

Group Whistle-blowing Policy

To blow the whistle is to alert a third party that someone has done, or is doing, or is about to do something wrong. So, literally, 'whistle-blowing' means that one alerts others of misconduct. When you have knowledge that someone is planning to do something wrong, you can prevent an incident.

By blowing the whistle on misconduct in an organisation, one alerts the organisation to the fact that its stakeholders are being wrongfully harmed, or that they are at risk of harm.

Throughout this policy we use the terms 'whistle-blowing', 'reporting misconduct', and 'making protected disclosures' interchangeably.

Why do we have a Group Whistle-blowing Policy

Sappi's commitment to ethical business practices is set out in the **Sappi Code of Ethics**.

We believe that by adhering to our core values of doing business with integrity and courage; making smart decisions which we execute with speed. Sappi will grow sustainably and to the benefit of our stakeholders. Because we take our values seriously we need to act when they are being threatened.

We also know that illegal and unethical activities can cause harm to Sappi, to people, and to the environment.

This **Group Whistle-blowing Policy** aims to ensure that Sappi is informed when misconduct of any sort takes place, thereby protecting the interests of Sappi and its stakeholders, as well as our reputation.

This document sets out Sappi's written, formal **Group Whistle-blowing Policy**.

Its purpose is to:

- Clarify what types of misconduct are reportable
- Give assurance of Sappi's commitment to protected disclosures
- Give assurance of Sappi's zero tolerance policy of retaliation against legitimate whistle-blowers
- Inform employees of the various ways of making a protected disclosure (or obtaining advice) and to give clarity on these processes
- Clarify managers' responsibilities with regard to confidentiality, disclosure and ensuring whistle-blowers are not victimised, and
- State what actions Sappi will take upon receiving whistle-blowing reports, ie how the process will be managed.

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Group Whistle-blowing Policy continued

When should one blow the whistle?

Misconduct is reportable when it has taken place, is in the process of taking place, or is reasonably likely to take place. Harm to Sappi and its stakeholders may occur when any misconduct is unchecked or unaddressed. The sooner misconduct is reported, the greater the chances of mitigating any possible damage.

Importantly, in determining whether to report misconduct, harm is not only measured in terms of resources lost or damage to a particular programme or initiative, but may also include harm to Sappi's integrity and reputation.

Reportable conduct falls into the following categories:

Illegal or unlawful conduct

Conduct may be illegal or unlawful in terms of the laws of countries and international law. We all have legal responsibilities, obligations or duties. Criminal offences such as theft, fraud and corruption (for example, bribery) fall into this category and should always be viewed most seriously. You have an obligation to report any illegal or unlawful conduct.

Example:

You are aware that staff members are colluding with security services to steal supplies from storage facilities.

Conduct which violates company procedures

Conduct may be reportable when it violates any of Sappi's procedures (including policies, rules and regulations).

Such procedures are important for good governance, and breaching them may expose Sappi and its stakeholders to risk of loss or actual loss.

Example:

You know that Sappi follows certain recruitment procedures to make sure that we get the right person for the job. You are aware that a supervisor has bypassed this process and appointed his daughter to a position for which she is clearly not qualified.

Unethical conduct

The **Sappi Code of Ethics** gives guidance as to what we consider to be ethical and unethical behaviour. This code does not cover all unethical actions and if you believe that an activity is unethical—in other words, it goes against generally accepted ethical standards—then you should report this or ask advice on the matter.

Something might not strictly be against any law or policy, but it might still be unethical.

Example:

You know of a situation in which an employee awards a no-bid contract to a company in which that employee has an undisclosed financial interest.

Not all forms of unethical conduct should be reported using the whistle-blowing channels. For example, some kinds of conduct may be disrespectful, and therefore undesirable, without harming any serious interests other than personal feelings. For this type of conduct it is recommended that employees contact their local Human Resources Department.

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Wasteful conduct

Conduct constituting a gross waste of company resources is a reportable category in its own right since responsible use of resources is crucial to the success of Sappi.

If company resources were used in a wasteful manner this would be reportable under the whistle-blowing mechanism.

Example:

Employees at a mill have a falling out with their plant manager. In order to spite him they purposefully grade wood incorrectly, thereby causing lower/sub-standard wood to be used for paper pulp.

The misconduct in the four abovementioned categories could include many different types of activities. While it is not possible to list all these activities we appeal to employees to be especially vigilant about the following issues:

- Health and safety issues
- Environmental damage
- Financial misconduct
- Theft
- Discrimination
- Corruption, and
- Attempts to conceal and suppress any information relating to any of the above.

You may only report misconduct in good faith. In other words, you must have reasonable grounds for suspecting the misconduct, and you must believe that your allegations are substantially true.

It is a violation of company policy to make allegations which you know are not true or are based on an improper motive, instead of facts. The company may impose discipline for reports that are not made in good faith.

Whistle-blower protection

Retaliation is a concern because those who benefit from misconduct may attempt to retaliate against or victimise a whistle-blower for loss, or potential loss, of that ill-gotten benefit, and to protect themselves from legal or disciplinary action.

Should a whistle-blower have a concern regarding retaliation that person should make their report using the confidential or anonymous reporting mechanisms provided for (See '**How to blow the whistle**'-section below). The reporting person must from his or her side also ensure that they do not make it known to anyone else that they have made the report.

Sappi gives the assurance that we will not tolerate retaliation against any person who makes a report in good faith. Any form of retaliation or victimisation is itself a violation of company policy and possibly the law.

Sappi gives assurance that we will not retaliate against, or disadvantage anyone (including contractors, suppliers and clients) who makes a reasonable report to us in good faith.

However, reporting in no way protects a whistle-blower from being subjected to legitimate disciplinary or legal action. In other words, blowing the whistle cannot be used to escape legitimate disciplinary or legal action if you were yourself involved in the misconduct or would otherwise be subject to discipline or legal action.

Who should blow the whistle?

Sappi staff members have an obligation to report misconduct. However, anyone (including Sappi contractors, suppliers, and customers) who knows of misconduct related to Sappi is strongly encouraged to report this, using their preferred reporting option (See '**How to blow the whistle**'-section below).

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Information required when blowing the whistle

Sappi carries out formal investigations when we have reason to believe that improper acts have been committed.

Please make your complaint as specific as possible, and include the following detail:

- What alleged wrongdoing are you reporting?
- Where and when (dates and times, if available)?
- Who was involved?
- How the individual(s) or firm(s) committed the act?, and
- Why you believe the activity is improper?

You will not be expected to prove the truth of an allegation. When reporting, you will however need to show that you have sufficient grounds for your concerns.

How to blow the whistle

There are different ways of raising a concern or blowing the whistle. The avenue which you choose will depend on the seriousness of the misconduct you are reporting and which of the avenues you are most comfortable with.

You can make a report confidentially or anonymously.

When making a confidential report your identity is known to the person to whom you make the report, but it will be revealed only to those in senior management who are required to know of violations and as may be required for Sappi to investigate or take action and as required by applicable law.

If you choose to report confidentially, you should be aware that Sappi managers have an obligation to act in the best interest of Sappi and to report your allegations to those in Sappi who are responsible for investigating such reports.

Furthermore, Sappi personnel are not authorised to hold back facts. There is no such thing as an 'off the record' conversation.

The benefit of confidential reporting is that you can be contacted at a later stage for further information, thereby improving the chances of a successful investigation.

With an anonymous report you do not reveal your identity (as long as you do not tell anyone yourself). Since you cannot be contacted at a later stage, it could make the investigation more difficult.

If you report anonymously to the **Sappi Ethics Hotline** you will be given a reference number that identifies your call. If you wish to call back later to provide additional information or follow up on what has been done about the violation which you reported, please remember to provide your reference number.

If you contact the **Sappi Ethics Hotline** and the investigation is complete you will be advised of whether discipline was imposed or not imposed. Should the problem recur or should you be the victim of retaliation, we need to know immediately.

With both confidential and anonymous reporting you also have a responsibility not to let anyone else know that you have made the report.

Avenues for reporting misconduct

Minor misconduct

In cases of minor misconduct (for example, if it is not illegal or it does not pose significant potential damage to Sappi or any of its stakeholders) you are encouraged to approach your direct line manager or any manager or senior manager in Sappi who you trust.

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Serious misconduct and illegal activities

Any serious misconduct or illegal activities can be reported in any of the following ways:

- Calling Internal Audit
- Calling the Legal Department
- Sending a written report to Group Internal Audit
- Sending a written report to the Group Legal Department, or
- Calling the **Sappi Ethics Hotline** as set out below.

Calling the Sappi Ethics Hotline

If you prefer remaining anonymous, it is best to call the **Sappi Ethics Hotline**. It is available 24-hours a day, 365 days a year.

All calls are treated confidentially and you may choose to remain anonymous. You can speak to an agent in English or another language as detailed below.

Phone calls will be answered by an independent third party vendor. The third party agent will ask you a number of questions which will help to create a report focusing on the facts surrounding your concern.

You will be given a reference number that identifies your call should you wish to call back later to provide additional information or follow up on what has been done about the violation which you reported.

Sappi Ethics Hotline contact details

Country	Telephone number	Online	Email address
Austria:	0800 281 119	www.convercent.com/report	Ethics@sappi.com
Belgium:	0800 260 39		
Canada:	1 800 235 6302		
Finland:	0800 076 35		
France:	0805 080 339		
Germany:	0800 181 2396		
Hong Kong:	800 906 069		
Hungary:	21 211 1440		
Italy:	800 727 406		
México:	800 681 6945		
Netherlands:	0800 022 0441		
Poland:	00800 111 3819		
Russia:	8800 100 9615		
South Africa:	+27 800 98 3612		
Spain:	900 905 460		
Switzerland:	0800 838 835		
Ukraine:	0800 501 134		
United Kingdom:	0808 189 1053		
USA:	1 800 461 9330		

What if I need to ask advice about an incident?

You might be in a situation where you have knowledge of misconduct and would like to get more advice while considering whether you should blow the whistle. You could approach a Sappi manager, but you must be aware that these managers have an obligation to act in the best interest of Sappi. If you give them information about misconduct involving Sappi, they have an obligation to report it. Sappi encourages reporting and the company hopes that you will report in good faith even if you are not 100% certain that you should.

Managers' responsibilities

As a manager in Sappi it is likely that staff members might report misconduct to you, seek your guidance or otherwise wish to discuss these matters with you.

Should you be confronted with this you have the following duties:

- You must explain to the reporting person that you cannot give independent advice or speak 'off the record', and
- You must ask the reporting person if he or she wants his or her identity to be kept confidential.

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- If he or she does, you must respect that person's confidentiality and not convey it to anyone else except as necessary to report the matter appropriately (See '**How to blow the whistle**'-section above). You may only reveal the reporting person's identity to your supervisor, to the Sappi Group Head Strategy and Legal, to a member of your regional Legal Department, to Group Internal Audit or to your regional Internal Audit.

You also have the following general duties:

- Ensuring that staff who report to you are aware of the **Group Whistle-blowing Policy**, and
- Ensuring that no retaliation or victimisation takes place when someone has blown the whistle in good faith.

Whistle-blowing investigations

Sappi is committed to investigating and addressing all cases of reported misconduct.

If you make a report, you can rest assured that personnel from Internal Audit and other divisions within the company will take your report seriously and investigate it thoroughly.

Furthermore, if you wish, arrangements can be made to provide you with a description of how your report was resolved.

Creating awareness

In order for this policy to be successful, it must be supported by a structured training, education, communication and awareness program.

It is the responsibility of all managers to ensure that all employees are made aware of this policy, and receive appropriate training and education with regard to it.

Administration

Group Internal Audit, together with the Group Corporate Counsel, is responsible for ensuring uniformity with the implementation of this policy.

Parties with whom a complaint has been logged will maintain a record of concerns raised and the outcomes (but in a format which does not compromise confidentiality).

Steve Binnie
Chief Executive Officer
Sappi Limited