
Anti-Corruption Policy

(dated for reference October 28, 2014)

General

The Board of Directors (the "Board") of Mercer International Inc. ("Mercer" or the "Company") has adopted this Anti-Corruption Policy (this "Policy") to ensure compliance by the Company and its directors, officers, employees and agents with the U.S. Foreign Corrupt Practice Act (the "FCPA") and other applicable anti-corruption laws.

This Policy is not designed to be all encompassing. It is meant to provide a set of general rules to be adhered to and guidelines for conduct when the FCPA or other applicable anti-corruption laws may be implicated. It does not prescribe rules for every possible situation. In certain instances, this Policy or the FCPA may be more or less restrictive than applicable local laws, in which case the higher standard will apply. Questions regarding this Policy or the appropriate actions to be taken in respect of a particular situation or business transaction should be directed to the Company's Vice President and Controller, Richard Short, or such other officer as the Company may designate from time to time (the "Compliance Officer").

This Policy is intended to expand upon the provisions of the Company's existing Code of Business Conduct and Ethics relating to International Operations.

Principles

Mercer is committed to maintaining high ethical standards of business conduct in all its activities throughout the world and recognizes the importance of creating a robust anti-corruption culture and compliance program.

Neither Mercer nor any of its employees or agents shall offer, make, promise or authorize payments to foreign officials, directly or indirectly, which would violate the FCPA or other applicable anti-corruption laws anywhere in the world. Mercer will also not condone or tolerate the offering, making or authorizing of such payments by any employee or agent.

Any employee or agent who has knowledge of facts or incidents which may be in violation of this Policy has an obligation, promptly after learning of such facts or incidents, to report the matter.

No employee or agent will suffer adverse consequences for refusing to make bribes or other prohibited payments, or from reporting any such payments or requests for payments, even if this may result in a loss of business by the Company.



Prohibited Payments

A Mercer employee, or agent acting on Mercer's behalf, may not directly or indirectly offer, make or authorize the payment of "anything of value" to a "foreign official" in order to obtain or retain business or to secure an improper advantage anywhere in the world.

The fact that foreign officials may routinely solicit and receive bribes does not make the payment of such bribes permissible under this Policy or acceptable to the Company.

No employee shall suffer adverse consequences for refusing to make a bribe or other prohibited payment, even if this may result in a loss of business by the Company.

"Anything of value" is a very broad term and can include, for example, the following:

- cash
- gifts
- travel, meals, lodging, entertainment, gift cards
- loans
- non-arm's length transactions
- charitable donations
- political contributions

A "foreign official" is any person acting in an official capacity for or on behalf of a government, department, agency or instrumentality outside of the United States. They can include, for example, the following:

- officers or employees of a foreign government or any department, agency or instrumentality thereof
- officers or employees of a company or business owned or controlled by a foreign government
- officers or employees of a public international organization
- foreign political parties or officials thereof
- candidates for political office

The term also includes spouses or other immediate family members of foreign officials.

Exceptions to Prohibited Payments

The following payments to foreign officials are not prohibited by this Policy:



- reasonable gifts, travel and entertainment where this is a bona fide business purpose directly related to the promotion, demonstration or explanation of the Company's products or services or the execution of a contract with a foreign government or agency
- small gifts or tokens of esteem or gratitude and without any intent to gain any special advantage
- facilitating or expediting payments made in furtherance of routine governmental action that involve non-discretionary acts that do not otherwise violate any laws applicable to the Company and that are made with prior approval of the Compliance Officer unless there is an emergency situation affecting an individual's health or safety

Where there is a question of whether or not a payment falls within one of the permitted exceptions, approval of the Compliance Officer should be sought prior to the making of the payment.

Agents

All agents retained by the Company to act on its behalf must comply with this Policy, the FCPA and other applicable anti-corruption laws.

Sufficient due diligence must be performed on prospective agents – both prior to their engagement and on a continuous basis following their engagement – to ensure their compliance with this Policy, the FCPA and other applicable anti-corruption laws.

The due diligence process in selecting an agent to interact with foreign officials should include:

- Conducting a background check
- Discussing the FCPA and other applicable anti-corruption laws with the prospective agent
- Discussing this Policy (including providing a translated copy if necessary) with the prospective agent
- Selecting an agent based on objective criteria, rather than because of family relations with government officials or at the insistence of a foreign official
- Requiring the agent to confirm that it will comply with this Policy, the FCPA and other applicable anti-corruption laws
- Not permitting the agent to sub-contract its work for the Company to third parties without the Company's prior approval
- An investigation of public sources of information regarding the prospective agent, including inquiries with appropriate government sources

In addition, once an agent has been engaged, employees overseeing the agent must continuously monitor the activities of the agent to ensure compliance with this Policy, the FCPA and other applicable anti-corruption laws. In particular, the following suspicious activities should be reported to the Compliance Officer immediately:



- Requests for over-invoicing
- Requests for payments in a third country, to a third party or to a foreign bank account
- Requests for payments in cash or other untraceable funds
- Requests for charitable or political contributions
- Refusals or hesitancy to promise to abide by this Policy, the FCPA or other applicable anti-corruption laws
- Any misrepresentations by the agent as to its background, history or experience
- Reliance by the agent on government contacts rather than investment of time and expertise to promote the Company's interests
- Any family relationship between the agent and any foreign official

The above factors are intended to serve as a guideline for the due diligence process that should be conducted. The appropriate level of due diligence to be performed with regard to a specific engagement should be determined on a case-by-case basis, with regard to factors such as the risk profile of the countries in which the agent will be acting and the level of interaction with foreign officials that the agent will have. Where questions as to the appropriate level of diligence exist, employees should contact the Compliance Officer.

Acquisitions

Diligence of potential Company acquisition targets should include an appropriate investigation of the targets' FCPA and other applicable anti-corruption law compliance history and programs.

The FCPA and other anti-corruption laws can, in some instances, impose successor liability on the Company if it acquires a business that was in violation of these laws. Accordingly, an appropriate due diligence review of an acquisition target should be conducted with respect to its anti-corruption compliance history and programs, unless prior approval of the Compliance Officer is received. Questions as to the appropriate level of due diligence to be performed on a specific acquisition target should be determined in consultation with the Compliance Officer.

Reporting

Any employee or agent who becomes aware of a violation or potential violation of this Policy, the FCPA or any other applicable anti-corruption law, including any requests by a foreign official or an agent for a prohibited payment, or other suspicious behavior of the type specified above under "Agents", must promptly report it to the Compliance Officer. Under no circumstances shall the reporting of any such information in good faith serve as a basis for any retaliatory action to be taken against any reporting employee.

Any reporting by an employee under this Policy will be subject to the protections of the Company's existing Whistleblower Policy.



Books and Records

Compliance with the Company's accounting and internal control procedures is mandatory. All expenditures involving foreign officials must be recorded accurately and must include the amount and purpose of the expenditure.

Compliance

Any employee or agent who violates this Policy, the FCPA or any other applicable anti-corruption law will be subject to disciplinary actions by the Company, including up to termination of employment or the agency relationship.

Employee compliance with the Policy will be an element of each employee's performance evaluations and will affect decisions concerning compensation, promotion and retention.

