

## **Reynolds American Inc.**

### **Statement on Our Efforts to Support Human Rights**

Reynolds American Inc. and its operating companies believe that universally recognized human rights should be respected. This principle and its day-to-day practice is one of the foundations of how we conduct our businesses, and Reynolds American Inc. and its operating companies will continue to respond to these issues in appropriate ways.

#### **The starting point for our efforts**

Reynolds American and its operating companies use the United Nations Universal Declaration of Human Rights as a core reference point for our efforts. Our understanding of the role we play, along with other companies, governments and civil society in supporting human rights is also based on the U.N. Global Compact's Guiding Principles which declare that businesses should:

- "Support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
- Make sure they are not complicit in human rights abuses"

#### **Addressing human rights within our sphere of influence**

Reynolds American and its major operating companies are U.S. companies that conduct business almost exclusively in the United States and Puerto Rico. Over 99% of total tobacco sales revenue, excluding contract manufacturing for other tobacco companies, is generated from the U.S. market; almost all employees are American citizens based in the United States as are all the significant tobacco operations facilities.

The United States has an extensive foundation of federal, state and local laws and regulations that support human rights. In addition, these laws are enforced by federal and state regulatory agencies and through direct access to the courts by individuals. Reynolds American and its operating companies strive to comply with all laws and regulations; we do not believe it is within our sphere of influence to assume the regulatory and enforcement role of the federal, state and local governments.

Reynolds American and its operating companies further support human rights considerations in two primary ways:

- All employees are required to adhere to the Reynolds American Code of Conduct and certify such on a yearly basis. The Code of Conduct includes clear expectations relating to employment practices, relationships with suppliers and customers, adherence to government regulations, and other aspects of how we conduct our businesses which are supportive of fundamental human rights.
- Each operating company conducts Corporate Social Responsibility efforts related to its supply chain and procurement activities intended to reinforce suppliers' respect for human rights.

Both the Code of Conduct and Reynolds American's annual CSR reports are available online for review at [www.reynoldsameric.com](http://www.reynoldsameric.com).

Human rights principles and considerations have been incorporated into the operating companies' supplier programs in a number of ways with the intent to promote continuous improvement in suppliers' performance:

- Each major operating company will continue to communicate their expectations of suppliers to respect fundamental human rights through supplier guides, during site visits and in ongoing activities with suppliers. This expectation is further reinforced in all procurement contracts which require suppliers to adhere to all applicable federal, state and local laws and regulations.
- R.J. Reynolds, American Snuff Company and Santa Fe Natural Tobacco Company procure tobacco leaf supplies through contracts with U.S. based farmers. These contracts require growers to comply with all applicable laws and regulations. All three companies are in contact with their respective contract growers through annual meetings, newsletters, farm visits or at the tobacco receiving stations utilized by several of the companies. Operating company personnel take these opportunities to reinforce the importance of growers' respect for human rights considerations.
- R.J. Reynolds has partnered with the North Carolina Department of Labor (NCDOL) and North Carolina State University (NCSU) over the past several years to produce training videos that have been distributed to its contract growers. The videos focus on farm safety practices and safe use of pesticides. R.J. Reynolds will continue to explore additional opportunities to partner with NCDOL and NCSU on programs to enhance farm safety practices.
- R.J. Reynolds continues to provide support for NCDOL's Gold Star Grower program. This voluntary program involves NCDOL inspections of farm worker housing and worker safety conditions and allows growers to be certified as a Gold Star grower.
- R.J. Reynolds has conducted contract grower and farm worker surveys using independent third parties that visited many of the farms with which it contracts in North Carolina. Survey results are utilized by R.J. Reynolds to gain insight into grower and worker perspectives and have indicated a high level of satisfaction by farm workers with the farms on which they are employed.
- R.J. Reynolds, American Snuff Company and Santa Fe Natural Tobacco Company also procure tobacco leaf from offshore growing regions through the use of tobacco dealers who purchase and process tobacco leaf from local farmers. R.J. Reynolds contracts with LeafTc Ltd, an independent company also utilized by most of the major multinational tobacco companies, to evaluate tobacco dealers on a broad range of leaf procurement requirements which also includes the impact these suppliers' activities have on the environment and safety conditions on local farms.
- Reynolds American's operating companies recognize that many developing countries face significant human rights issues related to working conditions and sanitation, child labor, pesticide and herbicide practices and other issues. The operating companies will continue to seek opportunities for partnering with other concerned parties to improve these conditions where effective programs exist and progress can be made in countries where significant procurement activities occur.

- R.J. Reynolds utilizes the Business Enabler Survey Tool (BEST) to evaluate many suppliers of raw materials other than leaf tobacco. The survey tool evaluates suppliers on a broad range of procurement requirements through onsite visits and written surveys, and includes verifying that the supplier has a commitment to ensure safe workplace conditions and address other relevant human rights issues.

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