

Section C: Overview of the remuneration policy

Compensation strategy and policy

Our compensation packages:

- Are designed to attract, retain and motivate executives and all employees to deliver on performance goals and strategy
- Are simple, transparent, and aligned with the interests of shareholders
- Reflect the views of our investors, shareholder bodies and stakeholders
- Are structured in a way that substantial rewards are only paid for exceptional performance and that poor performance does not earn an incentive award
- Encourage behaviour consistent with the group's risk and reward philosophy
- Have an appropriate and balanced reward mix for Executive Directors and other executive managers based on base pay, benefits, and short and long-term incentives within the context of the industry sector
- Are applied consistently across the group to promote alignment and fairness
- Are designed to pay at the market median for all components of pay, except for short-term incentives, which are targeted at the 75th percentile
- Are designed to support our **Thrive** ambitions.

Summary of reward components of Executive Directors and other members of the group Executive Committee

The compensation of Executive Directors and other Executive Committee members comprises fixed and variable components.

Purpose		Structure	Opportunity
Fixed			
Component – Base salary	• To reflect market value of the role, individuals' skills, contribution, experience and performance • To attract and retain key talent.	• Paid monthly in cash • Reviewed annually with any increases to be effective from 01 January each year • Base salary reviews consider prevailing market practices, economic conditions and the levels of base salary increase mandates provided to the general employee population.	• Increases are applied in line with outcomes of performance discussions with the individuals concerned and market conditions.
Component – Benefits	• To provide protection and market competitive benefits to aid recruitment and retention.	• Private medical insurance • Income in the event of death or disability. These are: • Appropriate in terms of level of seniority • Market-related • Death benefit is a multiple of base salary • Non-pensionable.	• None.
Component – Pension	• To provide market-related benefits • Facilitate the accumulation of savings for post-retirement years.	• Comprises defined benefit and defined contribution plans • Many defined benefit plans are closed to new hires • Employees in legacy-defined benefit plans continue to accrue benefits in such plans for both past and future service • Retirement plans differ by region.	• Executive members of defined contribution plans receive a company contribution of up to 18.47% of salary.

	Purpose	Structure	Opportunity
Variable			
Component – Annual cash incentive	- Focus participants on targets relevant to the group's strategic goals - Drive performance - Motivate executives to achieve specific and stretching short-term goals - Reward individuals for their personal contribution and performance.	- All measures and objectives are reviewed and set at the beginning of the financial year - Payments are reviewed and approved at year end by the committee based on performance against the targets - Threshold is required to be met for any bonus payment to occur - Target level of bonuses varies from 65% – 85% of base salary. See page 188 - Weightings for 2024 were: EBITDA – 50%; ROCE – 20% and Safety – 10%; Individual – 20% - If the agreed target for EBITDA is achieved, a bonus award percentage of 100% will be paid for that component. A bonus award percentage of up to 150% can be earned if 110% or more of the agreed target is achieved. If the EBITDA is less than 85% of target, no bonus is paid - If the group achieves the agreed target for ROCE, a bonus award percentage of 100% will be paid. A bonus award percentage of up to 150% can be earned if the group achieves 115% or more of the agreed target. If the group achieves less than 75% of the target, then no bonus award will be paid. ROCE is only measured at a group level - Safety performance is measured against LTIFR and the lost-time injury severity rate (LTISR) - Contractor hours and injuries are combined with own employees for calculation of LTIFR. The combined LTIFR accounts for 50% of the MIS safety target - Severity rate is measured by LTISR for both own employees and contractors. This amounts to the other 50% of the MIS safety target - An additional bonus award of 50% can be earned on the combined LTIFR portion only if the region achieves an LTIFR better than the best ever achieved during the past five years. No bonus award will be paid if the region's safety performance actual measures are higher than 110% of the best ever achieved during the past five years. If a region achieves between 110% and 100% of the best ever achieved a straight-line prorated percentage will be awarded - Bonuses are paid in cash - Non-pensionable - Malus and clawback may be applied in the following circumstances: - Financial results of the group or a company/business unit in the Sappi group have been materially misstated - A participant has ceased to be a director or employee by reason of gross misconduct and has resulted in significant losses to the business - There has been material breach of Code of Ethics/law - There has been an erroneous assessment of the extent to which any performance conditions have been satisfied resulting in a higher vesting outcome.	- If targets are exceeded, the maximum bonus for Executive Directors is 119% of base salary - Regional CEOs can earn a maximum bonus of 98% of base salary - Executive Committee members and other senior managers may earn a maximum bonus of up to 91% of base salary - A cash award is made.

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Purpose		Structure	Opportunity
Variable			
Component – Long-term share incentive plans	- Align the interests of the executive members with those of the shareholder - Reward the execution of the strategy and long-term outperformance of our competitors - Encourage long-term commitment to the company - Is a wealth creation mechanism for executive members if the company outperforms the peer group.	- Conditional grants awarded annually to Executive Directors, Executive Committee members and other key senior managers of the company - Straight-line vesting after four years - Performance is measured relative to a peer group of 16 other industry-related companies - The number of conditional shares allocated varies between the Group CEO and each of the Executive Committee members - Measures for 2024 awards were relative TSR – 50%, relative CFRONA – 40% and sustainability (decarbonisation – progress against SBTi targets) – 10% - Malus and clawback may be applied in the following circumstances: - Financial results of the group or a company/business unit in the Sappi group have been materially misstated - A participant has ceased to be a director or employee by reason of gross misconduct and has resulted in significant losses to the business - There has been material breach of Code of Ethics/law - There has been an erroneous assessment of the extent to which any performance conditions have been satisfied resulting in a higher vesting outcome.	A higher share price will benefit the participants.
	Voluntary minimum shareholding requirement for prescribed officers.	- The target holding as a multiple of annual base salary. The requirement is that the CEO should hold three times annual base salary. The CFO two times and all other prescribed officers at one times annual base salary - The acquisition of shares will primarily be achieved by vesting PSPs.	
Component – Service contracts	Provide an appropriate level of protection to both the executive and to Sappi.	- Executive committee members have notice periods by the company of 12 months or less - Separation agreements, when appropriate, are negotiated with the individual concerned with prior approval being obtained in terms of our governance structures.	In circumstances where there is a significant likelihood of a transaction involving the Sappi group or a business unit, limited change in control protections may be agreed and implemented if deemed necessary for retention purposes.

Approach to remuneration benchmarks

Executive compensation is benchmarked on data provided in national executive compensation surveys, for countries in which executives are domiciled, as well as information disclosed in the annual reports of listed companies of the Johannesburg Stock Exchange. Sappi participates in and uses data from global remuneration surveys, ie PwC, Mercer, Kornferry, Remchannel et al, to determine appropriate remuneration levels. Ensuring appropriate peer information to retain the integrity and appropriateness of the benchmark data is a key task of the Human Resources and Compensation Committee. Executive pay is benchmarked every alternate year.

When the committee considered the executive director increases for 2024, the committee looked at data from all the above survey houses matching the respective Hay Reward Levels and job to the market 50th percentile which is Sappi's compensation philosophy. The committee applies judgement when considering such data to ensure competitive salary structures as well as internal and external equity is maintained.

The remuneration package for a newly appointed Executive Director is set in accordance with the terms of the group's approved remuneration policy in force at the time of appointment. The variable remuneration for a new Executive Director is determined in the same way as for existing Executive Directors. For internal and external appointments, the group may meet certain relocation expenses, as appropriate.

Service contracts

Mr Binnie and Mr Pearce have ongoing employment contracts which require six months' notice of termination by the employee and 12 months' notice of termination by the company.

Depending on their location, Executive Committee members have ongoing employment contracts which require between three to six months' notice of termination by the employee and six to 12 months' notice of termination by the company.

Other than in the case of termination for cause, the company may terminate the Executive Directors' service contracts by making payment in lieu of notice equal to the value of the base salary plus benefits which they would have received during the notice period.

Executive Directors are required to retire from the company at the age of 65 years. The retirement age of Executive Committee members is generally between the ages of 65 years and 67 years and differs by region.

Choice of performance measures and approach to target setting

Short-term incentive: Management incentive scheme (MIS)

The table below shows the metrics and why they were chosen and how targets are set.

Metric	Relevance	How do we set the targets?
EBITDA 50%	A key indicator of the underlying profit performance of the group, reflecting both revenues and costs. Aligns closely with our strategic goals of achieving cost advantages and growth. More efficient water, energy and raw material usage is also encouraged.	Targets and ranges are set each year by the board taking account of required progress towards strategic goals, and the prevailing market conditions. The EBITDA will be as reported in the Income Statement and the items below will be excluded from the target and actual: - Plantations fair value by adding back both the 'fair value plantations adjustment – volume', 'price' and 'fellings' - External securitisation costs - MIS, share scheme costs and production bonus.
ROCE 20%	A key indicator of the underlying returns that the group achieves on its capital employed. Achieving a ROCE over time that outperforms the group's WACC + 2% over the cycle will ensure alignment of the group's returns targets with those expected by the group's shareholders. A key measure for capital expenditure decision making. ROCE will be defined as operating profit excluding special items divided by average capital employed: - Operating profit achieved will be as reported in the income statement including any adjustments and excluding other non-operating costs and special items - Capital employed is shareholders' equity plus net debt less spend on capex projects which are not yet in production - Average capital employed will be defined as the trailing 12-month average capital employed as defined above - Fair value price adjustment will be excluded from operating profit for this calculation (this is excluded because of the short-term nature of this incentive scheme) - Over time Sappi will deliver returns outperforming our cost of capital.	Targets and ranges are set each year by the board taking account of the required progress towards strategic goals, and the prevailing market conditions.

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Choice of performance measures and approach to target setting continued

Short-term incentive: Management incentive scheme (MIS) continued

Metric	Relevance	How do we set the targets?
Safety 10%	A core value of the company and one of the key indicators of whether the business is meeting its sustainability goal of zero harm.	The committee considers input from the Social, Ethics, Transformation and Sustainability (SETS) Committee and sets appropriate standards and goals. Safety performance is measured against LTIFR (50%) as well as LTISR (50%). An additional bonus award of 50% can be earned on the combined LTIFR portion only if the region achieves an LTIFR better than the best ever achieved during the past five years. No bonus award will be paid if the region's safety performance actual measures are higher than 110% of the best ever achieved during the past five years. If a region achieves between 100% and 110% of the best ever achieved a straight-line prorated percentage will be awarded.
Individual performance 20%	An indicator of the contribution of each Executive Director, individual performance for relevant managers. Includes several key non-financial targets in relation to ESG, major capital projects, gender equality and BBBEE in the case of South Africa.	Priorities are set for the CEO by the Chairman of the board in line with the business plan for the applicable year. Targets and ranges are then cascaded to the rest of the business teams. These are reviewed as part of an annual review with the Chairman.

The bonus payment opportunity available to Executive Directors and Executive Committee members is as follows:

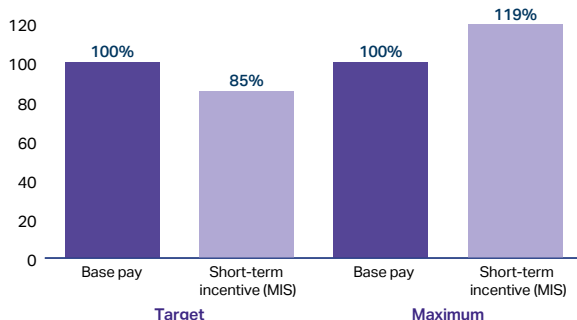
	On-target bonus	Maximum bonus potential
Executive Director	85% of base salary	119% of annual base salary
Regional CEO	70% of base salary	98% of annual base salary
Other prescribed officers (ie Executive Committee members)	65% of base salary	91% of annual base salary

See pages 198 and 199 for remuneration details.

Remuneration at different performance levels

The chart below illustrates the total potential remuneration (base pay and short-term incentives) for Executive Director at different performance levels.

Remuneration levels (CEO and CFO)



Long-term incentives are excluded from these scenarios as their vesting depends on longer-term performance conditions being met.

Performance share plan (PSP)

The PSP provides for annual awards of conditional performance shares which are subject to meeting performance targets measured over a four-year period. These awards will only vest if Sappi's performance, relative to a peer group of 16 other industry-related companies is ranked at median or above the median.

The performance criteria are relative TSR, relative CFRONA and sustainability.

The table below shows the metrics and why they were chosen and how targets are set.

Metric	Relevance	How do we set the targets?
TSR 50%	TSR measures the total returns to Sappi's shareholders, providing close alignment with shareholder interests.	The committee sets the performance requirements for each grant. A peer group of packaging and paper sector companies is used. Nothing vests in positions 10 – 17 of the peer group. Vesting increases from 25% at position nine to 100% for positions one to five.
CFRONA 40%	A key indicator of the effective use of capital. CFRONA is calculated as cash available from operating activities, divided by average total assets (excluding cash) less interest-free liabilities. This measure is calculated using a simple annual average over the previous four-year period.	The committee sets the performance requirements for each grant. A peer group of packaging and paper sector companies is used. No vesting occurs in positions 10 – 17 of the peer group. Vesting increases from 25% at position nine to 100% for positions one to five.
Sustainability 10%	The commitment is to reduce Scope 1 and Scope 2 GHG emission intensity by 41.5% per ton of product by 2030 from a 2019 base year.	Average over a four-year period against the approved SBTi pathway.

Peer group

The remaining peer group for the 2020 PSP award consisted of the following industry-related companies



• BillerudKorsnäs	• Borrogaard	• Holmen	• International Paper
• Lenzing	• Metsá Board	• Mondi Plc	• Rayonier Advance Materials
• Smurfit Westrock	• Stora Enso	• Suzano	• UPM-Kymmene

Vesting schedule

The original vesting schedule for 2020 allocation for both TSR and CFRONA is as follows:

Position	Vesting
1 – 5	100%
6	80%
7	65%
8	45%
9	25%
10 – 17	0%

Adjusted vesting schedule for 2020 allocations

There has been an increase in M&A activity in Sappi's peer group. Various peer group companies have been replaced or removed. In 2020, Sappi tasked Mercer, a specialist remuneration consultancy, to provide alternatives to ensure the robustness of the comparator group and the integrity of the vesting schedule.

To date, Sappi has applied the 'follow the money' methodology for all in-flight PSPs impacted by M&A by removing peers that have been subject to M&A activity and adjusting the vesting schedule. This ensured that the TSR targets remain as challenging as before. The recalibration of this kind follows a set of standard principles that will ensure fairness for shareholders and participants. This will result in fewer peers for the mentioned outstanding cycles.

The adjusted schedule for the 2020 allocation for both TSR and CFRONA is as follow:

Position	Vesting
1 – 4	100%
5	75%
6	50%
7	25%
8 – 13	0%

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Disclosure

In this report, Sappi discloses vested as well as grant performance share values.

Malus and clawback

Awards made to the CEO, CFO and prescribed officers under Sappi's MIS and PSP are subject to both malus and clawback provisions which may be applied during the period of two years after the date of vesting or granting. Clawback refers to the recovery of paid or vested amounts and malus refers to the reduction, including to nil, of unvested or unpaid amounts. Malus and clawback may be applied in the following circumstances:

- Financial results of the group or a company/business unit in the Sappi group have been materially misstated
- A participant has ceased to be a director or employee by reason of gross misconduct and has resulted in significant losses to the business
- There has been material breach of Code of Ethics/law
- There has been an erroneous assessment of the extent to which any performance conditions have been satisfied resulting in a higher vesting outcome.

New incentive measures that will be introduced in October 2025

After consultations with shareholders in 2023 and 2024, Sappi has embarked on a process to modify existing LTIPs and measures. The focus of the change was to limit the complex plans to fewer executives that have a greater influence on the performance of the company. The result will be a PSP scheme with fewer participants and more relevant

measures. ROCE will be removed from the short-term incentive plan and be introduced as a long-term measure. We view ROCE as appropriate for the long-term incentive and will be measured against WACC. These changes will further contribute to the alignment of shareholders and executives.

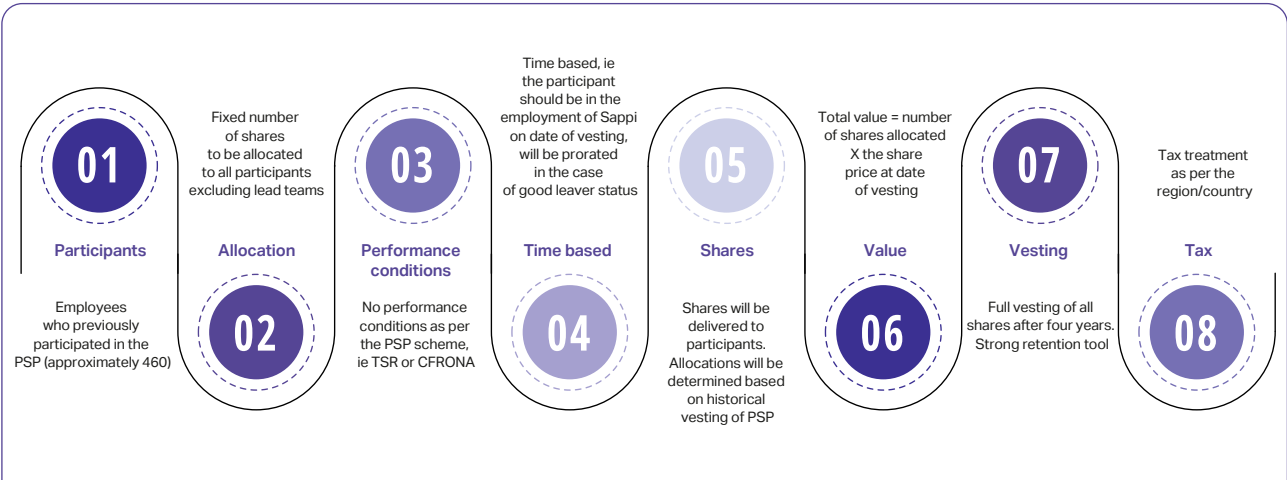
Parallel to this scheme, the Sappi Management Plan will be introduced in October 2025 to a broader employee base for the group directly below those participating in the PSP scheme. This will be simplistic and can serve as an effective retention tool for Sappi. This plan will be time-based. The rules of the Sappi Limited PSP, which allows for the operation of both schemes, were approved by the JSE on 18 November 2024. It will subsequently be submitted for shareholder approval in February 2025. See **Resolution** on page 218.

Both these schemes are depicted in the infographics below and on the next page.

In the MIS, working capital has been identified as an appropriate measure to replace ROCE. This is a key indicator of accounts payable, accounts receivable, cash management and stock levels. Achieving optimum working capital levels in the business requires efficient use of resources throughout the supply chain and influences cash management, a key pillar of our strategy. Net working capital as a percentage of sales will be used as a measure.

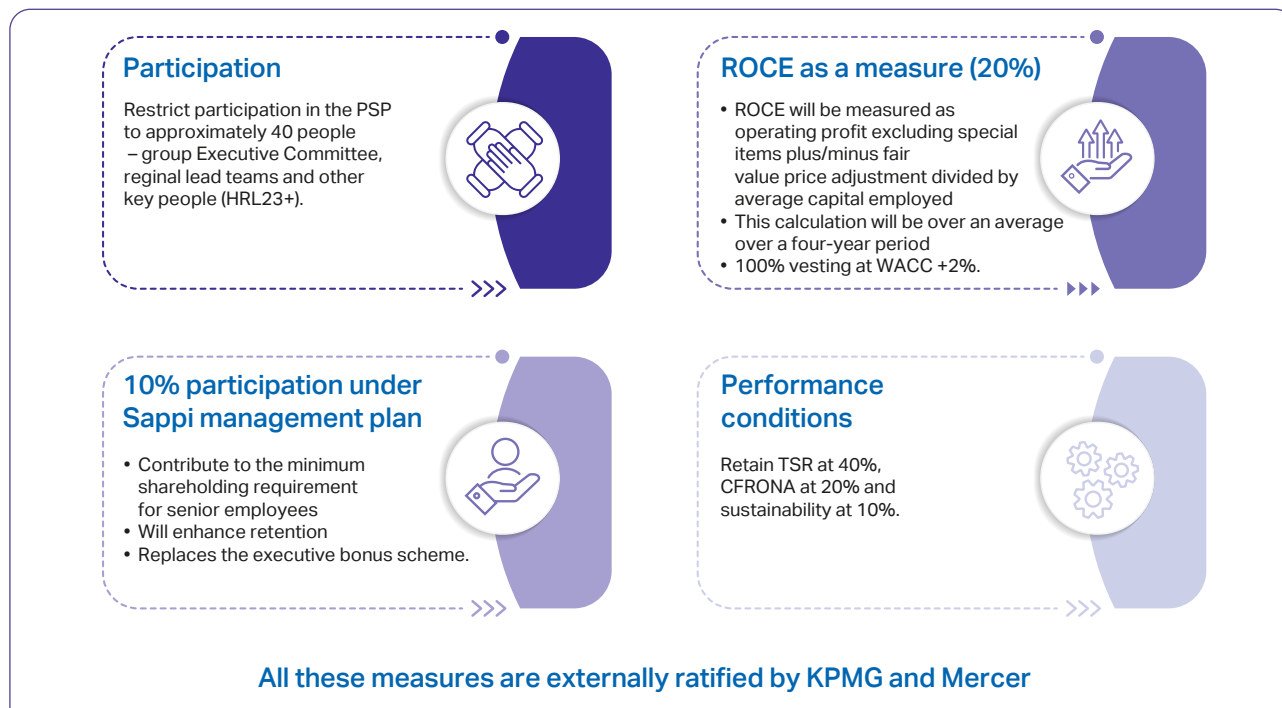
The executive bonus scheme was discontinued from 01 October 2024.

The Sappi management plan – key features



The PSP will be limited to approximately 40 senior executives at a group and regional level. New measures will be introduced to align this group of people to shareholder objectives. These changes will be introduced as from 01 October 2025 and communication will start after the AGM approvals in February 2025. See infographic below.

Changes to the current PSP scheme



Summary of long-term incentive measures: PSP to be introduced in October 2025

Metric	Relevance	Application
TSR 40%	TSR measures the total returns to Sappi's shareholders, providing close alignment with shareholder interests.	Long-term timeframe of four years and will be measured against peer group. Externally measured by a third party.
ROCE 20%	ROCE will be measured: • As operating profit including fair value price adjustment excluding special items divided by average capital employed. This calculation will be over a four-year average • Capital employed is shareholder's equity plus net debt • Average four-year capital employed will be defined as the sum of the opening and closing capital employed for each year divided by two.	Achievement of this performance condition will be against the WACC. The WACC will be nominal pre-tax at the end of September (not trend WACC) applying a pro-rata weighting of the regional net assets to determine the consolidated net WACC. The target will be an average of the last four years September WACC. Target vesting of 100% will be at WACC + 2%.
CFRONA 20%	A key indicator of the effective use of capital. CFRONA is calculated as cash available from operating activities, divided by average total assets (excluding cash) less interest-free liabilities. This measure is calculated using a simple annual average over the previous four-year period.	This measure is against a peer group. Internally calculated and signed off by the external auditors.

Remuneration report continued

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Metric	Relevance	Application
Sustainability (Sappi's science-based decarbonisation targets) 10%	Sustainability measured against SBTi validated decarbonisation target.	Internally measured and verified by external auditors against approved SBTi path.
Sappi management plan 10%	New plan introduced for employees below the group and regional lead teams. Group and regional lead teams will participate at 10%. Plan is focused on the retention of skills in the business. Allowing a portion of vesting of the total PSP allocation under this scheme would enhance retention and minimum shareholding requirement for senior people.	Part of the total allocation will be based on this scheme.

ROCE vesting schedule for the PSP measure will be as follows:

Weighting	Basis of measure	Vesting	
20% of PSP	Average ROCE (including fair value price adjustment) against the average WACC over a four-year period.	25%	100%
		WACC	WACC + 2%

All calculations and disclosures audited by KPMG.

Remuneration policy for Non-executive Directors (fees)

Sappi may reimburse the reasonable expenses of board directors that relate to their duties on behalf of Sappi. Sappi may also provide advice and assistance with board directors' tax returns where these are impacted by the duties they undertake on behalf of Sappi.

All Non-executive Directors have letters of appointment with Sappi Limited for an initial period of three years. In accordance with best practice, Non-executive Directors are subject to re-election at the AGMs after the three-year period. Appointments may be terminated by Sappi with six months' notice. No compensation is payable on termination, other than accrued fees and expenses.

Element	Purpose	How it works	Fees
Non-executive Chairman (fees)	- To attract and retain a high-calibre Chairman, with the necessary experience and skills - To provide fees which take account of the time commitment and responsibilities of the role.	The Chairman receives an all-inclusive fee.	- The Chairman's fees are reviewed periodically by the committee - Fees are set by reference to market median data for companies of similar size and complexity to Sappi.
Other Non-executive Directors (fees)	- To attract and retain high-calibre non-executives, with the necessary experience and skills - To provide fees which take account of the time commitment and responsibilities of the role.	- The non-executives are paid a basic fee - Attendance fees are also paid to reflect the requirement for Non-executive Directors to attend meetings in various international locations - The chairmen of the main board committees and the Lead Independent Director are paid additional fees to reflect their extra responsibilities.	- Non-executive Directors' fees are reviewed periodically by the Chairman and Human Resources and Compensation Committee - Fees are set by reference to market median data for companies of similar size and complexity to Sappi.

Non-executive Director succession: An overview

A. Key considerations



Expertise Relevant business skills and expertise.	Tenure Having the right mix of Non-executive Directors with a focus on experience, knowledge and new thinking.	Diversity and inclusion considered Gender, race and location.	Understanding the Sappi business environment Understanding the cyclical nature of the pulp and paper industry.
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B. Annual review of the composition and effectiveness of the board



- Every second year an independent evaluation of the board and individual member effectiveness
- Nomination and Governance Committee reviews the composition of the board three times per annum, looking at size, knowledge, experience, tenure, expertise, diversity and overall mix of the board
- The independence of the Non-executive Directors is subject to a robust annual review by the Nominations and Governance Committee.

C. Process



Succession/vacancy Nominations and Governance Committee consider the key issues and criteria.	Appointment of a specialist recruitment agency Provide a shortlist on candidates to the Nominations and Governance Committee.	Interviews Completed by the Nominations and Governance Committee.	Appointment Followed by a detailed induction plan.
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Three new Non-executive Directors were appointed since September 2022, namely, Mr Louis von Zeuner, Mrs Eleni Istavridis and Mr Nkululeko Sowazi. As announced in November 2023, Mr Sowazi has been appointed as Chairman. Sir Nigel Rudd and Mr Peter Mageza retired from the board in February 2024. Mr Mohammed Valli Moosa will retire at the end of December 2024. Total female representation will be 33%.

Board	1 January 2024	1 January 2025
Number of members	12	9
Average age	63.58	62.2
Average tenure	7.4 years	5.9 years

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. Our compensation policy aims to have a balance between guaranteed package, short and long-term incentives. All of these are verified by external service providers.

Reward mix

The five elements of our reward mix and the remuneration outcomes for Executive Directors and Executive Committee members are detailed in the following section:

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 2024, Mr Binnie received a salary increase of 6.5% on the South African portion of his salary and 4% on the offshore portion of his salary. Mr Pearce received a salary increase of 7% on the South African portion of his salary and 4% on the offshore portion of his salary. Their salaries were US\$667,449 per annum and US\$378,107 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.

The year 2024 has seen a transformational change in Sappi. Restructuring in Europe and the investments in Saiccor Mill and Somerset Mill were clearly the right strategy to drive lower costs in graphic papers and growth in packaging papers and dissolving wood pulp (DWP). The key task for management was to deliver the plan on time, within cost estimates and driving the benefits of these investments. During this time, it was important to retain the mill sales post the successful closures of the Lanaken and Stockstadt Mills. Therefore, in October 2023 the board set appropriate short-term targets to drive this transformation. All aspects are progressing to plan and cost, and are positioning well for future growth and lower fixed costs.

For the MIS purposes, the group achieved an adjusted EBITDA of US\$731 million and a ROCE of 12.56%. In the graphic papers and packaging papers segments, the size and speed of the demand rebound following 2023 falls remained below expectations, shrinking market sizes considerably resulting in 716,000 tons of commercial downtime. However, through strong customer management, cost reductions and a strong DWP sector performance, the ROCE exceeded the cost of capital by 4%.