



Universal
UNIVERSAL CORPORATION



Anti-Corruption Compliance Manual

Leading with Integrity

Universal Global Compliance Program

The Universal Global Compliance Program ensures we are conducting ourselves with integrity, in accordance with our compliance policies. Universal has established a Compliance page on its publicly available website, and it maintains the Compliance page in 17 languages. Please visit our Compliance page for more information about compliance:

www.universalcorp.com/compliance

Universal Compliance Hot Line

The Universal Compliance Hot Line can be accessed from anywhere in the world. The complete global compliance phone list is reproduced at the back of this Manual and is also accessible on Universal's compliance website.

On-line: www.ethicspoint.com or www.universalcorp.com/compliance

The Compliance Hot Line is available twenty-four (24) hours a day, seven (7) days a week. No one making a report to the Compliance Hot Line will be required to provide their name or other identifying information, and no caller ID or recording devices will be used.

Universal Compliance Committee

Harvard B. Smith
Chief Compliance Officer

Scott J. Bleicher

Theodore G. Broome

Catherine H. Claiborne

Benjamin S. Dessart

Candace C. Formacek

George C. Freeman, III

Airton L. Hentschke

Johan C. Kroner

Preston D. Wigner

You may contact any member of the Compliance Committee by calling +1 804 359 9311 (Richmond, Virginia USA) or by e-mailing the Chief Compliance Officer at compliance@universalleaf.com. Please note that e-mails to compliance@universalleaf.com are not anonymous.

Code of Conduct

Universal values compliance and integrity. An important part of our success is due to our commitment to integrity. Universal's Code of Conduct is our primary compliance and ethics document, and it states many of our policies on compliance. Our Code of Conduct can be found by visiting our Compliance page at www.universalcorp.com/compliance.



Universal

UNIVERSAL CORPORATE COMPLIANCE



Message to the employees, officers and directors of the Universal Corporation family

Dear Colleagues:

The Universal Corporation family of companies has been conducting business for over 100 years. During that time, our people all over the world have worked hard to create and protect our most important business asset—**integrity**.

Corruption is a threat to our business and employees, and is counter to our culture. We owe it to our customers, our communities, our shareholders, and ourselves to conduct our business pursuant to high ethical standards and to denounce corruption. To state it simply: **We do not pay bribes.**

It is more important than ever that we have clear company policies against corruption and take steps to ensure that we always comply with those policies. This Manual represents a key part of Universal's commitment to comply with the anti-corruption laws around the world, including the Foreign Corrupt Practices Act. This Manual embodies our values and demonstrates our firm commitment to being a leader in the global fight against corruption. Universal is always competitive when the playing field is level, so combating corruption is very much in our best interest.

Sincerely,

George C. Freeman, III
Chairman, President, and Chief Executive Officer

Each employee, officer, and director is responsible for conducting himself or herself in compliance with this Manual, other Universal policies, and applicable local, state, and federal laws and regulations.



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INTRODUCTION

At Universal, we have a simple rule: **We do not pay bribes.**

Universal considers a “bribe” to be anything that has value and is given to influence a decision to do business with Universal or to give Universal an unfair advantage. This includes bringing in new business, keeping existing business, or gaining some improper advantage. Not only are bribes prohibited by Universal policy, but bribes to government officials are also illegal under the U.S. Foreign Corrupt Practices Act (“FCPA”), as well as under the laws of practically every country in which we do business. Many countries also make it a crime to bribe employees of commercial enterprises. Universal is committed to complying with all of these anti-corruption measures.

COMPLIANCE WITH THIS MANUAL

The Board of Directors of Universal Corporation adopted this Manual in order to promote compliance with ethical standards, Universal policies, and applicable law related to corruption. While it is true that everyone is required to comply with the law, this Manual goes beyond that and sets a higher standard for us to follow. Each employee, officer, and director is responsible for conducting himself or herself in compliance with this Manual, other Universal policies, and applicable local, state, and federal laws and regulations. In addition, joint venture partners, sales agents and certain third parties who represent Universal companies in front of others are contractually bound to follow relevant sections of this Manual. When used in this Manual, “Universal” means Universal Corporation and its family of companies.

CONTENTS

This Manual provides you with Universal’s anti-corruption compliance policies as well as guidance on how to address corruption risks. It requires you to adhere to Universal’s high ethical standards in situations that could occur in conducting our business.

You are already familiar with Universal’s existing *Code of Conduct* and the December 2011 *Statement of Policy Regarding Approvals and Processing of Expenditures and Payments*. Copies of both documents have been provided to you, and you may request additional copies

by contacting our Chief Compliance Officer at compliance@universalleaf.com or by using the methods provided in the *Code of Conduct*. The *Code of Conduct* is also posted on Universal’s publicly available Compliance webpage, www.universalcorp.com/Compliance. Compliance with the *Code of Conduct* and the *Statement of Policy Regarding Approvals and Processing of Expenditures and Payments* is an important part of Universal’s efforts to combat corruption.

Copies of any other policies, procedures, forms, and other documents referenced in this Manual may be obtained by contacting your local management, your Regional Compliance Team or the Corporate Compliance Committee or by contacting the Chief Compliance Officer.

GLOSSARY

There are many terms used in this Manual that have been defined to assist you. Those terms are capitalized in this Manual, and you can find their definitions in the back of this Manual in the “Glossary” section.

COMMON ACRONYMS IN THIS MANUAL:

FCPA	U.S. Foreign Corrupt Practices Act
SRO	Sales Relationship Officer
DDA	Sales Agent Due Diligence Administrator
PAR	Performance Activity Report
RCT	Regional Compliance Team
SOP	Compliance Standard Operating Procedures
GTH	Gifts, Travel, and Hospitality
NGO	Non-Government Organization

CHANGES

This Manual is subject to review at any time, and it may be revised from time to time. The most current version of this Manual will always be available on Universal’s Compliance webpage at www.universalcorp.com/Compliance, and is available free of charge in print by contacting the Chief Compliance Officer, any member of the Compliance Committee, a member of a Regional Compliance Team, or from your own local management.

COMPLIANCE WITH THIS MANUAL IS MANDATORY

It is your responsibility to read and understand this Manual. Anyone who violates the standards in this Manual will be subject to appropriate disciplinary action, including termination of his or her relationship with Universal. He or she could also be subject to criminal prosecution by governmental authorities.

WHAT TO DO

You are also responsible for reporting actions or occurrences if you believe they violate the standards in this Manual. You may report the activity by following the “What to Do” section of the *Code of Conduct*.

Universal is serious about the expectations set out in this Manual. A lack of understanding of this Manual will not be an excuse for violating it. You must **SEEK ADVICE** if you have questions about this Manual or any anti-corruption laws. In this Manual, when we say “**SEEK ADVICE**” we mean you should contact Universal’s Legal Department or any of the resources listed inside the front cover of this Manual for any advice or guidance you may need. Members of the Legal Department can be reached as follows:

Preston D. Wigner
+1 804 254 3774
wignerp1@universalleaf.com

Neil S. Marlborough
+41 22 319 7141
Neil.Marlborough@ultgeneva.ch

Robert Strachan
+41 22 319 7142
Robert.Strachan@ultgeneva.ch

This Manual may not answer all of your questions. In addition, you may encounter a situation not addressed by this Manual. In those situations, we strongly urge you to ask for help by contacting Universal’s Legal Department in addition to the resources listed inside the front cover of this Manual.

If you have any doubt about whether a proposed payment or other action complies with the policies and procedures in this Manual, it is your responsibility to **SEEK ADVICE.**

LEGAL ADVICE MAY BE NECESSARY

This Manual contains many “Question and Answer” examples that show how the policies and procedures in this Manual should work in practice. Some of those examples involve grey areas where employees are directed to **SEEK ADVICE** because further review is needed to determine how to proceed. If you ever find yourself in doubt about a particular situation, you must do the same.

CONFLICTS WITH LOCAL LAW

You must obey the law. If complying with this Manual would violate your country’s laws, you must follow your local law and notify Universal’s Legal Department of the conflict. If local custom or policy conflicts with this Manual, Universal expects you to follow this Manual, even if the result is loss of business for Universal.

THIRD PARTIES, SALES AGENTS & JOINT VENTURE PARTNERS

When we work with Sales Agents, Joint Venture Partners or some Third Parties, we must provide them with a copy of our Code of Conduct and relevant sections of this Manual and inform them that they must comply with our anti-corruption compliance policies. Their actions are treated as your own, just as if you had taken the action yourself. Neither you nor your company may hire anyone to do things that are prohibited by law or this Manual. If you are in doubt about how this Manual applies to Sales Agents, Joint Venture Partners or Third Parties, you must **SEEK ADVICE**.

DOCUMENTATION

You must keep copies of the documents required by this Manual for **five years**, except in the following situations: (1) the document retention requirements of your company or of local law require retention for a longer period, in which case you must retain the documents for that longer period; (2) local law requires disposal in less than five years, in which case you must retain the documents until the time disposal is so required, and then dispose of the documents and copies as required; or (3) the document is related to due diligence for Sales Agents, Joint Venture Partners or Third Parties, in which case documentation must be kept during the life of the engage-

ment of the Sales Agent, Joint Venture Partner or Third Party plus five years.

LOCAL ADOPTION OF POLICIES & PROCEDURES

Each company has adopted the Policies and *Standard Operating Procedures* referenced in this Manual. In addition, your company may choose to adopt additional policies regarding anti-corruption compliance. Each company must send copies of all such policies to the Compliance Committee. No such policies may conflict with anything in this Manual without the prior approval of the Compliance Committee.

FCPA BACKGROUND

Universal prohibits all forms of bribery and requires that you obey all applicable anti-bribery and related laws around the world. To help you understand what that means to you, it is helpful to understand the most well-known anti-bribery law: the **Foreign Corrupt Practices Act**, or “**FCPA**.” The FCPA is the primary U.S. anti-corruption law, and it applies to Universal Corporation. It also serves as the model for anti-corruption laws in many other countries. For purposes of this Manual, every Universal company and all of those companies’ employees should consider themselves governed by U.S. anti-corruption law.

The FCPA covers two areas: (1) bribery, and (2) recordkeeping and accounting.

- ❖ **Bribery.** The FCPA makes it illegal to pay or promise to pay money or give anything of value to a non-U.S. government official to bring in or keep business or to gain any improper advantage. This applies to payments and gifts paid by companies and their employees, as well as third parties such as sales agents. For example, any payment to a government official by a company’s agent violates the FCPA if it is made in return for the official exercising his or her influence to help the company bring in new business, keep existing business, or obtain any improper advantage—even if the company did not know about the agent’s actions.
- ❖ **Recordkeeping and Accounting.** The FCPA contains broad requirements regarding recordkeeping and accounting. The FCPA makes it illegal for public companies like Universal to make **any** false or misleading entries on their books. For example, a public company like Universal would be in violation of the FCPA if one of its subsidiaries were to describe a payment on its books as a “commission” when the subsidiary knew the payment was for something else. A bribe need not be involved —FCPA recordkeeping and accounting requirements apply to **all** transactions, regardless of their size or nature.

Universal requires you to comply with this Manual and the *Code of Conduct*. As noted previously, anyone who

fails to comply with this Manual or the *Code of Conduct* will be subject to disciplinary action. In addition, violating anti-corruption laws like the FCPA can expose you and the Universal family to significant fines and criminal liability. FCPA fines have exceeded **\$500 million**, and individuals who are guilty of FCPA violations pay additional fines and can serve time in jail.

The rest of this Manual focuses on corruption. There are additional Universal policies addressing recordkeeping and accounting, including those contained in the *Code of Conduct*. Please contact the Chief Compliance Officer if you would like more information about Universal’s recordkeeping and accounting policies as they relate to the FCPA.



IMPORTANT CONSIDERATIONS

When reviewing this Manual, please keep a few things in mind. Anti-corruption laws around the world can be difficult to interpret and apply. Universal has tried to make its anti-corruption policies in this Manual and the *Code of Conduct* easy to understand. For example, some anti-corruption laws only make it unlawful to bribe government officials. Universal's policy, which is stated in the *Code of Conduct*, is very simple:

At Universal, we do not pay bribes to anyone.

EVERYONE IS COVERED BY ANTI-CORRUPTION LAWS

For purposes of this Manual, you should assume that anti-corruption laws apply to everyone and every company in the Universal family. Governments are interpreting their anti-corruption laws broadly, so you should assume, for example, that the FCPA or the UK Bribery Act apply to you—no matter where you are in the world.

GOVERNMENT OFFICIALS & GOVERNMENT ENTITIES

Universal's policy prohibits paying bribes to anyone, regardless of whether they are government officials. Anti-corruption laws like the FCPA, however, primarily apply to payments to government officials, so it is important to understand what "Government Officials" are. This will help you understand the additional legal exposure involved with Government Officials.

The term "Government Official" is interpreted broadly by the anti-corruption authorities, and it is important to know that every employee of our government-owned or government-controlled customers is considered a "Government Official." The definition of "Government Official" that Universal uses in this Manual is included in the "Glossary" section at the end of this Manual. What follows are just a few examples of who we consider to be "Government Officials":

- ❖ Ministers, secretaries, directors, officers, legislators, judges, and employees of any national, regional, local, or other government entity, including elected officials;
- ❖ Any private party acting temporarily in an official capacity for or on behalf of any governmental entity (such as a consultant hired by a government entity);

- ❖ Directors, officers, and employees of any company or instrumentality in which a government owns an interest (such as government-owned or government-controlled cigarette companies);
- ❖ Political parties, officials of political parties, and candidates for political office at any level; and
- ❖ Immediate relatives (spouse, parents, children, and/or siblings) of a government official.

The term "Government Entity" is also broadly interpreted. The definition of "Government Entity" is also included in the "Glossary" section at the end of this Manual. What follows are just a few examples of what we consider to be "Government Entities":

- ❖ Any department, agency, or ministry, whether in the executive, legislative, or judicial branches of a government and whether at the federal (national), state, provincial, or municipal level (or their equivalents);
- ❖ Any company whose purpose suggests that it is a government instrumentality (for example, an electricity company).

The term "Government Entity" also includes companies under government ownership or control, even if the companies are operated like privately-owned corporations. For purposes of this Manual, a company will be considered a "Government Entity" if any entity listed above:

- ❖ Holds at least a 25% ownership interest in the company;
- ❖ Controls votes attaching to at least 25% of the shares issued by the entity;
- ❖ Has the authority to appoint officers or directors of the company; or
- ❖ Is required or retains the right to approve significant corporate actions.

Contact your local management, Regional Compliance Team, the Compliance Committee or the Chief Compli-

ance Officer for a current list of tobacco product manufacturers that Universal considers Government Entities.

WHAT IS A “BRIBE”?

As stated in the *Code of Conduct*, a “bribe” is anything that has a value and is offered, promised, or given to influence a decision to do business with Universal or to give Universal an improper or unfair advantage. Bribes do not just involve cash payments. Lavish gifts, improper campaign contributions, scholarships, luxury goods, charitable donations, tickets to sporting events, business opportunities, and jewelry or gems have all been found to be bribes. An important aspect of the definition of “bribe” is the purpose of the payment. Anti-corruption laws prohibit paying anything of value to bring in business, keep existing business, or obtain an improper advantage. This also includes obtaining licenses or regulatory approvals, preventing negative government actions, reducing taxes, avoiding duties or customs fees, or blocking a competitor from bidding on business. Even if Universal is legally entitled to a government action, such as receiving a refund or license, payment of a bribe to obtain that entitlement is still prohibited.


ACTS IN FURTHERANCE OF A PAYMENT

Anti-corruption laws such as the FCPA apply not only to the person who pays the bribe; they also apply to the people who have taken action in furtherance of a payment. For example, anti-corruption laws could apply to anyone who:

- ❖ Approves the payment of a bribe;
- ❖ Creates or accepts false invoices;
- ❖ Relays e-mail instructions to pay a bribe;
- ❖ Covers up the payment of a bribe; or
- ❖ Knowingly cooperates in the payment of a bribe.

With those considerations in mind, read the remainder of this Manual and contact Universal’s Compliance Department when you have questions or need guidance.

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SALES AGENTS

In some parts of the world, sales agents play an important role in Universal's sales process. The most common reason we use sales agents is to help us sell tobacco to government-owned or government-controlled companies. In those situations, sales agents often serve as Universal's primary face when dealing with government authorities. This Policy covers all individuals or entities who have executed, or are being considered for execution of, agreements establishing them in a sales agency relationship, whether paid by a percentage commission on applicable sales revenues or through other compensation structures.

Using sales agents invites risk because Universal is potentially liable under the FCPA, as well as other applicable U.S. or non-U.S. laws, for the misconduct of sales agents. A key concern related to using sales agents is the risk that they will make an improper payment or give something else of value to a customer in order to obtain some benefit for Universal in return. A related risk is that a customer may attempt to pressure Universal to work with a particular sales agent with whom the customer has some relationship so that the customer can obtain a personal benefit. These and other situations could create legal risks for Universal, even if Universal did not directly authorize or have actual knowledge of the sales agent's improper activities. If Universal knew, or effectively should have known, that a sales agent was going to make an improper payment or engage in other improper conduct, Universal and its employees are at risk of violating the FCPA. Thus, we at Universal cannot "close our eyes" to the conduct of our sales agents.

Because of these risks, it is important that we know our sales agents and are able to determine whether each sales agent has engaged, or will engage, in activities that are prohibited by the *Code of Conduct* and Universal's compliance policies.

The *Sales Agent Due Diligence Standard Operating Procedures* establish required steps that will allow Universal to assess sales agent risks effectively. Most fundamentally, Universal employees must document that:

- ❖ A sales agent has a verified ethical reputation and appropriate qualifications.

- ❖ There is an appropriate business reason for entering into the relationship with the sales agent.
- ❖ The payment arrangements (commission or otherwise) are commercially reasonable and match the level and type of services being provided by the sales agent.
- ❖ After the performance of effective due diligence in accordance with the procedures outlined in the *Sales Agent Due Diligence Standard Operating Procedures*, there are no inappropriate relationships between any sales agent and any Government Official or other "red flags" suggesting irregularities.
- ❖ There is a written agreement containing appropriate contractual safeguards against improper conduct involving the sales agent.
- ❖ The relationship is being monitored effectively going forward, with appropriate training for both the sales agent and Universal employees managing the relationship, and the sales agent's agreement is regularly reviewed.

GENERAL REQUIREMENTS

Prior to entering any business arrangement (formal or informal) with a proposed sales agent, Universal employees must take all of the steps set out in this Policy and the *Sales Agent Due Diligence Standard Operating Procedures*.

Due to the associated FCPA risks, entry into and renewal of all sales agent relationships require the prior written approval of the Compliance Committee.

SALES AGENT SELECTION & COMMERCIAL TERMS

It is the responsibility of the Sales Relationship Officer ("SRO") to document in writing for the Compliance Committee the business needs and reasons for (1) working with a sales agent, (2) selecting the proposed sales agent (including qualifications and business reputation), and (3) defining the sales agent's scope of work and geographical coverage. The SRO must also engage in a preliminary assessment of any possible FCPA-related

risks or issues, taking input from local or regional compliance resources.

Managing potential FCPA risk requires that any sales agency relationship be based on reasonable commercial terms. Therefore, sales agent compensation must be:

- ❖ Based on the fair market value of the sale agent's scope of work, expertise, and commercial results.
- ❖ Based on reasonable commission rates, if applicable, with reference to commission levels in similar circumstances and with safeguards to prevent the payment of multiple or excessive commissions in the case of multiple agents involved with a single customer or sale.
- ❖ Supported by the business performance of the sales agent.
- ❖ In accordance with appropriate payments terms as established by the relevant written agreement, and not paid in cash or outside of the sales agent's country of operation or residence.
- ❖ Legal under all applicable laws.

The *Sales Agent Compensation Checklist* and appropriate supporting materials will be used to show that the proposed compensation structure for a proposed sales agent meets these consideration requirements.

More generally, to fulfill the other requirements set out above, the SRO must complete the *Sales Agent Due Diligence Checklist* and submit it, with all relevant supporting documentation, to the Compliance Committee.

The Compliance Committee shall review all materials presented on sales agent selection and consideration and exercise its independent judgment regarding whether sufficient justifications have been provided related to these issues as required under this Policy.

DUE DILIGENCE & "RED FLAGS"

All prospective and existing sales agents must undergo the due diligence requirements set out in this Policy and the *Sales Agent Due Diligence Standard Operating*

Procedures. The due diligence process should focus on (1) determining the qualifications of the sales agent, (2) discovering any links between the proposed sales agent and any Government Officials, (3) establishing the positive ethical reputation of the sales agent, and (4) detecting "red flags" that are likely to arise in any sales agency relationship.

To fulfill due diligence requirements, the SRO (with support from local or regional compliance personnel) must:

- ❖ Have the sales agent complete and return a *Sales Agent Questionnaire*.
- ❖ Complete all sections of the *Sales Agent Due Diligence Checklist* and attach the designated external due diligence reports, which include denied party screening results, financial and background reports, media searches, and business references.
- ❖ Identify and explain any "red flags" resulting from responses to the *Third Party Questionnaire* or any other information source.

Examples of possible "red flags" related to prospective or existing sales agents include:

- ❖ The sales agent is, or has close family or business ties to, a Government Official.
- ❖ The sales agent has been recommended by a Government Official or a close relation or affiliate of a Government Official.
- ❖ The sales agent requests a commission that is excessive or to be paid in cash.
- ❖ The sales agent requests unusual payment terms, such as up-front lump sum payments, payment to an account not in the sale agent's name, or payment to a country that is not the country where the sales agent resides or where the sales agent will provide services.
- ❖ The sales agent indicates that a particular amount of money is needed in order to "get the business" or "make the necessary arrangements."

- ❖ The sales agent requests that Universal prepare false invoices or any other type of false documentation.
- ❖ The sales agent refuses to promise in writing to comply with the FCPA, Universal’s *Code of Conduct*, or equivalent contractual representations and warranties and other contractual conditions required by this Policy related to improper payments to Government Officials.
- ❖ The relationship with the sales agent is not in accordance with local laws or rules, including rules regarding the role of sales intermediaries or civil service rules concerning outside interests for any Government Officials involved.
- ❖ The sales agent has a reputation for bypassing normal business channels, particularly in activities involving the government.
- ❖ Universal learns that the sales agent has made an improper payment to a Government Official in other representative arrangements or involving other principals.
- ❖ The sales agent insists on having sole control over any interactions with Government Officials or related to government approvals.
- ❖ Universal learns or has reason to suspect that the sales agent has a “silent partner” who is a Government Official.
- ❖ The due diligence notes the presence of one or more unexplained sub-contractors or vendors that the sales agent proposes to retain to assist with interactions with the government or customer.

Any identified red flags must be addressed by and to the satisfaction of the Compliance Committee, through additional specific diligence (such as an interview of the prospective sales agent or the retention of a vendor specializing in due diligence to obtain further information), contractual safeguards, training, and/or other appropriate remediation.

CONTRACTUAL SAFEGUARDS & OVERSIGHT

Prior to the commitment of any Universal funds to any prospective or existing sales agent, the relevant Universal company and the sales agent must have negotiated and executed a written agreement containing terms and conditions that address relevant FCPA risks. The agreement must require, among other items:

- ❖ That the sales agent and any of its owners, employees, or sub-agents comply with specific anti-corruption provisions and all applicable laws, and periodically certify to such compliance.
- ❖ That the sales agent has received and read copies of Universal’s *Code of Conduct* and applicable Universal compliance policies, understands their requirements with regard to the agent’s activities, and agrees to comply with all of their rules while representing Universal.
- ❖ That the sales agent agrees to complete any training provided by Universal and to require owners, directors, and employees who interact with Government Entities to complete such training.
- ❖ That the sales agent will obtain Universal’s written approval, following due diligence, before retention of sub-contractors, agents, and representatives for the performance of the relevant scope of work or any other activities on Universal’s behalf.
- ❖ That the sales agent will disclose any present or future affiliations with Government Officials or Government Entities, and that the sales agent will generally notify Universal of any changes in relevant information collected during due diligence during the entire period of its representation of Universal.
- ❖ That the sales agent will provide information to Universal upon request regarding activities taken on Universal’s behalf.
- ❖ That Universal may terminate the agreement in the event that Universal has a reasonable belief

that the sales agent has violated any of the anti-corruption-related provisions.

- ❖ That the sales agent represents and warrants that the due diligence information previously provided by the sales agent during the selection process remains accurate and complete; and that if there are any significant changes in the due diligence information previously provided to Universal, the sales agent will promptly notify Universal.
- ❖ That the agreement has a term of three years and can be renewed subject to completion of an updated due diligence process requiring cooperation by the sales agent.

Universal will exercise its best efforts to include in its contract with the sales agent appropriate provisions under which the sales agent must (1) make its books and accounting records relating to the sales agent's representation of Universal available for review by Universal, and (2) cooperate with such review to ensure compliance with the sales agent's contractual obligations related to anti-corruption.

A complete list of required terms, conditions, and representations can be found in the *Sales Agent Due Diligence Standard Operating Procedures*. Specific review and approval by the Compliance Committee is required for any agreement that does not include these clauses. Once an agreement with a sales agent is in force, any amendments must be referred to and approved by the Compliance Committee.

MONITORING & TRAINING

All sales agents will be required periodically to certify their compliance with relevant provisions of their written agreements covering FCPA and related anti-corruption issues. The Compliance Committee shall set a schedule for requesting, verifying, and following up on any issues arising out of such certifications.

The Sales Agent Due Diligence Administrator ("DDA") will be responsible for maintaining relevant due diligence files and contracts for all applicable sales agents and shall use a standardized filing system approved by

the Compliance Committee to track and monitor sales agent activities and issues.

All sales agents will be trained by personnel designated by the Compliance Committee with regard to their obligations under the relevant agreements and applicable laws regarding anti-corruption compliance. It is the Compliance Committee's responsibility (working with appropriate management personnel, including the SRO) to set a schedule for providing such training, ensure that the sales agents have been provided with copies of the *Code of Conduct* and applicable Universal compliance policies, and oversee follow up on any issues arising out of such training.

The DDA and Compliance Committee are responsible for receiving and reviewing regular monitoring reports of the activities of any sales agent from relevant business personnel, with assistance from local and regional compliance personnel. Part of this process will include a review of any information received from sales agents pursuant to contractual obligations. As part of that responsibility, the SRO must complete a Performance Activity Report ("PAR") at least annually for each sales agent. The PAR shall include, among other items, a description of the commercial activities conducted by the sales agent, sales volume, any compliance-sensitive matters in which the sales agent has been involved, and the sales agent's expenses related to government customers.

Many of Universal's sales agent agreements establish the applicable commission rate but allow for adjustments if mutually agreed in writing. This is intended to provide the ability to adjust commission rates down if, in the course of negotiations, it was necessary to make the relevant selling price competitive or to increase the commission rate to deal with the sale of byproducts. Any proposals to adjust a commission rate established by an approved sales agency agreement must be approved in writing by the Compliance Committee prior to any agreement regarding the adjustment or its implementation.

Every three years from execution or from the last date of the completion of previous due diligence, the Compliance Committee will require updated due diligence regarding all sales agent agreements, with assistance

from the relevant business units. Such due diligence will be tied to the renewal of such agreements pursuant to applicable contract terms. The review will cover all relevant issues, including the following:

- ❖ Continuing business need for the sales agent and evaluation of the continued reasonableness of compensation paid to the sales agent, based on the performance of the business.
- ❖ Update of due diligence information on the sales agent and on any sub-agents or other related vendors.
- ❖ Compliance with anti-corruption obligations and other contractual safeguards.
- ❖ Need for and results of any audits/reviews of the sales agent.
- ❖ Need for possible amendments to sales agency agreements in light of any compliance issues.
- ❖ Need for additional compliance training of the sales agent and relevant Universal employees managing the agency relationship.

QUESTION & ANSWER

► **SALES AGENT QUESTION #1:**

A government-controlled cigarette company will not buy tobacco from my company unless we use a local sales agent. The president of the cigarette company has recommended a specific sales agent. My due diligence review reveals that the proposed agent, who would receive a commission on sales, is the president's sister-in-law. What should I do?

ANSWER:

The president of the government-controlled cigarette company is a Government Official. Therefore, you may not hire the sales agent, because the president is probably seeking to use the relationship to benefit himself personally. Although there may be no proof of any improper payments being made, the risk that commissions paid to the sister-in-law will end up benefiting the president is too great to warrant hiring the sales agent.

► **SALES AGENT QUESTION #2:**

I am working with a potential new sales agent. The sales agent is requesting a 15% commission for assisting with a sale to a government-owned cigarette manufacturer. The usual commission rate in that part of the world is 2% to 5%. In addition, the sales agent is asking for half of the commission to be paid in advance. Is this okay?

ANSWER:

There are a number of problems with what the agent is

*requesting, and those problems could very well be a signal or "red flag" that the agent is using some of the commission to pay bribes to secure business. Unless there is a documentable and legitimate business reason for the unusually high commission rate and for the advance payment of commissions, this transaction is not okay. You should immediately notify Universal's Legal Department and **SEEK ADVICE** regarding the agent's request.*

► **SALES AGENT QUESTION #3:**

During an unguarded moment, a sales agent who is helping me win a tender with a government-owned tobacco company makes a comment that implies that a payment will have to be made in order to win the tender. The sales agent has already cleared our due diligence process. What should I do?

ANSWER:

*You must always be alert to suspicious activity that could suggest corrupt activity by one of your sales agents, even ones with whom the company has worked for years. Particular care should be taken when a sales agent's work depends on favorable action by a government official, such as a decision by a state-owned monopoly to buy from you. If you suspect that a sales agent may have acted, or may be about to act, in violation of Universal policies, you should alert Universal's Legal Department **immediately** and **SEEK ADVICE**.*

THIRD PARTIES

It is sometimes necessary for Universal to hire contractors, consultants, suppliers, and other companies or individuals to provide a range of services that vary across countries and sites. For example, third parties sometimes help clear tobacco shipments through customs, construct tobacco facility infrastructure, conduct studies, help to obtain permits and visas, screen job applicants, and supply goods such as building materials.

Universal companies sometimes hire third parties to interact with Government Entities or Government Officials on the company's behalf. In this Policy, we call them "**Third Parties**". Universal companies and employees can be liable under the FCPA, as well as other applicable U.S. and non-U.S. laws, for the misconduct of their Third Parties, such as attorneys, accountants, lobbyists, freight forwarders, and customs brokers. For example, Universal and its employees can be held liable if its Third Party makes an improper payment or gives something else of value to a Government Official (including employees of state-owned customers), or if a Government Official pressures an employee into awarding a contract to a particular Third Party with which the Government Official has a relationship.

These and other situations can create legal risks for Universal even if Universal and its employees did not directly authorize or have actual knowledge of the Third Party's improper activities. If Universal employees knew, or *effectively should have known*, that a Third Party would make an improper payment or engage in other improper conduct, both the employee and Universal are at risk of violating the FCPA and other laws. Even a "one-off" transaction with a Third Party can subject Universal to legal risks, so it is crucial for *all* covered Third Parties to be screened according to the procedures set forth below.

Employees must follow the appropriate assessment and approval steps to help ensure that Universal is able to determine whether the Third Party has engaged, or will engage, in activities that are prohibited by this Policy, any other Universal policies, the *Code of Conduct* ("*COC*"), or any applicable laws. These steps include:

- ❖ Conducting the appropriate level of due diligence in advance of any relationship or

transaction with a Third Party.

- ❖ Following up on any red flags to ensure that they are resolved and adequate safeguards are imposed.
- ❖ Monitoring the relationship for any red flags that may arise once a Third Party is hired, including thorough review of invoices, certifications of continuing compliance, and general vigilance regarding the Third Party's activities.

This Policy establishes required steps that will allow Universal to assess Third Party risks effectively. Most fundamentally, Universal employees must document that:

- ❖ The Third Party has a verified ethical reputation.
- ❖ There is an appropriate business reason for entering into the transaction or relationship with the Third Party.
- ❖ The payment arrangements are commercially reasonable and are commensurate with the level and type of services being provided.
- ❖ After the performance of effective due diligence in accordance with the procedures outlined in this Policy and "*Compliance Standard Operating Procedures for Third Party Service Providers*", there are no inappropriate relationships between any Third Party and any Government Official or other "red flags" suggesting irregularities.
- ❖ The relationship is structured and governed by appropriate written documentation containing relevant contractual safeguards against improper conduct involving the Third Party.
- ❖ The relationship is being monitored effectively going forward, with appropriate training for both the Third Party and Universal employees managing the relationship and the regular review and renewal of the relevant documents and compliance certifications.

Recognizing that different types of Third Parties present different levels of risk under anti-corruption laws, Universal has designed the due diligence process to identify and classify Third Parties into three risk categories: Category I (High), Category II (Medium), and Category III (Low). This Policy and related materials discuss the risk classification and resulting procedures that must be applied to all Third Parties.

TYPES OF THIRD PARTIES

A list of examples of Third Parties your company may currently use or may need to use in the future to interact with Government Entities is provided in the Glossary section at the end of this Manual.

GENERAL REQUIREMENTS

Prior to entering any business arrangement (formal or informal) with a proposed Third Party, Universal employees must take all of the steps listed in this Policy and related documentation, including the *Compliance Standard Operating Procedures for Third Party Service Providers* (“*Third Parties SOP*”).

THIRD PARTY INITIATION

For all proposed Third Parties, Universal employee proposing the relationship (“Requestor”) coordinates with his or her company’s accounting/treasury function to ensure completion of a *Vendor Approval Form*.

RISK ASSESSMENT & CATEGORIZATION

A Universal employee must complete a *Third Party Risk Assessment* for the proposed Third Party and submit it to the Due Diligence Administrator via the Third Party Risk Assessment application (“TPRA”). After the Risk Assessment is submitted and the applicable analysis is performed, the DDA will classify the Third Party as Category I (High), Category II (Medium), or Category III (Low).

The level of due diligence and other safeguards applicable to the Third Party are determined by the category assigned to the Third Party and are discussed in detail in the *Third Parties SOP* and related materials. Employees should note that specific Third Parties or transactions create corruption risks because of the specific facts at hand. Thus, it is important to assess each Third Party on a case-

by-case basis and note specific red flags—even in cases where the Third Party is not classified as Category I.

If additional facts are discovered during the due diligence process suggesting that a Third Party should have been classified in a higher risk category, then the Third Party shall be reclassified and the appropriate due diligence for that risk category must be performed.

DUE DILIGENCE & “RED FLAGS”

Third Parties will go through the due diligence process described in this Policy and *Third Parties SOP* and otherwise established by the Corporate Compliance Committee (“CCC”), based on their assigned level of risk. The due diligence process focuses on (1) identifying the qualifications of the Third Party, (2) noting any links between the Third Party and any Government Officials, (3) establishing the positive ethical reputation of the Third Party, and (4) detecting “red flags” that might arise in the Third Party relationship. No Third Party may be used unless it has passed the appropriate level of due diligence review.

Relevant due diligence forms and procedures for Category I, II, and III Third Parties are available from the CCC or your Regional Compliance Team (“RCT”).

To fulfill due diligence requirements, the Requestor (with support from the DDA and local or regional compliance personnel) must:

- ❖ For Category I, II, and III Third Parties, provide sufficient information to complete internal screening and vendor approval requirements.
- ❖ For Category I and II Third Parties, have the Third Party complete and return the applicable *Third Party Due Diligence Questionnaire*.
- ❖ For Category I and II Third Parties, complete all sections of the applicable *Third Party Due Diligence Checklist*.
- ❖ Identify and explain any “red flags” resulting from responses to the relevant *Third Party Due Diligence Questionnaire* or any other information source.

Examples of possible “red flags” related to Third Parties include:

- ❖ The Third Party refuses to reveal the identities of its principals or others holding a beneficial interest in the Third Party.
- ❖ The Third Party includes an owner or employee who is, or has close family or business ties to, a Government Official.
- ❖ A Government Official or a close relation or affiliate of a Government Official has requested or recommended that the Third Party be used or engaged by Universal.
- ❖ The Third Party insists on having sole control over any interactions with Government Officials or related to government approvals.
- ❖ Universal learns or has reason to suspect that the Third Party has a “silent partner” who is a Government Official.
- ❖ The due diligence notes the presence of one or more unexplained Subcontractors or vendors that the Third Party proposes to retain to assist with interactions with Government Entities.
- ❖ The Third Party has requested compensation that is excessive or to be paid in cash.
- ❖ The Third Party requests unusual payment terms, such as up-front lump sum payments, payment to an account not in the Third Party’s name, or payment to a country that is not the country where the Third Party resides or where the Third Party will perform services.
- ❖ The Third Party indicates that a particular amount of money is needed in order to “get the business,” or “make the necessary arrangements.”
- ❖ The Third Party requests that Universal prepare false invoices or any other type of false documentation. There are indications that the Third Party may have made improper payments to Government Officials or had improper

dealings with Government Entities in the past.

- ❖ The Third Party refuses to promise in writing to comply with anti-corruption laws, Universal’s *COC*, or equivalent contractual representations and warranties and other contractual conditions required by this Policy related to improper payments to Government Officials.
- ❖ The relationship with the Third Party is not in accordance with local laws or rules, including rules concerning outside interests for any Government Officials involved.

Note: We have a responsibility to ensure that we are working with our Third Parties in a lawful and ethical manner. This includes ensuring that our Third Party relationships do not violate any local laws. In many cases, the legality of Third Party relationships will be readily apparent, and no legal advice must be sought. In others, however, obtaining local law advice from qualified outside counsel will be necessary. To facilitate this determination, the CCC has identified the following instances where seeking local law advice is required:

- ❖ When the relationship presents significant corruption risk for Universal;
- ❖ When the compensation arrangement with the Third Party involves an incentive-based commission or success fee; and,
- ❖ When there are concerns or questions regarding the legality of the arrangement under local law.

For more guidance on the foregoing instances, please see the *Third Parties SOP*.

If a Category II or III Third Party presents any of the red flags listed above, or if other information is discovered during the due diligence process suggesting that the Third Party presents a higher level of risk, the Third Party shall be reclassified as Category I (High) risk, and the Requestor must then complete the necessary procedures for Category I Third Parties. Any identified red flags must be addressed by, and to the satisfaction of, the relevant RCT or the CCC, through additional specific diligence (such

as an interview of the prospective Third Party or the retention of a vendor specializing in due diligence to obtain further information), contractual safeguards, training, and/or other appropriate remediation.

All Category I, II, and III Third Parties must be subject to renewed due diligence every three, four, and five years, respectively, or earlier on the occurrence of any significant change to a Third Party – or to Universal’s engagement of the Third Party. If such updated due diligence is not performed within this time frame (and any reasonable extension to such time frame granted by the CCC to allow completion of due diligence), the relevant Third Party Agreement shall terminate pursuant to the standard termination provisions of the contract.

SUBCONTRACTORS

Subcontractors of Third Parties (as defined in the “Glossary” section) must be identified during the Third Party due diligence process and certain procedures must be performed before they are used. The nature and scope of these procedures are detailed in the *Third Parties SOP*.

ASSESSMENT & APPROVAL

Category III (Low) risk Third Parties must be approved by the relevant **Local Compliance Team (LCT)** in accordance with the *Third Parties SOP*. Category II (Medium) risk Third Parties must be approved by the relevant RCT. Category I (High) risk Third Parties must be approved by the CCC.

CONTRACTUAL SAFEGUARDS & OVERSIGHT

Prior to the commitment of any Universal funds to any Third Party, the relevant company and the Third Party must have negotiated and executed a written contract or other written documentation containing terms and conditions that address relevant corruption risks.

A complete list of the terms and conditions that are required for each category of Third Party can be found in the *Anti-Corruption Provisions for Agreements with Sales Agents and Third Parties*. As specified in the *Third Parties SOP*, written agreements with Third Parties that do not contain the required terms and conditions, and certain amendments to those agreements, must be approved by the CCC or RCT.

MONITORING & TRAINING

Category I and II Third Parties will be required to certify their compliance with relevant provisions of the written agreements on an annual basis or at a frequency otherwise determined by the CCC. The CCC shall set a schedule for requesting, verifying, and following up on any issues arising out of such certifications.

Third Parties shall receive training with regard to their obligations under the relevant agreements and applicable laws regarding anti-corruption compliance in a manner and frequency designated by the CCC. It is the CCC’s responsibility (working with appropriate management personnel) to oversee follow up on any issues arising out of such training and to ensure that Third Parties have been provided with a copy of the *COC* and *ACM*.

The Requestor or other person designated by the CCC or RCT (as appropriate) is responsible for routine monitoring of the activities of a Third Party with assistance from local and regional compliance personnel. Such activity will include, as set forth in the *Third Parties SOP* or as otherwise required by the CCC, preparing an activity report for the Third Party, reviewing certifications from the Third Party, and reporting to the CCC or RCT any compliance issues that may arise during the course of the Third Party engagement.

THIRD PARTY ADVANCES

In almost all instances, Third Parties are paid after they present an appropriate invoice and documentation. In limited circumstances, however, a Third Party may request that we advance funds to them so they can perform their service. For example, freight forwarders may request that we advance funds necessary to cover fees at port. Another example is a lawyer who asks for a retainer to be paid in advance so they can perform legal services for us during the year.

While this Policy permits advance payments to Third Parties, preapproval by the appropriate compliance committee or team is required due to the significant associated compliance risks.

The preapproval requirements are as follows:

- ❖ Advances to Category I Third Parties require CCC pre-approval
- ❖ Advances to Category II or Category III Third Parties require RCT pre-approval.

Note: requests for advance must contain enough information for the CCC or RCT to understand the purpose and reasonableness of the advance request. The CCC or RCT will issue written guidance with its pre-approval, including the requirement that payments only be made in accordance with the approved payment terms in the underlying Third Party contracts and that documentation of the pre-approval be included with the approved voucher

package for processing by the requesting entity's accounting department.

BUYER'S AGENTS

Several of our customers use a Buyer's Agent to assist them with their purchases, and, in so doing, require that we pay part of the Buyer's Agent's commission. While Buyer's Agents act on behalf of the customers—and not Universal—they do present some compliance risk to Universal. As such, every Buyer's Agent is required to undergo due diligence procedures as described in the Buyer's Agent Due Diligence Checklist, as well as subsequent approval by the CCC.

QUESTION & ANSWER

► **THIRD PARTIES QUESTION #1:**

We are required to prepare a land use plan for one of our projects. Land use permits are overseen and approved by the local office of the Ministry of Agriculture. During a routine meeting, a mid-level official in the local office of the Ministry mentioned to me that he has experience preparing such plans, and he offered to moonlight for us as a paid consultant to prepare the required land use plan. I could use the help. Can he do this work?

ANSWER:

No. Hiring a person who works for the regulator to prepare the land use plan that he or his office will later review and approve creates a conflict between his official duties and his loyalty to you, created by your employment of and payment to him. That conflict raises the risk that he may use his influence improperly (incentivized by your payments to him for his services) to have your plan approved. In addition, in most countries, it is improper under local applicable laws and ethics rules for a government official to receive payments from a company while also having influence over government decisions affecting the company. Thus, hiring him would create risks for you and Universal.

► **THIRD PARTIES QUESTION #2:**

The local police have offered to make off-duty police officers available to help provide security at our tobacco processing facilities, provided we pay them. Can we do this?

ANSWER:

In certain situations, this may be possible, though you must first obtain Universal Legal Department review and approval. For approval to be considered, at minimum, the payments must (1) be paid to the police department, not to the individual officers, (2) comply with relevant local laws and rules, (3) be reasonable given the services provided, (4) not be made in exchange for a favor to your company performed in the officer's official capacity, and (5) must comply with all other policies outlined in this Manual.

► **THIRD PARTIES QUESTION #3:**

My local customs broker has just increased the per kilo service charge he bills us for handling our imports. When I asked why, he told me that official costs are going up. I checked with my logistics personnel, and they told me that, as far as they knew, there had been no

QUESTION & ANSWER CONTINUED

change in the customs treatment of our products and no new charges or changes to the import and phytosanitary permits that we are required to obtain. Should I agree to these changes?

ANSWER:

*The broker’s actions and statements to you are significant “red flags” suggesting that he might be making improper payments to customs officials and billing the expenses back to you through the increased service charge. Universal policies and applicable laws require you to inquire further regarding the specifics of these increases—to merely agree to them without further due diligence would be considered by enforcement authorities to be avoiding learning about bribes, and risks making Universal liable for any improper payments being made. You should **SEEK ADVICE** before agreeing to any changes in terms, as well as take measures (such as pointing out obligations under the existing contract to comply with laws) to ensure that the broker does not make any improper payments on your behalf. In addition, you should request that the broker provide support for the cost increase, such as a published fee schedule.*

► **THIRD PARTIES QUESTION #4:**

I am responsible for environmental matters at my company. The environmental laws in my country are complicated, and I consult with a local environmental lawyer to advise me on changes in the environmental laws and how they affect my company. We have not had a dispute with the government, and we always receive our environmental permits each year without issue. Do I need to run the lawyer and his firm through this ACM-based due diligence?

ANSWER:

No. The lawyer is not interacting with a Government Entity on behalf of your company. Whenever you retain someone to interact with a Government Entity on behalf of your company, you must put that person through the Third Party due diligence program. If in the future your company has an environmental dispute and you use your lawyer to help negotiate the dispute, then the lawyer will need to be put through the Third Party due diligence program.

PARTNERS

Universal companies sometime partner with individuals or companies to gain access to a particular market or to develop or operate a facility in appropriate circumstances. In addition, local law may require Universal to partner with a local entity to do business in a particular market. These partnerships are sometimes called “joint ventures.” In most cases, the partner is an individual or a legal entity that shares in the profits or ownership of an operation. This Policy establishes requirements for selecting, contracting with, and monitoring the activities of such partners in order to manage the legal risks that could arise.

This policy applies to any business relationship between a Universal company and one or more unaffiliated parties who contribute tangible or intangible assets or other resources to, and jointly manage, the relationship. Joint venture relationships (both equity and contractual, including commercial ventures that involve splitting or sharing profits from the venture) fall within this scope, as do certain other partnership arrangements. Third parties who are contracted to act strictly as agents of Universal (such as sales agents, consultants, or other vendors) are covered by their own policies covered in other sections of this Manual.

You must take great care in selecting and monitoring the activities of partners because Universal is potentially liable under the FCPA, as well as other applicable U.S. or non-U.S. laws, for the misconduct of its partners. For joint ventures in which Universal exercises majority control, Universal is strictly liable for the internal controls violations of that venture. For joint ventures in which Universal holds minority control, Universal must make good faith efforts to have the venture adopt a system of effective internal controls. Thus, joint venture relationships pose unique risks and responsibilities for FCPA compliance. A primary risk is that a joint venture entity or Universal’s partner may engage in conduct that is prohibited under Universal policies, believing that, as a local individual or company, it enjoys more freedom to “play by the local rules.” However, such activities could create legal risks for Universal, even if Universal did not directly authorize or have actual knowledge of the partner’s improper activities. Another risk arises when a potential partner brings property, local authorizations/

permits, or other assets to a deal, and those assets were obtained through corruption. In some circumstances, this could create a risk for Universal even though Universal had no prior relationship with the potential partner.

It is important that Universal knows its potential partners and is able to determine whether the potential partner has engaged, or will engage, in activities that are prohibited by Universal’s compliance policies or the *Code of Conduct*. This Policy establishes required steps that will allow Universal to assess partner risks effectively. Most fundamentally, Universal employees must document that:

- ❖ A partner has a verified ethical reputation.
- ❖ There is an appropriate business reason for entering into the relationship with the partner.
- ❖ After the performance of effective due diligence in accordance with the procedures outlined in this Policy and the *Joint Venture Due Diligence Standard Operating Procedures*, there are no inappropriate relationships between a partner and any Government Official or other “red flags” suggesting irregularities.
- ❖ There is a written agreement containing appropriate contractual safeguards against improper conduct involving the partner.
- ❖ The relationship is being monitored effectively going forward, with appropriate training for both the partner and Universal employees managing the relationship where appropriate.

GENERAL REQUIREMENTS

Prior to entering any business arrangement (formal or informal) with a proposed partner, Universal employees must, at a minimum, take all of the steps set out in this Policy and the *Joint Venture Due Diligence Standard Operating Procedures*.

Due to the associated FCPA risks, both the applicable Regional Compliance Team and the Corporate Compliance Committee must approve the selection of any proposed joint venture partner. In addition, the ap-

applicable Regional Compliance Team and the Corporate Compliance Committee are responsible for approving the proposed management structure, corporate governance, compliance program, accounting systems, and internal controls for the joint venture, in accordance with Universal’s obligations under the FCPA.

PARTNER SELECTION & COMMERCIAL TERMS

It is the responsibility of the employee proposing the relationship to document, in writing, to the applicable Regional Compliance Team and Corporate Compliance Committee the business needs and reasons for (1) working with a partner generally under applicable business considerations, and (2) selecting the specific proposed partner (including qualifications and business reputation). The employee must also engage in a preliminary assessment of any possible FCPA-related risks or issues, taking input, as needed, from local or regional compliance resources. The applicable Regional Compliance Team will review and assess the request and, if the Team deems it appropriate, the Team will recommend the request to the Corporate Compliance Committee for review and approval.

Managing potential FCPA risk requires that any partnership be based on reasonable commercial terms. Therefore, the consideration to be paid to any partner must be:

- ❖ Based on the value of the partner’s contribution or otherwise comparable with rates of return for similar business arrangements either in-country or in similar circumstances.
- ❖ Supported by the business performance of the partnership arrangement.
- ❖ In accordance with appropriate payment terms as established by the relevant written agreement, and not paid in cash or outside of the partnership’s country of operation or the partner’s country of residence.
- ❖ Legal under all applicable laws.

To fulfill the requirements set out above, the proposing employee must complete the *Partner Due Diligence Checklist* and submit it, with all relevant supporting

documentation, to the applicable Regional Compliance Team. The Regional Compliance Team shall review all materials presented to it on partner selection and consideration and shall exercise its independent judgment regarding whether the sponsoring employee has provided sufficient justifications related to these issues as required under this Manual. If the Regional Compliance Team approves the request, it shall submit the materials and its approval to the Corporate Compliance Committee for review and approval of the venture. Such reviews and approvals are in addition to any additional reviews and approvals required by other Company policies, including Universal’s capital expenditure policies.

DUE DILIGENCE & “RED FLAGS”

All prospective and existing partners must undergo the due diligence requirements set out in this Policy and the *Joint Venture Due Diligence Standard Operating Procedures* regardless of whether the partner will interact with Government Officials. The due diligence process should focus on (1) determining the qualifications and business “value-added” of the proposed partner, (2) discovering any links between the proposed partner and any Government Officials, (3) establishing the positive ethical reputation of the partner, and (4) detecting “red flags” that are likely to arise in a partnership relationship.

To fulfill due diligence requirements, the sponsoring employee (with support from local or regional compliance personnel) must:

- ❖ Have the proposed partner complete and return a *Partner Questionnaire*.
- ❖ Complete the *Partner Due Diligence Checklist* and attach the designated external due diligence reports, which include denied party screening results, financial and background reports, media searches, and business references.
- ❖ Identify and explain any “red flags” resulting from responses to the *Partner Questionnaire* or any other information source.

Examples of possible “red flags” related to prospective or existing partnerships include the following scenarios:

- ❖ The partner is, or has close family or business ties to, a Government Official.
- ❖ Due diligence suggests that the partner is a shell company or has other irregularities in corporate structure or operations.
- ❖ The partner or a principal shareholder has a government affiliation (directly or through close relatives).
- ❖ The partner cannot contribute anything to the venture except influence with Government Entities or Government Officials.
- ❖ The partner refuses to agree to reasonable financial and other controls and other standard Universal company policies in the joint venture.
- ❖ The relationship with the partner is not in accordance with local laws or rules, including civil service rules concerning outside interests for any Government Officials involved.
- ❖ The partner has a reputation for bypassing normal business channels, particularly in activities involving the government.
- ❖ The partner requests approval of a significantly excessive operating budget or unusual expenditures.
- ❖ Universal learns that the partner made an improper payment to Government Officials prior to Universal's entry into the venture.
- ❖ The partner insists on financial terms that are unduly generous to it in light of its contributions to the venture.
- ❖ The partner insists on having sole control over any host country government approvals.
- ❖ Universal learns or has reason to suspect that the partner has a "silent partner" who is a Government Official.
- ❖ The partner refuses to reveal the identities of its principals or others holding a beneficial interest in the company.

Any identified red flags must be addressed to the satisfaction of the Corporate Compliance Committee through additional specific diligence (such as an interview of the prospective partner or the retention of a vendor specializing in due diligence to obtain further information), contractual safeguards, training, and/or other appropriate remediation.

CONTRACTUAL SAFEGUARDS & OVERSIGHT

Prior to the commitment of any Universal funds to the venture, the relevant Universal company and the partner must have negotiated and executed a written agreement containing terms and conditions that address relevant FCPA risks. The agreement must require, among other items:

- ❖ That the partner (and any relevant legal entity created by the partnership) comply with specific anti-corruption provisions and all applicable laws, and periodically certify to such compliance.
- ❖ That the partner has not brought into the business relationship property, local authorizations/permits, or other assets that were obtained through corruption.
- ❖ That the partner will obtain Universal's written approval, following due diligence, before retention of sub-contractors, agents, and representatives for the business who will interact with the government on behalf of the venture.
- ❖ That the partner will agree to make the books and accounting records of the business venture available for review by Universal or Universal's designated representative and will cooperate in any audits of any legal entity created by the partnership.
- ❖ That, if a new entity will be formed by the venture, that entity will implement an anti-corruption compliance program tailored to the venture's risk profile.
- ❖ That the partner agrees to complete any training provided by Universal and to require owners, directors, and employees who interact with gov-

ernment entities on behalf of the joint venture to complete such training.

- ❖ That Universal may terminate the agreement in the event that Universal has a reasonable belief that the partner has violated any of the anti-corruption-related provisions of the agreement.
- ❖ That the partner represents and warrants that the due diligence information previously provided by the partner during the selection process remains accurate and complete. If there are any significant changes in the due diligence information previously provided to Universal, the partner will promptly notify Universal.

A complete list of required terms, conditions, and representations can be found in the *Joint Venture Due Diligence Standard Operating Procedures*. Specific review and approval by the General Counsel and the Corporate Compliance Committee is required for any contract that does not include one or more of these clauses. Once an agreement with a partner is in force, any amendments must be referred to and approved by the Corporate Compliance Committee.

If the partnership includes the establishment of a specific legal entity, the FCPA establishes additional requirements for public companies such as Universal. As a reminder, any investment or any change in investment in a legal entity requires the approval of the Executive Committee of Universal Leaf Tobacco Company, Incorporated. Where Universal is a majority partner (i.e., greater than 50%) in the partnership or entity or otherwise exercises “effective control,” the Corporate Compliance Committee will ensure that Universal shall establish and enforce Universal’s *Code of Conduct* and other relevant FCPA-related policies within the structure of the entity or venture. Universal also is required by the FCPA to ensure that the entity adheres to the FCPA’s accounting and recordkeeping requirements, which means that Universal personnel must monitor compliance with those requirements by the entity, and by its partner on transactions relating to the venture. “Effective control” refers to Universal’s ability to control the day-to-day operations of the venture and is presumed if:

- ❖ Universal owns 25% or more of the venture’s voting security and no other person owns or controls an equal or larger percentage;
- ❖ Universal operates the venture pursuant to an exclusive management contract;
- ❖ A majority or equal number of the members of the board of directors of the venture is composed of individuals who are also employees or directors of universal;
- ❖ Universal has authority to appoint the majority of the members of the board of directors of the venture; or
- ❖ Universal has the authority to appoint the chief operating officer of the venture.

Universal also has responsibilities for entities in which it has a minority (less than 50%) interest and does not enjoy “effective control.” In such cases, Universal must engage in good faith efforts to police the entity’s activities and to have the entity adopt internal controls policies and procedures consistent with the FCPA’s accounting and recordkeeping requirements. Most importantly, relevant Universal employees who exercise management roles in relation to the partnership must monitor and take steps to oppose any improper payments to Government Officials by the entity or the partner, and such employees must regularly (through Board voting or other management tools) attempt to ensure that the entity and partner comply with all applicable anti-corruption and related laws. It is the responsibility of the Corporate Compliance Committee to monitor such minority partnerships and to take appropriate action to ensure compliance.

MONITORING & TRAINING

All partners will be required periodically to certify their compliance with relevant provisions of their written agreements covering FCPA and related anti-corruption issues. The Corporate Compliance Committee shall set a schedule for requesting, verifying, and following up on any issues arising out of such certifications.

The Corporate Compliance Committee will be responsible for maintaining relevant due diligence files and

contracts for all partners and joint ventures, and shall use a standardized filing system to track and monitor partner and joint venture activities and issues.

Appropriate personnel of any specific entity established by the partnership in which Universal has a majority interest, and any appropriate personnel of the partner, will be trained in a manner designated by the Corporate Compliance Committee with regard to their obligations under the relevant agreements and applicable laws regarding anti-corruption compliance. It is the Corporate Compliance Committee's responsibility (working with appropriate management personnel) to set a schedule for providing such training and following up on any issues arising out of such training.

The sponsoring employee is responsible for regular monitoring of the activities of any partner, with assistance from local and regional compliance personnel. Part of this process will include a review of any information received from Company employees who are associated with the joint venture's activities. In addition, the Corporate Compliance Committee will review relevant partnership agreements every three years, with assis-

tance from the relevant business units. The review will cover the following issues:

- ❖ Continuing business need for the partner and evaluation of the continued reasonableness of consideration paid to the partner, based on the performance of the business.
- ❖ Update of due diligence information on the partner and on key directors/employees of any specific entities.
- ❖ Compliance of the partner and any entity with anti-corruption obligations.
- ❖ Need for and results of any audits/reviews of the partner/entity.
- ❖ Need for possible amendments to framework agreements in light of any compliance issues.
- ❖ Need for additional compliance training of partner and relevant Universal employees managing the partnership.

QUESTION & ANSWER

► **PARTNERS QUESTION #1:**

For the past several years, my company has shared ownership in a foreign tobacco processing facility with a partner located in the same country as the facility. We have no record of due diligence performed on the partner. What should we do?

ANSWER:

All partners, even those with whom Universal companies have had long relationships, must undergo the due

*diligence process set out in this Policy and the **Joint Venture Due Diligence Standard Operating Procedures** regardless of whether the partner will interact with Government Officials. If due diligence was not performed in the past, you must perform new due diligence on the partner. You must also **SEEK ADVICE** regarding what level of due diligence is necessary based on the facts and circumstances involved.*

FACILITATING PAYMENTS

Due to the many legal and business issues posed by “facilitating payments,” it is Universal’s policy that facilitating payments are **prohibited**.

The FCPA provides for a **very narrow** exception for payments made to a Government Official in order to secure routine governmental actions. These payments, which are called “facilitating payments,” include generally small payments made to a Government Official to expedite or facilitate:

- ❖ Obtaining certain non-discretionary business permits;
- ❖ Processing non-discretionary governmental papers, such as visas;
- ❖ Providing police protection, mail delivery, or scheduling inspections associated with contract performance or the shipment of goods;
- ❖ Providing phone, power, or water service, or loading and unloading cargo; or

- ❖ Other similar activities that are ordinarily and commonly performed by a government official.

As these examples show, facilitating payments merely expedite actions that should be performed by the Government Official in any event. They do not include actions that require the Government Official’s judgment (for example, whether tobacco is a certain grade or whether something passes a quality inspection). Payments to Government Officials to influence actions that require their judgment are not permitted by the FCPA, and of course they are not permitted by Universal’s policies.

The definition of a facilitating payment under the FCPA is complicated, and it is often difficult to determine when a payment meets the definition. Moreover, although facilitating payments do not violate the FCPA, they may violate the laws of other countries, including the countries in which we do business. These issues explain Universal’s policy that facilitating payments are **prohibited**.

QUESTION & ANSWER

► **FACILITATING PAYMENT QUESTION #1:**

Following a storm, power to our tobacco processing facility is shut off. It can take up to two to three (2–3) weeks to regain power in our region. The head of the local government-owned utility company says he will ensure that power will be reinstalled within 4 days in exchange for a US\$15 payment. Can we make the payment?

ANSWER:

You may not make the payment. This would be a facilitating payment, and it is Universal’s policy that such payments are prohibited. You must say “no” to this request.

► **FACILITATING PAYMENT QUESTION #2:**

I made an error on a customs declaration. The customs official spotted my error and threatened to impose a fine on my company. However, he offered to overlook the error in exchange for a small payment. What should I do?

ANSWER:

*You may not make the payment. In contrast to Question #1 above, this payment is intended to alter or affect the outcome of an official decision (avoid a fine), not speed up routine governmental action. It is **not** a facilitating payment, but it would constitute a bribe that is illegal under the FCPA and local law.*

EXCEPTION FOR PAYMENTS TO PROTECT EMPLOYEE HEALTH & SAFETY

In very rare circumstances, Universal personnel may deem it necessary to make a payment to a Government Official to avoid an imminent threat to personal health, safety, or freedom. Defenses based on physical duress can apply to payments demanded by a Government Official where a person's life is threatened or physical harm is imminent, and they do not constitute a violation of the FCPA or other anti-bribery laws. In such very rare situations, and when appropriate, such payments may be allowed as an exception to Universal's general prohi-

bition on payments to Government Officials.

If such a circumstance arises, the Universal employee making the payment must complete a *Payments Exception Request/Report Form* and submit it to the Compliance Committee for review promptly after the payment has been made. All payments covered by this policy must be accurately described and recorded in the appropriate accounting books and records.



EXCEPTION FOR EXTORTION PAYMENTS

In very rare circumstances, Universal personnel may deem it necessary to make a payment in response to a Government Official's threat of expropriation, destruction, or substantial damage of Universal property or assets. Defenses based on expropriation, destruction, or substantial damage can apply in certain circumstances when a Government Official demands payments to prevent such a loss, and they do not constitute a violation of the FCPA or other anti-bribery laws. In such very rare situations and when appropriate, such payments (called "extortion payments" in this section of the Manual) may be allowed as an exception to Universal's general prohibition on payments to Government Officials. Employees should note that repeated requests for extortion payments by the same Government Official over time may undermine the legal defense under which such pay-

ments may be allowed, and therefore repeated requests are less likely to be approved under this policy.

Unless the threat would result in immediate adverse action by the requesting Government Official, Universal employees must request **prior approval** from the Compliance Committee before making such payments using the *Payments Exception Request/Report Form*. In the event of immediate adverse action, the Universal employee making the extortion payment must complete a *Payments Exception Request/Report Form* and promptly submit it to the Compliance Committee for review. All payments covered by this policy must be accurately described and recorded in the appropriate accounting books and records.

QUESTION & ANSWER

► **EXTORTION PAYMENTS QUESTION #1:**

Our customer's facility relies on customs brokers to move un-fumigated tobacco from the docks to a storage facility where the tobacco can be fumigated. We have learned that it will take weeks for the tobacco to be moved off the docks, unless the brokers give customs inspectors at the docks payments of approximately US\$15 per shipment. If the tobacco sits on the docks for weeks without fumigation it could become infested with beetles. It is often impractical for the customs brokers to contact us prior to making each payment. Through our due diligence, we learned that making such payments is customary in this country. May we make these payments?

ANSWER:

You may not make the payment, and you must direct the broker not to make the payments on your behalf with respect to these shipments. If you believe that you

can demonstrate that demonstrable, substantial damage to Universal property or assets can only be avoided by making the payments, you could apply to the Compliance Committee for an "Extortion" exception to the policy prohibiting facilitating payments such as these. You should note that such approval may not be appropriate in these circumstances, given the repeat nature of the transactions. It is more likely that you would be directed to take additional steps to address the delays at the docks through means that do not involve making the payments, including potentially escalating the issue to the inspectors' superiors or availing yourself of other options allowed by local laws. This is a situation where your company, together with the Compliance Committee and Universal's Legal Department, needs to develop specific advance guidance to govern these types of requests and, if any exceptions are to be allowed, to specify the allowable recipient, method, amount, and recording of such a payment.

GIFTS, TRAVEL, & HOSPITALITY

The *Code of Conduct* and this Policy permit Universal personnel to provide certain gift, travel, and hospitality (e.g. meals & entertainment) to customers, suppliers, and others with whom we do business, provided that the expenses satisfy certain criteria. In all cases, Universal will only pay for these expenses when they are reasonable in value, appropriate to a business relationship, and do not create an appearance of impropriety.

Complying with the U.S. and other laws that regulate these activities requires Universal personnel to evaluate the facts and circumstances related to each instance. When considering the offer of gifts, travel, or hospitality to or for the benefit of any recipient, including Government Officials, Universal employees must evaluate:

- ❖ Whether there is a specific, legitimate, and proper business purpose that underlies the proposal.
- ❖ Whether the expenditure is part (or may be understood at the time or in hindsight as being part) of an exchange in which Universal will receive something of value.
- ❖ Whether the nature and/or value of the items or activities covered by the expenditure might seem inappropriate or unreasonable (for example, if the value becomes known to the recipient's employer or to the public through press coverage).
- ❖ Whether the estimated amount of the expenditure is disproportionate to what is known regarding the salary of the recipient, especially any Government Official, or for the location where provided.
- ❖ Whether, to the Universal employee's knowledge, local law, regulations, local practice, and the ethics policies covering the recipient allow the expenditure.
- ❖ Whether the expenditure is required, or prohibited, by any contract with a customer.
- ❖ Whether the timing or place of the expenditure seems unusual or inappropriate (for example,

offering a gift immediately before or after the recipient makes an important business decision affecting Universal).

- ❖ Whether the expenditure is being provided openly, as opposed to being hidden from the recipient's organization and superiors.
- ❖ Whether the expense involved is one that is normally paid by a Government Entity or by any other entity for which the recipient works.

In addition to the guidelines above, the following principles apply when providing gifts, travel, and hospitality. In no case may Universal employee or anyone representing Universal:

- ❖ Offer any bribe to any third party, including any customer, vendor, or other party;
- ❖ Offer or give anything to any customer or vendor when that gift or other benefit is contingent on, or directly tied to, the provision of a business benefit to universal or the employee; or
- ❖ Offer or provide benefits to other persons if such benefits violate the code or policies of the recipient's organization, or any applicable law or regulation.

METHOD OF PAYMENT

All payments for gift, meal, travel, entertainment, and related expenses must comply with applicable Universal policy and procedure, including Universal's *Approval Policies for Expenditures and Payments* and applicable *Compliance Standard Operating Procedures (SOP)*.

DOCUMENTING EXPENSES

It is important to remember that all payments or reimbursements of expenses must be properly recorded in Universal's books and records. This requirement places a premium on obtaining the proper documentation of all expenses and payments to cover them. Accounting personnel are responsible for ensuring that employees properly record payments or reimbursement of expenses, including the purpose and cost of the expense as well as the names and titles of the participants.

GIFTS, TRAVEL, & HOSPITALITY FOR GOVERNMENT OFFICIALS

Providing gifts, travel, and hospitality to Government Officials raises higher, more unique compliance risks than those associated with non-government individuals. Due to these higher risks, benefits to Government Officials are subject to additional procedures and restrictions, described below:

- A. **General Requirements.** Each Company must maintain written *SOP* approved by the Corporate Compliance Committee applicable to gifts, travel, and hospitality for Government Officials. All gifts, travel, and hospitality to or for the benefit of Government Officials must be:
1. Based on a legitimate business purpose.
 2. Of reasonable and appropriate value.
 3. Pre-approved by relevant compliance personnel when required by the *SOP*.
 4. Prohibited when they could be viewed as a bribe or create the appearance of being improper.
 5. In compliance with all applicable laws and regulations.
- B. **Gifts.** Any gifts to a Government Official must be limited to nominal value. Gifts may not be given in cash or a cash-equivalent (such as a loan or a gift card). The *SOP* requires that certain gifts or related benefits to Government Officials receive pre-approval. To receive pre-approval, a Universal requestor must submit a completed *GTH Request Form* in accordance with the *SOP*. The *SOP* specifies the applicable thresholds for approvals and identifies who is required to evaluate the request for approval.
- C. **Travel-Related Expenses.** Under some circumstances it is acceptable for Universal to provide travel and accommodations for a Government Official in order to visit a Universal company site or to meet to discuss Universal business or to promote Universal products or services. The *SOP* requires that

certain travel-related expenses receive pre-approval. To receive pre-approval, a Universal requestor must submit a completed *GTH Request Form* in accordance with the *SOP*. The *SOP* specifies the applicable thresholds for approvals and identifies who is required to evaluate the request for approval.

- D. **Hospitality.** Universal employees can provide meals and entertainment to Government Officials in limited and appropriate circumstances. Examples include providing lunch for an official performing an inspection on-site, or taking employees of government-owned customers to dinner after a day of business meetings. Pursuant to the *SOP*, certain meals and entertainment for Government Officials either (1) must receive pre-approval, or (2) require notice to an appropriate Universal compliance resource. To receive pre-approval or to provide notice, a Universal requestor must submit a completed *GTH Request Form* in accordance with the *SOP*. The *SOP* specifies the applicable thresholds for approvals or notices and identifies who is required to evaluate the request for approval. At least one Universal employee should be present for any offering of meals or other entertainment offered to Government Officials.

In addition to the general requirements listed above, travel-related expenses paid on the behalf of Government Officials:

1. Must be incurred during the Government Official's direct travel to and from a legitimate business location, including transportation associated with the Government Official's participation in meetings or other business-related activities with Universal employees.
2. Must be reasonable given the circumstances surrounding the trip and the seniority of the Government Official.
3. Must not involve friends, spouses, or other family members of any Government Official. Any such travel-related expenses must be paid by the Government Official.

4. Must not include any side trips. A “side trip” is a trip given to a Government Official to any destination not directly related to our business when a Universal employee does not travel with the Government Official.
 5. Must be paid directly to vendors (i.e., airlines, hotels, or car rental companies) when possible. When direct payment is not possible, Universal may only reimburse expenses for which the Government Official has provided receipts. Reimbursements shall be paid to the Government Official’s employer and may not be paid in cash without Corporate Compliance Committee approval. No reimbursements may be paid in any form directly to the Government Official without Corporate Compliance Committee approval.
 6. Must not include any “per diems” unless previously approved by the Corporate Compliance Committee.
- E. **Other Benefits.** In some cases, Universal personnel may receive requests from Government Entities or Government Officials to provide or cover other

types of benefits, such as employment for relatives or assistance with applications for visas to the United States or other countries. Although these benefits may appear different than gifts, travel, and hospitality, the same guidelines and principles apply when Universal personnel consider such requests. In addition, Universal personnel should refer to other Universal compliance policies or other specific guidance issued by Universal’s compliance resources.

- F. **Failure to Obtain Requisite Pre-Approval.** If a Universal employee authorizes or gives any gift, meal, travel, or entertainment expense or related benefit to a Government Official without the required pre-approval, or fails to submit the required notice for those expenses that do not require pre-approval, Universal will take such actions as deemed appropriate, up to and including not reimbursing the employee for the cost of the payment or benefit, and/or reviewing the employee’s activity to determine whether further action is appropriate to respond to any violation of this Policy and the *Code of Conduct*.

QUESTION & ANSWER

► **TRAVEL/GIFT QUESTION #1:**

Regulators from the Ministry of the Environment travel from the capital to our processing facility once a year to inspect our facility. The government requires companies that are subject to inspection to pay the inspectors’ travel expenses, accommodation, and meals. Is it a problem if we follow this practice?

ANSWER:

So long as the amounts are reasonable (a determination that will be made in the approval process) and conform with all applicable local law requirements, this is allowable. If possible, you should obtain appropriate documentation showing the government’s requirement to pay these expenses. Also, such payments should be made directly

to the Ministry rather than to the individuals, if possible, must be reimbursed against receipts documenting those costs, and must be properly recorded in your company’s books. As with all travel or hospitality expenses to be incurred on behalf of Government Officials, this would require prior approval as set forth in this Manual and the appropriate SOP.

► **TRAVEL/GIFT QUESTION #2:**

Each year a delegation of officials from a government-owned cigarette company travels to our office in Richmond to engage in strategic discussions about U.S. tobacco crops. The delegation has asked us to cover its travel costs. May we cover the costs?

QUESTION & ANSWER CONTINUED

ANSWER:

Provided that the expenses are reasonable (a determination that will be made in the approval process) and conform with all applicable local law and customer organization ethics requirements, the travel should be allowable. The expenses must be incurred during the officials' direct travel to and from a legitimate business location for legitimate, business-focused activities, must not involve friends, spouses, or other family members of the officials, and must not include any "side trips" not directly related to our business. As with all travel/hospitality expenses to be incurred on behalf of Government Officials, this would require prior approval as set forth in this Manual and the appropriate SOP.

► **TRAVEL/GIFT QUESTION #3:**

Same facts as #2 above, except that the delegation asks to stop in Las Vegas for 24 hours in order to gamble. The delegation also asks us to provide a special "per diem" to cover gambling and other hospitality expenses, as well as to pay for travel and other entertainment expenses. The delegation says that one of our competitors did the same thing last year. May we cover the costs?

ANSWER:

*The additional payments related to all aspects of the proposed Las Vegas side trip are **not allowed** for at least two reasons. First, there is no legitimate business reason*

for stopping in Las Vegas; if the officials wish to do so, they must bear all expenses associated with the side trip. Second, the requested "per diem" for gambling, and the payment for travel and other entertainment is not for a legitimate business purpose. Whether or not a competitor has provided similar payments in the past is irrelevant.

► **TRAVEL/GIFT QUESTION #4:**

The head of the Leaf Department of one of my government-owned customers is about to retire. He has been a good friend to my company for many years. Because he is about to leave the company, is it okay if I give him an expensive set of golf clubs as he departs?

ANSWER:

*No. Expensive gifts to Government Officials are never proper, even if they are about to retire. Any gifts to an official must be limited to nominal value and be appropriate given their position in their company. Although the head of the Leaf Department is a senior position, an expensive set of golf clubs would exceed what would be considered reasonable and appropriate. Also, note that you must seek pre-approval to make any such gifts after submitting a completed **GTH Request Form** in accordance with this Manual and the appropriate SOP. The SOP specifies the applicable thresholds for approvals and identifies who is required to evaluate the request for approval.*

CHARITABLE CONTRIBUTIONS & SOCIAL RESPONSIBILITY PROJECTS

Charitable contributions and social responsibility projects are an important reflection of Universal's commitment to the communities in which we operate around the world. The Universal group supports a range of charitable causes and projects, from schools to soccer fields to programs that provide food to the needy. The investments we make in our local communities help foster sustainable development.

Charitable contributions are sometimes made for issues of national concern, but more often they are made to local or regional charities to help those in need at a local level. Examples of such contributions include donations to local charities, national disaster relief efforts, or international operations such as the Red Cross.

Social responsibility projects, by contrast, are not donations to charitable organizations. They are projects for which the money we spend goes directly to the projects themselves (for example, when we buy materials to build a local school), or they are coordinated by an identified Government Entity or non-government organization ("NGO") that manages the funds for the project. Social responsibility projects are projects intended to improve the community, especially farming communities, or to address issues related to our industry or operation. Social responsibility projects include, for example, projects to improve local schools or roads, promote reforestation, or discourage child labor. Such projects may have been initiated by your company or requested by a Government Entity or NGO, or your company may have participated in a project with a customer or other third party. In addition, for purposes of this Policy, companies must treat government-related sponsorships as social responsibility projects. Sponsorships may include contributions to community festivals or celebrations, as well as conferences or other events organized by or for Government Entities or Government Officials.

Universal encourages charitable and social responsibility activities, but contributions or project requests must be examined carefully. Risks can arise in connection with contributions and projects in a variety of ways; for example:

- ❖ Where a key government official is involved in the charitable organization receiving the contribution;
- ❖ Where the request is to assist a government entity;
- ❖ Where the recipient organization lacks financial transparency; or
- ❖ Where similar facts create a possibility that the contribution could be diverted to an improper beneficiary and linked to a business benefit being sought by the donor.

It must be clear that the proposed contribution or project is not a disguised way of providing a personal benefit to a Government Official. In addition, it is important to consider the timing of a contribution. An acceptable contribution can turn improper if it is given or agreed to at a time when you or your company are, for example, seeking business or regulatory approvals from the Government Entity associated with the request.

Universal's policy is not intended to discourage individual employees, officers, or directors from making charitable contributions in their own right. But you must be certain that personal charitable contributions are not made on behalf of a Universal company, and personal charitable contributions may never be conditioned upon any agreement or understanding to take or not take any particular governmental action on behalf of any Universal company.

Universal companies may never make a contribution as part of an exchange of favors with any Government Official, even if the recipient is a bona fide charity. If a Government Official has promised any benefit, or issued any threat, in connection with a contribution request, the contribution must be denied and the Corporate Compliance Committee must be informed.

PROCESS FOR MAKING A CONTRIBUTION

If your company wishes to make a charitable or social responsibility contribution to a non-U.S. organization or to fund a charitable or social responsibility project outside the United States, the following procedures will apply:

- A. **Due Diligence:** A Universal requestor must complete the *Charitable and Social Responsibility Contribution Checklist*. In addition, a *Due Diligence Questionnaire for Charitable and Social Responsibility Contributions* must be completed by the charitable organization or, in the case of social responsibility spending, any third party coordinating the project (for example, an NGO). The forms are designed to capture relevant information to allow Universal to assess the appropriateness of the donation or funding, such as:
1. Identity of the recipient;
 2. Origin of the request for the donation or funding, including whether a government official requested the contribution;
 3. Involvement of a government official, including whether he or she is the recipient, and whether the contribution could be diverted for the benefit of a government official;
 4. Suitability of the recipient (e.G., Whether the recipient's mission is consistent with universal's values, whether the recipient is a registered charitable organization in the local country (i.E., A status equivalent to 501(c)(3) in the united states), financial transparency of the recipient, whether the recipient has a reputation for fraud, corruption or other conduct inconsistent with universal's ethical standards, or whether the recipient is listed on a government blacklist);
 5. Appropriateness of the contribution under local law; and
 6. Type of contribution (monetary or in-kind), process for conveying contribution (e.G., Check, wire), and purpose of the contribution.
- B. **Review and Approval:** The requestor shall submit the completed *Checklist* and *Questionnaire* to the appropriate Universal committee for review and approval. The *Standard Operating Procedures for Charitable Contributions and Social Responsibility Projects* specify which Universal committee needs to review and approve which requests.
1. All contributions (1) requested by a Government Official, (2) for which the recipient is a Government Entity, or (3) for which the recipient is affiliated with a Government Official must be submitted to the Corporate Compliance Committee.
 2. For all other donations, review and approval will depend on the value of the donation in accordance with the *Standard Operating Procedures for Charitable Contributions and Social Responsibility Projects*.
- C. **Safeguards:** The relevant committee reviewing the request is responsible for identifying safeguards appropriate to address the risks presented by the request. For certain requests, it may be necessary for the committee to consider safeguards, such as:
1. Conducting additional due diligence on the recipient (e.G., Reviewing the recipient's financials, consulting references, etc.);
 2. Requiring the recipient to agree to enhanced anti-corruption terms in a contract or certification; and
 3. Securing appropriate monitoring mechanisms to confirm proper use of the contribution.
- D. **File-Keeping and Tracking:** The relevant committee reviewing the request must maintain the due diligence file for any requested contribution (whether approved or not). In addition, the Regional Compliance Teams are responsible for tracking charitable and social responsibility contributions in their respective regions. The regional committees shall provide this data to the Corporate Compliance Committee once a quarter.
- E. **Method of Payment:** All payments for charitable and social responsibility contributions must comply with Universal's *Approval Policies for Expenditures and Payments* and applicable *Compliance Standard Operating Procedures (SOP)* for compliance sensitive payments. Cash contributions should be avoided and, whenever possible, Universal companies should make their charitable and social

responsibility contributions in-kind. For instance, if your company is asked to help pay for a new school, your company could provide roofing tiles to the contractor building the school rather than providing a check.

- F. **Documenting Contributions:** The Universal company providing the contribution must obtain evidence of receipt for each charitable or social responsibility contribution it makes, and the contribution must be accurately recorded in the appropriate compliance sensitive account in the company's books and records. The contribution must also comply

with all other procedures applicable to compliance sensitive payments.

FAILURE TO OBTAIN REQUISITE PRE-APPROVAL

If a Universal employee authorizes a charitable or social responsibility contribution without the pre-approval required by the Universal company's *SOP*, Universal will take such actions as deemed appropriate, up to and including reviewing the employee's activity to determine whether action is appropriate to respond to any violation of this Policy and the *Code of Conduct*.

QUESTION & ANSWER

► **CONTRIBUTION QUESTION #1:**

The mayor has asked our company to contribute money to help the town purchase materials for a new roof for an orphanage. The mayor does not have direct influence over our operations, but my company wants to maintain good relations with him because he is an influential member of the community. The request was not linked to any promised benefit or threat. Can we make the contribution?

ANSWER:

*Assuming that this contribution satisfies the due diligence process and meets the Compliance Committee's criteria for awarding contributions, this contribution may be made. This contribution is treated as a social responsibility project, and is subject to the rules and thresholds described in the *SOP*. To provide added assurance that the contribution will be used as intended, the company should consider purchasing and donating the materials for the new roof directly, rather than depositing funds in a town bank account. Any follow-up request by the mayor or other official to deposit money into a personal account or to provide cash would raise additional "red flags" that likely would cause the decision to donate to be reconsidered in light of increased compliance risks.*

► **CONTRIBUTION QUESTION #2:**

Our new tobacco processing facility was built one hundred (100) miles from the nearest port. The facility is only accessible by one primary road. Traffic to and from our facility has resulted in deterioration of the road. The local interior office has very few resources for maintaining the road and has asked my company to donate resources for road improvements. Although my company deals with the interior office on a regular basis to obtain permits for our tobacco processing activities, the request was not connected to any particular matter. Should we grant the request?

ANSWER:

Assuming proper procedures are followed and requisite prior approvals are obtained, this contribution may be made. This example highlights the distinction between a contribution made to a Government Official personally (which is not allowed), and a contribution that is made to a government agency in order to improve its capacity to perform its official functions. Contributions that are made directly to government agencies are generally allowable, absent "red flags" suggesting that the contribution will be diverted to the personal benefit or use of any Government Official. To provide added assurance that the contribution will be used as intended, the company should

QUESTION & ANSWER CONTINUED

consider purchasing and donating the materials for the road improvements if possible.

► **CONTRIBUTION QUESTION #3:**

Our new tobacco processing facility described in Question #2 is regularly patrolled by police for security. One of our managers has been approached by a senior officer in the patrol group, who stated that due to budget cuts the police will require regular monthly payments to purchase fuel in order to continue patrolling the facility. The officer states that he would like to pick up the payment in cash once a month, and he will be responsible for purchasing the fuel. He also states that other local companies are being asked to make similar payments and that it is customary for local businesses to contribute to the expenses for patrolling their facilities. Should we grant the request?

ANSWER:

As requested, this contribution is not allowable. The circumstances surrounding this request—the request to give cash directly to a Government Official, the lack of transparency, the fact that the officer would exercise

control over the funds and be able to keep them for himself or other officers—present a significant risk that some of the money will be diverted to the officers' personal use. In addition, no cash payments may be made for a compliance-sensitive transaction without Compliance Committee approval.

*It is possible, however, that your company may be able to fund the police department for fuel in a way that would not raise the same concerns. A key question is what is allowed under applicable local law, for which you should **SEEK ADVICE** from Universal's Legal Department. Once the local law issue is understood, then with the assistance of the Compliance Committee you can evaluate alternatives. For example, rather than contributing cash, your company could purchase fuel directly. Or, it could make payments by check or other fund transfer directly to the police department office rather than making any payment directly to the officer. So long as local laws allow it and proper safeguards are observed—and preapproved by the Compliance Committee - such a request could be allowable.*

POLITICAL CONTRIBUTIONS

U.S. and foreign laws generally prohibit companies from making contributions or expenditures in connection with any election for political office. These laws also prohibit companies from financially supporting political candidates. Political contributions include direct or indirect payments, advances, gifts of goods or services, subscriptions, memberships, purchase of tickets for fund raisers, and purchase of advertising space. **Universal's policy is that you may not make any political contribution or other expenditure to any political organization or candidate for political office on behalf of or for the benefit of your company.** You may have questions about

whether you can support your local politicians. Universal's policy is not intended to discourage individual employees, officers, or directors from participating in the political process in their own right, including the making of personal contributions to candidates or parties of their choosing. But you must be certain that political contributions are never made on behalf of a Universal company, and such contributions may never be conditioned upon any agreement or understanding to take or not take any particular governmental action on behalf of any Universal company.



Various activities requiring interactions with host country governments can create potential corruption risks for Universal. For instance, complying with regulations and licensing requirements, and engaging in lobbying or other interactions (either directly or through third parties, such as lobbyists or trade associations) with Government Officials, can create opportunities for the Government Officials to ask for improper benefits in return for their help. Universal employees must resist any such requests, and Universal's Regional Compliance Teams must be kept informed of such activities because of the risks involved.

GOVERNMENT AFFAIRS

"Government Affairs" involve discussions and other interactions a Universal company (or a third party acting on its behalf) may have with any Government Entity. Government Affairs include "lobbying activities" (activities aimed at influencing public officials or members of a legislative body on legislation or other government regulation) and other activities in which Universal engages a host country government to discuss policies, regulation, or legislation. For example, an effort to engage local governments to take a certain position on the WHO's Framework Convention on Tobacco Control is a Government Affairs activity, as is an effort to seek changes to local tax laws, export or import limits, or other regulations in order to benefit Universal's business. This is true when Universal employees engage in this activity and also when third parties engage in these activities on Universal's behalf (for example, when we fund or participate in a trade association). Your company must notify your Regional Compliance Team when a Government Affairs activity is being considered, using the *Government Affairs Engagement Request Form*. That notification includes:

- ❖ The issue(s) involved;
- ❖ Each government entity to be engaged related to the issue;
- ❖ The time frame of the government affairs activities;
- ❖ Whether your company is engaging the services of any third party, including any joint venture,

lobbyist, consultant, or trade association, to conduct any aspect of the government affairs effort; and

- ❖ The primary responsible universal company employee.

Any third party to be engaged in Government Affairs activities must be vetted and approved under the applicable procedures as set out in this Policy and other Universal policies and guidance.

The Regional Compliance Team will review the proposed Government Affairs activities and determine whether there are any additional legal or compliance issues that require advice under relevant local laws. The Regional Compliance Team will also determine whether additional, specific anti-corruption training is required for the Universal company employee primarily responsible for the Government Affairs activity as well as any other involved personnel (including any third parties).

Each Universal company engaging in Government Affairs activities must provide an update on the status of those activities to the Regional Compliance Team at least every three months.

All Universal company expenses related to Government Affairs activities (including payments to any third party lobbyists, consultants, or other service providers, or funding of trade association activities tied to Government Affairs activities) must be accurately recorded in the designated compliance sensitive account with the Universal company. All payments or expenses related to Government Affairs activities must comply with all applicable Universal policies and procedures, including the procedures regarding compliance sensitive payments. **It is never permissible to make a payment to an individual or Government Official in connection with Government Affairs activities.**

GOVERNMENT REGULATION; REQUESTS FOR IMPROPER PAYMENTS

Each Universal company requires various Government Entity authorizations to operate or conduct business. These can include licenses, permits, registrations, concessions, or any other authorizations obtained for

doing business, operating an office or facility, importing or exporting goods and materials, passing health and safety inspections, or performing other functions necessary to our business (each an “Authorization”). Each Universal operation must maintain an inventory of their Authorizations.

In most instances, Universal receives such Authorizations from Government Entities without incident. In the event that a Universal company has a dispute with any Government Entity in connection with any Authorization, the Universal company must promptly notify the Regional Compliance Team. Examples of such disputes include Government Entities refusing to grant the Authorization requested by Universal; issuing an adverse decision regarding any inspection or movement of goods; or asserting non-compliance with existing laws, regulations, or permits.

In addition, in the event your company has any other dispute with a Government Entity, your company must also provide prompt notice to the Regional Compliance Team. For example, if a government-controlled customer makes a claim on tobacco sold by a Universal company, that company must promptly notify the Regional Compliance Team of the claim. As another example, if the local tax authority notifies your company of a tax dispute or other tax claim, that event must be reported promptly to the Regional Compliance Team.

It is possible that a Government Official may make a request for an improper payment in connection with an Authorization, a dispute, or our Government Affairs activities. If such a situation arises, it is important that you immediately notify the Regional Compliance Team. Of course we will not honor that request, but it is nonetheless important that the Regional Compliance Team is aware of the request and the risk associated with it. Please also refer to Universal’s policies regarding “facilitating payments,” extortion payments, and payments regarding employee health and safety for information about those specific requests for payments from Government Officials.

Your company must notify the applicable Regional Compliance Team when a dispute with any Government

Entity arises, or when a Government Official requests an improper payment, using a *Government Dispute Form*.

That notification includes:

- ❖ The issue(s) involved;
- ❖ Each government entity involved in the dispute, authorization, or issue;
- ❖ The potential business and legal impact of the dispute or required authorization (for example, whether losing an authorization might place your company into non-compliance with local law and subject it to the risk of possible penalties);
- ❖ Whether your company is engaging the services of any third party, including any joint venture, lobbyist, consultant, or trade association, to resolve the dispute;
- ❖ The primary responsible universal company employee; and
- ❖ Any request for payment or anything of value by a government official to settle the dispute.

Any third party to be engaged in activities related to receiving Authorizations or in disputes with Government Entities must be vetted and approved under the applicable procedures as set out in this Policy and other guidance.

The Regional Compliance Team will review the relevant issues, determine whether there are any additional legal or compliance issues that require advice under relevant local laws, and determine whether additional, specific anti-corruption training is required for the primary responsible Universal company employee and any other involved personnel (including any third parties). The Regional Compliance Team will also supervise the tracking of all required Authorizations and all current disputes with Government Entities.

The Universal company must provide regular updates to the Regional Compliance Team regarding Authorizations, disputes with Government Entities, and requests by Government Officials for improper payments.

All payments or expenses related to activities involving Authorizations or any dispute with a Government Entity must comply with all applicable Universal policies and procedures, including the procedures regarding com-

pliance sensitive payments. **It is never permissible to make a payment to an individual or Government Official to resolve a dispute.**

QUESTION & ANSWER

► GOVERNMENT AFFAIRS/GOVERNMENT REGULATION QUESTION #1:

We were recently notified of a tax dispute related to duties on the export of processed tobacco. We are contesting the claim made by the tax authority, and we want to petition the central government to change the laws regarding tobacco duties in order to promote more exports. What do we need to do under the compliance program?

ANSWER:

*First, you must complete the **Government Dispute Form** and submit it to your Regional Compliance Team for their information. Then, you must complete the **Government Affairs Engagement Request Form** and submit it to your Regional Compliance Team for approval before engaging in the discussions with the government to change the laws regarding duties. In addition, if you believe you will use a person or company outside Universal to help you with those government discussions, and that person or company will be interacting with the federal government on your behalf, that person or company must be put through the Third Party due diligence program discussed earlier in this Manual. Finally, when you have resolved the tax dispute, you must update the **Government Dispute Form** so the Regional Compliance Team is informed of the dispute's end.*

► GOVERNMENT AFFAIRS/GOVERNMENT REGULATION QUESTION # 2:

My company does not directly engage any third party to engage in any lobbying activities (i.e., activities aimed

at influencing public officials or members of a legislative body on legislation or other government regulation). But we are members of a trade association for tobacco dealers that occasionally notifies us about legislation or regulation that could affect our industry, and we know that the association meets with Government Officials regarding the industry's position on those matters. Are we allowed to participate in this trade association?

ANSWER:

*You may be permitted to participate in trade associations that engage in lobbying activities. However, because of the risks involved it is important that the proper procedures be followed, as explained in different parts of this Manual and relevant SOPs. First, because the trade association interacts with Government Officials on our behalf, the trade association is considered a Third Party subject to a required level of due diligence (see "Third Parties" section of the Manual). Second, because the association engages in lobbying activities, your company must notify your Regional Compliance Team using the **Government Affairs Engagement Request Form**. Once those procedures are completed and the required approvals are received, you will be permitted to participate in trade associations under proper safeguards to monitor activities of the trade association that could be attributed to Universal.*

NON-RETALIATION POLICY

Each employee, officer, and director has an obligation to report possible violations of this Code so the conduct can be considered and Universal can address the situation and take appropriate action.

No one in the Universal family will take any adverse action against anyone for providing truthful information relating to a violation of law or Universal policy. Uni-

versal will not tolerate **any** retaliation against persons asking questions or making good faith reports of possible violations of this Code. **Anyone** who retaliates or attempts to retaliate will be disciplined. Any person who believes he or she has been retaliated against should immediately follow the instructions in the “What to Do” section of this Code.

CONCLUSION

At Universal, we strive to protect our most important business asset: **integrity**. You are an important part of our efforts. You must read and understand this Manual. Corruption is a threat to our business and is counter to our culture here at Universal. We owe it to our custom-

ers, our communities, our shareholders, and ourselves to conduct our business pursuant to high ethical standards and denounce corruption. It takes all of us to succeed, and we are counting on you.

GLOSSARY

This Manual uses some standard terms throughout its various sections. These terms are defined below, and any time these words or phrases are used in this Manual, they should be defined as set out in this section.

“Subcontractor” means any outside party who assists a Third Party in performing their contracted services to Universal **and** who: 1) interacts with a Government Entity or Government Official in the course of this business; 2) is a Government Entity or Government Official; 3) is owned or controlled by a Government Entity or Government Official; **or**, 4) was recommended for use by a Government Entity or Government Official. Examples of such a Subcontractor could include a trucking company, customs clearance agent, attorney, or consultant.

“Code of Conduct” or “Code”: the Universal Corporation Code of Conduct. The Code can be found by visiting Universal’s publicly available Compliance webpage: www.universalcorp.com/Compliance.

“FCPA”: the U.S. Foreign Corrupt Practices Act.

“Government Official”: includes any of the following:

- ❖ Ministers, secretaries, directors, legislators, judges, officers, and employees of any government entity, including elected officials;
- ❖ Any private person acting temporarily in an official capacity for or on behalf of any governmental entity (such as consultant hired by a government entity to work on its behalf);
- ❖ Members of a royal family;
- ❖ Political parties, candidates for political office at any level, or officials of political parties; and
- ❖ Officers, employees, or official representatives of public (quasi-governmental) international organizations, such as the world health organization, world bank, united nations, or imf;
- ❖ Immediate relatives (spouse, parents, children, siblings) of any of the individuals listed above in this definition.

“Government Entity”: includes any of the following:

- ❖ Any department, agency, or ministry, commit-

tee, or court, whether in the executive, legislative, or judicial branches of a government and whether at the federal (national), state, provincial, or municipal level (or their equivalents);

- ❖ Any entities “acting in an official capacity” (that is, acting under a delegation of authority from the government to carry out government responsibilities), and royal families;
- ❖ Any political parties and political campaigns;
- ❖ Any public international organizations, such as the world health organization, world bank, united nations, or imf;
- ❖ Any company whose purpose suggests that it is a government instrumentality (for example, an electricity company); and
- ❖ Any government official.

The term “Government Entity” also includes companies under government ownership or control, even if the companies are operated like privately-owned corporations. For purposes of this Manual, a company will be considered a “Government Entity” if any entity listed above in this definition does any of the following:

- ❖ Holds at least a 25% ownership interest in the company;
- ❖ Controls votes attaching to at least 25% of the shares issued by the entity (including through the use of a “golden share”, i.e., A special share that gives the holder more voting rights than the owners of other shares of that company);
- ❖ Can appoint officers or directors of the company; or
- ❖ Is required or retains the right to approve significant corporate actions.

(Contact your local management, Regional Compliance Team, the Compliance Committee or the Chief Compliance Officer for a current list of tobacco product manufacturers that Universal considers Government Entities.)

“Bribe”: As stated in the *Code of Conduct*, a “bribe” is

anything that has a value and is offered, promised, or given to influence a decision to do business with Universal or to give Universal an improper or unfair advantage. Bribes do not just involve cash payments. Lavish gifts, improper campaign contributions, scholarships, luxury goods, tickets to sporting events, and jewelry or gems have all been found to be bribes. An important aspect of the definition of “bribe” is the purpose of the payment. Anti-corruption laws prohibit paying anything of value to bring in business, keep existing business, or obtain an improper advantage. This also includes obtaining licenses or regulatory approvals, preventing negative govern-

ment actions, reducing taxes, avoiding duties or customs fees, or blocking a competitor from bidding on business. Even if Universal is legally entitled to a government action, such as receiving a refund or license, payment of a bribe to obtain that entitlement is still prohibited.

“Third Party”: A “Third Party” is any person or company outside Universal that interacts with Government Entities or Government Officials on your company’s behalf. The following is a list of examples of Third Parties that your company may currently use or may need to use in the future:

CATEGORIES	DEFINITION
Sales Intermediaries	
Finders	A “Finder” is a person or entity who brings business opportunities with a Government Entity to your company and receives a fee or payment from your company or the Government Entity for the transaction.
Sales Agents	A “Sales Agent” is a person or entity who facilitates your company’s sales of tobacco or other things to a customer. [<i>Sales Agents are covered by the “Sales Agent Policy” contained in this Manual.</i>]
Brokers	A “Broker” is a person or entity who purchases tobacco or anything else from your company and then sells it primarily to Government Entity(ies).
Buyer’s Agents	A “Buyer’s Agent” is a person who is hired by a customer to facilitate the customer’s purchase of tobacco or other things from your company, and then receives payment from your company. [<i>While Buyer’s Agents act on behalf of the customer and not Universal, Universal does perform due diligence on them prior to their approval. Please see the respective section on Buyer’s Agents.</i>]
Joint Venture Partners	A “Joint Venture Partner” is a person or entity who owns a part of a company that is also owned by your company, and that jointly-owned company interacts with a Government Entity. [<i>Joint Venture Partners are covered by the “Partners Policy” contained in this Manual.</i>]
Professional Service Providers	
Attorneys	This category covers attorneys who interact on behalf of your company with a Government Entity (including judiciary, regulatory officials, and law enforcement).

Tax Advisors and Accountants	This category covers tax advisors and accountants who interact on behalf of your company with a Government Entity (including tax authorities) in connection with a tax claim or dispute, or who interact on behalf of your company with Government Entities (including tax authorities) in other ways related to taxes.
Lobbyists	A “Lobbyist” is a person or entity who interacts on behalf of your company with a Government Entity for the purpose of changing, repealing, or enacting legislation or regulation. <i>[Note: this category can include trade associations to which your company belongs if the trade association interacts with a Government Entity for such purpose.]</i>
Regulatory/Government Affairs Consultant	A “Regulatory/Government Affairs Consultant” is a person or entity who interacts on behalf of your company with a Government Entity to help your company address regulatory or governmental matters.
Patent Agents	A “Patent Agent” is a person or entity who interacts on behalf of your company with a Government Entity in connection with patents or other intellectual property interests.
Real Estate Brokers	A “Real Estate Broker” is a person or entity who interacts on your behalf with a Government Entity (including any zoning or property agency or official) in connection with any real estate your company owns or leases or would like to own, lease, or sell.
Licensing/Permitting Consultant	A “Licensing/Permitting Consultant ” is a person or entity who interacts on behalf of your company with a Government Entity for the purpose of helping your company obtain permits, licenses, or other authorizations, including environmental permits, or represents your company before a Government Entity regarding claims, including environmental claims.
Processing Service Providers	
Freight Forwarders	A “Freight Forwarder” is a person or entity who transports tobacco or other things for your company and interacts on behalf of your company with a Government Entity in connection with clearing customs or crossing country borders. This includes freight forwarders who hire subcontractors to assist them with customs clearance.
Customs Brokers	A “Customs Broker” is a person or entity (other than a freight forwarder) who interacts on behalf of your company with a Government Entity in connection with clearing customs or crossing country borders.
Transportation and Logistics Consultants	A “Transportation and Logistics Consultant” is a person or entity (other than a freight forwarder or customs broker) who interacts on your behalf with a Government Entity in connection with the transportation, shipping, fumigation, or any other activity associated with the movement or storage of your company’s tobacco or other items.

Visa Processors/ Immigration Consultants	A “Visa Processor” or “Immigration Consultant” is a person or entity who interacts on behalf of your company with a Government Entity (including immigration officials) to help secure visas, work permits, or other approvals or certifications for your company’s employees and representatives.
Labor Providers	A “Labor Provider” is a person or entity who supplies your company with labor and who interacts on behalf of your company with a Government Entity (including labor ministry and immigration officials).
Others	
Building/Construction Contractors	A “Building/Construction Contractor” is a person or entity who interacts on behalf of your company with a Government Entity for the purpose of obtaining permits, licenses, or other authorizations associated with construction or building projects.
Consultants/Others	This category covers any other person or entity not already listed above who interacts on behalf of your company with a Government Entity.



Appendix: Toll-Free Number List

By phone dial your country's toll-free service number. At the prompt, dial (866) 292 5224. There is no need to dial a "1" before this number.

If no toll-free service is provided in your country, please dial the Compliance Hot Line in the United States of America directly at +1 866 292 5224.

All phone numbers listed below are current as of July 26, 2012. For the most up-to-date list, please visit the following link: <https://www.universalcop.com/compliance>.

AT&T Direct Dial Access®

1. From an outside line dial the AT&T Direct Dial Access® for your location:

Brazil.....	0-800-888-8288
Brazil.....	0-800-890-0288
Bulgaria	00-800-0010
China (GIS)	4006612656
Dominican Republic.....	1-800-225-5288
Dominican Republic (<i>Spanish Operator</i>).....	11-22
Dominican Republic.....	1-800-872-2881
Germany.....	0-800-225-5288
Greece.....	00-800-1311
Guatemala.....	999-9190
Hungary	06-800-011-11
India.....	000-117
Indonesia.....	001-801-10
Italy	800-172-444
Macedonia (<i>F.Y.R.</i>).....	0800-94288
Mexico	001-800-462-4240
Mexico (<i>Spanish Operator</i>)	001-800-658-5454
Mexico	01-800-288-2872
Mexico (<i>Por Cobrar</i>).....	01-800-112-2020
Netherlands	0800-022-9111
Nicaragua (<i>Spanish Operator</i>)	1-800-0164
Nicaragua.....	1-800-0174
Paraguay (<i>Asuncion City only</i>).....	008-11-800
Philippines (<i>PLDT</i>)	1010-5511-00
Philippines (<i>Globe, Philcom, Digitel, Smart</i>).....	105-11
Philippines (<i>Tagalog Operator</i>)	105-12
Poland.....	0-0-800-111-1111
Russia (<i>St. Petersburg</i>).....	363-2400
Russia (<i>Moscow</i>)	363-2400

Russia.....	8^10-800-110-1011
Russia.....	8^495-363-2400
Russia.....	8^812-363-2400
Singapore (<i>StarHub</i>).....	800-001-0001
Singapore (<i>SingTel</i>)	800-011-1111
South Africa	0-800-99-0123
Spain	900-99-0011
Switzerland	0-800-890011
Turkey.....	0811-288-0001

2. At the prompt dial 866-292-5224.
3. The call will be answered in English. To continue your call in another language:
 1. Please state your language to request an interpreter.
 2. It may take 1–3 minutes to arrange for an interpreter.
 3. During this time please do not hang up.



Direct Dial

From an outside line dial direct for your location:

- United States..... 1-866-292-5224
- Bangladesh..... +1-503-748-0657
- Malawi..... +1-503-748-0657
- Mozambique..... +1-503-748-0657
- Tanzania +1-503-748-0657
- United Arab Emirates +1-503-748-0657
- Zimbabwe +1-503-748-0657

If your country is not listed, please visit www.universalscorp.com/compliance for additional international telephone access codes.



Regional Compliance Teams

Africa Regional Compliance Team

Justin Benjamin
Fabio Fedetto
Wayne Kluckow
Johan Knoester
Neil Marlborough
Doug Meisel
Gary Taylor

Asia Regional Compliance Team

Paul Beevor
Andrew Cuthbertson
Silvi Friestiani
Tonny Gharata
Siddhartha Godjali
Rodney Miriyoga
Michee San Pascual
Bradley Peall
Arif Soemardjo
Winston Uy
Richard Wood

Dark Air Cured Regional Compliance Team

Andrew Beal
Jens Böhning
Fritz Bossert
Matthias Glissmann
Raul Perez

Europe Regional Compliance Team

Enrique del Campo
Domenico Cardinali
Giorgio Marchetti
Donatella Pontarollo

Socotab Regional Compliance Team

Maria Angelova-Maillard
Richard Lopez
Nicolas Métais
Sandra Preston
Christian Rasmussen
Jonathan Wertheimer

South America Regional Compliance Team

Fernando Brandt
Cesar A. Bünecker
Aline Butzge
Aldemir Faqui
Adam Fraser
Julio Mantovani
Miqueline Maske
Valmor Thesing
Eduardo Trebien

North America Regional Compliance Team

Clay Frazier
Roland Kooper
Brian Pope
John Sabatini
George Scott
Andrew Torry
Ricardo Yudi



Universal
UNIVERSAL CORPORATION

P.O. Box 25099
Richmond, Virginia 23260
USA

www.universalscorp.com