

Sappi Limited ('the Company')
Board Charter

Sappi Limited Board Charter

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Sappi Limited Board Charter

1. Purpose of the Board Charter

The Company recognises that good corporate governance is integral to its proper and effective running. Further, the Company recognises that it must be, and be seen to be, a responsible corporate citizen.¹

One of the primary objectives of the South African Companies Act 2008 ('Companies Act') is the promotion of the development of the South African economy through the encouragement of high standards of corporate governance.

The King IV Report on Corporate Governance for South Africa 2016 ('King IV') highlights the importance of good corporate governance. It defines 'corporate governance' as 'the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes:

- Ethical culture;
- Good performance;
- Effective control;
- Legitimacy.'

King IV is a set of voluntary principles on corporate governance, though the JSE Listings Requirements incorporate, and require compliance with, certain of those principles.

King IV recommends that the board of directors of a company sets out its roles, responsibilities, membership requirements and procedural conduct in a charter which it regularly reviews to guide its effective functioning.²

This Charter³ is intended to provide a concise overview of:

- (a) The demarcation of roles, functions, responsibilities and powers of the Board, individual directors and the executives of the Company;
- (b) The Board's power to delegate functions to various Board committees of the Company and the Audit and Risk Committee;
- (c) Matters reserved for final decision-making or pre-approval by the Board;
- (d) The policies and practices of the Board in respect of matters such as corporate governance, trading by directors in securities of the Company, declarations of conflicts of interest, Board meeting documentation and procedures and the nomination, appointment, induction, training and evaluation of directors.

¹ King IV, Principle 3

² King IV, Principle 2, Paragraph 5; Principle 6, Paragraph 2

³ In compiling this Charter consideration was given to the practice note issued by the Institute of Directors of South Africa

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This Charter is to be read with the provisions of the Companies Act, other applicable laws and regulatory provisions, the Company's Memorandum of Incorporation, the King IV and the JSE Listings Requirements.

If there is any conflict between this Charter (on the one hand) and the JSE Listings Requirements, the Memorandum of Incorporation, the Companies Act or other applicable laws and regulatory provisions from time to time (on the other), the latter will prevail.

In this Charter, the term:

- 'Sappi Group' means the Company and its subsidiaries; and
- 'subsidiaries' means 'subsidiaries' (as defined in the Companies Act), but irrespective of the jurisdiction in which the subsidiaries are incorporated.

2. The Board, other organs of the Company and Company officials

2.1 The shareholders

Various matters are reserved for decision-making by the shareholders of the Company in terms of the Memorandum of Incorporation of the Company and the Companies Act.

A matter reserved for decision-making by the shareholders is considered by the Board before it is referred to the shareholders for decision. The Board will provide the shareholders with its recommendation and the relevant material information in respect of resolutions proposed to shareholders for approval.

It is the policy of the Company that the disclosure of Sappi Group information to shareholders and potential investors is made accurately and in such a way that they are apprised of all relevant material information. The Board will endeavour, itself and through the relevant committees (or Audit and Risk Committee, as the case may be) to ensure that reports issued by the Company enable its stakeholders to make informed assessments of the Company's performance, and its short-, medium- and long-term prospects as required by King IV.⁴

Directors and executive management of the Company are expected to attend shareholders' meetings. The Chairperson and the chairpersons of the various Board committees and the Audit and Risk Committee are expected to be available at the annual general meeting of shareholders of the Company to answer questions.

Proceedings at meetings of shareholders are governed by the provisions of the Companies Act and the Memorandum of Incorporation of the Company.

⁴ King IV, Principle 5

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2.2 The Board

The Board assumes ultimate accountability and responsibility for the performance and affairs of the Company and in so doing effectively represents and promotes the legitimate interests of the Company. The Board will, at all times, retain full and effective control over the Company and will direct and supervise the business and affairs of the Company. The Board does, not however assume the day-to-day functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management.

In the execution of its governing role and responsibilities, the Board must act in the best interests of the Company, adopting a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders.⁵

2.2.1 General powers of the Board

The roles, functions and powers of the Board, the directors, Board committees and the Audit and Risk Committee, and the Board's relationship vis-à-vis other organs of the Company and its subsidiaries are determined by relevant law and regulatory provisions, the Memorandum of Incorporation of the Company, corporate governance best practice and decisions and policies of the Board.

In terms of the Companies Act, and section 7.3 of the Memorandum of Incorporation, the following powers are conferred on the Board:

The business and affairs of a company must be managed by or under the direction of its board, which has the authority to exercise all of the powers and perform any of the functions of the company, except to the extent that this Act or the company's Memorandum of Incorporation provides otherwise.

The Board accordingly has the power to make any decision in respect of the Company which has not been specifically reserved for decision-making by the shareholders. This power includes the power to exercise the rights as a direct or indirect shareholder of the Company's subsidiaries.

The Board must comply with all relevant legislation and must maintain strict confidentiality in respect of all information provided relating to the business of the Sappi Group.⁶

⁵ King IV, Principle 16

⁶ Including disclosure restrictions in relation to 'inside information' under the South African Financial Markets Act, 2012

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To be able to achieve its objectives, the Board will consider the requirements of all the Sappi Group's stakeholders⁷, including shareholders, employees, regulators, customers, suppliers and the community at large.

2.2.2 The role of the Board

The role and main function of the Board⁸ is to lead the Company ethically and effectively⁹ and to add value to the Company by:

- (a) Assuming responsibility for organisational performance by steering and setting the direction for the realisation of the Sappi Group's core business and values through its strategy.
- (b) Approving policy and planning that give effect to the direction provided as well as endeavouring to ensure that the Sappi Group follows an outcomes-based approach.
- (c) Ensuring accountability for organisational performance by means of, among others, reporting and disclosure.
- (d) Acting in the best interests of the Company.
- (e) Guiding, evaluating and, if necessary, directing the management of the Company with the objective of achieving the maximum sustainable long-term return.
- (f) Guiding, evaluating and controlling the actions of the executive in meeting this objective without becoming active in or participating in the day-to-day management of the business, although the Board remains ultimately accountable for the performance and affairs of the Company.
- (g) Delegating to members of management the formulation and development of the Sappi Group's short-, medium- and long-term strategy, and agreeing with them a long-term (5-year) strategic plan for the Sappi Group, which strategic plan will be reviewed annually.
- (h) Annually reviewing the business plan of the Company for the financial year ahead, and determining a formal budget, after engagement with members of management.
- (i) Monitoring management's performance and evaluating it annually and in the long-term against both the financial and the broader strategic objectives emanating from the business plan.

⁷ 'Stakeholders' are "groups and individuals that can reasonably be expected to be significantly affected by an organization's business activities, outputs or outcomes, or whose actions can be reasonably expected to significantly affect the ability of the organization to create value over time." - King IV

⁸ King IV, Principle 6, Paragraph 1

⁹ King IV, Principle 1

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- (j) Monitoring important non-financial aspects relevant to the business of the Sappi Group.
- (k) Assuming ultimate responsibility for the identification of key risk areas and key performance indicators of the business of the Sappi Group by setting the direction for how the identification process must be approached and addressed by the Audit and Risk Committee, and by ensuring that these key risk areas and key performance indicators are regularly monitored.
- (l) Assuming ultimate responsibility for the governance of risk, by setting the direction for how the Company's risk management policy and procedures, and the Company's internal disclosure controls, must be approached and assessed by the Audit and Risk Committee.¹⁰
- (m) Assuming ultimate responsibility for the governance of technology and information, by setting the direction for how technology and information must be approached and addressed by the Audit and Risk Committee, and by ensuring that responsibility is placed by the Audit and Risk Committee on members of management for effective execution and implementation thereof.¹¹
- (n) Assuming ultimate responsibility for the governance of compliance with applicable laws and adopted non-binding rules, codes and standards, by setting the direction for how it must be approached and addressed, and by ensuring that responsibility is placed on members of management for effective execution and implementation thereof.¹²
- (o) Assuming ultimate responsibility for the governance of remuneration by setting the direction for how remuneration matters must be approached and addressed by the Remuneration Committee. The Sappi Group should remunerate fairly, responsibly and transparently so as to achieve strategic objectives and positive outcomes in the short, medium and long term.¹³
- (p) Ensuring that a model is put in place concerning assurance services and functions and that responsibility is placed on the Audit and Risk Committee to oversee whether those arrangements are effective in:
 - enabling an effective control environment.
 - supporting the integrity of external reports.
 - supporting the integrity of information used for internal decision-making by members of management, the Board and committees.¹⁴

¹⁰ King IV, Principle 11

¹¹ King IV, Principle 12

¹² King IV, Principle 13

¹³ King IV, Principle 14

¹⁴ King IV, Principle 15

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- (q) Assuming ultimate responsibility for the governance of responsible investing by setting the direction for how it must be approached and addressed, and by ensuring that responsibility is placed on members of management or service providers for execution and implementation of effective and responsible investment.¹⁵

2.2.3 Matters reserved for decision-making by the Board

- 2.2.3.1 It is the Board as a whole that has the authority to bind the Company, though the Board can and does delegate powers to committees and executives. No individual director has authority to act on behalf of the Company unless the matter concerned falls within the scope of the powers delegated to him or her by the Board.
- 2.2.3.2 Notwithstanding any implication to the contrary in any delegation of power, Sappi Group matters that have specifically been reserved for Board decision-making or consent prior to final decision-making, and the approval authority of Board committees and the Audit and Risk Committee, are contained in the limits of authority document adopted by the Board. An abridged version relating to matters reserved for decision-making by the Board is attached hereto (**Annexure A**) for reference (the detailed Delegation of Authority should be referred to for decision-making purposes).

2.2.4 Composition of the Board

- 2.2.4.1 The Board assumes responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities objectively and effectively, in accordance with King IV.¹⁶
- 2.2.4.2 The Company's Memorandum of Incorporation allows the Board to consist of up to 20 people. The ideal size, however, will be dictated by various factors including the:
 - (a) Availability of people to carry the workload.
 - (b) Need to achieve the appropriate diversity, including without limitation in respect of skills, culture, race and gender.

¹⁵ King IV, Principle 17

¹⁶ King IV, Principle 7, Paragraph 6

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- (c) Need for the Board to benefit from a variety of individual inputs of persons who have specialist talent, and specialist knowledge of the Sappi Group's business and of geographic areas in which it operates, as well as persons who have specialised knowledge or experience in other appropriate fields.
 - (d) Need for a sufficient number of members that qualify to serve on the committees of the Board and the Audit and Risk Committee.
- 2.2.4.3 Generally, the ideal composition will be 12 to 14 directors. The Chief Executive Officer and the Chief Financial Officer will at all times be members of the Board. ^{17 18}
- 2.2.4.4 To ensure a balance of authority and power:¹⁹
- (a) There will at all times be a majority of independent non-executive directors. ^{20 21 22} Generally, there will not be more than four executive directors.
 - (b) The office of the Chairperson and the Chief Executive Officer will be separate, and so not be held by the same person. There will at all times be a clearly defined division of responsibilities in both offices.
- 2.2.4.5 The Chairperson will be an independent non-executive director; provided that if for any reason, the Chairperson is not independent, a lead independent director will be appointed. ²³
- 2.2.4.6 The Board will consist of sufficient independent non-executive directors, to enable the Company to populate its committees and the Audit and Risk Committee properly.
- 2.2.4.7 Where appropriate, the Board might request former executives to remain on the Board for a period of time to assist with continuity. There will not be more than two such directors on the Board at any one time. They will not be considered independent directors although their role will be non-executive.

¹⁷ King IV, Principle 7, Paragraph 9

¹⁸ JSE Listings Requirements section 3.84(f)

¹⁹ JSE Listings Requirements sections 3.84(a) and (b)

²⁰ A non-executive director is one who is an individual not involved in the day-to-day management of the Company business and not a full-time salaried employee of the group. JSE Listings Requirements section 3.84(e)

²¹ An independent director is one who has not in the past three financial years been a full-time salaried employee of the Company or the group and is not a member of the immediate family of such an individual. In addition, a director only qualifies as an independent director if he/she exercises objective, unfettered judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making. Further guidance in the assessment of independence is set out in King IV and the Companies Act 2008, which the Board should consider holistically and of a substance-over-form basis. [King IV, Principle 7, Paragraphs 25–30]. JSE Listings Requirements section 3.84(e)

²² King IV, Principle 7, Paragraph 8.

²³ JSE Listings Requirements section 3.84(b)

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- 2.2.4.8 The Board will be led by the Chairperson²⁴ who will be elected by the Board annually and whose performance will be evaluated by the Board annually under the leadership of the lead independent director.
- 2.2.4.9 Directors will be individuals of calibre and credibility chosen for their competence and knowledge of the business in the parts of the world in which the Sappi Group operates. The Board will seek to have an appropriate mix of people from areas where the Sappi Group operates and will seek appropriate diversity, including in respect of culture, race and gender.
- 2.2.4.10 Procedures for selecting prospective directors will be set by the Nomination and Governance Committee and will be formal and transparent.²⁵
- 2.2.4.11 The Board will consider diversity in its composition at least annually and whenever a new Board appointment is considered.

2.2.5 Term of office, and continued independence

- 2.2.5.1 To ensure continuity of experience and knowledge, the Company has adopted a process of staggered continuity and re-election of directors, in terms of the Memorandum of Incorporation.²⁶
- 2.2.5.2 One third of the directors or, if their number is not a multiple of three, then the number nearest to, but not less than, one-third of the directors must retire from office at each annual general meeting.
- 2.2.5.3 If at the date of any annual general meeting any director has held office for a period of three years since his last election or appointment, he/she must retire at such meeting either as one of the directors to retire in terms of paragraph **2.2.5.2 above**, or in addition to the directors who retire in terms of paragraph 2.2.5.2 above.
- 2.2.5.4 Directors retiring in terms of paragraph 2.2.5.2 or 2.2.5.3 above can put themselves up for re-election by shareholders if so recommended through the Nomination and Governance Committee. Brief CVs of each person proposed for re-election as a director will be provided to shareholders.²⁷
- 2.2.5.5 Non-executive directors who are classified as independent will be subjected to annual reviews of their independence and performance by the Board, through the Nomination and Governance Committee. A

²⁴ King IV, Principle 7, Paragraph 31.

²⁵ King IV, Principle 7, Paragraph 15.

²⁶ King IV, Principle 7, Paragraph 12.

²⁷ JSE Listings Requirements section 3.84(d)

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non-executive director who is classified as independent may accordingly continue to serve in an independent capacity if that assessment is that the director exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.²⁸

2.2.6 Induction and training^{29 30}

2.2.6.1 New directors will be required to undergo a formal induction and orientation programme which will be approved by the Chairperson to facilitate their understanding of the business environment and markets in which the Sappi Group operates. The induction programme will be conducted by the Company Secretary. The induction programme will include, inter alia, the following items:

- (a) Sappi Group structure and business objectives;
- (b) Financial performance of the business;
- (c) Reciprocal expectations;
- (d) Familiarisation by means of site visits and consultation with the Company's senior management;
- (e) Corporate policies and procedures and information on directors' roles and responsibilities in terms of legislation, regulatory requirements and best practice.

2.2.6.2 Brief CVs of each person proposed to shareholders as a new director will be provided to shareholders.³¹

2.2.6.3 Ongoing training, including continuing professional development programmes and regular briefings on changes in legislation, government and the business environment, will be provided to directors as and when appropriate.

2.2.7 Committees of the Board and the Audit and Risk Committee

2.2.7.1 To manage the Board's workload, the Audit and Risk Committee is established, and the Board appoints committees, and delegates powers to the committees and the Audit and Risk Committee (in the

²⁸ King IV, Principle 7, Paragraph 29

²⁹ King IV, Principle 7, Paragraph 22

³⁰ King IV, Principle 7, Paragraph 23

³¹ JSE Listings Requirements section 3.84(d)

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case of the latter in conjunction with the duties imposed on it by the Companies Act) with the specific objective of:

- (a) evaluating key areas of business performance, in particular governance, on a more detailed basis; and
- (b) reporting to the Board regularly on any issues that might arise although it is understood that delegation of responsibilities to committees and the Audit and Risk Committee does not relieve the Board of its ultimate responsibility for the affairs of the Company.³²

2.2.7.2 At every Board meeting, each committee chairperson and the Audit and Risk Committee chairperson will report on the work of the committee and the Audit and Risk Committee and the issues which it has discussed. These reports will be oral, but will, where requested by the Board, be supported by appropriate documentation which will be prepared by management. In addition, the minutes of all committee meetings will be circulated with the Board papers for the regular Board meetings.

2.2.7.3 Each committee and the Audit and Risk Committee will have its own Terms of Reference³³ which will be reviewed annually by each committee and the Board.

2.2.7.4 The Audit and Risk Committee and the following committees have been established:³⁴

- (a) Nomination and Governance Committee.
- (b) Human Resource and Compensation Committee.
- (c) Social, Ethics, Transformation and Sustainability Committee.

2.2.7.5 Specific members of management should be invited to committee meetings and the Audit and Risk Committee meetings, where appropriate, on a standing or ad hoc basis, to provide pertinent insights and information.³⁵

2.2.7.6 Every director is entitled to attend any committee meeting and the Audit and Risk Committee meetings as an observer. However, unless that director is also a member of the committee or the Audit and Risk Committee, as the case may be, the director is not entitled to participate without the consent of the chairperson; does not have a

³² King IV, Principle 8, Paragraph 49

³³ King IV, Principle 8, Paragraphs 42, 43

³⁴ JSE Listings Requirements section 3.84(a) and (b)

³⁵ King IV, Principle 8, Paragraph 47

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vote; and is not entitled to fees for such attendance, unless payment of fees is agreed to by the Board and shareholders.³⁶

2.2.8 Board meetings and Board documentation

2.2.8.1 Frequency of meetings

The Board will meet at least five times a year at locations determined by the Board. Usually, three of the meetings will be at the Company's head office, and two in Europe, for convenience, so as to limit the amount of travel for US and European directors.

Four meetings will coincide with the review of the Sappi Group's quarterly results and at these meetings, the quarterly results announcement will be reviewed after the Board has had an opportunity to consider management's reports on the current performance of the business and the future outlook. The fifth meeting will deal principally with issues relating to the Company's business plan.

2.2.8.2 Participation, quorum and written resolutions

Directors will use their best endeavours to attend all Board meetings and prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board discussions and to bring the benefit of their particular knowledge, experience, skills and abilities to bear in discharging their duties as directors.

Directors who are unable to attend Board meetings will inform the Chairperson or Company Secretary at an early date. The Chairperson of the Board may at his discretion authorise the use of audio or video conferencing facilities to make participation in a Board meeting possible should attendance in person not be possible.

The required quorum for Board meetings is a majority of directors for the time being in office. Each director will have one vote, and resolutions will require the support of a majority of the votes to be approved.

Individuals in attendance at Board meetings by invitation may participate in discussions but do not form part of the quorum for Board meetings and cannot vote.

A resolution in writing signed by a majority of the directors will be as valid and effectual as if it had been passed at a Board meeting.

³⁶ King IV, Principle 8, Paragraph 48

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2.2.8.3 Board work plan

An annual work plan will be prepared for the Board by management and a list of issues that need to be considered by the Board annually will be tabled. The agenda for discussion of these issues will be spread over the meetings of the year so that each of these issues is addressed at least once a year. A proposed work plan is attached hereto marked **Annexure B**.

2.2.8.4 Agenda meeting papers and minutes

The Chairperson must ensure, with the assistance of the Company Secretary, the Chief Executive and the Chief Finance Officer that formal agendas are prepared for each Board meeting. Any director may request an item to be placed on the agenda.

To the extent reasonably practicable, Board papers will be circulated to all directors at least one week before the meeting and full and appropriate information will be supplied to directors by way of succinct position papers or reports with the Board pack to enable directors to form an opinion on the issues on the agenda prior to the meeting and, if necessary, to request additional information before the meeting.

The Company Secretary will attend and minute all meetings and record the proceedings and decisions taken, the details of which will remain confidential. The approved minutes of the meetings will be circulated to the Board and other relevant personnel as directed by the Board.

Comprehensive minutes of meeting decisions will be kept. Minutes of discussion will be limited, but any director may request a point to be minuted if he/she so wishes.

The minutes must be completed as soon as possible after each Board meeting, and an action report circulated to directors no later than one month after the meeting. The minutes must be formally approved by the Board at its next scheduled meeting.

2.2.9 Access to information and to management

2.2.9.1 Access to information

The Board has unrestricted access to all Sappi Group information and will liaise with management on its information needs and the appropriate reports and information that it should receive to enable it

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to monitor progress and to evaluate the performance of the Sappi Group and of the executive team effectively.

2.2.9.2 Access to management

Non-executive directors will have access to management.³⁷ The protocol to be followed by non-executive directors for requisitioning documentation from, and setting up meetings with, management is set out below:

- (a) Requests should be channelled to the Chief Executive Officer or Chief Financial Officer.
- (b) The nature of the documentation required, or the purpose of the meeting, should be indicated.

3. The Chairperson

The directors will elect a Chairperson and may elect, a Deputy Chairperson, from the directors and determine the period for which each is to hold office. The Chairperson provides leadership at Board level for the objective and effective discharge of its governing role and responsibilities, represents the Board to the shareholders and is responsible for ensuring the integrity and effectiveness of the Board and Board committees as a whole. The Chairperson is also instrumental in determining the role of the Deputy Chairperson and the lead independent director.

The Chairperson's relationship with the Chief Executive Officer is one that will evolve between the two persons. The Chairperson will not be involved in the day-to-day running of the business, but will have access to routine Sappi Group information, including internal reports, to enable him/her to be fully up to date with the operations of the Sappi Group and the industry. The primary purpose of this information is to enable the Chairperson to have a good understanding of the activities of the business and to be able to provide counsel and advice to the Chief Executive Officer. In particular, he/she will play the role of sounding board for the Chief Executive Officer. The role is one of providing wise counsel on Company, Sappi Group, industry or general business matters and it is important that the Chairperson understands that advice given may or may not be followed. The Chairperson will assist the Chief Executive Officer in formulating the broad Sappi Group strategy and help form the strategic plan without becoming involved in operational management.

³⁷ King IV, Principle 6, Paragraph 4

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4. The Deputy Chairperson

The Deputy Chairperson of the Board, if elected, will fulfil the role of the Chairperson if the Chairperson is from time to time unable to fulfil the role and responsibilities of the Chairperson, for example, if the Chairperson has a conflict of interest on a matter.

5. The lead independent director³⁸

The Board (i) must appoint an independent non-executive director as the lead independent director if the Chairperson is not independent, and (ii) can at its discretion appoint an independent non-executive director as the lead independent director in other circumstances. The lead independent director will fulfil the functions determined by the Board, including the following:

- (a) To lead the Board in the absence of the Chairperson and the Deputy Chairperson;
- (b) To serve as a sounding board for the Chairperson or the Deputy Chairperson;
- (c) To act as an intermediary between the Chairperson or the Deputy Chairperson and other members of the Board, if necessary;
- (d) To deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate;
- (e) To chair discussions and decision-making by the Board on matters where the Chairperson and the Deputy Chairperson have a conflict of interest;
- (f) To lead the performance appraisal of the Chairperson and the Deputy Chairperson;

A single person can be both the Deputy Chairperson and lead independent director.

6. The Chief Executive Officer

The Chief Executive Officer provides executive leadership and is accountable to the Board for the implementation of the strategies, objectives and decisions of the Board within the framework of the delegated authorities, values and policies of the Company.

The Chief Executive Officer is appointed by the Board on recommendation of the Nomination and Governance Committee.³⁹ The duration of his or her appointment, terms of appointment and compensation are determined by the Board on recommendation of the Human Resources and Compensation Committee. The Board delegates powers to the Chief Executive Officer, and to other members of management via the Chief Executive Officer. This does not relieve the Board of its ultimate responsibility for the affairs of the Company.⁴⁰

³⁸ King IV, Principle 7, Paragraphs 31 to 33

³⁹ King IV, Principle 10, Paragraph 76

⁴⁰ King IV, Principle 7, Paragraph 31

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The Chief Executive Officer is responsible:⁴¹

- For leading the implementation and execution of the approved strategy, policy and operational planning, and serving as the chief link between management and the Board;
- For monitoring and managing the day-to-day operational requirements and administration of the Company;
- To develop and recommend business plans, policies and objectives for consideration by the Board, taking into consideration business, economic and political trends that may affect the operations of the Sappi Group;
- To submit reports, financial statements and consolidated budgets for consideration by the Board;
- To implement all approved plans, policies and programmes;
- To oversee the financial management of the Sappi Group including financial planning, cash flow and management reporting;
- To involve himself in the Sappi Group affairs through the mechanism of the Executive Committee;
- To act as Chairperson of the Executive Committee;
- Not to cause or permit any practice, activity or decision by or within the Sappi Group that is contrary to commonly accepted good business practice, good corporate governance or professional ethics.

7. The Company Secretary

The Company is required to have a Company Secretary.⁴²

The Company Secretary is accountable to the Board to:

- Guide the directors collectively and individually on their duties, responsibilities and powers;
- Ensure that Board procedures are followed and reviewed regularly;
- Ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- Maintain statutory records in accordance with legal requirements;
- Provide the Board as a whole and individual directors with detailed guidance on induction, and orientation as to how their responsibilities should be properly discharged in the best interest of the Company;

⁴¹ King IV, Principle 7, Paragraph 31

⁴² JSE Listings Requirements section 3.84(h); Companies Act section 86

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- Keep abreast of, and inform, the Board of current corporate governance thinking and practice;
- Fulfil all other functions to the position imposed by the Companies Act and by any other legislation.

The Board must consider and satisfy itself, on an annual basis, on the competence, qualifications and experience of the Company Secretary.

The Board must ensure that the Company Secretary maintains an arms-length relationship with the Board.

The Board will recognise the pivotal role to be played by the Company Secretary in the achievement of good corporate governance and empower this individual accordingly.

8. Annual general meeting

The Chairperson of the Board will attend the annual general meeting of the Company's shareholders to chair the meeting and answer any questions.

9. Disclosure and conflict of interest

Directors are required to take all reasonable steps to avoid any actual, potential or perceived conflicts of interest within the Company. Directors are expected to devote sufficient time and attention to the affairs of the Company.

Directors must comply with the Sappi Code of Ethics, particularly in so far as it applies to conflicts of interest. On the first appointment and once every year, or at any time when circumstances change, each director must, in good faith, disclose to the Board (through the Company Secretary) for recording any business or other interest which is likely to create a potential conflict of interest,^{43 44} including:

- (a) Any other offices held, including directorships, employment positions, seats on committees of a board of directors and seats on audit committees, and any other significant commitments;
- (b) Any direct or indirect interests in any other company, partnership, trust or legal or business entity;
- (c) Any contract or proposed contract which is of significance to the Sappi Group's business and/or which is entered into or to be entered into in pursuance of a resolution taken or

⁴³ King IV, Principle 7, Paragraph 25

⁴⁴ "A conflict of interest, used in relation to the members of the governing body and its committees, occurs when there is a direct or indirect conflict, in fact, or in appearance, between the interests of such member and that of the organisation. It applies to financial, economic and other interests in any opportunity from which the organisation may benefit, as well as the use of the property of the organisation, including information. It also applies to the member's related parties holding such interests." – King IV

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to be taken at a Board meeting or by any director or officer of the Company who has been authorised by the directors to enter into such contract;

- (d) Membership in trade, business or other economic entities;
- (e) Shareholding, share options and/or other interests in the Company;
- (f) Any direct or indirect interest in any transaction with the Sappi Group;
- (g) Any gifts, monies, commissions, benefits or other favours extended or received from any party in respect of or in relation to any business dealings with the Sappi Group.

A Director may only take up another office, including without limitation a directorship, employment position, seat on a committee of a board of directors or seat on an audit committee, or any other significant commitments if:

- (a) the appointment is not in conflict with the Company's and Sappi Group's business and will not affect the discharge of his or her duties as a director of the Company; and
- (b) the Director notifies the Company Secretary of the Company in writing thereof, before accepting any such appointment or undertaking such commitment, which notice shall include details of the company concerned, the business that the company engages in or has a financial interest in (whether directly or indirectly), the functions which the Director will be assuming and an indication of time which is likely to be spent on the new appointment or commitment.

At the beginning of each meeting of the Board, directors are required to declare whether any of them has any conflict of interest in respect of any matter on the agenda.⁴⁵

Without limiting the generality of the above, a director with a personal financial interest⁴⁶ in a matter to be considered at the meeting, or who knows that a related person has a personal financial interest in the matter, is required to disclose the interest at the start of each meeting, in accordance with section 75 of the Companies Act, and must:

- (a) Disclose any material information in relation to the matter known to the director;
- (b) On request of the Board, disclose any observations or pertinent insights in relation to the matter;
- (c) Leave the meeting for the duration of any other deliberations on the matter, and cannot vote on the matter;
- (d) Not subsequently execute any document relating to the matter unless the Board specifically requests or directs the director to do so.

⁴⁵ King IV, Principle 7, Paragraph 26.

⁴⁶ "A personal financial interest is, inter alia, "a direct material interest ..., of a financial, monetary or economic nature, or to which a monetary value may be attributed:" – Companies Act section 1.

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If a director acquires or knows that a related person has acquired any personal financial interests post-approval by the Board of a matter, he/she must promptly disclose the nature and extent of the interest and material circumstances relating thereto to the Committee.

In the case of disclosures made outside of a Board meeting, full disclosures should be in writing and be submitted to the Company Secretary who will submit it to the Nomination and Governance Committee and the Board at the first subsequent Board or committee meeting thereafter. Enduring, material conflicts of interest are regarded by the Board as incompatible with the fiduciary duties of directors.

Directors must account for any advantages gained in discharging their duties on behalf of the Sappi Group.

10. Independent professional advice

With the prior notification to the Chairperson or the Chief Executive Officer and with their prior approval, the Board or any director may take independent advice on matters relating to the Company at the expense of the Company. A formal mandate to be entered into between such independent advisor and the Company is to be facilitated by the Chief Financial Officer, or if it is the Chief Financial Officer seeking advice, then the Chief Executive Officer.⁴⁷

11. Dealing in securities of the Company

In terms of JSE Listings Requirements, a director who deals in the securities of the Company or in instruments linked to such securities (or an associate who deals in such securities or instruments) is required to disclose details thereof to the Company by no later than three business days after dealing, and the Company is then required to announce those details on the Johannesburg Stock Exchange's news service within 24 hours after receiving the information. A director must accordingly notify the Company Secretary of any dealing by the director or associated entities in the securities of the Company or instruments linked to such securities.

Pursuant to the JSE Listings Requirements, directors are also required to obtain the written approval of the Chairperson before they can deal in any securities of the Company or instruments linked to such securities. If it is the Chairperson who is intending to deal in any securities of the Company, the prior written approval of the Chairperson of the Audit and Risk Committee must be sought. That written approval cannot be granted, and so a director cannot deal in securities of the Company or in instruments linked to such securities, during a closed

⁴⁷ King IV, Principle 6, Paragraph 3

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period⁴⁸ or during any period when there exists price-sensitive information (even if the director has no knowledge of that price-sensitive information).

A director with 'inside information' is also subjected to 'insider trading' restrictions in relation to securities of the Company by the South African Financial Markets Act, 2012.

12. Performance evaluation of the Board, committees and directors⁴⁹

The Board will formally evaluate its own performance as well as the performance of the committees and of the Chairperson every two years. The performance of individual directors will normally be evaluated when they are required to retire by rotation and offer themselves for re-election.

13. Fees

With the approval of shareholders required in terms of section 66(9) of the Companies Act:

- directors will be remunerated for their services as such; and
- the Chairperson will be paid additional fees for services rendered as Chairperson.

The Board will decide on the value of fees to be proposed to shareholders for approval.

14. Approval of the Board Charter

This Charter was recommended to the Board for approval by the Chairperson and approved by the Board in May 2023 and will be due for review in May 2024.

⁴⁸ The following constitute closed periods:

- the date from financial year end until the date of publication of annual financial statements
- the date from expiration of the first six months of a financial year up to the date of publication of interim results
- the date from the end of a quarter up to the date of publication of quarterly results, and
- any period in which the Company is trading under a cautionary announcement

⁴⁹ King IV, Principle 9

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ANNEXURE A SAPPI GROUP AUTHORITIES FRAMEWORK – LIMITS OF AUTHORITY

Explanatory notes

- For purposes of this Sappi Group Authorities Framework, it must be assumed that the US\$ and Euro are at par, all other currencies must use the budgeted exchange rates.
- If Sappi Limited Board approval is required, approval from the prior forum is required in advance.
- Where regional Executive Committees or CEOs hold final authority approval in terms of this framework, he/she can delegate authority within its regional authority's framework discretion.

Legend A – Final approval B – Must be informed after (for noting)		Sappi Limited Board or designated committee	Sappi Papier Holdings GmbH or Exco or Group CEO	Regional Boards SEU, SNA, SSA, ST	Regional Exco meetings or Regional CEO
1.	Finance				
1.1	Auditors				
	Appointment and termination	A	-	-	-
	Sappi Limited group audit reports	A	-	-	-
	Sappi Limited group audit fees	A	-	-	-
	SPH audit report	-	A	-	-
1.2	Customer credit management and bad debt write-offs				
1.2.1	Credit limits for new and ongoing customers				
	Above US\$25 million	B	A	-	-
	Above US\$10 million up to or equal to US\$25 million	-	B	A	-
	Above US\$3 million up to or equal to US\$10 million	-		B	A
	Quarterly customer credit management reporting	B	B	B	-
1.2.2	Bad debts per customer write-off				
	Above US\$250,000	B	-	A	-
	Up to or equal to US\$250,000	-	-	B	A
1.3	Capital expenditure⁵⁰				
1.3.1	Budgeted⁵¹				
	Above US\$25 million	A	-	-	-

⁵⁰ Capex on tangible assets used in the production of income—amount includes purchases, installation and commissioning costs, contingencies and any other cost plus estimated additional working capital, including transfer of assets between mills

⁵¹ PPC packs are required if regional Board approval is required

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Legend A – Final approval B – Must be informed after (for noting)		Sappi Limited Board or designated committee	Sappi Papier Holdings GmbH or Exco or Group CEO	Regional Boards SEU, SNA, SSA, ST	Regional Exco meetings or Regional CEO
	Above US\$10 million up or equal to US\$25 million	B	-	A	-
	Above US\$5 million up or equal to US\$10 million	-	-	A	-
	Above US\$0 million up or equal to US\$5 million	-	-	B	A
1.3.2	Unbudgeted				
	Above US\$10 million (Swop out new with budgeted)	A	-	-	-
	Above US\$2.5 million up or equal to US\$10 million	B	-	A	-
	Above US\$0 million up or equal to US\$2.5 million	-	-	B	A
1.4	Strategy and budgets				
	Sappi Group strategic plans and reviews	A	-	-	-
	Annual regional and business unit budgets	A	-	-	-
1.5	Financial policies and reports				
	Sappi Group Credit Management Policy	A	-	-	-
	Sappi Group accounting policies	A	-	-	-
	Sappi Group statements of going concern or liquidity	A	-	-	-
	Sappi Group quarterly and annual financial statements	A	-	-	-
	Annual Integrated Report	A	-	-	-
	Dividend policy and declarations	A	-	-	-
	Share issues and share buy-backs	A	-	-	-
	Sappi Group Risk Management Policy	A	-	-	-
1.6	Insurance				
	Sappi Group broker appointment	-	A	-	-
	Sappi Group limits (T&Cs) renewal and review	B	A	-	-
	Regional broker appointment	-	-	-	A
	Regional limits (T&Cs) renewal and review	-	-	-	A

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Legend A – Final approval B – Must be informed after (for noting)		Sappi Limited Board or designated committee	Sappi Papier Holdings GmbH or Exco or Group CEO	Regional Boards SEU, SNA, SSA, ST	Regional Exco meetings or Regional CEO
1.7	Treasury matters (Detailed treasury LOA under item 6)				
1.7.1	Banking and borrowing				
	Funding strategy and levels	A	-	-	-
	Core banks	-	A	-	-
	Regional banks	-	B	A	-
	Banking facilities	B	A	-	-
1.7.2	Straight banks and public debt				
	Guidelines	A	-	-	-
	Above US\$100 million	B	A	-	-
	Above US\$50 million up or equal to US\$100 million	-	A (CFO)	-	-
1.7.3	Financing structures				
	Guidelines	B	A	-	-
	Above US\$50 million	A	-	-	-
	Above US\$20 million up or equal to US\$50 million	B	A	-	-
1.7.4	Financial risk management⁵²				
	Guidelines (Including risk limits)	A	-	-	-
	Above US\$50 million	-	A (CFO)	-	-
1.7.5	Guarantees on behalf of wholly-owned subsidiary				
	Above US\$10 million	B	A	-	-
1.7.6	Guarantees on behalf of third parties				
	Any value	A	-	-	-
1.7.7	Derivative instruments				
	Authorised financial instruments	B	A	-	-
	Above US\$5 million annual volatility	B	A (CFO)	-	-
	Quarterly reporting of derivative positions and exposure	B	-	-	-
1.8	Acquisition of shares or businesses from third parties				
	Above US\$10 million	A	-	-	-
	Above US\$5 million up or equal to US\$10 million	-	A	-	-
	Above US\$0 up or equal to US\$5 million	-	B	A	-
1.9	Sale of shares or business of Sappi				
	Above US\$10 million	A	-	-	-
	Above US\$5 million up or equal to US\$10 million	-	A	-	-

⁵² Foreign exchange, interest rate and credit risk plus derivatives

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Legend A – Final approval B – Must be informed after (for noting)		Sappi Limited Board or designated committee	Sappi Papier Holdings GmbH or Exco or Group CEO	Regional Boards SEU, SNA, SSA, ST	Regional Exco meetings or Regional CEO
	Above US\$0 up or equal to US\$5 million	-	B	A	-
2.	Commercial matters⁵³				
2.1	Sales to third parties				
	Above US\$100 million	A	-	-	-
	Above US\$50 million up or equal to US\$100 million	B	-	A	-
	Above US\$20 million up or equal to US\$50 million	-	-	B	A
	Above US\$0 million up or equal to US\$20 million	-	-	-	A
2.2	Purchases from third parties⁵⁴				
	Above US\$100 million	A	-	-	-
	Above US\$50 million up or equal to US\$100 million	B	-	A	-
	Above US\$20 million up or equal to US\$50 million	-	-	B	A
	Above US\$0 million up or equal to US\$20 million	-	-	-	A
2.3	Consultant contracts⁵⁵				
	Above US\$5 million	A	-	-	-
	Above US\$2 million up or equal to US\$5 million	B	A	-	-
	Above US\$250,000 up or equal to US\$2 million	-	-	B	A
	Above US\$0 million up or equal to US\$250,000	-	-	-	A
2.4	Other contracts⁵⁶				
	Above US\$10 million	A	-	-	-
	Above US\$5 million up or equal to US\$10 million	B	A	-	-

⁵³ Refers to commercial contracts that result in any Sappi entity transacting with a third party. The value is to be calculated at the time of entering into the contract based on the estimated maximum volume for 12 months multiplied by actual/budgeted price (whichever is the higher) less the maximum rebate. This should be interpreted in a broad sense and include framework agreements/reservation agreements/no-take or pay agreements and fixed priced energy contracts. If a contract is for multiple years and meets the threshold approval is required only once at commencement.

⁵⁴ Excludes CAPEX-related purchases which should be dealt with under capital expenditure see item 1.3 above.

⁵⁵ Contracts for hiring of advisors/consultants of any kind, whether in connection with any functional department whatsoever. Excluding investment bank type consulting arrangements in connection with corporate transactions (mergers and acquisitions) which will be approved as part of the greater project.

⁵⁶ Contracts such as purchases or sales of immovable, movable or intangible things, leases, rentals etc.

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Legend A – Final approval B – Must be informed after (for noting)		Sappi Limited Board or designated committee	Sappi Papier Holdings GmbH or Exco or Group CEO	Regional Boards SEU, SNA, SSA, ST	Regional Exco meetings or Regional CEO
	Above US\$1.5 million up or equal to US\$5 million	-	-	B	A
3.	Governance				
3.1	Sappi Limited Board composition and authorities				
	Board committee mandates and composition	A	-	-	-
	Sappi Group Authorities Framework	A	-	-	
3.2	Risk management				
	Sappi Group Risk Management Policy	A	-	-	-
	Sappi Group risk register	A	-	-	-
3.3	Sustainability⁵⁷ (New)				
	Sappi Group sustainability strategy (Including targets)	B	A	-	-
	Sappi Group Sustainability Report	B	A	-	-
3.4	Legal compliance and ethics				
	Sappi Code of Ethics	A	-	-	-
	Core policies to the Sappi Code of Ethics	A	-	-	-
3.5	Legal actions⁵⁸				
	Above US\$2.5 million	B	A	-	-
	Above US\$1 million up or equal to US\$2.5 million		B	A	-
	Legal actions likely to affect Sappi's reputation	B	A	-	-
3.6	Public affairs and corporate communications				
3.6.1	Press releases				
	Corporate	B	A	-	-
	Regional ⁵⁹	-	B	-	A
3.6.2	Individual donations and sponsorships				
	Above US\$100,000	B	A	-	-
	Above US\$20,000 up or equal to US\$100,000	-	B	A	-
	Above US\$0 up to or equal to US\$20,000	-	-	-	A

⁵⁷ Includes safety, environmental and community (social responsibility) matters reported to the Social, Ethics, Transformation and Sustainability Committee

⁵⁸ Both for instituting and defending civil claims; Where required forms part of the quarterly reporting to the Audit and Risk Committee.

⁵⁹ All material press releases should be coordinated through the Group Head Corporate Affairs

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Legend A – Final approval B – Must be informed after (for noting)		Sappi Limited Board or designated committee	Sappi Papier Holdings GmbH or Exco or Group CEO	Regional Boards SEU, SNA, SSA, ST	Regional Exco meetings or Regional CEO
3.7	Investor relations (New)				
	Appointment of sponsor	B	A	-	-
	Circulars to shareholders	-	A	-	-
	Quarterly and/or annual financial press releases	-	A	-	-
	Investor presentations	-	A	-	-
4.	Human resources				
4.1	Appointments, promotions, transfers and dismissals				
	Members of the Sappi Limited Board	A	-	-	-
	Direct reports to the Sappi Limited CEO	A	-	B	-
	Direct reports to the Sappi Limited CEO direct reports	B	A	B	-
	Members of SEU, SNA, SSA Boards	-	A	-	-
4.2	Remuneration and termination packages				
	Non-executive directors of the Sappi Limited Board	A	-	-	-
	Sappi CEO and direct reports	A	-	-	-
	Direct reports to Sappi CEO direct reports	B	A	-	-
	Members of SEU, SNA, SSA Boards	-	A	-	-
	Overall annual increases	B	A	-	-
4.3	Incentive schemes				
	Sappi Group Share Incentive Scheme and changes	A	-	-	-
	Management Incentive Scheme corporate and regional	A	-	-	-
4.4	Retirement schemes				
	Pension and provident fund changes and rules thereto	B	A	-	-
4.5	Succession planning				
	Sappi Limited CEO	A	-	-	-
	Direct reports to the Sappi Limited CEO	A	-	-	-
	Direct reports to the Sappi Limited CEO direct reports	-	A	-	-
4.6	Policies				
	Sappi Group HR policies and amendments	A	-	-	-

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	Regional HR policies and amendments	-	B	-	A
5.	Technical				
5.1	Mill or operational capacity management				
5.1.1	Unbudgeted maintenance and repairs				
	Items above US\$10 million	A	-	-	-
	Items between US\$5 million and US\$10 million	B	-	A	-
	Items between US\$2 million and US\$5 million	-	-	B	A
5.1.2	Sale or scrapping of production assets⁶⁰				
	Above US\$5 million	B	-	A	-
	Above US\$1 million up or equal to US\$5 million	-	-	B	A

⁶⁰ Value is higher of accounting write-off, cash proceeds (or cost) or impact on annual operating profit