

2025 TCFD Report

for the year ended September 2025

sappi



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 2 – 3	2025 Sappi Annual Integrated Report www.sappi.com/annual-reports Corporate governance pages 158 – 180
(b) Describe managements roles in assessing and managing climate-related risks and opportunities.	pages 2 – 3	2025 Sappi Annual Integrated Report www.sappi.com/annual-reports Corporate governance pages 158 – 180
Strategy		
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	pages 13 – 22	2025 Sappi Annual Integrated Report www.sappi.com/annual-reports Our strategic performance at a glance pages 119 – 127
(b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial reporting.	pages 4 – 23	2025 Sappi Annual Integrated Report www.sappi.com/annual-reports Our strategic performance at a glance pages 119 – 127
(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario.	pages 4 – 13	2025 Sappi Annual Integrated Report www.sappi.com/annual-reports Our strategic performance at a glance pages 119 – 127
Risk management		
(a) Describe the organisation's processes for identifying and assessing climate-related risks.	pages 13 – 14	2025 Sappi Annual Integrated Report www.sappi.com/annual-reports Risk management pages 52 – 59 Separate Risk Report on www.sappi.com/annual-reports
(b) Describe the organisation's processes for managing climate-related risks.	pages 13 – 14	2025 Sappi Annual Integrated Report www.sappi.com/annual-reports Risk management pages 52 – 59 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 13 – 14	2025 Sappi Annual Integrated Report www.sappi.com/annual-reports Risk management pages 52 – 59 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 23 – 26	2025 Sappi Group Sustainability Report www.sappi.com/2025GSDR
(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and related risks.	page 25	2025 Sappi Group Sustainability Report www.sappi.com/2025GSDR
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	page 23 – 26	2025 Sappi Group Sustainability Report www.sappi.com/2025GSDR

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			
Purpose	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
	Oversees the group's sustainability strategy, commitments, policies and performance against targets	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

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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 at every meeting. 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, the group's internal controls and risk assessment process, which includes sustainability and specifically climate-related risks and the resolution of any unethical behaviours reported through Sappi's confidential, independently operated hotline. 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 Nomination and Governance Committee is responsible for ensuring that the board and executive

management teams have the appropriate skills to manage climate-related issues.

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 **Group Sustainable Development Council (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 greenhouse gas (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 below.

	What this means	Climate relevancy
	Grow our business Committing to core business segments while investing in innovation, growth opportunities and ongoing customer relationships.	Purposeful innovation and collaboration to provide low-carbon, biobased solutions and accelerate climate action.
	Sustain our financial health Reducing and managing our debt, growing EBITDA, maximising product value, optimising processes globally and strategically disposing of non-core assets.	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.
	Drive operational excellence Strengthening our safety-first culture and reducing resource use while enhancing efficiency and making smart data investments.	Continual focus on reducing our own and value chain emissions; protecting biodiversity and promoting the responsible use of scarce water resources.
	Enhance trust Improving our understanding of, and proactively partnering with, customers and communities, driving sustainability solutions, and meeting the changing needs of every employee at Sappi.	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 4Ps framework (Principles, Prosperity, People and Planet) and the six capitals model, we use a double-materiality approach to evaluate both financial and environmental impacts.

By integrating climate scenario analyses in combination with tools such as ISO 14001, lifecycle assessments, WWF water risk tool, WRI Aqueduct Water Risk Atlas and forestry certification processes, we systematically assess and address 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). Our Scope 3 approach focuses on engagement and collaboration across our value chain to drive collective

climate action. We use our influence to encourage key suppliers to set SBTs and are actively working with them to collect primary emission factors to improve the accuracy of our Scope 3 inventory. While we have made progress, we recognise that supplier maturity levels vary significantly, and challenges remain in accurately disaggregating product-level emissions. At this stage, we do not yet have sufficient primary data to set a quantified Scope 3 reduction target. However, we continue to build capacity, share best practices, and collaborate through industry platforms and sector associations to strengthen supplier engagement and advance Scope 3 decarbonisation efforts over time.

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's climate transition faces a cluster of interlinked risks and barriers that could slow or derail progress. Reform momentum remains complex and often slow, making it difficult to sustain the urgency needed to enable collaboration and partnerships across government, industry, and civil society. The country must carefully balance fossil-fuel abatement with the socioeconomic realities of a coal-dependent energy landscape, where job losses and community impacts demand just-transition measures. Funding remains inadequate for both mitigation and adaptation, while chronic deficiencies in transmission infrastructure create bottlenecks that delay renewable energy integration. Independent renewable producers also face long and challenging licensing and approval processes, adding further drag to the build-out of clean power. At the same time, South Africa bears a huge adaptation burden, from water stress to climate-related natural weather disasters, compounding the financial and institutional pressures of the transition.

We therefore highlight South Africa's heavy reliance on international climate finance and cooperative solutions to overcome systemic barriers to mitigation and adaptation to ensure the transition remains just and equitable.

Implications of South Africa's climate challenge for Sappi

Sappi fully supports the principles of the Paris Agreement and aspires to achieve net-zero GHG emissions by 2050. However, we are currently unable to set a formal net-zero target because of structural barriers in South Africa's power sector and the resulting uncertainty over our Scope 2 emissions pathway.

Sappi Southern Africa (SSA) remains heavily dependent on coal-based electricity, with Eskom supplying approximately 50% of our energy needs. SSA accounted for 89% of Sappi's Scope 2 emissions in 2025, up from 42% in 2019, underscoring the region's high contribution to the group's overall footprint. While our 2030 climate transition plan includes direct investments in on-site renewable energy generation and the procurement of renewable power from independent providers, we must still rely on Eskom for a significant share of our electricity. Eskom's own transition strategy includes natural gas as a bridging fuel, which means Sappi cannot credibly commit to eliminating all spending on fossil fuel expansion while this procurement dependency persists.

South Africa's national energy transition remains uncertain. On 15 October 2025¹, the South African Government approved the Integrated Resource Plan (IRP) 2025, which outlines a R2.2 trillion investment strategy for the country's energy sector. The IRP 2025 acknowledges that South Africa does not yet have a credible, net-zero-aligned decarbonisation pathway for its energy sector. While the proposed "balanced plan" achieves emissions reductions consistent with the upper range of the updated NDC by 2030, it concedes that the current generation mix, which is dominated by coal and supplemented by new gas capacity, remains inconsistent with a net-zero trajectory by 2050. The plan highlights persistent structural barriers, including delayed coal plant shutdowns, transmission constraints, high costs of low-carbon technologies, and socioeconomic dependence on coal regions, which collectively slow the transition. It concludes that further iterations of the IRP and stronger policy measures will be required to align electricity planning with South Africa's net-zero by 2050 objective.

It is clear that achieving the updated NDC ambition for 2035 and net zero by 2050 will require systemic changes in South Africa to drive the decarbonisation of the national grid – well beyond the control of individual companies. Without a clear Scope 2 abatement pathway, corporates like Sappi risk carrying a disproportionate mitigation burden, including potentially unsustainable capital outlays to build or procure our own renewable generation. Nevertheless, Sappi remains firmly committed to advancing decarbonisation and supporting a just energy transition. We actively engage through initiatives such as the National Business Initiative's Just Transition and Climate Pathways Study for South Africa and the Just Energy Transition (JET) Skilling for Employment Programme. We will continue to invest in abatement of our Scope 1 emissions and advocate for equitable, collaborative solutions for abatement of our Scope 2 emissions.

¹ <https://www.dmre.gov.za/mining-minerals-energy-policy-development/integrated-resource-plan/irp-2025>.

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

- **Access to capital:** The successful delivery of the plan is dependent on the availability of capital and competing allocation priorities, requiring a careful balance between Sappi's ambitious decarbonisation objectives and the long-term sustainable prosperity and financial resilience of the business.
- **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 within our operations:** The plan depends on Sappi's ability to manage and adapt to climate-related risks, such as extreme weather to maintain operational resilience across our global operations. The plan is also dependent on the ability of Sappi's tree breeding programme in South Africa to develop genetic enhancements that enhance our plantation forest resilience through genetic adaptations to the climate change-induced environmental stressors that are anticipated in the country
- **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 papers, 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, process improvements and new technologies

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

3 Investments in on-site renewable energy

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

4 Greening our electricity supply

- Procuring clean and renewable energy.

Scope 3

5 Supplier engagement

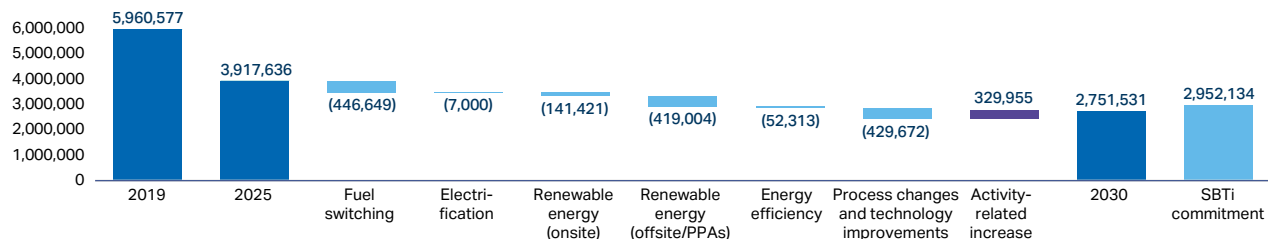
Sappi's 2030 transition pathway

The graph below illustrates Sappi's current 2030 transition pathway, showing achieved abatement from 2019 to 2025 and the potential contribution of identified decarbonisation levers towards 2030. This pathway reflects the projects currently identified within our plan, which is reviewed annually to ensure alignment with business priorities and evolving

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market conditions. All decarbonisation projects are evaluated on their individual merits within regional contexts as well as at a group level and are prioritised based on their return on capital and CO₂ abatement potential. The plan remains dynamic and continues to evolve as opportunities and technologies develop, while progress is highly dependent on the availability of capital to support these investments.

Group absolute GHG emissions (t CO₂e)



As our 2030 climate transition plan continues to evolve, we are also assessing our longer-term abatement opportunities toward 2050, with a particular focus on identifying and advancing Scope 1 emission reduction levers within our South African operations. While we do not believe that a net-zero commitment is appropriate at this stage, we remain committed to progressively developing our transition plan in line with emerging technologies, policy developments, and sectoral progress. We recognise that as we approach 2050, some residual emissions may remain unavoidable, and we will evaluate credible neutralisation solutions to address these in a responsible and transparent manner.

Planning for 2050 and residual emissions

As our 2030 climate transition plan continues to evolve, we are also assessing our longer-term abatement opportunities toward 2050, with a particular focus on identifying and advancing Scope 1 emission reduction levers within our South African operations. While we do not believe that a net-zero commitment is appropriate at this stage, we remain committed to progressively developing our transition plan in line with emerging technologies, policy developments, and sectoral progress. We recognise that as we approach 2050, some residual emissions may remain unavoidable, and we will evaluate credible neutralisation solutions to address these in a responsible and transparent manner.

The role of forests in climate action

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. 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.

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 benefits they deliver to the planet.

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.

Forestry emissions and removals

Climate impacts on our own plantations, our manufacturing 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 Science Based Targets initiative (SBTi) requires all organisations with land-based emissions to set a **Forestry, Land and Agriculture (FLAG) target**. At present, there is no globally accepted methodology for land-use carbon accounting. The Greenhouse Gas Protocol is developing such a framework through its Land Sector and Removals Guidance (LSRG GHG P), which is likely to become the standard approach for forest carbon accounting and the basis for SBTi FLAG target setting once finalised. Sappi has been actively engaged in this process, contributing to LSRG technical working groups and participating as one of the forestry sector pilots for the first version of the guidance. However, finalisation of the LSRG has been significantly delayed due to ongoing stakeholder misalignment on key forest accounting methodologies. These delays have, in turn, postponed FLAG target setting across the sector, as FLAG methodologies depend on the LSRG's completion. In October 2025, the SBTi launched a public consultation proposing urgent revisions to FLAG Criteria 1 and 4. For companies like Sappi with existing non-FLAG SBTs, the proposed change would require setting FLAG targets within the next five-year review cycle (FY2027), rather than waiting up to six months after the LSRG's publication as currently permitted. The consultation could therefore accelerate FLAG target-setting timelines, and Sappi will continue to closely monitor its outcome and assess implications.

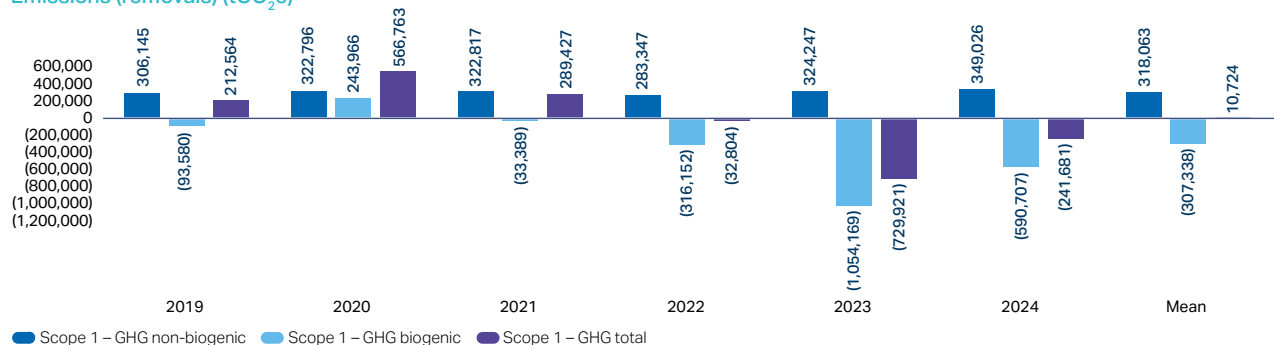
Sappi calculates forestry biogenic emissions and removals using the stock-difference method, which determines carbon stock change as the annual average difference between estimates at two points in time. This approach follows Equation 2.5 from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories (Volume 4, Chapter 2, p 2.9) and is applied to estimate annual carbon emissions and removals from Sappi's owned and managed plantations.

Sappi's Methodology for Calculating Sappi's Forestry Biogenic and Non-Biogenic Emissions

Forestry biogenic CO₂ removals are calculated using the stock-difference method, which measures annual changes in carbon stocks between two inventory years across the more than 15,000 forest compartments making up Sappi's plantation landholdings in South Africa. Estimates are based on living biomass (above- and below-ground) using primarily Tier 1 IPCC methods, supplemented with country-specific biomass expansion factors². Field and LiDAR inventory data are combined with empirical modelling to estimate growing stock, while soil carbon, litter, and harvested wood products are excluded in line with GHG Protocol Agricultural Guidance. Our forestry emissions and removals are reported one year in arrears due to the timing of data availability. Detailed forestry activity data, including growth measurements, harvesting records, and land-use changes, are only finalised and verified early in the following financial year. This timing ensures that reported figures are based on complete and accurate datasets, maintaining the integrity and reliability of Sappi's greenhouse gas inventory and sustainability reporting. For FY2024, Sappi Forests reported 590,707 tons of net biogenic CO₂ removals, despite 912,672 tons of gross biogenic CO₂e emissions from natural disturbances. Our plantations represent a CO₂e living biomass pool of 40.7 million tons.

Non-biogenic (fossil-based) CO₂e emissions are calculated following GHG Protocol Agricultural Guidance, covering all major forestry activities under a cradle-to-gate boundary; including establishment, management, fire prevention, harvesting, and transport. Emissions sources include fuel combustion, grassland burning for biodiversity and fire control, wildfires, burning of harvest residues, and land-use change where plantation areas were restored to natural habitats.

Emissions (removals) (tCO₂e)



Sappi forests' Scope 1 GHG emissions between 2019 and 2024, as well as the mean values over this period, are presented and separated into biogenic and non-biogenic GHG emissions. The total represents the sum of these two categories.

² Dovey, S., du Toit, B. and Crous, J., 2021. Tier 2 above-ground biomass expansion functions for South African plantation forests. *Southern Forests: a Journal of Forest Science*, 83(1): 69–78. 2 Dovey, S., du Toit, B. and Crous, J., 2021. Tier 2 above-ground biomass expansion functions for South African plantation forests. *Southern Forests: a Journal of Forest Science*, 83(1): 69–78.

In 2020, the biogenic GHG pool became a net source of emissions following extensive wildfire damage that significantly reduced standing tree carbon stocks. Between 2022 and 2024, above-average rainfall drove exceptional tree growth, leading to strong biogenic carbon removals during this period. Over the past six years, these removals have, on average, been sufficient to offset non-biogenic emissions. Sappi's overall objective, in line with sustainable forestry management practices, is to maintain a balanced carbon cycle in its plantations where annual growth, harvesting, and natural disturbances are in equilibrium and achieving long-term net-zero biogenic emissions while ensuring forest health and productivity.

Key elements of Sappi's climate transition plan

	Account and disclosure	Mitigate and decarbonise	Value and integrate
Objective	We will be transparent in our accounting and disclosure of carbon impacts, risks and opportunities.	We will reduce our own and value-chain emissions in line with science-based decarbonisation pathways towards net zero.	We will value and integrate carbon into business processes.
Key actions	• Use GHG accounting standards to create a full account of carbon footprint • Disclose emissions, reduction targets and strategic actions • Externally assure emissions • Use quantitative and qualitative scenario analysis of transition and physical impacts to identify and disclose climate-related risks and opportunities aligned with the TCFD framework.	• Set science-based decarbonisation targets for Scope 1, 2 and 3 • Set energy efficiency/renewable energy targets • Align our decarbonisation trajectory where appropriate with market and regulatory expectations • Engage with suppliers and customers to mitigate value-chain emissions and establish a feedback mechanism for determining the success of engagements • Evaluate and implement emerging decarbonisation technologies, where appropriate.	• Utilise an internal price of carbon in capital allocation decision-making processes • Prioritise capex and opex aligned to the transition to our SBT transition plan • Invest in innovation/R&D for own mitigation and new product development for a low-carbon, circular economy • Identify/develop a taxonomy to classify products as low carbon • Leverage public and climate finance to augment mitigation actions • Integrate decarbonisation considerations into R&D and procurement business processes and decisions and establish a mechanism for monitoring progress and compliance.



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 consultation 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.

In March 2025, Sappi successfully issued a €300 million sustainability-linked bond (SLB) to refinance its outstanding 2026 senior notes and extend its debt maturity profile. The €300 million in new senior notes are due in 2032 and feature sustainability-linked targets (SLTs) that are linked to achieving specific goals related to GHG emissions and certified fibre sourcing. This SLB transaction demonstrates Sappi's strategy to integrate sustainability targets into its international debt transactions.

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

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

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.

Climate scenario modelling of physical risks

Between 2021 and 2022, Sappi undertook an extensive assessment of physical climate risks, engaging S&P Consulting to conduct climate scenario modelling across our manufacturing and forestry operations. We plan to update these scenarios every five to six years, or as needed, to ensure alignment with the latest climate science and modelling developments.

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 results indicate that our overall exposure to physical climate risks remains generally low across most scenarios. With the exception of our plantations, exposure to wildfire risk is low in all cases. Cold wave exposure is also low on average and tends to decline over time as the climate transitions from low to high scenarios. Heatwave exposure remains relatively low across all sites, though facilities in Italy, South Africa, and the USA show the highest levels of exposure, with risks increasing over time and across scenarios. Water stress exposure is generally low to moderate, but specific sites may face sharply rising risks by 2050. Under the RCP 4.5 scenario, two mills could experience high levels of water stress and six could face moderate stress within this timeframe, particularly in Germany, Italy, South Africa, and the Netherlands. Flood risks remain low for all sites and are projected to decline over time under both RCP 2.6 and RCP 4.5 scenarios. Similarly, sea level rise and hurricane risks are assessed to be very low across all sites and scenarios.

To supplement the 2022 group-wide physical risk scenario analysis, we conducted an additional climate scenario analysis in 2025 for our four South African manufacturing operations, where we deem exposure to climate change and extreme weather events is highest. The objective of the scenario analysis was to evaluate the potential physical impacts of climate change and extreme weather events on Sappi's South African operations and to specifically identify potential adaptation actions to enhance the resilience of sites with the highest levels of climate exposure.

The analysis was performed by AXA XL using the IPCC's Shared Socioeconomic Pathways (SSP2-4.5 and SSP5-8.5) and an ensemble of 10 CMIP6 climate models, downscaled to a 25 km resolution. Historical data (1985–2014) and projections for 2030 and 2050 were evaluated across 14 physical climate indicators, covering both chronic risks (eg temperature rise, water stress, drought) and acute risks (eg extreme heat, flooding, wildfires, cyclones). Indicators such as cooling degree days, extreme heat frequency, pluvial flood depth, drought duration, and fire weather index were used to assess exposure and inform adaptation priorities.

The results were largely consistent with the 2022 analysis of the South African operations showing a trend of increasing heat stress and cooling energy demand, and heightened water stress and flood exposure across all sites by mid-century, particularly under the SSP5-8.5 scenario. In contrast, frost and cold-related hazards are projected to decline. Based on these findings, we are identifying site-specific adaptation actions, such as enhancing cooling system resilience, strengthening flood protection and drainage infrastructure, and advancing water efficiency and catchment management initiatives. These insights are being integrated into the company's broader climate adaptation and risk management strategy to improve operational resilience under future climate conditions.

In terms of **climate scenario modelling for our forestry operations**, it was identified in 2022 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 long anticipated that climate change would significantly affect our forestry operations and planned accordingly. 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.

With water security highlighted as a potential climate risk to our operations we **conduct annual water risk scenarios to 2030 and 2050 using the WWF Water Risk Filter and WRI Aqueduct Water Risk Atlas**³. In 2025 the scenario analysis shows that none of our mills are classified as high risk for water availability. However, the scenarios suggests that several sites could be exposed to high drought risk,

including Saiccor, Stanger and Tugela Mills in Southern Africa, and Alfeld, Kirkniemi, and Maastricht Mills in Europe, while medium drought risk applies to Ngodwana, Matane, Carmignano and Condino Mills. Regionally, Southern Africa faces medium physical water risk due to periodic droughts and moderate stress, North America remains low to very low risk, and Europe shows increasing vulnerability with five mills – Alfeld, Carmignano, Condino, Ehingen and Maastricht Mills – classified as medium to long-term risk, while Gratkorn and Kirkniemi Mills remain low risk. Under the current trend pathway scenario, most sites show stable to moderate increases in basin-level physical risk toward 2050, indicating that overall Sappi's exposure remains low to medium, with Southern Africa and parts of Europe as the key focus areas for ongoing monitoring and resilience planning.

Outputs of the water risk scenario analysis are supplemented with local knowledge and practical experience. We consider physical, regulatory, and reputational risks, including drought, flooding, groundwater depletion, and changing rainfall patterns. 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 efficiency and treatment projects. Collaboration is central to our strategy and we engage with local stakeholders, communities, and catchment partners to strengthen water stewardship, such as through our partnership with WWF South Africa in the uMkhomazi catchment to improve water security for our Saiccor and forestry operations that rely on the catchment.

Insights from our water scenario analysis guide our actions, which include improving water-use efficiency, increasing recycling and reuse within mills, enhancing effluent treatment systems, and promoting forestry resilience through drought-tolerant tree breeding and site-genotype matching. In regions such as South Africa, we also work closely with government and industry bodies to address policy and licensing challenges. Overall, our scenario-based approach helps us combine science, collaboration, and operational initiatives to build resilience and ensure sustainable water management across all our operations

Climate scenario modelling of transitional risks

In assessing **climate transition risks**, Sappi has undertaken a high-level scenario analysis to evaluate the potential impacts of evolving policy, market, and regulatory landscapes on our operations and value chain. In 2025, Sappi expanded this transitional risk assessment work through a collaboration with S&P Global, extending the transitional scenario analysis to include carbon policy risks for our operations and carbon market exposure for major suppliers and customers. This enhanced assessment provides deeper insight into transition-related risks and opportunities across our value chain, informing strategic decision-making and long-term resilience planning.

³ Sappi's 2025 water risk analysis uses four key indicators to assess site-level exposure. Water availability, a new category in the WWF Water Risk Filter, is considered high risk at scores of 3.4 or above, with medium risk beginning above 2.6; it integrates multiple global water scarcity measures including water depletion, baseline water stress and blue water scarcity. The newly added drought indicator is used as supplementary information to help interpret results and identify sites where drought conditions may worsen overall water stress. In the WRI Aqueduct Water Risk Atlas, baseline water stress is deemed high when total annual water withdrawals reach 40–80% of renewable supply, while baseline water depletion is high when total annual water consumption reaches 50–75% of available renewable supply.

Sappi's transition risk analysis applied the S&P Global Sustainable¹ Carbon Pricing Scenarios, based on research from the International Energy Agency (IEA). Three carbon price pathways were modelled to test sensitivity to different policy environments in Sappi's operating regions:

- **Low Price – IEA STEPS Scenario (2.4°C, Current Policies):** Reflects existing and announced policies already in place, providing a baseline view of how current measures influence energy system progression
- **Moderate Price – IEA APS Scenario (1.7°C, Committed Policies):** Assumes that all governments meet their stated climate pledges, including long-term net zero targets and Nationally Determined Contributions (NDCs)
- **High Price – IEA NZE Scenario (1.5°C, Required Policies):** Illustrates what would be required across sectors for the world to achieve net-zero CO₂ emissions from energy and industrial processes by 2050.

These scenarios provided a structured framework to assess the potential financial and strategic implications of differing carbon policy pathways for Sappi's operations and value chain. To complement this analysis, three decarbonisation performance scenarios were overlaid onto the carbon policy analysis to test the potential outcomes of Sappi's own emission reduction trajectory:

- a best case, where Sappi decarbonises in line with a 1.5°C pathway
- a median case, where 80% of the target is achieved
- a worst case, where only 40% of the target is met.

This combined approach enabled a comprehensive assessment of both external policy risks and internal performance sensitivities under varying climate transition scenarios.

The results of the scenario analysis indicates that carbon pricing could significantly increase operational costs by 2030, primarily driven by Scope 1 emissions and, to a lesser extent, Scope 3 emissions. This financial pressure is expected to intensify by 2050 as carbon prices rise. South Africa is projected to bear the largest share of exposure due to its emissions profile and policy landscape, while North America will experience moderate but growing exposure. Across all scenarios, the share of expenditures linked to carbon pricing increases steadily, suggesting a potential impact on operating margins and reinforcing the importance of integrating carbon costs into financial planning. Internal carbon pricing within Sappi is also expected to rise considerably by mid-century, aligning with tightening global regulatory frameworks. To address potential transitional risks for our operations in terms of carbon policy 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.

From a market risk perspective, several supplier sectors, particularly Paper and Forest Products, Electric Utilities, and Marine Transportation, show high vulnerability under a 1.5°C scenario, implying potential supply chain cost and reliability challenges. On the customer side, the Containers and Packaging sector shows the greatest exposure, indicating

possible downstream impacts. Sappi is proactively addressing market-related climate risks by engaging across our value chain to drive collective decarbonisation. We are working closely with key suppliers, particularly those with significant emissions contributions, to encourage and support the adoption of Science Based Targets (SBTs), thereby strengthening the overall resilience and sustainability of our supply chain. At the same time, we collaborate with major customers to better understand their value chain decarbonisation strategies and identify opportunities for alignment. Through these partnerships, we aim to ensure that our own transition plans are responsive to evolving customer expectations, reinforce long-term commercial relationships, and contribute to shared progress toward a low-carbon economy.

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 five material physical risks associated with our South African plantations, mill operations and woodfibre supply chain and one material transition risk. In terms of opportunities, we have identified one transitional opportunity and one operational opportunity. We define our timeframes for assessment on page 15.

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.

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 defined climate transition roadmap, Sappi is committed to meeting its 2030 targets and encouraging suppliers to set their own SBTs. The capital expenditure between FY2021 and FY2030 required to achieve the targets is estimated to be in the region of US\$60 – US\$70 million per annum. However, the successful implementation of the transition plan is highly dependent on the availability of capital, requiring a careful balance between maintaining financial health and ensuring that social impacts are responsibly managed throughout the transition process.

Globally, the changing climate is expected to impact 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 sponsor the Sappi Chair in Climate Change and Plantation Sustainability at the University of the Witwatersrand in Johannesburg. The objective is to identify critical research needs and develop research outputs related to climate change and to 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 40 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 four decades, and a skilled breeding team exploiting new technologies are some of the assets of the programme. Nursery technologies research improves 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.

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

Risk	Description	Timeframe
Physical risks South African plantation losses	Acute 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 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.	Long term
	Chronic physical 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 inter-annual rainfall patterns that will extend the annual dry period in the summer rainfall region will increase ecosystem vulnerability. Specifically plant heat stress and will have a negative impact on tree growth. In addition, the hot and dry weather at the start of the planting season will also impact re-establishment activities that might require frequent re-watering operations after planting.	Medium to long term
	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; expansion of geographic range; increased survival rates; increased risk of introductions of invasive insect species; increased incidence of insect-transmitted plant diseases. Thus, the additional temperature and water stress are likely to increase pest and disease-related growth losses in our plantations. 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.	

Impact definition: Medium low US\$0–10 million, Medium US\$10–50 million, Medium high S\$50–100 million, High US\$100–200 million

Financial indicator	Financial impact (pa)	Mitigation	Financial cost of mitigation (pa)
OPEX	US\$5 million to US\$25 million	Research and development of genetically improved planting stock has been conducted at Sappi's Shaw Research Centre in South Africa for over 40 years. Tree improvement is aimed at increasing pulp yield produced per hectare across Sappi's diverse landholdings. The programme focuses on tree breeding for superior wood properties and resistance to biotic and abiotic threats including frost, drought, pests and diseases. In addition, nursery technologies research is conducted to 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.
OPEX	US\$5 million to US\$25 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.	

Timeframe definition: Short term 1 – 2 years, medium term 3 – 5 years, long term 5 – 30 years		
Risk	Description	Timeframe
South African plantation losses	Fire remains a high risk to our plantations and is exacerbated by periods of drought.	Short to long term
Wood supply chain disruptions in North America and Europe	Changing climate is impacting the health and resilience of forests globally through warming temperatures and increase of extreme events like drought, floods, wind, pest and disease outbreaks and wildfire. Sappi does not own any forestry assets in Europe or North America and therefore sources wood from suppliers to supply its pulp mills in these regions. It is anticipated that climate change impacts will increase ecosystem vulnerability steadily in a number of regions from which Sappi sources woodfibre resulting in disruption to our supply chains and ultimately increasing the cost of our procured timber raw material.	Medium to long term

Impact definition: Medium low US\$0–10 million, Medium US\$10–50 million, Medium high S\$50–100 million, High US\$100–200 million

Financial indicator	Financial impact (pa)	Mitigation	Financial cost of mitigation (pa)
OPEX	US\$20 million to US\$180 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 cellphone 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\$20 million to US\$35 million (Insurance and fire protection costs per annum.)
OPEX	US\$10 million to US\$25 million	Sappi is taking climate action through decarbonising its operations while enhancing carbon sequestration and storage in forests, soils and products. Although the company does not own forests in Europe or North America, it works closely with long-term wood sourcing partners and forest owners to encourage climate-smart, sustainable forestry and manage climate-related risks. In Europe, climate change has permanently altered the Norway spruce (<i>Picea abies</i>) supply balance especially in Central Europe. In this context, Sappi's direct wood sourcing partners offer forestry services to prevent pest and disease outbreaks by ensuring the swift transport of pulpwood logs after harvesting. Some Sappi mills have adjusted their tree species mix to increase flexibility and reduce reliance on spruce, and further evaluations are planned to expand such measures. Key mitigation efforts include broadening wood sourcing areas, improving logistics and storage through new hubs, enhancing infrastructure for transport and handling, maintaining staff presence near forest owners to respond quickly to supply chain changes, and upgrading IT systems to support these initiatives.	US\$0 million (To date there have been no material costs associated with our response as we have been able to manage risk using our normal business processes.)

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

	Risk	Description	Timeframe
Physical risks	Interruptions to mill operations and supply chains	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.	Medium to long term
	GHG regulatory changes and changing downstream requirements for low-carbon products	Sappi's European operations fall under the EU Emissions Trading Scheme (ETS). As EU ETS free allowances decrease over time, additional allowance may need to be purchased if decarbonisation efforts do not keep pace with the required trajectory. Similarly, Sappi's South African 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. Rising climate awareness and increasing global climate action are driving a steady shift in customer and consumer preferences towards low-carbon, circular, and sustainably produced products. Within this evolving context, companies that are unable to demonstrate credible progress in reducing their carbon footprint and contributing their fair share to climate action face a growing risk of losing competitiveness and market relevance within their value chains. For Sappi, this behavioural shift represents a market risk. Our value chains are increasingly aligning their procurement and product specifications with sustainability and decarbonisation commitments. However, there is more evidence to indicate that this risk is moderating, as customers and brand owners reassess their abatement targets and acknowledge the need to balance rapid decarbonisation with long-term sustainable prosperity, social equity, and economic resilience.	Medium to long term
Transition risks			

TCFD Report continued

Impact definition: Medium low US\$0–10 million, Medium US\$10–50 million, Medium high S\$50–100 million, High US\$100–200 million

Financial indicator	Financial impact (pa)	Mitigation	Financial cost of mitigation (pa)
Revenue	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.)
EBITDA	US\$20 million to US\$100 million	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. 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. 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.	US\$60 million to US\$70 million (Estimated SBTi capital requirement per annum.)

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

	Risk	Description	Timeframe
Transition opportunity	Changing consumer behaviour and preference for renewable, circular, low-carbon products	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. 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.	Short to long term
Operational opportunity	Reduced operating costs through energy efficiency and use of renewable energy	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.	Short to long term

Impact definition: Medium low US\$0–10 million, Medium US\$10–50 million, Medium high S\$50–100 million, High US\$100–200 million

Financial impact (pa)	How we realise the opportunity	Financial cost of mitigation (pa)
US\$80 million to US\$120 million	To meet the growing demand for packaging papers we have added dissolving wood pulp (DWP) capacity in South Africa and paperboard capacity in North America over the last few years. We conservatively estimate that we will over time achieve an additional 50 – 100tpa of DWP sales and 400 – 470tpa of paperboard sales.	US\$500 million (Total capex for paperboard expansion.)
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.)

Climate adaptation

Sappi recognises that effective climate adaptation is essential to ensure business continuity, safeguard natural resources, and support the resilience of surrounding communities. Our adaptation strategy focuses on building long-term resilience across both our manufacturing and forestry operations, informed by site-level climate risk assessments and scenario analyses.

Within our manufacturing operations, we are implementing adaptation measures to address key physical risks such as flooding, water scarcity, and extreme heat. These actions include improving flood protection and drainage systems, enhancing water-use efficiency, and developing contingency measures to maintain operational continuity during extreme weather events. Water security remains a priority, and we continue to invest in catchment management initiatives to reduce vulnerability to drought and protect shared water resources where appropriate.

In our forestry operations, adaptation focuses on maintaining the long-term health and productivity of our plantations. We are advancing tree breeding and selection programmes to improve resilience to pests, diseases, and shifting climatic conditions, ensuring sustainable fibre supply under changing environmental scenarios.

Sappi's approach also extends beyond our operations to include collaboration with local communities. Through partnerships such as our WWF project in the uMkhomazi catchment, we work to enhance water security and ecosystem resilience, while contributing to local socioeconomic development. During extreme weather events, Sappi often supports neighbouring communities by providing potable water and assisting with disaster clean-up efforts.

To strengthen preparedness and collective response in South Africa where our community stakeholders are most vulnerable, we have established integrated community forums around our key operational sites. These platforms enable ongoing stakeholder engagement, foster collaborative crisis management, and help identify and prioritise climate adaptation initiatives.

Through this multi-dimensional approach, combining operational resilience, ecosystem stewardship, and community partnerships, we aim to reduce climate-related vulnerabilities and contribute to a just and sustainable transition in the regions where we operate.

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 engagement target, were approved by the SBTi. We remain committed to zero deforestation in our woodfibre supply chains and to maintaining carbon pools 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 validated well-below-two-degree science-based target

For further details on our Remuneration Policy, see our **Remuneration report** on page 182 of the 2025 Sappi Annual Integrated Report.

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

FY2025 group performance against climate targets

	FY2025 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 and clean energy	
		Specific energy intensity	
	 Responsible consumption and production	Specific landfilled solid waste	
	 Climate action	Specific GHG emission	
SBTi targets	 Life on land	Share of certified fibre	
		Biodiversity (SSA)	
	 Climate action	Scope 1 and 2	
		Scope 3 engagement	

For more details on performance against planet targets, see our [2025 Sappi Group Sustainability Report](https://www.sappi.com/2025GSDR) at www.sappi.com/2025GSDR

Global targets for FY2025 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. In addition, the North American operations were negatively impacted by the significant process instability introduced by the Somerset Mill PM2 conversion and expansion project, which was completed and commissioned during the year. However, the renewable and clean energy target was achieved, reflecting the strong progress made through our fuel-switching initiatives and renewable energy procurement strategy. The waste-to-landfill target was achieved and exceeded the FY2025 goal.

Specific water usage is a 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 FY2025. The global certified fibre target >75% was exceeded. In terms of our biodiversity improvement target for our own forest operations, a cumulative improvement of 25% 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 2025 Sappi Group Sustainability Report www.sappi.com/2025GSDR

Science-based targets

The FY2025 Scope 1 and 2 emission intensity of 762 t CO₂e/adt was above our SBTi trajectory due to ongoing market-related production curtailments and the completion and commissioning of the Somerset Mill PM2 conversion and expansion project and their associated negative impacts on energy efficiency. However, we achieved a reduction of 5% versus 2024 and 15% reduction from the baseline.

FY2025 GHG emissions data and five-year trend

	GRI reference	Unit	2019	2020	2021	2022	2023	2024	2025
Scope 1	305-1a	t CO ₂ e/annum	4,441,329	4,103,760	4,296,971	4,112,099	3,506,813	3,202,668	3,174,735
	305-4	kg CO ₂ e/adt	664.2	710.4	682.3	618.0	703.0	618.6	617.5
Scope 1 emissions from									
CO ₂		t CO ₂ e/annum	4,098,832	3,762,801	3,960,852	3,774,529	3,171,556	2,871,303	2,848,209
CH ₄	305-1b	t CO ₂ e/annum	284,607	286,743	282,637	284,132	282,878	277,787	269,142
N ₂ O		t CO ₂ e/annum	57,890	54,216	53,482	53,438	52,379	53,578	57,384
Biogenic emissions									
	305-1c	t CO ₂ e/annum	7,073,874	6,803,390	6,621,873	6,877,140	6,728,999	6,847,713	7,198,646
Scope 2	305-2	t CO ₂ e/annum	1,529,346	1,188,359	1,146,302	1,325,659	1,076,535	924,179	742,900
	305-4	kg CO ₂ e/adt	228.7	205.7	182.0	199.2	215.8	178.5	144.5
Scope 1 and 2 GHG emissions		t CO ₂ e/annum	5,970,675	5,292,119	5,443,274	5,437,758	4,583,347	4,126,847	3,917,636
	305-4	kg CO ₂ e/adt	892.9	916.1	864.4	817.2	918.8	797.2	762.0
		t CO ₂ e/US\$ million	1,039.1	1,148.2	1,034.0	745.3	789.0	756.1	717.8
Scope 3	305-3a	t CO ₂ e/annum	3,935,961	3,323,710	3,470,153	3,748,614	3,430,897	3,721,925	4,277,154
	305-4	kg CO ₂ e/adt	588.6	575.4	551.0	563.3	687.8	718.9	832.0

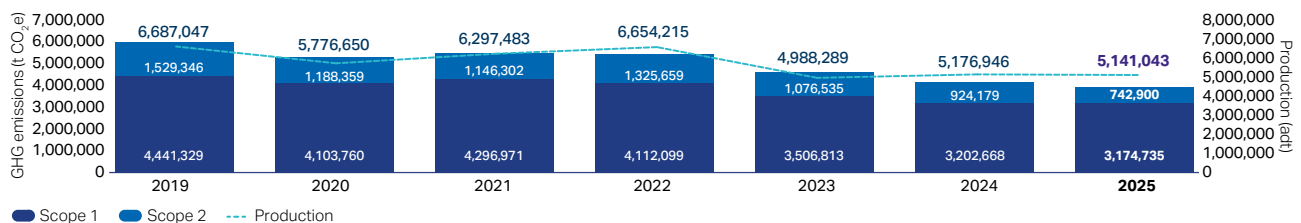
Production curtailments continue to impact emission intensity since production is the denominator in the calculation. Sappi's absolute emissions have reduced by 34% since 2019 and benefited in 2024 from the closures of Stockstadt and Lanaken Mills. The majority of the sales volumes from the two closed 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 trend

Group absolute GHG emissions

Scope 1 and 2 emissions **reduced by 34%** since 2019
 Scope 1 emissions **reduced by 29%** since 2019
 Scope 2 emissions **reduced by 51%** since 2019

Group absolute GHG emissions



Although the 2025 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 from the four main projects listed below.

1. Kirkniemi Mill Scope 1 emission intensity reduced by 84% from the 2019 baseline, corresponding to an absolute reduction of 87%, 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, corresponding to an absolute reduction of 52%, 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 6% from the 2019 baseline, corresponding to an absolute reduction of 15%, as e-boiler benefits were realised.
 4. Saiccor Mill Scope 1 emission intensity reduced by 45% from the 2019 baseline, corresponding to an absolute reduction of 42%, 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. In 2025, 23% of our suppliers by spend have set SBTs. By region, the performance was SEU 25%, SNA 19% and SSA 25%. Delays in SBTi finalising their guidance for the chemical sector has constrained a number of our suppliers setting SBTs. We anticipate that more of our chemical suppliers will join SBTi after the guidelines are published for the sector – expected by the end of calendar year 2025.

Limited assurance

- In 2025 we engaged KPMG to perform limited assurance on the following planet variables:
- Scope 1 and 2 GHG emissions
 - Scope 3 GHG emissions: Category 1 - Purchased goods and services
 - Solid waste-to-landfill
 - Certified fibre
 - Water usage (SSA only).

Enabling a just transition

Sappi recognises that a just transition to a low-carbon economy requires not only technological change but also social inclusion and capacity building beyond our own workforce. In South Africa, where the company's operations are deeply rooted, the shortage of technical and green economy skills presents both a challenge and an opportunity.

Sappi is fully committed to a just transition that places our people at the centre of our sustainability journey. In 2025, we implemented dedicated metrics to monitor and understand the impact of our transition on our workforce, ensuring transparency and accountability. Our goal is to achieve our climate and sustainability objectives without any direct job losses linked to this transition. Where changes to roles or operations are necessary, we are committed to reskilling and redeploying our employees, equipping them with the skills needed for a low-carbon, circular future while maintaining meaningful employment across our operations.

Impact of climate transition actions	FY2025	FY2019 to FY2024
Number of permanent jobs lost	0	0
Number of permanent jobs created	1	98
Number of employees re-skilled and re-deployed	0	15

Building Green Skills and Economic Resilience in South Africa

Sappi Southern Africa has implemented a series of targeted skills development initiatives that support sustainable livelihoods while enabling the workforce of the future.

At the core of these efforts is Sappi's artisan training programme, which provides comprehensive apprenticeships in critical trades such as millwrighting, fitting and turning, electrical work, and boiler-making. Each year, between 105 and 120 apprentices are trained through Sappi's state-of-the-art facilities, with an absorption rate exceeding 90% into Sappi's own operations and those of its contractors. In recognition of barriers to entry in rural areas, Sappi introduced a pre-apprentice bridging course in 2019 to strengthen mathematics and engineering science competencies among local youth. More than 60 young people have completed the programme to date, all progressing into formal apprenticeships.

Sappi is also building capacity within the forestry sector, particularly around green economy skills essential for sustainable resource management. In KwaZulu-Natal and Mpumalanga, 309 forestry growers and contractors received training in silviculture, harvesting, and environmental certification during the reporting year. These programmes strengthen sustainable forestry practices aligned with international standards such as the Forest Stewardship Council™ (FSC™) and the Programme for the Endorsement of Forest Certification (PEFC) and empower local contractors and emerging entrepreneurs to operate viable, certified businesses.

Through these initiatives, Sappi is aligning its workforce development strategy with the principles of a just transition, ensuring that communities are not left behind in the shift to a low-carbon economy. By cultivating technical and environmental skills within its host communities, Sappi contributes to long-term economic resilience, social equity, and environmental stewardship, reinforcing the connection between climate action and inclusive development.

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.

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. We recognise that the successful implementation of our transition plan depends on balancing abatement investments with capital availability and social impacts to ensure a just transition.

