Remuneration Report continued

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 for 2025

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.

Section C continued: Overview of the remuneration policy continued

	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% to 85% of base salary. See page 193 • Weightings for 2025 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 the 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 100% 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 prorate 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 a 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.

Remuneration Report continued

Section C continued: Overview of the remuneration policy continued

	Purpose	Structure	Opportunity
		Variable	
Component – long-term share incentive plans	• Align the interests of the executive members with those of the shareholders • 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 2025 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 a 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.
	• Minimum shareholding requirement for prescribed officers and other regional lead team members.	• 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 • Regional lead team members should hold 0.5x 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.

Section C continued: Overview of the remuneration policy continued

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 2025, 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 are 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 that 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 that 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 that 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) for 2025

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.

Remuneration Report continued

Section C continued: Overview of the remuneration policy continued

Metric	Relevance	How do we set the targets?
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 that 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.
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 100% 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 prorate 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.

Section C continued: Overview of the remuneration policy continued

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

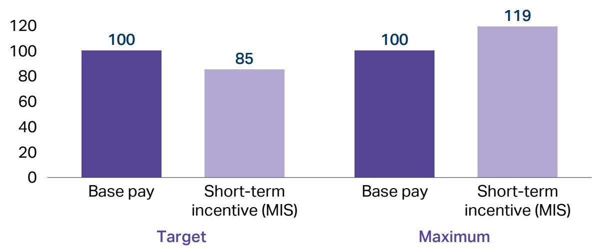
	On-target bonus	Maximum bonus potential
Executive Director	**85% of base salary**	**119% of annual base salary**
Regional CEO	**70% of base salary**	**98% of annual base salary**
Other prescribed officers (ie Executive Committee members)	**65% of base salary**	**91% of annual base salary**

See pages 202 and 203 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 2025 performance 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 pulp, packaging and paper sector companies is used. Nothing vests in positions 10 to 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 pulp, packaging and paper sector companies is used. No vesting occurs in positions 10 to 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 SBTi externally validated well-below-two-degree decarbonisation pathway.

Remuneration Report continued

Section C continued: Overview of the remuneration policy continued

The Sappi Future Share (Sappi Management plan) – key features

01	02	03	04	05	06	07	08
Participants	**Allocation**	**Performance conditions**	**Time-based**	**Shares**	**Value**	**Vesting**	**Tax**
Employees who previously participated in the PSP (approximately 460)	Fixed number of shares to be allocated to all participants, excluding lead teams	No performance conditions as per the PSP scheme, ie TSR or CFRONA	Time-based, ie the participant should be in the employment of Sappi on the date of vesting, will be prorated in the case of good leaver status	Shares will be delivered to participants. Allocations will be determined based on historical vesting of PSP	Total value = number of shares allocated x the share price at date of vesting	Full vesting of all shares after four years. Strong retention tool	Tax treatment as per the region/country

Summary of PSP measures 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 time frame of four years and will be measured against the 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 shareholders' 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.
Sustainability (Sappi's science-based decarbonisation targets) 10%	Sustainability measured against SBTi validated decarbonisation target.	Internally measured and verified by external auditors against the 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 the vesting of the total PSP allocation under this scheme would enhance retention and the minimum shareholding requirement for senior employees.	Part of the total allocation will be based on this scheme.

All calculations and disclosures were audited by KPMG.

Section C continued: Overview of the remuneration policy continued

Peer group

The peer group for the 2025 PSP consisted of the following industry-related companies

- BillerudKorsnäs
- Borregaard
- Clearwater Paper
- Graphic Packaging International
- Holmen
- International Paper
- Klabin
- Lenzing
- Metsä Board
- Mondi Plc
- Navigator Company SA
- Rayonier Advance Materials
- Smurfit WestRock
- Stora Enso
- Suzano
- UPM-Kymmene

Vesting schedule

The original vesting schedule for 2021 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 2021 allocations

There has been an increase in Mergers & Acquistions (M&A) activity in Sappi's peer group. Various peer group companies have been replaced or removed.

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 2021 allocation for both TSR and CFRONA is as follows:

Position	Vesting
1 – 4	**100%**
5	**90%**
6	**68%**
7	**47%**
8	**25%**
9 – 15	**0%**

Disclosure

Sappi discloses vested as well as granted 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 a 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.

Remuneration Report continued

Section C continued: Overview of the remuneration policy continued

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 that take into account 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 that take into account 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.

Section C continued: Overview of the remuneration policy continued

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.

B. Annual review of the composition and effectiveness of the board

- Every second year, an independent evaluation of the board and individual member's effectiveness is undertaken
- 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 Nomination and Governance Committee.

C. Process

Succession/vacancy
Nomination and Governance Committee considers the key issues and criteria.

Appointment of a specialist recruitment agency
Provide a shortlist on candidates to the Nomination and Governance Committee.

Interviews
Completed by the Nomination and Governance Committee.

Appointment
Followed by a detailed induction plan.