

Our business model

Sappi's business model is underpinned by our purpose: we exist to build a thriving world by unlocking the power of renewable resources to benefit people, communities and the planet.

We transform woodfibre from responsibly managed forests into a broad portfolio of dissolving wood pulp, paper, packaging papers and innovative biomaterials, delivering sustainable solutions that meet the needs of a low-carbon, circular economy.

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



SDGs

8
12
17



Financial capital

- Total assets: **US\$6,072 million**.



Intellectual capital

- Technology centres around the world
- R&D investment: **US\$44 million**
- Leading-edge tree improvement programmes
- World-class digital transformation strategy.



Social and relationship capital

- The forestry, pulp and paper sector makes a significant contribution to economic growth and job creation in the regions where we operate.



Manufactured capital

- **16** production facilities
- **26** paper/packaging machines.



SDGs

1
4
8
17



Human capital

- **10,655** per HFM permanent employees
- **34,981,297** contractor hours
- Strong safety culture.



Social and relationship capital

- Ongoing stakeholder engagement
- Corporate social investment:
Sappi Europe (SEU) **EUR100,000**
Sappi North America (SNA) **US\$190,000**
Sappi Southern Africa (SSA) **ZAR61 million**.



SDGs

6
7
12
13
15
17



Natural capital

- **405,103 ha** owned and leased plantations. Approximately one third is unplanted and managed for biodiversity conservation
- Energy purchased: **69,170,115 GJ/annum**
- Energy generated on-site: **62,315,033 GJ/annum**
- Renewable energy: **65%**, of which **62.8%** own black liquor
- Process water extracted: **206 million m³** (absolute), **40.1 m³/adt** (specific)
- Certified fibre used: **78%**.



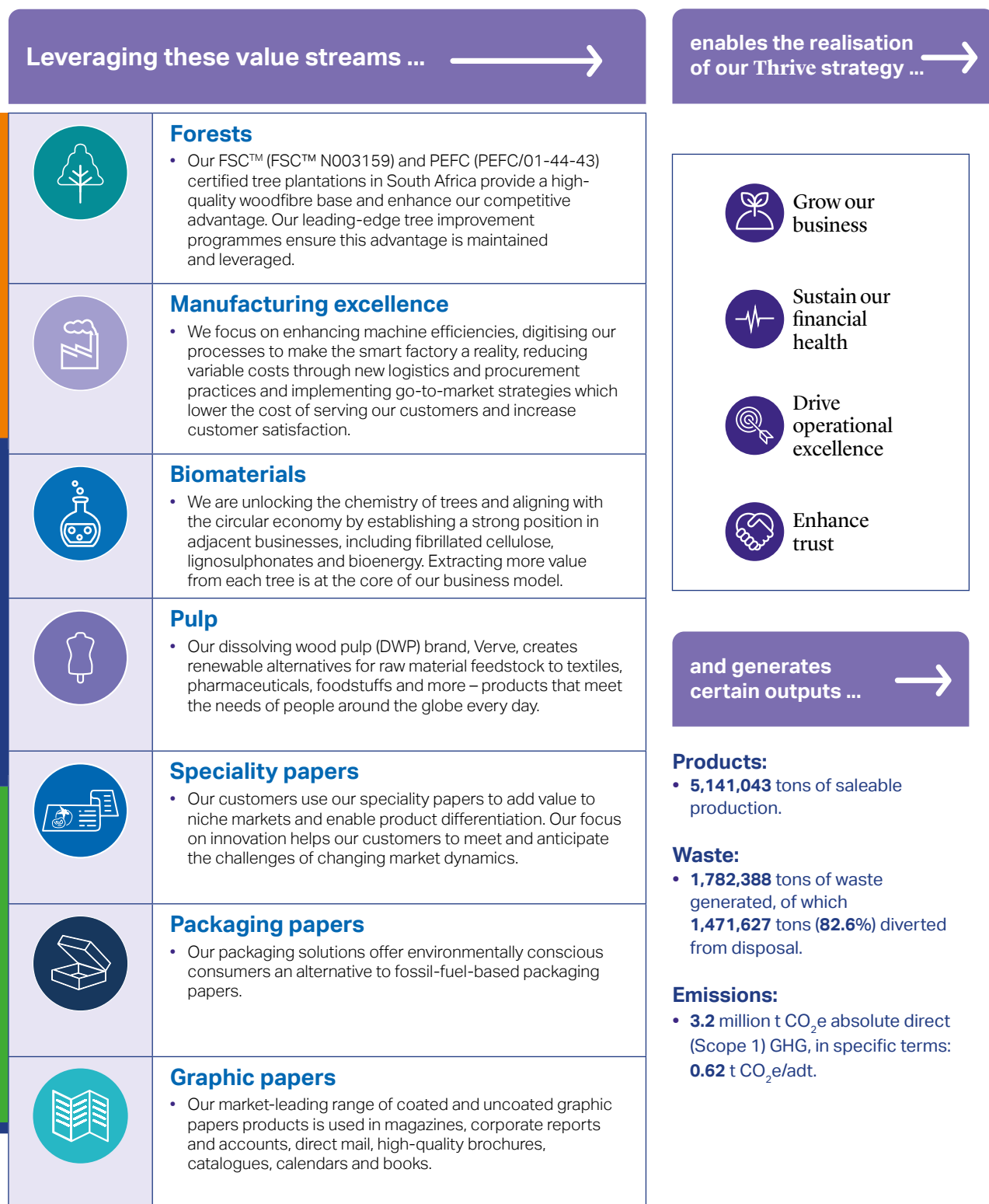
Our values: As OneSappi, we do business safely with integrity and courage, making smart decisions which we execute with speed.

Our SDGs



This model is reinforced by ongoing engagement with our stakeholders (pages 62 to 71) and an in-depth understanding of our operating context (pages 48 to 51), both of which enable more tangible value creation and informed decision-making. Anchored in our **Thrive** strategy, we integrate **Principles, Prosperity, People and Planet (the 4Ps)** to ensure

that climate action, nature stewardship and social impact are embedded in how we create, deliver and capture value. Our integrated operations and global sales network allow us to meet customer demand for low-carbon, circular and nature-positive products while driving efficiencies and innovation.



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

In South Africa, where our plantation forestry operations play a pivotal role in rural economies, our activities create significant social value through employment, small-grower programmes and community partnerships, reinforcing our

commitment to a just transition. By aligning financial performance with environmental and social responsibility, Sappi positions itself as a trusted partner in building a thriving, inclusive and nature-positive future.

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

which we work to enhance in the following ways:



- ✓ Adjusted EBITDA¹: **US\$501 million**
- Net debt: **US\$1,920 million**
- ✓ **US\$992 million paid** to employees as salaries, wages and other benefits
- ✓ **US\$264 million reinvested** to grow the business
- ✓ **US\$71 million paid** to governments as taxation
- **US\$104 million paid** to lenders of capital as interest
- ✓ **US\$85 million paid** to shareholders as dividends
- ✓ **17 new products with sustainability benefits launched over last five years** to meet evolving market demands.

¹ EBITDA excluding special items and the plantation fair value price adjustment.

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



- ✓ The 2025 **Employee Engagement Survey** showed an increased participation rate and an increase in the percentage of engaged employees compared to 2023 survey
- ✗ **One employee and one contractor fatality**
- **Improvement in the group LTIFR**
- ✓ **Global training average** (weighted) of **59.95** hours per employee (FY2024: 46.7 hours)
- **Productivity 4.8** hours worked per ton of saleable production (FY2024: 4.4 hours)
- **Maintained our Level 1 BBBEE** contributor status.

- Central **action tracker facilitates** the resolution of issues identified in the Employee Engagement Survey
- **Global safety performance** unsatisfactory with LTIFR of SNA and SEU deteriorating compared to last year and two fatalities in SSA
- **Global target to increase** proportion of women in management: All three regions achieved 2025 target
- **Code of Ethics training** to all employees in line with our strong governance culture.



- **Decrease** in specific GHG Scope 1 and 2 emissions
- ✗ **Slight increase** in global specific energy usage
- ✗ Specific **process water usage** in SSA not achieved
- At stand level, our plantations have a **negative impact on biodiversity**. At plantation level, we manage this impact by managing approximately one third of our landholdings for biodiversity
- ✓ Achieved a **25.3% biodiversity improvement** within our South African forestry conservation area landholdings
- ✓ **Lighter-weight packaging products** – lighter carbon footprint
- ✓ **78% certified fibre** supplied to mills enhances our competitive advantage.

- **Sappi Chair** in Climate Change and Plantation Sustainability at the University of the Witwatersrand **will provide more accurate climate models** and replicable, workable methodologies which will **benefit Sappi and the industry**
- **Collaborating with World Business Council for Sustainable Development (WBCSD) Forest Solutions Group (FSG)** to identify appropriate climate, nature and equity actions and develop appropriate metrics for our sector
- **Our World Wide Fund for Nature (WWF) Water Stewardship** project in the uMkhomazi catchment near Saiccor Mill advancing water security for the region
- **Sappi Rare, Threatened and Endangered Species Stewardship Programme** continues to deliver value. Due to Sappi's efforts *Warburgia salutaris*, commonly known as the Pepper-bark tree, was reclassified in 2025 from endangered to vulnerable.



Value created



Value preserved



Value eroded

Our business model continued

Our trade-offs

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



Debt reduction remains our top capital allocation priority over the next two years. To balance the trade-off between capital-intensive carbon abatement initiatives and sustaining our financial health, we will focus in the short-term on operational efficiency improvements and Scope 2 emission reductions in South Africa through a renewable power purchase agreement, while phasing larger investments responsibly.

Risks

- Risk 5: Evolving technologies and consumer preferences
- Risk 7: Liquidity.



In response to market overcapacity and in line with our strategy of reducing exposure to graphic papers markets, in 2025 we initiated consultation processes at Kirkniemi and Alfeld Mills to close three paper machines and reduce shifts at Ehingen Mill from five to three. Consultations were completed shortly after financial year-end.

Risks

- Risk 10: Employee relations.



Market-driven production curtailments continued to impede our operational efficiency, causing us to fall short of some of our intensity-based planet-related targets for the year. For example, energy intensity and Scope 1 (direct) and Scope 2 (indirect) GHG emissions intensity did not reach our targets.

Risks

- Risk 4: Sustainability expectations
- Risk 6: Climate change.