Listing Document dated 12 February 2021

SAPPI SOUTHERN AFRICA LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 1951/003180/06)

(the "**Issuer**")

ZAR1,800,000,000 5.250% Senior Unsecured Convertible Registered Bonds due 26 November 2025 and convertible into Ordinary Shares of Sappi Limited

A total amount of ZAR1,800,000,000 (or 180,000 bonds) 5.250% Senior Unsecured Convertible Registered Bonds with minimum authorised denominations on the Issue Date of ZAR10,000 each (the "**Bonds**") were issued by the Issuer on 25 November 2020 (the "**Issue Date**"). The Bonds are subject to the terms and conditions (the "**Terms and Conditions**") set out in a debt instrument executed by or on behalf of the Issuer dated on 18 November 2020 and incorporated into this Listing Document in the section headed "*Terms and Conditions of the Bonds*".

Capitalised terms used in this Listing Document are defined in the section of this Listing Document headed "*Terms and Conditions of the Bonds*".

In accordance with Condition 9.14 (*Cash Settlement before the Physical Settlement Date*), Conversion Rights will be cash settled unless the Shareholders of Sappi Limited (the "Listco"), excluding those Shareholders that are also Bondholders and related parties, approve, by special authority, the issuance of such number of Ordinary Shares as may be required to be issued from time to time to satisfy the exercise of Conversion Rights pursuant to the Terms and Conditions of the Bonds.

Each Bond which has not previously been redeemed or purchased and cancelled will, at the option of its holder and subject as provided herein, be convertible from 16 February 2021, up to the close of business on the date falling 7 (seven) days prior to the Final Redemption Date (or, if the Bonds have been called for redemption prior to the Final Redemption Date, up to the close of business on the 7th (seventh) day preceding the relevant Redemption Date) into Ordinary Shares in the capital of the Listco (the "**Ordinary Shares**"). The number of Ordinary Shares to be issued or transferred and delivered on such conversion shall be determined by dividing the Principal Amount of each Bond by the Conversion Price in effect on the relevant Conversion Date (each as defined herein). The Initial Conversion Price is ZAR33.1636 per Ordinary Share, subject to adjustment in certain events as described in Condition 9.2 (*Adjustment of Conversion Price*).

Unless previously redeemed, converted or purchased by the Issuer and cancelled, the Bonds will mature on 26 November 2025.

For as long as the Bonds are in issue, interest on the Bonds is payable semi-annually in arrears on 26 May and 26 November of each calendar year (each such day an "**Interest Payment Date**"), subject to adjustment in terms of the business day convention as provided in the Terms and Conditions, commencing with the Interest Payment Date falling on 26 May 2021. Interest on the Bonds will be calculated on the basis of a fixed rate and determined in accordance with Condition 8 (*Interest*).

Payments in respect of the Bonds will be made without withholding or deduction for taxes unless such withholding or deduction is required by law, in which event the Issuer will be required to pay additional amounts in relation thereto, subject to customary exceptions, as described in Condition 12.2.

The Bonds will be listed on the main board of the JSE Limited ("**JSE**") under stock code number SAPCB. The application to list the Bonds was granted by the JSE and the Bonds may be traded by or through members of the JSE from 24 February 2021 in accordance with the rules and operating procedures for the time being of the JSE. This Listing Document is registered with the JSE. The clearing and settlement of trades on the JSE shall take place in accordance with the electronic clearing and settlement procedures of the JSE and Strate Proprietary Limited.

The Bonds will not be rated.

Particular attention is drawn to the section entitled "*Investor Considerations / Risk Factors*" on pages 12 to 26 to this Listing Document.

Bookrunner and Transaction Debt Sponsor

Rand Merchant Bank,
a division of FirstRand Bank Limited

Bookrunner (non-South African book)

Morgan Stanley & Co. International plc

Ongoing Debt Sponsor

Nedbank Limited,
acting through its Corporate and Investment Banking division

Legal adviser to the Issuer and Listco

Bowman Gilfillan Inc.

Legal adviser to the Bookrunners

Webber Wentzel

GENERAL

Capitalised terms used in this section headed "General" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Listing Document which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Listing Document contains all information required by law and the Debt Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in this Listing Document, the annual financial statements, the annual reports, the constitutional documents of the Issuer, all documents incorporated by reference and any amendments or supplements to the aforementioned documents, except as otherwise stated therein (see the section of this Listing Document headed "*Documents Incorporated by Reference*").

The JSE takes no responsibility for the contents of Listing Document or the annual financial statements and the annual reports of the Issuer and any amendments or supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of this Listing Document, the annual financial statements, the annual reports of the Issuer and any amendments or supplements to the aforementioned documents and the JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of this Listing Document and the listing of such Bonds on the JSE is not to be taken as an indication of the merits of the Issuer or the Bonds and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

The Issuer, having made all reasonable enquiries, confirms that this Listing Document contains or incorporates all information which is material in the context of the issue and the offering of Bonds, that the information contained or incorporated in this Listing Document is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Listing Document are honestly held and that there are no other facts, the omission of which would make this Listing Document or any of such information or expression of any such opinions or intentions misleading in any material respect.

This Listing Document is to be read and construed with any amendment or supplement thereto and in conjunction with all documents which are deemed to be incorporated herein by reference (see the section of this Listing Document headed "*Documents Incorporated by Reference*"). This Listing Document shall be read and construed on the basis that such documents are incorporated into and form part of this Listing Document.

The Bookrunner, Transaction Debt Sponsor and Ongoing Debt Sponsor (collectively, the **Debt Sponsors**) or any of their respective subsidiaries or holding companies or a subsidiary of their holding companies (**Affiliates**), other professional advisers named herein and the JSE have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Bookrunner and Debt Sponsors, or any of its Affiliates or other professional advisers as to the accuracy or completeness of the information contained in this Listing Document or any other information provided by the Issuer. The Bookrunner and Debt Sponsors or any of its Affiliates and other professional advisers do not accept any liability in relation to the information contained in this Listing Document or any other information provided by the Issuer in connection with the Bonds.

No person has been authorised by the Issuer to give any information or to make any representation not contained in this Listing Document or any other document entered into in relation to the Listing Document or any other information supplied by the Issuer in connection with the Bonds and, if any such information is given or representation made, it must not be relied upon as having been authorised by the Issuer, the Bookrunner and Debt Sponsors or any of their Affiliates or any of their professional advisers.

Neither this Listing Document nor any other information supplied in connection with the Bonds is intended to provide the basis of any credit or other evaluation, nor should be considered as a recommendation by the Issuer, the Bookrunner and Debt Sponsors, any of their Affiliates, any other party to the transaction documents or any of their professional advisers, that any recipient of this Listing Document or any other information supplied in connection with the Listing Document should subscribe for or purchase any Bonds.

Each person contemplating making an investment in the Bonds should determine for itself the relevance of the information contained in this Listing Document and should make its own independent investigation and analysis of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Listco, and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. The Bookrunner and Debt Sponsors do not undertake to review the financial condition or affairs of the Issuer and/or the Listco nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Bookrunner and Debt Sponsors.

Neither the delivery of this Listing Document nor any offer, sale, allotment or solicitation made in connection with the offering of the Bonds shall at any time imply that the information contained herein is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Bonds is correct at any time subsequent to the date indicated in the document containing the same. The Bookrunner and Debt Sponsors and other professional advisers of the Issuer have not separately verified the information contained in this Listing Document.

None of the Issuer, the Bookrunner and Debt Sponsors, nor any of their respective Affiliates or professional advisers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Listing Document or any other information supplied in connection with the Listing Document. Each person receiving this Listing Document acknowledges that such person has not relied on the Bookrunner and Debt Sponsors, any other party to the transaction documents or any other person affiliated with the Bookrunner and Debt Sponsors or any of the professional advisers of the Issuer, in connection with its investigation of the accuracy of such information or its investment decision.

None of the Issuer, the Bookrunner and Debt Sponsors or any other party to the transaction documents makes any representation or warranties as to the settlement procedures of the Central Securities Depository or the JSE.

This Listing Document does not constitute an offer or an invitation by or on behalf of the Issuer, the Bookrunner and Debt Sponsors, or any of their Affiliates or professional advisers to any person to subscribe for or purchase any of the Bonds. The distribution of this Listing Document and the issue, sale or offer of the Bonds in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Bookrunner and Debt Sponsors or any of their Affiliates or professional advisers, or any other party to a Transaction Document that this Listing Document may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable legislation or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Bookrunner and Debt Sponsors or any other party to a Transaction Document or any of their advisers, which would permit a public offering of the Bonds or distribution of this Listing Document in any jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Listing Document nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. Persons into whose possession this Listing Document comes are required by the Issuer, the Bookrunner and Debt Sponsors and the other parties to the Transaction Documents and any of their advisers to inform themselves about and to observe any such restrictions.

The Bonds and the Ordinary Shares to be issued upon any conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (Regulation S)). The Bonds will be offered and sold only in offshore transactions outside the United States in accordance with Regulation S and, subject to certain exceptions, may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. In addition, there are restrictions on the distribution of this Listing Document in South Africa, the European Economic Area and the United Kingdom. For a more complete description of certain restrictions on the offering, sale and delivery of Bonds and distribution of this Listing Document, see the section of this Listing Document headed *"Subscription and Sale"* below.

References in this Listing Document to Rand or ZAR are to the lawful currency for the time being of South Africa.

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DOCUMENTS INCORPORATED BY REFERENCE

Capitalised terms used in this section headed "Documents Incorporated by Reference" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The documents listed below are available for inspection during normal office hours after the Issue Date, at the Specified Offices of the Issuer, without charge, for as long as the Listing Document remains registered with the JSE:

(a) any supplement and/or amendment to this Listing Document prepared by the Issuer from time to time;

(b) the published audited annual financial statements, and notes thereto, of the Issuer for the three financial years ended September 2018, 2019 and 2020 and the published audited annual financial statements, and notes thereto, of the Issuer in respect of further financial years, as and when such published audited financial statements become available;

(c) the published consolidated audited annual financial statements, and notes thereto, of the Listco for the three financial years ended September 2018, 2019 and 2020 and the published consolidated audited annual financial statements, and notes thereto, of the Listco in respect of further financial years, as and when such published audited financial statements become available;

(d) the published annual integrated report of the Listco (incorporating the Listco's consolidated audited annual financial statements, together with reports and the notes thereto) and attached to or intended to be read with such financial statements of the Listco for the three financial years ended September 2018, 2019 and 2020 and the published annual report of the Listco in respect of further financial years, as and when such published annual reports become available;

(e) the Trust Deed as amended, restated or supplemented from time to time;

(f) the constitutional documents of the Issuer and the Listco, as amended from time to time; and

(g) all information pertaining to the Issuer and/or the Listco which is relevant to the Bonds and/or this Listing Document which is electronically disseminated on the Stock Exchange News Service ("**SENS**") or similar service established by the JSE to SENS subscribers if required,

save that any statement contained in this Listing Document or in any document which is incorporated by reference in and forming part of this Listing Document will be deemed to be modified or superseded for the purposes of this Listing Document to the extent that a statement contained in any subsequent document which is deemed to be incorporated by reference into this Listing Document modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

All documents incorporated by reference as per this section are also available on the following website for as long as the Listing Document remains registered with the JSE: (https://www.sappi.com/bond-and-insurance-captive-reporting-requirements#). In addition, this Listing Document and any amendments and/or supplements thereto will be filed with the JSE, which will publish such documents on its website at http://www.jse.co.za. This Listing Document does not constitute an offer or invitation by or on behalf of the Issuer and the Bookrunner and Debt Sponsors or their Affiliates, or other professional advisors to any person in any jurisdiction to subscribe for or purchase any Bonds.

SUMMARY OF THE BONDS

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Listing Document. Words and expressions defined in the Terms and Conditions shall have the same meanings in this summary.

PARTIES

Issuer:	Sappi Southern Africa Limited (registration number 1951/003180/06), a public company with limited liability duly incorporated on 12 September 1951 in accordance with the company laws of South Africa.
Listco:	Sappi Limited (registration number 1936/008963/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa.
Bookrunner and Transaction Debt Sponsor	Rand Merchant Bank, a division of FirstRand Bank Limited (registration number 1929/001225/06) ("**RMB**"), a registered bank and company with limited liability duly incorporated in accordance with the company laws of South Africa.
Bookrunner (non-South African book):	Morgan Stanley & Co. International plc, duly incorporated with limited liability in England and Wales.
Ongoing Debt Sponsor	Nedbank Limited, acting through its Corporate and Investment Banking division (registration number 1951/000009/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa.
Trustee:	TMF Corporate Services (South Africa) Proprietary Limited (registration number 2006/013631/07), a private company duly registered and incorporated in accordance with the company laws of South Africa.
Conversion Agent:	RMB
Transfer Agent:	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa.
Calculation Agent:	RMB
Settlement Agent:	RMB Morgan Stanley Proprietary Limited (registration number 1995/011585/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa.
Paying Agent:	RMB
Auditor:	KPMG Incorporated (registration number 1999/021543/21), a company with limited liability duly incorporated in accordance with the company laws of South Africa, or such other firm of auditors as may be selected by the Issuer from time to time.
Central Securities Depository:	Strate Proprietary Limited (registration number 1998/022242/07), a private company with limited liability incorporated in accordance with the company and banking laws of South Africa and registered as a central securities depository in terms of the Financial Markets Act, or any additional or alternate depository approved

	by the Issuer.
JSE:	the JSE Limited (registration number 2005/022939/06), a public company with limited liability incorporated in accordance with the company laws of South Africa and a licensed financial exchange in terms of the Financial Markets Act or any exchange which operates as a successor exchange to the JSE.
DESCRIPTION OF THE BONDS	
Bonds:	5.250 per cent. senior unsecured convertible registered bonds due 2025 (a total issuance of 180,000 Bonds with a denomination of ZAR10,000 each).
Size of issuance:	Bonds with an aggregate Principal Amount of ZAR1,800,000,000 (being within the amount authorised by the Issuer).
Terms and Conditions:	The terms and conditions of the Bonds as set out below in this Listing Document under the section headed "*Terms and Conditions of the Bonds"*.
Currency:	Rand, the lawful currency of South Africa.
Denomination of Bonds:	ZAR10,000 each. Bonds will not be offered to a single addressee acting as principal in an aggregate principal amount of less than ZAR2,000,000.
Form of Bonds:	The Bonds which are listed on the main board of the JSE, which will be settled through the CSD will be issued in uncertificated form, and will be held in the CSD. The holder of a Beneficial Interest may exchange such Beneficial Interest for Bonds in certificated form represented by a Certificate (see the section of this Listing Document headed "*Form of the Bonds"*).
Status of the Bonds:	The Bonds constitute direct, unconditional, unsubordinated and (subject to the negative pledge) unsecured obligations of the Issuer and will rank *pari passu* among themselves and at least *pari passu* with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Interest Rate	
and Interest Payment Dates:	From and including the Issue Date, interest will be payable semi-annually in arrears on 26 May and 26 November of each year (each such Day an Interest Payment Date), at a rate per annum equal to 5.250%, with the first Interest Payment Date falling on 26 May 2021.
Redemption:	Unless previously converted, redeemed or purchased and cancelled, the Issuer shall redeem the Bonds at their Principal Amount (together with accrued interest) on 26 November 2025.
	Save for optional redemption prior to the stated maturity of the Bonds (as described below) and early redemption following an Event of Default, early redemption of the Bonds will only be permitted for Tax reasons as described in Condition 10.3 (*Optional Redemption for Tax Reasons*).

At any time on or after 9 December 2023, all but not some of the Bonds may be redeemed at their Principal Amount together with accrued interest, to but excluding the Optional Redemption Date, before their stated maturity at the option of the Issuer, if the Volume Weighted Average Price of the Ordinary Shares exceeds 130% of the Conversion Price on no less than 20 out of 30 consecutive Dealing Days ending no earlier than the 5th (fifth) Dealing Day prior to the giving of the relevant Optional Redemption Notice, as described in Condition 10.2 (*Redemption at the Option of the Issuer*).

At any time, all but not some of the Bonds may be redeemed at their Principal Amount plus accrued interest, to but excluding the date of redemption, before their stated maturity at the option of the Issuer, if Conversion Rights have been exercised and/or redemptions and/or purchases (and corresponding calculations) effected in respect of 85% or more in Principal Amount of the Bonds originally issued, as described in Condition 10.2 (*Redemption at the Option of the Issuer*).

For so long as the Shareholder Resolutions have not been approved, the Issuer may at any time by giving notice no later than 10 Dealing Days prior to the Long Stop Date elect to redeem all but not some only of the Bonds, as described in Condition 10.2 (*Redemption at the Option of the Issuer*).

If a Change of Control occurs, then Bonds may be redeemed at their Principal Amount together with accrued interest before their stated maturity at the option of the holders of the Bonds, as described in Condition 10.4 (*Redemption at the Option of Bondholders: Change of Control*). Alternatively, Bondholders will have the option to convert the Bonds into Ordinary Shares at a lower Conversion Price calculated in accordance with a pre-determined formula.

If a De-listing Event occurs, Bonds may be redeemed at their Principal Amount plus accrued interest before their stated maturity at the option of the holders of the Bonds, as described in Condition 10.5 (*Redemption at the Option of Bondholders: De-Listing*).

Conversion Right:

Subject as provided below, the holder of each Bond shall have the right to convert such Bond into new and/or existing (as determined by the Listco) Ordinary Shares in the capital of the Listco, credited as fully paid up, on the condition that the issuance of such Ordinary Shares as may be required to be issued from time to time to satisfy the exercise of Conversion Rights is approved by the Shareholders of the Listco.

Conversion Rights will be cash settled until the Listco’s shareholders approve settlement in Ordinary Shares, and thereafter Conversion Rights will be settled in Ordinary Shares only.

A Bondholder may exercise its Conversion Right by delivering a Conversion Notice to the Specified Office of the Conversion Agent. The Conversion Date will be the Business Day after the date of such delivery and payment.

Conversion Period:	The Conversion Right in respect of any Bond shall be exercisable at any time from 16 February 2021, to (i) close of business on the date falling 7 days prior to the Final Redemption Date or, (ii) if the Bonds have been called for redemption prior to the Final Redemption Date, up to close of business on the seventh day preceding the relevant Redemption Date. The Conversion Right in respect of any Bond may not be exercised where the resulting Conversion Date would fall during the period commencing on the Last Day to Trade in respect of any payment of interest on the Bonds, and ending on the Interest Payment Date, both days inclusive.
Initial Conversion Price:	The Initial Conversion Price is ZAR33.1636 per Ordinary Share.
Conversion Price:	The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right shall be determined by dividing the Principal Amount of the relevant Bond by the Conversion Price in effect on the Conversion Date. The Conversion Price shall be adjusted upon the occurrence of certain events including, but not limited to, any alteration to the nominal value of the Ordinary Shares as the result of consolidation or subdivision, any rights or options issues and any Dividend, as described in Condition 9.2 (*Adjustment of Conversion Price*). Ordinary Shares to be allotted or transferred, as the case may be, on conversion will be issued or transferred and delivered, as the case may be, credited as fully paid and will rank *pari passu* with all other Ordinary Shares, save that they will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Ordinary Shares prior to the relevant Registration Date.
Issue Price:	100% of the Principal Amount of the Bonds.
Listing:	An application has been made to list the Bonds on the JSE - Main Board under stock code number SAPCB and ISIN ZAE000296083. The Bonds may be traded by and through members of the JSE from 24 February 2021.
Credit Rating:	The Bonds will not be rated.
Clearing and Settlement:	The Bonds will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the Central Securities Depository. Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme will settle offshore transfers, if any, through their Participant. The Central Securities Depository acts as the approved electronic clearing house, and carries on the role of matching, clearing and facilitation of settlement of all transactions carried out on the JSE. The Bonds will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the Central Securities Depository (see the section of this Listing Document headed "*Settlement, Clearing and Transfers*").

Purchase of Bonds: The Issuer may purchase Bonds in the open market or otherwise.

Method of Transfer: The method of transfer is by registration for transfer of Bonds to occur through the Register and by electronic book entry in the securities accounts of Participants or the Central Securities Depository, as the case may be, for transfers of Beneficial Interests in the Bonds, in all cases subject to the restrictions described in this Listing Document. The Bonds will be fully paid up on the Issue Date and will be freely transferable.

Register: The register will be maintained by the Transfer Agent.

Register Closed: The register of Bondholders will be closed prior to each Interest Payment Date and the Final Redemption Date for the periods described in Condition 17 (*Register*), in order to determine those Bondholders entitled to receive payments.

Taxation: A summary of the applicable tax legislation in respect of the Bonds, is set out in the section of this Listing Document headed "*South African Taxation*". The summary does not constitute tax advice. Potential investors in the Bonds should, before making an investment in the Bonds, consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Bonds.

Securities Transfer Tax: No securities transfer tax or any similar tax is payable by the Issuer on the issue, transfer or redemption of the Bonds (see the section of this Listing Document headed *"South African Taxation")*. Any future securities transfer tax and/or taxes that may be introduced will be for the account of Bondholders. If conversion occurs, securities transfer tax would be payable in relation to the transfer of the Ordinary Shares.

Withholding Tax: In the event that any withholding tax or such other deduction is required by Applicable Law, then the Issuer will, subject to certain exceptions as provided in Condition 12 (*Taxation*), pay such additional amounts as shall be necessary in order that the net amounts received by the Bondholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Bonds, as the case may be, in the absence of such withholding or deduction.

Emigrant Capital: Emigrant capital, formerly known as blocked rands, that is solely used for fund transfers in and out of South Africa and that is held in a designated emigrant capital account may be used by emigrants to subscribe for, or purchase, Bonds, subject to the Exchange Control Regulations.

Selling Restrictions: The distribution of this Listing Document and any offering or sale of or subscription for the Bonds may be restricted by law in certain jurisdictions, and is restricted by law in the United States of America, the United Kingdom, the European Economic Area and South Africa (see the section of this Listing Document headed "*Subscription and Sale"*). Persons who come into

	possession of this Listing Document must inform themselves about and observe all applicable selling restrictions.
Governing Law:	The Bonds will be governed by and construed in accordance with the laws of South Africa in force from time to time.

INVESTOR CONSIDERATIONS / RISK FACTORS

Capitalised terms used in this section headed "Investor Considerations/Risk Factors" shall bear the same meanings as used in the Terms and Conditions in this Listing Document, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are also described below. The value of the Bonds could decline due to any of these risks, and investors may lose some or all of their investment.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Bonds are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Listing Document as well as all documents incorporated by reference, including in particular the annual financial statements of the Issuer, to reach their own views prior to making any investment decision.

References below to the "Terms and Conditions", in relation to Bonds, shall mean the "Terms and Conditions of the Bonds" set out in this Listing Document and references below to a numbered "Condition" shall be to the relevant Condition under the Terms and Conditions. Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.

Material Risks Relating to the Issuer's Business

Our significant indebtedness may impair our financial and operating flexibility.

Our significant level of indebtedness and the terms of our indebtedness could negatively affect our business and liquidity. As of September 2020, our net interest-bearing debt and lease liabilities (current and non-current interest-bearing borrowings plus overdraft and lease liabilities, less cash, cash equivalents and short-term deposits) amount to US$1,957 million. While reduction of our indebtedness is one of our priorities, opportunities to grow our businesses will continue to be evaluated, and the financing of any future acquisition or capital investment may include the incurrence of additional indebtedness.

The level of our debt may have significant consequences for our business, including:

- making it more difficult for us to satisfy our obligations, including our obligations under the Notes;
- limiting our ability to obtain additional financing, which could restrict, among other things, our ability to exploit growth opportunities;
- diverting a substantial portion of our cash flow from operations to meet debt service obligations;
- exposing us to increases in interest rates because a portion of our debt bears interest at variable rates;
- placing us at a competitive disadvantage to certain of our competitors with lower levels of indebtedness;
- increasing our vulnerability to economic downturns and adverse changes in our business;
- limiting our ability to withstand competitive pressure; and
- restricting the activities of certain Group companies under the covenants and conditions contained in certain of our financing arrangements.

Our ability to refinance our debt or incur additional debt, the terms of our existing and additional debt and our liquidity could be affected by a number of adverse developments, including as a result of turmoil in debt and other financial markets, which could result in tight credit restrictions and credit being available at higher cost.

Since 2006, the group's credit ratings have been downgraded to sub-investment grade by Standard & Poor's (S&P) and Moody's Investor Service. Most recently, Moody's Investor Service downgraded our credit rating in February 2020 from "Ba1" to "Ba2", citing declining operating profitability in recent periods. Adverse developments in our credit ratings or in financial markets, including as a result of the impacts of the ongoing COVID-19 pandemic or renewed turmoil in the European sovereign debt markets, any further downgrades in South African government bonds or deterioration of general economic conditions, may affect our credit ratings or negatively impact our ability to incur additional debt as well as the amount and terms of the debt we are able to issue.

Our liquidity will be adversely affected if we must repay all or a portion of our maturing debt from available cash or through use of our existing liquidity facilities. In addition, our results of operations will be adversely impacted to the extent the terms of the debt we are able to issue are less favorable than the terms of the debt being refinanced. We may also need to agree to stricter covenants that place additional restrictions on our business. For example, in connection with the COVID-19 pandemic, we have agreed to comply with additional covenants for the duration of the suspension of testing of the financial maintenance covenants, including restrictions on dividend payments, maximum capital expenditure spending limits, a minimum liquidity requirement, limitations on the incurrence of indebtedness, and restrictions on acquisitions. In addition, a portion of our debt bears interest at a variable rate. Fluctuations in the applicable rates may increase our overall interest expenses and have a material adverse effect on our ability to service our debt obligations.

We are subject to South African exchange controls, which may restrict the transfer of funds directly or indirectly between our subsidiaries or between the parent company and our subsidiaries and can restrict activities of our subsidiaries. We may also incur tax costs in connection with these transfers of funds. These exchange controls have affected the geographic distribution of our debt. As a result, acquisitions in North America and Europe have typically been financed with indebtedness incurred by our subsidiaries in those regions. Consequently, our ability or the ability of any of our subsidiaries to make scheduled payments on debt will depend on financial and operating performance, which will depend on various factors beyond our control, such as prevailing economic and competitive conditions. If we, or any of our subsidiaries, are unable to achieve operating results or otherwise obtain access to funds sufficient to enable us to meet our debt service obligations, we could face substantial liquidity problems. As a result, we might need to delay investments or dispose of material assets or operations. The timing of and the proceeds to be realised from any such disposition would depend upon the circumstances at the time.

We require a significant amount of financing to fund our business and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.

Our ability to fund our working capital, capital expenditure and research and development requirements, to engage in future acquisitions, to make payments on our debt, to fund post-retirement benefit programs and to pay dividends depends upon our future operating performance. Our principal sources of liquidity are cash generated from operations and availability under our credit facilities and other debt arrangements. Our ability to generate cash depends, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. Our cash flow from operations may be adversely impacted by a downturn in worldwide economic conditions (including as a result of the effects of the COVID-19 pandemic), which would result in a decline in global demand for our products,

Our business may not generate sufficient cash flow from operations and additional debt and equity financing may not be available to us in a sufficient amount to enable us to meet our liquidity needs. If our future cash flows from operations and other capital resources are insufficient to fund our liquidity needs, we may be required to obtain additional debt or equity financing, refinance our indebtedness or reduce or delay our capital expenditures and research and development investments. We may not be able to secure such alternative funding resources on a timely basis or on satisfactory terms. The failure to do so could have a material adverse effect on our business, results of operations and financial condition.

We may not be successful in implementing, or may not realize all the expected benefits from, our strategic initiatives.

As part of our overall business strategy, we are implementing strategic initiatives to improve profitability, including cost saving projects, measures to increase production capacity and enhance productivity and investment in our dissolving pulp business and higher margin packaging and specialty papers business. Any future growth, cost savings or productivity enhancements that we realize from such efforts may differ materially from our estimates, or we may not be able to implement successfully part or all of our initiatives. The benefit of cost savings or productivity enhancements that we realize may be offset, in whole or in part, by reductions in pricing or volume, or through increases in other expenses, including raw material, energy or personnel, or the demand for our products may decline.

With respect to our recent investments in additional dissolving pulp capacity, including the capacity expansion project at our Saiccor Mill which we commenced in fiscal 2019, a number of our competitors have announced or implemented additional production capabilities, and total supply capacity currently outstrips demand for dissolving pulp. In addition, there is significant overcapacity and competition (and therefore pricing pressure) in the key downstream market of viscose staple fibre production, the Chinese textile market has been adversely affected by the ongoing United States/China trade dispute and related imposition of tariffs on Chinese exports to the United States, which has reduced demand for textiles produced in China, and a weaker RMB/US dollar exchange rate, and the paper pulp market has not recently been an attractive alternative market for swing producers due to weak paper pulp prices. These factors have adversely affected, and may continue to adversely affect, the price of dissolving pulp. As we increase production capacity and enhance productivity and investment in the dissolving pulp segment, our exposure to the dissolving pulp market may grow.

There can be no assurance that any of these initiatives will be completed as anticipated or that the benefits we expect from any strategic initiative will be achieved on a timely basis or at all.

We carry out a number of capital expenditure projects, which, if delivered late, over budget or without achieving the projected quality improvements, capacity increases or cost reductions, could materially adversely affect our results of operations, competitiveness and financial position.

In executing our strategy, we carry out a number of capital expenditure projects. During fiscal 2020, capital expenditure amounted to US$351 million. There is a risk that capital expenditure projects may not be completed on time, may not deliver the expected quality improvements, capacity increases or cost reductions or may exceed the allocated capital budget. Such effects may result from factors such as supplier performance and skill levels, ineffective project management and controls or delays in achieving customer acceptance. Any such delays, cost overruns , production interruptions, failures to deliver expected performance and any other problems experienced in connection with the implementation of any capital project could impact our projects' financial return metrics, hamper our normal operations, delay our products' path to market or cause us to lose market share and may adversely affect our results of operations, competitiveness and financial position.

Fluctuations in the value of currencies, particularly the Rand and the euro in relation to the US dollar, have in the past had, and could in the future have, a significant impact on our results of operations.

Exchange rate fluctuations have in the past, and may, in the future, affect the competitiveness of our products in relation to the products of pulp and paper companies based in other countries.

Fluctuations in the exchange rate between currencies, particularly the Rand and euro and, to a lesser extent, the Chinese renminbi, in relation to the US dollar, have in the past had, and could in the future have, a significant impact on our earnings, the competitiveness of our exports, the prices of imported competitors' products and the costs of our raw materials. A weaker euro/US dollar exchange rate places pressure on our North American business by increasing the levels of imports into the United States and making our exports from the United States less competitive. Further, a stronger Rand/US dollar exchange rate may place margins under pressure in our Southern Africa segment, as this lowers the effective Rand pricing for dissolving pulp (which is priced in US dollars). A weaker RMB/US dollar exchange rate has in the past had, and may in the future have, an adverse impact on US dollar dissolving pulp prices due to the role of the Chinese textile industry as the major global purchaser of dissolving pulp.

Since the adoption of the euro by the European Union on January 1, 1999 (when the euro was trading at approximately US$1.18 per euro), it has fluctuated against the US dollar, reaching a low of approximately US$0.83 per euro in October 2000 before trading at approximately US$1.16, US$1.09 and US$1.16 per euro at the end of fiscal 2020, 2019 and 2018, respectively.

The value of the Rand against the US dollar has fluctuated considerably, moving against the US dollar from a low of approximately ZAR5.66 per US dollar in December 1998 to approximately ZAR17.13, ZAR15.14 and ZAR14.14 per US dollar at the end of fiscal 2020, 2019 and 2018, respectively

There are risks relating to the countries in which we operate that could adversely affect our business, results of operations and financial condition.

We own manufacturing operations in seven countries in Europe, two states in the United States, Canada and in South Africa and own plantations in South Africa. We also sell our products to customers in various countries worldwide. As a result, our operations are subject to various economic, fiscal, monetary, regulatory, operational and political conditions. Our presence in these countries exposes us to risks such as material changes in laws and regulations, political, financial and social changes and instabilities, exchange controls, risks related to relationships with local partners and potential inconsistencies between commercial practices, regulations and business models in different countries. The occurrence of such events could adversely affect our business, results of operations and financial condition.

Our business may be impacted by reputational risks relating to our local partners. Any such reputational risks or negative media coverage could adversely impact our business.

In South Africa, where we own and lease significant amounts of land (394,000ha) that supply our Sappi Forests operations, we are subject to claims for restitution of land under certain land reform initiatives, such as the Restitution of Land Rights Act, 1994. In the past 10 years, we have settled claims related to 39,950.21ha of which claimants took ownership of 8,151ha and claims for 11,271ha in which claimants preferred to seek compensation. The balance of the land has been withdrawn from the claim by the Restitution on Land Rights Commission or the claim was rejected by the Land Claims Court.

More recently, there has been a debate in South Africa surrounding proposals for expropriation of land without compensation, as set out in the amended draft Expropriation Bill that was published for public comment on December 6, 2019, and updated shortly after year end, on 9 October 2020. The governing party and Parliament are in favour of a Constitutional amendment in this regard. Any change in such land reform policies or delays in processing land claims and approving settlements by the South African authorities may increase our costs and adversely affect our business, results of operations and financial condition.

Uncertainties relating to international trade policies, new tariffs and other trade measures may adversely affect our business, results of operations and financial condition.

A substantial proportion of the products we manufacture in our European, North American and Southern African operations are destined for export to other countries worldwide, in particular in Asia. As a result, our business may be impacted by uncertainties related to international trade policies, such as the recent tariffs dispute between the United States and China. The Chinese textile industry, the main purchaser of dissolving pulp globally, has been adversely affected by the ongoing trade dispute between the United States and China, contributing to declines in the market prices for dissolving pulp. Any escalation of the trade dispute between the United States and China or the European Union and any corresponding tariffs, additional tariffs or other trade restrictions may adversely affect the price competitiveness of either our or our customers' products, increase costs or lead to reduced activity and investment levels in our own or our customers' industries in general. These could adversely affect our business, results of operations and financial condition.

The inability to recover increasing input costs through increased prices of our products has had, and may continue to have, an adverse impact on our profitability.

The selling prices of the majority of the products we manufacture and the purchase prices of many of the raw materials we use generally fluctuate in correlation with global commodity cycles. We have in the past experienced, and may in the future experience, increasing costs of a number of raw materials due to global trends beyond our control.

Oil prices have significantly decreased from the historical highs of 2008, they could return to high levels in the future because of, among other things, political instability in the oil-producing regions of the world. This impacts the oil-based commodities required by our business in the areas of energy (including electricity), transport and chemicals.

As has occurred in previous years, a major potential consequence of the increase in the price of input commodities is our inability to counter this effect through increased selling prices, resulting in reduced operating profit and negatively affecting business planning.

While we continue to implement procedures to reduce our cost of commodity inputs, the hedging techniques we apply on our raw materials and products are on a small scale and short-term in nature, other than our maintenance of a high level of economic pulp integration. Moreover, in the event of significant increases in the prices of pulp, our non-integrated and partially integrated operations could be adversely affected if they are unable to raise paper prices by amounts sufficient to maintain margins, or if they are only able to implement such price increases with a certain lag time relative to input cost increases.

If we are unable to obtain energy or raw materials at reasonable prices, or at all, it could adversely affect our operations.

We require substantial amounts of oil-based chemicals, as well as fuels, water and other raw materials for our production activities and transportation of our timber and other products. We rely partly upon third parties for our supply of energy resources and, to a certain extent, timber and pulp, which are consumed in our operations. In addition, our operations are dependent on access to electricity generated by local utilities and power plants, which can at times be unpredictable. For example, Eskom, the state-owned electricity company in South Africa, has in recent years struggled to meet demand and, in some cases, has requested that we reduce our demand, leading to temporary shutdowns of certain of our South African production facilities.

Eskom has warned that electricity shortages and conditions of intermittent supply could persist for some time and the South African government has announced a plan to restructure Eskom into three separate businesses (encompassing generation, transmission and distribution) in response to the recent power generation problems and a substantial debt burden. In addition, in order to address its substantial debt burden, Eskom implemented a tariff increase in 2020. Further tariff increases in 2021 have been approved by the National Energy Regulator of South Africa ("Nersa") and could result in a substantial increase in the cost of electricity to consumers over the next three-years.

The prices for and availability of these energy supplies, water and raw materials may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, worldwide price levels, drought or other severe weather and market conditions.

Environmental litigation aimed at protecting forests and species habitats as well as regulatory restrictions on cutting or harvesting may cause significant reductions in the amount of timber available for commercial harvest in the future. In addition, future legal challenges and regulations concerning the promotion of forest health and the response to and prevention of wildfires could affect timber supplies in the jurisdictions in which we operate. The availability of harvested timber may further be limited by factors such as fire, insect infestation, disease, ice and wind storms, droughts, floods and other nature and man-made causes, thereby reducing supply and increasing prices.

The prices of various sources of energy supplies and raw materials have significantly increased in the past, and may further increase significantly from current levels in the future. An increase in energy and raw material prices could materially adversely affect our results of operations, plantation valuation and financial condition.

A limited number of customers account for a significant amount of our revenues.

We sell a significant portion of our products to several significant customers. During fiscal 2020, 2019 and 2018, no single customer individually represented more than 10% of our total revenue. As a significant portion of our sales revenue is generated through sales to a limited number of customers, any adverse development affecting our significant customers or our relationships with such customers could have an adverse effect on our credit risk profile, business and results of operations. In addition, we rely globally on credit insurance for our arrangements with certain customers. At the end of fiscal 2020, 70%, of the Group's receivables were insured or covered by letters of credit and bank guarantees. Our credit insurer has reduced cover on certain of our customers following the outbreak of COVID-19, and such customers have requested extended payment terms. The withdrawal or unavailability of such credit insurance may impact our ability to engage with such customers.

In response to uncertainty regarding COVID-19, some major customers have notified us of their intention to reduce dissolving pulp purchase volumes below their contractual volume commitments, which could materially reduced sales volumes in future periods. We have received in the past, and may in future receive, customer requests to reduce contracted dissolving pulp volumes. These requests have adversely affected our profitability and could continue to do so in the future.

Adverse changes to economic or market conditions could have a negative impact on our significant customers, which in turn could materially adversely affect our results of operations and financial position.

Adverse changes in economic conditions have had and may continue to have a negative impact on our significant customers. Such changes cannot be predicted and their impacts may be severe, including such customers experiencing financial distress, filing for bankruptcy protection or insolvency, going out of business, or otherwise suffering disruptions in their businesses, which could in turn have a negative impact on our business. A disruption in the ability of our significant customers to access adequate sources of liquidity could also cause serious disruptions or an overall deterioration of their businesses, which could lead to a significant reduction in their future orders of our products and the inability or failure on their part to meet their payment obligations to us, any of which could have a material adverse effect on our operating results and financial position. Similarly, sustained adverse changes in market conditions for our significant customers' products, such as lower demand, lower prices or increased competition, could also reduce future orders of our products and have a material adverse effect on our results of operations and financial position.

In addition, our customers may experience financial distress, file for bankruptcy protection or insolvency, go out of business, or suffer disruptions in their businesses due to the outbreak of COVID-19 and associated government responses. Accordingly, we expect an increase in bad debt provisions, which in each case could have a negative impact on our business, results of operations and financial condition. In dissolving pulp, sustained significant overcapacity of viscose staple fibre, the primary product produced by our dissolving pulp customers, combined with a weak textile market, the primary market for viscose staple fibre sales, and the effects of a weaker Chinese RMB, have contributed to dissolving pulp prices declining to historic lows. If low prices and weak margins prevail in the market for viscose staple fibre, or if prices for competing fibres in the textile industry such as cotton and polyester were to decrease significantly, our dissolving pulp business could continue to be adversely affected. Similarly, the closure of many clothing retailers due to lockdowns and social distancing measures implemented in response to the COVID-19 outbreak has led to negative pressure on textile demand and, in turn, dissolving pulp which is used in the production of viscose textiles; order activity for graphic papers has also slowed markedly since the beginning of the outbreak.

Such adverse changes could also lead to consolidation in the industries in which our significant customers participate. Such consolidation could increase our dependence on a few key customers, which could lead to less favorable terms and lower sales prices for our products.

Because of the nature of our business and workforce, we may face challenges in the retention of staff and the employment of skilled people that could adversely affect our business.

We are facing an aging demographic work profile among our staff due to the mature nature of our industry and the rural and often remote location of our mills, together with the generally long tenure of employees at the mills. As a result, we are likely to experience groups of employees leaving the company within a relatively short space of time of one another and may have difficulty attracting qualified replacements. The potential risks we face include loss of institutional memory, skills, experience and management capabilities. We may be unable to attract and retain sufficient qualified replacements when and where necessary to avoid an adverse impact on our business. In certain regions, low unemployment rates also make it more difficult to find local resources and skills.

A large percentage of our employees are unionized and wage increases or work stoppages by our unionized employees may have a material adverse effect on our business.

A large percentage of our employees are represented by labor unions under collective bargaining agreements, which need to be renewed from time to time. In addition, we have in the past sought and may in the future seek, or be obligated to seek, agreements with our employees regarding workforce reductions, closures and other restructurings. We may not be able to negotiate acceptable new collective bargaining agreements or future restructuring agreements, which could result in labor disputes. Also, we may become subject to material cost increases or additional work rules imposed by agreements with labor unions. This could increase expenses in absolute terms and/or as a percentage of sales.

Although we believe we have good relations with our employees, work stoppages or other labor disturbances have occurred in the past, and may occur in the future, which could adversely impact our business. In recent years, certain of our unionized employees have participated in strike actions that have resulted in interruptions in our business operations. Any strike actions or other labor disruptions, or any related negotiations that result in onerous terms for us, may have an adverse effect on our business and profitability.

The prevalence of HIV/AIDS exposes us to certain risks, which may have an adverse effect on our operations.

The Southern African region has one of the highest infection rates of HIV/AIDS in the world. Although we initiated a comprehensive HIV/AIDS management programme in the early 1990s to address the effects of the disease and its impact on our employees and our business, our operations continue to be exposed to certain risks related to the HIV/AIDS pandemic. We incur and will continue to incur costs related to the prevention, detection and treatment of the disease. However, we cannot guarantee that any current or future management program will be successful in preventing or reducing the infection rate among our employees and any potential effect thereof on the mortality rate. We may be exposed to lost workers' time associated with the disease and a potential loss of skill, which may adversely affect our operations.

Abnormal or severe events affecting our plantations, such as fires and droughts, may adversely impact our ability to supply our Southern African mills with timber from the region.

The Southern African landscape is prone to, and ecologically adapted to, frequent fires. The risk of uncontrolled fires entering and burning significant areas of plantation is high. In 2007 and 2008, Southern Africa experienced a number of abnormal weather events (hot, dry conditions fanned by extremely strong winds), which resulted in disastrous plantation fires across vast areas of eastern South Africa affecting 14,000 hectares of our plantations. These abnormal weather conditions might be more frequent in the future as the result of climate change. In addition, because the transformation of land ownership and management in Southern Africa has been moving ownership and management of plantations to independent growers, we have less ability to directly manage fire risk, as well as risks of other abnormal or severe events, such as pathogen and pest infestations. As a consequence, the risk of plantation fires or other abnormal or severe events remains high and may be increasing.

The availability of harvested timber may also be limited by other abnormal weather conditions, such as droughts. Continued or increased losses of our wood sources from drought conditions or fire could jeopardize our ability to supply our mills with timber from the region.

The effects of climate change may have an impact on our business.

There are transitional (policy and legal actions, technology changes, market responses and reputational considerations) and physical (acute and chronic) risks associated with climate change. In terms of transitional risks, concerns about global warming and efforts to reduce carbon emission footprints, as well as legal and financial incentives favouring alternative fuels, are leading to the increased use of sustainable, non-fossil fuel sources for electricity generation. Sappi faces operational risks related to climate change in all three geographic regions where it operates. We may also incur additional costs for electricity supplies and/or to purchase emissions allowances or pay carbon taxes applicable to our operations in certain jurisdictions, including Europe and South Africa. Governments in the regions where we operate are looking to accelerate decarbonisation and, in certain instances, achieve climate neutrality by 2050. Although we have decarbonisation plans in each region where we have manufacturing operations and while we are working to reduce the amount of electricity purchased, in certain regions like South Africa this is largely based on coal (due to Eskom's high dependency on this fossil fuel), with negative implications for Scope 2 greenhouse gas (GHG) emissions. There is a chance that this might impact us, or that constrained capex or other factors might mean we are not able to achieve such plans, that we do not achieve them timeously or that our competitors' decarbonisation plans could be more effective than our own. In addition, some factors, such as Scope 3 GHG emissions which lie in our supply chain, are, to a certain extent, unpredictable as they are outside our control. Should our competitors manage their Scope 3 emissions more effectively, this could have a reputational impact.

In terms of physical risk, climate change leading to different weather patterns, such as higher rainfall, drought and increased temperatures, could cause the spread of disease and pestilence into our plantations and fibre sources far beyond their traditional geographic spreads, increasing the risk that wood supply necessary to our operations may be negatively impacted. A preliminary climate change investigation conducted by Sappi Forests' scientists in fiscal 2019 indicated that climate change is likely to be more significant in Southern Africa compared to the world average, including decreased spring rainfall and higher temperatures, the combined effect of which is likely to increase tree stress and adversely impact our South African forests and plantations.

The effects of climate change may also impact our business to the extent they result in reduced availability of woodfibre or demand for our products. Wildfires in Europe and North America over the past few years have been among the most destructive and expensive on record, and the risks of plantations fires in South Africa are increasing.

As an example, if the outbreak of the spruce bark beetle (Ips typographus) within Sappi's key wood procurement areas in Europe continues, it could have profound impacts on forest ecosystems and forestry. In 2019 in Germany approximately 68% of total harvested volumes were fellings due to insect outbreaks and other climate change related impacts. In response, forest owners are considering converting spruce (Picea abies) stands to other coniferous species or other broadleaves species which are more resilient than spruce to climate change related adverse impacts. As the spruce is a strategically important species both for Sappi's own and our suppliers' mechanical and chemical pulp production, the possible long-term changes in availability might have strategic impact both in terms of production technologies and product portfolios.

Should our strategy to mitigate the related risks, including of raw materials shortages, not be successful, our business may be adversely impacted.

Additionally, the increased emphasis on water footprint in Southern Africa is causing increased focus on the location of forestry plantations, which could affect the granting of water use licences, the quality and quantity of ground water, the use of water by our operational units, the quality of water released back into natural water systems and the control of effluent discharges. The cost, availability and use of our water supply also have a direct impact on our input costs and operating profit.

Our manufacturing and forestry operations are inherently dangerous, and we may be subject to risks related to the health and safety of our employees.

We operate a number of manufacturing facilities and conduct various forestry operations, all of which are inherently dangerous. Although we employ safety procedures in training our employees and contractor employees, as well as in the design and operation of our manufacturing facilities and forestry operations, accidents resulting in injury or death have occurred at our facilities in the past and could occur in the future.

Any such accidents or incidents could also result in environmental impacts, equipment damage and/or production delays, which could harm our business and our results of operations. The potential liability resulting from any such incident, to the extent not covered by insurance, and any negative publicity associated therewith could harm our business, reputation, financial condition or results of operations. Whether or not a claim against us succeeds, its defense may be costly and the existence of any claim may adversely impact our reputation, financial condition or results of operations.

Unforeseen shutdowns or disruptions at our production facilities or affecting our information technology systems may adversely impact our business.

Our pulp and paper mills and our production facilities are central to our business and are subject to operational risks. These risks include, but are not limited to, fire or explosions, accidents, severe weather and natural disasters, mechanical, operational or structural failures, unplanned production or power disruptions, political turmoil, pandemics and related governmental responses (including COVID-19) or social unrest. . Shutdowns, outages or deficiencies resulting from such events could have a material adverse effect on our business and financial condition if such shutdowns, outages or deficiencies continued for an extended period of time or if we were unable to restart or remedy production in a timely manner.

We also use information technologies to securely manage our operations and various business functions. We rely on various technologies to process, store and report on our business and interact with customers, vendors and employees. Despite our security design and controls, and those of our third-party providers, we or our third-party providers have in the past been, and in the future could become, subject to cyberattacks, which could result in operational disruptions or the misappropriation of sensitive data. There can be no assurance that such disruptions or misappropriations and the resulting repercussions will not adversely impact our reputation, financial condition or results of operations.

We depend on a reliable and efficient supply chain to deliver products to our customers within a time frame that meets their expectations. A number of factors, many of which are beyond our control, could disrupt the operation of our supply chain and jeopardize our ability to fulfil our customers' orders, including inclement weather, natural disasters, transportation interruptions or inefficiencies, port or traffic congestion, labor shortages or disruptions, oil price increases, unrest or pandemics (including COVID-19) could impair our ability to supply our customers or maintain an appropriate logistics chain and levels of production and inventory, all of which could adversely affect our reputation, business, results of operations and financial condition. Disruptions of this nature could have a material adverse effect on our business, financial condition or results of operation, particularly if the disruptions were to continue for an extended period of time.

Risks Related to our Industry

Risks affecting the business of the Issuer are set out in the section of this Listing Document, headed "*Description of Sappi Southern Africa Limited*" as well as the Issuer's published annual report.

We operate in a cyclical industry, which has in the past resulted in substantial fluctuations in our results.

The markets for our pulp and paper products are commodity markets and are affected by changes in industry capacity and output levels as well as by cyclical changes in the world economy. As a result of periodic supply and demand imbalances in the pulp and paper industry, these markets historically have been highly cyclical, with volatile pulp and paper prices.

In recent years, turmoil in capital and credit markets, coupled with uncertainty created by economic and geopolitical developments such as those resulting from the COVID-19 pandemic, Brexit and changing trade practices in the United States, have had a continued adverse effect on the world economy. These types of factors have consequently affected, and may continue to adversely affect, the markets for our products insofar as they cause decreased demand for our products and/or decreases in achievable selling prices. The timing and magnitude of demand and price fluctuations in the pulp and paper market have generally varied by region and by type of pulp and paper. Prolonged or significant imbalances between supply of and demand for our core products may require us to impair operating assets and implement capacity reduction measures.

A significant increase in the prices for pulp or pulpwood could adversely affect our non-integrated and partially integrated operations should they be unable to raise paper prices sufficiently to offset the effects of increased input costs. Increases in other input costs including (but not limited to) those for energy and chemicals may affect our operations if we are unable to raise paper prices sufficiently.

Most of our dissolving pulp sales contracts are multi-year contracts. The price terms under most of those contracts are reset on a quarterly basis. Because of the short-term duration of paper and dissolving pulp pricing arrangements, we are subject to cyclical decreases in market prices for these products, such as the cyclical decrease that has affected dissolving pulp prices in recent years. This decrease was primarily due to the combined impact of (i) the ongoing United States/China trade dispute and related imposition of tariffs on Chinese exports to the United States, which reduced demand for textiles produced in China, (ii) excess viscose staple fibre capacity and increased competition in the viscose staple fibre market adversely affecting pricing in that market, (iii) a weaker US$/RMB exchange rate impacting the US$ prices Chinese customers are willing to pay, and (iv) the absence of an attractive alternative market for swing producers due to weakness in paper pulp prices.

Moreover, uncertainty regarding COVID-19 may exacerbate the adverse impact of depressed dissolving pulp prices on our profitability. In response to uncertainty regarding COVID-19, some major customers had notified us of their intention to reduce dissolving pulp purchase volumes below their contractual volume commitments, which may adversely affect sales in future periods. We have received in the past, and may in future receive, other customer requests to reduce contracted dissolving pulp volumes. These requests have adversely affected our profitability and could continue to do so in the future. A downturn in paper or dissolving pulp prices or a prolonged period of depressed market prices for these products, including any continuation or further deterioration of current market prices for dissolving pulp, could have a material adverse effect on our business, results of operations and financial condition.

We face risks related to the COVID-19 pandemic, which may have material adverse effects on our business, financial position, results of operations and cash flows.

Beginning in December 2019, a new strain of the coronavirus (COVID-19) has spread rapidly throughout the world, including in North America and Europe (where, respectively, 29% and 50% of our Group sales in fiscal 2020 were produced). This pandemic and associated governmental responses have adversely affected workforces, consumer sentiment, economies and financial markets, and, together with decreased consumer spending, have led to an economic downturn in many of our markets.

The COVID-19 pandemic and actions taken by governments across the world to reduce the spread of the virus have created significant uncertainty in the markets in which we operate. The pandemic and such actions have had, and are likely to continue to have, negative impacts on our business, such as causing significant declines in demand for our products, changes in consumer behavior and preferences, disruptions in our manufacturing and supply chain operations, lower capacity utilization and/or unscheduled downtime or shutdowns at some or all of our facilities, disruptions to our capital expenditure initiatives, limitations on our employees' ability to work and travel, significant changes in the economic or political conditions in markets in which we operate and related currency and commodity volatility, restrictions on our access to sources of liquidity, reductions or withdrawals of credit insurance coverage, and unfavorable working capital movements.

Declines in demand for dissolving pulp and graphic paper have necessitated, and are likely to continue to require, downtime on various machines in all regions, resulting in lower capacity utilisation and profitability and have had, and may continue to have, an adverse impact on our business, results of operations and financial condition.

As shutdowns spread across different countries and industries, supply of key raw materials may become affected. In addition, our customers, service providers or suppliers may experience financial distress, file for bankruptcy protection or insolvency, go out of business, or suffer disruptions in their businesses due to the outbreak of COVID-19 and we expect an increase in bad debt provisions which in each case could have a negative impact on our business, results of operations and financial condition. Elevated inventory levels throughout our supply chain through to end markets as a result of the COVID-19 pandemic may also adversely affect our own business and that of our customers, including by delaying the impact of any recovery in economic conditions following any easing of lockdown and social distancing measures by governments in the markets in which we operate as existing inventories are sold off. Many of our customers have also been unable to take delivery of ordered products during the pandemic and have requested us to retain such products, which has placed additional demands on our warehousing capacity. An outbreak of COVID-19 within our workforce could result in disruptions in our operations and unscheduled downtime or shutdowns at some or all of our facilities. Due to the pandemic, certain of our capital expenditure projects were disrupted, including the postponement of all material discretionary projects, and the shifting of annual maintenance shutdowns to as late as possible

Given the dynamic nature of this outbreak (including its impact on the global economy and the applicable governmental responses), the extent to which COVID-19 impacts the Group’s business, results of operations and financial condition will depend on future developments, which remain highly uncertain and cannot be accurately predicted at this time.

The markets for pulp and paper products are highly competitive, and some of our competitors have advantages that may adversely affect our ability to compete with them.

We compete against many pulp and paper producers located around the world. A trend towards consolidation in the pulp and paper industry has created larger, more focused pulp and paper companies. Some of these companies benefit from greater financial resources or operate mills that produce pulp and paper products at a lower cost than our mills, or benefit from government subsidies. Some of our competitors also have advantages over us, including lower raw material, energy and labor costs and fewer environmental and other governmental regulations with which to comply. As a result, we cannot assure you that each of our mills will remain competitive. Furthermore, we cannot assure you that we will be able to take advantage of consolidation opportunities which may arise, or that any failure to exploit opportunities for growth would not make us less competitive. Increased competition, including as a result of a decrease in import duties in accordance with the terms of free trade agreements or any potential revocation or non-renewal of the imposition of anti-dumping duties on Chinese and Indonesian coated paper imports into the United States by the U.S. International Trade Commission, could cause us to lose market share, increase expenditures or reduce pricing, any of which could have a material adverse effect on the results of our operations. In addition, competition may result from our inability to increase the selling prices of our products sufficiently or in time to offset the effects of increased costs, which could lead to a loss in market share, and aggressive pricing by competitors may force us to decrease prices in an attempt to maintain market share.

Developments in digitalization, including media alternatives to newsprint and paper advertising, the declining use of writing and writing papers and related changes in consumer preferences may affect the demand for our products.

Consumer preferences may change as a result of the availability of alternative products or services, including less expensive product grades, or as a result of pressure from consumers for more environmentally friendly solutions. In addition, trends in advertising, electronic data transmission and storage, mobile devices and the internet could have adverse effects on traditional print media and other paper applications, including our products and those of our customers. Over the last ten to 15 years, the pulp and paper industry has encountered a growing transformation in consumer preferences. During this time, readership and circulation of newspapers and magazines have been declining; meanwhile, accessibility to, and use of, the internet has increased and mobile devices, including digital tablets, have become commonplace. As a result, digital alternatives to many traditional paper applications are now readily available and have begun to adversely affect demand for certain paper products. For example, advertising expenditure has gradually shifted away from the more traditional forms of advertising, such as newspapers, magazines, radio and television, which tend to be more expensive, towards greater use of electronic and digital forms of advertising on the internet via mobile phones and other electronic devices, which tend to be less expensive. While the extent of these trends cannot be predicted with certainty, competition from electronic media, for example, has led and may continue to lead to weaker demand for certain of our products, including coated woodfree and mechanical paper historically used in print publishing and advertising. More generally, demand for graphic papers, which product category represented 57% of our sales in fiscal 2020, continues to exhibit long-term structural decline in Europe and North America, which we expect to continue; this decline has adversely affected the profitability of our graphic papers activities, including due to increased production downtimes impacting operating rates and machine efficiency, and there is no guarantee that we will be able to make, or retain, market share gains to partially offset such decline.

The trend of digitalization may further accelerate in response to the COVID-19 pandemic, with significant proportions of the populations in our markets working remotely and consuming less print media for the duration of governmental lockdown and social distancing measures implemented in response to the pandemic and any such trend may persist following the COVID-19 pandemic. In the face of such structurally declining demand for graphic papers, any failure to grow our packaging and specialty papers and dissolving pulp businesses could have a material adverse effect on our results of operations, prospects and financial condition.

Global economic conditions could adversely affect our business, results of operations and financial condition.

In the past, demand for our paper products declined and pulp prices and demand decreased during times of global economic recession. Economic recession, sovereign debt crises and other macroeconomic events (including the COVID-19 pandemic) have in the past led, and may in future lead, to slower economic activity, inflation and deflation concerns, reduced corporate profits, reduced or cancelled capital spending, adverse business conditions and liquidity concerns resulting in significant recessionary pressures, increased unemployment and lower business and consumer confidence.

The outlook for the world economy is currently subject to significant uncertainty, particularly in light of the impact of the COVID-19 pandemic, which may lead to prolonged periods of economic uncertainty, downturn, recession or depression in many of the countries in which we and our customers operate. Many national governments have instituted rescue policies intended to mitigate the effects of a recession. Certain countries have fallen into recession and a significant risk remains that measures taken by governments and central banks may not prevent the global economy from declining. Any such downturn, recession or depression could have a material adverse effect on our business, results of operations and financial condition.

Finally, we cannot predict the timing, duration or effect of any other downturn in the economy that may occur in the future. These economic risks and others that we may not anticipate could adversely affect the Group's business, results of operations, financial condition or prospects.

New technologies may affect our ability to compete successfully.

We believe that new technologies or novel processes may emerge and that existing technologies may be further developed in the fields in which we operate. These technologies or processes could have an impact on production methods or on product quality in these fields. Unexpected rapid changes in employed technologies or the development of novel processes that affect our operations and product range could render the technologies we utilize or the products we produce obsolete or less competitive in the future. Difficulties in assessing new technologies may impede us from implementing them and competitive pressures may force us to implement these new technologies at a substantial cost. Any such development could materially and adversely affect our results of operations.

Innovation and the development of new products to meet customer expectations play an important role in our industry, in particular in growing segments such as packaging and specialty papers. Failure to invest in research and development or to proactively develop new products or processes may negatively affect our ability to compete successfully. In particular, the packaging and specialty papers business is characterized by a high level of customization and specialization to meet specific customer requirements. Further, our competitors may have greater financial or other resources that allow them to develop or otherwise access new products or processes before we do. In order to compete successfully, we must continually develop and introduce new products and services in a timely manner to keep pace with technological and regulatory developments and achieve customer acceptance. We may not be able to respond to these competitive pressures or acquire or develop new technologies on a timely basis or at an acceptable cost. In addition, the services and products that we provide to customers may not meet the needs or preferences of our customers. If we do not assess and respond to changing customer expectations, preferences and needs in a timely manner, our financial condition, results of operations or cash flows could be adversely affected.

In addition, we are exposed to risks that are inherent to innovation and new technologies, such as those related to customer acceptance of new products. Therefore, we may incur certain costs relating to developing and marketing new products and we cannot guarantee that the profitability of or demand for such products will meet our expectations.

The cost of complying with or addressing liabilities under environmental, health and safety laws may be significant.

Our operations are subject to a wide range of requirements, including conditions contained in our permits, arising from environmental, health and safety laws and regulations in the various jurisdictions in which we operate. Such laws and regulations govern, among other things, water supply and consumption, the use of renewable and other fuels, the control of air emissions (including greenhouse gases) and water discharges, the management, reduction and disposal of hazardous and solid wastes, the clean-up of contamination, the protection of fisheries and other natural resources, the purchase and use of safety equipment, workplace safety training and the monitoring of workplace hazards.

Although we strive to ensure that our facilities comply with all applicable environmental requirements, including any permits required for our operations, we have in the past been, and may in the future be, subject to governmental enforcement actions or other claims or sanctions for failure to comply with environmental requirements. Impacts from historical or current operations, including the land disposal of waste materials or unpermitted releases of hazardous materials, may require costly investigation and clean-up. In addition, we could become subject to liabilities resulting from personal injury, property damage or natural resources damage. Expenditures to comply with future environmental, health and safety requirements and the costs related to addressing any potential environmental, health and safety liabilities, sanctions and claims could have a material adverse effect on our business and financial condition.

We expect to continue to incur significant expenditures to maintain compliance with applicable environmental laws, to install or upgrade pollution control equipment at our mills and to meet any new regulatory requirements, including those related to mandatory waste reduction targets or potential stricter air emissions standards in the United States, Canada, Southern Africa and Europe. We may also face constraints or restrictions on our production, or our ability to expand production, as the result of these requirements.

In addition, we may not have identified or addressed all sources of environmental, health and safety risks, and there can be no assurances that we will not incur losses related to any such environmental, health and safety risks, that the capital and operating costs of compliance with existing and future environmental, health and safety laws and regulations will not continue to increase or that any such losses or costs incurred will not have a material adverse impact on our results of operations, financial condition or prospects.

The availability and cost of insurance cover can vary considerably from year to year as a result of events beyond our control, and this can result in us paying higher premiums and periodically being unable to maintain appropriate levels or types of insurance.

The insurance market remains cyclical and catastrophic events can change the state of the insurance market, leading to sudden and unexpected increases in premiums and deductibles and inadequacy or unavailability of coverage due to reasons unconnected with our business. In addition, the ongoing COVID-19 pandemic may result in changes in the structure and practices of the insurance market, result in an increasing frequency of disputes with insurers or otherwise result in an inability to recover from our insurance providers. Furthermore, volatility in the global financial markets can adversely affect the insurance market and could result in some of our insurers failing and being unable to pay their share of claims.

We have renewed our 2020 asset and business interruption insurance cover at less favorable rates to those of 2019. The maximum self-insured retention for any one property damage occurrence is US$23.8 million (€20.5 million), with an annual aggregate of US$38.4 million (€33.0 million). We are unable to predict whether past or future events will result in more or less favorable terms for 2021. For property damage and business interruption insurance, cost effective cover is not generally available to full replacement value. As at September 2020, the annual limit for claims under our property damage and business interruption insurance policy was US$872.4 million (€750.0 million). If we were to experience property damage or business interruption losses in excess of any such policy limits, this could have a material adverse effect on our Group's business, results of operations, financial condition or prospects.

Since fiscal 2011, our property damage insurance policy has been euro-denominated as most of our assets are based in euro-denominated jurisdictions. We place the insurance for our plantations on a stand-alone basis into international insurance markets. Fires had a significant adverse impact on our plantations in fiscal 2007 through 2010, and similarly significant adverse effects may occur in the future, which may not be covered in full by our insurance.

Furthermore, we may incur liabilities that are not covered by insurance. Given the diversity of our operations, we may not always be able to predict all risks to which we are exposed and as a result, we may not be covered by insurance in specific instances, including the ongoing COVID-19 pandemic. We are unable to assure you that actual losses will not exceed our insurance coverage or that such excess will not be material.

Risks Relating to the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in any Bonds must determine the suitability of that investment in the Bonds in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Listing Document;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

There may not be an active trading market for the Bonds

Bonds issued under the Listing Document will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

The Bonds may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding affected Bonds in accordance with the Terms and Conditions.

In addition, where the Terms and Conditions specify that the Bonds are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Bonds at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Bonds.

Because uncertificated Bonds are held in the Central Securities Depository, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Bonds issued under the Listing Document which are listed on the Main Board of the JSE or such other or additional Financial Exchange and/or held in the Central Securities Depository may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Bonds held in the Central Securities Depository will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the Central Securities Depository. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Certificates. The Central Securities Depository will maintain records of the Beneficial Interests in Bonds issued in uncertificated form, which are held in the Central Securities Depository. Investors will be able to trade their Beneficial Interests only through the Central Securities Depository and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Bonds will be made to the Central Securities Depository or the Participants and the Issuer will discharge its payment obligations under the Bonds by making payments to the Central Securities Depository or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Bonds, must rely on the procedures of the Central Securities Depository to receive payments under the relevant Bonds. Each investor shown in the records of the Central Securities Depository or the Participants, as the case may be, shall look solely to the Central Securities Depository or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Bonds will not have a direct right to vote in respect of the relevant Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the Central Securities Depository to appoint appropriate proxies.

Recourse to the JSE Debt Guaranteed Fund

The holders of Bonds that are not listed on the Main Board of the JSE will not have recourse against the JSE Debt Guaranteed Fund.

Modification and waivers and substitution

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Change of law

No assurance can be given as to the impact of any possible judicial decision or change to South African law or administrative practice in South Africa or other Applicable Law after the Issue Date.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

FORM OF THE BONDS

Capitalised terms used in this section headed "Form of the Bonds" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Bonds issued in uncertificated form

The Bonds will, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act.

The Bonds issued in uncertificated form will not be represented by any certificate or written instrument. The Bonds issued in uncertificated form will be held by the Central Securities Depository, and the relevant Bondholder will be named in the uncertificated securities Register as the registered Bondholder of those Bonds.

Beneficial Interests in Bonds held in the Central Securities Depository

The Bonds will be listed on the Main Board of the JSE and issued in uncertificated form and held in the Central Securities Depository. While Bonds are held in the Central Securities Depository, the relevant Bondholder will be named in the Register as the sole Bondholder of the Bonds.

The Central Securities Depository will hold the Bonds subject to the Financial Markets Act and the Applicable Procedures. All amounts to be paid in respect of Bonds held in the Central Securities Depository will be paid to the relevant Participant on behalf of the relevant Bondholder pursuant to the Applicable Procedures. All rights to be exercised in respect of Bonds held in the Central Securities Depository will be exercised by the relevant Bondholder.

The Central Securities Depository maintains central securities accounts only for Participants. As at the Issue Date, the Participants are South African Reserve Bank, ABSA Bank Limited, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, Standard Chartered Bank, Johannesburg Branch, and The Standard Bank of South Africa Limited.

Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme, (Clearstream Luxembourg) ("**Clearstream**") may hold Bonds through their Participant. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests in the Bonds or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Bonds held by them in the Central Securities Depository only through their Participants.

In relation to each person shown in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular outstanding Principal Amount, a certificate or other document issued by the Central Securities Depository or the relevant Participant, as the case may be, as to the outstanding Principal Amount of such Bonds standing to the account of any person shall be prima facie proof of such Beneficial Interest. However, the registered Bondholder of such Bonds named in the Register will be treated by the Issuer, the Paying Agent, the Transfer Agent and the Central Securities Depository as the holder of that outstanding Principal Amount of such Bonds for all purposes.

Subject to the Applicable Laws and the Applicable Procedures, title to Beneficial Interests held by Bondholders directly through the Central Securities Depository will be freely transferable and pass on transfer thereof by electronic book entry in the central securities accounts maintained by the Central Securities Depository or relevant Participants for such Bondholders. Title to Beneficial Interests held by clients of Participants indirectly through such Participants will pass on transfer thereof by electronic book entry in the security accounts maintained by such Participants for such clients. Beneficial Interests may be transferred only in accordance with the Applicable Procedures. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Bonds represented by an Certificate in accordance with Condition 15 (*Exchange of Beneficial Interest and Replacement of Bonds*).

Certificates

The Bonds represented by Certificates will be registered in the name of the Bondholders in the Register. Payments of all amounts due and payable in respect of Bonds represented by Certificates will be made in accordance with Condition 11 (*Payment*) to the person reflected as the registered holder of such Certificates in the Register at 17h00 (South African time) on the Last Day to Trade, and the Issuer will be discharged by proper payment to or to the order of the registered Bondholder in respect of each amount so paid.

The Issuer shall regard the Register as the conclusive record of title to the Bonds represented by Certificates.

The JSE Debt Guaranteed Fund

Claims against the JSE Debt Guaranteed Fund may be made in respect of the trading of Bonds listed on the Main Board of the JSE and in accordance with the rules of the JSE Debt Guaranteed Fund.

TERMS AND CONDITIONS OF THE BONDS

The Terms and Conditions set out below will be deemed to be incorporated by reference into each Certificate, if any, evidencing any Bonds.

Sappi Southern Africa Limited (incorporated in South Africa with limited liability under registration number 1951/003180/06) (the "**Issuer**").

Issue of ZAR 1 800 000 000 5.250 per cent. Senior Unsecured Convertible Registered Bonds due 2025 convertible into Ordinary Shares of Sappi Limited (incorporated in South Africa with limited liability under registration number 1936/008963/06) (the "**Listco**").

(a) The issue of ZAR 1 800 000 000 5.250 per cent. Senior Unsecured Convertible Registered Bonds due 2025 (the "**Bonds**") was authorised by a resolution of the board of the Issuer passed on or about 3 November 2020.

(b) The terms and conditions of the Bonds (the "**Terms and Conditions**") are constituted as set out below, as read together with the Trust Deed.

(c) TMF Corporate Services (South Africa) Proprietary Limited (the "**Trustee**") has been appointed in terms of a trust deed (the "**Trust Deed**") between the Trustee, the Listco and the Issuer, to act as trustee on behalf of and for the benefit of the Bondholders.

(d) Pursuant to the Trust Deed, the Listco binds itself to those provisions of the Terms and Conditions which confer rights and/or impose obligations on the Listco.

It is agreed:

1. **Interpretation**

1.1 Terms and expressions set out below shall have the meanings set out below in these Terms and Conditions, unless such term is separately defined in these Terms and Conditions or the context otherwise requires:

Additional Cash Settlement Amount has the meaning provided in Condition 9.14;

Additional Ordinary Shares as the meaning provided in Condition 9.3;

Agency Agreement means the agreement concluded between the Issuer, the Calculation Agent, the Paying Agent and the Transfer Agent (or any separate agreement between the Issuer and any such agent), in terms of which the agents agree to provide calculation, paying and transfer services to the Issuer;

Applicable Law means in relation to a person, all and any:

(a) statutes and subordinate legislation;

(b) treaties, regulations, ordinances, decrees and directives;

(c) by-laws;

(d) codes of practice, circulars, guidance notices, judgements and decisions of any competent authority;

(e) any present or future common law; and

(f) other similar provisions, from time to time;

Applicable Procedures means the Debt Listings Requirements of the JSE and the rules and operating procedures for the time being of the Central Securities Depository, Settlement Agents and the JSE, as the case may be;

Beneficial Interest	means in relation to a Bond, an interest as beneficial owner of a Bond held in uncertificated form, in accordance with the Financial Markets Act;
Bonds	means the 5.250 per cent. senior unsecured convertible registered bonds due 2025, in an aggregate Principal Amount of ZAR 1 800 000 000, with a minimum denomination on the Issue Date of ZAR 10,000 each, issued by the Issuer under these Terms and Conditions and for the time being outstanding;
Bondholder or **holder**	means the person in whose name a Bond is registered in the Register;
Business Day	means a day (other than a Saturday, Sunday or official South African public holiday within the meaning of the Public Holidays Act, 1994, as amended), which is a day on which commercial banks settle ZAR payments in Johannesburg;
Calculation Agent	means Rand Merchant Bank, a division of FirstRand Bank Limited or such other person with whom the Issuer has entered into a Calculation Agent Agreement or any additional agent appointed to perform any particular function assigned to it;
Calculation Agent Agreement	means the agreement concluded between the Issuer and the Calculation Agent (which may be incorporated into the Agency Agreement), in terms of which the Calculation Agent agrees to provide calculation services to the Issuer;
Cash Settlement Amount	means an amount calculated by the Calculation Agent in accordance with the following formula and which shall be payable to a Bondholder upon the exercise of Conversion Rights, where the relevant Conversion Date falls prior to the Physical Settlement Date:

$$\mathrm{CSA} = \sum_{n=1}^{N} \frac{1}{N} \times S \times P_n$$

where:

CSA = the Cash Settlement Amount;

S = the Reference Shares;

P_n = the Volume Weighted Average Price of an Ordinary Share on the n^{th} Dealing Day of the Cash Settlement Calculation Period; and

N = 20, being the number of Dealing Days in the Cash Settlement Calculation Period,

provided that if any Dividend or other entitlement in respect of the Ordinary Shares is announced on or prior to the last day of the Cash Settlement Calculation Period in circumstances where the

	record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall be on or after the relevant Conversion Date and if on any Dealing Day in the Cash Settlement Calculation Period the price determined as provided above is based on a price ex-Dividend or ex- any other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of any such Dividend or other entitlement per Ordinary Share as at the date of the first public announcement of such Dividend or entitlement (or, if that is not a Dealing Day, the immediately preceding Dealing Day);
Cash Settlement Calculation Period	means the period of 20 consecutive Dealing Days commencing on the relevant Conversion Date (or the next Dealing Day if such date is not a Dealing Day);
Central Securities Depository	means Strate Proprietary Limited (registration number 1998/022242/07), or its nominee, a central securities depository operating in terms of the Financial Markets Act, or any additional or alternate depository approved by the Issuer;
Certificate	means as contemplated in these Terms and Conditions, a single individual certificate for Bonds, registered in the name of the relevant Bondholder;
Change of Control	has the meaning provided in Condition 9.2(a)(x);
Change of Control Notice	has the meaning provided in Condition 9.7;
Change of Control Period	means the period commencing on the occurrence of a Change of Control and ending 60 days following the Change of Control or, if later, 60 days following the date on which a Change of Control Notice is given to Bondholders as required by Condition 9.7;
Change of Control Put Date	has the meaning provided in Condition 10.4(b);
Change of Control Put Exercise Notice	has the meaning provided in Condition 10.4(b);
Companies Act	means the Companies Act, 2008;
Condition	means a numbered term or condition of the Bonds forming part of these Terms and Conditions (and reference to a particular numbered Condition shall be construed as a reference to the corresponding condition in these Terms and Conditions);
Conversion Agent	means Rand Merchant Bank, a division of FirstRand Bank Limited;
Conversion Agency Agreement	means the agreement concluded between the Issuer and the Conversion Agent, in terms of which the Conversion Agent agrees to provide conversion agent services to the Issuer;
Conversion Date	has the meaning provided in Condition 9.8(e);
	has the meaning provided in Condition 9.8(a);

Conversion Period has the meaning provided in Condition 9.1(i);

Conversion Period Commencement Date has the meaning provided in Condition 9.1(e);

Conversion Price has the meaning provided in Condition 9.1(b);

Conversion Right has the meaning provided in Condition 9.1(a);

Current Market Price means in respect of an Ordinary Share on a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive Dealing Days ending on the Dealing Day immediately preceding such date; *provided that* if at any time during the said five Dealing Day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

(a) if the Ordinary Shares to be issued or transferred and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Effective Date relating to such Dividend, in any such case, determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; or

(b) if the Ordinary Shares to be issued or transferred and delivered do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Effective Date relating to such Dividend, in any such case, determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided further* that if on each of the said five Dealing Days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued or transferred and delivered do not rank for that Dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Effective Date relating to such Dividend, in any such case, determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

and *provided further* that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five Dealing Days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five Dealing Day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined by an Independent Financial Adviser;

For this purpose, **Effective Date** means the first date on which the Ordinary Shares are traded ex-the relevant Dividend (or other entitlement) on the Relevant Stock Exchange;

Dealing Day means (i) for the purposes of the definition of "Fair Bond Value Calculation Period" in Condition 10.2(b), a day on which the JSE or such other stock exchange pursuant to Condition 14.1(i) is open for business and on which the Bonds may be dealt in (other than a day on which the JSE or such other stock exchange is scheduled to or does close prior to its regular weekday closing time) and (ii) in all other cases a day on which the Relevant Stock Exchange or relevant market is open for business and on which Ordinary Shares, Securities or Spin-Off Securities (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant market is scheduled to or does close prior to its regular weekday closing time);

De-Listing Event has the meaning provided in Condition 10.5;

De-Listing Event Notice has the meaning provided in Condition 10.5;

De-Listing Event Period means the period commencing on the occurrence of the De-Listing Event and ending 60 days following the De-Listing Event or, if later, 60 days following the date on which a De-Listing Event Notice is given.

De-Listing Event Put Date has the meaning provided in Condition 10.5(a);

De-Listing Event Put Exercise Notice has the meaning provided in Condition 10.5(b);

Dividend means any dividend or distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares credited as fully paid up or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), *provided that*:

(a)

(i) where a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend in question shall be treated as a Dividend in cash of the greater of (i) such cash amount and (ii) the Current Market Price of such Ordinary Shares or, as the case may be, Fair Market Value of such other property or assets as at the first date on which the Ordinary Shares are traded ex- the relevant Dividend or if later, the date on which the number of Ordinary Shares (or amount of property or assets, as the case may be) which may be issued or transferred and delivered is determined); and/or

(ii) if there shall be any issue of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue is or is expressed to be in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the capitalisation in question shall be treated as a cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares as at the first date on which the Ordinary Shares are traded ex- the relevant capitalisation on the Relevant Stock Exchange or, if later, the date on which the number of Ordinary Shares to be issued or transferred and delivered is determined;

(b) any issue of Ordinary Shares falling within Condition 9.2(a)(ii) shall be disregarded;

(c) a purchase or redemption or buy back of share capital of the Listco by or on behalf of the Listco or any of its Subsidiaries shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Listco or any of its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a "Specified Share Day") in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than five per cent. the average of the closing prices of the Ordinary Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five Dealing Days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the five Dealing Days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or a formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Listco or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of the average closing price of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back;

(d) if the Listco or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined by an Independent Financial Adviser; and

(e) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Listco for the purpose of enabling Shareholders to elect, or which may require Shareholders to receive, dividends or distributions in respect of the Ordinary Shares held by them from a person other than (or in addition to) the Listco, such dividend or distribution shall for the purposes of these Terms and Conditions be treated as a dividend or distribution made or paid to Shareholders by the Listco, and the foregoing provisions of this definition and the provisions of these Terms and Conditions shall be construed accordingly,

and any such determination shall be made by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit;

EBITDA means trading profits before interest and tax and before the deduction of any amount attributable to the amortisation of intangible assets and the depreciation of tangible assets;

Enforcement Notice means a notice delivered pursuant to Condition 13.2(b) following an Event of Default under the Bonds;

Equity Share Capital means in relation to any entity, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specific amount in a distribution;

Event of Default	means in relation to any Bonds, any of the events specified as such in Condition 13 of these Terms and Conditions;
Exempt Newco Scheme	means a Newco Scheme where immediately after completion of the relevant Scheme of Arrangement, the Ordinary Shares of Newco are (a) admitted to trading on the Relevant Stock Exchange or (b) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market as the Listco or Newco may determine;
Existing Shareholders	shall bear the meaning defined in the definition of "Newco Scheme";
Extraordinary Resolution	means a resolution passed at a properly constituted meeting of Bondholders by a majority consisting of not less than 66.67 per cent. of the value of the debt securities exercising votes cast at a poll by Bondholders, present in person or by proxy;
Fair Bond Value	has the meaning provided in Condition 10.2(b);
Fair Bond Value Calculation Period	has the meaning provided in Condition 10.2(b);
Fair Market Value	means, on any date, (i) in the case of a Dividend in cash, the amount of such Dividend; (ii) in the case of any other cash amount, the amount of such cash; (iii) in the case of Securities, Spin-Off Securities, options, warrants or other rights or assets which are publicly traded in a market of adequate liquidity (as determined by the Calculation Agent), (a) in the case of Securities or Spin-Off Securities, the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (b) in the case of options, warrants or other rights or assets, the arithmetic mean of the daily closing prices of such options, warrants or other rights or assets, in the case of both (a) and (b) during the period of five Dealing Days on the relevant market commencing on such date (or, if later, the first such Dealing Day such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded) or such shorter period as such Spin-Off Securities, options, warrants or other rights or assets are publicly traded; (iv) in the case of Securities, Spin-Off Securities, options, warrants or other rights or assets which are not publicly traded (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights or assets shall be determined by an Independent Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off

Securities, options, warrants or other rights or assets, including as to the expiry date and exercise price (if any) thereof. Such amounts shall, in the case of (i), be translated into ZAR (if declared or paid or payable in a currency other than ZAR) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the relevant Dividend in ZAR; and in any other case, shall be translated into ZAR (if expressed in a currency other than ZAR) at the Prevailing Rate on that date, all as determined by the Calculation Agent. In addition, in the case of (i) and (ii), any withholding or deduction required to be made on account of tax and any associated tax credit shall be disregarded;

Fair Value Redemption Date	has the meaning provided in Condition 10.2(b);
Fair Value Redemption Notice	has the meaning provided in Condition 10.2(b);
Final Redemption Date	means 26 November 2025;
Financial Markets Act	means the Financial Markets Act, 2012;
IFRS	means International Financial Reporting Standards and the interpretation of those standards as adopted by the International Accounting Standards Board;
Independent Financial Adviser	means an independent financial institution of international repute or independent financial adviser with appropriate expertise, which may (without limitation) be the Calculation Agent, appointed at its own expense by the Issuer and (except where the initial Calculation Agent is appointed) approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its sole discretion) and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the costs, fees and expenses of such adviser and otherwise in connection with such appointment, appointed by the Trustee following notification to the Issuer;
Initial Conversion Price	means ZAR 33.1636 per Ordinary Share;
Interest Amount	means the amount of interest payable in respect of each Bond, as determined in accordance with these Terms and Conditions;
Interest Commencement Date	means in relation to each Bond, the Issue Date;
Interest Payment Date(s)	means on 26 May and 26 November of each year until the maturity of the Bonds, with the first Interest Payment Date being on 26 May 2021, or, if such day is not a Business Day, the Business Day on which the interest will be paid, as determined in accordance with the Modified Following Business Day Convention;
Interest Period	means each period in respect of which interest accrues on the Bonds, commencing on (and

including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date, provided that the first Interest Period will commence on (and include) the Interest Commencement Date and end on (but exclude) the following Interest Payment Date (in each case subject to the applicable Business Day Convention in relation to the Interest Payment Dates);

Interest Rate means the rate of 5.250 per cent. per annum calculated by reference to the Principal Amount of a Bond;

Issue Date means 18 November 2020;

Issuer means Sappi Southern Africa Limited, a public company incorporated in accordance with the laws of South Africa, registration number 1951/003180/06;

JSE means the JSE Limited (Registration Number 2005/022939/06), licensed as an exchange in terms of the Financial Markets Act, or any exchange which operates as a successor exchange to the JSE in terms of the Financial Markets Act;

JSE Debt Listings Requirements means all listings requirements promulgated by the JSE from time to time for the listing of debt securities on the JSE;

Last Day to Trade means 5:00 p.m., Johannesburg time, on the day that is three Dealing Days before the Record Date, or such later day prior to the Record Date as determined in accordance with the rules and procedures of the JSE or of such other stock exchange on which the Bonds may be dealt in;

Listco means Sappi Limited, a public company incorporated in accordance with the laws of South Africa, registration number 1936/008963/06;

Listing Document means the document used in respect of the application for listing of the Bonds on the JSE main board, incorporating the Terms and Conditions of the Bonds, as amended or supplemented from time to time;

Market Price means the Volume Weighted Average Price of an Ordinary Share on the relevant Reference Date, *provided that* if any Dividend or other entitlement in respect of the Ordinary Shares is announced on or prior to the relevant Conversion Date in circumstances where the record date or other due date for the establishment of entitlement in respect of such dividend or other entitlement shall be on or after the Conversion Date and if, on the relevant Reference Date, the Volume Weighted Average Price of an Ordinary Share is based on a price ex-Dividend or ex- any other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of such dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement (or if that is not a Dealing Day, the immediately preceding Dealing Day);

Material Subsidiary means any Subsidiary of the Issuer:

(a) whose (a) EBITDA or (b) total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent more than 15 per cent. of the EBITDA or total assets of the Issuer and its Subsidiaries from time to time, all as calculated by reference to the latest audited (consolidated or, as the case may be, unconsolidated) annual accounts or unaudited semi-annual management accounts of the Subsidiary, whichever is the latest, and the latest audited annual or unaudited semi-annual consolidated accounts of the Issuer, whichever is the latest; or

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Material Subsidiary of the Issuer (whereupon such transferor subsidiary shall cease to be a Material Subsidiary until the next publication of audited consolidated accounts of the Issuer following such transfer);

provided that

(i) in the case of a Subsidiary acquired or an entity which becomes a Subsidiary of the Issuer after the end of the financial period to which the latest annual or unaudited semi-annual management accounts, whichever is the latest, relate, the reference to the latest audited consolidated accounts for the purposes of the calculation above shall, until audited consolidated accounts of the Issuer are published for the financial period in which the acquisition is made or, as the case may be, in which such entity becomes a Subsidiary, be deemed to be a reference to the latest consolidated accounts of the Issuer adjusted in such manner as the Issuer shall consider appropriate to consolidate the latest audited accounts of such Subsidiary in such accounts; and

(ii) a certificate signed by two directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not, or was or was not, at any time or throughout any specified period a Material Subsidiary shall, in the absence of manifest or proven error, be conclusive and binding;

Modified Following Business Day Convention means, if any Interest Payment Date (or other date) which is specified as being subject to adjustment in accordance with a Business Day convention, would fall on a day that is not a Business Day, then such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day;

Newco Scheme means a scheme of arrangement or analogous proceeding (**Scheme of Arrangement**) which effects the interposition of a limited liability company (**Newco**) between the Shareholders of the Listco immediately prior to the Scheme of Arrangement (the **Existing Shareholders**) and the Listco; *provided that* (i) only Ordinary Shares of Newco are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only shareholders of Newco are Existing Shareholders; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more Wholly-Owned Subsidiaries of Newco are) the only shareholder of the Listco; (iv) all Subsidiaries of the Listco immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Listco) are Subsidiaries of the Listco (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement the Listco (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Listco immediately prior to the Scheme of Arrangement;

Optional Redemption Date has the meaning provided in Condition 10.2(a);

Optional Redemption Notice has the meaning provided in Condition 10.2(a);

Ordinary Shares means fully paid ordinary shares in the share capital of the Listco (Bloomberg: SAP SJ Equity, Reuters: SAPJ.J and ISIN: ZAE000006284);

Ordinary Resolution means a resolution passed at a properly constituted meeting of Bondholders by a majority of the value of the votes cast at a poll by Bondholders, present in person or by proxy;

outstanding means, in relation to the Bonds, all the Bonds issued other than (i) those which have been redeemed in accordance with these Terms and Conditions, (ii) those in respect of which Conversion Rights have been exercised and the Issuer's obligations in relation thereto have been duly performed, (iii) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys (including all interest accrued on such Bonds to the date for such redemption and any interest payable under Condition 8 after such date) have been duly paid to the relevant Bondholder or on its behalf or to the Trustee and remain available for payment against presentation and surrender of Bonds, (iv) those which have become void or those in respect of which claims have become prescribed under Condition 22, (v) Bonds, the Certificates in respect of which have been mutilated or defaced Bonds and which Certificates have been surrendered in exchange for replacement Bonds pursuant to Condition 15, (vi) (for the purpose only of determining how many Bonds are outstanding and without prejudice to their status for any other purpose) those Bonds alleged to have been lost, stolen or destroyed and in respect of which replacement Bonds have been issued pursuant to Condition 15, (vii) those which have been purchased and cancelled as provided in Condition 10.7; *provided that* for the purposes of (a) ascertaining the right to attend and vote at any meeting of the Bondholders, (b) the determination of how many Bonds are outstanding for the purposes of Conditions 13, 20 and 26 and (c) the exercise of any discretion, power or authority which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Bondholders, those Bonds (if any) which are beneficially held by, or are held on behalf of, the Issuer or any of its respective Subsidiaries and not yet cancelled shall be deemed not to remain outstanding;

Participant a person that holds in custody and administers securities or an interest in securities and that has been accepted by the Central Securities Depository as a participant in terms of the Financial Markets Act;

Paying Agent means Rand Merchant Bank, a division of FirstRand Bank Limited or such other person with whom the Issuer has entered into a Paying Agent Agreement or any additional agent appointed to perform any particular function assigned to it;

Paying Agent Agreement means the agreement concluded between the Issuer and the Paying Agent (which may be incorporated into the Agency Agreement), in terms of which the Paying Agent agrees to provide paying agent services to the Issuer;

Potential Event of Default means any event or circumstance specified in Condition 13.1 which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) be an Event of Default;

Physical Settlement Date means the date specified in a notice given by the

Issuer to the Trustee and to the Bondholders of the passing of the Shareholder Resolutions;

Prevailing Rate	means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 p.m. (South African time) on that date as appearing on or derived from the Relevant Page or if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 p.m. (South African time) on the immediately preceding day on which such rate can be so determined, all as determined by the Calculation Agent, or if such rate cannot be determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Financial Adviser shall consider appropriate;
Principal Amount	means in relation to a Bond, the nominal amount of that Bond, being an amount equal to its authorised denomination in accordance with Condition 3.1;
R or **Rand** or **ZAR**	means the lawful currency of South Africa, being South African Rand, or any successor currency;
Rand Equivalent	means, with respect to any monetary amount in a currency other than Rand, at any time for the determination thereof (which shall be at or about 12:00 p.m., Johannesburg time unless the context otherwise permits), the amount of Rand obtained by converting such foreign currency involved in such computation into Rand at the spot rate for the purchase of Rand with the applicable foreign currency, as derived from the Relevant Page or, if such rate cannot be obtained at such time, on the immediately preceding day on which such rate can be so determined, as determined by the Calculation Agent on the date two Business Days prior to such determination;
Record Date	means the date on which the Register must be in final form, being the Friday immediately prior to each Interest Payment Date or Redemption Date, as the case may be, or if such Friday is not a Business Day, the last Business Day of the week preceding the Interest Date or Redemption Date, as the case may be;
Redemption Date	means each date on which any Bonds are to be redeemed, partially or finally, as the case may be, pursuant to these Terms and Conditions;
Reference Date	means, in relation to a Retroactive Adjustment, the date as of which the relevant Retroactive Adjustment takes effect or, in any such case, if that is not a Dealing Day, the next following Dealing Day;
Reference Shares	means, in respect of the exercise of Conversion Rights by a Bondholder, the number of Ordinary Shares (rounded down, if necessary, to the nearest whole number) determined by the

	Calculation Agent by dividing the aggregate Principal Amount of the Bonds which are the subject of the relevant exercise of Conversion Rights by the Conversion Price in effect on the relevant Conversion Date;
Register	means the register of Bondholders maintained by the Transfer Agent, including the Issuer's uncertificated securities register administered and maintained by a Participant or the Central Securities Depository, in accordance with the Companies Act, the Financial Markets Act and the rules of the Central Securities Depository;
Registration Date	means the date on which the Ordinary Shares (or any Additional Ordinary Shares) to be issued or delivered pursuant to Condition 9.8 (or Condition 9.3) are entered in the securities register of the Listco and credited to the converting Bondholder as provided in Condition 9.8 (or Condition 9.3);
Regulator	means any government or governmental, administrative, fiscal or judicial authority, body, court, department, commission, tribunal, registry, or any other state-owned or controlled authority which principally performs governmental actions;
Relevant Currency	means South African Rand or, if at the relevant time or for the purposes of the relevant calculation or determination, the JSE is not the Relevant Stock Exchange, the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time;
Relevant Date	means the date on which a payment first becomes due and payable in accordance with these Terms and Conditions, except that in relation to moneys payable to the Central Securities Depository or the relevant Participant in accordance with these Terms and Conditions, the claim in respect of any payment under the Bonds will prescribe three years after the date on which (i) the full amount of such moneys have been received by the relevant Participant, (ii) such moneys are available for payment to the holders of Beneficial Interests, and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
Relevant Indebtedness	means: (a) for the purposes of Condition 6, any present or future capital market indebtedness, being indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be (with the consent of the person issuing the same), quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other

securities market and having an original maturity of more than one year from its date of issue; and

(b) for the purposes of Condition 13, any present or future indebtedness (whether being principal, interest or other amounts), for or in respect of (i) moneys borrowed or raised, or (ii) liabilities under any acceptance or acceptance credit, or (iii) any bonds, notes, debentures, loan stock or other debt securities; or (iv) any guarantees or indemnities given for indebtedness of another person described in (i), (ii) or (iii) above, excluding double-counting;

Relevant Page means the relevant page on Bloomberg or such other information service provider that displays the relevant information;

Relevant Stock Exchange means the JSE or if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the JSE, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or dealt in;

Retroactive Adjustment has the meaning provided in Condition 9.3;

Scheme of Arrangement shall bear the meaning defined in the definition of **Newco Scheme**;

Securities means any securities as defined in the section 1 of the Companies Act including, without limitation, Ordinary Shares and any other shares in the capital of the Listco, and options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares or any other shares in the capital of the Listco;

Security Interest means any mortgage, charge, pledge, lien or other encumbrance, including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction, but excluding, for the avoidance of doubt, a guarantee;

SENS means the Stock Exchange News Service of the JSE Limited;

Settlement Agents means those Participants which are approved as settlement agents to perform electronic settlement of funds and scrip on behalf of market participants in accordance with Applicable Procedures, as applicable;

Shareholders means the holders of Ordinary Shares;

Shareholders' Meeting has the meaning provided in Condition 14.2(b);

Shareholder Resolutions means the approval at a general meeting of the Shareholders of the Listco of such resolutions as are required to enable the issuance of, or transfer and delivery of, such number of Ordinary Shares as may be required to be issued, or as the case may be, transferred and delivered from time to time upon the exercise of Conversion Rights pursuant to these Terms and Conditions (including resolutions to approve the assumption by the Listco of the obligations delegated to it in terms of Condition 9.8(j));

South Africa means the Republic of South Africa;

Specified Date has the meaning provided in Conditions 9.2(a)(vii) and 9.2(a)(viii);

Specified Office in relation to each of the Issuer, the Trustee, the Calculation Agent, the Paying Agent, the Transfer Agent, the Conversion Agent, the registered office of such entity or, once listed, the address of the office specified in respect of such entity at the end of the Listing Document, or such other address as is notified by such entity (or, where applicable, a successor to such entity) to the Bondholders in accordance with these Terms and Conditions;

Spin-Off means:

(a) distribution of Spin-Off Securities by the Listco to Shareholders as a class; or

(b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Listco) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of Ordinary Shares by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Listco or any of its Subsidiaries;

Spin-Off Securities means equity share capital of an entity other than the Listco or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Listco;

Subsidiary means, in respect of any entity, any undertaking which is for the time being a subsidiary undertaking of that entity within the meaning of Section 1 of the Companies Act or a juristic person or other undertaking that would have been a subsidiary of that entity, as defined in Section 1 of the Companies Act, but for the fact that it is incorporated outside of the Republic of South Africa;

Tax Redemption Date bears the meaning assigned thereto in Condition 10.3(a);

Tax Redemption Notice bears the meaning assigned thereto in Condition 10.3(a);

Terms and Conditions or **Conditions** means the terms and conditions of the Bonds set out in this debt instrument;

Transfer Agent means Computershare Investor Services (Proprietary) Limited or such other person with whom the Issuer has entered into a Transfer Agent Agreement;

Transfer Agent Agreement means the agreement concluded between the Issuer and the Transfer Agent (which may be incorporated into the Agency Agreement), in terms of which the Transfer Agent agrees to provide note registry services to the Issuer;

Transfer Form in relation to the transfer of a Bond as contemplated in these Terms and Conditions, means a form of transfer in the usual form or in such other form approved by the Transfer Agent;

Trust Deed means the trust deed under which the Issuer appoints the Trustee, to act as trustee for the Bondholders;

Trustee means the trustee for the time being appointed under the Trust Deed, which shall initially be TMF Corporate Services (South Africa) Proprietary Limited; and

Volume Weighted Average Price means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security on any Dealing Day, the volume-weighted average price of an Ordinary Share (based on Automated Trades (a transaction matched automatically in the JSE trading system during continuous trading) and Auction Trades (a transaction matched automatically in the JSE trading system during price determination in an auction)), Security or, as the case may be, a Spin-Off Security, published by or derived (in the case of an Ordinary Share) from Bloomberg page SAP SJ Equity (setting Weighted Average) or (in the case of a Security (other than an Ordinary Share) or Spin-Off Security) from the Relevant Stock Exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by the Calculation Agent or an Independent Financial Adviser on such Dealing Day, *provided that* if on any such Dealing Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security or a Spin-Off Security, as the case may be, in respect of such Dealing Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined, all as calculated by the Calculation Agent, or, if such price cannot be so calculated as aforesaid, calculated by an Independent Financial Adviser in such manner as it might otherwise determine in good faith to be appropriate.

1.2 In these Terms and Conditions:

(a) one gender includes a reference to the others;

(b) the singular includes the plural and *vice versa*;

(c) natural persons include juristic persons and vice versa;

(d) "**person**" means any individual, company, partnership, joint venture, association, trust, unincorporated organisation or government or any agency or political subdivision thereof;

(e) any agreement or instrument is a reference to that agreement or instrument as amended, supplemented, varied, novated, restated or replaced from time to time, and "**amended**" or "**amendment**" will be construed accordingly;

(f) a provision of law is a reference to that provision as amended or re-enacted, and includes any subordinate legislation;

(g) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(h) "**assets**" includes present and future properties, revenues and rights of every description;

(i) "**disposal**" means a sale, transfer, grant, lease or other disposal (whether voluntary or involuntary);

(j) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent, excluding double-counting;

(k) an "**authorisation**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;

(l) days is a reference to calendar days, unless expressly stated otherwise;

(m) a Party or any other person includes that person's permitted successor, transferee, assignee, cessionary and/or delegate;

(n) a time of day is a reference to South African time;

(o) if any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect must be given to it as if it were a substantive provision in the body of the agreement, notwithstanding that it is contained in the interpretation clause;

(p) headings are inserted for the sake of convenience only and do not in any way affect the interpretation of these Terms and Conditions;

(q) the use of the word "**including**" followed by specific examples will not be construed as limiting the meaning of the general wording preceding it, and the *eiusdem generis* rule must not be applied in the interpretation of such general wording or such specific examples;

(r) an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS;

(s) references to any issue or offer or grant to Shareholders or Existing Shareholders "*as a class*" or "*by way of rights*" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant;

(t) in making any calculation or determination of Current Market Price or Volume Weighted

Average Price, such adjustments (if any) shall be made as the Calculation Agent or an Independent Financial Adviser considers appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event;

(u) for the purposes of Conditions 9.2, 9.3 and 9.8 and Condition 14 only, (a) references to the "*issue*" of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Listco or any of its Subsidiaries, and (b) Ordinary Shares held by or on behalf of the Listco or any of its respective Subsidiaries (and which, in the case of Condition 9.2(a)(iv) and 9.2(a)(vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as "*in issue*".

2. **Issue**

An aggregate Principal Amount of ZAR 1 800 000 000 Bonds will be issued by the Issuer.

3. **Form and Denomination**

3.1 The Bonds are fixed rate senior unsecured convertible Bonds with a denomination on the Issue Date of ZAR 10,000 each. Bonds will not be offered to a single addressee acting as principal in an aggregate Principal Amount of less than ZAR 2,000,000 (i.e. 200 Bonds of ZAR10,000 each).

3.2 The Bonds will be issued in the form of registered Bonds, not represented by a Certificate, and held in uncertificated form in the Central Securities Depository in terms of section 33 of the Financial Markets Act. The Central Securities Depository will hold the Bonds subject to the Financial Markets Act and the Applicable Procedures.

4. **Title**

4.1 Title to the Bonds will pass upon registration of transfer in the Register in accordance with Condition 16. The Issuer and the Transfer Agent shall recognise a Bondholder as the sole and absolute owner of the Bonds registered in that Bondholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Bond may be subject.

4.2 Beneficial Interests in Bonds held in uncertificated form may, in terms of existing law and practice, be transferred through the Central Securities Depository by way of book entry in the securities accounts of Participants.

4.3 Any reference in these Terms and Conditions to the relevant Participant shall, in respect of Beneficial Interests, be a reference to the Participant appointed to act as such by a holder of such Beneficial Interest.

5. **Status of Bonds**

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 6) unsecured obligations of the Issuer and will rank equally among themselves and at least equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

6. **Negative Pledge**

6.1 So long as any of the Bonds remain outstanding the Issuer will not, and will not permit any Material Subsidiary to, create or permit to subsist any Security Interest upon the whole or any part of its undertaking, assets or revenues, present or future to secure any Relevant Indebtedness, or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness, of the Issuer or any Material Subsidiary unless, at the same time or prior thereto, the Issuer's obligations under the Bonds, either:

(a) are secured equally and rateably therewith and any instrument creating or permitting to subsist such Security Interest shall expressly provide therefor, or

(b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the interests of Bondholders or as shall be approved by an Extraordinary Resolution, unless the provision of any such security is waived by an Extraordinary Resolution.

6.2 Condition 6.1 does not apply to any Security Interest:

(a) upon, or with respect to, any assets of any company which becomes a Subsidiary of the Issuer after the Issue Date, where such Security Interest was created prior to the date on which that company becomes a Subsidiary of the Issuer, if:

(i) the Security Interest was not created in contemplation of that company becoming a Subsidiary of the Issuer; and

(ii) the principal amount secured by the Security Interest has not increased in contemplation of or since that company becoming a Subsidiary of the Issuer;

(b) upon, or with respect to, any assets acquired by the Issuer or a Subsidiary of the Issuer after the Issue Date, where the Security Interest is created prior to the date on which the relevant asset was acquired, if:

(i) the Security Interest was not created in contemplation of the acquisition of that asset by the Issuer or relevant Subsidiary of the Issuer; and

(ii) the principal amount secured by the Security Interest has not been increased in contemplation of or since the acquisition of that asset by the Issuer or relevant Subsidiary of the Issuer; and

(c) in respect of any Relevant Indebtedness ("**New Relevant Indebtedness**") created to refinance any Relevant Indebtedness in respect of which any Security Interest referred to in paragraphs (a) or (b) above exists ("**Existing Relevant Indebtedness**"), provided that (A) the principal amount of such New Relevant Indebtedness does not exceed the principal amount of the Existing Relevant Indebtedness, (B) the Security Interest does not extend to any assets of the Issuer or any Subsidiary of the Issuer which were not subject to the Security Interest in respect of the Existing Relevant Indebtedness; and (C) the New Relevant Indebtedness is issued (x) in the case of Condition 6.2(a), by the issuer of the Existing Relevant Indebtedness and (y) in the case of Condition 6.2(b), by the transferee of the relevant asset or assets, and in any such case does not benefit from any other Security Interest or any other guarantee or indemnity from any other person unless the Existing Relevant Indebtedness benefitted from such other Security Interest, guarantee or indemnity.

7. Conversion Agent, Calculation Agent, Paying Agent and Transfer Agent

7.1 The Issuer is entitled to vary or terminate the appointment of the Conversion Agent, Calculation Agent, Paying Agent and/or the Transfer Agent and/or to appoint additional or other agents.

7.2 There will at all times be a Conversion Agent, Calculation Agent, Paying Agent and a Transfer Agent with a Specified Office. The Conversion Agent, Calculation Agent, Paying Agent and Transfer Agent act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Bondholders.

8. Interest

8.1 Interest on Bonds

(a) Interest Rate

Each Bond will bear interest on its Principal Amount, at the rate per annum equal to the Interest Rate, from and including the Interest Commencement Date.

(b) Interest Payment Dates

The interest due in respect of each Interest Period will be payable in arrear on the Interest Payment Date in respect of such Interest Period. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date. If any Interest Payment Date falls on a day which is not a Business Day, the provisions of Condition 11.3 shall determine the date of payment of interest due upon such Interest Payment Date. Interest in respect of any Interest Period shall accrue to and be paid on the relevant Interest Payment Date.

(c) **Calculation of Interest Amount**

Interest shall be calculated on the basis of a 365 day year and the actual number of days elapsed in such Interest Period.

8.2 **Accrual of Interest**

Each Bond will cease to bear interest:

(a) where the Conversion Right has been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date (subject in any such case as provided in Condition 9.10); or

(b) where such Bond is redeemed or repaid pursuant to Condition 10 or Condition 13, from the Final Redemption Date or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 8.1(a) (both before and after judgment) on the amounts due in terms of such Bond until whichever is the earlier of (a) the day on which such sums due are received by or on behalf of the relevant holder and (b) the day seven days after the Trustee or the Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Terms and Conditions).

8.3 **Publication of Interest Amount**

The Issuer will, or will procure that the Calculation Agent (acting on the basis of information provided by the Issuer) will, in relation to the Bonds, at least thirteen Business Days before each Interest Payment Date, cause the aggregate Interest Amount payable for the relevant Interest Period in respect of the Bonds to be notified through SENS to the Bondholders, the Issuer, the Central Securities Depository and the Relevant Stock Exchange.

8.4 **Calculations Final and Limitation of Liability**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained by the Calculation Agent pursuant to the exercise or non-exercise by it of its powers, duties and discretions under these Terms and Conditions, will, in the absence of wilful deceit, negligence, bad faith, or manifest error, be binding on the Issuer and the Bondholders, and the Calculation Agent will not have any liability to the Issuer or the Bondholders in connection therewith.

9. **Conversion of Bonds**

9.1 **Conversion Period and Conversion Price**

(a) Except as otherwise provided in these Terms and Conditions, each Bond shall entitle the holder to convert such Bond into new and/or existing, as determined by the Issuer, Ordinary Shares credited as fully paid (a "**Conversion Right**").

(b) Subject to the provisions of Condition 9.14, the number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right shall be determined by dividing the Principal Amount of the Bonds to be converted by the conversion price (the "**Conversion Price**") in effect on the relevant Conversion Date, and accordingly Ordinary Shares issued on exercise of a Conversion Right will be issued at such Conversion Price.

(c) The Conversion Price as at the Issue Date is the Initial Conversion Price. The Conversion Price is subject to adjustment in the circumstances described in Condition 9.2.

(d) A Bondholder may exercise the Conversion Right in respect of a Bond that has not already been redeemed or repurchased and cancelled by delivering the Certificate, if any, in respect of such Bond and a duly completed Conversion Notice to the Specified Office of the Conversion Agent in accordance with Condition 9.8 whereupon the Issuer shall (subject as provided in these Terms and Conditions) procure the issue or transfer and the delivery, to or as directed by the relevant Bondholder, of Ordinary Shares credited as paid up in full as provided in this Condition 9.

(e) Subject to and as provided in these Terms and Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from 16 February 2021 (the "**Conversion Period Commencement Date**") to the close of business (at the place where the relevant Bond is delivered for conversion) on the date falling 7 days prior to the Final Redemption Date (both days inclusive) or, if such Bond is to be redeemed pursuant to Condition 10.2 or 10.3 prior to the Final Redemption Date, then up to the close of business (at the place aforesaid) on the seventh day before the date fixed for redemption thereof pursuant to Condition 10.2 or 10.3, unless there shall be a default in making payment in respect of such Bond on such date fixed for redemption, in which event the Conversion Right shall extend up to the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 18 or, if earlier, the Final Redemption Date; *provided that*, in each case, if the final such date for the exercise of Conversion Rights is not a Business Day, then the period for exercise of Conversion Rights by Bondholders shall end on the immediately preceding Business Day.

(f) Notwithstanding the foregoing, if a Change of Control occurs, the Conversion Rights may be exercised prior to the Conversion Period Commencement Date.

(g) Conversion Rights may not be exercised (i) following the giving of notice by the Trustee pursuant to Condition 13 or (ii) in respect of a Bond in respect of which the relevant Bondholder has exercised its right to require the Issuer to redeem pursuant to Conditions 10.4 or 10.5.

(h) Save where a notice of redemption is given by the Issuer in the circumstances provided in Condition 9.10, Conversion Rights may not be exercised by a Bondholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Last Day to Trade in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive).

(i) The period during which Conversion Rights may (subject as provided below) be exercised by a Bondholder is referred to as the "**Conversion Period**".

(j) Conversion Rights may only be exercised in respect of the whole of a Bond.

(k) Fractions of Ordinary Shares will not be issued or transferred and delivered on conversion or pursuant to Condition 9.3 and no cash payment or other adjustment will be made *in lieu* thereof. Any fractions of Ordinary Shares will be rounded down to the nearest whole number of Ordinary Shares. However, if the Conversion Rights in respect of more than one Bond are exercised at any one time such that the Ordinary Shares to be delivered on conversion or pursuant to Condition 9.3 are to be registered in the same name, the number of such Ordinary Shares to be delivered in respect thereof shall be calculated on the basis of the aggregate Principal Amount of such Bonds being so converted and rounded down to the nearest whole number of Ordinary Shares as determined by the Calculation Agent.

(l) The Issuer will procure that Ordinary Shares to be issued or transferred and delivered on conversion will be issued or transferred and delivered to the relevant holder of the Bonds or his nominee as specified in the relevant Conversion Notice. Any Additional Ordinary Shares to be issued or transferred and delivered pursuant to Condition 9.3 will be deemed to be issued or delivered as of the relevant Reference Date. The relevant Cash Settlement Amount in respect of an exercise of Conversion Rights shall be paid by the Issuer to the relevant Bondholder in accordance with Condition 9.14(a).

(m) If at any time the Conversion Price is required to be adjusted pursuant to Condition 9.3, the Calculation Agent shall determine what adjustment (if any) shall be made. The Calculation Agent may obtain the advice or engage the services of any lawyers, accountants, investment banks or other experts whose advice or services the Calculation Agent may deem necessary and rely upon any advice so obtained. The Calculation Agent is acting exclusively as an agent for the Issuer, and in such capacity does not have any relationship of agency or trust with the Bondholders.

(n) Upon exercise of Conversion Rights by a Bondholder, the Issuer shall:

(i) if the relevant Conversion Date falls prior to the Physical Settlement Date, make payment to the relevant Bondholder of the relevant Cash Settlement Amount; and

(ii) if the relevant Conversion Date falls on or after the Physical Settlement Date, issue or transfer and deliver to the relevant Bondholder such number of Ordinary Shares as is equal to the Reference Shares.

9.2 **Adjustment of Conversion Price**

(a) Upon the happening of any of the events described below, the Conversion Price shall be adjusted by the Calculation Agent as follows:

(i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

(ii) If and whenever the Listco shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any, share premium account or capital redemption reserve) other than (1) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have elected to receive or (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares, or (3) where any such Ordinary Shares are or are expressed to be issued in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

(iii) (A) If and whenever the Listco shall pay or make any Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the portion of the Fair Market Value of the aggregate Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Listco or any Subsidiary of the Listco, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein.

As used in this paragraph (iii)**Error! Reference source not found.**:

"**Effective Date**" means in respect of this paragraph (iii)**Error! Reference source not found.**, the first date on which the Ordinary Shares are traded ex- the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, the date on which such purchase, redemption or buy back is made or in the case of a Spin-Off, the first date on which the Ordinary Shares are traded ex- the relevant Spin-Off on the Relevant Stock Exchange.

(B) For the purposes of the above, Fair Market Value shall (subject as provided in paragraph (a) of the definition of "**Dividend**" and in the definition of "**Fair Market Value**") be determined as at the Effective Date.

(C) In making any calculations for the purposes of this 9.2(a)(iii), such adjustments (if any) shall be made as the Calculation Agent or an Independent Financial Adviser may determine in good faith to be appropriate to reflect (i) any consolidation or sub-division of any Ordinary Shares or the issue of Ordinary Shares by way of capitalisation of profits or reserves (or any like or similar event) or any increase in the number of Ordinary Shares in issue in relation to the financial year of the Listco in question, or (ii) any change in the financial year of the Listco, or (iii) any adjustment to the Conversion Price made in the financial year of the Listco in question.

(iv) If and whenever the Listco shall issue Ordinary Shares to Shareholders as a class by way of rights or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Ordinary Shares, in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force on the Dealing Day immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue on the Dealing Day immediately preceding the Effective Date; and

B is the number of Ordinary Shares, which is the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares to be issued which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the Effective Date or, if later, the Dealing Day following the record date or other date for establishing the entitlement of Shareholders to participate in the relevant issue or grant. For the purpose of this Condition 9.2(a)(iv), "**Effective Date**" means the first date on which the Ordinary Shares are traded ex-rights, ex-options, or ex-warrants on the Relevant Stock Exchange.

(v) If and whenever the Listco shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other right to subscribe for or purchase any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date or, if later, the Dealing Day following the record date or other date for establishing the entitlement of Shareholders to participate in the relevant issue or grant.

For the purposes of this Condition 9.2(a)(v) "**Effective Date**" means the first date on which the Ordinary Shares are traded ex-the relevant securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

(vi) If and whenever the Listco shall issue (otherwise than as mentioned in Condition 9.2(a)(iv) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Bonds or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of Ordinary Shares) or issue or grant (otherwise than as mentioned in Condition 9.2(a)(iv) above) wholly for cash or for no consideration any options, warrants or other right to subscribe for or purchase any Ordinary Shares (other than the Bonds) in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on (or, if that is not a Dealing Day, the immediately preceding Dealing Day) the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights; and

B is the number of Ordinary Shares, which is the aggregate consideration (if any) receivable for the issue of such Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

(vii) If and whenever the Listco or any Subsidiary of the Listco or (at the direction or request of or pursuant to any arrangements with the Listco or any Subsidiary of the Listco) any other company, person or entity (otherwise than as mentioned in Conditions 9.2(a)(iv), 9.2(a)(v) or 9.2(a)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds), which by their terms of issue carry (directly or indirectly) rights of conversion into or exchange or subscription for, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be reclassified as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription or reclassification is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant) (or, if that day is not a Dealing Day, the immediately preceding Dealing Day), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue (or grants) by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the Relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Listco or any Subsidiary of the Listco (or at the direction or request or pursuant to any arrangement with the Listco or any Subsidiary of the Listco) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired); and

B is the number of Ordinary Shares, which is the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon the exercise of the right of subscription attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such reclassification would purchase at such Current Market Price per Ordinary Share; and

C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such reclassification,

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this Condition 9.2(a)(vii) the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are reclassified or at such other time as may be provided) then, for the purposes of this Condition 9.2(a)(vii), "*C*" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, reclassification had taken place on the Specified Date.

Such adjustment shall become effective on the date of issue of such Securities or, as the case may be, the grant of such rights.

(viii) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such Securities (other than the Bonds) as are mentioned in Condition 9.2(a)(vii) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the proposals for such modification (or, if that is not a Dealing Day, the immediately preceding Dealing Day), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Listco or any Subsidiary of the Listco (or at the direction or request or pursuant to any arrangements with the Listco or any Subsidiary of the Listco) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange or subscription price of such Securities; and

C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as the Calculation Agent shall consider appropriate for any previous adjustment under this sub-paragraph or sub-paragraph (b)(vii) above;

provided that if at the time of such modification (as used in this Condition 9.2(a)(viii) the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or at such other time as may be provided) then for the purposes of this Condition 9.2(a)(viii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange or subscription had taken place on the Specified Date.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such Securities.

(ix) If and whenever the Listco or any Subsidiary of the Listco or (at the direction or request of or pursuant to any arrangements with the Listco or any Subsidiary of the Listco) any other company, person or entity shall offer any Securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price is required to be adjusted under Conditions 9.2(a)(ii), 9.2(a)(iii), 9.2(a)(iv), 9.2(a)(vi) or 9.2(a)(vii) above or 9.2(a)(x) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant Dealing Day) or under Condition 9.2(a)(v) above) the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the making of such offer by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Dealing Day on which the terms of such offer are first publicly announced (or, if such date is not a Dealing Day, the immediately preceding Dealing Day); and

B is the Fair Market Value on the date of such announcement (or, if that is not a Dealing Day, the immediately preceding Dealing Day) of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

(x) If any of the events referred to in (A) or (B) below occur (each such event being a "**Change of Control**"):

(A) an offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any parties acting in concert (as defined in Section 117 of the Companies Act) with the offeror), to acquire all or a majority of the issued ordinary share capital of the Listco or if any person proposes a scheme with regard to such acquisition (other than an Exempt Newco Scheme) and (such offer or scheme having become or been declared unconditional in all respects) the right to cast more than 50 per cent of the votes which may ordinarily be cast on a poll at a general meeting of the Listco has or will become unconditionally vested in the offeror and/or any such parties as aforesaid; or

(B) any person and/or parties acting in concert (defined as aforesaid) shall own, acquire or control (or have the right to own, acquire or control) more than 50 per cent of the issued ordinary share capital of the Listco or the right to cast more than 50 per cent of the votes which may ordinarily be cast on a poll at a general meeting of the Listco; or

(C) the Issuer ceases to be a wholly-owned subsidiary of the Listco,

then upon any exercise of Conversion Rights during the Change of Control Period, the Conversion Price (the "**Change of Control Conversion Price**") shall be determined as set out below:

$$\mathrm{COCCP} = \mathrm{OCP}/(1 + (\mathrm{CP} \times \mathrm{c}/\mathrm{t}))$$

where:

COCCP	=	means the Change of Control Conversion Price;
OCP	=	means the Conversion Price in effect on the relevant Conversion Date;
CP	=	means 32.5 per cent. (expressed as fraction);
C	=	means the number of days from and including the date the Change of Control occurs to but excluding the Final Redemption Date; and
t	=	means the number of days from and including the Issue Date to but excluding the Final Redemption Date.

(xi) If the Listco determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this Condition 9.2 (even if the relevant circumstance is specifically excluded from the operation of Conditions 9.2(a)(i) to (x) above), the Listco shall, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, *provided that* an adjustment shall only be made pursuant to this Condition 9.2(a)(xi) if such Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

(b) Notwithstanding the foregoing provisions, where the events or circumstances giving rise to any adjustment pursuant to this Condition 9.2 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be in its opinion appropriate to give the intended result.

(c) Such modification shall be made to the operation of these provisions as determined by an Independent Financial Adviser in good faith to be appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once.

(d) For the purpose of any calculation of the consideration receivable or price pursuant to Conditions 9.2(a)(iv), (vi), (vii) and (viii), the following provisions shall apply:

(i) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;

(ii) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Listco to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the first public announcement of the terms of issue of such Securities or, as the case may be, such options, warrants or rights, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate, all as determined by the Calculation Agent;

(iii) if the consideration or price determined pursuant to (i) or (ii) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted by the Calculation Agent into the Relevant Currency at the Prevailing Rate on the date of the first public announcement of the terms of issue of such Ordinary Shares or, as the case may be, Securities; and

(iv) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith.

9.3 Retroactive Adjustments

If the Registration Date in relation to the conversion of any Bond shall be after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in Condition 9.2(a)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 9.2(a)(ii), (iii), (iv), (v) or (ix), or after any such issue or grant as is mentioned in Condition 9.2(a)(vi) and (vii), or after any such modification as is mentioned in Condition 9.2(a)(viii), in circumstances where the relevant Conversion Date falls before the relevant adjustment (if any) to the Conversion Price becomes effective under Condition 9.2 (such adjustment, a "**Retroactive Adjustment**"), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the converting Bondholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) (as determined by the Calculation Agent) (the "**Additional Ordinary Shares**") as, together with the Ordinary Shares issued or to be transferred and delivered on conversion of the relevant Bond (together with any fraction of an Ordinary Share not so issued or transferred and delivered), is equal to the number of Ordinary Shares which would have been required to be issued or transferred and delivered on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date; *provided that* in the case of a Retroactive Adjustment arising in respect of any such consolidation, the number of Ordinary Shares to be transferred and delivered to the relevant holder shall be reduced to that number of Ordinary Shares which would have been required to be issued or transferred and delivered on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date.

9.4 **Decision of an Independent Financial Adviser/ Calculation of Calculation Agent**

If any doubt shall arise as to whether an adjustment is required to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between the Issuer, the Calculation Agent and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error. If any adjustment is required to be made to the Conversion Price which shall be calculated by the Calculation Agent as provided in Condition 9.2, such calculation shall be conclusive and binding on all parties, save in the case of manifest error.

9.5 **Share or Option Schemes**

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors of the Listco holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Listco or any of its Subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme.

9.6 **Rounding Down and Notice of Adjustment of Conversion Price**

(a) On any adjustment, the resultant Conversion Price, if not an integral multiple of ZAR 0.01, shall be rounded down to the nearest whole multiple of ZAR 0.01. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

(b) Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 18 and to the Trustee promptly after the determination thereof.

(c) The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below any minimum level permitted by Applicable Laws.

9.7 **Change of Control**

(a) Within 14 (fourteen) days after the Issuer has become aware of a Change of Control, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 18 (a "**Change of Control Notice**"). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Terms and Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 10.4.

(b) The Change of Control Notice shall also specify:

(i) all information material to Bondholders concerning the Change of Control;

(ii) the Conversion Price immediately prior to the occurrence of the Change of Control and the Conversion Price applicable pursuant to Condition 9.2(a)(x) above during the Change of Control Period on the basis of the Conversion Price in effect immediately prior to the occurrence of the Change of Control;

(iii) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Change of Control Notice;

(iv) the last day of the Change of Control Period;

(v) the Change of Control Put Date; and

(vi) such other information relating to the Change of Control as the Trustee may reasonably require.

(c) The Trustee shall not be required to monitor or take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

9.8 **Procedure for Exercise of Conversion Rights**

(a) Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the Certificate, if any, in respect of the relevant Bond to the Specified Office of the Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a "**Conversion Notice**") in the form (for the time being current) obtainable from the Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the Specified Office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

(b) If such delivery is made after the end of normal business hours or on a day which is not a Business Day in the place of the Specified Office of the Conversion Agent, such delivery shall be deemed for all purposes of these Terms and Conditions to have been made on the next following Business Day.

(c) Conversion Rights may only be exercised in respect of a whole Bond. Where Conversion Rights are exercised in respect of some only of the Bonds represented by a single Certificate, the old Certificate shall be cancelled and a new Certificate for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith in the place of the Specified Office of the Transfer Agent, and the Transfer Agent will within seven Business Days following the relevant Conversion Date, deliver such new Certificate to the Bondholder at the Specified Office of the Transfer Agent or (at the risk and, if mailed (at the request of the Bondholder) otherwise than by ordinary mail, at the expense of the Bondholder) mail a new Certificate by uninsured mail to such address as the Bondholder may request.

(d) A Conversion Notice, once delivered, shall be irrevocable.

(e) The conversion date in respect of a Bond (the "**Conversion Date**") shall be the Business Day immediately following the date of the delivery of the Certificate, if any, in respect of the Bonds and the Conversion Notice, and (if applicable) the making of any payment by the relevant Bondholder as provided in Condition 9.8(f) below.

(f) A Bondholder exercising a Conversion Right must pay directly to the relevant authorities any taxes imposed on such Bondholder and that may be payable arising on conversion and redemption of a Bond and any capital, stamp, issue and registration and transfer taxes and duties arising on conversion of a Bond (but subject to and without prejudice to the provisions of Condition 12 below); *provided that* the Issuer shall be liable for any stamp duties, issue and registration and transfer taxes and duties payable in South Africa in respect of the issue or transfer and delivery of any Ordinary Shares on such conversion (including any Additional Ordinary Shares). Such Bondholder must also pay all, if any, taxes imposed on such Bondholder arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with such conversion. Neither the Trustee nor the Conversion Agent shall be responsible for determining whether such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable or the amount thereof and neither the Trustee nor the Conversion Agent shall be responsible or liable for any failure by the Issuer to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

(g) Ordinary Shares to be issued on exercise of Conversion Rights will be issued in uncertificated form through the securities trading system operated by the Central Securities Depository, or any successor licensed clearance and settlement facility (applicable to the Ordinary Shares) of the Central Securities Depository.

(h) The Issuer will procure the delivery of the Ordinary Shares to the Central Securities Depository account specified by the relevant Bondholder in the relevant Conversion Notice as soon as possible and in any event within 15 Business Days after the relevant Conversion Date (or, in the case of any Additional Ordinary Shares, not later than 15 Business Days following the Reference Date).

(i) In addition, a Bondholder exercising Conversion Rights for delivery into the Central Securities Depository will be required to certify, represent and agree in the relevant Conversion Notice either:

(i) that such Bondholder is not a resident of South Africa within the meaning of the Exchange Control Regulations 1961 (as may be amended from time to time) of South Africa promulgated under the Currency and Exchanges Act, 1933 (as amended) of South Africa and that all exchange control approvals required under Applicable Laws of South Africa in connection with the exercise of Conversion Rights by such Bondholder and the issue or transfer of Ordinary Shares to such Bondholder upon such exercise have been obtained and are in full force and effect; or

(ii) that no exchange control approvals are required under Applicable Laws of South Africa in connection with the exercise of such Conversion Rights by such Bondholder and the issue or transfer of Ordinary Shares to such Bondholder upon such exercise,

and shall be required to provide evidence reasonably satisfactory to the Issuer as to the applicability of (i) or (ii), as the case may be. The Issuer will (if applicable) procure that Ordinary Shares delivered through the Central Securities Depository are flagged "**Non Resident**" for the purposes of South African exchange control laws and regulations.

(j) **Conversion Mechanics, subject to the passing of the Shareholder Resolutions**

(i) If, after the passing of the Shareholder Resolutions, a Bondholder exercises a Conversion Right pursuant to the Terms and Conditions:

(A) the Issuer has an obligation to redeem the Bonds in cash in an amount equal to the Principal Amount of the Bonds to be converted (the "**Cash Redemption Amount**"); and

(B) that Bondholder becomes obliged to pay a subscription price in cash to the Listco in consideration for the Ordinary Shares to be allotted and issued to it or transferred and delivered to it by the Listco, in an amount equal to the Cash Redemption Amount.

(ii) In satisfaction of the obligation of the Issuer pursuant to the Terms and Conditions to procure that Ordinary Shares (including Additional Ordinary Shares) are delivered to the relevant Bondholder upon the exercise of a Conversion Right, it is agreed that on the Conversion Date the Issuer delegates its obligation to redeem the Bonds in an amount equal to the Cash Redemption Amount to the Listco as provided in the Terms and Conditions to the Listco. The delegation of those obligations will take place on the Conversion Date without any further action required by the Issuer. The Bondholder consents to the delegation of that obligation and the Listco accepts the delegation of such obligation.

(iii) In consideration for the Listco assuming the obligation of the Issuer to redeem the Bonds in an amount equal to the Cash Redemption Amount upon the exercise of a Conversion Right, the Issuer shall, with effect from the Conversion Date, owe the Listco on loan account an amount equal to the Cash Redemption Amount.

(iv) The obligation delegated to and assumed by the Listco to redeem the Bonds in an amount equal to the Cash Redemption Amount and that of the relevant Bondholder to pay a subscription price to the Listco in consideration for the Ordinary Shares to be allotted and issued to it or transferred and delivered to it, in an amount equal to the Cash Redemption Amount, shall be discharged by set-off immediately and automatically upon the Business Day that is 5 Business Days after the Conversion Date. Following such set-off, the Listco shall allot and issue, or transfer and deliver, the Ordinary Shares (including any Additional Ordinary Shares) and register the relevant Bondholder (or its nominee) in the register of shareholders of the Listco on the Business Day that is 5 Business Days after the Conversion Date.

9.9 **Ranking**

(a) Ordinary Shares (or any Additional Ordinary Shares) issued or transferred and delivered upon conversion of the Bonds will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Registration Date, except in any such case for any right excluded by mandatory provisions of Applicable Law and except that such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments, the record date or other due date for the establishment of entitlement for which falls prior to the relevant Registration Date.

(b) If the record date or other due date for establishment or entitlement for the payment of any dividend or other distribution in respect of the Ordinary Shares to be issued on conversion of the Bonds is on or after the Conversion Date in respect of any Bond but before the Registration Date (other than and to the extent that it results in any adjustment (retroactive or otherwise) to the number of Ordinary Shares to which a converting Bondholder is entitled under Condition 9.2(a)), the Listco will pay to the Bondholder who has exercised his Conversion Right in lieu of such dividend or distribution an amount in ZAR (the "**Equivalent Amount**") equal to any such dividend or other distribution to which such Bondholder would have been entitled had he on that record date or other due date for establishment of entitlement been such a shareholder of record of such Ordinary Shares on that date and will make the relevant payment to the relevant Bondholder at the same time that it makes payment of the dividend or other distribution.

(c) Save as provided in Condition 9.10, no payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Conversion Date relating to such Bonds.

9.10 **Interest on Conversion**

If any notice requiring the redemption of any Bonds is given pursuant to Condition 10.2 on or after the fifteenth Business Day prior to a record date falling after the last Interest Payment Date (or in the case of the first Interest Period, the Issue Date) (whether such notice is given before, on or after such record date) in respect of any Dividend or distribution payable in respect of the Ordinary Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Issue Date) to but excluding such Conversion Date. The Issuer shall pay any such interest or procure that any such interest is paid by not later than 14 days after the relevant Conversion Date by transfer to a Rand account maintained with, a bank in Johannesburg in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

9.11 **Purchase or Redemption of Ordinary Shares**

The Listco or any Subsidiary of the Listco may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares of the Listco (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of the Bondholders.

9.12 **No Duty to Monitor**

Neither the Trustee nor the Calculation Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and neither of them shall be responsible or liable to the Bondholders for any loss arising from any failure by it to do so.

9.13 **Consolidation, Amalgamation or Merger**

In the case of any consolidation, amalgamation or merger of the Listco with any other company (other than a consolidation, amalgamation or merger in which the Listco is the continuing company), or in the case of any sale or transfer of all or the greater part of the undertaking or assets of the Listco, the Issuer will forthwith give notice thereof to the Trustee and to the Bondholders in accordance with Condition 18 of such event and take such steps as shall be required by the Trustee (including the execution of a deed supplemental to or amending the Trust Deed) to ensure that each Bond then outstanding will (during the period in which Conversion Rights may be exercised) be convertible into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Ordinary Shares which would have become liable to be issued or transferred and delivered upon exercise of Conversion Rights immediately prior to such consolidation, amalgamation, merger, sale or transfer. The above provisions of this Condition 9.13 will apply, *mutatis mutandis* to any subsequent consolidations, amalgamations, mergers, sales of transfers.

9.14 **Cash Settlement before the Physical Settlement Date**

(a) Notwithstanding any other provision of these Terms and Conditions, upon exercise of Conversion Rights by a Bondholder in respect of which the Conversion Date falls prior to the Physical Settlement Date, the Issuer shall satisfy the exercise of Conversion Rights relating to such Bondholder's Bonds by making payment, or procuring that payment is made on its behalf, to the relevant Bondholder of the Cash Settlement Amount, together with any other amount payable by the Issuer to such Bondholder pursuant to these Terms and Conditions in respect of or relating to the relevant exercise of Conversion Rights, including any interest payable pursuant to Condition 9.10. The Issuer will pay the Cash Settlement Amount, together with any other amount as aforesaid by not later than five Business Days following the last day of the Cash Settlement Calculation Period by transfer to a Rand account in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

(b) If there is a Retroactive Adjustment to the Conversion Price following the exercise of Conversion Rights by a Bondholder, in circumstances where the Conversion Date falls prior to the Physical Settlement Date, the Issuer shall pay to the relevant Bondholder an additional amount (the "**Additional Cash Settlement Amount**") calculated by the Calculation Agent equal to the product of (i) the Market Price and (ii) the number of Additional Ordinary Shares that would have been required to be issued or transferred and delivered to the relevant Bondholder if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date and on the assumption (whether or not in fact so) that such Conversion Date fell on or after the Physical Settlement Date.

(c) The Issuer will pay the Additional Cash Settlement Amount not later than five Business Days following the relevant Reference Date by transfer to a Rand account of the payee in accordance with the instructions specified by the relevant Bondholder contained in the relevant Conversion Notice.

10. **Redemption and Purchases**

10.1 **Final Redemption**

Unless previously redeemed, converted or purchased and cancelled as specified below, each Bond shall, subject to the Terms and Conditions, be redeemed by the Issuer at its Principal Amount (together with accrued unpaid interest thereon) on the Final Redemption Date.

10.2 **Redemption at the Option of the Issuer**

(a) On giving not less than 40 nor more than 60 days' (the "**Notice Period**") notice (an "**Optional Redemption Notice**") to the Trustee and to the Bondholders in accordance with Condition 18, the Issuer may redeem all but not some only of the Bonds then outstanding on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their Principal Amount together with accrued unpaid interest up to but excluding the Optional Redemption Date:

(i) at any time on or after 9 December 2023, if on no less than 20 out of 30 consecutive Dealing Days ending not earlier than the fifth Dealing Day prior to the giving of the relevant Optional Redemption Notice, the Volume Weighted Average Price of an Ordinary Share for each such Dealing Day exceeds 130 per cent. of the Conversion Price in effect (or deemed to be in effect) on such Dealing Day;

(ii) at any time if, prior to the date on which the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or redemptions and/or purchases (and corresponding cancellations) effected in respect of 85 per cent. or more in Principal Amount of the Bonds originally issued; or

(b) For so long as the Shareholder Resolutions have not been approved, the Issuer may at any time by giving notice to the Bondholders in accordance with Condition 18 no later than 10 Dealing Days prior to the Long Stop Date (a "**Fair Value Redemption Notice**"), elect to redeem all but not some only of the Bonds on the date falling fifteen Dealing Days after the end of the Fair Bond Value Calculation Period (the "**Fair Value Redemption Date**") at the greater of (i) 102 per cent. of the Principal Amount of the Bonds, together with accrued but unpaid interest to (but excluding) the Fair Value Redemption Date and (ii) 102 per cent. of the Fair Bond Value of the Bonds together with accrued but unpaid interest to (but excluding) the Fair Value Redemption Date, whereupon the Bonds will be redeemed, on the Fair Value Redemption Date.

"**Fair Bond Value**" means the price determined in good faith by an Independent Financial Adviser as being the average of such mid-market prices per ZAR 10,000 in principal amount of the Bonds as displayed from such source or sources (if any) as such Independent Financial Adviser shall consider appropriate as at the close of business on each dealing day during the Fair Bond Value Calculation Period, provided that where no such source is available in respect of any such dealing day as aforesaid, such mid-market price in respect of such dealing day shall be such price determined in such manner as is determined in good faith to be appropriate by such Independent Financial Adviser.

"**Fair Bond Value Calculation Period**" means the period of ten consecutive Dealing Days commencing on the Dealing Day following the date of the Fair Value Redemption Notice.

"**Long Stop Date**" means 31 March 2021.

(c) Any Optional Redemption Notice or Fair Value Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or Fair Value Redemption Date, as applicable, which shall be a Business Day, (ii) the Conversion Price, the aggregate Principal Amount of the Bonds outstanding and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice; (iii) the amount of accrued unpaid interest payable on the Optional Redemption Date or the Fair Value Redemption Date, as applicable and (iv) the last day on which Conversion Rights may be exercised by Bondholders.

10.3 **Optional Redemption for Tax Reasons**

(a) The Issuer may redeem all but not some only of the Bonds on the occasion of the next interest payment due under the Bonds (the "**Tax Redemption Date**"), on giving not less than 40 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Trustee and the Bondholders prior to such redemption, in accordance with Condition 18 (which notice shall be irrevocable), if the Issuer is of the reasonable opinion that:

(i) the Issuer has or will become obliged to withhold or deduct from any payment in respect of the Bonds any amounts for or on account of any South African taxes as provided for or referred to in Condition 12 as a result of any change in, or amendment to, the laws or regulations of South Africa or any other Applicable Law or any political subdivision of, or any authority in, or of, South Africa having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

(b) From the date of publication of any notice of redemption pursuant to this Condition 10.3, the Issuer shall make available at its Specified Office, for inspection by any holder of Bonds so redeemed, a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred, and an opinion of independent legal advisers to the effect that the Issuer has or will become obliged to make such withholding as a result of such change or amendment.

(c) If the Issuer gives a Tax Redemption Notice, each Bondholder will have the right to elect that his Bonds shall not be redeemed and that the provisions of Condition 12 shall not apply in respect of any payment on such Bonds which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 12 and payment of all amounts on such Bonds shall be made subject to the withholding of any South African withholding taxes required to be withheld. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the Specified Office of the Transfer Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the Specified Office of the Transfer Agent together with the relevant Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

(d) Bonds redeemed for tax reasons pursuant to this Condition 10.3 will be redeemed at their Principal Amount, together with accrued unpaid interest (if any) from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption.

(e) Any Tax Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Tax Redemption Date which shall be a Business Day, (ii) the Conversion Price, (iii) the aggregate Principal Amount of the Bonds outstanding and (iv) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Tax Redemption Notice.

10.4 **Redemption at the Option of Bondholders: Change of Control**

(a) Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem, in cash, that Bond on the Change of Control Put Date at its Principal Amount, together with accrued and unpaid interest to such date.

(b) To exercise such right, the holder of the relevant Bond must deliver Certificate in respect of such Bond, if any, to the Specified Office of the Transfer Agent, together with a duly completed and signed notice of exercise in the form for the time being currently obtainable from the Specified Office of the Transfer Agent (a "**Change of Control Put Exercise Notice**"), at any time during the Change of Control Period. The "**Change of Control Put Date**" shall be the fourteenth day after the expiry of the Change of Control Period.

(c) A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all the Bonds that are subject to Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

10.5 **Redemption at the Option of Bondholders: De-Listing**

(a) Following the occurrence of a De-Listing Event, the holder of each Bond will have the right to require the Issuer to redeem, in cash, that Bond on the De-Listing Event Put Date at its Principal Amount, together with accrued and unpaid interest to such date.

A "**De-Listing Event**" shall occur if:

(i) the Ordinary Shares at any time cease to be admitted to trading and listing on the JSE or the JSE announces that the Ordinary Shares will cease to be admitted to trading and listing on the JSE unless the Ordinary Shares are immediately admitted to trading and/or listing on another internationally recognised, regularly operating and regulated stock exchange; or

(ii) trading of the Ordinary Shares on the JSE (or, if the Ordinary Shares at any time cease to be admitted to trading and listing on the JSE and the Ordinary Shares at the relevant time are admitted to trading and/or listing on another internationally recognised, regularly operating and regulated stock exchange, trading of the Ordinary Shares on such exchange) is suspended for a period of ten consecutive Dealing Days or more, provided that trading of the Ordinary Shares shall not be considered to be suspended on any Dealing Day on which a general suspension of trading on the relevant stock exchange has occurred.

(b) To exercise such right, the holder of the relevant Bond must deliver the Certificate in respect of such Bond , if any, to the Specified Office of the Transfer Agent, together with a duly completed and signed notice of exercise in the form for the time being currently obtainable from the Specified Office of the Transfer Agent (a "**De-Listing Event Put Exercise Notice**"), at any time during the De-Listing Event Period.

The "**De-Listing Event Put Date**" shall be the fourteenth day after the expiry of the De-Listing Event Period.

(c) A De-Listing Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all the Bonds that are subject to De-Listing Event Put Exercise Notices delivered as aforesaid on the De-Listing Event Put Date.

(d) The Issuer shall give notice to the Bondholders ("**De-Listing Event Notice**") within seven days of the first day on which it becomes aware of the occurrence of a De-Listing Event. The De-Listing Event Notice shall contain a statement informing the Bondholders of their entitlement to exercise their Conversion Rights as provided in these Terms and Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to this Condition 10.5. The De-Listing Event Notice shall also specify:

(i) the Conversion Price and the Volume Weighted Average Price of an Ordinary Share as at the latest practicable date prior to the publication of such notice;

(ii) the last day of the De-Listing Event Period;

(iii) the De-Listing Event Put Date; and

(iv) such other information relating to the De-Listing Event as the Bondholders may require.

10.6 **Mandatory Redemption Following Delivery of an Enforcement Notice**

Upon the delivery of an Enforcement Notice (following the occurrence of an Event of Default), the Bonds will be immediately due and payable, and the Bonds will be redeemed in accordance with Condition 13.

10.7 **Purchases**

Subject to (i) the debt listings requirements (if any) of the JSE or any other stock exchange on which the Bonds may be admitted to trading and listing from time to time and (ii) compliance with Applicable Laws and regulations, the Issuer may at any time purchase Bonds at any price in the open market or otherwise. In the event of the Issuer purchasing Bonds, such Bonds shall be held, resold or at the option of the Issuer, cancelled.

10.8 **Cancellation**

All Bonds which are redeemed in full or in respect of which Conversion Rights are exercised will forthwith be cancelled. All Bonds so cancelled and the Bonds purchased and cancelled pursuant to Condition 10.7 cannot be re-issued or resold. Where a portion of the Bonds represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Bondholder in respect of the balance of the Bonds. The Issuer shall notify the Central Securities Depository and the Relevant Stock Exchange, of any cancellation or partial redemption of the Bonds so that such entity can record the reduction in the aggregate Principal Amount of the Bonds in issue.

10.9 **Multiple Notices**

If more than one notice of redemption is given pursuant to this Condition 10, the first of such notices to be given shall prevail.

11. **Payment**

11.1 **Method of payment**

(a) Payments of interest and principal in respect of Bonds held in uncertificated form in the Central Securities Depository will be made to the holders of Beneficial Interests in accordance with the Applicable Procedures. Each of the persons reflected in the records of the Central Securities Depository or the relevant Participants, as the case may be, as the holders of Beneficial Interests shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such person's share of each payment so made by (or on behalf of) the Issuer to, or for the order of, the registered holder of the Bond held in uncertificated form. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to such Beneficial Interests. Payments of interest and principal in respect of Bonds held in the Central Securities Depository in uncertificated form shall be recorded by the Central Securities Depository, in accordance with the Applicable Procedures, distinguishing between interest and principal, and such record of payments to the registered holder of the Bonds shall be prima facie proof of such payments. Payments of interest and principal in respect of Bonds represented by Certificates shall be made to the person reflected as the registered holder of the Certificate in the Register on the Record Date.

(b) The Issuer shall pay the interest and principal payable in respect of each Bond, in immediately available and freely transferable funds, in Rand by electronic funds transfer, to the bank account of the Bondholder as set forth in the Register at 5:00 p.m. (South African time) on the Record Date preceding the relevant Interest Payment Date or Redemption Date, as the case may be, or, in the case of joint Bondholders, the account of that one of them who is first named in the Register in respect of that Bond. If several persons are entered into the Register as joint Bondholders, then without affecting the previous provisions of this condition, payment to any one of them of any moneys payable on or in respect of the Bond shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Issuer may have of the right, title, interest or claim of any other person to or in any Bond or interest therein.

(c) Only Bondholders, or, in the case of joint Bondholders, the one of them who is first named in the Register in respect of that Bond, reflected in the Register at 5:00 p.m. (South African time) on the relevant Record Date will be entitled to payments of interest and/or principal in respect of Bonds.

(d) Payments will be subject in all cases to any taxation or other laws, directives and regulations applicable to such payment in the place of payment without prejudice to Condition 12. Payments will be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**") or any law implementing an intergovernmental approach to FATCA.

(e) Payment of all amounts other than interest and principal in respect of the Bonds will be made as provided in these Terms and Conditions.

11.2 Surrender of Certificates

(a) On or before the Last Day to Trade prior to any Redemption Date, the holder of a Certificate, in respect of a Bond to be redeemed (in part or in whole, as the case may be) shall deliver to the Transfer Agent the Certificates to be redeemed. This will enable the Transfer Agent to endorse the partial redemption thereon or, in the case of final redemption, to cancel the relevant Certificates.

(b) Should the holder of a Certificate refuse or fail to surrender the Certificate for endorsement or cancellation on or before a Redemption Date, the amount payable to him in respect of such redemption, including any accrued unpaid interest, shall be retained by the Issuer for such Bondholder, at the latter's risk, until the Bondholder surrenders the necessary Certificate, and interest shall cease to accrue to such Bondholder from the Redemption Date in respect of the amount redeemed.

(c) Documents required to be presented and/or surrendered to the Transfer Agent in accordance with these Terms and Conditions will be so presented and/or surrendered at the Specified Office of the Transfer Agent.

(d) In the case of the Bonds held in uncertificated form in the Central Securities Depository, redemptions in part will be handled in accordance with the Applicable Procedures.

11.3 Payment Date

Notwithstanding anything to the contrary contained in these Terms and Conditions, if the date for payment of any amount payable in respect of any Bond is not a Business Day, then such date for payment shall be adjusted in accordance with the Modified Following Business Day Convention.

11.4 Calculation and Notice of Principal Payments

The Issuer will, or will procure that the Calculation Agent will, calculate the aggregate amount of principal due and payable by the Issuer for each Bond on each date that payment is due and payable. The Issuer will, at least thirteen Business Days before each such date, cause such aggregate amount of principal to be notified to the Bondholders (in the manner set out in Condition 18) and the Relevant Stock Exchange.

12. Taxation

12.1 All payments (whether in respect of principal, interest or otherwise) in respect of the Bonds will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of South Africa or any political sub-division or any authority therein or thereof having power to tax, unless such withholding or deduction is required by Applicable Law.

12.2 If any such withholding or deduction is required by Applicable Law in respect of any Bonds, the Issuer will, subject to the Issuer's rights to redeem such Bonds in terms of Condition 10.3, make such payments after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Bondholders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Bonds, as the case may be, in the absence of such withholding, except that no such additional amounts shall be payable with respect to any Bond:

(a) held by or on behalf of a Bondholder, who is liable for such taxes in respect of such Bond by reason of it is having some connection with South Africa other than the mere holding of such Bond or the receipt of principal or interest in respect thereof; or

(b) held by or on behalf of a Bondholder which would not be liable or subject to the withholding by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(c) where such withholding is in respect of taxes levied or imposed on the relevant payment only by virtue of the inclusion of such payments in the Taxable Income or Taxable Gains (each as defined below) of any Bondholder; or

(d) where (in the case of any payment of principal or interest which is conditional on surrender of the relevant Certificate in accordance with these Terms and Conditions) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to an additional amount on presenting the Certificate for payment on such thirtieth day; or

(e) if such withholding arises through the exercise by revenue authorities of special powers in respect of tax defaulters.

The provisions of this Condition 12.2 shall not apply in respect of any payments in respect of any Bonds the subject of a valid election pursuant to Condition 10.3(c).

12.3 Notwithstanding any other provision of these Terms and Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Bonds for, or on account of, any withholding or deduction required pursuant to FATCA (including pursuant to any agreement described in Section 1471(b) of the Code) or any law implementing an intergovernmental approach to FATCA.

12.4 For the purposes of this Condition 12:

(a) "**Taxable Income**" means any "taxable income" as defined in section 1 of the Income Tax Act;

(b) "**Taxable Gain**" means any "taxable capital gain" as defined in paragraph 1 of Schedule 8 to the Income Tax Act; and

(c) "**Income Tax Act**" means the South African Income Tax Act, 1962.

13. **Events of Default**

13.1 **Events of Default Relating to the Bonds**

An Event of Default in relation to the Bonds shall arise if any of the following events occurs and is continuing:

(a) **Non-Payment**

the Issuer fails to pay any amount of principal, interest or any other amount (including any Cash Settlement Amount or any Additional Cash Settlement Amount) in respect of any Bonds on the due date for payment thereof and such failure remains unremedied for 7 days; or

(b) **Non-delivery of Ordinary Shares**

subject to the provisions of Condition 9.14, the Listco fails to issue or transfer and deliver Ordinary Shares as provided in these Terms and Conditions following any exercise of Conversion Rights, and such failure continues for a period of 14 days; or

(c) **Breach of Other Obligations**

the Issuer or the Listco fails to perform any of its other obligations under or in respect of the Bonds or the Trust Deed, and such failure, if capable of remedy, remains unremedied for 14 days after written notice thereof has been delivered by the Trustee on behalf of any Bondholder to the Issuer or Listco, as the case may be; or

(d) **Cross-acceleration or security enforced**

(i) if any Relevant Indebtedness of the Issuer or any Material Subsidiary is declared to be due and repayable before its stated maturity by reason of an event of default (however described); or

(ii) any security given by the Issuer or any Material Subsidiary for any Relevant Indebtedness becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security; or *provided that* in each case no event shall constitute an Event of Default unless the Relevant Indebtedness or other relative liability either alone or when aggregated with other Relevant Indebtedness and/or other relative liabilities which shall have occurred, equals or exceeds ZAR 100,000,000 (or its equivalent in any other currency).

For the purposes of this Condition 13.1(d) and 13.1(e), any indebtedness which is in a currency other than South African Rand shall be translated into the Rand Equivalent on the date of such Event of Default; or

(e) **Judgement**

any final judgement or arbitration award ("**judgement**") in respect of a claim of more than ZAR 100,000,000 or its equivalent in any other currency, is given by a court of competent jurisdiction or arbitrator against the Issuer or any Material Subsidiary, or against the assets or revenues of the Issuer or any Material Subsidiary, and is not discharged or contested with 14 days of the final judgment being granted; or

(i) if such judgement is appealable, the Issuer or such Material Subsidiary fails to appeal against such judgement within the time limits prescribed by law or fails to diligently prosecute such appeal thereafter or ultimately fails in such appeal; and/or

(ii) if such judgement is a default judgment, the Issuer or such Material Subsidiary fails to apply for the rescission thereof within the time limits prescribed by law or fails to diligently prosecute such application thereafter or ultimately fail in such application; and/or

(iii) if such judgement is reviewable, the Issuer or such Material Subsidiary fails to initiate proceedings for the review thereof within the time limits prescribed by law or fails to diligently prosecute such proceedings thereafter or ultimately fails in such proceedings; or

(f) **Insolvency**

an Insolvency Event occurs in respect of the Listco, the Issuer or any Material Subsidiary.

For the purposes of this Condition 13.1(f), "**Insolvency Event**" means the occurrence of any of the following events:

(i) an order is made, for (a) the compulsory, provisional or final winding-up, liquidation, compromise, administration order, curatorship, business rescue, dissolution or administration of the Listco, the Issuer or any Material Subsidiary; or (b) the appointment of an administrator, trustee, liquidator, business rescue practitioner or similar officer over any or all of the assets or revenues of the Listco, the Issuer or any Material Subsidiary; or (c) the removal of the Listco, the Issuer or any Material Subsidiary from the register of companies; or

(ii) the Listco, the Issuer or any Material Subsidiary seeks the appointment of an administrator, liquidator (whether provisional or final), business rescue practitioner or other similar official for it or for all or substantially all its assets or estate (in each case other than for purposes of a solvent reconstruction or amalgamation in which the Issuer remains a wholly-owned Subsidiary of the Listco and remains the debtor under the Bonds); or

(iii) the Listco, the Issuer or any Material Subsidiary takes any proceedings or other step with a view to the general readjustment, rescheduling or deferral of its indebtedness (or any part thereof which it would otherwise be unable to pay when due) or proposes to take any such step; or

(iv) the Listco, the Issuer or any Material Subsidiary compromising with or taking any procedural step attempting to compromise with its creditors generally (or any significant class of creditors) or deferring or taking any procedural step attempting to defer payment of debts owing by it to its creditors generally (or any significant class of creditors) (except a deferral provided for in terms of these Terms and Conditions of the Bonds) or proposing or seeking to make or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of its indebtedness; or

(v) the Listco, the Issuer or any Material Subsidiary committing an act which would be an act of insolvency, in terms of the Insolvency Act, 1936, if committed by a natural person; or

(vi) the Listco, the Issuer or any Material Subsidiary is unable (or admits inability) to pay its debts generally as they fall due or is deemed to be unable to pay its debts or is (or admits to being) otherwise insolvent or stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness; or

(vii) the board or members of the Listco, the Issuer or any Material Subsidiary convening a meeting in order to consider the passing of a resolution providing for the Issuer or any Material Subsidiary to be wound-up, liquidated, deregistered or placed under business rescue, or any resolution being passed to this effect (in each case other than for purposes of a solvent reconstruction or amalgamation in which the Issuer remains the debtor under the Bonds); or

(viii) the Listco, the Issuer or any Material Subsidiary causes or is subject to any event with respect to it which, under the Applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in 13.1(f)(i) to 13.1(f)(vii) above; or

(g) **Attachment of assets**

any attachment in execution of a judgment in respect of a claim for more than ZAR 100,000,000 is levied against any undertaking or asset of the Issuer or any Material Subsidiary and such attachment or execution is not set aside or lifted with 14 days after it came to the attention of the Issuer or such Material Subsidiary; or

(h) **Governmental intervention by or under the authority of any government**

(i) the management of the Issuer or any Material Subsidiary is wholly or partially displaced or the authority of the Issuer or any Material Subsidiary in the conduct of its business is wholly or partially taken over by a legitimate government or any authority of such legitimate government; or

(ii) all or a majority of the issued shares of the Listco, Issuer or any Material Subsidiary or a material part of its revenues or assets is seized, nationalised or compulsorily acquired.

13.2 **Steps Following an Event of Default**

(a) If an Event of Default occurs in relation to the Bonds:

(i) the Issuer will forthwith inform the Bondholders through SENS, the Trustee, the Central Securities Depository and the Relevant Stock Exchange thereof; and

(ii) the Trustee will, as soon as such Event of Default comes to its notice (whether as a result of having been informed by the Issuer thereof pursuant to Condition 13.2(a)(i) or otherwise), forthwith call a meeting of the Bondholders.

(b) If any Event of Default has occurred and is continuing, then the Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the Bondholders, it shall, give written notice to the Issuer that the Bonds are, and they shall accordingly become immediately due and payable at their Principal Amount together with accrued unpaid interest (if any) thereon to the date of payment.

14. **Undertakings**

14.1 Whilst any Conversion Right remains exercisable, and save with the approval of an Extraordinary Resolution, the Issuer will procure that Listco will:

(a) allot, issue, register and deliver Ordinary Shares on exercise of Conversion Rights in accordance with these Terms and Conditions and the Trust Deed and at all times keep available for issue free from pre-emptive or other similar rights out of its authorised but unissued ordinary share capital such number of Ordinary Shares as would enable it to issue in full such number of Ordinary Shares as are required to be issued by it upon exercise of Conversion Rights and all other rights of subscription and exchange for and conversion into Ordinary Shares;

(b) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:

    (i) by the allotment and issue of fully paid Ordinary Shares to Shareholders and other holders of shares in the capital of the Listco which by their terms entitle the holders thereof to receive Ordinary Shares or other shares or securities on a capitalisation of profits or reserves; or

    (ii) by the allotment and issue of Ordinary Shares paid up in full (in accordance with Applicable Law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or

    (iii) by the allotment and issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Listco which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or

    (iv) by the allotment and issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Listco or any of its Subsidiaries or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

    unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of Condition 9.6 relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price;

(c) not modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 14.1(c) shall prevent:

    (i) the issue of any equity share capital to employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) whether of the Listco or associated companies by virtue of their office or employment or any consultant of the Listco or any of the Listco's Subsidiaries or associated companies pursuant to any scheme or plan approved by the Listco or which is established pursuant to such a scheme or plan which is or has been so approved; or

    (ii) any consolidation, reclassification or subdivision of the Ordinary Shares; or

    (iii) any modification of such rights which is not, in the opinion of an Independent Financial Adviser, materially prejudicial to the interests of the holders of the Bonds; or

    (iv) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 9.6 relating to roundings or the carry forward of adjustments or, where comprising Ordinary Shares, the fact that the consideration per Ordinary Share receivable therefore is at least 95 per cent. of the Current Market Price per Ordinary Share, otherwise result, in an adjustment to the Conversion Price; or

    (v) any issue of equity share capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Listco shall have instructed an Independent Financial Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Financial Adviser shall have determined either that no adjustment is required or that an adjustment resulting in a decrease in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);

(vi) any alteration to the memorandum of incorporation of the Listco made in connection with the matters described in this Condition 14 or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of Securities, including Ordinary Shares, dealt with under such procedures); or

(vii) the amendment of the memorandum of incorporation of the Listco following a Change of Control to ensure that any Bondholder exercising its Conversion Right where the Conversion Date falls on or after the occurrence of a Change of Control will receive the same consideration in respect of any Ordinary Shares required to be issued or transferred and delivered to it in respect of such exercise as it would have received in respect of such Ordinary Shares had such Ordinary Shares been entitled to participate in the relevant Scheme of Arrangement or tendered in the relevant offer;

(d) except as part of any employee, director or executive share or option or incentive scheme, procure that no Securities (whether issued by the Listco or any Subsidiary of the Listco or procured by the Listco or any Subsidiary of the Listco to be issued or issued by any other person pursuant to any arrangement with the Listco or any Subsidiary of the Listco) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last Dealing Day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 9.6 relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;

(e) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on the exercise of Conversion Rights, Ordinary Shares could not, under any Applicable Law then in effect, be legally issued as fully paid;

(f) not reduce its issued share capital, share premium account, or any uncalled liability in respect thereof, or any non-distributable reserves, except:

(i) pursuant to the terms of issue of the relevant share capital; or

(ii) by means of a purchase or redemption of share capital of the Listco to the extent permitted by applicable law; or

(iii) pursuant to a Newco Scheme; or

(iv) by way of transfer to reserves as permitted under Applicable Law; or

(v) where the reduction is permitted by Applicable Law and the Trustee is advised by an Independent Financial Adviser, acting as an expert, that the interests of the Bondholders will not be materially prejudiced by such reduction; or

(vi) where the reduction is permitted by Applicable Law and results in (or would, but for the provisions of Condition 9.6 relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made,

provided that, without prejudice to the other provisions of these Terms and Conditions, the Listco may exercise such rights as it may from time to time be entitled pursuant to

Applicable Law to purchase, redeem or buy back its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Bondholders;

(g) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any parties acting in concert (as defined in the Companies Act or any modification or re-enactment thereof)) to acquire the whole or any part of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition (other than a Newco Scheme), give notice of such offer or scheme to the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the Specified Offices of the Issuer and, where such an offer or scheme has been recommended by the board of directors of the Listco, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Bondholders and/or to the holders of the Bonds;

(h) in the event of a Newco Scheme, the Listco shall take (or shall procure that there is taken) all necessary action to ensure that (to the satisfaction of the Trustee) immediately after completion of the scheme of arrangement, at its option, either (a) Newco is substituted under the Bonds and the Trust Deed as principal obligor in place of the Listco (with the Listco providing a guarantee); or (b) Newco becomes a guarantor under the Bonds and the Trust Deed and, in either case, that (i) such amendments are made to these Terms and Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that the Bonds may be converted into or exchanged for Ordinary Shares in Newco *mutatis mutandis* in accordance with and subject to these Terms and Conditions and the Trust Deed and (ii) the Ordinary Shares of Newco are:

(i) admitted to the Relevant Stock Exchange; or

(ii) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market; and

(i) for so long as any Bond remains outstanding, use its reasonable endeavours to maintain the listing of its issued Ordinary Shares on the JSE.

14.2 Whilst any Conversion Right remains exercisable, and save with the approval of an Extraordinary Resolution, the Issuer will:

(a) apply for the Bonds to be admitted to trading and listing on the JSE main board within 4 months of the Issue Date. If the Issuer is unable to maintain the inclusion of the Bonds to trading as aforesaid, the Issuer undertakes to use all reasonable endeavours to obtain and maintain a listing and/or admission to trading for the Bonds on such other stock exchange as the Issuer may from time to time determine and as may be approved by the Trustee, and the Issuer will forthwith give notice to the Bondholders in accordance with Condition 18 of the listing or delisting of the Bonds by any of such stock exchanges; and

(b) use its best endeavours in procuring Listco to convene a meeting of Shareholders by 28 February 2021 (the "**Shareholders' Meeting**") for the purpose of considering and if thought fit, passing such resolutions as are required to enable the issuance of such number of Ordinary Shares as may be required to be issued from time to time to satisfy the exercise of Conversion Rights.

14.3 The Issuer undertakes to give notice to the Bondholders and the Trustee within five days of the passing of the Shareholder Resolutions.

14.4 The Issuer undertakes to deliver to the Trustee annually, within 120 days of each financial year end of the Issuer, a certificate of the Issuer, signed by two directors of the Issuer, as to there not having occurred, as far as the board of directors of the Issuer is aware, an Event of Default or Potential Event of Default since the date of the last such certificate or if such event has occurred as to the details of such event. The Trustee will be entitled to rely on such certificate and shall not be obliged to independently monitor compliance by the Issuer with the undertakings set forth in this Condition 14 or the other provisions of the Terms and Conditions, nor be liable to any person for not so doing.

15. Exchange of Beneficial Interests and Replacement of Bonds

15.1 Exchange

(a) The holder of a Beneficial Interest in Bonds may, in terms of the Applicable Procedures and subject to section 42 of the Financial Markets Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the Central Securities Depository), request that such Beneficial Interest be exchanged for Bonds in definitive form represented by a Certificate (the "**Exchange Notice**"). The Exchange Notice shall specify (i) the name, address and bank account details of the holder of the Beneficial Interest and (ii) the day on which such Beneficial Interest is to be exchanged for a Certificate; *provided that* such day shall be a Business Day and shall fall not less than 30 (thirty) days after the day on which such Exchange Notice is given ("**Exchange Date**").

(b) The holder's nominated Participant will, following receipt of the Exchange Notice, through the Central Securities Depository, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Bonds represented by a Certificate. The Transfer Agent will, as soon as is practicable but within 14 days after receiving such notice, in accordance with the Applicable Procedures, procure that a Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 day period, to the holder of the Beneficial Interest at the Specified Office of the Transfer Agent; *provided that* joint holders of a Beneficial Interest shall be entitled to receive only one Certificate in respect of that joint holding, and delivery to one of those joint holders shall be delivery to all of them.

(c) In the case of the exchange of a Beneficial Interest in Bonds issued in uncertificated form:

   (i) the Central Securities Depository shall, prior to the Exchange Date, will surrender (through the Central Securities Depository system) such uncertificated Bonds to the Transfer Agent at its Specified Office; and

   (ii) the Transfer Agent will obtain the release of such uncertificated Bonds from the Central Securities Depository in accordance with the Applicable Procedures.

(d) A Certificate shall, in relation to a Beneficial Interest in any number of Bonds issued in uncertificated form of a particular aggregate Principal Amount standing to the account of the holder thereof, represent that number of Bonds of that aggregate Principal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; *provided that* if such aggregate Principal Amount is equivalent to a fraction of the minimum denomination of the Bonds or a fraction of any multiple thereof, such Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

15.2 Costs

Certificates shall be provided (whether by way of issue or delivery) by the Issuer without charge, save as otherwise provided in these Terms and Conditions. The costs and expenses of delivery of Certificates by a method other than ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery, shall be borne by the Bondholder.

15.3 Replacement

If any Certificate is mutilated, defaced, stolen, destroyed or lost it may be replaced at the office of the Transfer Agent on payment by the claimant of such costs and expenses as may be incurred in connection therewith and against the furnishing of such indemnity as the Transfer Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15.4 **Death and Sequestration or Liquidation of Bondholder**

Any person becoming entitled to Bonds in consequence of the death, sequestration or liquidation of the relevant Bondholder may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this paragraph or of his title, require the Transfer Agent to register such person as the holder of such Bonds or, subject to the requirements of this Condition, to transfer such Bonds to such person.

16. **Transfer of Bonds**

16.1 Beneficial Interests in the Bonds may be transferred in terms of the Applicable Procedures through the Central Securities Depository.

16.2 The Central Securities Depository maintains accounts only for its Participants. Beneficial Interests which are held by Participants (which are also Settlement Agents) may be held directly through the Central Securities Depository. Participants are in turn required to maintain securities accounts for their clients. Beneficial Interests which are not held by Participants may be held by clients of Participants indirectly through such Participants.

16.3 Transfers of Beneficial Interests to and from clients of Participants occur, in terms of existing law and practice, by way of electronic book entry in the securities accounts maintained by the Participants for their clients. Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the Central Securities Depository for the Participants. Beneficial Interests may be transferred only in accordance with these Terms and Conditions, and the Applicable Procedures.

16.4 In order for any transfer of Bonds represented by a Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:

(a) the transfer of such Bonds must be embodied in the Transfer Form;

(b) the Transfer Form must be signed by the registered Bondholder and the transferee, or any authorised representative of that registered Bondholder and/or transferee; and

(c) the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the relevant Certificate, if any, for cancellation.

16.5 Transfers of Bonds recorded in the Register will only be in integral multiples equal to the minimum denomination of the Bonds.

16.6 Subject to the preceding provisions of this Condition 16, the Transfer Agent will, within three Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), record the transfer of Bonds in the Register, and authenticate and deliver to the transferee at the Transfer Agent’s Specified Office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Certificate, if applicable, in respect of such Bonds reflecting the same Principal Amount as the Bonds transferred. Where a Bondholder has transferred part only of his holding of Bonds represented by a Certificate, the Transfer Agent will authenticate and deliver to such Bondholder at the Transfer Agent’s Specified Office or, at the risk of such Bondholder, send by mail to such address as such Bondholder may request, a new Certificate in respect of the balance of the Bonds held by such Bondholder.

16.7 The transferor of any Bonds will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.

16.8 Before any transfer of any Bonds is registered, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Transfer Agent reasonably requires as to the identity and title of the transferor and the transferee.

16.9 No transfer of any Bonds will be registered (i) while the Register is closed as contemplated in Condition 17.2, or (ii) where a Conversion Notice has been delivered by a Bondholder pursuant to these Terms and Conditions.

16.10 If a transfer of any Bonds is registered, the Transfer Form and cancelled Certificate, if any, will be retained by the Transfer Agent.

17. **Register**

17.1 The Register will be kept at the Specified Office of the Transfer Agent. The Register will contain the name, address and bank account details of the registered Bondholders. The Register will set out the Principal Amount of the Bonds issued to any Bondholder and will show the date of such issue and the date upon which the Bondholder became registered as such. The Register will show the serial numbers of the Certificates issued. The Register will be open for inspection during the normal business hours of the Transfer Agent to any Bondholder or any person of proven identity authorised in writing by any Bondholder. The Issuer and the Transfer Agent will not be bound to enter any trust into the Register or to take any notice of or to accede to the execution of any trust (express, implied or constructive) to which any Bond may be subject.

17.2 To be recorded in the Register on the Record Date, the trade must take place on or before the Last Day to Trade.

17.3 The Transfer Agent will alter the Register in respect of any change of name, address or bank account number of any of the Bondholders of which it is notified in accordance with Condition 18.

18. **Notices**

18.1 Subject to Condition 18.2, all notices (including all demands or requests under these Terms and Conditions) to the Bondholders will be valid if sent by electronic mail to their e-mail addresses appearing in the Register or delivered by hand to their addresses appearing in the Register or published in a leading English language daily newspaper of general circulation in South Africa. Each such notice will be deemed to have been given, if sent by electronic mail, on the day of its sending, except that any such sending after 16h30 shall be deemed to have been received on the following day, if delivered in person or by courier, at the time of delivery or if published on the day of first publication, as the case may be.

18.2 For so long as the Bonds are held in their entirety by the Central Securities Depository, notice as contemplated in Condition 18.1 may be substituted with the delivery of the relevant notice to the Central Securities Depository, the Participants and the JSE for communication by them to the holders of Beneficial Interests in the Bonds, in accordance with the Applicable Procedures.

18.3 Where any provision of these Terms and Conditions requires notice to be given to the Bondholders of any matter other than a meeting of Bondholders, such notice will be given *mutatis mutandis* as set out in Condition 18.1 and Condition 18.2, respectively, subject to compliance with any other time periods prescribed in the provision concerned.

18.4 All notices (including all communications, demands and/or requests under these Terms and Conditions) to be given by any Bondholder to the Issuer, the Calculation Agent, the Conversion Agent or the Transfer Agent, as the case may be, will be in writing and given by delivering the notice, by hand or by electronic mail, together with a certified copy of the relevant Certificate, if any, to the Specified Office of the Issuer, the Calculation Agent, the Conversion Agent or the Transfer Agent, as the case may be, and marked for the attention of the chief executive officer. Any notice to the Issuer, the Calculation Agent, the Conversion Agent or the Transfer Agent, as the case may be, will be deemed to have been received by the Issuer, the Calculation Agent, the Conversion Agent or the Transfer Agent, as the case may be, on the second Business Day after being delivered by hand to the Specified Office of the Issuer, the Calculation Agent, the Conversion Agent or the Transfer Agent, as the case may be, or if sent by electronic mail to the Specified Office of the Issuer, the Calculation Agent, the Conversion Agent or the Transfer Agent, as the case may be, on the day of its sending, except that any such sending after 16h30 shall be deemed to have been received on the following day.

18.5 Whilst any of the Bonds are held in uncertificated form, notices to be given by any holder of a Beneficial Interest to the Issuer shall be given by such holder through such holder's relevant Participant in accordance with the Applicable Procedures.

18.6 While the Bonds are listed on the JSE, any notices to Bondholders, including of meetings and any amendments to these Terms and Conditions, shall be published on SENS of the JSE.

19. **Amendment of these Terms and Conditions**

19.1 The Trustee may agree to any amendment to these Terms and Conditions which in the opinion of the Trustee is of a technical nature or is made to correct a manifest error or to comply with mandatory provisions of the Applicable Law. Any such amendment will be binding on Bondholders and such amendment will be notified to Bondholders in accordance with Condition 18 as soon as practicable thereafter and, while the Bonds are listed on the JSE, to the JSE.

19.2 In respect of an amendment that is not of a technical nature, such amendment may be made only with the prior authorisation of an Extraordinary Resolution of the Bondholders, in accordance with Condition 20.13. The Issuer will call a meeting of all of the Bondholders. Such meeting or meetings will be regulated by the provisions set out in Condition 20. No proposed amendment will be made to these Terms and Conditions until such amendment has been approved by Extraordinary Resolution at such meeting. While the Bonds are listed on the JSE, the Issuer shall first obtain formal approval from the JSE on the notice to Bondholders incorporating such proposed amendments in compliance with the JSE Debt Listings Requirements prior to delivery of such notice to Bondholders.

20. **Meetings of Bondholders**

Where a meeting of the Bondholders is to be convened, in accordance with these Terms and Conditions or the Trust Deed, then the provisions of this Condition 20 shall apply.

20.1 **Convening of Meetings**

(a) The Issuer or the Trustee may at any time convene a meeting of the Bondholders (a "**meeting**").

(b) The Issuer or the Trustee will convene a meeting of the Bondholders upon the requisition in writing of members of the Bondholders holding not less than 10 per cent. of the aggregate Principal Amount of the Bonds for the time being outstanding (a "**requisition notice**").

(c) Whenever the Issuer wishes to convene a meeting, it will forthwith give notice in writing to the Bondholders in the manner prescribed in Condition 18 and to the Trustee in accordance with the provisions of the Trust Deed of the place, day and hour of the meeting, the nature of the business to be transacted at the meeting and the resolutions to be proposed and considered at the meeting.

(d) Whenever the Trustee wishes or is obliged to convene a meeting it will forthwith give notice in writing to the Bondholders and the Issuer in the manner prescribed in Condition 18, of the place, day and hour of the meeting, the nature of the business to be transacted at the meeting and the resolutions to be proposed and considered at the meeting.

(e) All meetings of the Bondholders will be held in Johannesburg.

(f) The Issuer or the Trustee may conduct a meeting of Bondholders entirely by electronic communication (as defined in the Companies Act) or provide for participation in a meeting by electronic communication. Accordingly, one or more Bondholders, or proxies for Bondholders, may participate by electronic communication in all or part of any Bondholder meeting that is being held in person, so long as the electronic communication employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other and without an intermediary, and to participate reasonably effectively in the meeting. Any notice of any meeting of Bondholders at which it will be possible for Bondholders to participate by way of electronic communication shall inform Bondholders of the ability to so participate and shall provide any necessary information to enable Bondholders or their proxies to access the available medium or means of electronic communication, provided that such access shall be at the expense of the Bondholder or proxy concerned.

20.2 **Requisition**

(a) A requisition notice will state the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting and will be delivered to the Specified Office of the Issuer or the Trustee, as the case may be.

(b) A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

20.3 **Convening of Meetings demanded by Requisitionists**

(a) Upon receipt of a requisition notice, the Issuer or the Trustee will:

(i) immediately, and within not less than one Business Day of receipt of the requisition notice, inform the JSE in writing of the demand for a meeting and the nature of the business for which the meeting is to be held;

(ii) release an announcement through SENS that a requisition notice has been received and specifying the place, day and time of the meeting to be held;

(iii) within 5 Business Days of receipt of the requisition notice, deliver written notice to each Bondholder (in accordance with Condition 18), specifying the place, day and time of the meeting, the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting; and

(iv) within 2 Business Days of the meeting, release an announcement through SENS as to the outcome of the meeting.

(b) The date of the meeting shall not exceed 7 Business Days from the date of delivery of the written notice convening the meeting.

(c) The written notice of meeting shall allow for a pre-meeting of the Bondholders (without the presence of the Issuer) at the same place and on the same day as the meeting of Bondholders, at least 2 hours before the scheduled meeting of Bondholders.

(d) In accordance with Condition 20.10, voting shall only take place on a poll and not on a show of hands.

(e) The Issuer will appoint a chair, unless otherwise directed by the Bondholders at the meeting, in which case the Bondholders will, by Ordinary Resolution, elect a chair to preside over the meeting.

(f) The requisitionists who demanded the meeting may, prior to the meeting, withdraw the requisition notice by notice in writing to the Issuer, copied to the JSE. The Issuer may cancel the meeting if as a result of one or more of the demands being withdrawn, the voting rights of the remaining requisitionists fail to meet the required percentage referred to in Condition 20.1(b) to call a meeting.

(g) In the event of the liquidation, business rescue or curatorship of the Issuer, the inability of the Issuer to pay its debts as they fall due or the Issuer becoming "financially distressed" as contemplated in the Companies Act, the reference to 5 Business Days in Condition (a)(iii) is reduced to 2 Business Days and the reference to 7 Business Days in Condition 20.3 (b) is reduced to 5 Business Days.

(h) If the Issuer or the Trustee does not deliver written notice to convene a meeting within the timelines referred to above, then without prejudice to any other remedy, the requisitionists may themselves convene the meeting, which will be convened as nearly as possible in the same manner as that in which meetings demanded by requisitionists ought to have been convened by the Issuer or the Trustee. Whenever the requisitionists are about to so convene any such meeting, requisitionists shall forthwith give notice of the meeting to the Issuer.

(i) The provisions of this Condition in respect of meetings demanded by requisitionists will prevail in the event of any conflict with any other provision in the Terms and Conditions.

20.4 **Notice of Meeting**

(a) Unless every Bondholder who is entitled to exercise voting rights in respect of any item on the meeting agenda is present at the meeting and votes for a shorter minimum notice period, at least 15 days' written notice, specifying the place, day and time of the meeting, the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting, will be given to each Bondholder, to the Issuer and to the Trustee.

(b) The accidental omission to give such notice to any Bondholder, to the Issuer or to the Trustee, as the case may be, or the non-receipt of any such notice, will not invalidate the proceedings at a meeting.

20.5 **Quorum**

(a) A quorum at a meeting shall for the purposes of considering any resolution, including a resolution in respect of the dismissal of the Trustee and approval of the appointment of any new Trustee in accordance with the provisions of the Trust Deed or an Extraordinary Resolution, consist of Bondholders present in person or by proxy and holding in the aggregate not less than 25% of the aggregate Principal Amount of the Bonds for the time being outstanding; *provided that* at any meeting the business of which includes any of the matters specified in the proviso to Condition 20.13, the quorum shall be one or more persons present in person holding Bonds or being proxies or representatives and holding in the aggregate not less than three-quarters in Principal Amount of the Bonds for the time being outstanding.

(b) No business will be transacted at a meeting of the Bondholders unless a quorum is present at the time when the meeting proceeds to business.

(c) If, within 15 minutes from the time appointed for the meeting, a quorum is not present, the meeting will, if it was convened on the requisition of the Bondholders be dissolved. In every other case the meeting will stand adjourned to the same day in the third week thereafter, at the same time and place, or if that day is not a Business Day, the next succeeding Business Day. If at such adjourned meeting a quorum is not present the Bondholders present, in person or by proxy, will constitute a quorum for the purpose of considering any resolution, including an Extraordinary Resolution; *provided that* at any adjourned meeting at which is to be proposed an Extraordinary Resolution for the purpose of effecting any of the modifications specified in the proviso to Condition 20.13, the quorum shall be one or more persons so present holding Bonds or being proxies or representatives and holding in the aggregate not less than one-half in Principal Amount of the Bonds for the time being outstanding.

20.6 **Chairman**

The chairman of the meeting shall be appointed by the Issuer, unless otherwise directed by the Bondholders, in which case the Bondholders will, by Ordinary Resolution, elect a chair to preside over the meeting.

20.7 **Adjournment**

(a) Subject to the provisions of this Condition 20, the chairman may, with the consent of, and will on the direction of, the meeting adjourn the meeting from time to time and from place to place.

(b) No business will be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(c) At least 14 days written notice of the place, day and time of an adjourned meeting will be given by the Issuer or the Trustee, as the case may be, to the Issuer, the Trustee and each Bondholder. In the case of a meeting adjourned in terms of Condition 20.7(c), the notice will state that the Bondholders present in person or by proxy at the adjourned meeting will constitute a quorum.

20.8 **How Questions are Decided**

(a) At a meeting, a resolution put to the vote will be decided on a poll.

(b) In the case of an equality of votes, the chairman will not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

20.9 **Votes**

Voting shall only take place on a poll and not on a show of hands. On a poll every Bondholder, present in person or by proxy, will be entitled to one vote in respect of each ZAR10,000.00 in Principal Amount of the Bonds held. In relation to joint Bondholders, the vote may be exercised only by that Bondholder whose name appears first on the Register in the event that more than one of such Bondholders is present, in person or by proxy, at the meeting. The Bondholder in respect of Bonds held in the Central Securities Depository in uncertificated form shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Bonds in accordance with the instructions to the Central Securities Depository from the holders of Beneficial Interests conveyed through the Participants in accordance with the Applicable Procedures.

20.10 **Proxies and Representatives**

(a) Bondholders, present either in person or by proxy, may vote on a poll. A Bondholder, may by an instrument in writing (a "**proxy form**") signed by the Bondholder (or his duly authorised agent) or, in the case of a juristic person, signed on its behalf by a duly authorised officer of the juristic person, appoint any person (a "**proxy**" or "**proxies**") to act on his or its behalf in connection with any meeting or proposed meeting.

(b) A person appointed to act as proxy need not be a Bondholder.

(c) The proxy form will be deposited at the Specified Office of the Issuer or at the Specified Office of the Transfer Agent, as the case may be, at any time before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote.

(d) No proxy form will be valid after the expiration of 6 months from the date named in it as the date of its execution.

(e) Notwithstanding Condition 20.10(d), a proxy form will be valid for any adjourned meeting, unless the contrary is stated thereon.

(f) A vote given in accordance with the terms of a proxy form will be valid notwithstanding the previous death or incapacity of the principal or revocation or amendment of the proxy form or of any of the instructions of the Bondholder, pursuant to which the proxy form was executed or of the authority under which the proxy form was executed or the transfer of Bonds or in respect of which the proxy was given, *provided that* no intimation in writing of such death, incapacity, revocation or amendment shall have been received by the Issuer at its Specified Office or the Transfer Agent at its Specified Office, as the case may be, more than, and that the transfer has been given effect to less than, 12 hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

(g) Any Bondholder which is a juristic person may authorise any person to act as its representative in connection with any meeting or proposed meeting of the Bondholders, by resolution of the directors or other governing body of the juristic person. Any reference in these Terms and Conditions to a Bondholder or any other member of the Bondholders present in person includes the duly authorised representative of a Bondholder or any other member of the Bondholders, as the case may be, which is a juristic person.

20.11 **Minutes**

(a) The Issuer will cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer.

(b) Any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the chairman of the next succeeding meeting, will be receivable in evidence without any further proof, and until the contrary is proved, a meeting the Bondholders in respect of the proceedings of which minutes have been so made will be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

20.12 **Written Resolutions**

A resolution in writing submitted to the Bondholders entitled to exercise voting rights in relation to the resolution, and signed by Bondholders holding more than 50% in the case of a matter to be adopted by Ordinary Resolution or at least 66.67% in the case of a matter to be adopted by Extraordinary Resolution, of the Outstanding Principal Amount of the Bonds, as the case may be, within 20 Business Days after the written resolution was submitted to such Bondholders, shall be as valid and effective as if it had been passed at a meeting duly convened and constituted and shall be deemed (unless a statement to the contrary is made in that resolution) to have been passed on the last day on which that resolution is signed by any one or more of the Bondholders. That resolution may consist of two or more documents in the same form each of which is signed by one or more of the Bondholders. Each Bondholder shall, promptly after signature of the resolution by it, submit a copy of the resolution as signed by it to the Issuer or the Trustee, as the case may be. Within 2 Business Days after adoption of the resolution, the Issuer or the Trustee shall notify all the Bondholders of the results of the resolution put to the vote in writing as contemplated in this Condition.

20.13 **Powers of Bondholders by Extraordinary Resolution**

A meeting of Bondholders shall, subject to the Terms and Conditions, in addition to the powers given above, but without prejudice to any powers conferred on other persons by the Trust Deed, have power exercisable by Extraordinary Resolution:

(a) to sanction any proposal by the Listco, the Issuer or the Trustee for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Listco, the Issuer or against any of the Listco's or the Issuer's property whether such rights shall arise under the Trust Deed or otherwise;

(b) to sanction any scheme or proposal for the exchange, substitution or sale of the Bonds for, or the conversion of the Bonds into, or the cancellation of the Bonds in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;

(c) to assent to any modification of the Trust Deed or the Terms and Conditions that relate to the rights appertaining to the Bonds which shall be proposed by the Issuer or the Trustee;

(d) to authorise anyone to concur in and do all such things as may be necessary to carry out and to give any authority, direction or sanction which under the Trust Deed or the Bonds is required to be given by Extraordinary Resolution;

(e) to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon such committee or committees any powers or discretions which the Bondholders could themselves exercise by Extraordinary Resolution;

(f) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Trust Deed; and

(g) to discharge or exonerate the Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Bonds;

provided that the special quorum provisions contained in the proviso to Condition 20.5(a) and, in the case of an adjourned meeting, in the proviso to Condition 20.5(c), shall apply in relation to any Extraordinary Resolution for the purpose of Condition 20.13(b) or 20.13(f) or for the purpose of making any modification to the provisions contained in the Trust Deed or the Bonds which would have the effect of:

(i) changing the Final Redemption Date or the dates on which interest is payable in respect of the Bonds; or

(ii) modifying the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Condition 10.2, 10.3, 10.4 or 10.5; or

(iii) reducing or cancelling the Principal Amount of, or interest on, the Bonds or reducing the amount payable on redemption of the Bonds or reducing the interest rate, or to modify the basis for calculating the interest payable in respect of the Bonds; or

(iv) modifying or cancelling the Conversion Rights; or

(v) increasing the Conversion Price other than in accordance with the Terms and

Conditions; or

(vi) changing the currency of any payment in respect of the Bonds or the due date or dates for any payment in respect of the Bonds; or

(vii) changing the governing law of the Bonds, the Trust Deed or the Agency Agreement; or

(viii) modifying the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution; or

(ix) amending this proviso.

21. **No Voting Rights on Bonds held by the Issuer, the Listco or any Subsidiary of the Listco**

None of the Issuer, the Listco or any Subsidiary of the Listco will have any voting rights in respect of Bonds which are beneficially held by or on behalf of the Issuer, the Listco or any Subsidiary of the Listco.

22. **Prescription**

Any claim for payment of principal and/or interest in respect of the Bonds will prescribe three years after the Relevant Date.

23. **The Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants, financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and be entitled to rely on any such report, confirmation or certificate or advice where the Issuer procures delivery of the same pursuant to its obligation to do so under any provision of these Terms and Conditions or the Trust Deed and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders in the absence of manifest error.

24. **Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 24) the Trustee shall have regard to the interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

25. **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer, the Listco or any other person as it may think fit to enforce the provisions of the Trust Deed or the Bonds, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Bonds, unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders, and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder shall be entitled to proceed directly against the Issuer or the Listco unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and that failure is continuing.

26. **Governing Law**

The Bonds and these Terms and Conditions are governed by, and will be construed in accordance with, the laws of South Africa.

27. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) (or in all respects except for the first payment of interest on them and the first date on which Conversion Rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds)) or upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue.

SIGNED at Rosebank on this 12th day of February 2021

For and on behalf of
SAPPI SOUTHERN AFRICA LIMITED

DocuSigned by:	DocuSigned by:
73727570D7C44DA...	12D2BC69499A414...
Name: Alex Thiel	Name: Pramy Moodley
Capacity: Director	Capacity: Director
Who warrants his authority hereto	Who warrants his authority hereto

USE OF PROCEEDS

Capitalised terms used in this section headed "Use of Proceeds" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer will use the proceeds from the Bonds to fund the remaining capital expenditure to expand the production capacity on the Issuer's Saiccor mill located in Umkomaas, South Africa and related improvement initiatives.

DESCRIPTION OF SAPPI SOUTHERN AFRICA LIMITED

Capitalised terms used in this section headed "Description of Sappi Southern Africa Limited" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

1. GROUP OVERVIEW

Sappi Southern Africa Limited ("**Sappi Southern Africa**", "**SSA**" or the "**Issuer**"), Registration number 1951/003180/06 is a wholly owned subsidiary of Sappi Limited ("**Sappi**", "**we**", "**our**", "**us**" or the "**Company**") which is a public company founded and incorporated in 1936 in accordance with the company laws of the Republic of South Africa ("**South Africa**"). Sappi's principal executive offices are located at 108 Oxford Road, Houghton Estate, Johannesburg, 2198, South Africa, our telephone number is +27-11-407-8111 and our web address is www.sappi.com. We currently have our primary equity listing on the Main Board of the JSE Limited ("**JSE**").

Sappi is a global diversified woodfibre company focused on providing dissolving pulp, packaging and speciality papers, graphic papers, as well as biomaterials and biochemicals to our direct and indirect customer base across more than 150 countries.

History

Until 1990, we primarily expanded our operations within southern Africa. Since 1990, we have grown through acquisitions outside of southern Africa. In the mid 1990's we acquired S.D. Warren Company, in the United States a coated wood free paper and speciality paper products producer. It now conducts business as Sappi North America. In the late 1990's we acquired KNP Leykam, a leading European producer of coated wood free paper. KNP Leykam now conducts business as Sappi Europe. In 2002 we acquired Potlatch Corporation's coated wood free paper business and have integrated it in Sappi North America. In 2008 we acquired the coated graphic paper business of M-real Corporation (now known as Metsä Board) and have integrated it in Sappi Europe.

During 2010, we closed our production facilities at the Usutu Mill in Swaziland due to market conditions and forest fire damage. We also permanently ceased operations at the Kangas Mill in Finland.

During fiscal 2011, we ceased operations at our Adamas Mill in South Africa and Biberist Mill in Switzerland, while in fiscal 2012 we sold our 34% shareholding in Jiangxi Chenming Paper Company Limited, situated in the People's Republic of China, to the majority shareholder and co-founding joint venture partner.

In 2013, we completed conversion projects at our Ngodwana Mill in South Africa and our Cloquet Mill in the United States. Both mills were converted to produce 210,000 tons and 330,000 tons respectively of dissolving pulp.

In line with our strategy to rationalise declining businesses, during 2014 we sold our Njimegen Mill in The Netherlands and our Usutu Mill in Swaziland. In 2015 we disposed of our Enstra and Cape Kraft Mills in South Africa.

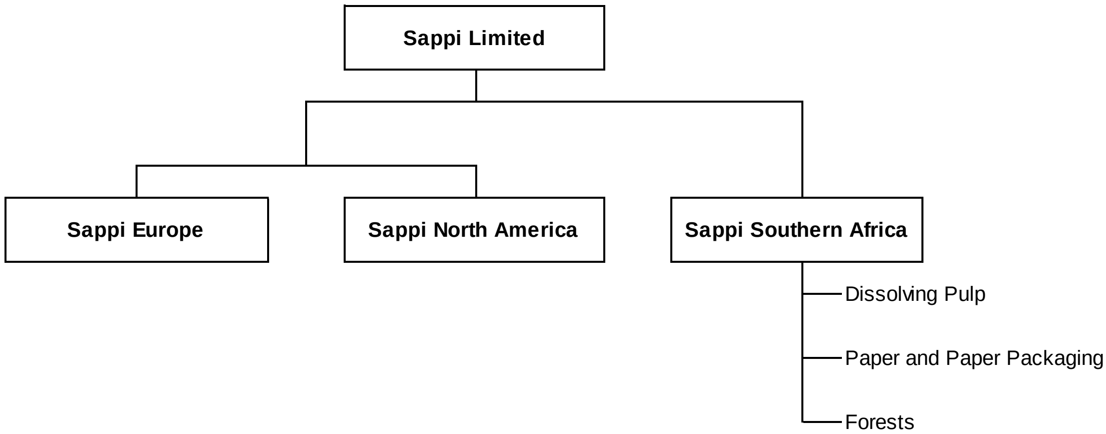
In conjunction with the Edinburgh Napier University, in 2016 we commissioned a Nano cellulose pilot plant in the Netherlands, while in 2017 we acquired Rockwell Solutions, a firm specialising in innovative barrier packaging solutions. Rockwell Solutions is based in the United Kingdom and has been integrated into Sappi Europe.

In February 2018, Sappi finalised the acquisition of the speciality paper business of Cham Paper Group. The transaction includes the Carmignano and Condino speciality paper mills in Italy, as well as the digital imaging business and facility situated in Cham, Switzerland.

During fiscal 2018, we converted paper machine 1 at Somerset Mill in North America from purely graphics paper grades to both graphics and paperboard grades. In Europe we converted the Maastricht Mill, in The Netherlands, so that its production capacity will be focused predominantly on paperboard, in order to support our existing packaging and specialty papers business. We also converted paper machine 8 at our Lanaken Mill, in Belgium, in order to give it the flexibility to produce coated woodfree paper in addition to lightweight coated paper, enhancing our ability to meet market demand. While in South Africa, we completed projects to optimize production processes at our Saiccor and Ngodwana Mills, adding a total of 60,000 tons of dissolving pulp capacity.

On 3 November 2019, Sappi purchased the Matane Mill in Quebec, Canada from Rayonier Advanced Materials Inc. The mill has a capacity of 270 000 tons per annum of high yield hardwood pulp.

The Group's three reportable segments comprise the geographic regions of Europe, North America and Southern Africa. We operate 18 pulp and paper mills in nine countries, with an aggregate production capacity of approximately 5.7 million tons of paper, 2.4 million tons of paper pulp and 1.4 million tons of dissolving pulp. We also operate a trading network, called Sappi Trading, for the international marketing and distribution of dissolving pulp and paper pulp throughout the world and of the Group's other products in areas outside its core operating regions of North America, Europe and Southern Africa. Sappi Trading also coordinates our shipping and logistical functions for exports from our core operating regions to other locations throughout the world. The financial results and position associated with Sappi Trading are allocated to our reportable segments.



The following table set forth certain information with respect to our operations for, or as of the end of, fiscal year 2020.

	North America	Europe	Southern Africa	Unallocated and Eliminations	Total
			(tons '000)		
Segment sales volume	1,516	2,698	2,574	—	6,788
			(US$ million)		
Segment sales	1,385	2,314	981	(71)	4,609
Segment operating profit	(51)	(37)	74	(24)	(38)
Segment operating profit excluding special items	(27)	8	75	1	57

2. **GROUP STRATEGY**

Calendar 2020 was the final year of our strategic 2020Vision. The weak pricing environment for DP at the start of the year, and then the unprecedented effects of Covid-19 and the related lockdowns and economic aftereffects meant that whilst we remained steadfastly committed to our strategy, we had to adjust to the short and medium term impacts of the pandemic on our markets, operations and people. During the year we finalised the strategy for the next five-year period, ending 2025 and have named this Thrive25. The revised strategy does not meaningfully change our focus or chosen path; however, it embeds sustainability and innovation at the core of our focus and reflects the changing markets and economic conditions we are experiencing at the start of the new decade.

Our Thrive25 strategy encompassed the following four main objectives:

- **Grow our business -** Committing to core business segments while investing in innovation, growth opportunities, and ongoing customer relationships.
- **Sustain our financial health -** Reducing and managing our debt, growing EBITDA, maximising product value, optimising processes globally, and strategically disposing of our non-core assets.
- **Drive operational excellence -** Strengthening our safety-first culture and reducing resource use while enhancing efficiency and making smart data investments.
- **Enhance trust -** Improving our understanding of – and proactively partnering with – clients and communities, driving sustainability solutions, and meeting the changing needs of every employee at Sappi.

These strategic objectives are supported by our value statement: At OneSappi, we do business safely, with integrity and courage, making smart decisions that we execute with speed.

Initiatives and actions undertaken to support our strategic objectives are outlined below.

Grow our business

Following the debottlenecking of the Saiccor and Ngodwana DP mills in 2018, in the second half of 2019 we completed the upgrades to the Cloquet Mill, adding a further 30,000t of DP production capacity. We have initiated the 110,000t expansion project at Saiccor during 2019, which, along with additional sales volumes, will decrease production costs for the entire mill, introduce new technology, reduce the environmental footprint and future-proof manufacturing systems. Current market conditions, with low DP prices, viscose customers under significant pressure and excess dissolving pulp and viscose capacity make a further significant expansion difficult to justify in the medium term.

The packaging and specialities segment volumes grew by 7% in 2020, despite the negative impact of Covid-19 on some of our product segments. With higher sales volumes on the converted machines and the related improvement in sales mix and production efficiencies, profitability of the segment improved, aided by lower purchased paper pulp prices and the increased pulp integration as a result of the acquisition of the Matane Mill. The pressure on FMCG companies to embrace alternative packaging solutions that are more renewable, recyclable and reusable is encouraging joint R&D efforts to provide such solutions. Many of our packaging products are ideally placed to take advantage of this accelerating demand and we made good progress in the last year in launching new products and solutions for our customers. The technology acquired from Rockwell solutions in 2017 is now ready to be rolled out to additional machines within the group, allowing us to capture more of this market.

Sappi Biotech made further progress in developing new and innovative products, ideally suited to a world looking for more sustainable chemical and material solutions. We continued to grow our lignin business and have taken important steps in order to enter higher value lignin markets in the near term. The demonstration plant adjacent to our Ngodwana mill has allowed us to test and optimise the xylose sugars extraction technology on industrial scale for markets such as xylitol. Pending successful commercial arrangements, this may result in final product technology scale-up and ultimate construction of commercial xylose plants at our mills in the United States or South Africa. We will also invest in a pilot plant at our Saiccor mill in 2022 in order to test technologies appropriate for the production of furfural. Our cellulose nanofibrils and cellulose microfibrils development is ongoing, with exciting co-development and product acceptance progress made in our paper business as well as with firms in the coatings and cosmetics industries. We have been successful in developing our fibre composite product with automotive producers, with the first commercial applications occurring in 2020.

Sustain our financial health

The decline in profitability of the business in 2020 as a result of various factors including Covid-19, along with a largely committed capital expenditure pipeline during the year, resulted in the net debt to EBITDA leverage ratio increasing from 2.2 to 5.2 over the course of the year, well away from our target leverage ratio of two times. The maintenance of adequate liquidity became the major focus of management in the second half of the year as the full impacts of Covid-19 became apparent. Several steps were taken during the year, these included variable and fixed cost containment initiatives, a reduction in capital expenditure, delays to major annual maintenance shuts, furloughing of staff where possible and a focus on optimising working capital.

With the completion of the Saiccor expansion project and aforementioned delays in shuts, capital expenditure levels in 2021 will remain elevated, however we have not committed to any further major capital expenditure projects in order to preserve liquidity and with the aim of managing debt and leverage levels.

During 2019 we refinanced the 2022 Euro bonds with a new seven-year Euro bond at a rate of 3.125%, Sappi's lowest ever rate. We have no significant maturities due before 2023 and we are comfortable with the maturity profile of our debt. Net finance costs may rise slightly to US$100-110 million as the net debt remains elevated in the coming year. We proactively negotiated the suspension of the measurement of our RCF linked financial covenants through to September 2021 (with the first measurement due in December 2021) in order to see us through the worst of the Covid-19 impact on our business and financial metrics.

Market conditions are steadily improving for graphic paper and DP, albeit from a low base. As operating rates in graphic paper improve with capacity reductions by both Sappi and competitors in CWF and CM in the US and Europe, profitability will improve.

Higher DP prices, coupled with increased sales volumes in the latter part of the year as the expansion of project at Saiccor is complete, will further boost profitability.

Drive operational excellence

At Sappi we place safety before anything else and will continue to push a safety culture that will result in zero injuries.

As part of our vision to grow our businesses we need to embark on various capital projects that relates to expansions, conversions, efficiency enhancements or maintenance we aim to execute all projects as efficiently and effectively as possible. Ensure that all projects are managed for time, budget and quality in accordance to standardised procedures and practices.

Operating major industrial machinery cost effectively requires a focus on the significant data points that are extracted from the operations. We believe investing in modern big data analytics tools will unlock significant cost and operational efficiencies that will benefit the Group for many years.

By using the research and development capabilities of Sappi we will build new solutions in the various business segments of Sappi for our customers that will create long term opportunities resulting in sustained commercial benefits.

Enhance trust

We believe it's important to understand the needs and circumstances of the various stakeholders we interact with. These include not only the people but also the environment in which we operate. Through shared value and targeted ESD programs we intend to develop local communities to their full potential. The Sappi values provides a guide to the Group how to conduct themselves ethically to ensure we enhance trust with all out stakeholders. We wish to develop the skills of our workforce and will invest in continuous training to ensure we have an engaged and invested workforce that will be able to deliver on future demands and succession.

Sustainability

The events of the past year have highlighted the importance of managing a business in a sustainable manner, balancing the three facets of people, planet and prosperity, making trade-offs where required to deliver the best long-term outcome. While the economic pressures resulting from the Covid-19 outbreak impacted our operations and people, as well as the communities we operate in, the importance of addressing climate change and biodiversity loss have not diminished. Governments, society and brand owners exert ever more pressure on companies to do more in this regard. Sappi has always focused on the sustainable management of our operations, on increasing efficiency and maximising value from our sustainable natural resources. Our new Thrive25 strategy recognises that we need to be more proactive in our dealings with various stakeholder groups and that we must become a trusted partner to these groups in order to pursue growth opportunities while minimising risk in a complex operating environment. In the past year we made great strides in assessing our risk related to climate change, utilising the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD), have committed to set a Science Based Target for our emissions and placed increasing focus on managing risk in our supply chains via our Supplier Code of Conduct.

For more detail on the group’s strategy, please refer to our website under the following link: https://www.sappi.com/global-business-strategy

3. PRODUCT REVIEW

Overview

We primarily service three product markets in the pulp and paper industry: dissolving pulp, packaging and specialty papers and graphic papers. In addition, we produce paper pulp for sale and for use in our own paper production. Dissolving pulps are used mainly in the production of textiles, such as viscose and lyocell staple fibres, and in various other cellulose-based applications in the food and beverages, health and hygiene, wrapping and packaging, film, cigarette, chemical and pharmaceutical industries, including the production of acetate flake, microcrystalline cellulose, cellophane, ethers and molding powders. Our packaging and specialty papers business consists of flexible packaging, label papers, functional papers, containerboard, paperboard, technical papers, casting and release papers, release liner, dye sublimation papers, digital imaging papers, and tissue paper. Finally, our graphic paper business consists of coated and uncoated woodfree paper, coated mechanical paper and newsprint.

Over the long term, paper and packaging consumption has depended on overall economic growth, but consumption patterns are also influenced by short-term economic developments and other factors. Pricing is largely influenced by the supply/demand balance for individual products, which is partially dependent on capacity and inventory levels in the industry. The ability to adapt capacity changes in response to shorter-term fluctuations in demand is limited, as large amounts of capital are required for the construction or upgrade of production facilities and lead times are long between the planning and completion of new facilities. Industry-wide over-investment in new production capacity has in the past led to situations of significant oversupply, which have caused product prices to decrease. This has been exacerbated by inventory speculation, as purchasers have sought to benefit from the price trend. As a result, our financial performance has deteriorated during periods of significant oversupply and improved when demand has increased to levels that support the implementation of price increases. Consumption patterns for graphic paper have been adversely impacted by changes in consumer preferences for digital media over traditional print media, with the trend most evident in the mature markets of western and central Europe and North America; demand for graphic papers has grown in developing economies around the world.

Consumption patterns in the paper pulp industry are associated with changes in graphic paper and packaging and specialty paper consumption, which are often cyclical, and in the case of certain graphic paper grades, are in secular decline. Dissolving pulps, however, have different end uses and applications, and thus the consumption of these types of pulp has largely followed growth rates in the demand for textiles and population growth.

The following table shows a breakdown and description of the major product categories we participate in, the products in these categories and the typical uses for such products.

Major Product Categories	**Description and Typical Uses**
Dissolving Pulp	A highly purified form of cellulose extracted from timber. Dissolving pulp is used in the manufacture of a variety of cellulose textile and non-woven fiber products, including viscose staple fiber (rayon), solvent spun fiber (lyocell) and filament. It is also used in various other cellulose-based applications in the food and beverages, health and hygiene, wrapping and packaging, film, cigarette, chemical and pharmaceutical industries. These include the manufacture of acetate flake, microcrystalline cellulose, cellophane, ethers and molding powders. The various grades of dissolving pulp are manufactured in accordance with the specific requirements of customers in different market segments. The purity of the dissolving pulp is one of the key determinants of its suitability for particular applications with the purer grades of dissolving pulp generally supplied into the specialty segments
Packaging and Specialty papers	
Packaging paper	Heavy and lightweight grades of paper and board primarily used for primary and secondary packaging of fast moving consumer goods, agricultural and industrial products. Products include flexible packaging (such as sachets, pouches and wrappers), containerboard (including liner and fluting for corrugated boxes) and paperboard (such as solid bleached board and folding boxboard for luxury packaging). Packaging paper can be coated to enhance its barrier and aesthetics properties, providing additional functionality
Specialty papers	Includes a variety of specialized grades of paper such as label papers, functional papers (such as those coated to enhance barrier and sealing properties), release liner (for self-adhesive applications), casting and release papers (used in, among others, the fashion, textiles automobile and household industries), dye sublimation papers (for digital transfer printing onto various polyester materials such as banners, flags, snowboards and gadgets), digital imaging papers (for large-format inkjet printing, including for posters and technical printing applications), technical papers (examples include boarding passes and concert/stadium tickets) and tissue paper (used for toilet tissue, kitchen towels, serviettes and medical and industrial wipes).
Graphic Papers	
Woodfree paper	
Coated paper	Higher level of smoothness and opacity than uncoated paper achieved by applying a coating (typically pigment based) on the surface of the paper. As a result, higher reprographic quality and printability is achieved. Uses include marketing promotions and brochures, catalogues, calendars, corporate communications materials (for example, annual reports), direct mail, textbooks and magazines.

Uncoated paper	Uses typically include letterheads, business stationery and photocopy paper as well as cut-size, preprint and office paper. Certain brands are used for books, brochures, envelopes, pamphlets and magazines.
Mechanical paper	
Newsprint	Manufactured from mechanical and bleached chemical pulp and/or recycled waste paper. Uses include advertising inserts and newspapers.
Coated mechanical paper	Coated mechanical fiber based paper, primarily used for magazines, catalogues, newspaper inserts and advertising material. Manufactured from mechanical pulp produced by mechanical grinding or refining of wood or woodchips.
Paper Pulp	Main raw material used in production of printing, writing and packaging paper. Pulp is the generic term that describes the cellulose fiber derived from wood. These cellulose fibers may be separated by mechanical, thermo-mechanical or chemical processes. The chemical processes involve removing the glues (lignin) which bind the wood fibers to leave cellulose fibers. Paper made from chemical pulp is generally termed "woodfree". Uses include paper, paperboard and tissue.
Timber products	Sawn timber for construction and furniture manufacturing purposes.

Dissolving Pulp

The viscose staple fiber ("**VSF**") and lyocell fiber industry, which manufactures textile and non-woven fibers, accounts for a majority of dissolving pulp consumption. VSF and lyocell staple fibers produced from dissolving pulp are converted to yarn and ultimately textiles, creating naturally soft, breathable fabrics, which are smooth to the touch, hold color and drape well. The fibers produced from dissolving pulp can also be blended with cotton and polyester fabrics. Our dissolving pulp activities accounted for 17% of our sales and EBITDA Excluding Special Items respectively in fiscal 2020.

Market prices for dissolving pulp are influenced by several variables, including the selling prices for VSF and lyocell fibers and other textile market dynamics, the pricing differential between paper pulp and dissolving pulp, exchange rate fluctuations and general macroeconomic and geopolitical uncertainties (such as the ongoing United States/China trade dispute and related imposition of tariffs on Chinese exports to the United States, which reduced demand for textiles produced in China, and the COVID-19 epidemic). As VSF and lyocell are partial substitutes for competing textile fibers such as cotton and polyester, prices for cotton and polyester affect VSF prices and therefore indirectly affect dissolving pulp prices. Most of our VSF-grade dissolving pulp production is sold on long-term contracts with longstanding customers at prices that are generally based on a formula linked to market prices for dissolving pulp and are adjusted based on negotiations with the applicable customers. The remaining VSF-grade dissolving pulp production is sold on the spot market at prices affected by the factors described above. Prices of the higher purity dissolving pulp used in applications other than for VSF products tend to be more stable and are largely unrelated to the price of dissolving pulps. The market price for these dissolving pulp products is set by competitive forces within those specific markets.

Packaging and Specialty Papers

Packaging and specialty papers encompass a wide range of paper-based applications in the industrial, agricultural, consumer goods, advertising and specialty printing industries, among others. Demand for packaging and specialty papers in general is supported by increasing demand from governments, industrial customers and consumer preference for more sustainable and environmentally friendly packaging solutions. In addition, many packaging and specialty papers solutions can be highly customized to the needs of particular customers, which is supportive of operating margins in this product category. Our packaging and specialty papers activities accounted for 27% of our sales and 47% of our EBITDA Excluding Special Items in fiscal 2020.

Packaging Papers. We provide a wide range of packaging solutions to the industrial, agricultural and consumer goods industries. This includes containerboard products for consumer packaging, shelf-ready packaging and transport packaging for agricultural and industrial uses and paperboard for luxury packaging with more graphic applications, particularly in the cosmetic, perfume, confectionary and premium beverage industries. Our product range also includes flexible packaging such as sachets, pouches, wrappers and multi-walled shipping sacks for use in the transport of goods as well as grocery bags for use by the end consumer.

Market demand for packaging papers is affected by changes in the world economy, local economic growth, retail sales and by changes in production capacity, demand and inventory levels. In addition, demand for packaging papers is also encouraged by customer demand for and regulatory initiatives incentivizing less-polluting alternatives to plastic packaging, such as the rules introduced in May 2018 by the European Union to reduce marine litter by banning certain single-use plastic items like cutlery, straws and drink stirrers and incentivizing the industry to develop less-polluting alternatives for these products.

Specialty papers. Our specialty papers offerings include label papers, functional papers with sealing properties and barrier properties against various substances (including mineral oil residues, oxygen, water vapor and grease), release liner with silicone base papers and glassine papers for self-adhesive applications (such as graphic art applications with outdoor advertisements), adhesive tapes and office materials, technical papers for interleaving and thermal coating (such as for boarding passes and concert/stadium tickets) and digital imaging papers for large-format inkjet printing including posters for indoor/outdoor applications and technical printing in the construction industry. We also produce specialized casting and release papers that are used by suppliers to the fashion, textiles, automobile and household industries, among others, to manufacture products including synthetic leather, decorative laminates and other textured surface materials. Finally, with the Cham Acquisition in fiscal 2018, our specialty papers range now includes dye sublimation papers, which are used for digital transfer printing onto various materials such as banners, flags, snowboards, gadgets (mugs, mouse pads, etc.), apparel and home textiles and large-format inkjet papers used for indoor and outdoor posters as well as technical printing in the construction industry.

Due to the specialized and highly customized nature of such applications, the high value-added specialty paper markets in which Sappi operates generally follow trends in the respective end-use sectors in addition to changes in production capacity, output levels and cyclical changes in the world economy. Largely due to the highly specialized nature of specialty paper, price fluctuations have historically tended to lag and be less precipitous than price changes in markets for more standardized paper products.

Graphic Papers

Our graphic papers activities are divided into uncoated woodfree paper, coated woodfree paper, coated mechanical paper and newsprint production. While demand for many of these product categories has been in decline in recent years, particularly in developed markets, we believe that graphic papers will continue to play a major role in the pulp and paper industry and that opportunities will exist to offset declining demand by gaining market share. Our graphic papers activities accounted for 56% of our sales and 35% of our EBITDA Excluding Special Items in fiscal 2020.

Coated Woodfree Paper. Major end uses of coated woodfree paper include high-end magazines, catalogues, brochures, annual reports, direct mail, textbooks and commercial printing. The coated woodfree market has become increasingly consolidated over time, with a small number of top producers controlling a growing share of global production capacity over the past 25 years. Coated woodfree paper is made from chemical pulp and is coated on one or both sides for use where high reprographic quality is required. The majority of coated woodfree paper production is coated on two sides, permitting quality printing on both sides of the paper. Paper that is coated on one side is used in special applications such as consumer product and mailing label applications.

Our North American sheet volume is largely influenced by brochure and general commercial printing activities using mainly sheet-fed offset lithographic printing processes, which are not particularly seasonal. Reels volume is heavily influenced by catalogue and magazine activity, which is strongest in the third and fourth calendar quarters, text book activity, which is strongest in the second and third calendar quarters and publication printer activity, which is not particularly seasonal. These printers principally use heat-set web offset printing processes.

Due to the diversity in languages in the European market, the print editions of brochure and general commercial printing activities are considerably smaller than in the U.S. market. This translates into a significantly higher volume in sheets. The seasonal patterns of both sheets and reels are mostly influenced by the catalogue business. This business has its highest seasonal activity in the spring, when the fashion catalogues come out, and the fall, when the Christmas catalogues and holiday brochures are printed. Commercial print and publishing business provide a more steady level of demand in this market.

Total production capacity of coated woodfree paper has been in decline in the North American and European markets in recent years in response to declining demand, due in part to changes in consumer preferences for digital media over traditional print media.

Uncoated Woodfree Paper. Uncoated woodfree paper is used for bond/writing and offset printing papers, letterheads, business stationary and photocopy papers, writing tablets (*e.g*., legal pads), specialty lightweight printing paper (*e.g*., bibles) and thin paper. The market for uncoated paper products generally follows cyclical trends, which do not necessarily coincide with cycles for coated paper but are impacted by capacity changes in uncoated woodfree paper output levels. Like most graphic papers, demand continues to decline in mature markets, with small growth coming from emerging markets.

Coated Mechanical Paper. Coated mechanical paper has similar end-uses as coated woodfree paper and is used mainly for magazines and, among other things, for brochures, catalogues, advertising materials and promotional products. Depending on quality requirements and price levels, substitution between coated woodfree paper and coated mechanical paper is possible. Coated mechanical paper is made mainly from mechanical pulp and typically has glossy finishes on both sides. Demand for coated mechanical paper tends to follow the trends in demand for magazines. Readership, subscriptions, circulation, pagination and advertising revenue per page continue to decrease in larger markets as consumers opt for digital formats.

Newsprint. Declining newspaper readership and publishing industry consolidation around the world has led to a global decline for newsprint, though pockets of growth exist in advertising-financed daily newspapers typically found in large metropolitan cities.

Paper Pulp

In addition to dissolving pulp, we also produce a wide range of paper pulp grades for our own use and for external sales, including mechanical pulp used in newsprint, bleached kraft pulp and bleached sulphite pulp.

The paper pulp industry is highly competitive and is sensitive to changes in industry capacity, producer inventories, demand for paper, exchange rates and cyclical changes in the world economy. The market price of NBSK pulp per ton, a pulp principally used to manufacture woodfree paper, is a benchmark widely used in the industry for comparative purposes.

Timber Products

Our timber products operations are concentrated in South Africa and consist of sawn timber for the building industry and components for the furniture and packaging industry.

For more information on our products please refer to the company website under the following link: https://www.sappi.com/products-and-services

4. **GROUP FUNDING**

The Sappi Group generally borrows in the currency of the country in which it invests. Thus, funding for Sappi's international business is raised on the consolidated balance sheet of Sappi Papier Holding GmbH (Austria) and the Group treasury operations, Sappi International SA (Belgium). Sappi Southern Africa, however, raises its funding independently of the international business in South African Rand based on its own balance sheet. GCR Ratings affirmed Sappi

Southern Africa's rating as $AA_{(ZA)}$ as of 17 June 2020 and the rating is reviewed annually.

As at September 2020, Sappi Southern Africa had ZAR 24,056 million in shareholder's equity and net debt of ZAR 2,843 million. Sappi Southern Africa's debt to equity ratio of 11.82% is therefore considered to be conservative when compared to its financial covenants with the banks allowing a maximum leverage of 65%.

5. SAPPI SOUTHERN AFRICA

5.1 Overview

Sappi Southern Africa has a tradition of innovating and developing new products to meet the demand for dissolving pulp, paper pulp, packaging paper, uncoated paper, specialty paper and timber products as well as biomaterials and biochemicals to our direct and indirect customer base.

Our dissolving pulp products are used worldwide by converters to create viscose fibre for fashionable clothing and textiles, pharmaceutical products as well as a wide range of consumer and household products. Quality paper and paper packaging products are used in the manufacture of such products as soup sachets, cosmetic and confectionery packaging, boxes for agricultural products for export, tissue wadding for household tissue products and casting and release papers used by suppliers to the fashion, textile, automobile and household industries. Our range of printing and writing papers include paper products used by printers in the production of books, brochures, magazines, catalogues, direct mail, stationery and newspapers.

The wood and pulp needed for our products is either produced within Sappi or brought from accredited suppliers. Across the group, Sappi is close to 'pulp neutral', meaning that we sell almost as much pulp as we buy. Sappi Forests supplies over 67% of the wood requirements of Sappi Southern Africa from both our own and committed commercial timber plantations of 534,000 hectares. This equates to approximately 27.7 million tons of standing timber. All wood grown on Sappi-owned land and a large proportion grown on plantations managed by us, is Forest Stewardship Council® (FSC®). Approximately 135,000 hectares of our land is set aside and maintained by Sappi Forests to conserve the natural habitat and biodiversity found there including indigenous forests and wetlands.

We have a strong focus on social responsibility in South Africa. This is an economic imperative in the region. Our plantations and most of our mills are located in rural areas and we therefore have an important influence on development in these areas. We continue to make progress on each of the elements of our Broad-based Black Economic Empowerment (BBBEE) scorecard.

Full details of our education, training, health and environmental initiatives can be found on our website www.sappi.com.

Sappi Southern Africa accounted for US$981 million or 21% of the Group's sales in fiscal 2020. The Sappi Southern Africa segment comprises three separate divisions: Dissolving Pulp, Paper and Paper Packaging, and Forests.

5.2 Sappi Southern Africa: Major Product Categories

Dissolving pulp, paper pulp, uncoated and commodity paper and forestry products are the main products produced globally and sold by our Southern African business, which is managed in three divisions: Sappi Dissolving Pulp, Sappi Paper and Paper Packaging, and Sappi Forests.

Sappi Dissolving Pulp

Sappi Dissolving Pulp produces dissolving pulp at our Saiccor and Ngodwana Mills, which have a combined production capacity of approximately 1.1 million tons per annum. Production is exported from South Africa and marketed and distributed internationally by Sappi Trading. The pulp principally produced is the type used in the manufacture of a variety of cellulose products, including viscose staple fibers or rayon, solvent spun fibers (lyocell) and viscose filament yarns. Both viscose and lyocell fibers are used in the manufacture of fashion and decorating textiles which have a soft, natural feel and good breathing properties. Given their particularly high absorbency properties, these fibers are also used in non-woven applications in the healthcare, industrial and disposable product markets. It is also used to manufacture microcrystalline cellulose, which is used as a rheological modifier in the food industry, as excipients for pharmaceuticals, and in various ethers for the chemical industry. It is also used to manufacture cellophane film for use in a variety of packaging applications.

Saiccor. Saiccor was established in 1951 and was acquired by us in 1988. It is the world's largest mill dedicated to the production of dissolving pulp. In 1995, we completed an approximately US$221 million expansion project to increase capacity by one third to 600,000 tons per annum. Capital expenditures during the period from October 2005 to the end of September 2010 were approximately US$615 million. Included in this period were a modernization project to optimize production processes at Saiccor at a cost of US$40 million and an amount of US$551 million spent on an expansion project to increase Saiccor's dissolving pulp capacity to 800,000 tons per annum. Construction on the expansion project commenced in August 2006 with the increased capacity coming on line in September 2008 and full operational efficiency achieved in April 2009. During 2018, we completed a project to optimize production processes and thereby increase capacity by a further 10,000 tons, which became available during early 2019. During 2018, we also announced and began construction on a project that is expected to increase production at the Saiccor Mill by 110,000 tons. Following the South African Government's declaration of a nation-wide lockdown to combat the COVID-19 pandemic, we declared force majeure in respect of the expansion and upgrade project at Saiccor Mill and ceased all work for 3 months. The project re-commenced in June 2020.

Ngodwana. In May 2011, we announced an approximately US$340 million expansion of the Ngodwana Mill to change its product portfolio to include expected annual production of 210,000 tons of dissolving pulp. This expansion project was completed in fiscal 2013, and the mill began full production of dissolving pulp in fiscal 2014. During 2018, we completed a project to optimize production processes and thereby increase capacity by 35,000 tons to 255,000 tons of dissolving pulp.

The timber consumption of both the Saiccor and Ngodwana Mills in the production of dissolving pulp comprises primarily Forest Stewardship Council ("**FSC**") certified eucalyptus hardwoods. These relatively fast-growing trees are grown in relatively close proximity to the mills, contributing to the mills' comparatively low production costs for dissolving pulp.

Sappi Paper and Paper Packaging

The following table sets forth the annual production capacity and products for fiscal 2020 at each of our pulp and paper mills (excluding our dissolving pulp mills described above) and our waste paper recycling facilities in South Africa.

Mill	Production capacity ('000 tons) Paper[(1)]	Paper Products	Production capacity ('000 tons) Pulp[(1)]	Pulp Products
Ngodwana	240	Kraft linerboard	210	Unbleached chemical pulp for own consumption
	140	Newsprint	110	Mechanical pulp for own consumption
Stanger	110	Office paper and tissue paper	60	Bleached bagasse pulp for own consumption
Tugela	200	Corrugating medium	150	Neutral sulfite semi-chemical pulp for own consumption
Sappi ReFibre	—	—	103	Waste paper collection and recycling for own consumption

Mill	Production capacity ('000 tons) Paper(1)	Paper Products	Production capacity ('000 tons) Pulp(1)	Pulp Products
Total Southern Africa paper and paper packaging	**690**		**633**	

(1) Capacity at maximum continuous run rate.

Ngodwana. The Ngodwana Mill was expanded between 1981 and 1985 from an unbleached kraft mill with a capacity of 100,000 tons per annum to a modern integrated mill with a capacity of approximately 240,000 tons of linerboard and white top liner as well as 140,000 tons of newsprint per annum. Following the partial conversion of the mill to dissolving pulp production in 2013, the mill has a production capacity of nearly 210,000 tons of unbleached pulp and 110,000 tons of mechanical pulp per annum. The mill markets paper, paper packaging and pulp products locally and internationally. The mill is a large consumer of waste paper, which is used in the production of packaging paper. In 1995, the mill commissioned the world's first ozone bleaching plant, thus eliminating the use of elemental chlorine and significantly reducing mill effluent. In August 2019, we commissioned the pre-hydrolysis liquor (PHL) evaporator at Ngodwana Mill, moving into the second phase of our sugar extraction project as part of our strategy to develop activities in the adjacent biochemicals business.

Stanger. The Stanger Mill commenced operations in 1976 producing coated woodfree paper, but now produces office paper and tissue paper. It is unique in South Africa as it uses bagasse (the fibrous residue of sugar cane) as its basic raw material to produce uncoated papers and tissue. A US$26 million upgrade of the mill's paper machine was completed in August 2001, increasing the paper capacity to 80,000 tons per annum. The mill also has a production capacity of 30,000 tons of tissue and 60,000 tons of bleached bagasse pulp per annum, in each case for our own consumption only. We also completed an elemental chlorine-free bleach plant upgrade during 2006 at a cost of US$11 million. During September 2014, it was announced that Stanger Mill would close the finishing house and coater machine and would only produce uncoated woodfree paper and tissue paper going forward. As a result, production of coated woodfree paper ceased at the Stanger Mill in February 2015.

Tugela. The Tugela Mill is an integrated unbleached kraft mill, with a capacity of 200,000 tons of packaging paper per annum. The mill produces corrugating medium for market and neutral sulfite semi-chemical pulp for its own consumption. The mill currently has a production capacity of 150,000 tons per annum of neutral sulfite semi-chemical pulp. At Tugela, we also produce Lignex, an effective wetting and binding agent to suppress dust and bind unpaved roads, which is used particularly in the agricultural industry. As part of our strategy to develop activities in the adjacent biochemicals business, we recently began testing fuel rods in one of the boilers at Tugela Mill. During March 2012, we closed the kraft pulp mill and a 10,000 ton kraft paper machine at Tugela. In October, 2012 we announced the decision to mothball the 80,000 ton per annum sackkraft machine at Tugela.

Sappi ReFibre. Sappi ReFibre (formerly Sappi Waste Paper) collected approximately 103 tons and 135000 tons of waste paper during fiscal 2020 and 2019, respectively. Most of the waste paper is supplied to our mills to meet the fiber requirement of our packaging grades. A portion of Sappi ReFibre's assets were sold in connection with the sale of the Cape Kraft Mill in November 2015.

Sappi Forests

Sappi Forests supplies or procures all of our Southern African operations' fiber requirements of approximately 5.1 million tons per annum. This fiber comes from owned or contracted sources situated in Mpumalanga and KwaZulu Natal provinces. In addition to Sappi's own plantation area, we continue to identify ways to ensure access to pulpwood in the wood baskets close to our key operations, by means of land or timber delivery swaps.

	Hectares
Owned by us in South Africa[1]	382,000
Leased by us or managed directly in South Africa[1]	8,000
Contracted supply (owned and managed by farmers to which we provide technical advice and support)	139,000
Total	529,000

(1) 135,000 ha of owned or leased land is set aside for biodiversity conservation.

Securing raw material for the future is a vital element in the long-term planning of our Southern African business. Sappi Forests has an extensive research operation that concentrates on programs to improve the yield per hectare of forestland used. Significant progress has been made in developing faster-growing trees with enhanced fiber yields. Sophisticated nurseries have been developed to accommodate the seedling requirements of our Southern African operations. Approximately 52 million seedlings and rooted cuttings are grown annually at Sappi Forests nurseries. In addition, during fiscal 2011, we announced a joint proposal with AsgiSA (Accelerated and Shared Growth Initiative for South Africa) to accelerate the establishment and management of 30,000 hectares of commercial tree plantations by 2020 in the Eastern Cape province of South Africa. A total area of 11,044 hectares has received water use licences to establish plantations in the Eastern Cape, of which 4,927 hectares have been planted. Environmental impact assessments and final mapping of soils within the designated project areas need to be completed before planting can commence in the unplanted areas. In addition, Sappi has been invited to partner with the Industrial Development Corporation (IDC) to develop a further three projects with a total area of 4,814 hectares.

The plantation industry in South Africa faces an increasing threat from pests and diseases. Climate change has also impacted some of our plantations and has the potential to significantly impact our woodfiber base. Sappi Forests is a leader in research and development, continuing to mitigate these risks through improved site species matching, the deployment of improved genetic planting stock and the introduction of specific hybrids from our conventional breeding programs. The construction of the Clan nursery, with a capacity of 17 million cuttings (vegetatively propagated plants), was completed in September 2014, and the upgrade of Ngodwana nursery was completed in 2017. These two nurseries, together with our other nurseries in the Escarpment and Richmond, provide Sappi Forests with the required facilities to deploy rapidly the improved genetic planting stock to mitigate against these threats. We also take a number of measures aimed at mitigating the risks caused by climate change. Such actions include the initiation of investigations to determine which plantations are most at risk, the replacement of pure tree species with more robust hybrid varieties, adjustments to our tree breeding strategy based on our use of modelled future climate data, as well as other actions aimed at ensuring the sustainable production of timber. We are also beginning to engage in long-term soil monitoring. During 2018, Sappi, in collaboration with the Institute for Commercial Forestry Research, launched a collaborative research project to monitor soil organic matter. Data from soil monitoring will be used to interpret and relate changes in soil quality parameters to stand productivity and site management.

The sawmill division operates one mill, the Lomati sawmill, with a total production capacity of 102,000 cubic meters per annum of structural timber for the building industry and components for the furniture and packaging industry.

During fiscal 2014, we completed the sale of our Usutu Forests business, which controlled approximately 67,000 hectares of softwood plantations in Swaziland. The sale was first announced in July 2013 in light of reduced softwood requirements of our Southern African operations following the dissolving pulp conversion project at our Ngodwana Mill.

5.4 Markets and operations

Due to COVID19, the demand for DP was impacted significantly. However, during the latter part of fiscal quarter 3, industry demand recovered faster than expected. Demand for VSF, and therefore DP, continued to be linked to the growth in the overall textile market. Sappi Southern Africa’s sales volumes in 2020 were approximately 14% lower than those in 2019 due to reduced demand globally. The US Dollar spot prices for DP decreased year on year by approximately 32% to the current level of US$632/ton.

The South African paper business was also impacted by COVD 19, albeit not to the extent of the dissolving pulp business. Sales volumes in 2020 were 6% lower than the prior year but we managed to maintain the average selling prices to similar levels as the prior year.

The average rate of the ZAR weakened by 13% to the US Dollar for the year, marginally reversed the impact of lower dissolving pulp prices. However stable local containerboard markets and significant cost savings could not negate the impact of the lower dissolving pulp volume and price losses. The cost of imported variable cost items and bought in timber decreased in local currency terms. Energy cost increases were higher than the previous year Fixed cost were maintained at the same levels as the prior year to the deferment of the Ngodwana and Saiccor shut into FY2021.

The net result of the above is a Rand annual operating profit of ZAR884 million.

Sappi Southern Africa’s sales revenue for 2020 in Rand terms decreased by 23% to R15 735 million compared to 2019 (R20 408 million).

Sappi Southern Africa’s EBITDA reduced to R2 094 million in 2020 from R4 453 million in 2019, while the EBITDA margin declined to 13% from the prior year’s 22% margin. Operating profit decreased to R884 million in 2020 (R3 424 million in 2019). In 2020 Sappi Southern Africa achieved a 3% “Return on Net Operating Assets”, compared to the 14% it achieved in 2019.

We regard ownership of our plantations as a key strategic resource which gives us access to low cost fibre for our pulp production and ensures continuity of an important raw material input source. As we manage our plantations on a sustainable basis, the growth in plantations over the year was largely offset by fellings in the year. A positive fair value price adjustment of R329 million was recorded in fiscal 2020 due mainly to the rolling forward of the higher average fair value rates offset by reduced market prices and higher fuel and contractor costs.

Despite a concerted focus on safety, tragically, there was one transport-related fatality in the Sappi Forests contactor division in South Africa Management and the Sappi Group board have placed even greater emphasis on safety, particularly in our plantation operations where most of our severe and fatal accidents have occurred. We will continue to focus on entrenching a strong safety culture, with the ultimate aim of zero accidents in the workplace.

5.5 Outlook

Market prices for DWP are determined by a number of factors. Approximately a quarter of current global DWP capacity has the ability to switch between various fluff and paper pulp grades and DWP. The decision to switch is based on a number of factors but heavily influenced by the pricing differential between the particular paper grade pulp and DWP. The other significant influencer of DWP pricing is the price of viscose staple fibre as this determines the maximum affordable price our customers can bear. Lastly, the DWP supply and demand balance as well as the availability and pricing of alternative sources of cellulose to the VSF market, such as cotton linter pulp, can affect the market price for DWP.

Based on the growth rate in the overall textile market (driven by factors such as population growth and wealth effects) and the move towards more comfortable, environmentally friendly natural fibres, we expect long-term growth of 4-5% per annum for DWP. Forecast growth is largely driven by growth rates in the viscose staple fibre (“**VSF**”) and lyocell segment

In the containerboard market in Southern Africa, a strong fruit and vegetable season boosted sales. Most of Sappi's containerboard sales are into the agricultural market, which is expected to grow by 4.5% per annum going forward.

5.6 **Financial Highlights**

Please refer to the financial statements as published on our website at https://www.sappi.com/investors and which have been incorporated by reference into this Listing Document.

5.7 **Risks**

The Sappi group has an established culture of managing risks. It has a significant number of embedded processes, resources and structures in place to address risk management requirements. These range from its internal audit systems, insurance, IT security, compliance and governance processes, quality management, ISO certifications and a range of other line management interventions.

The Group Risk Management Policy is aimed at enhancing value for all of Sappi's stakeholders. In the broadest sense, effective risk management ensures continuity of operations, service delivery, achievement of objectives (strategic and otherwise), and the protection of the interests of the group. To protect objectives, the risk management process is aligned with and compatible with Sappi's strategy. This policy takes into account the recommendations set out in ISO standard 31000 (a guidance only standard) – 'Risk management –Principles and guidelines', as well as King IV.

The Sappi Limited board of directors is responsible for the oversight of the risk management process. The Sappi Limited Audit Committee, in its capacity as a board committee, is tasked with assisting the board in carrying out its risk management responsibilities at the group level and to ensure that good governance is maintained. Accordingly, the Issuer, as a wholly owned subsidiary of Sappi Limited, relies on the exemption to appoint an audit committee pursuant to section 94(2) of the Companies Act. Notwithstanding the above, the responsibility for the implementation of risk management processes rests with the line management in each region, division and operation/business unit.

Group internal audit provides independent assurance on the risk management process and mitigations of significant risks.

For an analysis of the principal financial risks to which Sappi is exposed, please see note 32 contained in the Group Annual Financial Statements, which is available on the group's website at www.sappi.com/investors.

For a detailed discussion of the group's risk factors, please see the separate Risk Management Report, which is available on the group's website at https://www.sappi.com/corporate-governance-and-risk.

5.8 **DIRECTORS AND DEBT OFFICER – SAPPI SOUTHERN AFRICA LIMITED**

Directors

Full Name: *Stephen Robert Binnie*

Nationality: British

Age: 53

Position: Executive Director

Business Address: 108 Oxford Road; Houghton Estate; 2198; South Africa

Date Appointed: 1 September 2012

Qualification: Bcom, B Acc, CA(SA), MBA

Mr Binnie was appointed Chief Executive Officer of Sappi Limited in July 2014. He joined Sappi in July 2012 as Chief Financial Officer designate and was appointed Chief Financial Officer and executive director from 01 September 2012. Prior to joining Sappi, he held various senior finance roles and was previously Chief Financial Officer of Edcon Proprietary Limited for 10 years after having been in a senior finance role at Investec

Bank Limited for four years.

Directorships: Sappi Southern Africa Ltd; Sappi Ltd; Sappi Europe N.V.; Sappi North America Inc.; and SDW Holdings Corporation.

Full Name: ***Glen Thomas Pearce***

Nationality: South African

Age: 57

Position: Executive Director

Business Address: 108 Oxford Road; Houghton Estate; 2198; South Africa

Date Appointed: 1 July 2014

Qualification: BCom, BCom (Hons), CA(SA)

Mr Pearce joined Sappi Limited in June 1997 as Financial Manager and subsequently held various senior finance roles in South Africa and in Belgium before being promoted to Chief Financial Officer and executive director of Sappi Limited in July 2014. Prior to joining Sappi, he worked at Murray & Roberts Limited from 1992 to 1996.

Directorships: Ngodwana Energy (RF) (Pty) Ltd; Sappi Southern Africa Ltd; Sappi Ltd; Sappi International Holdings (Pty) Ltd; Sappi Holding GmbH; Sappi North America Inc.; SDW Holdings Corporation; Sappisure Försäkrings AB; and Sappi International SA.

Full Name: ***Alexander van Coller Thiel***

Nationality: South African

Age: 59

Position: Executive Director

Business Address: 108 Oxford Road; Houghton Estate; 2198; South Africa

Date Appointed: 1 December 2010

Qualification: BSc (Mechanical Engineering), MBA (Financial Management and Information Technology)

Mr Thiel joined Sappi in December 1989 as the Executive Assistant to the Executive Chairman in Johannesburg. In April 1993 he relocated to Brussels as the Administration Manager reporting to the Managing Director of Sappi Europe. With the creation of Sappi Europe, he was appointed in February 1998 as Manager Marketing Intelligence. In January 2003, he became the Director Logistics where after he was appointed as Group Head Procurement of Sappi Limited in January 2008. In September 2008 Mr Thiel was appointed as Integration Executive and from 1 December 2010 Mr Thiel was appointed as the Chief Executive Officer of Sappi Southern Africa.

Directorships: Ngodwana Energy (RF) (Pty) Ltd; Sappi Southern Africa Ltd; Sappi Pulp Asia Ltd.

Full Name: ***Pramy Govindarajulu Moodley***

Nationality: South African

Age: 44

Position: Executive Director (Chief Financial Officer**)**

Business Address: 108 Oxford Road; Houghton Estate; 2198; South Africa

Date Appointed: 1 January 2017

Qualification: B Acc, CA(SA)

Ms Moodley joined Sappi Southern Africa Limited in June 2002 and subsequently held various financial roles before being promoted to Chief Financial Officer and executive director of Sappi Southern Africa Limited in January 2017.

Directorships: Tugela Energy (RF) (Pty) Ltd; Sappi International Holdings (Pty) Ltd;

Waterton Timber Company (Pty) Ltd; Sappi Southern Africa Ltd; Umkomaas Energy (RF) (Pty) Ltd; Sappi Forests (Pty) Ltd; Ngodwana Cogen Energy (RF) (Pty) Ltd; Canonbrae Development Company (Pty) Ltd; Sappi Property Company (Pty) Ltd; Sarprasel Estates; and G R Farms.

Debt Officer

Name: Serena McGinn

Appointed: 15 October 2020

Address: 108 Oxford Road

Houghton Estate

2198

South Africa

Telephone: +27 11 407 8164

e-Mail: serena.mcginn@sappi.com

Company Secretary

Name: Ami Mahendranath

Address: 108 Oxford Road

Houghton Estate

2198

South Africa

Telephone: +27 (0) 11 407 8111

Telefax: +27 (0) 11 339 1881

e-Mail: Ami.Mahendranath@sappi.com

Registered Office

108 Oxford Road

Houghton Estate

2198

South Africa

Telephone: +27 (0) 11 407 8111

The directors and debt officer of the Issuer confirm that they have no adverse findings, infringements or declarations to make in terms of paragraph 4.10 (b)(ii) – (xii) of the JSE Debt Listings Requirements.

In particular, in relation to each of the above directors, the Issuer confirms that none of them have:

(a) ever been convicted of an offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;

(b) ever been adjudged bankrupt, insolvent or sequestrated in any jurisdiction;

(c) at any time been a party to a scheme or arrangement or made any other form of compromise with their creditors;

(d) ever been involved, as a director with an executive function, in any business rescue plans and/or by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company at the time of, or within the 12 months preceding, any such event(s);

(e) ever been found guilty in disciplinary proceedings by an employer or regulatory body due to dishonest activities;

(f) ever been involved in any receiverships, compulsory liquidations, administrations or partnership voluntary arrangements of any partnership where they were partners at the time of, or within 12 months preceding, any such event(s);

(g) ever received public criticisms from statutory or regulatory authorities, including professional bodies, and none has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

(h) ever been barred from entry into a profession or occupation;

(i) ever been convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Companies Act, and no company of which he or she was a director, alternate director or officer at the time of the offence has been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;

(j) ever been removed from an office of trust on the grounds of misconduct and involving dishonesty; or

(k) ever been declared delinquent or placed under probation in terms of section 162 of the Companies Act or disqualified from taking part in the management of a corporation in terms of section 47 of the Close Corporations Act, or disqualified to act as a director in terms of section 219 of the 1973 Companies Act or section 69 of the Companies Act.

The direct and indirect shareholding interest of directors as well as the list of directorships will be kept up to date in terms of the latest Annual Report available on Sappi's website at https://www.sappi.com/bond-and-insurance-captive-reporting-requirements#.

6. GOVERNANCE

Sappi is committed to high standards of Corporate Governance which form the foundation for long term sustainability of our Company and the creation of value for our stakeholders. Good governance at Sappi contributes to living our values through enhanced accountability, a transparent and ethical culture, strong risk management, a focus on performance, legitimacy and effective control of the business. Sappi endorses the corporate outcomes of ethical cultures, good performance, effective control and legitimacy promoted by the King IV Report on Corporate Governance for South Africa (released November 2019).

Sappi Southern Africa Limited is a wholly owned subsidiary of Sappi Limited who has its equity shares listed on the Main Board of the JSE. Sappi Southern Africa adopts Sappi Limited's application of the King Code. The full details of how Sappi applies the King IV principles can be found on the Sappi website https://www.sappi.com/corporate-governance-and-risk and in the Sappi Limited 2020 Annual Integrated report on pages 124 to 137.

Details of the Sappi Limited's and the Issuer's current policy dealing with the process for the nomination and appointment of directors can be found on the Sappi website under https://www.sappi.com/corporate-governance-and-risk and in the Sappi Limited 2020 Annual Integrated report on pages 124-137.

Details on Sappi's Limited's and the Issuer's current policy dealing with the conflicts of interest of the directors and the executive management can be found on the Sappi website under https://www.sappi.com/corporate-governance-and-risk and in the Sappi Limited 2020 Annual Integrated report on page 133.

If applicable, details of any conflicts of interest and/or personal financial interests (pursuant to section 75 of the Companies Act) of the directors and the executive management of the Issuer can be found in the register to be made available, at the time of publishing the annual financial statements of the Issuer, on the Sappi website under https://www.sappi.com/corporate-governance-and-risk.

6.1 Regulatory Framework

The Sappi Group has implemented a legal compliance program designed to increase awareness of, and enhance compliance with, applicable legislation across the Group. A Group compliance officer has been appointed who reports semi-annually to the Group Audit Committee. The key regulatory frameworks within which Sappi Southern Africa operates and/or is required to comply with are noted below:

Environmental

- In South Africa our operations are regulated by various environmental laws, regulations as well as norms and standards. The primary statutes affecting our operations are:
- The National Water Act recognises that water is a scarce resource. The Act ensures allocation is first for human consumption and then to agriculture, industry and forestry. It affects both the group's manufacturing and forestry operations. Abstraction of water, discharge of effluent and the growing and management of forests are all regulated through a general authorisation and/or licensing system in terms of this Act.
- The National Environmental Management Act establishes the procedures and institutions to facilitate and promote cooperative government and inter-governmental relations with regard to the environment, as well as establishes the procedures and institutions to facilitate and promote public participation in environmental governance. It provides for the issuance of environmental authorisations and imposes a duty of care regarding environmental harm.
- The National Environmental Management: Air Quality Act imposed more stringent compliance limits on the South African operations in 2020. The potential impact of these stricter standards as per the Air Quality Act are being evaluated and quantified.
- The National Environmental Management: Waste Act regulates the use, re-use, recycling and disposal of waste and regulates waste management by way of a licensing system, with the storage of waste being regulated by Norms and Standards.

Carbon Tax

The Carbon Tax Act of 2019 came into effect on 01 June 2019, administered and collected by SARS. It is assessed, collected and enforced as an environmental levy in terms of the Customs and Excise Act, 1964, read with the relevant provisions of the Carbon Tax Act, 2019. The first payment has been deferred by 3 months (due to COVID) to 29 October 2020 for the period June to December 2019. Sappi qualified for most of the allowances enabling Sappi to reduce the liability drastically.

Climate Change

Sappi has identified climate change as one of its top ten risks. It is envisaged that the impact will not just be on our operations but on the full supply chain. Sappi publicly committed to set science-based targets for emission reductions on the 4th of June 2020.

The NBI has launched a project to develop a Just Transition roadmap for South Africa with the ambition to reduce GHG emissions to net zero by 2050. The project is important to mitigate climate risk, trade risk with the move by many nations to implement a post COVID Green Economy, unlock Green funding, as well as addressing the socio-economic challenges facing South Africa. The findings of the project will be submitted to Government to enable informed decisions and negotiations within national and international fora. A working group will be established for the forestry sector to work with the NBI to undertake an analysis of the sector and the sectoral Just Transition roadmap. The work by the NBI on the forestry sector will commence in January 2021 and Sappi will be actively participating.

Safety

The forestry, timber and pulp and paper industries involve inherently hazardous activities including, among other things, the operation of heavy machinery and chainsaws. All countries, in which we have significant manufacturing operations, including South Africa, the United States and European countries, regulate health and safety in the workplace. We actively seek comply with the safety legislation in the countries where we operate and endeavor to go beyond this minimum requirement to ensure the safety and health of our employees.

Through global safety improvement initiatives we continually strive to achieve a no-harm environment. This involves implementing behaviour-based safety programs throughout our group and focusing on those activities which have in the past resulted in injuries or fatalities.

In South Africa, we must comply with a number of laws regulating workers' compensation for injuries and health and safety within the workplace, the most important of which is the Occupational Health and Safety Act (No. 85 of 1993), the Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) and related regulations. The Occupational Health and safety act regulates conditions and behavior regarding safety while the COID Act regulates insurance for employees against injuries and diseases contracted in the workplace. During any project involving construction, such as Project Vulindlela at the Saiccor mill, we are also required to comply with the ''Construction Regulations'' to the OSH Act. Our South African businesses are audited every two years to evaluate compliance with this legislation. All Pulp and Paper mills, are OHSAS 18001:2007, FSC and ISO 14001:2004 certified for health and safety management systems and environmental management systems, respectively. We have also achieved ISO 50001 accreditation during 2017 for Energy Management. Our Sappi Forests operations are all FSC certified.

People

In our Southern African operations approximately 50% of employees are represented by four trade unions. We have a Joint-Recognition Agreement with the three fully recognised trade unions. Our wage negotiations with recognised trade unions take place at the Wood and Paper Bargaining Council in respect of the Sawmilling Industry as well as the Pulp and Paper Industry. Sappi Southern Africa is represented in the Pulp and Paper Industry Chamber as well as in the Sawmilling Industry Chamber in South Africa. Our agreements are generally annual in both Chambers. In the Forestry Sector, wage negotiations take place at Company level with the majority trade union, CEPPWAWU. Wage increases are implemented on the 1st of July unless agreed otherwise during wage negotiations.. Most of the union members in this region are blue collar workers and artisans. The 2020 wage negotiations were concluded in October 2020 without industrial action in the Forestry and Sawmilling sectors. The Pulp and Paper sector experienced a strike action which commenced on 5 October 2020. In Sappi, the strike lasted for five days only, whilst the industry strike lasted for five weeks. A company settlement was reached at 3% backdated to 1 July 2020 with a further a 1% increase in January 2021. Similar settlement was reached in the Forestry sector with Sawmilling reaching a 3% wage increase settlement.

The objective of the Sappi HIV/AIDS programme is to measure, monitor and manage the disease in order to mitigate the risks posed to employees, the organisation and the communities in which we operate. The programme included prevalence studies to gauge infection levels, voluntary testing programmes that encouraged workers to establish their zero-status, the provision of medical care as well as a major focus on peer educator programmes aimed at education and awareness.

Sappi Southern Africa has now reached a position where more than 72% of our Southern African employees check their HIV status every year. Regular HIV counselling and testing (HCT) ensures that we achieve early diagnosis of HIV infection to ensure timely access to care.

Following the first anonymous voluntary prevalence tests in 2003, a fifth comprehensive voluntary study was conducted during 2018 in all of our Southern African operations. Based on a participation rate of greater than 82%, at the locations tested, we estimate that the overall infection rate in our Southern African operations has stabilised at approximately 16%, which compares favourably with the national average (19.2%). In response to these surveillance results, renewed focus has been placed on the HIV/AIDS management programme so as to further contribute to the effective containment of the pandemic. We estimate that approximately 86% of our employees that are HIV/AIDS positive, participate in our HIV/ AIDS managed care programs. Furthermore, the impact of HIV/AIDS on a company is generally reflected in the mortality rate of its employees. Sappi Southern Africa's mortality rate has more than halved from a high level of 1.12% in 2005 to a rate of 0.41% in fiscal 2019.

Sappi Southern Africa is a responsible and designated employer in terms of the Employment Equity Act 55 of 1998. To this extend, the Company has developed and submitted to the Department of Labour, it's Employment Equity Plan 2025 and on an annual basis, a progress report is submitted in order not to only ensure compliance with the Act, but promote diversity and inclusion as well as to provide career devolvement and employment opportunities for employees and other stakeholders within the Company. The approved transformation strategy is proving very successful and is focused mainly on increasing black representation in the middle to senior management occupational category and levels, increasing female representation in the same levels indicated above, as well as a structured succession plan to 2020 and beyond. In addition, Sappi Southern Africa is currently a level 2 contributor in terms of the Broad Based Black Economic Empowerment Act (B-BBEE). All governance structures in terms of the transformation strategy are in place and fully operational, these include the National Employment Equity and Skills Development Committee and Business Units local committees as well as the Regional Sustainability Council.

The Skills Development Act (No. 97 of 1998), Skills Development Levies Act (No. 9 of 1999) and the National Qualifications Framework Act (67 of 2008) were promulgated to address skills shortages. This continues to be cited as a major obstacle to economic growth, social development and sustainable employment growth in South Africa. We continue to support skills development in the country, through our skills development and community centres in the Mpumalanga and KwaZulu-Natal provinces, among many other initiatives. On an annual basis, 1% of total payroll, specified in accordance with the Skills Development Levies Act, is paid to the Fibre Processing and Manufacturing Sectorial Education Authority (FPM SETA). The percentage of this skills levy is claimable as a discretionary grant, based on the company's implementation of the learning and development programmes.

A priority and focus of Sappi Southern Africa is to improve the business competitiveness and profitability. We identified certain improvement plans including restructuring the business through managing and better aligning overheads to our business strategy. Such restructuring initiatives, forced retrenchments are minimised, if not completely avoided. In the last two years, restructuring has taken place both at our Regional head office and Saiccor Mill, no forced retrenchments have been reported in both instances.

Broad Based Black Economic Empowerment

The government and organized business have taken a number of steps in recent years to increase the participation of Black people in the South African economy. To this end, the Employment Equity Act (No. 55 of 1998), the Skills Development Act (No. 97 of 1998) and the Preferential Procurement Policy Framework Act (No. 5 of 2000) were promulgated. The Broad-Based Black Economic Empowerment Act (No. 46 of 2013) (''B-BBEE'') has formalised the country's approach to distributing skills, employment and wealth more equitably between races and genders. B-BBEE focuses on increasing equity ownership, management and control of businesses by Black people, and improving Black representation in all levels of employment. It also promotes the development of skills in the country, the nurturing of Black entrepreneurship through preferential procurement and enterprise and supplier development, and the uplifting of communities through social investment.

The Old Forest Sector Charter was published in the Government Gazette in June 2009 as the ''Forest Sector Code''. This Charter applied to all enterprises involved with commercial forestry and the first level processing of wood products. Our South African businesses were signatories to this charter via their membership of both Forestry South Africa (''FSA'') and the Paper Making Association of South Africa (PAMSA). This charter set the objectives and principles for B-BBEE, and included the scorecard and targets to be applied within the industry, as well as certain undertakings by the government and the private sector (or South African forestry companies) to assist the forestry industry to achieve its B-BBEE targets. With effect from calendar 2010, our South African businesses were evaluated against the Old Forest Sector's B-BBEE scorecard.

Empowerdex is our verification agent and has been since 2006. Sappi has over the years improved its Contributor Level status from a Level 8 to a Level 2.

In April 2017 the Government gazetted the New Forestry Sector Codes where targets and measurements were changed and in general made it more difficult for companies to comply. In December 2019 we were audited by Empowerdex and achieved a ''level two contributor status'' with a preferential procurement recognition level of 125% for 2020.

The representation of Black people, particularly Black women, in management and all levels of employment within the company is a focus within the organisation, driven by employment equity targets set in each occupational category. Skills development initiatives, particularly programs aimed at improving management and leadership skills, are geared to meet these targets. Where practical, we purchase goods and services from Black-owned businesses and seek opportunities to develop future Black vendors. We are committed to the support of our Project Khulisa, which is an initiative with local communities using their land for plantations while training them in the core principles of forestry management. This is achieved through financial and technical input, as well as by providing a secure market during the start-up phase of these small tree farming enterprises. This initiative has been extended to encourage aspirant tree farmers who wish to undertake forestry activities on a larger scale consistent with the government's strategy of promoting forestry as a means of sustainable livelihood in rural areas. We have a number of enterprise development initiatives and have established programs to train new entrepreneurs. These initiatives involve the transfer of business skills, technical assistance, financial support and preferential payment terms to assist new enterprises to enter the market. We have a history of investment in the communities in which we operate. Initiatives to promote education, health and welfare, arts and culture, and rural and community development, amongst others, are regularly undertaken.

The South African constitution guarantees ownership rights of assets, and it is the stated intent of the constitution that transfer of ownership will occur at market prices. It should be noted that B-BBEE equity participation need not necessarily occur at the corporate level, and can be effected at divisional, business unit or lower levels. Because the B-BBEE Act sets forth a framework for plans rather than specific requirements or goals, it is not possible to predict whether or how our business or assets may be impacted.

7. GENERAL DEFINITIONS APPLICABLE TO THIS SECTION

Please refer to the financial statements as published on our website at www.sappi.com/investors for a list of general definitions and terms.

THE TRUSTEE

Capitalised terms used in this section headed "The Trustee" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

TMF Corporate Services (South Africa) Proprietary Limited has been appointed in terms the Trust Deed between the Trustee, the Issuer and the Listco, to act as trustee for the benefit of the Bondholders.

Pursuant to the Trust Deed, the Trustee is entitled to exercise the rights conferred on the Trustee and is obliged to perform the duties imposed on the Trustee in terms of the Terms and Conditions of the Bonds, including the rights and duties in terms of Condition 13.2 (*Steps following an Event of Default*) and Condition 20 (*Meetings of the Bondholders*).

The Trust Deed sets out provisions relating to the replacement of the Trustee, including following a resolution to this effect by the Bondholders, by a majority consisting of not less than 75% of the votes cast on a poll by the Bondholders, present in person or by proxy at a meeting convened in terms of the Terms and Conditions of the Bonds.

As described in the section of this Listing Document headed "*Documents incorporated by Reference*", a copy of the Trust Deed is available for inspection by Bondholders at the Specified Office of the Issuer.

SETTLEMENT, CLEARING AND TRANSFERS

Capitalised terms used in this section headed "Settlement, Clearing and Transfers" shall bear the same meanings those as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this are clearly inappropriate from the context.

Bonds held in the Central Securities Depository

Clearing systems

The Bonds, listed on the Main Board of the JSE and held in uncertificated form, will be issued, cleared and settled in accordance with the Applicable Procedures for the time being of the JSE and the Central Securities Depository through the electronic settlement system of the Central Securities Depository. Such Bonds will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the Central Securities Depository.

The Central Securities Depository has, as the operator of an electronic clearing system, been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the JSE. The Bonds will adhere to the recognised and standardised electronic clearing and settlement procedures operated by the JSE and in accordance with any other Applicable Procedures and the Terms and Conditions, as the case may be. Such Bonds will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the Central Securities Depository. The Bonds may be accepted for clearance through any additional clearing system as may be agreed between the Issuer and the Bookrunner and Debt Sponsors.

Participants

The Central Securities Depository maintains accounts for Participants. As at the Issue Date, the Participants which are approved by the Central Securities Depository, in terms of the Applicable Procedures, as settlement agents to perform electronic settlement of funds and scrip are the South African Reserve Bank, ABSA Bank Limited, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, Standard Chartered Bank, Johannesburg Branch, and The Standard Bank of South Africa Limited. Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and Clearstream Banking société anonyme (Clearstream Luxembourg) (**Clearstream**), will settle off-shore transfers through their Participants.

Settlement and clearing

Bonds issued in uncertificated form

Participants will be responsible for the settlement of scrip and payment transfers through the Central Securities Depository, the JSE and the South African Reserve Bank.

Bonds issued in uncertificated form will not be represented by any certificate or written instrument.

All transactions in uncertificated securities as contemplated in the Financial Markets Act will be cleared and settled in accordance with the Applicable Procedures. All the provisions relating to Beneficial Interests in the Bonds held in the Central Securities Depository will apply to Bonds issued in uncertificated form.

Beneficial Interests

The Central Securities Depository will hold the Bonds issued in uncertificated form, subject to the Financial Markets Act and the Applicable Procedures. While the Bonds are held in the Central Securities Depository, the Bondholder will be named in the Register as the holder of the Bonds in accordance with the Applicable Procedures. All amounts to be paid in respect of Bonds held in the Central Securities Depository will be paid to the relevant Participants on behalf of the relevant Bondholder pursuant to the Applicable Procedures. All rights to be exercised in respect of Bonds held in the Central Securities Depository will be exercised by the relevant Bondholder.

In relation to each person shown in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Principal Amount of Bonds, a certificate or other document issued by the Central Securities Depository or the relevant Participant, as the case may be, as to the Principal Amount of such Bonds standing to the account of such person shall be *prima facie* proof of such Beneficial Interest. However, the Bondholder as the registered holder of such Bonds named in the Register will be treated by the Issuer, the Paying Agent, the Transfer Agent and the Central Securities Depository as the holder of that aggregate Principal

Amount of such Bonds for all purposes.

Payments of all amounts in respect of the Bonds listed on the Main Board of the JSE and/or held in uncertificated form will be made to the Central Securities Depository, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the Persons reflected in the records of the Central Securities Depository as the holders of Beneficial Interests in Bonds shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such Person's share of each payment so made by (or on behalf of) the Issuer to, or for the order of, the Central Securities Depository.

Payments of all amounts in respect of the Bonds listed on the Main Board of the JSE and/or held in uncertificated form will be recorded by the Central Securities Depository, distinguishing between interest and principal, and such record of payments by the Central Securities Depository, shall be *prima facie* proof of such payments.

Transfers and exchanges

Subject to the Applicable Laws and the Applicable Procedures, title to Beneficial Interest held by Bondholders through the Central Securities Depository will be freely transferable and will pass on transfer thereof by electronic book entry in the securities accounts maintained by the Central Securities Depository or relevant Participants for such Bondholders.

The Issuer shall regard the Register as the conclusive record of title to the Bonds.

Beneficial Interests may be exchanged for Bonds represented by the Certificates in accordance with Condition 15 (*Exchange of Beneficial Interests and Replacement of Bonds*).

Records of payments, trust and voting

Neither the Issuer nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. Neither the Issuer nor the Paying Agent nor the Transfer Agent will be bound to record any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Bond may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

JSE Debt Guaranteed Fund

Claims against the JSE Debt Guaranteed Fund may be made in respect of the trading of the Bonds listed on the Main Board of the JSE and in accordance with the rules of the JSE Debt Guaranteed Fund.

Bonds listed on any Financial Exchange other than (or in addition to) the Main Board of the JSE

Each Bond that is listed on any Financial Exchange other than (or in addition to) the Main Board of the JSE will be issued, cleared and settled in accordance with the rules and settlement procedures for the time being of that Financial Exchange.

SOUTH AFRICAN TAXATION

Capitalised terms used in this section headed "South African Taxation" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The comments below are intended as a general guide to the relevant tax laws of South Africa as at the date of this Listing Document. South African tax laws are subject to frequent change and accordingly the comments set out below may be subject to change, possibly with retrospective effect. The contents of this section headed "South African Taxation" do not constitute tax advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Bonds. Prospective subscribers for or purchasers of any Bonds should consult their professional tax advisers in this regard. The Issuer makes no representation and gives no warranty or undertaking, express or implied, and accepts no responsibility for the accuracy or completeness of the information contained in this section.

Tax Residency

Both the Issuer and the Listco are tax resident in South Africa.

Securities Transfer Tax

The issue, transfer, redemption and conversion of Bonds will not attract securities transfer tax under the Securities Transfer Tax Act, 2007 (the "**STT Act**", as amended from time to time) because the Bonds do not constitute "securities" as defined in the STT Act (i.e. the Bonds will not, themselves, constitute a share or depository receipt in a company). Any future transfer duties and/or taxes that may be introduced in respect of (or applicable to) the transfer of Bonds will be for the account of holders of the Bonds.

To the extent that Ordinary Shares are issued to a Bondholder upon conversion of a Bond, no securities transfer tax will be levied as the issue of a "*security*" does not constitute a "*transfer*" as defined in the STT Act.

To the extent that Ordinary Shares are transferred, sold, assigned, ceded or disposed of in any other manner, by a Bondholder subsequent to conversion of a Bond, securities transfer tax will be levied at a rate of 0.25% of the market value of such Ordinary Shares. Depending on the circumstances, such securities transfer tax may be payable by a "*member*" or "*participant*" as defined in the STT Act, but such securities transfer tax will be recoverable from the purchaser that acquires those Ordinary Shares.

Value-Added Tax

No value-added tax ("**VAT**") is payable on the issue, transfer or conversion of the Bonds. In terms of section 2 of the Value-Added Tax Act, 1991 (the "**VAT Act**"), the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a "*debt security*", as well as the issue, allotment or transfer of ownership of an "*equity security*", constitute exempt "*financial services*", which are exempt from VAT in terms of section 12(a) of the VAT Act.

However, commissions, fees or similar charges raised for the facilitation of the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of Bonds that constitute "*debt securities*", or commissions, fees or similar charges raised for the facilitation of the issue, allotment or transfer of ownership of Ordinary Shares that constitute "*equity securities*", as defined in section 2(2)(iii) or (iv) of the VAT Act, respectively, will be subject to VAT at the standard rate (currently 15% (fifteen percent)), except where the recipient is a non-resident as contemplated below.

Services (including exempt financial services) rendered to non-residents who are not in South Africa when the services are rendered, are subject to VAT at the zero rate in terms of section 11(2)(l) of the VAT Act.

Income Tax

South African resident Bondholders

Under current South African tax laws a "*resident*" (as defined in section 1 of the Income Tax Act, 1962 (the "**Income Tax Act**", as amended from time to time)) is subject to income tax on his/her worldwide income. Accordingly, all Bondholders who are "*residents*" of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of interest) earned in respect of the Bonds.

The tax treatment of resident Bondholders will depend on whether amounts derived in respect of the Bonds constitute, for example, "*interest*" (see below), an amount of a revenue nature or an amount of a capital nature. The circumstances of the Bondholder could impact the tax treatment of amounts derived in respect of the Bonds. The Bondholder could be exempt from tax, may hold the Bonds as long-term investments on capital account, or may be trading in the Bonds on revenue account. Bondholders are advised to consult their own professional advisers as to the nature of any amount earned pursuant to the Bonds and the tax treatment of the amount.

"*Interest*" includes the gross amount of interest or any similar finance charge, as well as any discount or premium to the principal amount of a Bond. Interest accrues (or is deemed to accrue) to a Bondholder and must be included in gross income, in accordance with section 24J of the Income Tax Act on a day-to-day basis until that Bondholder disposes of the Bond or until maturity. This day-to-day accrual is determined by calculating the yield to maturity (as defined in section 24J of the Income Tax Act) and applying this rate to the outstanding amount for the relevant tax period. If on disposal or on maturity the Bondholder has included in gross income interest that the Bondholder did not actually receive, section 24J of the Income Tax Act allows the deduction of an adjusted loss.

The conversion of a Bond will also constitute a disposal for purposes of the Income Tax Act. Bondholders are advised to consult their own professional advisers as to the tax consequences of such a disposal.

To the extent the disposal of the Bond, by virtue of a conversion or otherwise, gives rise to a gain or a loss, the normal principles are to be applied in determining whether such gain or loss should be subject to income tax in terms of the Income Tax Act. If a Bond is disposed of on a speculative basis or as part of a scheme of profit making, the gain should generally be revenue in nature and subject to normal tax. If a Bond is held with a capital intention any gain on disposal will likely be subject to the lower capital gains tax (explained in more detail below).

Section 24JB of the Income Tax Act deals with the taxation of financial instruments for certain types of taxpayers ("*covered persons*", as defined in section 24JB of the Income Tax Act). If section 24JB of the Income Tax Act applies to the Bondholders and the Bonds, the tax treatment of the acquisition, holding and/or disposal of the Bonds will differ from what is set out above. Bondholders should seek advice from their own professional advisors as to whether these provisions may apply to them.

Non-resident Bondholders

Non-residents of South Africa are subject to income tax on all amounts derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty). Depending on the nature of the amount, different domestic rules regarding the determination of source will be applicable. Regarding the treatment of amounts earned by non-residents of South Africa that are capital in nature, see "*Capital Gains Tax*" below.

Interest as defined in section 24J of the Income Tax Act (see above) is derived from a South African source if that amount:

(a) is attributable to an amount incurred by a person that is a South African tax resident, unless the interest is attributable to a foreign permanent establishment of that resident; or

(b) is received or accrues in respect of the utilisation or application in South Africa by any person of any funds or credit obtained in terms of any form of "*interest-bearing arrangement*".

The Bonds could constitute an *"interest-bearing arrangement"*. The Issuer is tax resident in South Africa as at the Issue Date. Accordingly, unless the Bonds are attributable to a permanent establishment of the Issuer outside of South Africa, any interest paid to the Bondholders will be from a South African source and subject to South African income tax, unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 10(1)(h) of the Income Tax Act, any amount of interest received by or that accrues to a Bondholder who, or which, is not a resident of South Africa during any year of assessment is exempt from income tax, unless:

(a) that person is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve month period preceding the date on which the interest is received by, or accrues to, that person; or

(b) the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

If a Bondholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, an exemption from, or reduction of, any South African income tax liability may be available under an applicable double taxation treaty.

In respect of non-resident Bondholders, a liability for South African income tax may arise should the Bonds so disposed of be attributable to a South African permanent establishment of such Bondholder, and provided that the proceeds from such a disposal are regarded as being derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty).

Non–resident Bondholders are advised to consult their own professional advisers as to the above South African tax implications.

Capital Gains Tax

South African resident Bondholders

A resident Bondholder that disposes of Bonds, by virtue of a conversion or otherwise, other than on a speculative basis or as part of a scheme of profit-making would need to determine a capital gain or loss, which would be subject to a lower effective tax rate than income tax.

Non-resident Bondholders

Capital gains tax under the Eighth Schedule to the Income Tax Act will not be levied in relation to Bonds disposed of, by virtue of a conversion or otherwise, by a person who is not a resident of South Africa, unless the Bonds disposed of are effectively connected with a permanent establishment of that person.

Bondholders are advised to consult their own professional advisers as to whether a redemption or disposal of Bonds, by virtue of a conversion or otherwise, will result in a liability to capital gains tax.

Withholding Tax

Withholding tax on interest

A final withholding tax on interest which is levied at the rate of 15% applies to interest payments made from a South African source to foreign persons (i.e. non-residents). The withholding tax on interest becomes payable at the earlier time when that interest is paid or that interest becomes due and payable. The withholding tax on interest is subject to certain exemptions (see below). South Africa is also a party to double taxation treaties that may provide full or partial relief from the withholding tax on interest, provided that administrative procedures are followed.

The available exemptions apply in respect of the instrument giving rise to the interest, to the foreign person receiving the interest, or to the person liable for the interest (i.e. the Issuer).

Regarding the exemptions applicable in respect of the instrument, an amount of interest is exempt if it is paid to a foreign person in terms of "listed debt", being listed debt on a "recognised exchange", as defined in terms of paragraph 1 of the Eighth Schedule to the Income Tax Act. The Bonds will be listed on a recognised Financial Exchange. Thus, to the extent that the Bonds remain listed on that exchange (and to the extent that that Financial Exchange remains a recognised Financial Exchange), any interest paid to a foreign person in respect of the Bonds will be exempt from the withholding tax on interest. If the Bonds are not listed on a recognised Financial Exchange, then the interest paid to a foreign person will not be exempt from the withholding tax on interest unless another exemption is applicable.

Regarding the exemptions applicable in respect of the foreign person receiving the interest, an amount of interest is exempt if–

(a) that foreign person is a natural person who was physically present in South Africa for a period exceeding 183 (one hundred and eighty three) days in aggregate during the twelve month period preceding the date on which the interest is paid;

(b) the debt claim in respect of which that interest is paid is effectively connected with a permanent establishment of that foreign person in South Africa, if that foreign person is registered as a taxpayer in terms of Chapter 3 of the Tax Administration Act, 2011; or

(c) the foreign person submits a declaration in a prescribed form confirming their exemption to the person liable for the payment of the interest before payment of the interest is made.

A foreign person could also qualify for the exemption if the foreign person is an institution listed in section 50D of the Income Tax Act.

Regarding the exemptions applicable in respect of the person liable for the interest, none of these will be applicable in respect of the Issuer. Thus, if the exemptions in respect of listed debt and foreign persons above are not applicable, then any interest paid to a foreign person is unlikely to be exempt from the withholding tax.

Section 8F of the Income Tax Act

Section 8F of the Income Tax Act applies to "*hybrid debt instruments*", which are defined in the Income Tax Act, with reference to "debt" instruments that have certain equity-like features.

Section 8F provides that interest on a hybrid debt instrument is, for purposes of the Income Tax Act, deemed to be a dividend *in specie*. If this provision applies the tax treatment of the interest may differ from what is set out above, and such payments may be subject to dividends withholding tax as a result of the deemed classification as dividends *in specie*. The provisions of section 8F are subject to certain exemptions.

Prospective subscribers for or purchasers of Bonds are advised to consult their own professional advisers to ascertain whether section 8F may apply to them.

Dividends tax

To the extent that a Bondholder receives a "*dividend*" as defined in section 1 of the Income Tax Act, after acquiring any Ordinary Shares as a result of a conversion of a Bond, such dividend may be subject to a withholding tax on dividends at a rate of 20%. However, the withholding tax on dividends is subject to certain exemptions, provided that administrative procedures are followed. South Africa is again also a party to double taxation treaties that may provide full or partial relief from the withholding tax on dividends for non-resident Bondholders that have acquired Ordinary Shares, provided that administrative procedures are followed.

Prospective subscribers for or purchasers of Bonds are advised to consult their own professional advisers to ascertain whether any dividends they may receive in respect of Ordinary Shares may be subject to the withholding tax on dividends.

Definition of Interest

The references to "*interest*" above mean "*interest*" as understood under South African tax law. The statements above do not take account of any different definitions of "*interest*" or "*principal*" which may prevail under any other law or which may be created by the Terms and Conditions or any related documentation.

SOUTH AFRICAN EXCHANGE CONTROL

Capitalised terms used in this section headed "South African Exchange Control" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The information below is intended as a general guide to the current position under the Exchange Control Regulations, 1961 as promulgated under the Currency and Exchanges Act, 1933 (the ***Exchange Control Regulations****) at the date of this Listing Document and is not a comprehensive statement of the Regulations. The Exchange Control Regulations are subject to change at any time without notice. The contents of this section headed "South African Exchange Control" do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Bonds. Prospective subscribers for or purchasers of any Bonds should consult their professional advisers in this regard.*

Prospective subscribers for, or purchasers of any Bonds who are non-South African residents or who are emigrants from the Common Monetary Area are urged to seek further professional advice in regard to the subscription for, or purchase of any Bonds.

Non-South African Resident Bondholders and Emigrants from the Common Monetary Area

Dealings in the Bonds and the performance by the Issuer of its obligations under the Bonds, may be subject to the Exchange Control Regulations.

Non-South African residents who are Bondholders and emigrants from the Common Monetary Area are urged to seek further professional advice in regard to the subscription for, or purchase of any Bonds.

Emigrant Capital Account

Emigrant Capital controlled by an Authorised Dealer in an Emigrant's Capital account may be used for the subscription for or purchase of Bonds. Any amounts payable by the Issuer in respect of the Bonds subscribed for or purchased with funds from an Emigrant's Capital account may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account or a South African non-resident Rand account.

Emigrants from the Common Monetary Area

Any Certificates issued to Bondholders who are emigrants from the Common Monetary Area will be endorsed "*non-resident*". Such restrictively endorsed Certificates will be deposited with the Authorised Dealer controlling such emigrant's remaining assets.

In the event that a Beneficial Interest in Bonds is held by an emigrant from the Common Monetary Area through the Central Securities Depository, and its relevant Participant, the securities account maintained for such emigrant by the relevant Participant will be designated as an Emigrant Capital account.

Any payments of principal due to a Bondholder who is an emigrant from the Common Monetary Area will be deposited into the emigrant Bondholder's Emigrant Capital account, as controlled by the Authorised Dealer. Interest payments are freely transferable and may be credited to the emigrant's non-resident Rand account. Capital amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

Non-residents of the Common Monetary Area

Any Certificates issued to Bondholders who are not resident in the Common Monetary Area will be endorsed "*non-resident*". In the event that a Beneficial Interest in Bonds is held by a non-resident of the Common Monetary Area through the Central Securities Depository, the securities account maintained for such Bondholder by the relevant Participant will be designated as a "*non-resident*" account.

It will be incumbent on any such non-resident Bondholder to instruct the non-resident's nominated or Authorised Dealer as to how any funds due to such non-resident in respect of Bonds are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Bonds are acquired with foreign currency introduced into South Africa or Rand from a non-resident Rand account held with an Authorised Dealer and provided that the relevant Certificate has been endorsed "*non*-resident" or the relevant securities account has been designated as a "*non-resident*" account, as the case may be.

The Issuer has obtained exchange control approval for the issuance and listing of the Bonds on the JSE – Main Board.

For the purposes of these paragraphs:

The **Common Monetary Area** consists of South Africa, Lesotho, Namibia, and eSwatini (formerly Swaziland);

Emigrant Capital Account means the account of an emigrant from the Common Monetary Area, which account holds the emigrant's remaining South African assets to which Financial Surveillance Department restrictions have been applied. Funds are not freely transferrable and may not be remitted out of South Africa or paid into a non-South African resident's bank account; and

Authorised Dealer means an authorised foreign exchange dealer.

SUBSCRIPTION AND SALE

Capitalised terms used in this section headed "Subscription and Sale" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Selling restrictions

Republic of South Africa

Each of Rand Merchant Bank, a division of FirstRand Bank Limited, and Morgan Stanley & Co. International plc (together, the "**Joint Bookrunners**") has (or will have) represented, warranted and agreed that it (i) will not offer Bonds for subscription, (ii) will not solicit any offers for subscription for or sale of the Bonds, and (iii) will itself not sell or offer the Bonds in South Africa in contravention of the Companies Act, Banks Act, 1990, Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

Prior to the issue of Bonds, each of the Joint Bookrunners who has (or will have) agreed to place those Bonds will be required to represent and agree that it will not make an "*offer to the public*" (as such expression is defined in the Companies Act, and which expression includes any section of the public) of Bonds (whether for subscription, purchase or sale) in South Africa. This Listing Document does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

Offers that are not deemed to be offers to the public

Offers for subscription for, or sale of, Bonds are not deemed to be offers to the public if:

(a) made only to certain investors contemplated in section 96(1)(a) of the Companies Act; or

(b) the total contemplated acquisition cost of Bonds, for any single addressee acting as principal, is equal to or greater than ZAR1,000,000, or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the Companies Act.

Information made available in this Listing Document should not be considered as "*advice*" as defined in the Financial Advisory and Intermediary Services Act, 2002.

United States of America

The Bonds have not been and will not be registered under the United States Securities Act, 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Prior to the issue of any Bond, each of the Joint Bookrunners has represented and agreed that:

(i) the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act;

(ii) it has not offered, sold or delivered any Bonds and will not offer, or sell or deliver, any Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 (forty) days after completion of the distribution, as determined and certified by the Joint Bookrunners, within the United States or to, or for the account or benefit of, U.S. persons;

(iii) it will send to each manager to which it sells any Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Bonds within the United States or to, or for the account or benefit of, U.S. persons; and

(iii) it, its affiliates and any persons acting on its or any of its affiliates' behalf have not engaged and will not engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) with respect to the Bonds and it, its affiliates and any persons acting on its or any of its affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

Until 40 (forty) days after the commencement of the offering of Bonds, an offer or sale of such Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

United Kingdom

Each of the Joint Bookrunnershas represented and agreed that:

(i) in relation to any Bond that has a maturity of less than one year (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold, and it will not offer or sell, any Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of such Bonds would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act, 2000 (the "**FSMA**") by the Issuer or in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations, 1995 of the United Kingdom;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

European Economic Area

Prior to the issue of any Bond under this Listing Document, each manager who has (or will have) agreed to place that Bond will be required to represent and agree that, in relation to each Member State of the European Economic Area which has implemented the prospectus directive (each, a "**Relevant Member State**"), the Issuer and the Joint Bookrunnershave represented and agreed that, with effect from and including the date on which the prospectus directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made, and will not make an offer of Bonds to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the prospectus directive;

(ii) any time to fewer than 100 (one hundred) or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 (one hundred and fifty) natural or legal persons (other than qualified investors as defined in the prospective directive) subject to obtaining the prior consent of the relevant manager or managers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the prospectus directive,

provided that no such offer referred to in (ii) to (iii) above shall require the Issuer or any manager to publish a prospectus pursuant to Article 3 of the prospectus directive or supplement a prospectus pursuant to Article 16 of the prospectus directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Member State by any measure implementing the prospectus directive in that Member State and the expression "**prospectus directive**" means Directive 2003/71/EC (and amendments thereto including the 2010 PD Amending Directive, to the extent implemented by the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Each of the Joint Bookrunners has (or will have) represented and agreed that any commission, fee or non-monetary benefit received from the Issuer complies with the applicable rules set out in the Markets in Financial Instruments Directive 2014/65/EU, as may be amended or replaced from time to time ("**MiFID II**").

General

Each of the Joint Bookrunners has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, subscribes or procures subscriptions for, offers or sells Bonds or possesses or distributes this Listing Document and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales.

Neither the Issuer nor the Joint Bookrunners represents that Bonds may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such subscription or sale.

DISCLOSURE IN TERMS OF THE COMMERCIAL PAPER REGULATIONS

Capitalised terms used in this section headed "Disclosure in terms of the Commercial Paper Regulations" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Disclosure Requirements in terms of paragraph 3(5) of the Commercial Paper Regulations, published in terms of the Banks Act, 1990, under Government Notice number 2172 in Government Gazette number 16167, dated 14 December 1994, as at the Issue Date:

Paragraph 3(5)(a)

The "*ultimate borrower*" (as defined in the Commercial Paper Regulations) will be the Issuer.

Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Bonds.

Paragraph 3(5)(c)

The auditor of the Issuer is KPMG Inc.

Paragraph 3(5)(d)

As at the Issue Date:

1. the Issuer has ZAR1,080,000,000 of Commercial Paper (as defined in the Commercial Paper Regulations) in issue (exclusive of this issue of these Bonds); and
2. it is anticipated that the Issuer will issue ZAR500,000,000 additional Commercial Paper during the remainder of its current financial year.

Paragraph 3(5)(e)

The audited annual financial statements of the Issuer, together with such statements, reports and notes attached or intended to be read with such financial statements, for the financial year ended in September 2019 and the Listco's financial results announcement dated 5 November 2020 (the **"results announcement**") are available on the Issuer's website (www.sappi.co.za).

Prospective investors in the Bonds are to consider such financial statements and the results announcement in assessing the nature of the financial and commercial risk of an investment in the Bonds.

Paragraph 3(5)(f)

There has been no material adverse change in the Issuer's financial position since the date of its last audited annual financial statements in respect of its financial year ended in September 2019, except as may be disclosed in the results announcement and any other publicly available information.

Paragraph 3(5)(g)

The Bonds were unlisted on issue. An application to list the Bonds on the Main Board of the JSE Limited was submitted within 4 months following the Settlement Date.

Paragraph 3(5)(h)

The Issuer will use the proceeds from the Bonds to fund the remaining capital expenditure to expand the production capacity of the Issuer's Saiccor mill located in Umkomaas, South Africa and related improvement initiatives.

Paragraph 3(5)(i)

The Bonds are unsecured.

Paragraph 3(5)(j)

KPMG Inc., the statutory auditors of the Issuer, have confirmed that nothing has come to their attention to cause them to believe that this issue of Bonds does not comply in all material respects with the relevant provisions of the Commercial Paper Regulations.

GENERAL INFORMATION

Capitalised terms used in this section headed "General Information" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Authorisations

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been given for the issue of the Bonds and for the Issuer to undertake and perform its obligations under the Bonds.

Listing

An application has been made to list the Bonds on the JSE - Main Board under stock code number SAPCB and ISIN ZAE000296083.

Documents Available

Copies of the documents incorporated under the section headed "*Documents Incorporated by Reference*" will, when published, be available at the registered office of the Issuer as set out at the end of this Listing Document. This Listing Document, any supplement and/or amendment hereto and the published audited annual financial statements of the Issuer will also be available on the Issuer's website at: (https://www.sappi.com/bond-and-insurance-captive-reporting-requirements#). In addition, this Listing Document, together with any supplement and/or amendment thereto will be filed with the JSE which will publish such documents on its website at http://www.jse.co.za.

Participants

The Participants who are Participants recognised by the JSE are the South African Reserve Bank, ABSA Bank Limited, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, Standard Chartered Bank, Johannesburg Branch, and The Standard Bank of South Africa Limited. Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme, (Clearstream Luxembourg) (**Clearstream**) may hold Bonds through their South African Participants.

Material Change

As at the Listing Document Date, there has been no material change in the financial or trading position of the Issuer or its consolidated Subsidiaries since the date of the Issuer's latest audited annual financial statements for the financial year ended September 2021. As at the Listing Document Date, there has been no involvement by KPMG Inc. in making the aforementioned statement.

Litigation

Save as disclosed herein, or in any document incorporated by reference herein, neither the Issuer, nor any of its respective consolidated Subsidiaries is or has been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware) which may have or have had a significant effect on the financial position of the Issuer or its consolidated Subsidiaries in the past 12 months prior to the Issue Date.

Auditors

KPMG Inc. have acted as the auditors of the annual financial statements of the Issuer for the financial years ended September 2018, September 2019 and September 2020 and, in respect of those years, have issued unqualified audit reports.

Compliance

The Issuer is incorporated in terms of and is in compliance with the provisions of, *inter alia*, the Companies Act and is acting in conformity with its Memorandum of Incorporation.

ISSUER

Sappi Southern Africa Limited
(registration number 1951/003180/06)
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BOOKRUNNER

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Sandton, 2146
South Africa
Contact: Head: Equity Capital Markets
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BOOKRUNNER (NON-SOUTH AFRICAN BOOK)

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Contact: Ms D Thiele

TRANSFER AGENT

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