



ANTI-CORRUPTION POLICY

I. INTRODUCTION

It is the policy of the Foundation for a Smoke-Free World (the “Foundation”) to comply with anti-bribery laws, rules and regulations (the “Anti-Bribery Laws”) related to international business activities and transactions, including, but not limited to, the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), and the U.K. Bribery Act 2010 (the “UKBA”). The use of Foundation funds or assets for any unlawful, improper or unethical purpose is strictly prohibited. Improper gifts, payments or offers of anything of value, directly or indirectly, to foreign officials could jeopardize the Foundation's mission and reputation. Accordingly, the Foundation has adopted this Anti-Corruption Policy (the “Policy”), which sets out the responsibility of those working for and with the Foundation in observing and upholding our zero-tolerance policy on bribery and corruption.

This Policy extends to all of the Foundation's domestic and foreign operations—all of its offices, persons, directors, executives, employees, independent contractors, grantees, and third parties with whom the Foundation works or that represent the Foundation in any capacity (“Covered Persons”). It governs all of the Foundation's financial record-keeping activities. It is integrated with the obligations to which the Foundation already is 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 Covered Persons are expected to exercise when conducting business abroad. This Policy is a guide and cannot address all situations that might arise; Covered Persons should consult with the Foundation's General Counsel when dealing with situations potentially implicating the FCPA, the UKBA or other applicable Anti-Bribery Laws.

Violations of this Policy will be met with appropriate disciplinary action, which may include employment termination, or such other remedial or punitive action as shall be appropriate under the circumstances, which may include referral to law enforcement. The Audit and Risk Committee of the Board of Directors shall have ultimate oversight with respect to enforcement of this Policy.

II. OVERVIEW OF ANTI-BRIBERY LAWS

Covered Persons must comply with the Anti-Bribery Laws in all jurisdictions in which the Foundation operates and/or provides grants. The principles contained in this Policy must be applied in all countries, even if these principles are more stringent than local law, including local

Anti-Bribery Laws. Where local laws are more stringent than this Policy, then those local laws must also be followed.

A. Public Bribery – Prohibition of Bribery of Government Officials

This Policy strictly prohibits the offering, promising or giving anything of value to a Government Official, directly or indirectly, in order to influence any act or decision of the official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business. For purposes of this Policy, a prohibited indirect payment to a Government Official involves providing anything of value to a private individual where the Foundation or any Covered Person knows or has reason to believe after diligent inquiry that some or all of the benefit will be provided to a Government Official to secure an improper advantage. Offers or promises, whether direct or indirect, may still violate this Policy even if the Government Official rejects the offer, or the offer fails to bring about the desired outcome.

1. What is "Anything of Value"?

Under this Policy, the term "anything of value" is broadly defined to include both financial and other non-financial advantages. Things of value include, for example:

- 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.

Importantly, there is no "small payment" exception for payments that are intended as a bribe. Further, this Policy prohibits "speed," "grease" or facilitation payments, which are described further below.

On the other hand, it is permissible, when conducting Foundation business with a Government Official, to incur expenses in connection with the legitimate promotion or demonstration of the Foundation's services, products, and mission. Such expenses are discussed more fully below.

2. Who is a "Government Official"?

The term Government Official is broadly defined to include, but is not limited to, any official, officer or employee of a foreign government, foreign elected officials or candidates for political office, consultants or other persons who hold foreign government positions or act in official capacities, employees of companies owned or controlled by foreign governments, foreign political party officials, and persons who are officials or agents of a public international organization (such as the United Nations, the World Bank or the International Monetary Fund). As just one relevant example, employees of a foreign state-owned company or parastatal agricultural

research body that implements pilot programs for tobacco farming alternatives are Government Officials.

3. What is an “Improper Advantage”?

There are various circumstances in which giving or agreeing to give a Government Official a thing of value would constitute a violation of this Policy. Bribery concerns do not arise solely in the context of trying to win a contract or business or convince a governmental entity to implement our programs. Governing law, and this Policy, prohibit payments to secure any business advantage. By way of example, improper payments or benefits may not be conveyed to a Government Official:

- To influence the award of a government contract;
- To prevent some governmental action, such as the imposition of a tax or fine;
- To obtain confidential information about business opportunities, bids or the activities of competitors;
- To obtain a permit or license, other than to cover appropriate application fees;
- To influence the rate of taxes that would be levied on the Foundation's business;
- To obtain relief or exemption from government controls, inspections or regulations of any kind; or
- To affect the nature of regulations or the application of regulatory provisions.¹

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.

4. Permissible Payments

Reasonable and bona fide expenditures to a Government Official—such as payments for travel, meals and similar things of value that directly relate to the promotion, demonstration or explanation of products, services, or our mission—are permissible. "Reasonable and bona fide" means that the expenditures should generally be consistent with those for reimbursement of employee expenses, may not be lavish and must have a valid business purpose. As a general matter, the promotional expenses should be infrequent, should be of nominal value, should only involve the Government Official and not his or her family members, should never be in cash or

¹ Participation at a meeting with a Government Official does not constitute a prohibited governmental action for purposes of this provision.

cash equivalents such as gift cards, and must comply with this Policy.² Moreover, these expenses must be fully and accurately described in the Foundation's books and records, and also the grantee's and agent's, and may be audited periodically. Failure to comply may result in penalties, up to and including termination of employment, contract or grant, as more fully set forth below.

The Covered Person making the payment must certify that the payment is in compliance with applicable Anti-Bribery Laws and, if possible, local law.

Foundation employees must obtain written preauthorization from the Executive Vice President Operations and Finance or the General Counsel for any transaction involving: (i) the provision directly or indirectly of anything of value over \$500 to a Government Official or (ii) the provision directly or indirectly of anything of value to the same Government Official more than once. In the rare event that preauthorization is not feasible, Foundation employees must notify the Executive Vice President Finance and Operations or the General Counsel, including of all relevant facts and circumstances, as soon as practicable.

Covered Persons also should ensure that no promotional expenses go toward inappropriate forms of entertainment.

a) Gifts, Meals and Entertainment

Although reasonable business meals and entertainment and business gifts may be common practices, certain benefits to Government Officials may violate governing laws, rules and regulations when undertaken for an improper purpose. ***Providing meals and entertainment or making gifts with the intention or appearance of improperly influencing a Government Official or a private party in order to obtain a business advantage for the Foundation, or for any other corrupt purpose, is strictly prohibited.***

b) Travel

Under this Policy, things of value also include travel expenses, such as travel to inspect the Foundation's offices or facilities or to a seminar or promotional event sponsored by the Foundation. The issue of travel expenses can raise complicated compliance questions. ***Paying for or reimbursing travel expenses with the intention or appearance of improperly influencing a Government Official or a private party in order to obtain a business advantage for the Foundation, or for any other corrupt purpose, is strictly prohibited.***

5. Facilitating Payments Prohibited

² All payments to Government Officials should generally be made to a government entity and not to an individual. In the extraordinary circumstance that a cash or cash equivalent payment (including but not limited to per diems and expense reimbursements) must be made to an individual Government Official, the Foundation employee making such payment must obtain a signed receipt from the recipient and must also document the payment with a memo to file. Further, if the cash or cash equivalent payment is to reimburse expenses, the Foundation employee must collect receipts for any underlying expenses being reimbursed.

Payments to Government Officials to obtain non-discretionary, routine governmental actions such as obtaining permits or processing visa or customs invoices—commonly known as "facilitating" or "grease" payments—are prohibited by this Policy.³ These payments are prohibited even where they are of nominal amounts or amounts that are "normal" or customary practice in the country in question.

If a Covered Person makes, or feels compelled to make, a facilitating payment due to an imminent danger to his or her health and safety, the payment must be promptly reported to the General Counsel and accurately recorded in the Foundation's books and records. If at all practicable, contact should be made with the General Counsel before such a payment is made. If prior consultation is not practicable, the fact of payment and the circumstances should be reported as soon as is practicable thereafter.

B. Commercial Bribery – Prohibition of Bribery in the Private Sector

This Policy strictly prohibits the Foundation and its officers, directors, employees and third party agents from offering, promising or giving anything of value to a private person, directly or indirectly, with the intention of inducing a person to improperly perform a relevant function or activity (such as his or her work) or to reward a person for having improperly performed a relevant function or activity. Providing a benefit to a private person with the knowledge or reasonable belief that it will be used in whole or part to influence improperly a Government Official is also strictly prohibited. Offers or promises may still violate this Policy even if the private person rejects the offer, or it fails to bring about the desired outcome.

Nevertheless, it is permissible, in relation to Foundation business with private persons, to incur reasonable, proportionate and good-faith expenses in connection with the promotion of the Foundation's services, products, and mission and in the provision of corporate hospitality. Any such payments must be consistent with the Foundation's expense guidelines and procedures.

C. Additional Guidance

1. Conflicts of Interest

Conflicts of interest arise when a personal interest interferes or even appears to interfere with the best interests of the Foundation. Employees must always represent the best interests of the Foundation when acting on its behalf.

A conflict of interest can develop into a bribery problem when an employee requests, agrees to receive or receives anything of value (whether financial or otherwise) in a manner that interferes with the employee's judgment in performing his or her functions on behalf of the Foundation. This Policy strictly prohibits receiving bribes, kickbacks, or improper benefits.

³ Payment of reasonable, bona fide expenses associated with attendance at or participating in a meeting is not a facilitation payment.

2. Kickbacks

Any kickbacks or other payments to a client or other commercial party to secure business are prohibited by this Policy. Any kickbacks or other payments to a supplier to obtain a business advantage for the Foundation also are prohibited by this Policy. This prohibition applies to kickbacks paid directly by the Foundation as well as to payments made indirectly, such as payments to customers, suppliers or agents (as defined below) by Foundation personnel.

3. Selection and Vetting of Third Parties

This Policy strictly prohibits using agents, consultants, advisors, and other third parties retained to represent the Foundation (collectively, "agents") to pay or give bribes. The actions of agents present particular risks, because in certain circumstances the Foundation and its employees can be held liable for improper payments made by a third party even if the Foundation did not have actual knowledge of the payment. Thus, it is important to screen any individual or entity that may be retained as an agent to confirm that:

- (1) the individual is not a Government Official or a close relative of same;
- (2) the entity is not owned, controlled or otherwise a front for a government, Government Official or close relative of same;
- (3) the agent is technically able to perform the services required; and
- (4) the agent will conduct its operations in accordance with this Policy.

In general, due diligence requires that any grantee and/or agent be asked about his or her credentials, that the 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 and detailed due diligence procedures may also be warranted if "Red Flags" are present. Examples of additional issues of concern and "Red Flags" requiring enhanced due diligence include, but are not limited to:

- Unusual or excessive payment requests, such as requests for over-invoicing, up-front payments, unusual commissions or mid-stream compensation payments;
- Requests for payments in a different country, to a third party, to a bank account outside of the country in which the agent operates, or in cash or other untraceable funds;
- Any refusal or hesitancy by the agent to promise in writing to abide by the Foundation's policies and governing law;
- Charges against the agent for violation of local or foreign laws or regulations concerning the award of government or other contracts;
- A close relationship between the agent and a Government Official or commercial counterparty;

- A demand or strong suggestion by a Government Official or commercial counterparty that a particular agent should be retained;
- Reliance by the agent on government or business contacts as opposed to knowledgeable staff and investment of time to promote the Foundation's interests; or
- The agent expresses a desire to keep his representation of the Foundation or the terms of his retention secret.

4. Penalties

The Anti-Bribery Laws can impose significant criminal liability on both individuals and organizations. For example, individuals who violate the anti-bribery provisions of the FCPA face criminal penalties up to \$100,000 per violation, imprisonment up to five years, or both. The Foundation may not reimburse any fine imposed on an individual under the Anti-Bribery Laws. Organizations may also 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, UKBA 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.

III. RESPONSIBILITIES OF ALL COVERED PERSONS

Every Covered Person 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. Covered Persons 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.

IV. REPORTING SUSPECTED VIOLATIONS

All Covered Persons must assist management in its efforts to ensure that this Policy is being followed. If any Covered Person observes or suspects a breach or violation of the FCPA, UKBA, other Anti-Bribery Laws or this Policy by an individual or entity conducting business for the Foundation, then the Covered Person must report such observations or suspicions to the General Counsel. The Foundation will not condone retaliation against any individual who reports information in good faith pursuant to this Policy.

CERTIFICATION

Employment with, receiving a grant from, and entering into a contract with the Foundation for a Smoke-Free World, Inc. each is contingent upon compliance with applicable U.S. and foreign anti-bribery laws, rules and regulations, including, without limitation, the Foreign Corrupt Practices Act, the UK Bribery Act 2010, and such local laws and regulations of any countries in which the Foundation does business (collectively, the “Anti-Bribery Laws”). I, or if applicable, I on behalf of the entity I am authorized to represent, understand the requirements of the Anti-Bribery Laws, have received and reviewed a copy of the foregoing Foundation for a Smoke-Free World, Inc. Anti-Corruption Policy (the “Policy”), and certify that I, and if applicable, the entity I am authorized to represent, have not and will not engage in conduct in violation of the applicable Anti-Bribery Laws or the Policy.

By: _____
Signature of Employee/Grantee/Independent Contractor

Printed Name

Date

Adopted by the Board of Directors of Foundation for a Smoke-Free World, Inc. on December 10, 2020

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