

Group Sensitive Payments and Conflicts of Interest Policy

A most valued asset of Sappi Limited and its subsidiaries is its reputation for integrity. To preserve that reputation and to reaffirm the Sappi group's existing commitment to maintain the highest level of legal and ethical standards in the conduct of its business, the Board of Directors of Sappi Limited has adopted this statement:

General statement

The policy of Sappi Limited and its subsidiaries and all employees is (a) to conduct its business in accordance with high moral and ethical standards, in observance of all other applicable laws and regulations, such as the **Foreign Corrupt Practices Act in the United States of America**, and (b) to maintain the highest possible standards in its accounting and financial procedures and statements.

These standards can only be attained and maintained through the actions and conduct of all employees in the Sappi group. It is the obligation of each employee to conduct himself/herself in a manner to ensure the maintenance of these standards. Insensitivity to or disregard for the principles of this policy will be grounds for appropriate disciplinary actions.

These standards apply in South Africa, Europe, the United States of America and in every other country in which Sappi Limited and its subsidiaries do business.

Applications of the policy

The following are particular applications of this policy—please also refer to the **Sappi Code of Ethics** for additional information:

Competitive business and business opportunities

An employee must avoid any relationship which might interfere with the exercise of independent judgment or the performance of his or her duties, including engaging in any business venture or owning an interest in any enterprise which might place him or her in competition or in conflict with Sappi Limited or any of its subsidiaries.

An employee will be regarded as being in a competitive business or business opportunity if the employee or the employee's immediate relatives are involved in a business that presently, or may in the future, do any type of business with Sappi Limited or any of its subsidiaries.

Employees must declare their interests in such businesses, and their potential conflict of interests as a result of being associated with such businesses, to Sappi management via the formal electronic or manual declaration system.

Employees who are conflicted must recuse themselves from all meetings, negotiations or appointments when Sappi deals with the businesses in which the employee is associated.

Records

All transactions must be properly and accurately recorded in the appropriate books and records of Sappi Limited and its subsidiaries and all receipts and disbursements, and any assets or liabilities resulting therefrom, must be reflected in any financial statements based upon such books and records. All receipts and disbursements must be properly supported and documented.

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No payment on behalf of Sappi Limited or any of its subsidiaries shall be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payments.

No employee shall make a false or misleading statement to, nor shall any employee conceal information from, the independent auditors or internal auditors of Sappi Limited or any of its subsidiaries.

Political contributions

No political contributions of the funds of Sappi Limited or any of its subsidiaries are to be made, directly or indirectly, to candidates for political office or to political parties or committees in any country. Any permissible exceptions to this general prohibition will require the prior consent of the Executive Chairman of Sappi Limited.

Other prohibited transactions

Employees shall not on behalf of Sappi Limited or any of its subsidiaries, directly or indirectly, participate in any of the following transactions:

- Payment (directly or indirectly) of commercial bribes or kickbacks
- Payment (directly or indirectly) to government officials or employees, employees of state owned enterprises or employees of public international organisations (eg the **United Nations**, the **International Monetary Fund** or the **World Bank**), other than disbursements in the ordinary course of business for legal purpose

- Payment (directly or indirectly) to any person if the employee knows or has reason to know that the payment will be used to bribe any government official, political party or official thereof, any candidate for political office, any employee of a state owned enterprise or any employee of a public international organisation for the purpose of obtaining, retaining or directing business to any person, or influencing them in the discharge of their duties
- Establishment for any purpose of any undisclosed or unrecorded fund, bank account, or asset of Sappi Limited or any of its subsidiaries
- Giving or receipt of costly entertainment or of gifts to or from persons with whom Sappi Limited and its subsidiaries do business
- Reimbursement of travel expenses, including expenditures for hotels, meals, airline tickets, taxis, etc, incurred by any foreign entity or representative acting on behalf of Sappi Limited and its subsidiaries, made without the appropriate prior consent, or
- Use of funds or assets of Sappi Limited or its subsidiaries for any other unlawful or unethical purpose.

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Group Sensitive Payments and Conflicts of Interest Policy continued

Guidelines for retaining foreign agents

The following are valuable guidelines to follow when entering into a joint venture or seeking to retain the services of foreign sales representatives, third party consultants, distributors, or any other prospective representative for Sappi Limited or any of its subsidiaries:

- Ask the representative for a list of references, résumé/curriculum vitae, proposed work and services plan, and a detailed sales strategy
 - Investigate and document all references and, where appropriate, have a reputable private investigator perform a background check on the representative
 - Investigate the representative's family and business ties with government officials
 - Make inquiries at state or government departments and appropriate embassies.
 - Be aware of the following:
 - (i) Requests by representatives for large cash payments
 - (ii) Payment of fees through third parties or through third party countries
 - (iii) Reimbursement for exceedingly high expenses incurred during the course of business
 - (iv) Lack of standard invoices
 - (v) Cheques drawn to cash
 - (vi) Unusual bonuses
 - (vii) Lack of internal controls on the part of the representative and its organisation
- (viii) Country in question has traditionally had corruption issues
 - (ix) Representative is related to a government official
 - (x) Representative's company is owned by a government official and his family
 - (xi) Representative requests false documentation, and
 - (xii) Under local law, it is illegal for the representative to act as an agent.
- Provisions of written contracts entered into with representatives should include, but not be limited to:
 - (i) The parties' awareness of the prohibitions and implications of violations of the current applicable law, such as the **OECD Convention** and the **Foreign Corrupt Practices Act in the United States of America**
 - (ii) No payments made under the contract will go to any government, provincial or municipal officials other than disbursements in the ordinary course of business for legal purposes
 - (iii) No assignment of any portion of the duties of contract shall be made to any third party without the prior written consent of Sappi Limited or one of its subsidiaries, and
 - (iv) Actions that may constitute a violation of the contract or of any applicable law, such as the **Foreign Corrupt Practices Act**, will constitute a breach, and will result in the termination of the contract.

Steve Binnie
Chief Executive Officer
Sappi Limited