

Sappi Limited (“the Company”)

Board Charter

Sappi Limited Board Charter

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Sappi Limited Board Charter

1. PURPOSE OF THE BOARD CHARTER

This Charter¹ is intended to provide a concise overview of:

- a) The demarcation of roles, functions, responsibilities and powers of the Board, the shareholders, individual Directors and the executives of the Company;
- b) Powers delegated to various Board committees of the Company;
- 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 and conflicts of interest, Board meeting documentation and procedures and the nomination, appointment, induction, training and evaluation of Directors and members of Board committees.

The Charter is further intended to inform and facilitate the achievement of the governance outcomes set out in the King IV Report on Corporate Governance for South Africa 2016 (“King IV”), as well as to take into account the JSE Listings Requirements, the Memorandum of Incorporation and any other applicable law or regulatory provision. If there is any conflict between the Charter and the Memorandum of Incorporation, the latter shall prevail.

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 South African Companies Act 2008.

A matter reserved for decision making by the shareholders is considered by the Board before it is recommended to the shareholders for decision. The Board will, where appropriate, provide the shareholders with its recommendation and the relevant material information in respect of resolutions proposed to shareholders for approval by holders of the required number of shares.

It is the policy of the Company to disclose company information to shareholders and potential investors accurately and in such a way that the shareholders are apprised of all material aspects of the business of the Company. The Board will 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.²

¹ In compiling this Charter consideration was given to the practice note issued by the Institute of Directors of South Africa.

² Principle 5, King IV.

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Directors and Executive Management of the Company are expected to attend shareholders' meetings. The Chairpersons of the various Board committees 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 South African Companies Act 2008 and the Memorandum of Incorporation of the Company.

In the execution of its governing role and responsibilities, the Board will adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the Company over time.³

2.2. The Board

The Board shall assume ultimate accountability and responsibility for the performance and affairs of the Company and shall in so doing effectively represent and promote the legitimate interests of the Company and its shareholders. The Board, at all times, shall retain full and effective control over the Company and shall direct and supervise the business and affairs of the Company. The Board does however, not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other member of senior management.

2.2.1. General Powers of the Board

The role, function and powers of the Board, its members and committees and its relationship vis-à-vis other organs of the Company and its direct and indirect subsidiaries and joint ventures are determined by law, the Memorandum of Incorporation of the Company, corporate governance best practice and decisions and policies of the Board.

In terms of Section 7.3 of the Memorandum of Incorporation, the Company confers the following powers on the Board of the Company:

The authority of the board to manage and direct the business and affairs of the Company, as contemplated in Section 66(1), is not limited, restricted or qualified by this Memorandum.

The Board shall comply with all relevant legislation and shall be required to maintain strict confidentiality in respect of all information provided relating to the business of the Company.

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 direct or indirect shareholder of the Company's subsidiaries.

With the prior notification to the Chairperson or the Chief Executive Officer and with their prior approval, the Board or any of its individual members, may take independent advice on matters relating to the Company at the expense of the Company. A formal mandate is to be entered

³ King IV, Fundamental Concepts.

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into between such independent advisor and the Company to be facilitated by the Company Secretary.

To be able to achieve its objectives, the Board will consider the requirements of all the Company's stakeholders, 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 Board⁴ is to add value to the Company by:

- a) assuming responsibility for organisational performance by steering and setting the direction for the realisation of the Company's core business and values through its strategy;
- b) approving policy and planning that give effect to the direction provided as well as ensuring the Company follows an outcomes-based approach;
- c) ensuring accountability for organisational performance by means of, among others, reporting and disclosure;
- d) acting as custodians for the shareholders 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 for the Company's shareholders;
- f) guiding, evaluating and controlling the actions of the Executive in meeting these objectives 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 management the formulation and development of the Company's short-, medium- and long-term strategy, and agreeing with them a long-term strategic plan for the Company. This will be done at least every two years with annual reviews at the time that the annual business plan is presented to the Board;
- h) the Board will annually review the business plan for the Company for the financial year ahead and a projected proposal for the following financial year and agree a formal budget with management. It will monitor Management's performance and evaluate it annually and in the long-term against both the financial and the broader strategic objectives emanating from the business plan and the strategic plan. It will also identify and monitor important non-financial aspects relevant to the business. The Board will from time-to-time identify key risk areas and key performance indicators of the business and regularly monitor these; and

⁴ King IV, Principle 6, Paragraph 1.

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- i) the Board will also regularly review and assess the effectiveness of the Company's risk management policy and procedures as well as the Company's internal and disclosure controls through the Audit Committee, which reports to the Board.

2.2.3. Matters reserved for decision-making by the Board

Matters that have specifically been reserved for Board decision-making or consent prior to final decision making and the approval authority of Board committees in respect of the Company and its subsidiaries 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 and appointment of Directors

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 objectively and effectively discharge its governance role and responsibilities, in according with King IV.⁵

The Company's Memorandum of Incorporation allows the Board to consist of up to 20 people. The ideal size, however, will be dictated by the availability of people to carry the workload and meet the appropriate diversity of talents for the Board to benefit from a variety of individual inputs of persons who have specialist knowledge of the 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. The size of the Board should also be considered taking account of the need for a sufficient number of members that qualify to serve on the Committees of the Board.

The office of the Chairperson and the Chief Executive Officer shall be separate. There shall at all times be a clearly defined division of responsibilities in both offices to ensure a balance of authority and power. The Chairperson shall be an independent non-executive director.

The ideal composition would be 12 to 14 Directors. The Chief Executive Officer and the Chief Financial Officer will at all times be members of the Board. There will not be more than 4 Executive Directors so that there will at all times be a majority of Non-Executive Directors⁶.

The Board will consist of a majority of Independent Directors⁷, and to be able to populate its committees properly, there should be at least eight such Directors on the Board. Former

⁵ King IV - Principle 7, Paragraph 6.

⁶ A non-executive Director is one who is an individual not involved in the day to day management of the Company business.

⁷ 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 and of a substance-over-form basis. [King IV Principle 7 Paragraphs 25 – 30].

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executives may remain on the Board at the request of the Board for a period of time to assist with continuity. There will not be more than 2 such Directors on the Board at any one time. They will not be considered Independent Directors although their role will be Non-Executive.

The Board will be led by an Independent Non-Executive Chairperson 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. The relationship between the Chairperson and the Chief Executive Officer is defined elsewhere in this document (see paragraph 2.3 and 2.4). When deemed appropriate, the Board will appoint a Lead Independent Director to assist the Chairperson in his duties when required or in cases when the Chairperson has a conflict of interest.

Members of the Board 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 Company operates. The Board will seek to have an appropriate mix of people from areas where the group operates and will seek to present an appropriate diversity of culture, race and gender. Procedures for selecting prospective Directors will be formal and transparent.

The Board will consider gender and race diversity in its composition at least annually and whenever a new board appointment is considered (refer to the Board Diversity Policy).

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.

Directors will be appointed for a three-year term and Non-Executive Directors will not ordinarily serve more than three terms. Directors serving for longer than three terms will be subjected to a more rigorous review of their independence and performance by the Board, through the Nomination and Governance Committee. Non-Executive Directors may continue to serve in an independent capacity for longer than nine years if upon an assessment by the Board conducted every year after nine years, it is concluded that the member 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.⁸ Directors retiring by rotation in the normal course of events will be recommended through the Nomination and Governance Committee for re-election or otherwise based on past performance, contribution and the objectivity of business decisions.

Non-Executive Directors, who are classified as independent, will be subjected to an annual evaluation of their independence by the Chairperson and Board, through the Nomination and Governance Committee.

⁸ King IV, Principle 7, Paragraph 29.

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The mandatory retirement age for non-executive directors will normally be 70 years unless recommended to the contrary in individual cases on an annual basis by the Nomination and Governance Committee and approved by the Board.

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 Company operates. The induction programme will be conducted by the Company Secretary. The induction programme will include, *inter alia*, information and guidance on:

- Group structure and business objectives;
- Financial performance of the business;
- Reciprocal expectations;
- Familiarisation by means of site visits and consultation with the Company's senior management;
- Corporate Policies and Procedures and information on directors' roles and responsibilities in terms of legislation, regulatory requirements and best practice; and
- All directors will undergo continuing professional development programmes and regular briefings on changes in legislation, government and the business environment.

Ongoing training will be provided to Directors as and when appropriate.

2.2.5. Committees of the Board

To manage its workload, the Board will appoint committees with the specific objective of evaluating key areas of business performance, in particular governance, on a more detailed basis and to report to the Board regularly on any issues that might arise although it is understood that delegation of responsibilities to committees does not relieve the Board of its ultimate responsibility for the affairs of the Company.

Each Committee Chairperson will report on the work of the Committee and the issues which it has discussed at every Board meeting. These reports will be oral, but will where necessary, 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.

Each Committee will have its own Terms of Reference which will be reviewed annually by each Committee and the Board.

The Board has established the following committees:

- i. Nomination & Governance Committee
- ii. Audit Committee

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- iii. Human Resource & Compensation Committee
- iv. Social, Ethics, Transformation & Sustainability Committee.

If necessary, the above Committees may establish sub-committees.

Every member of the Board is entitled to attend any committee meeting as an observer. However, unless that member is also a member of the committee, the member is not entitled to participate without the consent of the chair; does not have a vote; and is not entitled to fees for such attendance, unless payment of fees is agreed to by the board and shareholders.

The Terms of Reference for each of these committees are reviewed annually.

2.2.6. Board meetings and Board documentation

2.2.6.1. 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 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.

2.2.6.2. Company Secretary

The Company Secretary, or in the absence of the Company Secretary, the person to whom this function has been delegated, will be the secretary to the Board.

The minutes must be completed as soon as possible and an action report circulated to members not later than one month after the meeting. The minutes must be formally approved by the Board at its next scheduled 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.

2.2.6.3 Participation, quorum and written resolutions

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Board members will use their best endeavours to attend all Board meetings and prepare thoroughly. Board members 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.

Board members who are unable to attend Board meetings shall 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.

As per the Memorandum of Incorporation, a quorum for a properly constituted Board meeting is four Directors. A resolution in writing signed by a majority of the Directors being not less than a quorum shall be as valid and effectual as if it had been passed at a meeting of Directors.

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2.2.6.4 Board work plan

An annual work plan will be prepared for the Board and a list of issues which 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.

2.2.6.5 Agenda meeting papers and minutes

The Chairperson must ensure with the assistance of the Company Secretary and the Chief Executive and 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.

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.

2.2.7. Access to information and management

Access to information

The Board has unrestricted access to all company information and will liaise with management on its information needs and the appropriate reports and information that it should receive to enable it to monitor progress and to evaluate the performance of the Company and of the executive team effectively.

Access to management

Non-executive directors shall have access to management. 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 CEO or CFO.
- (b) The nature of the documentation required, or purpose of the meeting should be indicated.

2.3. The Chairperson

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The Directors may elect a Chairperson and a Deputy Chairperson from the Board 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 its 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 interfere in the day-to-day running of the business, but will have access to routine group information, including internal reports, to enable him/her to be fully up to date with the operations of the 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 the Company, industry or general business information 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 group strategy and help form the strategic plan without becoming involved in operational management.

2.4. The Deputy Chairperson

The Deputy Chairperson of the Board, if elected, will fulfil the role of the Chairperson if the Chairperson is unable to fulfil the role and responsibilities of the Chairperson.

2.5. The Lead Independent Director

The Board should appoint an Independent Non-Executive Director as the Lead Independent Director to fulfil the functions determined by the Board, including the following:

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

2.6. Individual Directors

- Non-executive directors may meet separately with management, without the attendance of executive directors.
- Directors act jointly when discharging their duties and no individual director has authority to act on behalf of the organisation unless specifically authorised or requested by the Board.
- Directors are jointly and severally accountable for Board decisions and actions.

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- Directors have to declare and avoid conflict of interests with the Company and must account for any advantages gained in discharging their duties on behalf of the Group.
- Directors who have a real or prospective interest in any of the business of the Company should declare such interest at a Board meeting as soon as he/she becomes aware of such specific interest.
- On first appointment and once every year, or at any time when circumstances change, all directors shall in good faith, disclose to the Board for recording any business or other interest that is likely to create a potential conflict of interest, including -
- all business interests, direct or indirect in any other company, partnership or business venture;
- membership to trade, business or other economic companies;
- shareholding, share options and/or other interests in the Company;
- any direct or indirect interest in any transaction with the Company; and
- 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 Company.

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- In addition to the generality of the required disclosures above, directors will at the start of each meeting, in accordance with the South African Companies Act 2008, where a director has a personal financial interest in a matter to be considered at the meeting or knows that a related person has a financial interest in the matter, immediately disclose this interest to the Board and will;
- Disclose any material insights in the matter and may, on request of the Board, disclose any observation or pertinent insights in the matter;
- Leave the meeting for the duration of deliberations on the matter;
- Be counted for quorum purposes, but not voting purposes, and
- Not execute any document relating to the matter, unless the Board specifically requests or direct the director to do so.
- If a director acquires any personal financial interests post approval or conclusion of an agreement, he/she must promptly disclose the nature and extent of the interest and material circumstances relating to the acquisition.
- At any time when a director resigns or is removed from office before the expiry of his/her term, he/she shall disclose to the external auditors and the Board the reasons for resignation or removal

2.7. 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. 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 Chief Executive Officer is responsible:

- 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 and taking into consideration business, economic and political trends that may affect the operations of the Company.
- 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 Company including financial planning, cash flow and management reporting.
- To involve himself in the group affairs through the mechanism of the Executive Committee.
- To act as Chairman of the Executive Committee.
- Not to cause or permit any practice, activity or decision by or within the Company that is contrary to commonly accepted good business practice, good corporate governance or professional ethics.

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2.8. The Company Secretary

The Company Secretary is accountable to the Board to:

- 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 Board members with detailed guidance on induction and orientation as to how their responsibilities should be properly discharged in the best interest of the Company; and
- Keep abreast of, and inform, the Board of current corporate governance thinking and practice.
- The Company Secretary, or in the absence of the Company Secretary, the person to whom the function has been delegated, shall be the secretary of the Board.
- The Board shall recognise the pivotal role to be played by the Company Secretary in the achievement of good corporate governance and empower this individual accordingly.
- The Company Secretary is accountable to the Board to:
- Guide the directors collectively and individually on their duties, responsibilities and powers;
- Make directors aware of any law relevant to the Company or a director to comply with the Mol or the Act;
- Ensure that applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- Facilitate a programme for the induction and ongoing development of Directors;
- Maintain statutory records in accordance with legal requirements;
- Guide the Board as to how their responsibilities should be properly discharged in the best interests of the organisation;
- Keep abreast of, and inform, the Board of current and new developments regarding corporate governance thinking and practice, and
- Fulfil all other functions to the position by the Act and by any other legislation.

2.9. 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 on the Board's activities.

3. DISCLOSURE AND CONFLICT OF INTEREST

Members of the Board will comply with the group's Code of Ethics, particularly in so far as it applies to conflicts of interest. In particular, Directors are obliged timeously to disclose their direct or indirect interests in:

- a) Any other company, partnership, trust or legal entity; or

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- b) Any contract or proposed contract which is of significance to the business of the Company's business and which is entered into or to be entered into in pursuance of a resolution taken or to be taken at a meeting of Directors of the Company or by any Director or officer of the Company who has been authorised by the Directors of the Company to enter into such contract.

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. Any such conflicts shall be proactively managed as determined by the Board and be made subject to legal provisions.⁹

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. Failure to make disclosures of interest constitutes a criminal offence in terms of the Companies Act.

4. INDEPENDENT PROFESSIONAL ADVICE

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

5. DEALING IN SECURITIES OF THE COMPANY

In terms of Johannesburg Stock Exchange requirements and regulations the Company is required promptly to notify the Johannesburg Stock Exchange when Directors deal in the securities of the Company. The Company Secretary should be notified forthwith of any dealing by a Director in the securities of the Company.

Directors are required to obtain the written approval of the Chairperson before any dealing in any securities of the Company. In the case of the Chairperson, the written approval of the Chairperson of the Audit Committee should be sought.

6. PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND DIRECTORS

⁹ King IV, Principle 7, Paragraph 26.

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The Board will formally evaluate its own performance as well as the performance of its 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-appointment.

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7. APPROVAL OF THE BOARD CHARTER

This Charter was recommended to the Board for approval by the Chairperson in May 2018 and approved by the Board in May 2018 and will be due for review in May 2019.

Chairperson of the Board

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ANNEXURE A

Abridged version of the Sappi Ltd Board / Committee authorisation

Annexure A		
Abridged version of the Sappi Limited Board Authorisation / Board Committee Authorisation		
Category	Sub-category	Description
Acquisitions of shares or businesses from 3 rd parties	Activity the same as Sappi	Final approval above US\$12.5-million
	New activity	Final approval above US\$5-million
Auditors	Appointment and dismissal	Final approval (part of Audit Committee Terms)
	Sappi Limited audit reports	Final approval (part of Audit Committee Terms)
	Group audit fees	Final approval (part of Audit Committee Terms)
Capital expenditure	Normal budget capex	Final approval above a value of US\$25-million
	Unbudgeted or unspecified capex	Final approval above a value of US\$12.5-million
Contracts	Sales to 3 rd parties	Final approval above a value of US\$100-million
	Purchases from 3 rd parties	Final approval above a value of US\$100-million
	Other	Final approval above a value of US\$25-million
	Consultants' contracts	Final approval above a value of US\$2-million
Corporate structure	Changes to the corporate structure	If risk is significant in CEO's judgement
Disposal of shares or businesses to 3 rd parties	Amount is higher of accounting write off cash proceeds or impact on annual operating profit	Final approval above a value of US\$12.5-million
Financial policies and reports	Group accounting policies	Final approval of policies (also part of Audit Committee Mandate)
	Group statements of going concern and liquidity	Final approval (also part of Audit Committee Mandate)
	Approval of group quarterly and annual financial statements	Final approval (also part of Audit Committee Mandate)
	Approval of group annual integrated report	Final approval (also part of Audit Committee Mandate)
	Dividend policy / declarations, share issue and share buy backs.	Final approval

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Annexure A		
Abridged version of the Sappi Limited Board Authorisation / Board Committee Authorisation		
Category	Sub-category	Description
Governance	Board committee mandates	Final approval of Terms of Reference
	Composition	Final approval on recommendation of Nomination Committee
	CEO's authorities framework	Final approval
	Group risk	Final approval of management policy
	Environment	Final approval of group policy
	Code of ethics	Final approval of code
	Social responsibility	Final approval of group policy
	Safety	Final approval of group policy
Human Resources	Appointments	Executive members of the Sappi Board
		Direct reports to the Sappi CEO
	Remuneration	Non-executive Directors
		Sappi CEO and direct reports to Sappi CEO
	Incentive scheme	Sappi Group share incentive scheme and changes thereto
		Management incentive scheme , Corporate, SSA, SFPE and SFPNA (part of responsibilities of Human Resources and Compensation Committee)
	Retirement schemes	Pension and provident fund rules
	Succession planning	Sappi group CEO
Direct reports to group CEO		
Policies	Group human resources policies (part of Nomination Committee)	
Insurance	Sappi Group Policies	Final approval
Maintenance repairs and renewal of assets	Budgeted maintenance	Final approval of maintenance above a value of US\$25-million
	Unbudgeted maintenance	Final approval of maintenance above a value of US\$10-million
Public affairs (shareholders)	Circulars to shareholders	Final approval
Strategic plans	Group strategy plan	Final approval every two years
	Group business plan	Final approval every year
Treasury matters	Banking and borrowing	Funding strategy and levels
		Bank and counter party risk policy
	Straight bank and public debt	Final approval of guidelines
	Financing structures other than straight debt	Final approval above a value of US\$50-million or making use of Special Purpose Vehicle
	Financial risk management	Final approval of policy
	Guarantees on behalf of 3 rd parties	Final approval any value
Derivative instruments	Final approval authorised financial instruments	
	Final approval for an application of authorised financial instruments with maximum annual volatility in excess of US\$ 5-million (part of Audit Committee mandate)	

Sappi Limited Board Charter

ANNEXURE B

Proposed work plan agenda

Annexure B	
Proposed work plan agenda	
ITEM	BOARD MEETING
Code of Ethics	February
Transformation : South Africa	February
Insurance Policy Renewal	February
Competition Law / Anti-trust Policy	February
Executive Remuneration Overview	February
Succession Planning	February
Credit Exposures : Major Customers	February and August
New Business Development	February, May, August, September, November
Post-completion Capital Expenditure Audits	May
Board Charter - Review	May
Board Committee Terms of Reference – Review	May
Group Treasury Policies Review including :	
• Forex Policy – Review	May
• Banking and Counter Party Risk Policy	May
Group Risk Management Review	May and November
Group Technology Management Report	August
Group Information Technology Report	August
Stakeholder Relationship Report	August
Business Plan	September
Directors' Fees – Review	September
Delegated Authorities - Review	September
Guarantees Schedule	November
Preliminary Profit Statement & Dividend Announcement	November
Corporate Social Responsibility Policy	November
Formal evaluation of Board performance every two years	November
Chairman : Annual Re-appointment	November
Audit Committee members: Annual Re-appointment	November
Board members: Re-appointment	November