



**Group Policy
on
Fraud Response**

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1 SUMMARY AND PURPOSE

Swedish Match is committed to the highest possible standards of openness, probity and accountability in all its affairs. No type of fraud or corruption will be tolerated.

This Fraud Response Policy is established to reinforce the Swedish Match approach and to aid in the prevention and detection of fraud and corruption.

This policy applies to all Board members and employees within the Swedish Match Group (“the Group”).

2 DISTRIBUTION, CONFIRMATION AND IMPLEMENTATION OF THIS GROUP POLICY

This Group policy document is to be distributed to the following groups of persons and must be confirmed in accordance with the matrix below.

Confirmation required for this policy	Received	Read	Implemented
GMT	X	X	X

- By confirming that the Group policy document has been RECEIVED, the recipient confirms to know that the Group policy document exists.
- By confirming that the Group policy document has been READ, the recipient acknowledges having read and understood the contents of the policy.
- Confirming that the Group policy document has been IMPLEMENTED means that the recipient
 - has ensured that all persons within his/her respective unit have been informed of the contents of the policy,
 - has established a process to ensure that the principles of the policy will be maintained within his/her respective unit

3 DEFINITIONS

Fraud is defined as:

An intentional deception designed to obtain a direct or indirect benefit through the misuse of Swedish Match assets or through the distortion of financial statements or other records.

Examples of fraud include:

- Theft of cash, products or materials
- Inappropriate personal use of Swedish Match equipment or facilities
- Asset or revenue overstatement

Corruption is defined as:

The offering, giving, soliciting or acceptance of a benefit or reward through means which are illegitimate or unethical.

Examples of corruption include:

- Giving or accepting payments or gifts to influence a business or authority decision, i.e. bribery
- Giving or accepting illegitimate or unethical gratuities

Several national and international laws and conventions underpin this policy on prevention of fraud and corruption.

4 PREVENTION AND DETECTION OF FRAUD AND CORRUPTION

The head of each operating unit shall establish and communicate appropriate responsibilities and procedures aimed at preventing and detecting fraud and corruption. No such management control structure can however fully prevent fraud or corruption. Employees are encouraged to raise concerns about any instance of malpractice at the earliest possible stage. Employees are encouraged to approach, in the first place, their immediate supervisor or the head of their operating unit.

Employees may, however, not express their concerns with management because of fear of reprisal, harassment or victimization. Employees are therefore offered the possibility to raise concerns through the Swedish Match Whistleblowing function.

5 WHISTLEBLOWING FUNCTION

If an employee needs to raise a concern on fraud or corruption with someone outside of his/her immediate organization, or if anonymity is required, Swedish Match provides access to the Whistleblowing function. Details on the Whistleblowing function are provided on the Swedish Match Intranet by accessing the link “Whistleblower”. The Senior Vice President Legal Affairs or the Chairman of the Audit Committee can be contacted via telephone, e-mail or letter according to contact details below.

Fredrik Peyron
Senior Vice President Legal Affairs
Phone: +46 8 658 0323
E-mail: fredrik.peyron@swedishmatch.com

Meg Tivéus
Member of the Swedish Match Board of Directors and Chairman of the Audit Committee
Phone: +46 8 658 0200 (through the Swedish Match AB switchboard)
meg.tiveus@telia.com

Both can be reached by letter at postal address:

Swedish Match AB

Att: *“Recipient Peyron or Tivéus”*

Box 7179

SE-103 88 Stockholm, Sweden

6 SAFEGUARDS

6.1 Reprisal or harassment

Swedish Match recognizes that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. Reprisal or harassment will however not be tolerated. Every effort will be made to protect the rights and the reputations of everyone involved, including the individual who in good faith alleges perceived malpractice as well as the alleged violator(s). Malicious allegations may however result in disciplinary action.

6.2 Confidentiality

Employees are encouraged to put their names to allegations and Swedish Match will protect the identity of her or him who raises a concern.. It must be appreciated, however, that for purposes of the investigation, or to comply with a legal or regulatory obligation the source of the information may be revealed.

6.3 Anonymous allegations

Concerns expressed anonymously generally have little power, but they will be considered and investigated at the discretion of Swedish Match. Anonymity is however possible by an anonymous communication with the Whistleblowing function.

7 HOW ALLEGATIONS OF FRAUD OR CORRUPTION WILL BE DEALT WITH

Any member of management who receives a concern on fraud or corruption is required to ensure that operating unit and Group procedures are maintained when taking any actions to resolve the matter. Suspected fraud or corruption which may have a material effect on the Swedish Match reputation or financial statements shall always be promptly reported to the Senior Vice President Legal Affairs.

Depending on the nature of the concern the matter may be investigated internally or be referred to the police or other public authority.

An employee reporting a concern through the Whistleblowing function will without undue delay be informed on:

- Acknowledgement that the concern has been received,
- An indication on how the matter will be dealt with,
- An estimate of how long it will take to reach a conclusion,
- Which initial enquiries have been made, and
- Whether any further investigations will take place, and if not, why not

The employee will, unless exceptional circumstances do not permit, be informed of the outcome of the investigation and any resulting action.