

Summary of Reynolds American Inc.'s Policies and Procedures on Political Contributions

Philosophy

Products manufactured by the operating companies of Reynolds American Inc. (RAI) are sold, taxed and regulated in all 50 U.S. states. The RAI companies' engagement in the political, legislative and regulatory processes is important to their businesses because matters of direct relevance to RAI and its operating companies are routinely determined through these processes.

Accordingly, the RAI operating companies participate in the political and public policy process in a manner that is compliant with the law and the RAI Standards of Business Conduct, and consistent with the interests of their businesses. RAI and its operating companies may not necessarily agree with all the positions taken by each candidate and organization to which they contribute, but before making a contribution, we will determine that the contribution is lawful and consistent with our guiding principles and beliefs.

Political Contributions

In the jurisdictions that permit them, RAI and its operating companies may make contributions to:

- political parties, candidates and committees;
- groups organized under section 527 of the Internal Revenue Code, including independent expenditure committees ("Super PACs");
- caucus committees; and,
- ballot measure committees.

RAI and its operating companies also reserve the right to make direct independent expenditures supporting or opposing candidates or political parties.

Contributions must be lawful, and in the interests of the organization rather than the individual interests of any employee, officer, or director. All proposed corporate contributions go through a review process to ensure compliance with applicable laws and regulations, and to determine that they are in the best interests of the RAI companies.

Contributions to political parties, candidates, and committees must be:

- cleared by a compliance vendor;
- endorsed by a Vice President or Senior Vice President of Government Relations;
- endorsed by a Vice President outside of the External Affairs function; and,
- if more than \$10,000, approved by the Executive Vice President of Law and External Affairs.

Evaluation criteria considered before making a proposed contribution to a candidate include:



- Whether the candidate represents a geography that includes an RAI operating company facility or a substantial number of its employees;
- The candidate's and/or committee's stated commitment to, or track record of, supporting sound legislative and regulatory approaches to business issues;
- The candidate's and/or committee's interest in, and understanding of, the legal and regulatory issues related to the RAI companies' businesses; and,
- The candidate's service on committees having jurisdiction over such issues or in legislative leadership.

The Board of Directors of RAI reviews political contributions annually, and the Senior Vice President of Government Relations is responsible for ensuring that employees who work in this area understand our policies and procedures.

Contributions transparency

All corporate political contributions from the RAI companies are made in compliance with applicable federal and state laws, and the required disclosure of those contributions is made to, and available from, the appropriate federal and state regulatory agencies.

RAI's policy is to be transparent about our participation in the political process. On or before April 1 of each year, we will disclose the political contributions we made in the preceding calendar year. We will list each recipient and the amount of the contribution on our website, and we will maintain these lists on the website for five years. In cases where we make an annual aggregate contribution of more than \$50,000 to an organization organized under section 501(c)(4) or (c)(6) of the Internal Revenue Code, we ask whether any of that contribution was used to participate or intervene in a political campaign (such that the contribution is non-deductible under Section 162(e)(1)(b) of the Internal Revenue Code). If so, we will disclose that information on our website.

Reynolds American Inc. Political Action Committee (RAIPAC) contributions are available on the Federal Election Commission's website: www.fec.gov.

Public policy advocacy

RAI and its operating companies also participate directly in the public policy process by advocating policy positions through the lobbying activities of their employees and contractors. The companies have adopted policies requiring that all lobbying activities are compliant with applicable laws and are properly disclosed to the appropriate state and federal regulatory agencies. Lobbying activities are coordinated through the Law and External Affairs Department of RAI Services Company.

The public policy positions advocated by RAI and its operating companies relate to, and are in, the interests of their businesses. Visit the Transforming Tobacco section of this website for a discussion of public policies relating to Commercial Integrity, Youth Tobacco Prevention and Tobacco Harm Reduction.

Policies for employees

Many employees of RAI and its subsidiaries choose to make personal contributions to individual candidates whose views the employees support. RAI has an employee-funded political action committee, the Reynolds American Inc. Political Action Committee (RAI PAC), in which all eligible employees can participate. Participation in the RAI PAC provides a means for employees' combined contributions to support candidates in elections around the nation. Participation in the RAI PAC is voluntary. Eligible employees may choose to participate or not, without fear of reprisal.