

In 2008, we signed the UN Global Compact, a CEO-led strategic policy initiative which gives signatories a platform for advancing their commitments to sustainability and corporate citizenship.

The Compact has two principal objectives: mainstream the ten principles which businesses commit to and catalyse actions in support of broader UN goals, including the Millennium Development Goals.

The ten principles to which businesses commit		Our performance against these commitments	GRI G3.1 indicators
1	Support and respect the protection of international human rights within their sphere of influence.	At Sappi, we endorse the principles entrenched in the Universal Declaration of Human Rights and conform to the core labour standards of the International Labour Organisation (ILO). We also conform to — and in many cases exceed — the labour conditions stipulated by the governments of the countries in which we operate. In 2009, we formally published a human rights policy.	HR1 HR2 HR3 HR4
2	Make sure their own corporations are not complicit in human rights abuses.	As stipulated above, we adhere to the standards of the ILO and legal labour conditions. In 2008, we stated that we would look into the protection of human rights in our procurement standards. This has now been included in our supplier policy.	HR2 HR3
3	Freedom of association and the effective recognition of the right to collective bargaining.	<p>We recognise the right to freedom of association and collective bargaining. We consult with trade unions and employees on a wide variety of issues such as organisational change and training. In 2011, 63.5% of our employees in North America were unionised. In South Africa, unions represent approximately 52% of all employees employed in Sappi. Union representation in Europe is estimated at 65.8%.</p> <p>Disciplined behaviour is essential not only for individual well-being, but also to achieve our group goals and objectives. In each region, disciplinary codes ensure disciplinary procedures are applied consistently, while grievance policies entrenches the rights of employees, including the right to raise a grievance without fear of victimisation, the right to seek guidance and assistance from a member of the Human Resources department or their representative at any time and the right to appeal to a higher authority, without prejudice.</p>	HR5 LA3 LA4
4	The elimination of all forms of forced and compulsory labour.	All labour is sourced on the open market. In rural areas, forest products companies like Sappi are often the only, or major, employers in the region which makes the local population very dependent on the company. However, Sappi pays market-related wages in accordance with local legislation. In Southern Africa, our plantations are 100% FSC-certified or controlled and this forest certification system stipulates the protection of indigenous rights.	HR7
5	The effective abolition of child labour.	This principle is inherent in our labour policies across the group.	HR6
6	The elimination of discrimination in respect of employment and occupation.	Sappi is an equal opportunity company. Gender diversity is increasing steadily throughout the group and in South Africa we have employment equity targets to promote economic and social transformation among the previously disadvantaged.	HR4 LA10 LA11

# UN Global Compact continued

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7	Support a precautionary approach to environmental challenges.	<p>The precautionary approach places the onus on Sappi to anticipate harm before it occurs and to take active steps to prevent any harm from occurring. We achieve this by:</p> <ul style="list-style-type: none"> <li>Conducting ongoing research into the impact of our activities and investigating methodologies to improve our performance at our research centres around the world</li> <li>Continuously monitoring our environmental performance</li> <li>Conducting thorough environment impact assessment before the start of any new activity.</li> </ul>	4.13
8	Undertake initiatives to promote greater environmental responsibility.	<p>At Sappi we:</p> <p>Sponsor several environment-related publications accessible to the general reader.</p> <p>Provide schools with extensive environmental educational material. In South Africa, the SappiWWF TreeRoutes Partnership aims to protect ecologically sensitive areas while establishing sustainable business ventures for communities that help them to understand and respect the value of these ecologically sensitive areas. In this region, we also sponsor the Sappi Frog and River Meander Exhibit – the story of a river: at the Two Oceans Aquarium and the Sappi Birdlife SA Birding Big Day 2011, a national awareness drive for birding.</p> <p>In North America, we play an active role in Living Lands and Waters, a non-profit, environmental organisation focused on cleaning up America's great rivers and forest restoration. In this region, we work to make forest certification more accessible to farmers.</p> <p>Sappi Fine Paper Europe supported a tree-planting project (some 350,000 trees) in Ethiopia in support of the work of the WeForest organisation (<a href="http://www.weforest.org">www.weforest.org</a>).</p> <p>In 2011, we improved our score (based on our carbon disclosure and mitigation strategies) on the South African Carbon Disclosure Project (CDP) from 75 to 80 points out of a possible 100 points.</p> <p>We also signed the 2 degree climate challenge.</p>	<p>EN01</p> <p>EN02</p> <p>EN03</p> <p>EN04</p> <p>EN05</p> <p>EN06</p> <p>EN07</p> <p>EN08</p> <p>EN09</p> <p>EN10</p> <p>EN11</p> <p>EN12</p> <p>EN13</p> <p>EN14</p> <p>EN15</p> <p>EN16</p>

# UN Global Compact continued

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9	Encourage the development and diffusion of environmentally friendly technologies.	<p>Our research and development initiatives are focused on technical improvement of processes and products, and on the development of environmentally friendly technologies. It makes sense from both an economic and environmental standpoint to aggressively manage our raw materials and energy usage. For example, while a typical mill may use large quantities of fresh water, this water is re-used, often several times in the process, before it is treated and returned to the environment. Likewise, sources or air emissions are captured and either consumed in the process or scrubbed by pollution control equipment. Many of our mills are nearly energy self-sufficient and derive the majority of their energy from renewable, rather than fossil fuel sources.</p> <p>Globally, in 2011, our use of renewable energy stood at just over 47%</p>	EN17
10	Work against corruption in all its forms, including extortion and bribery.	Our commitment to combating corruption is embodied in our Code of Ethics which gives very clear guidelines on the behaviour expected of Sappi employees, suppliers and contractors at all times. The Code is reinforced by independently operated Hotlines, which guarantee callers complete anonymity. All calls are followed up and reports are submitted to the Audit Committee on a quarterly basis. Refer to our 2011 Integrated Report for further details.	SO2

We express our commitment to sustainability not only in the decisions we make every day in running our business, but also through public forums such as the United Nations Global Compact. The Compact sets benchmarks which help us to improve our governance systems and our performance in terms of Prosperity, People and Planet.

**Ralph Boöttger**  
Chief Executive Officer, Sappi Limited