

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%.

The table below summarises the scoring methodology for the short-term incentive measures (MIS) and maximum potential points allocation.

Metric	Points allocated for 100% achievement of target	Potential bonus points for exceeding target	Total possible points
EBITDA	50	Additional 25 points if EBITDA achievement is 110% of target; linear sliding scale allocation of the 25 bonus points between 100% – 110% achievement	75
ROCE	20	Additional 10 points if ROCE achievement is 115% of target; linear sliding scale allocation of the 10 bonus points between 100% – 115% achievement	30
Safety – LTIFR	5	Additional 2.5 points if LTIFR is best ever during last five years	7.5
Safety – LTISR	5	n/a	5
Personal	20	n/a	20
Total	100		137.5

If targets are exceeded:

- The maximum bonus for Executive Directors is 119% of base salary
- The maximum bonus for Regional CEOs is 98% of base salary
- The maximum bonus for Executive Committee members and other senior managers is 91% of base salary.

The table below summarises the FY2024 targets and outcomes on each of the short-term incentive measures (MIS) and points allocated.

Metric ¹	FY2024 target	FY2024 actual	% achievement	Points allocated	Bonus points for exceeding target	Total points
EBITDA	US\$678m	US\$731m	108%	50	19.4	69.4
ROCE	9.04%	12.56% ²	139%	20	10	30
Safety – LTIFR	0.27	0.20	No points awarded for safety due to fatality			0
Safety – LTISR	14.07	31.01				0
Personal			See details on page 196.			19

¹ Refer to definitions of metrics for MIS purposes on page 187.

² The ROCE of 12.56% was above the pre-tax WACC of 8.37%.

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Personal objectives of executives for 2024 MIS

The Executive Directors share many key objectives and also have individual objectives that are specific to their roles. Key objectives, and achievements against these objectives during 2024, included:

Thrive objectives	Achievements															
- Invest for growth in DWP - Invest for growth in packaging and speciality papers - Improve and sustain the balance sheet and leverage	Achieved (2020 – 2023) - Net debt dramatically reduced from US\$2 billion (2019) to US\$1.4 billion (2024). Increase in debt from prior year was planned and associated with strategic growth capex and restructuring of European business - Major investments in SSA dissolving wood pulp and SNA packaging and speciality papers grades, supported by strong market growth - SSA and SNA on solid ground. Work in progress (2024 – 2025) - Plans in place to manage the excess graphic papers exposure in Europe and North America - Grow SEU packaging and speciality papers from a solid base - ROCE above WACC for 2024: - ROCE = 12.56% - WACC = 8.37%.															
Drive the safety first principles across Sappi operations with continued improvement on overall measured by the injury index and severity index	Best-ever LTIFR performance achieved in each region <table><tr><th>Region</th><th>Target</th><th>Achievement</th></tr><tr><td>Group LTIFR</td><td>0.27</td><td>0.22</td></tr><tr><td>SSA – LTIFR</td><td>0.20</td><td>0.21</td></tr><tr><td>SEU – LTIFR</td><td>0.35</td><td>0.33</td></tr><tr><td>SNA – LTIFR</td><td>0.1</td><td>0.09</td></tr></table>	Region	Target	Achievement	Group LTIFR	0.27	0.22	SSA – LTIFR	0.20	0.21	SEU – LTIFR	0.35	0.33	SNA – LTIFR	0.1	0.09
Region	Target	Achievement														
Group LTIFR	0.27	0.22														
SSA – LTIFR	0.20	0.21														
SEU – LTIFR	0.35	0.33														
SNA – LTIFR	0.1	0.09														
Reduce exposure to graphic papers (convert/sell/close)	- Progressed the PM2 conversion at Somerset Mill on time and budget - Reduced capacity with the closures of Lanaken and Stockstadt Mills - Project to produce wet strength labels on Gratkorn Mill PM9 completed.															
Grow the business	- Biotech – furfural pilot plant built at Saiccor Mill - Conversion at PM2 at Somerset Mill to be completed in April 2025 - Forestry growth opportunities on track.															
Progress on sustainability targets	- SBTi plan execution in progress (reduce GHG by 41% – 2030) - Comprehensive TCFD disclosure on climate risks and opportunities - Significant decarbonisation achieved from abatement investments - Decarbonisation now a measure in the long-term incentive - Waste-to-landfill targets exceeded - Certified fibre target exceeded.															
Efficiency and cost containment	- Production stability across all regions – focus was on Ngodwana, Saiccor and Tugela Mills - Continue with balanced approach to maintaining assets – ensure complying with maintenance obligations - Ensure the right skills are in place to maintain and grow the business.															
Drive the investor relations programme	Action plan to support the share price.															
People development	- All actions in relation to the 2023 Employee Engagement survey are at 84% completed - Strong succession is in place for all key positions across the business - Time Magazine recognised Sappi as #623 as part of their top 1,000 companies - Forbes Magazine placed Sappi 483 out of 850 companies for the World’s Best Companies for 2024 - Forbes magazine placed Sappi seventh overall for the World’s Top Companies for Women 2024.															

The Chairman conducted a formal review with the CEO and scored him 19 out of 20 points on the achievement of the stated objectives.

As detailed in the remuneration policy, the short-term incentive opportunity for Mr Binnie and Mr Pearce for 2024 was:

- Mr Binnie – 85% of annual salary X 118.32% (business + personal performance) = 101% of total annual salary
- Mr Pearce – 85% of annual salary X 117.32% (business + personal performance) = 100% of total annual salary.

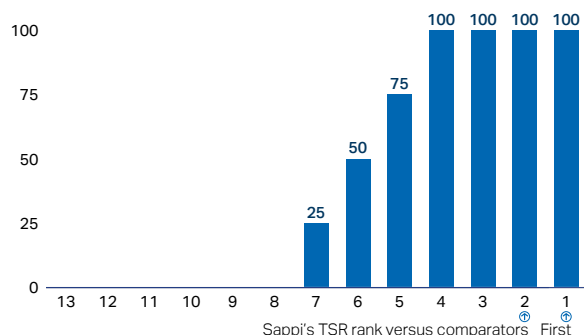
PSP outcomes for 2024

For the four-year period ended September 2024, Sappi's performance relative to the peer group measured on TSR was ranked second resulting in a 100% vesting on the TSR component. The determination of the vesting of the shares was provided by Mercer, an independent third party.

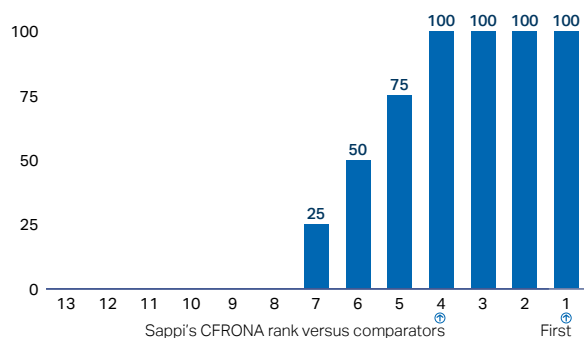
For the four-year period ended September 2024, Sappi's performance relative to the peer group measured on CFRONA was ranked fourth, resulting in 100% vesting on the CFRONA component. This result was verified by KPMG, our external auditors.

In aggregate, therefore 100% of the total 2020 awards vested. This is detailed in the two graphs below.

2020 TSR vesting schedule (% of awards vesting)



2020 CFRONA vesting schedule (% of awards vesting)



In November 2020, Mr Binnie was granted 250,000 conditional performance plan shares, of which 250,000 of the allocation will vest in November 2024.

In November 2020, Mr Pearce was granted 115,000 conditional performance plan shares, of which 115,000 of the allocation will vest in November 2024.

The historical vesting of PSP awards:

Share awards	2020 %	2021 %	2022 %	2023 %	2024 %
TSR	0	0	0	0	100
CFRONA	100	25	100	75	100
Aggregate	50	12.5	50	37.5	100

PSP allocations for 2024

Each year, Mercer Kepler provides management with a recommendation for an appropriate pool size. For the 2024 allocation, it was approved to grant the number of shares implied by the same ZAR 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 210,000 conditional performance plan shares in November 2024 that will vest in November 2028.

Mr Pearce was awarded 117,000 conditional performance plan shares in November 2024 that will vest in November 2028.

Dilution

If all outstanding plan shares were to vest as at September 2024, the resulting dilution effect would be 3.11% (2023: 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 within a period of five years from date of appointment.

The requirement is that the CEO should hold three times annual base salary, up from his previous two times. The CFO two times and all other prescribed officers at one times annual base salary.

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The acquisition of shares will primarily be achieved by vesting PSPs. However, individuals can also purchase shares during the normal open period with the appropriate approvals. SENS announcements will be applicable. Good progress has been made on this requirement, despite low vesting on the PSPs and minimal short-term incentive payments.

Prescribed Officer	Shareholding			Actual multiple	Requirement
	Target minimum	Number of shares (Sept 2024)	Value of shares US\$		
SR Binnie	3x	488,000	1,307,840	2.3	N
GT Pearce	2x	225,384	604,029	1.9	N
M Eikelenboom*	1x	44,568	119,442	0.2	N
M Haws	1x	91,600	245,488	0.6	N
A Thiel	1x	643,152	1,723,647	5.1	Y
M van Hoven	1x	240,537	644,639	3.6	Y
L Kruyshaar**	1x	59,196	158,645	0.8	N
F Marupen	1x	114,550	306,994	1.6	Y
M Mansoor	1x	100,050	268,134	0.8	N

Average share price of US\$2.68 (ZAR46.58) for September 2024.

Based on the base salary as at 1 January 2021.

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

** Based on base salary as at 1 January 2024 for L Kruyshaar.

Overall summary of the remuneration disclosure for Executive Directors and Prescribed Officers

Executive Directors' emoluments for 2024 (US Dollar)

Executive Director	Short-term compensation (STC)				Subtotal STC	LTIP (value of shares vested this year*)	Total
	Base salary US\$	Annual cash award US\$	Other income (excess over ZAR350,000 pension) US\$	Benefits and pension US\$	A US\$	B US\$	A + B US\$
SR Binnie	581,824	585,119	85,625	81,471	1,334,039	683,412	2,017,451
GT Pearce	336,539	335,583	41,568	56,492	770,182	314,369	1,084,551
Total	918,363	920,702	127,193	137,963	2,104,221	997,781	3,102,002

* LTIP, 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 strengthened by 2% against the US Dollar
- Due to the earnings currencies (ZAR) 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 2024
- Performance-related remuneration – the actual value earned in 2024 based on the rules of the MIS. Payments based on three months of 2023 (October to December) and nine months (January to September) of 2024 base salary
- 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 2024.

LTIP benefit: 2024 allocation (will vest in 2028)

Executive Director	Number of shares	Share price at allocation ZAR	Total awarded benefit* US\$
SR Binnie	210,000	50.04	566,928
GT Pearce	117,000	50.04	315,860

* Assuming 100% vesting on both performance conditions.

Executive Directors' emoluments for 2023 (US Dollar)

Executive Director	Short-term compensation (STC)				Subtotal STC	LTIP (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

* LTIP, 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's weakened by 15% and 3% respectively against the US Dollar
- Due to the earnings currencies (ZAR) 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 the 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.

Prescribed officers/Executive Committee members (US Dollar)

Prescribed officers are members of the group Executive Committee.

The table below sets out the remuneration for Prescribed officers for 2024:

Prescribed officer	Short-term compensation (STC)				Subtotal STC	LTIP (value of shares vested this year)	Total
	Base salary US\$	Annual cash award US\$	Other income (excess over ZAR350,000 pension) US\$	Benefits and pension US\$	A US\$	B US\$	A + B US\$
M Eikelenboom	715,926	343,563	–	158,992	1,218,481	377,243	1,595,724
M Haws	494,646	392,283	–	58,531	945,460	377,243	1,322,703
A Thiel	345,886	289,568	44,001	55,138	734,593	377,243	1,111,836
M van Hoven	185,333	141,324	14,615	44,503	385,775	292,500	678,275
G Bowles	89,628	73,341	9,351	16,544	188,864	300,701	489,565
F Marupen	195,999	149,457	16,307	43,106	404,869	251,495	656,364
M Mansoor	336,786	306,563	142,347	89,111	874,807	218,692	1,093,499
L Kruyshaar	210,115	160,051	–	65,107	435,273	177,687	612,960
Total	2,574,319	1,856,150	226,621	531,032	5,188,122	2,372,804	7,560,926

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LTIP benefit: 2024 allocation (will vest in 2028)

Prescribed officer	Number of shares	Share price at allocation ZAR	Total awarded benefit* US\$
M van Hoven	91,000	50.04	245,669
F Marupen	81,000	50.04	218,672
A Thiel	117,000	50.04	315,860
M Eikelenboom	117,000	50.04	315,860
M Haws	117,000	50.04	315,860
M Mansoor	70,000	50.04	188,976
L Kruyshaar	81,000	50.04	218,672

* Assuming 100% vesting on the three performance conditions.

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

Prescribed officer	Short-term compensation (STC)				Subtotal STC	LTIP (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.

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.

Non-executive Directors' 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. Non-executive Directors do not earn attendance fees, however, additional fees are paid for attendance at board meetings in excess of 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. Non-executive Directors do not participate in any incentive schemes or plans of any kind.

In determining the fees for Non-executive Directors, 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 Non-executive Directors' fees will be adjusted in line with executive management increases globally. These increases were estimated between 4% and 5.5%. Details of the fees can be found on page 201 of this report.

We will continue to review our Non-executive Directors' 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.

Non-executive Directors' 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 Non-executive Directors' fees for the 2024 financial year were approved by shareholders. The table below sets out the remuneration for Non-executive Directors for 2024:

Name	Board fees	Committee fees	Travel allowance	Total
ANR Rudd	GBP113,082	GBP0	GBP9,252	GBP122,335
MA Fallon	GBP51,728	GBP73,212	GBP14,919	GBP139,859
BR Beamish	GBP51,728	GBP43,736	GBP12,086	GBP107,550
NL Sowazi	ZAR1,675,015	ZAR97,581	ZAR140,733	ZAR1,913,330
NP Mageza	ZAR187,946	ZAR256,223	ZAR0	ZAR444,170
MV Moosa	ZAR795,649	ZAR504,735	ZAR140,724	ZAR1,441,108
B Mehlomakulu	ZAR531,750	ZAR448,852	ZAR140,724	ZAR1,121,326
ZN Malinga	ZAR531,750	ZAR454,581	ZAR140,724	ZAR1,127,055
LL von Zeuner	ZAR531,750	ZAR344,820	ZAR140,790	ZAR1,017,360
RJAM Renders	EUR68,701	EUR64,102	EUR14,113	EUR146,917
JM Lopez	US\$78,203	US\$39,517	US\$22,800	US\$140,520
E Istavridis	US\$78,203	US\$39,556	US\$22,800	US\$140,559

- Fees are benchmarked and comparable to the market fees payable to the director's residence
- ANR Rudd and NP Mageza retired in February 2024.

2023

Name	Board fees	Committee fees	Travel allowance	Total
ANR Rudd	GBP319,940	GBP0	GBP9,459	GBP329,399
MA Fallon	GBP49,739	GBP51,039	GBP9,459	GBP110,237
BR Beamish	GBP49,739	GBP42,054	GBP9,459	GBP101,252
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	EUR66,059	EUR61,636	EUR10,782	EUR138,477
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 director's residence.