Remuneration Report

On behalf of the board, I am pleased to present the Remuneration Report for the financial year ended 30 September 2025. This report outlines how we have implemented the remuneration policy, as approved by shareholders at the annual general meeting (AGM) in February 2025.

Louis von Zeuner, *(Chairman of the Human Resources and Compensation Committee)*

The report has been prepared in accordance with relevant regulatory and statutory requirements in all countries where Sappi operates. It is aligned with the principles and recommended practices of the King IV Report on Corporate Governance.

The report comprises the following sections:

Section	
Section A	Voting and governance
Section B	Key functions of the Human Resources and Compensation Committee
Section C	Overview of the remuneration policy
Section D	Remuneration Implementation Report

The year in review – business environment and remuneration context

The 2025 financial year proved challenging for Sappi, with performance falling short of expectations due to a confluence of internal and external factors. The weak global economic outlook, coupled with ongoing trade tensions and a sluggish European economy, led to softer demand and declining selling prices.

In this context, the Human Resources and Compensation Committee faced the responsibility of balancing company performance rewards with maintaining employee motivation. This included ensuring accountability and adopting appropriate and responsible remuneration practices.

A key milestone during the year was the completion of the **Somerset Mill conversion and expansion project** in North America. Despite unplanned project delays and cost overruns, the subsequent successful commissioning and ramping up production of Paper Machine 2 (PM2) at Somerset Mill represent a strategic investment in our long-term profitability in the region.

Conversely, our **European** operations continued to face structural challenges, including declining demand for graphic papers. We have initiated consultation processes, which were concluded shortly after year-end, for closure of several paper machines and headcount reductions across four sites affecting approximately 500 employees. The committee's role was to ensure leadership stability and effective execution of these difficult, but necessary, decisions.

In **South Africa**, the business focused on stabilising production and meeting customer volume commitments. Although operational issues persisted early in the year, a strong management focus has led to improved performance in recent quarters.

The investments in **North America** and **South Africa** reflect Sappi's long-term strategy to drive cost efficiencies in graphic paper and enable future growth in packaging papers and dissolving wood pulp (DWP).

Health and safety

Despite record-breaking performances in prior years, our safety outcomes in 2025 were disappointing. Tragically, two fatalities occurred in our South African operations. The group remains deeply committed to a **zero-harm** approach, and management continues to prioritise safety improvements across all regions.

Incentive scheme updates

In line with our evolving strategy and performance expectations, 2025 saw significant changes to our long- and short-term incentive schemes, following shareholder approval at the 2025 AGM:

- **Sappi Future Share:** a new long-term incentive scheme (formerly the Sappi Management Plan) was introduced and communicated to participants. First vesting will occur in 2029
- **Performance Share Plan (PSP):** updated to focus on fewer participants who have a greater impact on company performance. Revised performance measures include:
  - Total shareholder return (TSR)
  - Cash flow return on net assets (CFRONA)
  - Return on capital employed (ROCE)
  - Sustainability (aligned to Sappi's Decarbonisation Plan)
  - Participation in the Sappi Future Share Scheme
- **Minimum shareholding requirements (MSR):** extended to all regional leadership teams and selected corporate employees (~30 individuals)
- **Management Incentive Scheme (MIS):** simplified across the regions, replacing ROCE with working capital as a key measure.

Leadership changes

All key leadership changes during the year have been successfully implemented. Notably, **Graeme Wild** succeeded **Alex Thiel** as CEO of Sappi Southern Africa. This seamless transition is a testimony to the key work done by the committee. Changes to the board and its sub-committees have been finalised, with future appointments to be made in line with King IV principles and shareholder expectations. Further details are provided in the **Governance Report** on pages 158.

Sappi recognised

As testimony to the key human resources work that the committee oversees, I'm very pleased to share that Sappi has once again been named in Forbes magazine and Statista World's Best Employers 2025 (ranked number 289 globally and number 5 in South Africa) and Top Companies for Women 2025 (ranked number 144 globally and number 2 in South Africa) lists.

The Forbes ranking for Best Employers, managed in partnership with Statista, is based on independent surveys of over 300,000 employees worldwide across 50 countries who rated their employers on factors such as trust, growth, benefits, and workplace culture. The Forbes ranking for Top Companies for Women, also in partnership with Statista, is based on independent surveys of over 120,000 women working for multinational corporations in more than 36 countries. Participants evaluated their employers on both general workplace practices as well as on gender-specific issues. In addition, other companies were scored on public perceptions of their actions and attitudes towards gender issues. Finally, a leadership score was calculated based on women in executive and board positions.

Focus areas for 2026

No major expansion projects are planned over the next two years. The committee's primary focus in 2026 will be to support business performance and profitability through acknowledging and rewarding:

- Improved safety performance across all regions
- Disciplined cost management
- Ramp-up of PM2 operations at Somerset Mill
- Significant reduction in Sappi Europe (SEU) overhead costs
- Finalisation and execution of restructuring plans to return SEU to profitability
- Production stability in Sappi Southern Africa (SSA)
- Enhanced shareholder value through disciplined debt reduction
- Proactive management of industrial relations during ongoing restructuring.

Compliance statement

The committee remains committed to high standards of corporate governance and continues to align with the principles of King IV. Our remuneration approach is fully compliant with legal and regulatory requirements in all jurisdictions in which we operate.

We are satisfied that the objectives set out in the remuneration policy have been met for the reporting period, and that the committee has fulfilled its responsibilities in accordance with its terms of reference.

Conclusion

Our remuneration practices remain competitive and aligned with market benchmarks. They are designed to support the delivery of Sappi's strategy, reward sustainable performance, and create long-term shareholder value.

We appreciate the strong support received from shareholders at the last AGM regarding our remuneration policy and Implementation Report. We remain committed to ongoing engagement with our shareholders to ensure continued alignment of our remuneration practices with their expectations.

Finally, I extend my sincere thanks to my fellow committee members for their commitment and support throughout the year.

Louis von Zeuner
Chairman of the Human Resources and Compensation Committee

Remuneration Report continued

Sappi remuneration at a glance from 01 October 2025

Base salary

Positioned at the 50th percentile of the market

Benchmarking
Use Mercer, PwC and other local remuneration consultants

Adjustments
Based on consumer price index (CPI), performance and market movements

Short-term incentives

EBITDA 50%	Working capital 20%
Safety 10%	Personal objectives 20%

Maximum opportunity of 119% of annual base salary

EBITDA threshold of 85% required before any bonus is payable

Long-term incentives

Performance Share Plan (PSP)

Total shareholder return (TSR) 40%	ROCE 20%
CFRONA 20%	Sustainability 10%

Straight-line vesting over a four-year period

Sappi Management Plan (Sappi Future Share) 10%

Retention tool for skilled employees

Time-based vesting (four years)

Minimum shareholding requirements CEO (3x), CFO (2x), prescribed officers (1x), regional lead team members and key corporate managers (0.5x)

Short-term and long-term incentives positioned at the 75th percentile of the market

Summary of our executive remuneration policy and implementation report for 2025

Remuneration component	Base salary	Annual bonus (MIS)	Long-term variable pay (PSP)	Current voluntary minimum shareholding requirement
Executive Directors	• Mr SR Binnie – local South African salary increased by 5.5% and offshore salary increased by 3.0% • Mr GT Pearce – local South African salary increased by 7.0% and offshore salary increased by 3.0% • In line with the increases applied to wider South African workforce.	• Maximum opportunity unchanged at 119% for the CEO and CFO of annual base pay • Resultant points of the 2025 performance measures: EBITDA (0), ROCE (0), safety (0).	• Performance measures, TSR (25%) and CFRONA (100%).	• Mr SR Binnie (1.7x annual base salary) and Mr GT Pearce (1.4x annual base salary).