

SECTION B: KEY FUNCTIONS OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

Human Resources and Compensation Committee

The purpose of the committee is to oversee remuneration matters for all controlled subsidiaries of Sappi Limited. Its key objectives are to:

- Make recommendations on remuneration policies and practices, including Sappi's employee share schemes
- Ensure effective executive succession planning
- Review compliance with all statutory and best practice requirements on labour and industrial relations management.

The committee consists of four independent non-executive directors:

MA Fallon – Chairman

BR Beamish

NP Mageza

RJAM Renders

The Chairman of the company, Sir Rudd, attends committee meetings *ex officio* while the Group Chief Executive Officer, Mr Binnie together with Group Head Human Resources, Mr Marupen, attend meetings by invitation.

Mrs Mahendranath, Company Secretary, attends the meeting as secretary to the committee.

The Human Resources and Compensation Committee met four times during the year and held one telephone conference.

Attendance at meetings by individual members is detailed on page 151.

The Chairman of the Human Resources and Compensation Committee, Mr Fallon, Mr Binnie Group CEO, Dr Wessels Group Head Sustainability and Investor Relations and Mr Fergus Marupen, Group Head of Human Resources met with key shareholders in July 2022. These shareholders were the Public Investment Corporation (PIC), Alan Gray, Ninety One and M&G Investments.

None of the committee members has any significant personal financial interest, or conflict of interest, or any form of cross directorship, or day-to-day involvement in the running of the business.

Executive directors and managers are not present during committee discussions relating to their own compensation.

The Human Resources and Compensation Committee ensures that the policy governing compensation practices and structures within the group support the group's strategy and performance goals. The policy also enables the attraction, retention and motivation of executives and all employees.

The key activities of the committee during 2022 are summarised as follows:

Recommended and approved:

- The allocation of 2022 performance share awards to executive directors and all other eligible participants
- Salary increases and bonus payments for executive directors and other key senior managers for 2022
- Fee levels for non-executive directors of the Sappi Limited board for consideration and recommendation to shareholders for approval
- The allocation model and the comparator peer group for the 2022 performance share plan
- The 2023 MIS rules
- Reviewed and approved the ESG measures for Mr Binnie as part of his personal objectives
- Reviewed and approved the CFRONA.

Reduce specific Green House Gasses (Scope 1+2) emissions
(KgCo₂e/adt)

% Certified fibre – Chain of custody (CoC)

Solid waste to landfill (kg/adt)

**Accounts for
30% of the
personal
objectives**

Was	CFRONA is calculated as cash generated by operations after working capital movements (before interest, tax and dividends) divided by average total assets (excluding cash) less interest-free liabilities.
Now	CFRONA is calculated as cash available from operating activities, divided by average total assets (excluding cash) less interest-free liabilities.

Reviewed:

- The 2021 remuneration report, including the content of the company compensation policy and practices, which was put to shareholders for a non-binding vote at the AGM in February 2022
- Development of the 2022 remuneration report for shareholder approval in February 2023
- The succession, retirement and development plans for key management positions
- The group's industrial relations policy and implementation
- The group's training and development policy and implementation
- The investor feedback on the 2021 remuneration report
- 2021 committee evaluation
- Sappi's Covid-19 response and the impact on employees
- Future ESG measures for consideration in the incentive plans.

Independent advice

Management engaged the services from the following organisations to assist in compensation work during the course of the year:

Consultancy	Engagement
Mercer	Recommendations in relation to the performance share plan (PSP) with reference to: • Allocations and calculation of the total shareholder return (TSR) performance condition • Peer group additions.
KPMG	External verification and auditing of the CFRONA performance condition of the PSPs
PricewaterhouseCoopers Tax Services, South Africa	Tax advice to non-executive directors

Areas of focus for 2023

Key activities for the committee in 2023 will be, *inter alia*, the approval of the remuneration and bonuses for executive directors and senior management. Emphasis will also be placed on developing a way forward in relation to the growing emphasis on ESG measures and the appropriate long and short-term mix for our incentives schemes.

In addition to the annual work plan as approved by the committee, the Chairman of the committee and senior executives from Sappi will, if required, also be visiting key shareholders to discuss issues of mutual concern.