

Sappi Limited ('the Company')

Nomination and Governance Committee Terms of Reference

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Nomination and Governance Committee Terms of Reference

1. Introduction

- 1.1 These Terms of Reference will apply to the Sappi Limited Nomination and Governance Committee ('Committee'), which is constituted as a committee of the board of directors of Sappi Limited ('Company') in terms of section 72 of the South African Companies Act 2008 ('Companies Act').
- 1.2 In addition to the duties and responsibilities of the Committee specifically set out in these Terms of Reference, the Board of Directors of the Company ('Board') may from time to time require the Committee to assume other responsibilities.
- 1.3 The duties and responsibilities of the Committee do not reduce the duties and responsibilities of the Board and do not accordingly relieve the directors on the Board from any of their duties and responsibilities.
- 1.4 Section 76 of the Companies Act imposes the same fiduciary and other duties on the members of a board committee as it does on directors.
- 1.5 The Committee will not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.
- 1.6 The Committee is accountable to the Board and to the Company's shareholders as a whole.
- 1.7 These Terms of Reference are 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 Report on Corporate Governance ('King IV') and the JSE Listings Requirements.
- 1.8 In these Terms of Reference, 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. Purpose of these Terms of Reference

The purpose of these Terms of Reference is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

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3. Composition of the Committee

- 3.1 The Committee shall comprise at least three members, all of whom must be non-executive directors of the Company, and a majority of whom shall be independent non-executive directors. All of the members will be elected and appointed by the Board^{1 2}.
- 3.2 The members of the Committee must collectively have sufficient qualifications, knowledge, skills, experience and capacity to fulfil their duties and responsibilities effectively.
- 3.3 The Committee is chaired by the Chairperson of the Board if he or she is a member of the Committee. If the Chairperson of the Board is not a member of the Committee, the Board will determine from time-to-time which member of the Committee will be the Chairperson of the Committee.
- 3.4 The Company Secretary of the Company will be the Secretary of the Committee.
- 3.5 The Committee members are required to keep up-to-date with developments affecting the required skill-set.

4. Role

- 4.1 The Committee has an independent role with accountability to the Board and the Company's shareholders as a whole.
- 4.2 The Committee does not assume the functions of Management, which remain the responsibility of the Executive Directors, prescribed officers and other members of Senior Management, nor does it assume accountability for the functions performed by other committees of the Board or the Audit and Risk Committee.
- 4.3 The role of the Committee is to assist the Board with the oversight of nomination and governance matters relating to the Sappi Group and to provide guidance to

¹ 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)

² An independent director is one who has not in the past three financial years been a fulltime 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 reasonably 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

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management in respect of management's duties in the nomination and governance fields.

5. Responsibilities

The Committee performs all the functions as are necessary to fulfil its role as stated above, including monitoring the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regards to the following :

- 5.1 Overseeing the process for nominating, electing and appointing directors, reviewing regularly the structure, size and composition of the Board, its committees and the Audit and Risk Committee, and making recommendations to the Board with regard to any adjustments that are deemed desirable, taking into account the policy considerations regarding rotating Board and committee membership and Chairpersonships, and the succession planning requirements for the Board and specialist committees such as the Audit and Risk Committee;
- 5.2 Overseeing succession planning in respect of directors;
- 5.3 Annually reviewing the policy on rotating Board Committee and Audit and Risk Committee chairpersonships and memberships;
- 5.4 Identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise;
- 5.5 Making recommendations to the Board at any time for the continuation (or not) in service on the Board of any director;
- 5.6 Considering and recommending to the Board the appointment of Executives to the Board taking into account the structure, size and composition of the Board at the time;
- 5.7 Evaluating the performance of individual directors when they retire by rotation and are eligible for re-election and making recommendations to the Board on the suitability of such directors for nomination for re-election;
- 5.8 Evaluating annually the independence of those directors who are classified as independent;

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- 5.9 Recommending and overseeing processes and procedures to be followed by the Board in the self-evaluation of the Board and presenting the report to the Board;
- 5.10 Drawing matters within these Terms of Reference to the attention of the Board as the occasion requires;
- 5.11 Liaising with other Board committees and the Audit and Risk Committee in respect of related responsibilities;
- 5.12 Reviewing these Terms of Reference and proposing changes when appropriate;
- 5.13 Reporting, through the Chairperson of the Committee, to the Board on matters within these Terms of Reference;
- 5.14 Reporting, through one of its members, to the shareholders of the Company at annual general meetings on the matters within these Terms of Reference; and
- 5.15 Reviewing the policy on the Promotion of Broader Diversity at Board level, and reporting to shareholders in the integrated annual report on :
 - (a) how the Board or the Committee has applied the Company's policy on the promotion of gender, race and other broad diversity at board level;
 - (b) the progress on voluntary targets.

6. Meetings and procedures

The members of the Committee will meet together for the dispatch of business and adjourn and otherwise regulate their meetings as they deem fit; provided that, unless otherwise determined by the members of the Committee on a unanimous basis, the succeeding provisions will apply to meetings of the Committee.

6.1 Frequency

The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these Terms of Reference and in its annual work plan (as set out at the back of these Terms of Reference), but subject to a minimum of two meetings per year. Should more than two meetings be required or desirable, then such meetings will be set up on an *ad-hoc* basis as and when required.

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6.2 Attendance

- 6.2.1 Every director of the Company is entitled to attend the Committee meeting as an observer.
- 6.2.2 Assurance providers, professional advisors and management may be in attendance at Committee meetings, by invitation only, at the discretion of the Chairperson.
- 6.2.3 Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad-hoc*-basis for special matters, unless a prior apology, with reasons, has been submitted to the Chairperson.
- 6.2.4 The Chairperson of the Committee will chair meetings of the Committee, provided that If the Chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairperson for the duration of that meeting.
- 6.2.5 Individuals in attendance at Committee meetings as observers or by invitation may participate in discussions but do not form part of the quorum for Committee meetings and may not vote on any matter. Only members of the Committee will have a vote at meetings of the Committee.

6.3 Agenda and minutes

- 6.3.1 The Chairperson of the Committee should participate in setting and agreeing the agenda of the Committee for each meeting for the ensuing year.
- 6.3.2 A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting, to the members of the Committee and to directors who are to be present as observers and, if and to the extent so determined by the Chairperson of the Committee, to other invitees.
- 6.3.3 Committee members must be fully prepared for Committee meetings in order to provide appropriate and constructive input on matters discussed.

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- 6.3.4 The minutes of Committee meetings are to be completed as soon as possible after the meeting and circulated to the members for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.
- 6.3.5 Minutes of the meeting, signed by the Chairperson, are sufficient evidence that the matters referred to therein have been discussed and, as applicable, decided.

6.4 Quorum and decisions

- 6.4.1 A quorum for meetings and adjourned meetings of the Committee, and for the consideration of matters at a meeting or adjourned meeting, is a majority of the members who are independent directors being present at the meeting or adjourned meeting at the time set for it to commence or at the time that a matter or resolution is first discussed or proposed. If within half an hour (or such longer period of time as is determined by the members present at a meeting or adjourned meeting) after the time appointed for such meeting or adjourned meeting or within half an hour (or such longer period of time as is determined by the members present at a meeting or adjourned meeting) after the time that a matter or resolution is first discussed or proposed, a quorum is not present, the meeting will be adjourned to such other date and time as the members present at the meeting or adjourned meeting determine.
- 6.4.2 The members of the Committee can participate in a meeting of the Committee by means of a teleconference or other electronic equipment by means of which all persons participating in the meeting can hear each other, participate freely in the proceedings and express their views audibly. Any such participation in a meeting will constitute a presence at the meeting.
- 6.4.3 Decisions to be taken at a meeting of the Committee will be taken by a majority vote of those members present and voting (i.e., the support of more than 50% of the votes exercised will be required to approve a resolution), with each member being entitled to exercise one vote. If an equal number of votes are exercised in favour of and against a resolution, the Chairperson of the meeting will not have a casting vote.

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6.5 Conflicts of interest/personal financial interests

6.5.1 At the beginning of each meeting of the Committee, each member is required to declare whether he/she has any conflict of interest in respect of any matter on the agenda. Without limiting that obligation, a member with a personal financial interest³ in a matter to be considered at a meeting of the Committee 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 :

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

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

6.6 Written resolutions

On written notice to all of the members of the Committee of not less than 5 (five) days, or such shorter period as may be agreed unanimously by the members, a written resolution signed by a majority of the members of the Committee will be valid and effective as if it had been passed at a meeting of the Committee duly called and constituted, and such resolution can be signed in counterparts.

7. Authority

7.1 The Committee acts in accordance with the delegated authority of the Board as recorded in these Terms of Reference.

³ 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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- 7.2 The Committee has the power to investigate any activity within the scope of these Terms of Reference.
- 7.3 The Committee, in the fulfilment of its duties and responsibilities, may call upon the Chairperson of other Board committees or of the Audit and Risk Committee, any of the executive directors, prescribed officers or other members of senior management, or assurance providers to provide it with information subject to it following a Board approved process.
- 7.4 The Committee has reasonable access to the Company's records, facilities and employees necessary to discharge its duties and responsibilities subject to it following a Board-approved process.
- 7.5 The Committee may authorise one or more designated members of the Committee and/or one or more executive directors, prescribed officers or other members of senior management to give effect to, or to take steps to facilitate or enable, decisions of the Committee.
- 7.6 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties and responsibilities, at the Company's cost, subject to a Board approved process being followed.
- 7.7 The Committee will have no fixed tenure and will remain established if and for so long as is determined by the Board.

8. Review of Terms of Reference

The Committee will review and reassess the adequacy of these Terms of Reference annually (or sooner if it deems it appropriate to do so) and recommend any proposed changes to the Board.

9. Work plan

The Committee must establish an annual work plan (as set out at the back of these Terms of Reference) for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

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10. Evaluation

The Committee shall perform a self-evaluation of its effectiveness formally every two years and report the results thereof to the Board.

11. Fees

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

11.1.1 Committee members will be remunerated for their services on the Committee;

11.1.2 The Chairperson of the Committee will be paid additional fees for services rendered as Chairperson on the Committee.

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

12. Approval of these Terms of Reference

These Terms of Reference were recommended to the Board for approval by the Chairperson of the Committee in May 2023.

Chairperson of the Committee

These Terms of Reference were approved by the Board in May 2023 and will be due for review in May 2024.

Chairperson of the Board
08 May 2023