



ANTI-CORRUPTION POLICY

PURPOSE AND APPLICATION

As the Foundation for a Smoke-Free World, Inc. (the “Foundation” or “we”) expands and develops internationally, the Foundation must ensure that all employees and agents obey the laws of those countries where we operate. Improper gifts, payments or offers of anything of value to foreign officials could jeopardize the Foundation’s mission and reputation. The use of Foundation funds or assets for any unlawful, improper or unethical purpose is strictly prohibited. Specifically, it is the Foundation’s policy to comply fully with the Foreign Corrupt Practices Act (“FCPA”), the United Kingdom Bribery Act of 2010 (“UK Bribery Act”), and other applicable anti-corruption laws in any country in which we operate and/or provide grants.

This Policy extends to all of the Foundation’s domestic and foreign operations and to all of the Foundation’s financial record keeping activities, and is integrated with the obligations to which the Foundation is already subject by virtue of federal and state laws.

The improper payments described in this Policy are illegal, unethical, and prohibited by the Foundation. These guidelines, however, are not a substitute for common sense and good judgment that all persons associated with the Foundation are expected to exercise when conducting business abroad. This Policy is a guide and cannot address all situations that might arise; Foundation employees, its grantees and agents should consult with the Foundation’s CFO, and/or seek the assistance of counsel, when dealing with situations potentially implicating the FCPA, the UK Bribery Act or other applicable anti-corruption laws.

INFORMATION AND GUIDANCE

Employees of the Foundation must comply with the anti-corruption and anti-bribery laws in all jurisdictions in which the Foundation operates and/or provides grants.

The Foreign Corrupt Practices Act (“FCPA”)

A. Anti-Bribery Provisions

The FCPA’s anti-bribery provisions make it illegal to bribe foreign officials in order to obtain or retain business or to secure any improper advantage. Specifically, the FCPA prohibits payments, offers or gifts of money or anything of value, with corrupt intent, to a “foreign official.”

For purposes of this Policy, a “foreign official” includes, but is not limited to, any officer or employee of a foreign government, elected officials or candidates for political office, consultants

who hold government positions, employees of companies owned by foreign governments, political party officials, and others. As just one relevant example, if we were to work with a foreign state-owned company to implement pilot programs for tobacco farming alternatives, our dealings with the employees of the state-owned company would be covered by the FCPA.

Under the FCPA, the definition of anything of value is very broad and includes among other things:

- cash or gift cards;
- vehicles;
- art;
- contractual rights;
- personal gifts;
- travel expenses;
- donations to charity;
- meals and entertainment;
- accommodations;
- per diem allowances;
- services;
- excessive discounts;
- jobs for relatives or others.

For example, providing plant seed to a foreign government or parastatal agricultural research body for pilot studies without a payment in exchange would be covered by the FCPA.

The FCPA applies to all Foundation employees, its grantees and agents, even if they are not United States citizens, do not reside in the United States, and have never been to the United States.

1. Prohibited Payments

Because of the FCPA's strict prohibitions, Foundation personnel should not make, directly or indirectly or authorize any gift, payment or offer of anything of value to any foreign official, whether on the local, regional or national level, with limited exceptions. Payments, regardless of amount, to foreign government officials for obtaining, maintaining or directing business to the Foundation, including, but not limited to gifts or entertainment, are not permitted. This prohibition also applies to indirect contributions, payments or gifts made through consultants, advisors, business partners or other third parties such as grantees. As one example, this situation might arise if payments are made to a charitable organization connected with a foreign government official.

a. Facilitating Payments

The UK Bribery Act, which is further described below, prohibits "facilitating" or "grease" payments to foreign officials for any purpose, even to obtain non-discretionary, routine governmental actions such as obtaining permits or processing visa or customs invoices. Accordingly, while the FCPA permits such payments for non-discretionary, administrative functions under certain very limited circumstances, the Foundation has imposed a prohibition on facilitating payments to ensure the strictest compliance with the law. Under this Policy, employees, grantees or agents may only make facilitating cash payments if such payments are demanded in a circumstance where an employee is in imminent danger and the payment is promptly reported to the CFO.

2. Permissible Payments

a. Promotional and Marketing Expenses

Various types of “promotional or marketing payments” may be permissible under the FCPA in certain circumstances. Foundation employees, grantees or agents, however, should ensure that no promotional expenses go toward inappropriate forms of entertainment that would tarnish the public image of the Foundation or toward lavish entertainment that could create an appearance of impropriety. As a general matter, the promotional expenses should be infrequent, should be of nominal value, should never be in cash or cash equivalents such as gift cards, and must comply with this Policy. Moreover, these expenses must be fully and accurately described in the Foundation’s, grantee’s or agent’s books and records and will be audited periodically. The Foundation employee, grantee or agent making the payment must certify that the payment is in compliance with applicable anti-bribery statutes and local law. Foundation employees must obtain advance approval from the CFO for such promotional and marketing expenses to any foreign government officials or employees of state-owned entities.

b. Travel and Entertainment Expenses

Limited travel and entertainment expenditures may be permitted if they do not violate the FCPA or any applicable local law and they constitute bona fide promotional expenditures. All expenses should have a valid business purpose and not be categorized simply as relationship building. Payments should not be in cash or cash equivalents, should be infrequent, should only be made to the business persons involved and not include family members, and should be fully and accurately described in the Foundation’s, grantee’s or agent’s books and records. Once again, Foundation employees, grantees and agents should not provide gifts and entertainment to foreign officials or authorize a promotional expense or event for a foreign official except as set forth by this Policy, and with respect to Foundation employees, only if the CFO has provided prior written approval.

B. Selection Process and Due Diligence

The Foundation is responsible not only for the practices of its personnel, but also the conduct of agents, consultants, advisors, and other third-parties retained to represent the Foundation (collectively, “agents”), as well as grantees that receive Foundation funds. Situations where the Foundation engages foreign agents create for potential violations of the FCPA’s anti-bribery provisions. Thus, it is important to screen any individual or entity that receives a Foundation grant or may be retained as an agent to confirm that:

- (1) the individual is not a government or political party official or candidate for office or a close relative of same;
- (2) the company is not owned, controlled or otherwise a front for a government or political party official or candidate for office or any close relative of same;
- (3) the grantee and/or agent is technically able to perform the services required and provides detailed invoices of the services rendered and associated costs; and

- (4) the grantee and/or agent will conduct its operations in accordance with this Policy.

In general, due diligence would require that the grantee and/or agent be asked about his or her credentials, that information be verified against independent sources, that the information gleaned be updated periodically and retained, and that any grant or agency contract contain language to protect against improper conduct. More specific due diligence procedures also may be warranted if “Red Flags” are present (*e.g.*, grantee or agent fails to provide itemized and transparent list of expenses, makes unusual requests to backdate invoices, or has relatives in the local foreign government or political parties).

C. Penalties

The FCPA imposes criminal liability on both individuals and organizations. For individuals who violate the anti-bribery provisions of the FCPA, criminal penalties include fines of up to \$100,000 per violation, imprisonment up to five years, or both. The Foundation may not reimburse any fine imposed on an individual. Organizations may be fined up to \$2,000,000 per violation for criminal violations of the FCPA’s anti-bribery provisions.

In addition to civil and criminal sanctions, a person or entity found in violation of the FCPA may be precluded from receiving funds from or doing business with the U.S. government. Other penalties include denial of export licenses and debarment from certain government programs. Violating the FCPA or other anti-bribery laws also will result in stringent remedial action by the Foundation, including disqualification for future grants, contract termination, and as to employees, discipline up to and including termination.

The United Kingdom Bribery Act of 2010 (“UK Bribery Act”)

Like the FCPA, the UK Bribery Act makes bribery of foreign public officials a crime and extends beyond an entity’s employees to include third parties acting on an organization’s behalf and applies to bribery taking place anywhere in the world. An entity may be liable under the UK Bribery Act for failing to prevent an associated person from making a bribe intending to benefit the organization, even if that person is not an employee but simply associated with a related entity. UK officials may argue that bribing either foreign government officials or corporate officials anywhere in the world violates the UK Bribery Act. In certain other respects, the UK Bribery Act goes further than the FCPA in that it covers bribery amongst private parties in addition to government officials, and it criminalizes receiving as well as giving a bribe. Limited exceptions may apply where such payments are demanded in a circumstance where an employee is in imminent danger and the payment is promptly reported to the CFO.

If any employee, grantee, agent, or business partner is found guilty of violating the UK Bribery Act, such employee, grantee, agent or business partner and the Foundation could face significant fines. Additionally, a violation of the UK Bribery Act can result in up to ten years imprisonment and disciplinary action by the Foundation, including termination of employment.

RESPONSIBILITIES OF ALL FOUNDATION EMPLOYEES, GRANTEES, AND AGENTS

Every Foundation employee, grantee or agent whose duties are likely to lead to involvement in or exposure to any of the areas covered by this Policy is expected to become familiar with and comply with this Policy. Such employees, grantees, and agents will be required to certify their compliance with the requirements of this Policy. Employees, grantees, and agents may be required to participate in periodic training concerning the requirements of this Policy.

Foundation management is responsible for ensuring compliance with this Policy within its areas of operation.

REPORTING VIOLATIONS

All employees, grantees, and agents of the Foundation must assist management in its efforts to ensure that this Policy is being followed. If any employee, grantee or agent observes or suspects a breach or violation of the FCPA, UK Bribery Act, other anti-bribery laws or this Policy by an individual or entity conducting business for the Foundation, then the employee, grantee or agent must report such observations or suspicions to the CFO.

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ANTI-CORRUPTION COMPLIANCE CERTIFICATION

Grantee/Agent/Business Partner certifies the following:

1. General Compliance with Laws. This agreement is contingent upon compliance with applicable U.S. and foreign anti-bribery laws and regulations, including without limitation the Foreign Corrupt Practices Act, the UK Bribery Act of 2010, as well as such local laws and regulations of any countries in which Grantee/Agent/Business Partner resides, is chartered, incorporated, licensed or operates (collectively, the “Anti-Bribery Laws”).
2. Representations and Warranties. Grantee/Agent/Business Partner certifies, represents, and warrants that:
 - a) Grantee/Agent/Business Partner understands the requirements of the Anti-Bribery Laws, has received and reviewed a copy of the Foundation for a Smoke-Free World Anti-Corruption Policy (the “Policy”), and certifies that it has not and will not engage in conduct in contravention of the applicable laws or the Foundation Policy;
 - b) Grantee/Agent/Business Partner has not either directly nor through an intermediary offered, paid, promised to pay or authorized the payment of money or anything of value to (i) an official, employee, officer or representative of any government or department, agency or instrumentality of any government, including a government or state-owned business, (ii) political party or party official, (iii) candidate for political office, (iv) officer or employee of a public international organization, or (v) other entity or person (individually, “foreign official”) for the purpose of influencing any act or decision of a foreign official to obtain a business advantage in violation of the Anti-Bribery Laws;
 - c) Grantee/Agent/Business Partner has not offered, promised to pay or paid anything of value to any person for the purposes of (i) inducing a person to perform a relevant function or activity improperly, or (ii) rewarding a person for performing a relevant function or activity improperly. Grantee/Agent/Business Partner has not requested, agreed to receive or accepted a financial or other advantage with the intent that a relevant function or activity be improperly performed, as defined in the UK Bribery Act and explained above. As defined in the UK Bribery Act, the “function or activity” performed may be in the public or private sector.

3. Maintaining Books and Records. Grantee/Agent/Business Partner shall keep accurate and regular records and accounts of the implementation of the project using a dedicated double-entry bookkeeping system as part of or as an adjunct to Grantee's/Agent's/Business Partner's main accounts. This dedicated system shall be managed in accordance with procedures dictated by professional practice. Written records will be maintained of all expenditures made by or on behalf of Grantee/Agent/Business Partner that clearly and accurately identify the persons or entities that receive payments and the purposes of such payments.
4. Right to Inspect and Audit. The Foundation may audit the books and records of Grantee/Agent/Business Partner to ensure its compliance with this Certification and its representations and warranties under the Anti-Bribery Laws.
5. Authority to Bind. The undersigned hereby certifies that he/she has authority to enter into and bind Grantee/Agent/Business Partner to all the obligations and requirements of this Certification. This Certification and the representations and warranties made herein shall continue for the term of any grants/agreements between Grantee/Agent/Business Partner and the Foundation.
6. Ongoing Obligation. The undersigned additionally certifies that if subsequent developments cause the Certification to be no longer accurate or complete, he/she will immediately furnish the Foundation with a supplementary report detailing such change in circumstances.

By: _____
Signature of Grantee/Agent/Business Partner

Printed Name

Date