

Section D: Remuneration implementation report

Remuneration structure

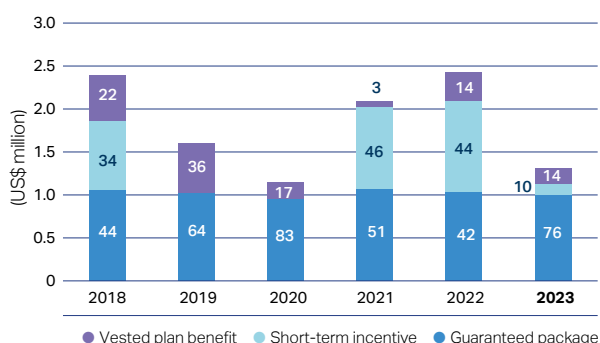
Total remuneration comprises fixed pay (ie base salary and benefits) and variable performance-related pay, which is divided further into short-term incentives with a one-year performance period and long-term incentives which have a four-year performance period as detailed in Section C.

Reward mix

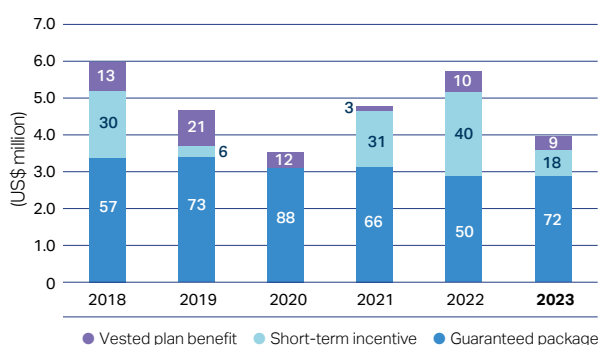
The reward mix for Executive Directors and Executive Committee members is shown in the schematics below.

The long-term incentive awards are based on the vested value of the performance plan shares issued on 19 November 2019 (share price at date of allocation: ZAR82.49). Details of the Executive Directors' remuneration can be found on page 190.

Executive Directors' compensation mix



Prescribed officers' compensation mix



Our compensation policy aims to have a balance between guaranteed package, short and long-term incentives.

Base salary

The Human Resources and Compensation Committee approved the level of base salary for each Executive Director, Executive Committee member and other key senior managers.

The salary increases were based on individuals' performances and contributions, internal relativities, inflation rates in the countries of operation, general market salary movement and overall affordability.

In January 2023, Mr Binnie and Mr Pearce received a salary increase of 6.5% on the South African portion of their salaries and 3.5% on the offshore portion of their salaries. Their salaries were US\$549,940 per annum and US\$317,426 per annum, respectively.

The same salary increase percentages were applied in determining the salary increases for Executive Committee members' and general staff, dependent on location.

Retirement benefits

Retirement benefits are largely in the form of defined contribution schemes. In some instances, legacy defined benefit schemes exist. Almost all the defined benefit schemes are closed to new hires.

Mr Binnie and Mr Pearce are both members of defined contribution funds and the total employee and company contribution is ZAR350,000 each.

Short-term incentive

A performance threshold of 85% of budgeted EBITDA for the group is required before any bonus can be paid to participants in the group scheme.

Achievement against short-term incentive metrics: Executive Directors 2023

The group achieved an EBITDA of US\$731 million for the year, substantially below the record achieved in 2022. As per the rules of the scheme, an EBITDA threshold of 85% of target should be achieved before any bonuses get paid. Therefore, the CEO and the CFO did not receive a bonus payment for the financial elements. The executives had the potential of the 20 points in their personal objectives as an incentive.

All regions achieved both their LTIFR and LTISR targets which resulted in the additional safety award.

Personal objectives of executives for 2023 MIS

Performance objectives	Description	Comments	Weighting
Drive safety programme 	Drive safety first across Sappi with continuous improvement on overall severity rates measured by LTIFR and LTISR of own and contractors.	- Safety continuously improving - The group's rolling 12-month combined LTIFR improved from 0.31 to 0.24 - The group's rolling 12-month combined LTISR increased from 10 to 12 - No fatalities since 2021. 	10%
Execute on strategic plans and projects 	- Implementation of key strategic plans aligned to the five-year capital plan: - Reduce graphic papers - Grow packaging and speciality papers - Maximise pulp opportunities - Grow Biotech.	- Execute the project to reduce Europe's graphic papers exposure (Project Silver) - Execute the Saiccor Mill dissolving pulp (DP) expansion (Vulindlela) - Execute on the expansion of Sappi North America (SNA) packaging and speciality papers grades (Project Elevate) - Grow the pulp business furfural pilot plant successfully commissioned. 	10%
Continue to improve Sappi's profitability 	Achieve the EBITDA and ROCE targets for 2023.	- EBITDA was US\$731 million - ROCE of 12.3% achieved. 	10%
Continue to ensure the financial stability of Sappi, through: - Appropriate capex management plans - Cost improvement measures to curb rising input costs - Further reduction on the Sappi debt. 	- Ensure that Sappi will have sufficient liquidity and capital to sustain the business - Maintain net debt <US\$1 billion.	- Reduced debt from US\$2 billion in 2019 to US\$1.08 billion in 2023 - Leverage is at 1.5x. 	10%
Focus on the stability of production across the mills, particularly Saiccor. Develop mitigation plan for supply chain challenges in South Africa 	Ensure the stability of the Saiccor Mill production and work with relevant authorities to deal with logistic constraints.	- Production at Saiccor Mill stabilised - Logistical constraints still an issue, however, Sappi is participating on all the relevant forums and committees with Government to help find solutions. 	10%

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Performance objectives	Description	Comments	Weighting
Successful development of talent and staff engagement 	- Favourable staff engagement survey - Ensure key talent in place for business continuity - Management of key retirements over the next 24 months.	2023 engagement survey successfully completed 94% participation rate - Overall engagement at 80%+ - Key retirement and succession plans in place - Employee experience score 84.6.	 10%
Continue to implement our sustainability targets 	Implementation of our sustainability targets aligned with SBTi and UN SDGs.	- Science-based decarbonisation: Specific GHG emissions kg CO₂eq/ADT - Specific solid waste to landfill kg/adt - Share of certified fibre percentage - Sustainability (decarbonisation) will be a measure in the long-term incentive plan from 2024.	 30%
Drive the Sappi investor relations programme 	- Positioning Sappi as a preferred investment - Growing the offshore investor base - Create an understanding about Sappi with key shareholders and investors.	Meetings held with various investors both local and abroad.	 10%

The Chairman conducted a formal review with the CEO and scored him out of 20 points on the achievement of the stated objectives.

Based on this, the Chairman awarded 17 points to both Mr Binnie and Mr Pearce.

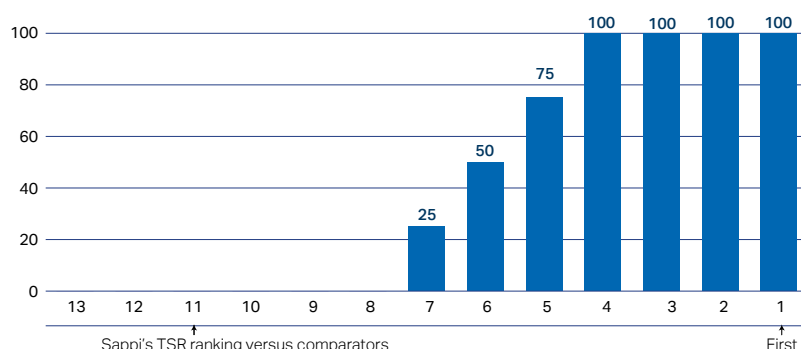
PSP outcomes for 2023

For the four-year period ended September 2023, Sappi's performance relative to the peer group measured on TSR was ranked 11th resulted in a 0% vesting on the TSR component. The determination of the vesting of the shares was provided by Mercer, an independent third party.

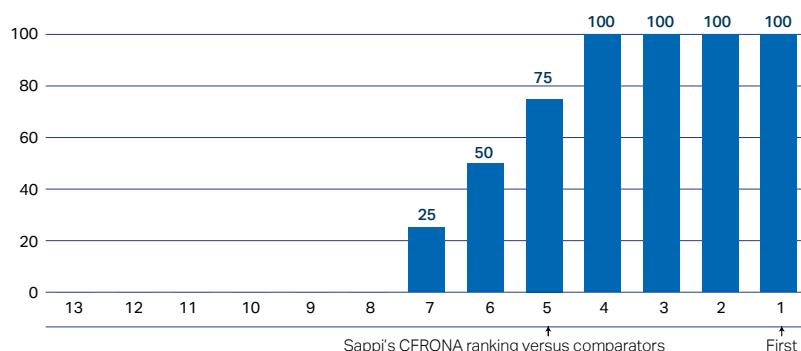
For the four-year period ended September 2023, Sappi's performance relative to the peer group measured on CFRONA was ranked 5th, resulted in 75% vesting on the CFRONA component. This result was verified by KPMG, our external auditors.

In aggregate, therefore 37.5% of the total 2019 awards vested.

2019 TSR vesting schedule (% of awards vesting)



2019 CFRONA vesting schedule (% of awards vesting)



In November 2019, Mr Binnie was granted 156,000 conditional performance plan shares, of which 58,500 of the allocation will vest in November 2023.

In November 2019, Mr Pearce was granted 71,000 conditional performance plan shares, of which 26,625 of the allocation will vest in November 2023.

The historical vesting of PSP awards:

Share awards	2019 %	2020 %	2021 %	2022 %	2023 %
TSR	80	0	0	0	0
CFRONA	100	100	25	100	75
Aggregate	90	50	12.5	50	37.5

PSP allocations for 2023

Each year, Mercer Kepler provides management with a recommendation for an appropriate pool size. For the 2023 allocation, it was approved to grant the number of shares implied by the same SA Rand value of the previous year PSP awards, where share value is based on trailing long-run average share price at grant (eg 12 months). This approach has been applied for the last five years and is consistent with recommendations by our shareholders, to disclose the allocation method.

Mr Binnie was awarded 205,000 conditional performance plan shares in November 2023 that will vest in November 2027.

Mr Pearce was awarded 114,000 conditional performance plan shares in November 2023 that will vest in November 2027.

Executive Bonus Scheme (Share Purchase)

Members of the Executive Committee volunteer to purchase Sappi Limited shares to the value of 30% of their after-tax cash bonus and to keep the shares for a period of three years, with the exception of the group CEO, who volunteers to purchase shares to the value of 40% of his after-tax cash bonus and to keep the shares for a period of three years.

The shares purchased, as agreed above, are registered in the participants' own name and he/she will be able to sell these shares at any time outside of closed periods for trading of Sappi Limited shares and so long as the participant does not have any price sensitive information pertaining to the Sappi group that would prevent him/her from transacting in Sappi Limited securities.

The participant undertakes to keep the shares for a period of 36 months, and if none of the shares have been sold or encumbered during and up to the end date of this 36-month period, then the participant will receive a cash bonus amount based on the then current market value of Sappi shares on the Johannesburg Stock Exchange at the end of the 36-month period, of 20% of the original number of shares purchased, which amount will be grossed-up for tax purposes.

In 2020 no MIS was paid to the executives; therefore no bonuses will be paid as part of this scheme for 2023.

Dilution

If all outstanding plan shares were to vest as at September 2023, the resulting dilution effect would be 2.98% (2022: 2.79%, 2021: 2.53%, 2020: 2.12%) of issued ordinary share capital excluding treasury shares.

Voluntary minimum share holding

A voluntary minimum requirement has been introduced for all prescribed officers. The target holding as a multiple of annual base salary needs to be achieved by December 2025, or within a period of five years from appointment.

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The requirement is that the CEO should hold 3x annual base salary, up from his previous 2x. The CFO 2x and all other prescribed officers at 1x annual base salary.

The acquisition of shares will primarily be achieved by vesting PSPs and through the acquisition of shares under the Executive bonus scheme (Share Purchase), whereby an individual volunteers to purchase shares from a designated portion of their after-tax MIS bonus. However, individuals can also purchase shares during the normal open period with the appropriate approvals. SENS announcements will be applicable. Satisfactory progress has been made on this requirement, despite low vesting on the PSPs and minimal short-term incentive payments.

Prescribed officer	Shareholding			Actual multiple
	Target minimum	Number of shares (Sept 2023)	Value of shares	
SR Binnie	3x	456,000	US\$994,080	1.8
GT Pearce	2x	211,139	US\$460,283	1.4
M Eikelenboom*	1x	34,443	US\$75,086	0.1
M Haws	1x	59,350	US\$129,383	0.3
A Thiel	1x	610,902	US\$1,331,766	3.9
M van Hoven	1x	227,095	US\$495,067	2.7
G Bowles	1x	97,438	US\$212,415	0.8
F Marupen	1x	102,913	US\$224,350	1.2
M Mansoor	1x	81,300	US\$177,234	0.6

* Based on base salary as at 1 April 2021 for M Eikelenboom.

• Average share price of US\$2.18 (R41.17 for September 2023).

• Based on the base salary as at 1 January 2021.

Remuneration disclosure of Executive Directors and prescribed officers

Executive Directors' emoluments for 2023 (US Dollar)

Executive Director	Short-term compensation (STC)				Subtotal STC	LTSIP (value of shares vested this year)*	Total
	Base salary US\$	Annual cash award US\$	Other allowances US\$	Benefits and pension US\$	A US\$	B US\$	A + B US\$
SR Binnie	532,564	79,460	17,376	76,477	705,877	129,942	835,819
GT Pearce	307,550	45,864	9,875	54,008	417,298	59,140	476,438
Total	840,114	125,324	27,251	130,485	1,123,175	189,082	1,312,257

* LTSIP, also referred to as PSP.

- Local earnings are translated into the reporting currency (US Dollar) using the average exchange rate over the financial year. The average rate for SA Rand and Swiss Franc weakened by 15% and 3% respectively against the US Dollar.
- Due to the earnings currencies (SA Rand) weakening against the reporting currency (US\$) over the year, this had the effect of showing earnings in US\$ terms to be lower.
- Base salary – the actual salary earned during 2023.
- Performance-related remuneration – the actual value earned in 2023 based on the rules of MIS.
- Sums paid by way of expense allowance – expenses allowed.
- Contributions paid under pension and medical aid schemes – the annual contribution paid by the company into a defined benefit fund on behalf of the members determined as a percentage of their base salary.
- Long-term shares vested in November 2023.

LTSIP benefit: 2023 allocation (will vest in 2027)

	Number of shares	Share price at allocation	Total awarded benefit*
Executive Director			
SR Binnie	205,000	R40.08	US\$451,968
GT Pearce	114,000	R40.08	US\$251,338

* Assuming 100% vesting on both performance conditions.

Executive Directors' emoluments for 2022 (US Dollar)

Executive Director	Short-term compensation (STC)				Subtotal STC	LTSIP (value of shares vested this year)*	Total
	Base salary US\$	Annual cash award US\$	Other allowances US\$	Benefits and pension US\$	A US\$	B US\$	A + B US\$
SR Binnie	549,242	673,307	15,973	80,893	1,319,415	229,427	1,548,842
GT Pearce	317,525	388,990	9,086	58,760	774,361	105,019	879,304
Total	866,767	1,062,297	25,059	139,653	2,093,776	334,446	2,428,146

* LTSIP, also referred to as PSP.

- Local earnings are translated into the reporting currency (US\$) using the average exchange rate over the financial year. The average rate for SA Rand and Swiss Franc weakened by 6% and 4% respectively against the US Dollar
- Due to the earnings currencies (SA Rand) weakening against the reporting currency (US\$) over the year, this had the effect of showing earnings in Dollar terms to be lower
- Base salary – the actual salary earned during 2022
- Performance-related remuneration – the actual value earned in 2022 based on the rules of MIS
- Sums paid by way of expense allowance – expenses allowed
- Contributions paid under pension and medical aid schemes – the annual contribution paid by the company into a defined benefit fund on behalf of the members determined as a percentage of their base salary
- Long-term shares vested in November 2022.

Prescribed officers/Executive Committee (US Dollar)

Prescribed officers are members of the group Executive Committee.

The table below sets out the remuneration for prescribed officers for 2023:

Prescribed officer	Short-term compensation (STC)				Subtotal STC	LTSIP (value of shares vested this year)	Total
	Base salary US\$	Annual cash award US\$	Other allowances** US\$	Benefits and pension US\$	A US\$	B US\$	A + B US\$
M Eikelenboom	548,789	61,453	4,772	123,839	738,853	22,490	761,343
M Haws	474,601	250,186	–	55,259	780,046	71,634	851,680
A Thiel	318,555	197,119	10,698	22,270	548,642	71,634	620,276
M van Hoven	170,887	19,488	5,493	43,950	239,818	55,808	295,626
G Bowles	251,584	31,034	9,222	48,369	340,208	59,140	399,348
F Marupen	179,618	21,692	5,797	41,429	248,535	48,312	296,847
M Mansoor	324,772	143,999	146,876	78,206	693,853	41,648	735,501
Total	2,268,806	724,971	182,858	413,322	3,589,955	370,666	3,960,621

** Other allowances include a significant salary sacrifice.

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LTIP benefit: 2023 allocation (will vest in 2027)

Prescribed officer	Number of shares	Share price at allocation	Total awarded benefit*
M van Hoven	90,000	R40.08	US\$198,425
F Marupen	79,000	R40.08	US\$174,173
A Thiel	114,000	R40.08	US\$251,338
M Eikelenboom	114,000	R40.08	US\$251,338
M Haws	114,000	R40.08	US\$251,338
M Mansoor	68,000	R40.08	US\$149,921

* Assuming 100% vesting on both performance conditions.

The table below sets out the remuneration for prescribed officers for 2022:

Prescribed officer	Short-term compensation (STC)				Subtotal STC	LTSIP (value of shares vested this year)	Total
	Base salary US\$	Annual cash award US\$	Other allowances** US\$	Benefits and pension US\$	A US\$	B US\$	A + B US\$
M Eikelenboom	514,341	581,459	2,713	120,831	1,219,344	37,161	1,256,505
M Haws	448,993	520,062	–	51,953	1,021,008	37,161	1,058,169
A Thiel	330,492	278,379	11,233	56,635	676,739	127,639	804,378
M van Hoven	176,065	165,428	5,388	46,659	393,540	98,556	492,096
G Bowles	258,365	259,810	8,477	52,049	578,701	105,019	683,720
F Marupen	185,526	174,134	5,625	45,126	410,411	85,631	496,042
M Mansoor	317,523	312,171	160,186	77,647	867,527	63,012	930,539

** Other allowances include a significant salary sacrifice.

Non-executive Directors' fees

Directors are normally remunerated in the currency of the country in which they live or work from. Directors' fees are established in local currencies to reflect market conditions in those countries.

NEDs' fees reflect their services as directors and services on various sub-committees on which they serve. The quantum of committee fees depends on whether the director is an ordinary member or a Chairman of the committee. NEDs do not earn attendance fees; however, additional fees are paid for attendance at board meetings more than the five scheduled meetings per annum.

The Chairman of the Sappi Limited board receives a flat director's fee and does not earn committee fees. NEDs do not participate in any incentive schemes or plans of any kind.

In determining the fees for NEDs, due consideration is given to the fee practice of companies of similar size and complexity in the countries in which the directors are based. The extreme volatility of currencies, in particular the SA Rand/US Dollar exchange rate in the past few years, caused distortions of the relative fees in US Dollar paid to individual directors.

All Sappi's NED fees will be adjusted in line with executive management increases globally. These increases are estimated between 4% and 6.5%. As for the current Chairman's fee, for the third consecutive year, no increase was recommended. The fees for the new Chairman were benchmarked by Mercer. Details of the fee can be found on pages 184 and 185 of this report.

We will continue to review our NED fees against the market and our comparator group to ensure that our fees are at the appropriate levels, taking into account the size and complexity of Sappi.

NEDs' fees are proposed by the Executive Committee, agreed by the Human Resources and Compensation Committee, recommended by the board and approved at the AGM by the shareholders.

The NEDs' fees for 2023 financial year were approved by shareholders. The table below sets out the remuneration for NEDs for 2023:

Name	Board fees	Committee fees	Travel allowance	Total
ANR Rudd	£319,940	£0	£9,459	£329,399
MA Fallon	£49,739	£51,039	£9,459	£110,237
BR Beamish	£49,739	£42,054	£9,459	£101,252
NL Sowazi	ZAR449,296	ZAR259,235	ZAR140,481	ZAR889,012
NP Mageza	ZAR499,296	ZAR680,682	ZAR140,481	ZAR1,320,459
MV Moosa	ZAR747,088	ZAR473,930	ZAR140,481	ZAR1,361,499
B Mehlomakulu	ZAR499,296	ZAR421,458	ZAR140,481	ZAR1,061,235
ZN Malinga	ZAR499,296	ZAR259,235	ZAR140,481	ZAR899,012
LL von Zeuner	ZAR499,296	ZAR259,235	ZAR140,481	ZAR899,012
RJAM Renders	€66,059	€61,636	€10,782	€138,477
JM Lopez	US\$75,196	US\$27,183	US\$11,400	US\$113,779
E Istavridis	US\$75,196	US\$38,035	US\$7,600	US\$120,831

- Fees are benchmarked and comparable to the market fees payable to the directors' residence.

2022

Name	Board fees	Committee fees	Travel allowance	Total
ANR Rudd	£338,736	£0	£9,665	£348,401
MA Fallon	£66,166	£48,608	£9,546	£124,320
BR Beamish	£56,768	£40,052	£3,556	£100,376
NP Mageza	ZAR565,482	ZAR642,152	ZAR183,643	ZAR1,391,277
MV Moosa	ZAR799,248	ZAR447,103	ZAR183,643	ZAR1,429,994
B Mehlomakulu	ZAR565,482	ZAR397,601	ZAR183,643	ZAR1,146,726
ZN Malinga	ZAR565,482	ZAR244,561	ZAR122,291	ZAR932,334
LL von Zeuner ¹	ZAR39,253	ZAR0	ZAR0	ZAR39,253
RJAM Renders	€75,377	€58,701	€6,834	€140,912
JM Lopez	US\$86,756	US\$26,138	US\$19,000	US\$131,894
JE Stipp ²	US\$26,038	US\$13,170	US\$3,800	US\$43,008

¹ Appointed to the board in September 2022.

² Resigned 09 February 2022.

- Fees include two additional board meetings held in the period.