

# WORLDWIDE ANTI-CORRUPTION

## POLICY SUMMARY

This Policy covers the following:

- Bribes or corrupt payments are not allowed;
- Our relationships with third parties must show integrity; and
- We will maintain accurate books and records.

Participating in corruption is a gross violation of SWM's commitment to demonstrate integrity in all that we do. Additionally, paying or offering to pay (or receiving) a bribe, kickback, or other corrupt payment to a public or government official anywhere in the world is a crime that could subject both SWM and individual employees to fines or prison. Anti-corruption laws, including the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, the Brazilian Clean Companies Act, and the Russian Law on Preventing Corruption, make it a crime to pay, offer, or give anything of value to a government official (including most employees of government-owned enterprises), a political party or official, or a candidate for office for the purpose of influencing the acts or decisions of those officials, parties or candidates. This is true even if such payments are common, or even customary, in the country in question. In some countries, bribes or kickbacks to employees of private companies are also illegal and, in any event, are not permitted by this Policy.

## APPLICABILITY

This Policy applies to all employees, officers and directors of SWM and its directly and indirectly owned subsidiaries, affiliates and joint ventures, and to agents, consultants and contractors who represent SWM or act on SWM's behalf (collectively, "SWM Representatives").

## POLICY SPECIFICS

### **1. Bribes or corrupt payments are not allowed.**

All SWM Representatives are prohibited from directly or indirectly offering, giving, soliciting or receiving any form of bribe, kickback or other corrupt payment, or anything of value, to or from any person or organization, including government agencies, individual government officials, private companies, or employees of those private companies. These prohibitions apply worldwide, without exception, and without regard to regional customs, local practices or competitive conditions.

A *bribe* is the offer or receipt of any payment, gift, loan, fee, reward or other advantage or consideration to or from any person to influence any act or decision of that person in his or her official or professional capacity, or to secure any other improper advantage in order to obtain or retain business or secure a governmental approval.

A bribe can be anything of value, such as:

- Cash, or a gift, or a service;

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- A benefit or advantage, such as an offer of employment;
- A benefit to the targeted individual's family, rather than the targeted individual himself;
- A kickback, that is, the unethical or illegal return of part of a payment already made as part of a legitimate business transaction; or
- A small payment to a low-level government official – even if the only purpose is to encourage the official to perform his responsibilities.
  - While the U.S. FCPA may permit payments or gifts to expedite or secure the performance of a routine government action under certain limited circumstances (referred to as “facilitation payments”), such payments are always prohibited by this Policy, without exception.

Please refer to **Appendix A, Examples: What Do You Do?** for more guidance about application of this Policy.

Circumstances involving a gift, entertainment, travel or other benefit to a *government official* must be especially closely scrutinized to avoid even the appearance of corruption. SWM Representatives may provide gifts, entertainment or travel to government officials only if they meet all requirements of the Policy on SWM-Sponsored Hospitality, Travel and Gratuities, included as **Appendix B**.

This Policy does not prohibit SWM Representatives from providing normal business meals or entertainment for private customers or suppliers that is otherwise consistent with this Policy, SWM’s Code of Conduct, and applicable travel and entertainment policies, provided such meals or entertainment are permitted under relevant policies of the customer or supplier. A normal business meal may cost more than US\$100 if it is not lavish.

Gifts to customers or suppliers are discouraged, and a SWM Business Unit executive vice president or executive committee member must authorize in writing any gift valued in excess of US\$100 (or equivalent in Euro or other currency). All gifts must be given openly and transparently, properly recorded in SWM's books and records, provided only to reflect esteem or gratitude, and permitted under local law.

SWM Representatives may accept normal business meals but are prohibited from receiving gifts or entertainment valued in excess of \$100 from entities that seek to do business with SWM without written approval of a Business Unit executive vice president or executive committee member.

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## 2. Our relationships with third parties must show integrity.

A bribe or other corrupt payment that would be a violation of this Policy if performed by a SWM employee is also a violation if made through a third party acting on behalf of SWM. Therefore, we must select as SWM Representatives only persons who will not provide bribes to secure orders or other benefits.

Only a Business Unit executive vice president can recommend the hiring or retention of a SWM Representative that will represent SWM, including sales agents, distributors, customs agents or others who may assist in planning, developing or maintaining some aspect of our business, and he or she must take or cause to be taken the following steps as the representative's sponsor:

- Complete the appropriate questionnaire concerning the SWM Representative, including a certification from the SWM Representative that the information is true and complete and that the representative will comply with stated requirements. Questionnaires for sales agents and customs agents or freight forwarders can be obtained from the Legal Department;
- Describe the legitimate business need for retaining the SWM Representative. Follow questionnaire instructions to confirm the prospective SWM Representative is a legitimate, qualified organization, and that neither it nor its employees has made or is likely to make improper payments, and certify that the information is true and complete;
- Each sales agent must be approved by the Business Unit executive vice president and by the General Counsel, with any exceptions to this Policy being approved by the Chief Executive Officer;
- Customs brokers or other agents who deal with customs officials on SWM's behalf must be approved by the head of Supply Chain for the applicable affiliate and by the Legal Department;
- Work with the agent and SWM's Legal Department to complete and execute an appropriate agreement – including mandatory anti-corruption provisions - with the SWM Representative before engaging or using the agent.
- Continue to monitor the SWM Representative as principal liaison for as long as the SWM Representative provides services;
- Update the questionnaire and obtain the SWM Representative's certification of compliance each year; and
- Help coordinate periodical training for sales agents about avoiding corruption.

If the due diligence process uncovers facts that indicate a reasonable concern that a corrupt payment may occur, such as the warning signs listed in **Appendix A**, the third

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party cannot be retained without the consent of the CEO. This list of warning signs is not exhaustive, and other circumstances may also indicate possible corruption.

The Business Unit executive vice president is responsible for making sure that the tasks described above are performed for each SWM Representative.

### **3. We will maintain accurate accounts and records.**

Anti-corruption laws require SWM to keep accurate accounts and records, including records about payments. Failing to accurately record a payment or transaction is a criminal offense under the law of several countries in which SWM operates, even if the payment itself is not illegal.

Each SWM Representative is expected to correctly record and identify all expenditures contemplated under this Policy, including expenditures for gifts, entertainment, or travel for current or prospective customers or business partners. Such expenditures must also be documented so as to confirm the amounts spent and the expenses' legitimate business purpose. Records of expenditures contemplated under this Policy are subject to audit, both internally and externally.

## QUESTIONS ABOUT THIS POLICY AND REPORTING VIOLATIONS

Any employee aware of a violation of this Policy should immediately notify the Legal Department. Employees may also call or use the online portal of the SWM Hotline to report potential violations. The Hotline includes an option to report anonymously.

SWM provides periodic, targeted training on this Policy to guide employees in its application. Employees should contact the Legal Department if they encounter a situation in which they are unsure how this Policy would apply and need guidance.

## PROCESS FOR EXCEPTIONS

Except as specifically set forth in this Policy, SWM expects no exceptions will be needed to this Policy.

## CORRECTIVE ACTION FOR NON-COMPLIANCE

No employee will be penalized for any delay or loss of business resulting from his or her refusal to pay a bribe or otherwise violate this Policy. However, failure to comply with this Policy can lead to discipline, up to and including termination of employment, as well as legal consequences. Much of the conduct forbidden by this Policy is a violation of criminal and civil law, with the potential to subject individuals as well as SWM to criminal penalties and heavy fines. SWM will cooperate fully with authorities concerning violations of the law.

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SWM's intent is to comply with all controlling national, federal, state, and local laws, rules, regulations, and ordinances. If any portion of this Policy conflicts with any such law, the controlling law applies.

**Effective Date:** 1 December 2023

**Policy Owner:** Legal

*This Policy replaces and supersedes any prior policies or practices, including similar existing legacy or local policies and practices.*

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## APPENDIX A –

### EXAMPLES: WHAT DO YOU DO?

**Q-1:** What are the warning signs or "red flags" that indicate a current or proposed SWM Representative may be corrupt?

**A-1:** You cannot consciously disregard facts about sales agents, customs brokers or other third parties representing SWM which indicate a probability that a corrupt payment will occur. The following signs may indicate that the intermediary may be corrupt:

#### Questionable Circumstances or Reputation:

- Asks to remain anonymous
- Refuses to cooperate with the due diligence investigator
- Refuses to make anti-corruption representations and warranties
- Does not comply with local law
- Makes suspicious statements such as needing money to "get the business" or "make the necessary arrangements"
- Has a reputation for unethical conduct
- Has filed for bankruptcy, defaulted on obligations, been sued for fraud, had property seized, or been accused of crime

#### Ties to Government:

- Has close family or business ties to government officials
- Makes large or frequent political contributions
- Was recommended by a government official
- Refers to political or charitable donations as a way of influencing official action

#### Unusual Compensation:

- Requests compensation substantially above the market rate
- Requests a substantial up-front payment
- Asks to be paid in cash or in checks payable to cash or bearer
- Wants payment through a third party or in a country other than where he lives

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- Refuses to properly document expenses
- Requests payment based on false invoices or in a manner that appears to be intended to evade taxes or other local laws

### Insufficient Capabilities:

- Is not expected to perform substantial work
- Lacks relevant industry or technical experience
- Lacks sufficient expertise to perform substantial work

**If you observe one of these circumstances, you must disclose it as part of the due diligence process. This intermediary cannot be retained without additional explanations and the approval of the CEO.**

**Q-2:** Stricter requirements apply to dealings with government officials, but who is a "government official" for purposes of this Policy?

**A-2:** Customs officials and agents of taxing authorities are government officials. A government official can include anyone employed by a state-owned tobacco company. It can also include doctors or other employees of government-owned hospitals or healthcare systems. Employees of government-owned utilities could also be considered government officials.

**Q-3:** The sales agent I would like to retain refuses to sign SWM's form of agency agreement without substantial changes that weaken the effect of the agreement's anti-corruption provisions. Can we make these changes?

**A-3:** No. The agreement's standard anti-corruption provisions cannot be removed or revised. Nor can these provisions be changed by amendment; all amendments to the agency agreement require the same level of approval as the original agreement. Furthermore, just asking to remove these provisions may be an indication that the proposed agent is corrupt. This must be disclosed as part of the due diligence process, and the agent cannot be retained without approval of the CEO.

**Q-4:** SWM wants to purchase land owned by the local government for a new facility in an emerging market. A real estate broker told me that, for a commission equal to 25% of the transaction value, he will arrange for the sale of the land through his "connections" with the local government.

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**A-4:** Don't pay the "commission." The commission is a large amount, and the broker just told you he has close government connections. These are sufficient "red flags" to suggest this transaction is improper.

**Q-5:** A government inspector has discovered a number of small safety violations at our facility. He threatens to shut down our facility unless we pay him a fine on the spot.

**A-5:** Contact the Legal Department immediately. Paying money directly to a government inspector is a violation of this Policy and probably illegal.

**Q-6:** A customer's purchasing manager states she will enter into a long-term supply agreement with SWM if SWM rebates a portion of the purchase price to the purchasing company.

**A-6:** If you agree to rebate a portion of the price to obtain the business, make sure the rebate benefits the purchasing company, not the manager herself or some other third party. Preferably, the rebate should be in the form of a credit for additional merchandise. If the customer insists on a monetary payment, confirm that the payment is transmitted to the bank account of the purchasing company.

**Q-7:** A customer asked me to issue two invoices for products sold: one invoice reflecting the actual price, and another invoice reflecting a higher price. The customer will pay the first invoice, then use the second invoice to justify charging a higher price from its end user.

**A-7:** Duplicate invoices are not acceptable. By issuing a second invoice at a higher price, SWM may be helping a customer engage in misrepresentation or fraud. This could expose SWM to liability, even if the customer, not SWM, used the invoice improperly. (The same holds true if a customer requests SWM to issue a duplicate invoice reflecting a lower price. If the customer used the duplicate invoice to lower its customs duties, SWM may be legally liable for helping that customer evade those duties.)

**Q-8:** A large shipment of SWM's product is held up in customs because the containers are not marked as noted on the shipping papers. Our third-party transporter tells me he can convince customs officials to overlook the inconsistency for a small fee.

**A-8:** This "fee" is a prohibited bribe. As a SWM employee, you are prohibited from making this type of payment, and using the transporter to make the payment is the same as making it yourself.



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**Q-9:** We want to hire a consultant to assist in soliciting business from customers, including government-owned entities. The consultant requests a \$100,000 up-front logistics fee and a 25% commission on any contracts. The consultant has no particular business experience with SWM's products but is well known as someone who gets things done.

**A-9:** You should not enter into this business arrangement without significant additional due diligence and contractual protections, as well as approval of SWM's CEO. Although the arrangement is not illegal on its face, the situation presents red flags that indicate you and SWM may be at risk of violating anti-corruption laws. Unusually large commissions to third parties, particularly those who will be dealing directly with government entities and who are really selling "access," could be used to bribe a governmental official in order to get business. Upfront payments, before any services have been provided, can also indicate a bribe, and you should evaluate the legitimate business reason, if any, for the requested compensation. You should determine what legitimate expenses the consultant will incur and arrange to pay such expenses directly, rather than to the consultant, to the extent possible. Additionally, sales commissions over five percent (5%) are considered excessive and require officer approval.

**Q-10:** A sales agent asks me to pay part of his commissions to a new bank account in a country other than the place where he lives or works. Is this a problem?

**A-10:** You should not allow this without additional investigation and CEO approval, because the request could be a red flag that the agent is doing something dishonest. For example, the new account could be a way for the agent to convey an illegal kickback to an employee in your customer's organization, or to bribe a customs official for faster or more favorable treatment of imports.

**Q-11:** A customer's head of purchasing indicates that he will make sure SWM gets a favorable supply contract if we offer his daughter a job. Is this allowed?

**A-11:** No. Offering employment to a close family member of a government official could be considered an illegal bribe if the customer is a state-owned enterprise. Even if the customer is a private company, knowingly employing a close family member of a person with extensive control over our account presents conflicts of interest for SWM, our customer, or both.

**Q-12:** To impress a prospective customer, we would like SWM to make a donation to an overseas political party. Is this allowed?

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**A-12:** No. This is against SWM's policies because of the high risk of corruption.

**Q-13:** Can SWM make a donation to a local charity in our customer's community?

**A-13:** Donations must be approved by the CEO, after a careful review of the nature of the charity. The recipient must be a legitimate charity, operated exclusively for purposes such as education, disaster relief, child welfare, environmental conservation, or other traditional charitable purposes. The recipient cannot be a government official or his family, or an individual acting against his employer's interest. The purpose of the donation cannot be to provide a benefit to the individual or his family member, such as a donation to a school with the understanding that the gift will cover tuition for the individual's child.

**Q-14:** What gifts can I give to an individual employee of a customer or supplier who is not a government official without getting prior written approval from a SWM Business Unit executive vice president or executive committee member?

**A-14:** First, make sure that the recipient's employer's own code of conduct does not prohibit all gifts. Subject to this limitation, promotional items that display a SWM logo or trademark are acceptable gifts, as are gifts of food or other small items costing less than US\$100 (or equivalent in Euro or other currency).

**Q-15:** Under what circumstances should a SWM Business Unit executive vice president or executive committee member consider approving gifts that cost more than US\$100 (or equivalent) for recipients who are not government officials?

**A-15:** First, no SWM Representative may give a gift costing more than US\$100 to any officer or employee of a customer or supplier if that gift could reasonably be construed to influence our business relationship, or if that gift is prohibited by the recipient's employer's own code of conduct. Additionally, no one recipient (including that recipient's close family members) can receive a gift costing more than \$100 more than once a year.

Subject to these limitations, a Business Unit executive vice president or SWM executive committee member may authorize more expensive gifts for recipients who are not government officials under the following circumstances:

- If the recipient is a group of multiple employees rather than one individual, and the gift, by its nature, is appropriate for a group (such as a gift basket);
- If the occasion is a holiday associated with gift-giving in the recipient's culture, such as New Year or Christmas;

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- If the occasion is a special business-related celebration or event, such as a grand opening or retirement party.

**Q-16:** My customers' gifts have been approved according to the policy. What next?

**A-16:** All expenditures for gifts must be reported and accounted for under SWM's usual purchasing or business expense reimbursement procedures. In addition, for gifts other than SWM promotional items, gifts of food, or other small items costing less than US\$100, you must report the following information to the Legal Department and Accounting, which maintains a gift register. Your list should state:

- Recipient's name;
- Recipient's employer;
- Whether (to your knowledge) the recipient is the spouse, parent, child or sibling of any other gift recipient;
- Date of gift;
- Occasion for gift;
- Description of gift;
- Cost; and
- Officer approving the gift.

The purpose of the gift register is to make sure that recipients do not receive multiple gifts that are cumulatively excessive.

**Q-17:** A salesman for a business that wants to sell its products to SWM has offered to take me to lunch. Can I accept?

**A-17:** Yes, you can accept a normal business lunch or dinner that is not lavish. Gifts or entertainment worth approximately US\$100 or less are also acceptable, as are promotional items that display the business's logo or trademark. However, gifts must not be accepted if they could reasonably be construed to unduly influence our business relationship or create an obligation. You must obtain written approval from a SWM Business Unit executive vice president or executive committee member before you accept any gifts, entertainment or hospitality (other than normal business meals) in excess of US\$100.

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**Q-18:** What is a normal business meal?

**A-18:** A normal business meal is food or drink (alcoholic or non-alcoholic) in a restaurant, café, pub or similar setting, in circumstances that taken as a whole are reasonable and not lavish. The cost may exceed US\$100 or equivalent per person if this expense is not unreasonable considering prevailing local costs and the business purpose. If you have questions about whether a planned business meal will be considered normal, you should obtain a SWM officer or Business Unit executive vice president's written approval in advance.

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## APPENDIX B

### SWM-SPONSORED HOSPITALITY, TRAVEL AND GRATUITIES

The following rules apply whenever SWM, either directly or through an employee or third-party intermediary, such as a sales agent or consultant, pays for hospitality, travel, gifts or other matters that relate to any of the following categories of individuals:

- Officers or employees of a government entity
- Officers or employees of a customer or potential customer that is owned or controlled by a government entity (collectively, a “Covered Person”).

These rules also apply to any proposed payment by SWM or an intermediary for hospitality, travel, gifts or other matters that relate to officers or employees of a political party, except that prior written approval of the CEO is also required.

1. All hospitality or travel for a Covered Person must be outlined in advance in a written proposal containing the following information:

- A list of all Covered Persons who will participate in the trip, by name and position;
- A list of all SWM employees and agents or contractors who will participate in activities during the visit;
- A description of the business purpose of the trip;
- A proposed itinerary specifying the dates of travel and the places to be visited each day;
- Budgeted cost, including the class of travel and the type of hotel; and
- The nature and cost of any anticipated gifts, entertainment and other benefits.

The proposal must be verified and approved by the applicable Business Unit executive vice president, with the CEO approving any exceptions.

2. Only expenditures that relate to a Covered Person or a SWM employee, agent or contractor with a legitimate business purpose to participate in the hospitality or travel are allowed. No expenditures of any kind may relate to the spouse, child or family member of a Covered Person. Expenditures relating to the spouse of a SWM employee are allowed only if permitted under the applicable travel and entertainment policy.

3. All expenditures must be provided in connection with a good-faith, legitimate business purpose. SWM-paid travel must include a visit to a SWM facility or meetings with SWM employees (preferably both). If company funds are used for a recreational

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activity involving a Covered Person, such activity must be brief and its cost must be reasonable.

4. The trip sponsor must obtain written confirmation that the trip is not against the Covered Person(s)' employer's policies.

5. After approval of a trip proposal, the company or the company's travel agent will make travel arrangements and prepare a detailed itinerary stating the dates, classes of service and costs of travel arrangements and the names and addresses of hotel accommodations. The itinerary should be updated as necessary to reflect changes. The Business Unit executive vice president is responsible for obtaining and preserving this itinerary, or causing such to occur.

- Hospitality and travel cannot be more lavish than is reasonable and customary in the circumstances.
- Accommodations for Covered Persons should be reasonably consistent with accommodations that are reimbursable for SWM employees under the applicable travel and entertainment policy.
- If authorized by the COO, a sales agent or consultant who has a written agreement with SWM may arrange for travel by Covered Persons or accompany Covered Persons on such trips. In this event, SWM and the agent will agree in writing on a reasonable per-diem amount to be paid the agent for such services, and the agent will prepare a detailed itinerary as contemplated in this section. The agent must submit an itemized invoice, including an itinerary and appropriate supporting documentation, to SWM Accounting before the agent can obtain reimbursement for travel expenses.

6. The company will not reimburse Covered Persons directly for the cost of their travel arrangements. All payments for hospitality and travel must be legal under local law.

7. The following gifts for Covered Persons are allowed, provided they are not lavish or prohibited by local law:

- Items displaying the company name or logo;
- Food items (excluding alcohol);
- Gifts valued at US\$100 or less (or equivalent in other currency); and
- Commemorative items given under circumstances where such gifts are reasonable and customary if the Business Unit executive vice president specifically approves in writing.

8. All gifts given to Covered Persons should be listed in a gift register, to be maintained as directed by Accounting. The gift register is subject to review to assure that gifts to Covered Persons are not excessive, either singly or cumulatively.

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9. Under no circumstances may cash or a cash substitute (such as a gift card) be given to a Covered Person, either directly by SWM or indirectly by a SWM agent. Payments to a school or charity at the request of a Covered Person or for the benefit of a Covered Person or his family members are also prohibited.

10. All expenditures must be accurately reported on SWM's books and records. Expenditures by third parties, such as agents, cannot be reimbursed unless they are accurately described in itemized accounts and supported by receipts or other documentation where appropriate. These requirements should be construed consistently with the applicable travel and entertainment policy.

11. SWM will not provide travel, hospitality or gifts to a Covered Person for a corrupt purpose. SWM will respond truthfully to customer inquiries about travel, hospitality or gifts to Covered Persons employed by that customer.