



**Supplier's Guide to Doing
Business with RJ Reynolds
Tobacco Company**

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Introduction:

To current or prospective RJ Reynolds Tobacco Company suppliers:

This material has been developed to help you understand how to conduct business with RJ Reynolds and to communicate the expectations and requirements we have of all suppliers.

This guide explains the processes that we use to purchase, receive and pay for goods and services. This information will serve as a general guide to your daily interactions with our company. Of course, the terms of the written document between you and R J Reynolds, which is a requirement of doing business, will govern.

We value relationships with our suppliers. As we source goods and services, we rely on the professionalism and expertise that suppliers provide. Suppliers play an essential role in obtaining continuous improvements in quality, price and service levels.

Our sourcing processes aim to deliver maximum value to all stakeholders. We look to our suppliers to deliver innovative products and services that help us differentiate ourselves in the marketplace and create lasting competitive advantage.

The value that comes from having a diverse group of suppliers is clear. We encourage our buyers to seek out new and diverse suppliers as they source materials and services, to ensure a consistent flow of new and innovative ideas.

About RJ Reynolds Tobacco Company:

RJ Reynolds is the second-largest tobacco company in the United States. The company's brands include five of the 10 best-selling U.S. cigarette brands: Camel, Kool, Pall Mall, Winston and Doral.

RJ Reynolds is an indirect wholly owned subsidiary of Reynolds American Inc. (NYSE: RAI). Reynolds American is also the parent company of American Snuff Company and Santa Fe Natural Tobacco Company, Inc.

Visit the R J Reynolds website at:

<http://www.rjrt.com/home.asp>

About the other RAI operating companies:

American Snuff Company is the nation's second-largest manufacturer of smokeless tobacco products. Its leading brands are Grizzly, Kodiak and Levi Garrett. American Snuff Company also sells and distributes a variety of tobacco products manufactured by Lane, Limited, including little cigars and roll-your-own tobacco.

Visit the American Snuff Company website at:

<http://www.cwdlp.com/index.htm>

Santa Fe Natural Tobacco Co., Inc. manufactures Natural American Spirit cigarettes and other additive-free tobacco products, and manages and markets other super-premium brands.

Visit the Santa Fe website at:

<http://www.nascigs.com/Home/SFNTC--Age-Verification.aspx>

Procurement's Mission:

To support corporate growth and improved productivity through strategic purchasing. Procurement provides guidance, leadership and responsive customer service through the use of industry best practices to ensure an adequate supply of a wide variety of R.J. Reynolds goods and services at a combination of price, quality and service level which meets or exceeds our client's requirements.

R.J. Reynolds Tobacco Company's Supplier Code of Conduct:

Compliance with Law

Suppliers for R.J. Reynolds Tobacco Company (RJRT) are required to abide by all applicable laws, codes, regulations, including, but not limited to, any local state or federal laws regarding wages and benefits, workers' compensation, working hours, equal opportunity, worker and product safety, anti-corruption; unfair business practices; anti-discrimination; humane treatment of workers and environmental sustainability.

Forced Labor

RJRT does not engage in or support the use of forced or involuntary labor, and does not purchase materials or services from suppliers utilizing forced or involuntary labor.

Child Labor

Suppliers should not use workers under the legal age for employment for the type of work being performed in any facility in which the supplier is doing work for RJRT. Suppliers are encouraged to develop lawful workplace apprenticeship programs for the educational benefit of their workers, provided that all participants meet the minimum age requirements.

Wages & Benefits / Working Hours

RJRT pays its employees a competitive wage. Suppliers are expected to comply with all applicable wage and hour labor laws and regulations governing employee compensation and working hours.

Health & Safety / Working Conditions

RJRT is committed to the safety and health of its employees and conducts its operations in compliance with applicable laws and regulations. Suppliers are expected to provide a safe working environment that supports accident prevention and minimizes exposure to health risks. Suppliers are expected to comply with all applicable safety and health laws and regulations in the countries in which they operate.

Non-Discrimination

Suppliers should implement a policy to effectuate all applicable local and federal laws prohibiting discrimination in hiring and employment on the grounds of race, color, religion, sex, age, physical disability, national origin, creed or any other basis prohibited by law.

Respect and Dignity

RJRT endeavors to conduct business in compliance with law and widely accepted norms of fairness and human decency, and look to their suppliers to act in a similar manner.

Freedom of Association

Suppliers will comply with all applicable local laws on freedom of association and collective bargaining.

Environmental

RJRT's suppliers should operate in a manner that is protective of the environment. Compliance with all applicable environmental laws, regulations and standards is required. Suppliers should also comply with any additional reasonable requirements specific to the product or service being supplied to as identified in the specification. It is desired that suppliers have environmental management systems in place, including written policies, processes, and requirements for environmental protection and pollution prevention / source reduction; and conduct audits of compliance with their programs from time to time. It is our expectation that, where available, suppliers will offer and provide alternative material and process suggestions intended to reduce waste, promote recycling, and improve our sustainability and overall environmental performance.

Record Keeping / Monitoring / Audit

Suppliers should conduct audits and inspections to ensure their compliance with this Supplier's Guide and applicable legal and contractual standards. Failure to comply with this Guide will be sufficient cause for RJRT to revoke a supplier's approved status. RJRT reserves the right, as condition of continuation of approval, to conduct periodic, unannounced inspections during normal operating hours of suppliers and their facilities to verify compliance with these standards. Upon request, supplier shall provide RJRT with a copy of documentation to demonstrate compliance with this code.

RJRT will periodically review its Supplier Code of Conduct and make appropriate additions or changes. Therefore, please refer to the above website periodically for updates.

To report a violation of the RJRT Supplier Code of Conduct, please contact:

Reynolds American Inc.
Office of Ethics and Compliance
PO Box 2990
Winston-Salem, NC 27101

Or call 1-800-887-1802 (US and Canada only)
(This contact may be made anonymously.)

Corporate Social Responsibility

Reynolds American's mission is to be the innovative tobacco company totally committed to building value through responsible growth. That framework serves as the foundation for growth at each of the operating companies.

Being committed to Corporate Social Responsibility is a daily responsibility of each of the more than 6,500 employees – and it's an important factor in every decision we make. We believe that by operating our business responsibly, we are not only doing the right thing we are also enhancing the opportunities for future success.

Most people acknowledge that many adults will continue to use tobacco products for the foreseeable future. However, people are also very interested in: keeping tobacco products from minors; focusing responsible marketing of tobacco products on adults; and continuing efforts to reduce the harm of tobacco use.

There are also more general expectations of all businesses in our society. Stakeholders are interested in corporate commitments to the environment, to its employees, to its suppliers and business partners, and to its communities.

Based on these concerns and expectations, R J Reynolds Tobacco Company's Corporate Social Responsibility program consists of seven planks:

Three specific to the tobacco industry

- Harm Reduction and Product Integrity
- Responsible Consumer and Customer Engagement
- Youth Tobacco Prevention

And four that are more generally expected of corporations are:

- Employee Responsibility
- Community and Civic Engagement
- Supplier Responsibility
- Environmental Sustainability

The objectives of the Supplier Responsibility plank are:

- i Ensure key suppliers comply with applicable laws and adhere to responsible practices

- ii Partner with suppliers to help achieve our Corporate Social Responsibility objectives

For more information about RAI's Corporate Social Responsibility program, visit the Responsibility section of <http://www.reynoldsamerican.com>

R.J. Reynolds Tobacco Company is based on a fundamental set of values, and these values guide the relationships we enjoy with the many suppliers who provide goods and services.

Within our supplier relationships, we have an obligation to manage our sourcing processes ethically, and to hold ourselves and our suppliers to high standards of behavior. This means complying with all applicable laws and regulations, and it means that we are committed to working with our suppliers to encourage responsible practices throughout the supply network.

Corporate Social Responsibility is a factor to be weighed as part of every decision made and the daily responsibility of all its employees. We believe that it is not just good for business today, but it enhances the business' ability to succeed in the future.

Doing Business with R.J. Reynolds Procurement:

The following information is provided to assist suppliers in understanding R.J. Reynolds' procedures, policies and practices in managing our supplier relationships. This is designed as an overview and is not a comprehensive guide. The procurement staff can provide additional details as required.

Request for Information (RFI) and Request for Proposal (RFP): R.J. Reynolds encourages a competitive environment and may use RFIs to determine those suppliers to be given future consideration. Once a supplier base has been identified, an RFP may be utilized to solicit pricing and commercial proposals. Goods may not be shipped nor services performed without a contract, purchase order (PO) or P-Card number. The contract or purchase order number must be listed on all shipments, delivery slips and invoices.

Shipping: Goods are to be shipped F.O.B. origin unless otherwise specified in the purchase order or contract.

Payment: To ensure proper and timely payment of invoices, the supplier must show PO number or contract number on invoices. Invoice price and quantity information must match contract or PO information to facilitate timely payment of the invoice. Supplier should only invoice one PO per invoice. R.J. Reynolds cannot process an invoice containing multiple POs.

Quality: R.J. Reynolds expects high-quality goods and services that conform to our specifications and business needs on a consistent and ongoing basis.

Delivery: All shipments of goods must be accompanied by documentation stating actual quantity and P-Card or PO number. Shipments should be received within the agreed upon timeframe. The Procurement buyer should be notified immediately when a delivery commitment will not be met.

Costs: It is R.J. Reynolds' objective to operate based on **total cost of ownership** of goods and services rather than simply lowest price. Total cost of ownership quantifies all the costs related to the purchase of goods and services.

Suppliers are encouraged to provide information which might help reduce the total cost of ownership of goods and services. Procurement may request more cost transparency from suppliers in order to effectively select suppliers

Warranty: Express warranties are expected on all goods purchases.

Acceptance policy: R.J. Reynolds retains the right to inspect goods and services tendered. R.J. Reynolds will either return and reject nonconforming goods and purchase them elsewhere, or require its supplier to satisfactorily repair or replace the defective goods.

Contractual Relationships: R.J. Reynolds will contract with suppliers only in a written document which contains all of the terms and conditions governing the relationship. Renewals and extensions are accomplished in the same way. This document (e.g., an original contract, purchase order, an extension, or a renewal, as the case may be) must be signed by an R.J. Reynolds employee who has the authority to sign the document. Despite anything else which may be communicated to you (either orally or in writing), we will not have a binding relationship until such a signed document exists. The only exception to this policy is a relationship that involves the expenditure by R.J. Reynolds of less than \$25,000 in any calendar year. Such a relationship may be established orally, provided there is agreement on all of the material terms of such relationship.

Sometimes, even before there is a binding relationship, we may request a prospective supplier to begin working on our behalf. Please recognize that, if R.J. Reynolds makes such a request, and you accommodate R.J. Reynolds, you will be making this sort of investment of time, energy and talent solely on a speculative basis. If the relationship between us never becomes embodied in a signed written document, your investment may be lost and R.J. Reynolds may not compensate you in any way for your efforts. R.J. Reynolds will reimburse you for the out-of-pocket expenses that you have actually disbursed on our behalf (supported by adequate documentation), but only if these disbursements do not exceed \$25,000 in the aggregate in any year and were authorized in advance by an R.J. Reynolds employee with authority to authorize them. If any single disbursement exceeds \$10,000, that disbursement must be authorized in advance in writing by an R.J. Reynolds employee with authority to approve it.

Confidentiality: R.J. Reynolds expects suppliers to treat all information as confidential. This includes any discussions or information provided by R.J. Reynolds' personnel. Depending on the nature of the relationship, the supplier may be asked to sign a formal confidentiality agreement. Suppliers may not use the name(s), trademark(s), or trade name(s) of R.J. Reynolds or Reynolds American in publicity releases or advertising or in any other manner, including customer lists, without securing the prior written approval of R.J. Reynolds or Reynolds American.

Intellectual Property: Patents, trademarks and copyrights are examples of intellectual property. R.J. Reynolds is aware that intellectual property rights may exist in goods that are supplied and/or arise from services rendered. R.J. Reynolds expects that the supplier will ensure that whatever is delivered to R.J. Reynolds pursuant to an agreement with the supplier will be delivered unencumbered by any third-party rights. Agreements with suppliers may contain appropriate clauses delineating

R.J. Reynolds' rights in such intellectual property, including R.J. Reynolds' exclusive rights therein.

Insurance: Suppliers are expected to obtain and maintain adequate insurance coverage for both supplier's and R.J. Reynolds' benefit. Specific coverage requirements will be communicated by R.J. Reynolds based on the business relationship. Certificates of Insurance showing the required coverage may be requested by R.J. Reynolds annually.

Supplier Performance Evaluation: We depend on superior performance from our suppliers to help us meet the company's objectives. As such, R.J. Reynolds will track, measure and provide feedback on the performance of certain suppliers. The nature of the relationship will determine the level of formal performance evaluation to be performed, if applicable. Results of performance evaluations will be shared with the supplier to promote continuous improvement of the business relationship.

Supplier Visitation: R.J. Reynolds is not able to personally respond to all the inquiries it receives from potential suppliers. However, your interest in our company is appreciated. If a supplier is selected for an interview, we request you to follow the "Procurement Process" as outlined.

Building Access: All suppliers must make an appointment when visiting the Reynolds Building and the adjoining Plaza Building. Upon entering the facility and other R.J. Reynolds' facilities, visitors will be asked whom they are scheduled to see. Security personnel will telephone and require that the employee or an assistant come to the lobby, sign guests in and escort visitors to the meeting location.

At the conclusion of the meeting, an R.J. Reynolds employee will escort guests through security and to the building exit. If a supplier has multiple meetings in the building, he or she will be asked to wait in the lobby until the next person with whom an appointment is scheduled comes to greet and escort the guest.

Supplier Diversity

We embrace diversity. If you are a minority supplier, please let us know.

R.J. Reynolds participates in the Carolina Minority Supplier Development Council.

Becoming an R.J. Reynolds Supplier

How should potential suppliers start?

1. Learn about R.J. Reynolds:
 - a. Visit our website (<http://www.rjrt.com/home.asp>) ; and
 - b. Understand our business requirements.
2. Determine how your company can provide products and/or services that will help R.J. Reynolds meet its objectives
3. Complete the “Contact Us” form for Procurement on the R.J. Reynolds website at (<http://www.rjrt.com/home.asp>).

The information that you provide will be directed to the appropriate party within Procurement. Your company information will be reviewed with respect to R.J. Reynolds current requirements. If R.J. Reynolds decides to accept bids for the product or service category offered by your company, you may be contacted for further information.

Thank you

Thank you for taking the time to review our Supplier’s Guide. We appreciate your interest in our company.