

CODE OF CONDUCT

1. Purpose

In Scandinavian Tobacco Group ("STG") we are proud that responsibility is one of our core values and one that has been embedded in our culture for many years. We believe in honest and ethical behaviour and in acting responsibly towards the community and the environment.

This code of conduct (the "Code") describes principles that guide our behaviour and the way we conduct business in all entities and anywhere in the world. The Code applies to all employees in STG, irrespective of role and location.

We develop policies, guidelines, procedures and principles that support us in understanding and applying the Code and we will adapt such material and this Code from time to time to ensure that they describe well our fundamental commitments and beliefs as well as the implications of the Code to our daily work.

We are aware that we all carry responsibility for compliance with the Code and the STG policies, guidelines etc. while keeping STG a competitive and profitable business.

The Code sets a framework and does not address all situations that we may encounter. When we are not guided directly by the Code or the supplementary STG policies and guidelines etc. we will act in the spirit of the Code and such policies etc. and seek advice, as appropriate.

2. Honest Behaviour and Compliance with Laws and Regulations

We are committed to comply with applicable laws, rules and regulations wherever we operate.

We are honest and transparent in what we do, without compromising STG's business integrity.

3. Responsible Marketing

As stated in STG's View on Smoking, smoking involves a health risk and is habitual. Everyone has to take the risk seriously, balance the pleasure of smoking against the risk and then make a personal choice whether to smoke or not. Nobody under the age of 18 (or such higher age as may have been determined by local law) should smoke.

We are committed to act responsibly in the marketing and promotion of STG's tobacco products and to comply with all relevant laws and regulations and the word and spirit of the STG Marketing Principles. As a fundamental principle we do not direct our marketing, advertising or promotion of tobacco products to people under the age of 18 (or such higher age as may have been determined by local law). If there is a conflict between the applicable law and the STG Marketing Principles, the most protective rule shall apply.

4. Confidential Information and Personal Data

We protect STG's property and business and only disclose confidential information about STG to third parties when necessary and generally only subject to a prior written instruction/agreement on the confidentiality.

We respect confidential information belonging to others and we safeguard such information as if it were confidential information that belonged to ourselves. STG employees must never engage in industrial espionage.

We protect and process personal data about individuals carefully and in accordance with applicable laws and regulations, and only keep such data as long as necessary.

5. Anti-Corruption and Bribery

We have a zero-tolerance approach to bribery, corruption and corrupt behaviour of any kind.

We will perform our work with integrity and in the best interest of STG. Accordingly, we will not engage in activities that conflict with our responsibilities towards STG or in the performance of our work act in ways that serve a personal interest or relationship above STG's interests.

6. Accounting, Money Laundering and Fraud

We comply with relevant accounting laws and procedures and observe STG's bookkeeping and accounting principles. To ensure transparency we see to that payments are documented by way of invoice or other proper documentation.

We refrain from engaging in any kind of fraudulent activity, including 'money laundering' whereby illicit funds are made to appear legitimate or are concealed.

7. Competition Laws

STG supports free enterprise and fair competition. Violation of competition laws may be regarded as a criminal offense and may result in severe penalties for STG and STG's employees.

It is our policy to compete fairly, openly and independently on every market and to comply fully with all competition laws and regulations. We seek advice when needed to ensure compliance.

8. Trade Restrictions

By observing STG's policy and procedures on trade restrictions we will ensure compliance with all applicable trade sanctions and export control laws and regulations that may restrict the export, re-export and importation of products, the provision and use of services, and financial transactions.

9. Business Partners

STG cooperates with business partners such as suppliers and distributors throughout the world.

All STG business partners are as a fundamental principle expected to comply with local laws and any other applicable rules and regulations.

When selecting business partners we further aim to appointing partners who share our ethical standards as described in this Code. We will inform material business partners that we expect them to apply standards in their business similar to this Code.

10. Environment

We acknowledge the importance of protecting the environment and through a dedicated program applicable to all STG production sites we seek to reduce the use of resources like water and energy in production and to manage and reduce waste, air and water emissions from our operations. We strive to dispose of waste in a safe and responsible way and to re-cycle where relevant.

11. Health and Safety in the Workplace

We shall all enjoy safe and healthy working conditions.

We seek to reduce the risk of accidents, injuries and work related illnesses. We aim to meet or exceed the required level for health and safety in the workplace as expressed in the applicable laws and regulations and have a group-wide program to support that we live up to that in our production facilities.

12. Diversity

We embrace diversity as a source of strength to STG and our workplace. Diversity includes men and women of different nations, cultures, ethnic groups, generations, backgrounds, skills, abilities and all the other unique differences that make each of us who we are.

We treat each other with respect, trust and dignity.

We do not tolerate any form of harassment or discrimination, including harassment and discrimination based on gender, age, race, religion, nationality, ethnicity, political opinion, sexual orientation, union membership, disability, health status, or on any other basis.

13. Human and Labour Rights

STG respects internationally recognised human rights¹.

Our aim is to avoid causing or contributing to adverse impacts on human rights, and to address and mitigate such impacts if they occur.

We aim to apply good labour practices in all STG's operations and value dialogue and collaboration with our employees. We respect our employees' freedom of association, and their right to be

¹ Understood as those expressed in the International Bill of Human Rights, the fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, the Children's Rights & Business Principles; the UN Convention on the Rights of the Child and its corresponding General Comment No. 16; the ILO Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour; the ILO Convention No. 138 concerning Minimum Age for Admission to Employment; the ILO Convention No. 184 concerning Safety and Health in Agriculture;

represented by unions and to bargain collectively.

We strive to ensure that terms of employment and working conditions for STG employees as a minimum comply with local labour laws, including any rules on minimum wage.

Forced labour is not acceptable. STG employees are free to leave their job with the notice determined by law or contract – and they will never be required to pay a deposit or surrender identification documents as part of their employment.

14. Child labour

We respect children's rights, including their right to development and education, rest and play.

No child should be subject to forced labour or to child labour, such as work for which the child is too young (below the applicable minimum age), or work which is mentally, physically, socially or morally dangerous to children or work that interferes with their schooling. STG does not accept and does not use child labour.

We respect the minimum working ages as defined in the ILO Convention 138 (or such higher ages which may be stipulated by national law or be defined nationally as the age for compulsory education).

Children who have reached the legal working age (normally 15 years according to the above, i.e. children between 15 and 18 years of age) may work, but shall never perform hazardous work as defined under national regulations. If national law permits, children 13-15 years old may perform light work as long as it does not threaten their health or safety or their ability to attend school or other education and to benefit from such education.

When and where relevant we will promote the right of children to be protected against forced labour and child labour. We will engage with other members of the industry, suppliers, farmers, communities, governments and other stakeholders to prevent child labour, forced labour and hazardous work among children.

15. Further Information

For further information regarding the Code, please contact STG Group Legal or the STG Executive Management.

Copenhagen, January 2016

Scandinavian Tobacco Group A/S

The Board of Directors
and
The Executive Management