



What is forest certification?

Forest certification is a well-established tool to ensure that responsible forest management practices are implemented in the forest,¹ and that wood from certified forests can be identified throughout the supply chain. Certification systems establish specific forest management, woodfibre sourcing, Chain of Custody tracking and marketing requirements for certified organisations; provide a framework for third-party auditing; and govern the use of promotional and product claims.

Why is forest certification important?

Certification is an important tool that enables conscious consumers to choose responsibly sourced wood-based products. It gives consumers the assurance that the woodfibre used to manufacture the products they are buying has been legally harvested in accordance with sound environmental practices, and that social aspects, such as indigenous rights, have been taken into account. Forest certification and other voluntary codes of conduct are key tools for promoting sustainable consumption and production, and for combating deforestation, forest degradation and illegal logging by providing proof of legality and responsible management, harvesting and manufacturing practices.

¹ Plantations are included in the term 'forest' in the context of forest management and sourcing.

To fully understand the fundamental importance of global, credible forest certification systems coupled with rigorous tracing practices, we need to understand the value and state of the world's forests. The sale of illegally or unsustainably harvested timber contributes to the loss of biodiversity, degraded watersheds, unhealthy forests subject to destruction from wildfires or pests and pathogens, and deforestation, not to mention the possibility of unsafe working conditions and civil/traditional rights conflicts. Deforestation leads to biodiversity losses and increased greenhouse gas emissions, as forests capture carbon dioxide (CO₂) from the air during the process of photosynthesis and store it in their leaves, wood, roots and soils, acting as 'carbon sinks'. After the oceans, forests contain the world's second-largest stores of CO₂.

Forest certification's positive impact on the world's forests is a result of the improved forest management practices in certified forests coupled with the stringent sourcing and due diligence requirements for non-certified woodfibre inputs. Certificate holders must ensure that all non-certified woodfibre inputs mixed with certified material are from controlled, non-controversial sources. This means that the impact of forest certification extends far beyond the certified forests. Additionally, forest certification requires certificate holders to implement procedures to track and trace the origin of the wood, which is necessary to drive change and support sustainable and transparent supply chains.

Fast facts

- We recognise credible third-party forest certification systems including the FSC™, PEFC, SFI® and other PEFC-endorsed systems.
- Forest certification provides assurance that our products originate from responsibly-managed forests.
- All our mills are Chain of Custody certified.
- We require suppliers to provide evidence that all woodfibre is sourced from controlled, non-controversial sources.
- Sappi's timber plantations in South Africa are both FSC and PEFC certified.
- Knowing the origin of wood is a fundamental prerequisite to ensure responsible sourcing.
- Our global goal to increase certified fibre supplied to our mills is supported by regional targets.
- We promote the increased use of certified woodfibre throughout our supply and value chains.

How does forest certification work?

Forest certification systems encompass three separate, yet closely interlinked, focus areas, each requiring annual, independent, third-party assessments of compliance to pre-determined standards:

Forest Management (FM) certification is a process for verifying the compliance of forest management practices with standards and criteria for responsible forest management. Forest landowners/managers wishing to promote their forests as responsibly-managed and their forest products as responsibly-harvested in compliance with one of the certification standards, must achieve and maintain FM certificate(s).

Chain of Custody (CoC) certification is a mechanism for tracing certified woodfibre from the forest to the final product. CoC certification empowers consumers to make responsible purchasing decisions by providing assurance that the fibre in a product about which a claim is being made can be linked back to a certified forest. Manufacturing sites that purchase certified woodfibre and sell forest-based products with certification claims must achieve and maintain CoC certifications. Forest certification claims are only valid if each link in the chain is certified. For a final product to qualify for CoC claims, all entities who take legal ownership of the material/product along the supply chain must be CoC-certified to ensure an unbroken chain from the certified forest to the final certified wood-based products.

Fibre Sourcing / Controlled Wood certification ensures avoidance of controversial sources for fibre mixed with certified content. Procurement and manufacturing companies that mix certified and non-certified fibre must implement Due Diligence System (DDS) procedures to assess geographic and supply-chain risk. *(Note, in the case of PEFC this is part of the CoC standard.)* Product that is not sold with CoC claims may be eligible for verified responsible sourcing claims under a Fiber Sourcing and/or Controlled Wood certificate.

Forest certification standards establish a common "language" by establishing core criteria and indicators that address long-term sustainability as well as create a governance structure for global efficiency and consistency. These standards include requirements aimed at ensuring safe work environments, fair wages/benefits, legal compliance, stakeholder consultation, and the long-term health and well-being of communities within, or adjacent to, the forest management area, as well as maintaining recreational function and aesthetic values.

Forest certification standards are periodically revised via transparent and inclusive processes to incorporate best-available science and emerging issues. Certificate holders are required to undergo annual audits conducted by independent, third-party accredited certification bodies to measure and verify conformance to the standard(s). Successful completion of audits enables certificate holders to sell certified products in the marketplace with verified claims of responsible forest management, sourcing and/or chain of custody tracking.

Why is forest certification important to Sappi?

Forest certification provides assurance to our customers that the woodfibre used for our products originates from responsibly-managed forests. It underpins our commitment to continuous improvement, our focus on being an environmentally responsible company operating according to the principles of sustainable forest management, and our efforts to provide our customers with products made with woodfibre that is responsibly sourced, originating from controlled, non-controversial sources.

Sappi and our suppliers understand that healthy, robust, well-managed forests support community well-being, provide a haven for wildlife, promote biodiversity, protect watersheds by providing clean water and conserving soil resources, and play a critical role in the carbon sequestration cycle. We view responsible sourcing of fibre as critical to create value in standing forests, promoting the regeneration necessary to keep forests thriving and avoid conversion of forests to other uses.

Sappi's decades-long dedication to support private small-scale forestry in South Africa reached an important milestone in 2020, when Sappi was awarded the first PEFC forest management certificate in South Africa. The great value of the PEFC-endorsed standard SAFAS (Sustainable African Forest Assurance Scheme) is that it incorporates cutting-edge, innovative and effective approaches to also make forest certification more accessible to South Africa's small landowners. This has great promise for ensuring that certification not only delivers social and environmental values, but also supports socio-economic and development priorities. Sappi also continues to maintain FSC certification on its plantations.

Which certification systems does Sappi use?

We utilise the following leading global certification systems:

- The Forest Stewardship Council™ (FSC™ N003159);
- The Programme for the Endorsement of Forest Certification (PEFC/01-44-43); and
- The Sustainable Forestry Initiative® (SFI®), and other PEFC-endorsed systems.

Sappi promotes the increased use of certified woodfibre throughout our supply and value chains, and works with credible, internationally recognised, robust systems, which give equal assurance of the origin of woodfibre and responsible forest management practices. Our goal is to offer our customers a wide basket of products that are certified by at least one independent third-party verified, credible system.

Sappi's mills are well-positioned to offer certified products to our customers. All Sappi mills in Europe, the United States, and Canada are dual-certified to both PEFC and FSC CoC and Controlled Wood standards. Sappi's mills in the United States are also certified to the SFI CoC and Fiber Sourcing standards. Sappi's mills in South Africa are FSC CoC-certified and with the exception of Stanger Mill and Lomati Sawmill also PEFC CoC certified.

Why isn't all the woodfibre supplied to Sappi's mills certified?

Globally, only about 13% of the world's forests are certified. Despite all the tangible benefits of forest certification and positive impact on forest management and sourcing practices, it is important to recognise that forest certification may not be the "right tool in the toolbox" for all landowners and scenarios. Forest certification is complex, expensive, and at times not financially viable or operationally practical for small private forest landowners, farmers and/or community growers.

Although the countries in which Sappi operates maintain a comparatively high level of certification, in many cases it is nowhere close to 100%. The high level of private ownership and the number of smallholders in Sappi's supply chains make it practically impossible to achieve 100% certified fibre. Given the limited availability of certified

woodfibre, nearly all supply chains use a blend of certified and uncertified fibre. To maintain the highest levels of assurance, forest certification systems instituted additional control measures for fibre from uncertified lands to ensure avoidance of controversial sources.

Globally, all wood and pulp sourced for Sappi meet the requirements of the FSC Controlled Wood standard at a minimum. There are five categories of unacceptable woodfibre that cannot be mixed with our materials:

- Illegally harvested wood;
- Wood harvested in violation of traditional and human rights;
- Wood harvested from forests in which high conservation values are threatened by management activities;
- Wood harvested from areas being converted from forests to plantations or non-forest use; and
- Wood from forests in which genetically modified trees are planted.

SFI also has a separate Fibre Sourcing Standard. For Sappi North America's U.S.-based paper and packaging mills, all wood and pulp purchases must also meet this standard, which has additional requirements beyond avoiding controversial sources. These requirements include landowner outreach, use of qualified resources and qualified logging professionals, investment in forest research, as well as adherence to best management practices.

How does Sappi trace the origin of woodfibre?

Knowing the origin of woodfibre is a fundamental prerequisite for responsible woodfibre sourcing.

We have rigorous tracing practices in place regarding the documentation of the origin of woodfibre. In addition, suppliers have to provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood Standard, as well as PEFC (and SFI in the United States) risk-based due diligence system(s). All suppliers are requested to provide wood origin information (country of harvest and, where applicable, sub-national region and/or concession of harvest) and a list of tree species at least annually and/or upon request. Based on the data, Sappi prepares mill-specific Wood Origin Declarations which are available for all interested stakeholders on [sappi.com](https://www.sappi.com).

We neither harvest nor buy woodfibre which originates from tropical natural forests and our wood sourcing causes zero deforestation. Our commitment to zero deforestation means knowing the source of woodfibre; ensuring that suppliers implement practices to promptly regenerate forests post-harvest, which is required under the global forest certification standards that Sappi is committed to upholding. All products manufactured and distributed (or sold) by Sappi are compliant with the U.S. Lacey Act and European Timber Regulation (EUTR).

For further information about our stringent woodfibre sourcing requirements, please refer to our Group Woodfibre Procurement Policy, available at www.sappi.com/groupwoodfibreprocurementpolicy

All our third-party issued certificates can be viewed and downloaded on our website at www.sappi.com/certifications-for-sappi-group

