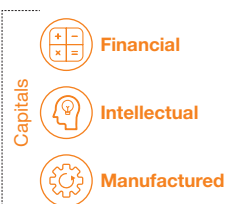


Our business model

1

Inputs

The resources and relationships we rely on



- 19 production facilities across the globe (see page 7)
- Debt: US\$1,946 million
- Equity and liabilities: US\$6,186 million
- Research and development (R&D) investment: US\$43 million
- Investment in growth: US\$376 million to grow the business



- Employees: 12,492
- South African contractor employees: approx. 9,250 contractor employees (average)
- Average training spend per employee per region: SEU US\$473, SNA US\$238, SSA US\$671, Sappi Trading US\$504
- Ongoing stakeholder engagement
- Corporate social responsibility investment: US\$3.49 million



- Plantations:
 - 394,000 owned and leased, of which 258,000 is planted
 - The remainder is managed to conserve the natural habitat and biodiversity found there
- Energy purchased: 2,547.29MW
- Energy generated on site: 1,934.81MW
- Renewable energy 52.44%, of which 66.35% own black liquor
- Water extracted: 287.14 million litres in absolute terms, 34.86m³/adt in specific terms
- Certified fibre used: 77%

2

Our activities

Our value streams



Forests



Manufacturing excellence



Biomaterials



Pulp



Packaging and specialty papers



Graphic papers

3

Outputs

Our products, services and waste products

Products:

- 6.3 million tons of saleable production

Waste:

- 1.4 million tons of which 332,680 tons (23.3%) is sent to landfill

Emissions:

- 4.3 million tCO₂e absolute direct (Scope 1) GHG, in specific terms: 0.679 tCO₂e/adt

4

Outcomes

The broader impacts of our business activities

- ✓ Total assets: US\$6,186 million
- ✓ EBITDA: US\$532 million, an increase of 41% year-on-year
- ✓ Net debt: down 1%
- ✓ US\$64 million paid to governments through taxation

- Zero fatalities
- ✓ Global average of 48.29 training hours per employee

- Energy intensity: 22.35 GJ/adt
- ✓ High levels of wood certification result in competitive advantage
- ✓ World-leading tree improvement programmes have led to shorter growth times and enhanced fibre gain
- ✓ Training of smallholders in SNA and SSA to educate them on more sustainable forestry practices



Value created



Value preserved



Value eroded

5

Actions to enhance outcomes

- ✓ US\$1,045 million paid to employees as salaries, wages and other benefits
- ✗ US\$154 million paid to lenders as interest
- ✓ Earnings per share (excluding special items): 15 US cents
- ✓ Our high levels of innovation give our customers a competitive edge in global markets
- ✓ New products developed to meet changing customer expectations and market trends



- Implemented a series of price increases in our paper businesses to offset rising input costs
- Increased investment in R&D to ensure cutting-edge solutions for customers (FY2021: US\$43 million, FY2020: US\$39 million)
- Consolidation and alignment of Global Business Services: sales, supply chain and finance, as well as logistics and manufacturing
- Ongoing diversification of our product portfolio into higher margin segments
- Commercialisation of bioproducts gaining traction



- ✗ Productivity: 4 hours worked/adt saleable production
- ✓ Level 1 BBBEE contributor



- Continued investment in embedding a safety culture across the group
- Focus on entrenching transformation in our South African operations to support inclusive growth
- Investment in training and development of our employees, 74.4% allocated to skills training and 25.6% allocated to compliance training
- Strong governance and ethical culture reinforced by the Code of Ethics
- Initiated our first campaign to onboard suppliers onto the EcoVadis platform, with the number of suppliers now on this platform accounting for 33% of our total global procurement spend
- Formulated a social impact strategy in SSA



- ✓ PEFC certification in SSA
- ✓ DP used for clothing and household textiles, baby wipes and wet wipes – reducing environmental impact
- ✓ Lighter-weight packaging products – reduction in carbon footprint
- ✓ Expanded packaging portfolio offers customers and consumers more sustainable alternatives to fossil-fuel based packaging (plastics)



- Progressed our decarbonisation roadmap in each region
- Increased energy self-sufficiency by 6.3% over five years due to focus on reducing purchased energy
- GHG emissions offset by carbon sequestration
- Continued to adjust our tree breeding strategy to mitigate the impacts of climate change
- Made progress in terms of our 2025 biodiversity goal (vegetation assessment on our land)



Our business model continued

Examples of our trade-offs

The most difficult decisions made during the year

The sale of the southwestern part of our site at Maastricht Mill in the Netherlands has necessitated a relocation of activities and associated construction. However, the costs thereof will be offset by the proceeds of the sale.

Risk

7

Cyclical macro-economic factors

Risk

9

Liquidity



Balancing employee health and safety with operational continuity

A comprehensive Covid-19 action plan enabled us to operate in a safe and uninterrupted manner where demand permitted.

Closure of operations because of the civil unrest in KwaZulu-Natal, South Africa in order to mitigate the risks to our operations and our employees negatively impacted EBITDA ex SI.

Risk

1

Safety

Risk

10

Employee relations



Balancing afforestation and biodiversity

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.

Risk

4

Sustainability expectations

Risk

5

Climate change

