

SAPPI GROUP - UK Tax Strategy

For the financial year ended 30 September 2022

1. OBJECTIVE

Sappi has operational companies in more than 30 countries, all of which are governed by national and international tax legislation. This document outlines the Sappi Group's Global Tax Policy and describes our governing principles for tax management. The overall aim is to be tax compliant and live up to our corporate social responsibility while ensuring a return on investment for our shareholders.

The publication of this strategy statement is regarded as satisfying the statutory obligation under paragraphs 19(2) and 22(2), Schedule 19, Finance Act 2016 for the UK companies within the Sappi Group including Sappi Rockwell Solutions Limited, Sappi Biotech UK Limited and Sappi (UK) Sales Office Limited.

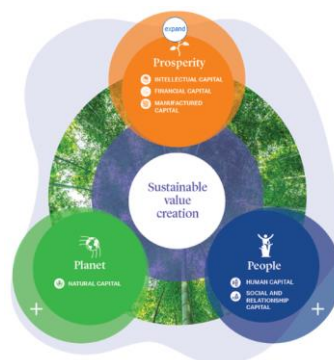
Integrated thinking and the 3Ps

We understand that the long-term sustainability of our business will only be ensured by delivering sustained value for our stakeholders. In understanding our value-creation process, we take an integrated approach, considering Prosperity, People and Planet (the 3Ps).

Through our global tax payments, Sappi contributes to a variety of state, county and council projects, which support local communities all over the world.

Sappi's tax policy and Sappi's tax payments indirectly contribute to achieving most of the 17 UN's Sustainable Development Goals (SDGs). The distribution of funds from Sappi's tax payments is of course entirely managed by local governing bodies, which means that our contribution to SDG targets in respect of taxes is indirect and mostly relevant whenever investment funded by taxes is required.

When it comes to tax, we have made a decision to act in what we consider to be a fair and responsible way: we want to comply with all tax legislation and do not engage in aggressive tax planning to avoid tax payment. We believe in contributing to the societies and local communities in which we operate.



Policy

The general tax policy of the Sappi Group is to comply with tax legislation and to meet legal requirements, including timely filing of tax returns and tax payments. At the same time, Sappi has an obligation to ensure a return for our shareholders by managing tax to secure a competitive effective tax rate in accordance with tax legislation.

Sappi pays taxes (direct and indirect) in the countries in which we operate and where profits are generated. Sappi's approach to tax planning is to support the local and global business activities by ensuring that Sappi is not subject to double taxation while following both national and international tax legislation.

We do not engage in aggressive tax planning

Sappi's structure and set-up in the UK is driven by commercial consideration and business strategy and not to obtain tax incentives.

We do not set up artificial structures in tax havens nor implement non-commercial tax structures with the primary purpose to avoid taxes on activities or engage in tax planning which moves revenue from high to low tax countries to minimise tax payments.

In connection with mergers and acquisitions, Sappi sometimes might inherit non-operational companies, and whenever this is the case, it is a priority to eliminate them as soon as possible. During this very time-consuming process, these companies must not be used for tax optimisation.

We maintain an open dialogue with tax authorities

Sappi maintains an open, transparent dialogue and a good working relationship with tax authorities both proactively and reactively. And when effectively possible, Sappi enters into transparency and corporation agreements with tax authorities and seeks for tax rulings to confirm our interpretation of local and international tax legislation.

Sappi makes use of external tax advisors to ensure compliance of transactions as well as tax returns. Engagement of tax advisors on international tax matters have to be approved by the Group Tax Manager – engagements on local tax matters will follow the standard limits of authority and will be management by local tax teams.

Our approach towards dealings with the HMRC

We are committed in maintaining a transparent and open relationship with HMRC. Sappi maintains an open, transparent dialogue and a good working relationship with the UK tax authorities both proactively and reactively.

As such, we ensure that HMRC is kept aware of significant transactions and changes in the business and the companies seek to discuss any related tax issues as soon as possible.

Any inadvertent errors in submissions made to HMRC are fully disclosed and corrected as soon as is reasonably practicable.

Where HMRC takes a different interpretation of the tax impact of a particular business transaction, we seek to resolve this issue through open dialogue in a prompt and responsible manner.

We carefully monitor and assess risks

Sappi's approach to risk management in relation to UK tax affairs is the same as the overall approach for the Sappi Group: we carefully monitor and analyse any risks to achieve the greatest possible level of transparency to ensure the right decisions are made in time to protect the business from any significant financial impact.

Roles and responsibility

The Board of Directors have overall responsibility for this policy and the framework for compliance with tax legislation. Day-to-day responsibility lies with the Group CFO who is supported by the Group Tax Department. Group Tax manages the Sappi tax framework and issues guidelines to ensure that tax legislation is observed and complied with throughout the Sappi Group.

At the UK subsidiary level, local management is responsible for ensuring compliance with tax legislation as well as implementing Sappi's global tax governance principles as outlined above. Local management is responsible to assign the various tax areas to the operational functions dealing with them on a daily basis.

Group Tax and local management monitor updates and changes to tax legislation and practices to assess impact on the Sappi Group. Operational tax matters, including how tax risks are monitored and managed, is reported to the Audit Committee on a periodic basis. Regular meetings are held with tax and finance representatives from all regions to address and discuss all material tax matters, tax implications of projects as well as changes to tax legislation impacting Sappi.

Staffing

Sappi ensures adequate staffing and skill levels and encourages tax experts to continuously join training programs to enable the team to be on top of legal changes and up-to-date with legislative requirements – as well as encouraging the team to engage in cross-functional projects to better understand the business requirements and the economic environment Sappi operates in.

We create opportunities and make resources available to enable our people to grow intellectually and bring new ideas to fruition – while keeping the highest ethical standards in place and looking for opportunities within legal boundaries and without jeopardizing Sappi reputation.