terms. A 100% attendance record was achieved by board committee members Mr MV Moosa, Dr B Mehlomakulu, Mr BR Beamish, Mr JM Lopez and Mr SR Binnie, for 2024.

Objectives of the committee

In recent years, the world has faced a convergence of urgent and interrelated challenges: climate change has accelerated, driving global temperatures higher and triggering a cascade of extreme weather events – from devastating wildfires and floods to prolonged droughts and powerful hurricanes. These disruptions have strained ecosystems, endangered species, and reshaped the natural landscape, highlighting the pressing need for environmental stewardship. Beyond these impacts on nature, social inequalities are deepening, with income disparity growing, while geopolitical tensions and conflicts escalate. Additionally, unprecedented inflation has pushed

economies to the brink of recession, exacerbating socioeconomic divides and impacting communities worldwide.

These events have upended life as we know it, affecting not just our health, economy and society but the very ecosystems that sustain us. At Sappi, we recognise that the private sector has a pivotal role to play in confronting these shared global challenges. The SETS Committee takes on this responsibility by guiding our social and environmental initiatives, ensuring that the company upholds its commitment as a responsible corporate citizen. Through the SETS Committee's oversight, we focus on generating long-term stakeholder value by fostering sustainable, shared outcomes that protect and support both society and the environment.

The SETS Committee plays a critical role within Sappi's corporate governance structure by providing diligent oversight on matters affecting not only the company but also its wider stakeholders, including communities and natural ecosystems. In supporting the board, the SETS Committee directs management's focus on responsibilities within social responsibility, ethics, transformation and sustainability. This commitment goes beyond regulatory compliance; the committee promotes adherence to best practices in global standards, striving to lead with integrity and accountability.

Through initiatives such as corporate social investment, ethical governance, diversity and inclusion, transformation and sustainability programmes, the SETS Committee helps drive Sappi's efforts to minimise environmental impact and create shared value. By setting and monitoring our objectives, assessing legal requirements, and applying industry standards, the committee ensures that Sappi continues to operate in a way that benefits not only our business but also the environment and communities in which we operate. Meeting at least three times a year, the SETS Committee

diligently assesses progress, guiding Sappi's sustainable growth and commitment to a responsible, resilient future.

Membership of the committee

Four members of the committee were independent non-executive directors and one the CEO. In addition, the Chairman of the board attends committee meetings ex officio. The regional CEOs, the Group Head Strategy and Legal, the Group Head Technology, the Group Head Human Resources, the Group Head Corporate Affairs, the Executive VP Sappi Pulp and the Group Head Investor Relations and Sustainability attend meetings by invitation.

The board approved the following changes to the committee which will take effect from January 2025:

- Mr Mohammed (Valli) Moosa, Chairman of SETS Committee will retire from the board on 31 December 2024
- Mr Brian Beamish is appointed as Chairman of the SETS Committee
- Ms Eleni Istavridis is appointed to the SETS Committee.

Committee activities reviewed and actioned for FY2024

- Reviewed and revised the committee terms of reference and annual work plan
- Reviewed and approved the Group Sustainability Charter
- Reviewed and approved the Group Environmental Policy, Group Climate Change Policy, Group Water Stewardship Policy and the Group Woodfibre Procurement Policy
- Reviewed and approved the Group Product Safety Policy
- Reviewed and approved the Group Human Rights Policy and Group Occupational Health and Safety Policy
- Reviewed and approved the Group Corporate Citizenship Policy
- Reviewed and approved the Group Diversity and Inclusion Policy
- Approved a new policy: Group Anti-Bullying and Psychological Harassment Policy
- Reviewed Sappi's standing in terms of:
 - The principles set out in the United Global Compact Principles
 - The OECD recommendations regarding corruption
- Reviewed and endorsed the Public Affairs and Social Impact programmes
- Reviewed the Code of Ethics, ethics training programme and its effectiveness
- Reviewed ethics risks, opportunities and actions
- Reviewed statistics from various ethics reporting lines and actions taken
- Reviewed the group training and development programmes
- Reviewed the policy on transformation in Sappi Southern Africa (SSA)
- Reviewed SSA's performance relative to the Employment Equity Act, Forest Sector Transformation Charter and the company's transformation strategies
- Reviewed SSA's progress on enterprise and supplier development (ESD)
- Reviewed Sappi's policy and standing in terms of the International Labour Organization protocol on decent work and working conditions

- Reviewed the group safety programmes, safety performance and actions being taken to improve the safety performance of the group
- Reviewed the production efficiencies and significant unplanned production events and planned maintenance shuts
- Reviewed the material indicators of the group's environmental performance
- Reviewed regional sustainability performance against goals for 2024
- Reviewed the company's progress on climate action and performance against climate KPIs using the TCFD framework
- Reviewed regional and global public policy matters affecting the group and its operations
- Reviewed the various production unit operating efficiencies, reliability and unscheduled downtime metrics for 2024
- Reviewed the sustainability content for the Annual Integrated Report
- Reviewed the external assurance report on selected group sustainability metrics.

At each committee meeting a topic is selected for an in-depth review. Typically, the subject of these reviews are matters which the committee believes represent key risks or opportunities for the business. The review topics were:

- Nature action: Global trends and disclosure expectation/requirements
- Sustainable procurement
- Review of key sustainability risks and opportunities in Sappi Europe
- Biodiversity in South Africa.

Conclusion

The committee affirms that the group is fully committed to its responsibilities in social, ethics, transformation and sustainability. We have implemented comprehensive policies and programmes that contribute meaningfully to social and economic development, promote ethical behaviour among staff in their interactions with colleagues and stakeholders, uphold fair labour practices, prioritise environmental stewardship and foster strong customer relationships. In carrying out its mandate, the committee remains focused on addressing the diverse needs of a broad group of stakeholders, including employees, local communities, customers and shareholders, and on ensuring that key sustainability risks are carefully identified and effectively managed.

Over the past year, there were no significant instances of non-compliance with applicable laws, regulations, or codes of best practice in areas within the committee's oversight. No concerns were brought to the committee's attention, nor is there any reason to believe that such issues have occurred. This reflects our ongoing commitment to integrity and transparency in our operations.

MV Moosa

*Chairman
SETS Committee*

Speed

In business, gathering speed is crucial for driving progress and achieving goals. Equally important is to control this speed to prevent things from spiralling out of control. This balance is essential for sustainable growth and long-term success.

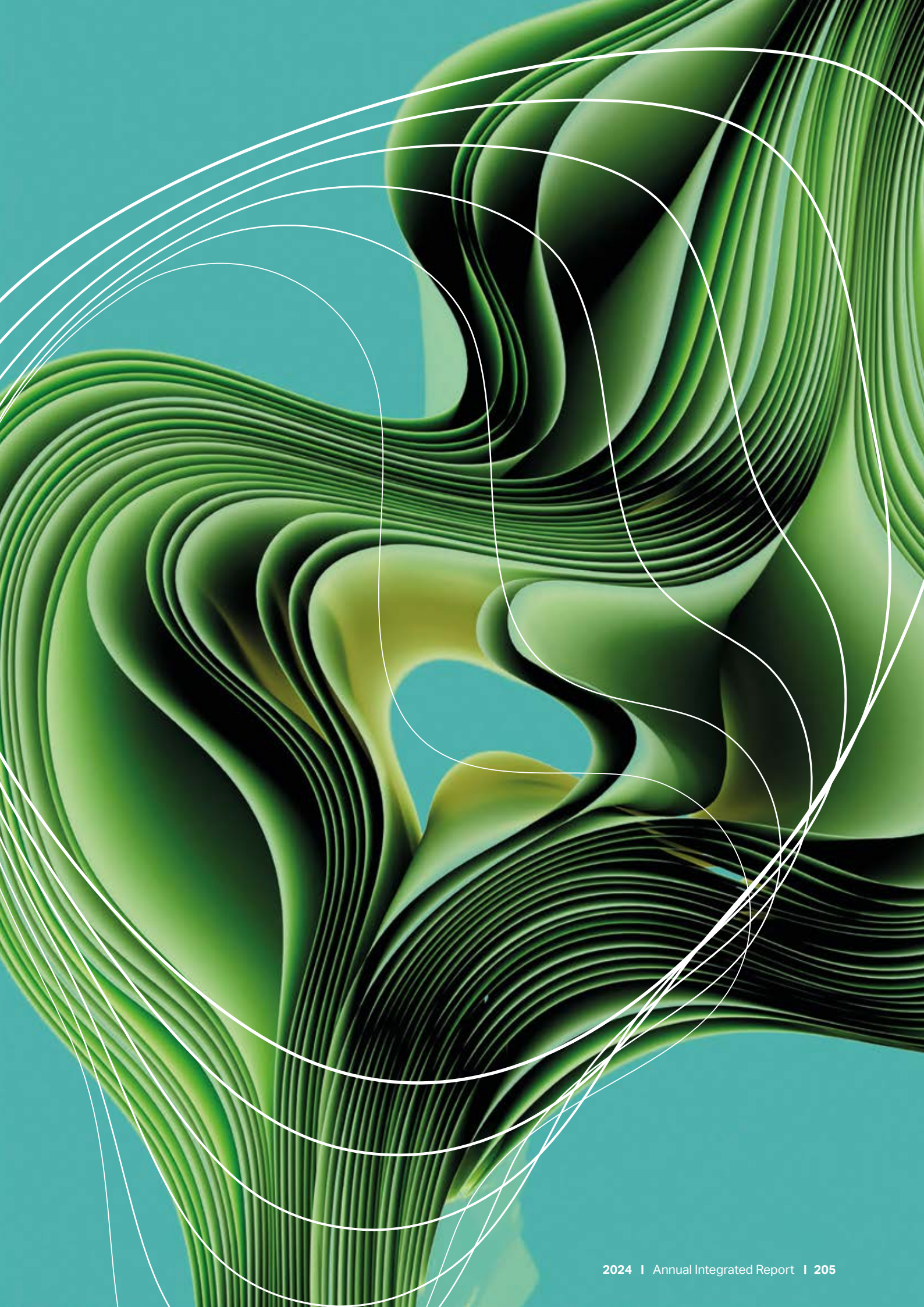
In our efforts towards sustainability, speed determines whether we meet customer expectations and whether we are ready for new rules whether domestic or global. However, we must also keep a steady hand on the ship, steering it in the right direction towards success with careful planning and execution.

Our move towards digitisation exemplifies this balance. By streamlining our IT systems and processes for greater efficiency along our entire value chain – from procurement, through logistics, and into manufacturing systems like the Manufacturing Execution System (MES) at our mills – we are making headway in enhancing our operational capabilities. Additionally, aligning our Sales, Supply Chain, Logistics, and Finance processes through SAP marks a significant milestone in our journey towards a streamlined, data-driven future.

Through global collaboration, we are paving the way for enhanced productivity, transparency and operational excellence across our organisation. We are driving this transformation with a sense of urgency, but also with the necessary caution. By thoroughly testing systems and taking a phased approach, we ensure that our efforts are sustainable and effective.

Together, we are navigating new waters, gathering speed and steering our ship towards a successful and sustainable future.





Five-year review

for the year ended September 2024

US\$ million	2024	2023	2022	2021	2020
Income statement					
Sales	5,458	5,809	7,296	5,265	4,609
Variable manufacturing and delivery costs	3,299	3,538	4,380	3,238	2,838
Fixed costs	1,712	1,788	1,832	1,777	1,673
Sundry expenses (income) ¹	40	51	46	47	41
Operating profit excluding special items	407	432	1,038	203	57
Special items – (gains) losses	225	52	268	57	95
Operating profit (loss)	182	380	770	146	(38)
Net finance costs	67	49	97	134	88
Profit (loss) before taxation	115	331	673	12	(126)
Taxation charge	82	72	137	(1)	9
Profit (loss) for the year	33	259	536	13	(135)
Adjusted EBITDA	684	731	1,339	532	378
Balance sheet					
Total assets	6,206	5,796	6,229	6,186	5,455
Non-current assets	4,208	3,742	3,430	4,255	3,891
Current assets	1,998	2,054	2,799	1,931	1,564
Current liabilities	1,329	1,316	1,524	1,309	1,123
Shareholders' equity	2,578	2,445	2,358	1,970	1,632
Net debt	1,422	1,085	1,163	1,946	1,957
Gross interest-bearing debt	1,739	1,686	1,943	2,312	2,236
Cash	(317)	(601)	(780)	(366)	(279)
Capital employed	4,000	3,530	3,521	3,916	3,589
Cash flow					
Cash generated from operations	550	659	1,267	472	323
Decrease (increase) in working capital	29	178	(270)	39	65
Closure and restructuring costs paid	(280)	–	–	–	–
Finance costs paid	(69)	(121)	(102)	(110)	(108)
Finance income received	28	30	10	8	6
Taxation paid	(50)	(56)	(23)	(2)	(26)
Dividends paid	(84)	(85)	–	–	–
Cash generated from operating activities	124	605	882	407	260
Net cash generated (utilised)	(306)	210	506	29	(257)
Cash effects of financing activities	4	(416)	(43)	33	138
Capital expenditure (gross)	458	382	368	374	351
To maintain operations	196	170	196	176	126
To expand operations	262	212	172	198	225
Exchange rates					
US\$ per one Euro exchange rate – closing	1.116	1.057	0.980	1.172	1.163
US\$ per one Euro exchange rate – average (financial year)	1.084	1.068	1.085	1.196	1.120
ZAR to one US\$ exchange rate – closing	17.116	18.930	18.154	14.966	17.131
ZAR to one US\$ exchange rate – average (financial year)	18.536	18.179	15.783	14.851	16.226

¹ Sundry items include all income and costs not directly related to manufacturing operations such as debtor securitisation costs, commissions paid and received and results of equity-accounted investments.

US\$ million	2024	2023	2022	2021	2020
Statistics					
Number of ordinary shares (millions)¹					
In issue at year end	599.4	558.8	565.2	561.5	546.1
Basic weighted average number of shares in issue during the year	582.4	563.6	563.3	549.7	545.5
Per share information (US cents)					
Basic earnings (loss)	6	46	95	2	(25)
Diluted earnings (loss)	6	44	90	2	(25)
Headline earnings (loss)	1	50	130	5	(19)
Diluted headline earnings (loss)	1	47	122	5	(19)
Adjusted EPS (US cents)	41	52	138	15	(5)
Net asset value	430	438	417	351	299
Profitability ratios (%)					
Operating profit (loss) to sales	3.3	6.5	10.6	2.8	(0.8)
Operating profit excluding special items to sales	7.5	7.4	14.2	3.9	1.2
Adjusted EBITDA to sales	12.5	12.6	18.4	10.1	8.2
Operating profit excluding special items to capital employed (ROCE)	10.8	12.3	27.9	5.4	1.6
Net debt to EBITDA excluding special items	2.1	1.5	0.9	3.7	5.2
Interest cover	10.9	11.4	15.6	5.5	4.7
Return on average equity (ROE)	1.3	10.8	24.8	0.7	(7.5)
Debt ratios (%)					
Net debt to total capitalisation	35.6	30.7	33.0	49.7	54.5
Efficiency ratios					
Asset turnover (times)	0.9	1.0	1.2	0.9	0.8
Inventory turnover ratio	5.6	6.3	7.6	5.6	6.3
Liquidity ratios					
Current asset ratio	1.5	1.6	1.8	1.5	1.4
Trade accounts receivable days outstanding (including receivables securitised)	48	37	44	47	44
Cash interest cover (times)	7.2	11.2	12.9	4.5	3.7
Other non-financial information²					
Sales volumes	5,967	6,282	7,937	7,339	6,788
Number of full-time equivalent employees	11,235	12,329	12,495	12,492	12,805
LTIFR (including contract employees)	0.24	0.24	0.30	0.38	0.35
Energy					
Energy intensity (GJ/adt)	25.00	26.20	22.10	22.30	23.70
Renewable and clean energy to total energy (%)	63.30	58.00	55.00	54.90	54.80
Water					
Specific process water extracted (m ³ /adt)	40.50	44.90	35.10	35.60	37.90
Waste					
Specific total landfill (kg/adt)	56.90	78.70	55.50	56.80	64.50
Emissions					
Specific Scope 1 emissions (t CO ₂ e/adt)	0.64	0.72	0.63	0.69	0.72
Absolute Scope 1 (t CO ₂ e)	3,287,876	3,579,471	4,182,739	4,368,657	4,180,457
Specific Scope 2 emissions (t CO ₂ e/adt)	0.18	0.22	0.20	0.18	0.21
Absolute Scope 2 (t CO ₂ e)	929,692	1,082,972	1,333,439	1,160,564	1,206,691

Refer to Share Statistics section for other market and share-related information.

¹ Net of treasury shares (refer to note 19 to the Annual Financial Statements).

² Certain energy, water, waste and emissions data for the comparative years have been restated using the latest reporting standards and measurement methodology.

Note: Definitions for various terms and ratios used above are included in the Glossary section.

Share statistics

as at September 2024

Shareholding

Ordinary shares in issue	Number of shareholders	%	Number of shares ¹	% of shares in issue
1 – 5,000	7,819	86.8	2,841,961	0.5
5,001 – 10,000	196	2.2	1,416,736	0.2
10,001 – 50,000	399	4.4	9,927,690	1.7
50,001 – 100,000	158	1.8	11,328,804	1.9
100,001 – 1,000,000	349	3.9	109,109,816	18.2
Over 1,000,000	84	0.9	464,793,933	77.5
	9,005	100.0	599,418,940	100.0

¹ The number of shares excludes 2,872,523 treasury shares held by the group.

Shareholder spread

Type of shareholder	% of shares in issue
Non-public	0.4
Sappi Limited directors and prescribed officers	0.4
Associates of group directors	–
Trustees of the company's share and retirement funding schemes	–
Share owners who, by virtue of any agreement, have the right to nominate board members	–
Share owners interested in 10% or more of the issued shares	–
Public (the number of public shareholders as at September 2024 was 8,994)	99.6
	100.0

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.

A large number of shares are held by nominee companies for beneficial shareholders. Pursuant to section 56(7) of the Companies Act 71 of 2008 of South Africa, the directors have investigated the beneficial ownership of shares in Sappi Limited, including those which are registered in the nominee holdings. These investigations revealed, as of September 2024, the following are beneficial holders of more than 5% of the issued share capital of Sappi Limited:

Beneficial holder	Shares	%
Public Investment Corporation	128,870,311	21.5
Allan Gray Balanced Fund	49,695,141	8.3
Alexander Forbes Investments	30,533,702	5.1

Further, as a result of these investigations, the directors have ascertained that some of the shares registered in the names of the nominee holders are managed by various fund managers and that, as of September 2024, the following fund managers were responsible for managing 5% or more of the share capital of Sappi Limited:

Fund manager	Shares	%
Allan Gray Proprietary Limited	125,063,424	20.9
Public Investment Corporation	103,389,223	17.2
Ninety One Plc	60,016,973	10.0
M&G plc	46,454,495	7.7

Share statistics	2024	2023	2022	2021	2020
Ordinary shares in issue (millions) ¹	599.4	558.8	565.2	561.5	546.1
Net asset value per share (US cents)	430	438	417	351	299
Number of shares traded (millions)					
JSE	447.5	546.6	590.9	444.5	736.3
New York	0.5	0.6	0.5	0.7	2.0
Value of shares traded					
JSE (ZAR million)	20,709	24,991.5	29,491.0	17,073.0	24,509.3
New York (US\$ million)	1.4	1.7	1.6	1.6	4.0
Percentage of issued shares traded	74.7	97.9	104.6	79.3	135.2
Market price per share					
– year end					
JSE (South African cents)	4,806	4,404	4,402	3,861	2,377
New York (US cents)	281	230	268	260	151
– highest					
JSE (South African cents)	5,761	5,835	6,348	5,269	4,799
New York (US cents)	316	350	420	359	345
– lowest					
JSE (South African cents)	3,776	3,627	3,785	2,265	1,720
New York (US cents)	205	201	235	135	107
Earnings yield (%) ²	2.14	19.77	39.18	0.78	negative
Price/earnings ratio (times) ²	46.80	5.06	2.55	128.99	negative
Total market capitalisation (US\$ million) ²	1,683	1,300	1,371	1,449	758

¹ The number of shares excludes 2,872,523 treasury shares held by the group.

² Based on financial year-end closing prices on the JSE Limited. Income statement amounts have been converted at average year-to-date exchange rates.

Note: Definitions for various terms and ratios used above are included in the Glossary section.

Glossary

General definitions

AF&PA – American Forest and Paper Association.

AGM – Annual general meeting.

air dry tons (ADT) – Meaning dry solids content of 90% and moisture content of 10%.

ARC – Audit and Risk Committee.

BBBEE – Broad-based black economic empowerment.

biochemicals – In the pulp and paper sector, biochemicals refer to renewable, biobased chemicals derived from wood and other biomass during the pulping process. These compounds, such as lignin, hemicellulose, and tall oil, are extracted or synthesised into valuable products, including adhesives, resins, biofuels and bioplastics, offering sustainable alternatives to fossil-based chemicals.

biofuels – Organic material such as wood, organic waste and alcohol fuels, as well as gaseous and liquid fuels produced from these biomass feedstocks.

biomaterials – New developments in wood processing supports the move to a biobased economy that utilises materials that are renewable and biodegradable and in the case of wood feedstocks do not compete with food sources.

black liquor – The spent cooking liquor from the pulping process which arises when pulpwood is cooked in a digester thereby removing lignin, and other extractives from the wood to free the cellulose fibres. The resulting black liquor is an aqueous solution of lignin residues and the inorganic chemicals used in the pulping process. Black liquor contains slightly more than half of the energy content of the wood fed into the digester.

bleached pulp – Pulp that has been bleached by means of chemical additives to make it suitable for higher brightness fine paper production.

CAC – Control and Assurance Committee.

casting and release paper – Embossed paper used to impart texture in polyurethane or polyvinyl chloride plastic films for the production of synthetic leather and other textured surfaces.

CAW – Combined Assurance Workgroup.

CDP – CDP (formerly the Carbon Disclosure Project) is a global non-profit organisation that runs a system for companies, cities, states and regions to disclose their environmental impacts related to climate, forests and water.

CEO – Chief Executive Officer.

CFO – Chief Financial Officer.

chemical pulp – A generic term for pulp made from woodfibre that has been produced in a chemical process.

coated mechanical paper (CM) – Coated paper made from groundwood pulp which has been produced in a mechanical process, primarily used for magazines, catalogues and advertising material.

coated paper – Papers that contain a layer of coating material on one or both sides. The coating consisting of pigments and binders, act as a filler to improve the printing surface of the paper.

coated woodfree paper (CWF) – Coated paper made from chemical pulp which is made from woodfibre that has been produced in a chemical process, primarily used for high-end publications and advertising material.

corrugating medium – Paperboard made from chemical and semi-chemical pulp, or waste paper, which is to be converted to a corrugated board by passing it through corrugating cylinders. Corrugating medium between layers of linerboard form the board from which corrugated boxes are produced.

CSI and CSR – Corporate social investment and corporate social responsibility.

dissolving wood pulp (DWP) – Highly purified chemical pulp derived primarily from wood and in some instances cotton linters, intended primarily for conversion into chemical derivatives of cellulose and used mainly in the manufacture of viscose staple fibre, solvent spun fibre and filament.

DWP market price – Market price for imported hardwood dissolving wood pulp into China issued daily by the CCF Group.

energy – Is present in many forms such as solar, mechanical, thermal, electrical and chemical. Any source of energy can be tapped to perform work. In power plants, coal is burned and its chemical energy is converted into electrical energy. To generate steam, coal and other fossil fuels are burned, thus converting stored chemical energy into thermal energy.

ESD – Enterprise and supplier development.

ESG – Environmental, social and governance.

Eskom – Eskom is the South African national electricity public utility.

EUDR – EU Deforestation Regulation.

fibre – Fibre refers to a long, thread-like structure that can be natural or synthetic and is used in various industries, including textiles, paper, and construction. In the context of the pulp and paper sector, fibre primarily refers to the cellulose fibres extracted from wood or other plant materials, which are the key component in paper production.

fine paper – Paper usually produced from chemical pulp for printing and writing purposes and consisting of coated and uncoated paper.

Forest Stewardship Council® (FSC®) – Is a global, not-for-profit organisation dedicated to the promotion of responsible forest management worldwide. (FSC® N003159) www.fsc.org 

FSA – Forestry South Africa.

FSG – Forest Solutions Group.

full-time equivalent employee – The number of total hours worked divided by the maximum number of compensable hours in a full-time schedule as defined by law.

graphic papers – A generic term for a group of papers intended for commercial printing use such as coated woodfree, coated mechanical, uncoated woodfree and newsprint.

greenhouse gases (GHG) – The GHGs included in the Kyoto Protocol are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

GRMT – Group Risk Management Team.

GSDC – Group Sustainable Development Council.

hemicellulose sugars – The biorefinery process for second generation hemicellulose sugars involves recovering them from the prehydrolysate liquor, and then separating them mostly from lignin.

high-yield pulp (HYP) – Pulp that has a higher yield from wood logs than pure chemical pulps. High-yield pulp is processed either through mechanical processes or combined mechanical chemical processes such as Matane high-yield bleached chemi-thermo mechanical pulp.

ISO – The International Organization for Standardization.

JSE Limited – The main securities exchange in South Africa.

KPI – Key performance indicator.

kraft paper – Packaging or other paper (bleached or unbleached) made from kraft pulp.

kraft pulp – Chemical wood pulp produced by digesting wood by means of the sulphate pulping process.

lignosulphonate – Lignosulphonate is a highly soluble lignin derivative and a product of the sulphite pulping process.

linerboard – The grade of paperboard used for the exterior facings of corrugated board. Linerboard is combined with corrugating medium by converters to produce corrugated board used in boxes.

liquor – White liquor is the aqueous solution of chemicals used in the wood pulping process. Black liquor is the resultant combination of lignin, water and chemicals, after the pulping process is complete.

lost-time injury frequency rate (LTIFR) – Number of lost-time injuries x 200,000 divided by man hours.

lost-time injury severity rate (LTISR) – Total days lost due to injuries x 1,000,000 divided by the total hours worked.

managed forest – Naturally occurring forests that are harvested commercially.

mechanical pulp – Pulp produced by means of the mechanical grinding or refining of wood or woodchips.

MIS – Management incentive scheme.

MOI – Memorandum of incorporation.

natural/indigenous forest – Natural forests include old-growth and primary forests as well as managed forests where most of the principal characteristics and key elements of native ecosystems such as complexity, structure, wildlife and biological diversity are present.

newsprint – Paper produced for the printing of newspapers mainly from mechanical pulp and/or recycled waste paper.

NGO – Non-governmental organisation.

NPO – Non-profit organisation.

packaging and speciality papers – A generic term for a group of papers intended for commercial and industrial use such as flexible packaging, label papers, functional papers, containerboard, paperboard, silicone-base papers, casting and release papers, dye sublimation papers, inkjet papers and tissue paper.

packaging paper – Paper used for packaging purposes.

PAMSA – Paper Manufacturers' Association of South Africa.

plantation – Large scale planted forests, intensively managed, highly productive and grown primarily for wood and fibre production.

Programme for the Endorsement of Forest Certification (PEFC) – An international non-profit, NGO dedicated to promoting sustainable forest management (SFM) through independent third-party certification. PEFC works by endorsing national forest certification systems and is represented in 49 countries through national organisations such as SFI® in North America. www.pefc.org 

PM – Paper machine.

power – The rate at which energy is used or produced.

PSP – Performance share plan.

pulpwood – Wood suitable for producing pulp – usually not of sufficient standard for sawmilling.

R&D – Research and development.

release paper/liner – The backing paper for self-adhesive labels.

Sappi Biotech – The business unit within Sappi which drives innovation and commercialisation of biomaterials and biochemicals.

Glossary continued

Sappi Europe (SEU) – The business unit within Sappi which oversees operations in the European region.

Sappi North America (SNA) – The business unit within Sappi which oversees operations in the North American region.

Sappi Pulp – The business unit within Sappi which oversees the production and marketing of DWP.

Sappi Southern Africa (SSA) – The business unit within Sappi which oversees operations in the Southern Africa region.

SBS – Solid bleached sulphate.

SBT – Science-based target.

SBTi – The Science Based Targets initiative (SBTi) is a partnership between Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The objective of SBTi is to drive ambitious climate action in the private sector by enabling companies to set science-based GHG emissions reduction targets. SBTi provides technical assistance and expert resources to companies who set science-based targets in line with the latest climate science and provides companies with independent assessment and validation of decarbonisation targets.

Scope 1 and 2 GHG emissions – The Greenhouse Gas Protocol defines Scope 1 (direct) and Scope 2 (indirect) emissions as follows:

- Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity
- Indirect GHG emissions are emissions from purchased electricity, steam, heat or cooling.

SDGs – See UN SDGs.

SETS Committee – Social, Ethics, Transformation and Sustainability Committee.

solid waste – Dry organic and inorganic waste materials.

SFM – Sustainable forest management.

specific – When data is expressed in specific form, this means that the actual quantity consumed during the year indicated, whether energy, water, emissions or solid waste, is expressed in terms of a production parameter. For Sappi, as with other pulp and paper companies, this parameter is air dry tons of saleable product.

specific purchased energy – The term 'specific' indicates that the actual quantity during the year indicated, is expressed in terms of a production parameter. For Sappi, as with other pulp and paper companies, the parameter is air dry tons of product.

specific total energy (STE) – The energy intensity ratio defined by the total energy consumption in the context of the saleable production.

Sustainable Forestry Initiative® (SFI®) – Is a solutions-oriented sustainability organisation that collaborates on forest-based conservation and community initiatives. The SFI forest management standard is the largest forestry certification standard within the PEFC programme. www.forests.org 

TCFD – Task Force on Climate-related Financial Disclosures.

thermo-mechanical pulp – Pulp produced by processing woodfibres using heat and mechanical grinding or refining wood or woodchips.

TNFD – Taskforce on Nature-related Financial Disclosures.

ton – Metric ton of 1,000 kg.

tons per annum (tpa) – Term used in this report to denote tons per annum (tons a year). Capacity figures in this report denote tons per annum at maximum continuous run rate.

total suspended solids (TSS) – Refers to matter suspended or dissolved in effluent.

Transnet – Transnet is the state-owned South African rail, port and pipeline company.

TSR – Total shareholder return.

uncoated woodfree paper – Printing and writing paper made from bleached chemical pulp used for general printing, photocopying and stationery, etc. Referred to as uncoated as it does not contain a layer of pigment to give it a coated surface.

United Nations Global Compact (UNGC) – A principle-based framework for businesses, stating 10 principles in the areas of human rights, labour, environment and anti-corruption.

UN SDGs – United Nations Sustainable Development Goals.

Verve – Brand name for Sappi dissolving wood pulp.

viscose staple fibre (VSF) – A natural fibre made from purified cellulose, primarily from DWP that can be twisted to form yarn.

VP – Vice President.

WBCSD – World Business Council for Sustainable Development.

woodfibre – For Sappi this term includes both wood and pulp derived from wood that is used in our operations.

woodfree paper – Paper made from chemical pulp.

World Wildlife Fund (WWF) – The world's largest conservation organisation, focused on supporting biological diversity.

General financial definitions

acquisition date – The date on which control in respect of subsidiaries, joint control in respect of joint arrangements and significant influence in associates commences.

associate – An entity over which the investor has significant influence.

basic earnings per share – Net profit for the year divided by the weighted average number of shares in issue during the year.

CFRONA – Cash flow return on net assets.

commissioning date – The date that an item of property, plant and equipment, whether acquired or constructed, is brought into use.

control – An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

diluted earnings per share – Is calculated by assuming conversion or exercise of all potentially dilutive shares, share options and share awards unless these are anti-dilutive.

discount rate – This is the pre-tax interest rate that reflects the current market assessment of the time value of money for the purposes of determining discounted cash flows. In determining the cash flows the risks specific to the asset or liability are taken into account in determining those cash flows and are not included in determining the discount rate.

disposal date – The date on which control in respect of subsidiaries, joint arrangements and significant influence in associates ceases.

fair value – The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

financial results – Comprise the financial position (assets, liabilities and equity), results of operations (revenue and expenses) and cash flows of an entity and of the group.

foreign operation – An entity whose activities are based or conducted in a country or currency other than that of the reporting entity.

functional currency – The currency of the primary economic environment in which the entity operates.

group – The group comprises Sappi Limited, its subsidiaries and its interest in joint ventures and associates.

joint arrangement – Is an arrangement of which two or more parties have joint control.

joint venture – Is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

operating profit – A profit from business operations before deduction of net finance costs and taxes.

presentation currency – The currency in which the financial results of an entity are presented.

qualifying asset – An asset that necessarily takes a substantial period (normally in excess of six months) to get ready for its intended use.

recoverable amount – The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value in use. In determining the value in use, expected future cash flows are discounted to their net present values using the discount rate.

related party – Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of Sappi Limited.

share-based payment – A transaction in which Sappi Limited issues shares or share options to group employees as compensation for services rendered.

significant influence – Is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control of those policies.

Non-GAAP financial definitions

The group believes that it is useful to report certain non-generally accepted accounting principles (GAAP) measures for the following reasons:

- These measures are used by the group for internal performance analysis
- The presentation by the group's reported business segments of these measures facilitates comparability with other companies in our industry, although the group's measures may not be comparable with similarly titled profit measurements reported by other companies
- It is useful in connection with discussions with the investment analyst community and debt rating agencies.

These non-GAAP measures should not be considered in isolation or construed as a substitute for GAAP measures in accordance with IFRS.

Adjusted EBITDA – EBITDA excluding special items and the plantation fair value price adjustment.

Adjusted EPS – Earnings per share excluding special items and the plantation fair value price adjustment and special finance and tax items.

asset turnover (times) – Sales divided by total assets.

average – Averages are calculated as the sum of the opening and closing balances for the relevant period divided by two.

Glossary continued

black economic empowerment (BEE) charge – Represents the IFRS 2 non-cash charge associated with the BEE transaction implemented in 2010 in terms of BEE legislation in South Africa.

capital employed – Shareholders' equity plus net debt.

cash interest cover – Cash generated by operations divided by finance costs less finance revenue.

current asset ratio – Current assets divided by current liabilities.

dividend yield – Dividends per share, which were declared after year end, in US cents divided by the financial year-end closing prices on the JSE Limited converted to US cents using the closing financial year-end exchange rate.

earnings yield – Earnings per share divided by the financial year-end closing prices on the JSE Limited converted to US cents using the closing financial year-end exchange rate.

EBITDA excluding special items (EBITDA) – Earnings before interest (net finance costs), taxes, depreciation and amortisation.

fellings – The amount charged against the income statement representing the standing value of the plantations harvested.

headline earnings – As defined in Circular 1/2019, issued by the South African Institute of Chartered Accountants, which separates from earnings all separately identifiable remeasurements. It is not necessarily a measure of sustainable earnings. It is a Listings Requirement of the JSE Limited to disclose headline earnings per share.

inventory turnover (times) – Cost of sales divided by inventory on hand at balance sheet date.

net assets – Total assets less total liabilities.

net asset value per share – Net assets divided by the number of shares in issue at balance sheet date.

net cash (utilised) generated – Cash flows from operating activities less cash flows from investing activities.

net debt – Current and non-current interest-bearing borrowings and lease liabilities, and bank overdraft (net of cash, cash equivalents and short-term deposits).

net debt to total capitalisation – Net debt divided by capital employed.

net operating assets – Total assets (excluding deferred taxation and cash and cash equivalents) less current liabilities (excluding interest-bearing borrowings, lease liabilities and overdraft).

ordinary dividend cover – Profit for the period divided by the ordinary dividend declared, multiplied by the actual number of shares in issue at year end.

ordinary shareholders' interest per share – Shareholders' equity divided by the actual number of shares in issue at year end.

price/earnings ratio – The financial year-end closing prices on the JSE Limited converted to US cents using the closing financial year-end exchange rate divided by earnings per share.

revolving credit facility (RCF) – A variable line of credit used by public and private businesses.

ROCE – Return on average capital employed. Operating profit excluding special items divided by average capital employed.

ROE – Return on average equity. Profit for the period divided by average shareholders' equity.

RONOA – Return on average net operating assets. Operating profit excluding special items divided by average net operating assets.

SG&A – Selling, general and administrative expenses.

special items – Special items cover those items which management believe are material by nature or amount to the operating results and require separate disclosure. Such items would generally include profit or loss on disposal of property, investments and businesses, asset impairments, restructuring charges, non-recurring integration costs related to acquisitions, financial impacts of natural disasters and settlement gains or losses on defined benefit obligations.

total market capitalisation – Ordinary number of shares in issue (excluding treasury shares held by the group) multiplied by the financial year-end closing prices on the JSE Limited converted to US cents using the closing financial year-end exchange rate.

trade receivables days outstanding (including securitised balances) – Gross trade receivables, including receivables securitised, divided by sales multiplied by the number of days in the year.

Notice to shareholders

Notice of annual general meeting

This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, please consult your broker, Central Securities Depository Participant (CSDP), legal adviser, accountant or other professional adviser immediately.

If you have disposed or otherwise transferred all your shares in Sappi Limited (Sappi or the company) with the Johannesburg Stock Exchange Limited (JSE), please forward the proposals, together with the accompanying documents to the purchaser or transferee of such shares or the broker, banker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Sappi Limited

(Registration number: 1936/008963/06)

JSE share code: SAP

ISIN: ZAE000006284

(Sappi or the company)

Notice is hereby given to the shareholders of the company (shareholders) in terms of section 62(1) of the Companies Act, No 71 of 2008 as amended (Companies Act) that the eighty-eighth (88th) annual general meeting (AGM) of the company will be held at Sappi's registered office, in the Oxford Room, Ground Floor, 108 Oxford Road (entrance on Ninth Street) Houghton Estate, Johannesburg, 2198, Republic of South Africa and through electronic communication on Wednesday, 05 February 2025 at 14:00 (South African Standard Time). This AGM, and any resumption thereof pursuant to an adjournment or recommencement thereof pursuant to a postponement, is referred to hereinafter as the AGM.

Record dates

The record date on which shareholders must be recorded as such in the company's securities register, maintained by Computershare Investor Services Proprietary Limited, the Transfer Secretaries of the company (Transfer Secretaries), in order to be entitled to receive this notice of AGM is Friday, 06 December 2024. This notice of AGM is being distributed to shareholders on Friday, 13 December 2024 and this will be announced on the Stock Exchange News Service of the JSE, on the same date.

The last day to trade in order to be eligible to attend, participate in and vote at the AGM is Tuesday, 28 January 2025.

The record date to determine which shareholders are entitled to attend, participate in and vote at the AGM is Friday, 31 January 2025 (attendance record date).

Order of business

A To present:

- i. As required in terms of section 30(3)(d) read with section 61(8)(a) of the Companies Act, the audited consolidated annual financial statements of the company for the financial year ended September 2024, including the reports of the auditors, the directors and the Audit and Risk Committee, such consolidated annual financial statements having been approved by the board of directors of the company (board) as required by section 30(3)(c) of the Companies Act; and
- ii. The report of the Social, Ethics, Transformation and Sustainability Committee in terms of regulation 43(5)(c) of the Companies Regulations, 2011, as contained in the company's 2024 Annual Integrated Report (Annual Integrated Report) (see page 202).

The complete audited consolidated annual financial statements of the company for the financial year ended September 2024 are available on the Sappi website: www.sappi.com

B To present the Annual Integrated Report, containing the disclosures required as per the JSE Listings Requirements. The Annual Integrated Report is available on the Sappi website: www.sappi.com

C To consider and, if deemed fit, pass (with or without modification) the ordinary and special resolutions set out below:

1. Re-election of the directors retiring by rotation in terms of Sappi's memorandum of incorporation (Sappi's MOI)

The following ordinary resolutions numbers 1, 2, 3 and 4 propose the re-election of those directors of the company who retire as directors by rotation in accordance with Sappi's MOI and who, being eligible for re-election, offer themselves for re-election.

Each of the board and the Nomination and Governance Committee has evaluated the performance of each of the following directors who are retiring by rotation and recommends and supports the re-election of each of them. For brief biographical details of these directors, refer to note 1 to this notice of AGM on page 225.

It is intended that all the directors who retire by rotation will, if possible, attend the AGM, either in person or by means of video conferencing.

Notice to shareholders continued

In order for these ordinary resolutions numbers 1, 2, 3 and 4 to be adopted, in each case the support of more than 50% of the total voting rights exercised on the resolution by shareholders present or represented by representative or proxy at the AGM and entitled to exercise voting rights on the resolution is required.

Ordinary resolution number 1

"Resolved that Mr SR Binnie, who retires by rotation in terms of article 7.1.6 of the MOI, being eligible and offering himself for re-election, be and is hereby re-elected as a director of Sappi."

Ordinary resolution number 2

"Resolved that Mr B Beamish, who retires by rotation in terms of article 7.1.6 of MOI, being eligible and offering himself for re-election, be and is hereby re-elected as a director of Sappi."

Ordinary resolution number 3

"Resolved that Mr J Lopez, who retires by rotation in terms of article 7.1.6 of the MOI, being eligible and offering himself for re-election, be and is hereby re-elected as a director of Sappi."

Ordinary resolution number 4

"Resolved that Mr GT Pearce, who retires by rotation in terms of article 7.1.6 of the MOI, being eligible and offering himself for re-election, be and is hereby re-elected as a director of Sappi."

2. Election of Audit and Risk Committee members

The following ordinary resolutions numbers 5 to 9 are proposed to elect the members of the Audit and Risk Committee in accordance with section 94(2) of the Companies Act and the King IV Report on Corporate Governance for South Africa 2016 (King IV).

Section 94 of the Companies Act requires that, at each AGM, shareholders must elect an audit committee comprising at least three members.

The Nomination and Governance Committee has assessed the performance and independence of each of the directors proposed to be members of the Audit and Risk Committee and recommends their election to the Audit and Risk Committee. The board has considered and accepted the findings of the Nomination and Governance Committee in this regard. The board is satisfied that the proposed members meet the requirements of section 94(4) of the Companies Act, that they are independent according to King IV and that they possess the required qualifications and experience as prescribed in regulation 42 of the Companies Regulations, 2011, which requires that at least one-third of the members of a company's audit committee at any particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Brief biographical details of each proposed member of the Audit and Risk Committee are included in the biographies of the directors contained under "Our Leadership" in the Annual Integrated Report (see page [146](#)).

Ordinary resolution number 5

"Resolved that Ms ZN Malinga, being eligible and offering herself for election, be and is hereby elected as a member (and Chairperson) of the Audit and Risk Committee."

Ordinary resolution number 6

"Resolved that Dr B Mehloakulu, being eligible and offering herself for election, be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary resolution number 7

"Resolved that Mr RJAM Renders, being eligible and offering himself for election, be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary resolution number 8

"Resolved that Mr LL von Zeuner, being eligible and offering himself for election, be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary resolution number 9

"Resolved that Ms E Istavridis, being eligible and offering herself for election, be and is hereby elected as a member of the Audit and Risk Committee."

In terms of the Companies Act, each proposed member of the Audit and Risk Committee will, if elected, hold office until the conclusion of the next annual general meeting and perform the duties and responsibilities stipulated in section 94(7) of the Companies Act, the JSE Listings Requirements and King IV and such other duties and responsibilities as may from time to time be determined by the board.

In order for ordinary resolutions numbers 5 to 9 to be adopted, the support in each case of more than 50% of the total voting rights exercised on the resolution by shareholders present or represented by representative or proxy at the AGM and entitled to exercise voting rights on the resolution is required.

3. Appointment of independent external auditors

In compliance with section 90(1) of the Companies Act, each year, at its AGM, the company must appoint an auditor who meets the requirements of section 90(2) of the Companies Act.

The board has evaluated the performance of KPMG Inc and recommends its re-appointment as auditors of Sappi. The Audit and Risk Committee has considered and is satisfied as to the independence of KPMG Inc in accordance with section 94(8) of the Companies Act. The board has also considered and is satisfied as to the suitability of KPMG Inc pursuant to paragraph 3.84(g) of the JSE Listings Requirements.

Ordinary resolution number 10

"Resolved that KPMG Inc (with the designated registered auditor to be Ms Giuseppina Aldrighetti) be and is hereby re-appointed as the independent external auditors of Sappi for the financial year ending September 2025 and remain in office until the conclusion of the next annual general meeting."

In order for this ordinary resolution number 10 to be adopted, the support of more than 50% of the total voting rights exercised on the resolution by shareholders present or represented by representative or proxy at the AGM and entitled to exercise voting rights on the resolution is required.

4. Remuneration policy**Ordinary resolution number 11**

"Resolved that the company's remuneration policy as contained in the remuneration report in the Annual Integrated Report (see page 176), be and is hereby endorsed by way of a non-binding advisory vote."

5. Remuneration implementation report**Ordinary resolution number 12**

"Resolved that the company's remuneration implementation report as contained in the Remuneration Report in the Annual Integrated Report (see page 176), be and is hereby endorsed by way of a non-binding advisory vote."

In terms of the JSE Listings Requirements, the company's remuneration policy and implementation report in regard to its remuneration policy must be tabled every year for separate non-binding advisory votes by the shareholders of the company at the AGM. In the event that any of the ordinary resolutions 11 or 12 is voted against by 25% or more of the votes exercised on them, the company shall engage with the dissenting shareholders in the manner set out in the Remuneration Report (see page 176).

Ordinary resolutions numbers 11 and 12 require the approval by more than 50% of the total votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements. Ordinary resolutions numbers 11 and 12 are non-binding advisory votes.


Notice to shareholders continued

6. Approval of certain amendments to the current Rules of the Sappi Limited Performance Share Incentive Plan

Ordinary resolution number 13

“Resolved that the rules of the Sappi Limited Performance Share Incentive Plan be amended in the manner set out in the Explanatory Note, as approved by the Board.”

Ordinary resolution number 13 is proposed to approve certain amendments to the rules of the Company’s Performance Share Incentive Plan (the Plan) for the purposes set out in the Explanatory Note below.

A copy of the amended rules of the Plan is available for inspection by shareholders during normal business hours at Sappi’s registered office from the date of issue of this Notice up to and including the date of the AGM and is also available on the Company’s website at: <https://www.sappi.com/SharePlanRules> 

In terms of the JSE Listings Requirements, 75% of the votes cast by shareholders present or represented by proxy at the AGM must be cast in favour of ordinary resolution 13, excluding all the votes attaching to securities owned or controlled by persons who are existing participants in the Plan.

EXPLANATORY NOTE TO ORDINARY RESOLUTION NUMBER 13: Amendment of the rules of the Sappi Limited Performance Share Incentive Plan

In line with local and global best practice, the Company intends to adopt the amended Plan rules approved by the Board (the Amended Plan Rules), to continue to incentivise, motivate and retain participating employees. Capitalised terms have the meanings ascribed to them in the Amended Plan Rules.

The Amended Plan Rules provide, among other things, for additional flexibility around the Allocation of “Conditional Awards” to Participants. The Vesting of Conditional Awards is always subject to the Participant remaining in the employ of the Group over the Vesting Period (the Employment Condition), and as a result of the proposed amendments, may also be subject to the fulfilment of the Performance Conditions over the Vesting Period. This flexibility allows the Board to make “sign-on” Conditional Awards to new employees to compensate them for any long-term incentives that they may have forfeited by terminating their employment with their previous employers. It also allows the Company to make retention awards to existing employees below Executive level which are not subject to performance conditions.

In addition, the Amended Plan Rules provide for accelerated pro-rated vesting if a Participant dies. This is in line with current market practice and will streamline the administration of these awards.

Other minor administrative amendments have also been introduced to delete redundant provisions and ensure the smooth operation of the Plan and to bring the provisions in line with current market practice.

The Amended Plan Rules can be reviewed here <https://www.sappi.com/SharePlanRules> . The principal proposed amendments to the Plan Rules are summarised below:

Rule 1.1.12: insertion of the following underlined words and deletion of the words in brackets in Rule 1.1.12 relating to the definition of “Conditional Award”:

“Conditional Award” – an award of [a Conditional contract made] Shares to an Eligible Employee pursuant to [13.1 and 13.2], the Vesting of which is subject to the Employment Criteria and may be subject to the Performance Criteria;

Rule 16: amendment of rule 16.3 related to “Termination of Employment” to provide as follows:

No Fault Terminations

Death

- 16.3 If a Participant ceases to be employed prior to the Vesting Date due to their death, the Conditional Award will be accelerated and a portion of the Conditional Award will Vest on the Date of Termination of Employment based on the extent to which the Employment Criteria and the Performance Criteria (if applicable) has been met on the Date of Termination of Employment. The Performance Criteria will be measured with reference to the most recent financial results of the Group.

7. Non-executive Directors' fees

Special resolution number 1

"Resolved that, for the financial year 2025 and until otherwise determined at a general meeting, the remuneration of the Non-executive Directors for their services shall be approved as follows:

	From	To
1. Sappi Board fees¹		
Chairperson		
If United Kingdom resident		
If South African resident	ZAR2 300 000 ²	ZAR2 426 500 ²
If United States of America resident		
If European resident		
Lead Independent Director		
If South African resident	ZAR795,649	ZAR839,410
If United Kingdom resident	£77,664	£79,994
If United States of America resident	US\$117,316	US\$122,009
If European resident	€103,123	€106,217
Other directors		
If South African resident	ZAR531,750	ZAR560,996
If United Kingdom resident	£51,728	£53,280
If United States of America resident	US\$78,203	US\$81,331
If European resident	€68,701	€70,762
2. Audit and Risk Committee fees¹		
Chairperson		
If South African resident	ZAR552,159	ZAR582,528
If United Kingdom resident	£52,526	£54,102
If United States of America resident	US\$80,997	US\$84,237
If European resident	€69,749	€71,841
Other directors		
If South African resident	ZAR276,085	ZAR291,270
If United Kingdom resident	£26,413	£27,205
If United States of America resident	US\$39,556	US\$41,138
If European resident	€35,062	€36,114
3. Fees of Human Resources and Compensation Committee, Nomination and Governance Committee, Social, Ethics, Sustainability and Transformation Committee and any other committee established from time to time (ad hoc or otherwise)¹		
Chairperson		
If South African resident	ZAR331,968	ZAR350,226
If United Kingdom resident	£31,212	£32,148
If United States of America resident	US\$46,286	US\$48,137
If European resident	€41,437	€42,680
Other directors		
If South African resident	ZAR172,767	ZAR182,269
If United Kingdom resident	£21,868	£22,524
If United States of America resident	US\$28,270	US\$29,401
If European resident	€29,040	€29,911

Notice to shareholders continued

	From	To
4. Additional meeting fees for board meetings in excess of five meetings per financial year whether attended in person or by teleconference/ videoconference and other ad hoc duties		
If South African resident	ZAR53,311	ZAR56,243
	per meeting	per meeting
If United Kingdom resident	£5,132	£5,286
	per meeting	per meeting
If United States of America resident	US\$7,816	US\$8,129
	per meeting	per meeting
If European resident	€6,805	€7,009
	per meeting	per meeting
5. Travel compensation (applicable to long-haul flights with a duration of at least 10 hours)		
If South African resident	US\$3,800	US\$3,800
	per meeting	per meeting
If United Kingdom resident	US\$3,800	US\$3,800
	per meeting	per meeting
If United States of America resident	US\$3,800	US\$3,800
	per meeting	per meeting
If European resident	US\$3,800	US\$3,800
	per meeting	per meeting

¹ Fees per annum unless otherwise indicated.

² Inclusive of all board committee fees.

Sappi's practice, as advised previously, is to review directors' fees annually. Special resolution number 1 increases the fees currently paid to non-executive directors and board committee members. The recommendation is that all non-executive directors' fees will be adjusted in line with executive management increases globally. The fees would be increased by between 3% and 5.5% per annum, depending on the domicile of the director, for the financial year 2025.

The review takes into account that the responsibilities of non-executive directors continue to increase substantially flowing from legislative, regulatory and corporate governance developments and requirements in South Africa and elsewhere.

Non-executive directors' fees are paid quarterly (in March, June, September and December each year) and the proposed increase, if approved, will accordingly be applicable to payments to be made in December 2024 onwards. Initially the December 2024 payment will be made on the basis of the existing fee structure, and following shareholder approval of the proposed increases, the shortfall in the December 2024 payment will be made up in the March 2025 payment.

Directors' fees and board committee fees are paid to non-executive directors only.

In order for this special resolution number 1 to be adopted, the support of at least 75% of the total voting rights exercised on the resolution by shareholders present or represented by representative or proxy at the AGM and entitled to exercise voting rights on the resolution is required.

8. Loans or other financial assistance to related or interrelated companies

The Companies Act provides that the board of directors of a company may authorise that company to provide direct or indirect financial assistance (which includes, without limitation, lending money, guaranteeing a loan or other obligation and securing any debt or obligation) to a related or interrelated company, provided that such authorisation shall be made pursuant to a special resolution of the shareholders adopted within the previous two years, which approved such assistance either for the specific recipient or generally for a category of potential recipients and the specific recipient falls within that category. The board of directors of a company can only approve financial assistance if it is satisfied that:

- i. Immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contained in the Companies Act; and
- ii. The terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

Special resolution number 2

"Resolved that the board be and is hereby authorised, in accordance with and subject to the requirements of the Companies Act, the JSE Listings Requirements and the company's MOI, to authorise the company to provide direct or indirect financial assistance which the board may deem fit to any company or corporation (wheresoever incorporated or registered) which is or becomes from time to time related or interrelated to the company on such terms and conditions and in such amounts as the board may determine, subject to the board being satisfied that:

- Immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contained in the Companies Act; and
- The terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

In order for this special resolution number 2 to be adopted, the support of at least 75% of the total voting rights exercised on the resolution by shareholders present or represented by representative or proxy at the AGM and entitled to exercise voting rights on the resolution is required.

9. General authority to repurchase shares

Special resolution number 3

"Resolved, that the board be and is hereby authorised, by way of a general authority, to approve the repurchase from time to time by the company of its own issued ordinary shares (Sappi shares), and to approve the purchase from time to time of Sappi shares in the company by any subsidiary from time to time of the company upon such terms and conditions and in such amounts as the board may from time to time determine, but subject to (re)purchases by the company and/or its subsidiaries pursuant to this general authority not exceeding in total 10% (ten percent) of the number of Sappi shares in issue on the date on which this general authority is granted, and subject to the provisions of the Companies Act, Sappi's MOI and the JSE Listings Requirements, when applicable, and any other relevant authority."

It is recorded that the JSE Listings Requirements currently require, inter alia, the following in relation to a general authority to repurchase securities:

- (a) This general authority shall be valid until the next annual general meeting or for 15 months from the date on which the general authority is granted, whichever period is shorter
- (b) Authorisation thereto must be given by the company's MOI
- (c) No acquisition may be made at a price more than 10% (ten percent) above the weighted average of the market price of the Sappi shares for the 5 (five) business days immediately preceding the date of such acquisition
- (d) The repurchase of the Sappi shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited)
- (e) The company may only appoint one agent at any point in time to effect any repurchase(s) on the company's behalf
- (f) The company and/or any of its subsidiaries may not acquire Sappi shares during a prohibited period as defined in the JSE Listings Requirements unless a repurchase programme is in place. The company must instruct only one independent third party, which makes its investment decisions in relation to the Sappi shares independently of, and uninfluenced by, the company prior to the commencement of the prohibited period to execute the repurchase programme. The repurchase programme must be submitted to the JSE in writing prior to the commencement of the prohibited period and must include certain details including (i) the name of the independent agent; (ii) the date on which the independent agent was appointed by the company; and (iii) the commencement and termination date of the repurchase programme
- (g) The general authority may be varied or revoked by special resolution of the shareholders prior to the next annual general meeting of the company
- (h) Should the company and/or its subsidiaries cumulatively repurchase 3% of the initial number of Sappi shares (ie, the number of Sappi shares in issue at the time that the general authority from shareholders is granted), and for each 3% in aggregate of the initial number acquired thereafter, an announcement must be made in terms of paragraph 11.27 of the JSE Listings Requirements
- (i) The board must have resolved to authorise the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test contained in the Companies Act and that, since the test was performed, there have been no material changes in the financial position of the group.

The company will not affect a repurchase of Sappi shares under the general authority as contemplated in special resolution number 1 unless the following requirements are met:

- The company will meet a solvency and liquidity test as contemplated in the Companies Act
- Each of the company and the group will be able to pay its debts for a period of 12 (twelve) months following the date of the repurchase
- The assets of each of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 (twelve) months following the date of the repurchase, such assets and liabilities having been valued in accordance with the accounting policies used in the audited consolidated annual financial statements of the company for the year ended 30 September 2024
- The share capital and reserves of each of the company and the group will be adequate for the ordinary course of business purposes for a period of 12 (twelve) months following the date of the repurchase
- The working capital of each of the company and group is considered adequate for ordinary business purposes for a period of 12 (twelve) months following the date of the repurchase.

In order for this special resolution number 3 to be adopted, the support of at least 75% of the total voting rights exercised on the resolution by shareholders present or represented by representative or proxy at the AGM and entitled to exercise voting rights on the resolution is required.

The board will exercise the general authority to repurchase Sappi shares should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such shares.

Disclosure in terms of paragraph 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures in relation to special resolution number 3, which are included in the Annual Integrated Report:

- Major shareholders of the company – page 208 of the Annual Integrated Report
- Share capital of the company – page 208 of the Annual Integrated Report.

Notice to shareholders continued

Directors' responsibility statement

The directors, whose names are set out on pages 146 to 147 of the Annual Integrated Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the abovementioned resolution contains all information required by the JSE Listings Requirements.

No material change

There has been no material change in the financial or trading position of the company and the group since the financial year ended September 2024.

Statement of board's intention

The board has not passed any resolution to effect, and has no current specific intention to effect, a repurchase pursuant to the general authority as contemplated in special resolution number 3. The board will continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect such a repurchase.

10. Signature of documents

Ordinary resolution number 14

"Resolved that any director and the Group Company Secretary of Sappi (each being entitled to act individually) is authorised to sign all such documents and do all such things as may be necessary or reasonably desirable for or incidental to the implementation of the resolutions passed at this AGM."

In order for this ordinary resolution number 14 to be adopted, the support of more than 50% of the total voting rights exercised on the resolution by shareholders present or represented by representative or proxy at the AGM and entitled to exercise voting rights on the resolution is required.

Other matters:

To transact such other business as may be transacted at an AGM.

Identification

In terms of section 63(1) of the Companies Act, before any person (shareholder or proxy) may be entitled to attend or participate in the AGM, that person must present reasonable satisfactory identification to the chairperson of the meeting, who must be reasonably satisfied that such person has the right to listen in to, participate in, and vote at, the meeting, either as a shareholder or as a representative or proxy for a shareholder. Acceptable forms of identification include a valid identity document, passport or driver's licence.

Certificated shareholders and own name dematerialised shareholders

Shareholders who are recorded as such in the securities register on the attendance record date (qualifying shareholders) and who:

- Hold Sappi shares in certificated form, or
- Have dematerialised their shares (ie, have replaced the paper share certificates with electronic records of ownership under the JSE's electronic settlement system) and are recorded in the sub-register in own name dematerialised form (ie, shareholders who have specifically instructed their Central Securities Depository Participant (CSDP) or broker to hold their shares in their own name on Sappi's sub-register), are entitled to:
 - Participate in, speak at, and/or vote at, the AGM, or
 - Appoint one or more proxies to participate in, speak at, and/or vote at, the AGM in their stead. A proxy need not be a shareholder. The form of proxy is enclosed.

It is requested, for administrative reasons, that forms of proxy be emailed, posted or delivered to the Transfer Secretaries at the following addresses to be received by no later than 14:00 (South African Standard Time) on Monday, 03 February 2025.

Hand deliveries to:

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196
South Africa

Postal deliveries to:

Computershare Investor Services Proprietary Limited
Private Bag X9000
Saxonwold
Johannesburg
2132
South Africa

Email deliveries to:

proxy@computershare.co.za

If a certificated shareholder or own name dematerialised shareholder does not email, post or deliver forms of proxy to the Transfer Secretaries so as to be received by that time, such shareholder will nevertheless be entitled to email the form of proxy to the Transfer Secretaries at proxy@computershare.co.za to be received prior to the commencement of the AGM.

Beneficial owners of dematerialised shares (other than own name dematerialised shareholders)


Beneficial owners of Sappi shares who have dematerialised their Sappi shares and who are not registered as own name dematerialised shareholders and who:

- Wish to attend, participate in, speak at, and/or vote at, or wish their representatives to participate in, speak at, and/or vote at, the AGM must instruct their CSDPs or brokers to provide them or their representatives with a letter of representation to enable them or their representatives to participate in, speak at, and/or vote at the AGM; or
- Do not wish to participate in, speak at, and vote at, the AGM, should provide their CSDPs or brokers with their voting instructions in terms of the relevant custody agreement between them and their CSDPs or brokers.

Such a beneficial owner must not complete the attached form of proxy.

Electronic participation in the AGM

The company intends to make provision for qualifying shareholders, or their representatives or proxies, to participate in, speak at, and/or vote at, the AGM by way of electronic communication as provided for in terms of Sappi's MOI and section 63(2) of the Companies Act. In this regard, qualifying shareholders or their representatives or proxies may participate in, speak at, and/or vote at, the AGM by way of an interactive electronic platform and, if they wish to do so, should note the following:

- The company will offer a qualifying shareholder (or its representative or proxy) reasonable access through electronic facilities and a virtual meeting platform to participate in the AGM
- A qualifying shareholder (or its representative or proxy) will, if (and only if) the qualifying shareholder requests that access be granted to it (or its representative or proxy) to do so, be able to:
 - Participate in the AGM through electronic facilities; and
 - Vote during the AGM through a virtual meeting platform
- A qualifying shareholder is invited to request such access by:
 - Sending an email (a participation request) to the Transfer Secretaries at proxy@computershare.co.za, or
 - Registering at www.smartagm.co.za 

Following receipt of a participation request, the Transfer Secretaries will email the relevant contact link and logon details to the qualifying shareholder concerned (or its representative or proxy) to enable it (or its representative or proxy) to participate in, speak at, and/or vote at, the AGM (a connection details notice). The participation request must specify:


- The name of the qualifying shareholder (and, if applicable, of the representative or proxy)
- An email address at which the qualifying shareholder (and, if applicable, the representative or proxy) can be contacted.

Reasonably satisfactory identification (and a letter of representation or a duly completed form of proxy, if applicable) must be attached to a participation request.

It is requested, for administrative reasons, that a participation request, complying with the above requirements, be emailed to the Transfer Secretaries at proxy@computershare.co.za, to be received by no later than 14:00 (South African Standard Time) on Monday, 03 February 2025. If a qualifying shareholder does not email a participation request complying with the above requirements to reach the Transfer Secretaries by that time, that qualifying shareholder will nevertheless be entitled to email a participation request complying with the above requirements to the Transfer Secretaries at proxy@computershare.co.za, to be received prior to the commencement of the AGM. Qualifying shareholders (and their representatives or proxies) should nevertheless be aware that if a participation request is sent near to the time of commencement of the AGM, there is a risk, and they accept the risk, that: (i) the participation request will not reach the Transfer Secretaries prior to the commencement of the AGM; (ii) the Transfer Secretaries will not have sufficient time to send the connection details notice prior to the commencement of the AGM; or (iii) the connection details notice will not reach the qualifying shareholder (or representative or proxy) prior to the commencement of the AGM.

In relation to a participation request complying with the above requirements received by the Transfer Secretaries from a qualifying shareholder:

- By 14:00 (South African Standard Time) on Monday, 03 February 2025, the Transfer Secretaries will use reasonable endeavours to email the connection details notice by no later than 17:00 (South African Standard Time) on Tuesday, 04 February 2025, or
- After 14:00 (South African Standard Time) on Monday, 03 February 2025 but prior to the commencement of the AGM, the Transfer Secretaries will use reasonable endeavours to email the connection details notice as soon as reasonably practicable after receipt of the participation request.

For information purposes only, a guide for electronic shareholders meetings will be available on the company's website (www.sappi.com ) and can also be obtained from the Transfer Secretaries. Should you have any further questions on electronic participation, please send an email to proxy@computershare.co.za.

Notice to shareholders continued

Sappi will make the electronic facilities and platform available at no cost to the user. However, any third-party costs relating to the use of, or access to, the electronic facilities and platform will be for the user's account.

Sappi does not accept responsibility, and will not be held liable, under any applicable law or otherwise, for:

- Any action of, or omission by, the Transfer Secretaries, CSDPs or brokers, or
- Any loss arising in any way from the use of the electronic facilities or platform including, without limitation, any malfunctioning or other failure of the facilities or platform, or any failure of any email to reach, or delay in any email reaching, its intended destination, or
- Loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any shareholder from participating in and/or voting at the AGM.

Sappi shares held by a share trust or scheme

Sappi shares held by a share trust or scheme will not have their votes taken into account at the AGM for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

Questions

The board encourages shareholders to participate and to ask questions at the AGM. In order to facilitate efficient responses to questions at the meeting, shareholders can submit questions in advance in writing to the Group Company Secretary so as to be received by 17:00 (South African Standard Time) on Friday, 24 January 2025 at:

108 Oxford Road
Houghton Estate
Johannesburg
2198
South Africa

or

PO Box 52264
Saxonwold
2132
South Africa

or

By email to ami.mahendranath@sappi.com

By order of the Board Secretaries:

per: A Mahendranath

Group Company Secretary
Sappi Southern Africa Limited
108 Oxford Road
Houghton Estate
Johannesburg
2198
South Africa

13 December 2024

Notes

1. Directors retiring by rotation who are seeking re-election

Stephen Robert Binnie (Steve) (57)

(Chief Executive Officer)

Qualifications: BCom, BAcc, CA(SA), MBA

Nationality: British

Appointed: September 2012

Sappi board committee memberships

- Social, Ethics, Transformation and Sustainability Committee member
- Attends meetings of all other board committees by invitation

Skills, expertise and experience:

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

Brian Richard Beamish (Brian) (67)

(Independent)

Qualifications: B.Sc. (Mech Eng): HBS PMD

Nationality: British and South African

Appointed: March 2019

Sappi board committee memberships

- Social, Ethics, Transformation and Sustainability Committee member
- Human Resources and Compensation Committee member

Other board and organisation memberships

- Metso Corporation (Member of the Remuneration and Human Resources Committee)

Skills, expertise and experience:

Mr Beamish is a qualified mechanical engineer with over 40 years of relevant management, business and leadership experience in capital-intensive industries. He was appointed to the Lonmin board in 2013 and served as Chairman from May 2014 until June 2019 when the corporate action with Sibanye Stillwater concluded. He also served as Chair of the Nomination Committee and as a member of the Remuneration and Safety Committee, Health and Environment Committee. His senior executive career was spent within Anglo American, where his final role until retirement was Group Director Mining and Technology, before which he was the Chief Executive Officer (CEO) of the Base Metals division.

James Michael Lopez (Jim) (65)

(Independent)

Qualifications: BA (Economics)

Nationality: American

Appointed: March 2019

Sappi board committee memberships

- Social, Ethics, Transformation and Sustainability Committee member
- Human Resources and Compensation Committee member

Skills, expertise and experience:

Mr Lopez is the former President and CEO of Tembec Inc (2006 to 2017) having progressed through management, senior management and executive positions in Tembec since 1989 and also served on the Tembec board. In 2017, Mr Lopez successfully negotiated the sale of Tembec Inc, a manufacturer of lumber, pulp, paper/paperboard and speciality cellulose and a global leader in sustainable forest management practices. Mr Lopez previously served as Co-Chairman of the Bi-National Softwood Lumber Council. Previous Chairmanships included the Softwood Lumber Board, Forest Products Innovation, Ontario Forest Products Association and Forest Products Association of Canada.

Glen Thomas Pearce (61)

(Chief Financial Officer)

Qualifications: BCom, BCom Hons, CA(SA)

Nationality: South African

Appointed: June 1997

Sappi board committee memberships

- Expected to attend Audit and Risk Committee meetings by invitation

Skills, expertise and experience:

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

Shareholders' diary

Annual general meeting	05 February 2025
First quarter results released	05 February 2025
Second quarter and half-year results released	08 May 2025
Third quarter results released	07 August 2025
Financial year end	30 September 2025
Preliminary fourth quarter and year results	06 November 2025
Annual Integrated Report posted to shareholders and on website	December 2025

Proxy form

for the annual general meeting

Sappi Limited

(Registration number: 1936/008963/06)
 JSE share code: SAP
 ISIN: ZAE000006284
 (Sappi or the company)

Capitalised (defined) terms have the meanings given to such terms in the notice of AGM, to which this proxy form is attached.

For use only by shareholders who:

- Hold shares in certificated form, or
- Hold dematerialised shares (ie, where the paper share certificates have been replaced with electronic records of ownership under the JSE's electronic settlement system and are recorded in Sappi's sub-register with own name registration (ie, shareholders who have specifically instructed their Central Securities Depository Participant (CSDP) or broker to record the holding of their shares in their own name in Sappi's sub-register).

If you are unable to attend the eighty-eighth (88th) AGM of the company to be held at 14:00 (South African Standard Time) on Wednesday, 05 February 2025 at Sappi's registered office, in the Oxford Room, Ground Floor, 108 Oxford Road (entrance on Ninth Street) Houghton Estate, Johannesburg, 2198, Republic of South Africa and through electronic communication, you should complete and return this form of proxy. The AGM and any resumption thereof pursuant to an adjournment or recommencement thereof pursuant to a postponement, is referred to hereinafter as the AGM. It is requested, for administrative reasons, that this form of proxy be sent to Computershare Investor Services Proprietary Limited, the Transfer Secretaries of the company by email, post or physical delivery, to the addresses set out later on in the form of proxy, to be received by no later than 14:00 (South African Standard Time) on Monday, 03 February 2025. If a certificated shareholder or own name dematerialised shareholder does not email, post or deliver forms of proxy to the Transfer Secretaries to be received by that time, such shareholder will nevertheless be entitled to email the form of proxy to the Transfer Secretaries to at proxy@computershare.co.za to be received prior to the commencement of the AGM.

Beneficial owners of Sappi shares who have dematerialised their Sappi shares and who are not registered as own name dematerialised shareholders and who wish to:

- Attend the AGM must instruct their CSDPs or brokers to provide them with a letter of representation to enable them to attend such meeting, or
- Vote at, but not to attend, the AGM, must provide their CSDPs or brokers with their voting instructions in terms of the relevant custody agreement between them and their CSDPs or brokers.

Such beneficial owners must not complete this form of proxy.

I/We (please print names in full)

of (address)

Telephone/Cellphone number:

Email address:

being a shareholder(s) of Sappi holding

Sappi shares and entitled to vote at the AGM, hereby appoint

or failing him/her, the chairperson of the meeting as my/our proxy to attend, speak and vote for me/us on the resolutions to be proposed (with or without modification) at the AGM, as follows:

	Number of shares		
	For	Against	Abstain
Re-election of the directors retiring by rotation in terms of Sappi's MOI			
Ordinary resolution number 1 – Re-election of Mr SR Binnie as a director of Sappi			
Ordinary resolution number 2 – Re-election of Mr B Beamish as a director of Sappi			
Ordinary resolution number 3 – Re-election of Mr J Lopez as a director of Sappi			
Ordinary resolution number 4 – Re-election of Mr GT Pearce as a director of Sappi			
Election of Audit and Risk Committee members			
Ordinary resolution number 5 – Election of Ms ZN Malinga as a member and Chairperson of the Audit and Risk Committee			
Ordinary resolution number 6 – Election of Dr B Mehloakulu as a member of the Audit and Risk Committee			
Ordinary resolution number 7 – Election of Mr RJAM Renders as a member of the Audit and Risk Committee			
Ordinary resolution number 8 – Election of Mr LL von Zeuner as a member of the Audit and Risk Committee			
Ordinary resolution number 9 – Election of Ms E Istavridis as a member of the Audit and Risk Committee			
Ordinary resolution number 10 – Re-appointment of KPMG Inc as auditors of Sappi for the financial year ending 30 September 2025 and until the conclusion of the next AGM of Sappi			
Ordinary resolution number 11 – Non-binding endorsement of remuneration policy			
Ordinary resolution number 12 – Non-binding endorsement of remuneration implementation report			
Ordinary resolution number 13 – Approval of certain amendments to the current Rules of the Sappi Limited Performance Share Incentive Plan			
Special resolution number 1 – Non-executive directors' fees			
Special resolution number 2 – Loans or other financial assistance to related or interrelated companies			
Special resolution number 3 – General authority to repurchase shares			
Ordinary resolution number 14 – Authority for directors and Group Company Secretary to sign all documents and do all such things necessary or reasonably desirable for or incidental to the implementation of the above resolutions			

Insert X in the appropriate block if you wish to vote all your shares in the same manner. If not, insert the number of votes in the appropriate block. If no indication is given, the proxy will vote as he/she thinks fit.

Signed at

this

day of

Signature

Assisted by me, where applicable (name and signature)

Please read the notes and instructions on the following pages.

Notes to the proxy form

1. This form of proxy is only to be completed by certificated shareholders and own name dematerialised shareholders.
2. A shareholder may insert the name of a proxy or the names of alternative proxies of the shareholder's choice in the space provided, provided that, in the case of concurrent proxies, this form of proxy must clearly state the order in which the concurrent proxies votes are to take precedence in the event that both or all of the concurrent proxies are present, and vote, at the AGM. If such order is not set out and the chairperson waives such non-compliance, then the person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act to the exclusion of those whose names follow.
3. A shareholder may appoint more than one proxy to exercise voting rights attached to different shares held by the shareholder.
4. On a show of hands, every shareholder present or represented by proxy or by representative shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present or represented by proxy or by representative shall be entitled to cast one vote per share held.
5. A shareholder's instructions to the proxy must be indicated by inserting the relevant numbers of votes exercisable by the proxy in the appropriate box or by inserting X should the shareholder wish to vote all shares held by it. Failure to comply will be deemed to authorise the proxy to vote or to abstain from voting, as the case may be, in respect of all the shareholder's votes, in such manner as the proxy decides. A shareholder or the proxy is not obliged to exercise all the votes exercisable by the shareholder or by the proxy, but the total of votes cast and in respect of which abstention is recorded may not exceed the total of votes exercisable by the shareholder or by the proxy.
6. Forms of proxy must be dated and signed by the shareholder appointing a proxy.
7. It is requested, for administrative reasons, that this form of proxy be sent to the Transfer Secretaries, in accordance with the details provided below, so as to reach the Transfer Secretaries by no later than 14:00 (South African Standard Time) on Monday, 03 February 2025:

Hand deliveries to:

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Saxonwold
Johannesburg
2132
South Africa

Postal deliveries to:

Computershare Investor Services Proprietary Limited
Private Bag X9000
2196
South Africa

Email deliveries to: proxy@computershare.co.za

If a certificated shareholder or own name dematerialised shareholder does not email, post or deliver a form of proxy to the Transfer Secretaries to be received by that time, such shareholder will nevertheless be entitled to email the form of proxy to the Transfer Secretaries to be received prior to the commencement of the AGM.

8. Completing and lodging this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person to the exclusion of any proxy appointed in terms hereof.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached to this form of proxy, unless previously recorded by the Transfer Secretaries or waived by the chairperson of the AGM.
10. The completion of blank spaces need not be initialled. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
11. If any shares are jointly held, all joint shareholders must sign this form of proxy. If more than one of those shareholders is present at the AGM either in person or by proxy, the person whose name appears first in the securities register will be entitled to vote to the exclusion of the others.
12. Despite the foregoing, the chairperson of the AGM may waive any formalities that would otherwise be a prerequisite for a valid form of proxy.
13. If the number of shares held is not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total shareholding registered in the shareholder's name.

Transfer secretaries' offices

Computershare Investor Services Proprietary Limited
 (Registration number: 2004/003647/07)
 Rosebank Towers, 15 Biermann Avenue, Rosebank
 Johannesburg, 2196, South Africa
 Private Bag X9000, Saxonwold, 2132, South Africa)
 Tel: +27 11 370 5000
 Email: proxy@computershare.co.za

Summary of terms of section 58(8)(b)(i) of the South African Companies Act, 2008, as amended

Section 58(8)(b)(i) provides that the form of proxy supplied by a company for the purpose of appointing a proxy must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act, 2008, as amended, which summary is set out below:

- A shareholder of a company may, at any time, appoint any individual, including an individual who is not a shareholder of that company, as a proxy to, among other things, participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder
- A shareholder may appoint two or more persons concurrently as proxies; provided that Sappi's MOI requires that the instrument appointing the concurrent proxies clearly states the order in which the concurrent proxies votes are to take precedence in the event that both or all of the concurrent proxies are present, and vote, at the relevant meeting
- A shareholder may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder
- A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person. Note, however, that Sappi's MOI prohibits such delegation
- A proxy appointment must be in writing, and dated and signed by the shareholder appointing the proxy, and remains valid only until the meeting (including any resumption thereof pursuant to an adjournment or recommencement thereof pursuant to a postponement) ends, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation
- A shareholder may revoke a proxy appointment in writing
- A proxy appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder
- A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent the form of proxy provides otherwise.

Administration

Sappi Limited

Registration number: 1936/008963/06
JSE code: SAP
ISIN code: ZAE000006284

Group Company Secretary

Ami Mahendranath

Secretaries

Sappi Southern Africa Limited
108 Oxford Road
Houghton Estate
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South Africa

PO Box 52264
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Ami.Mahendranath@sappi.com

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Transfer Secretaries

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Rosebank Towers
15 Biermann Avenue
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JSE Sponsor

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(A division of FirstRand Bank Limited)
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South Africa

PO Box 786273

Sandton

2146

www.rmb.co.za 

United States ADR Depository

Overnight/certified/registered delivery:

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shrrelations@cpushareownerservices.com

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Forward-looking statements

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

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

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



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