



## **Whistleblower Policy**

### **Mission Statement**

Reynolds American Inc. (the "Company") and its subsidiaries are committed to high standards of business conduct. In line with this commitment, employees have the right – and the duty – to raise, in good faith, concerns about improper business conduct without fear of retaliation in any form.

The Audit and Finance Committee is adopting this Policy to ensure (a) that employees of the Company and its subsidiaries have a confidential and, if so desired, anonymous means by which to submit good faith concerns about improper business conduct, without fear of retaliation, and (b) that every submission is properly investigated and responded to in a timely manner.

### **No Retaliation**

Retaliation of any kind (including, for example, harassment) against employees for raising a good faith concern about improper business conduct will not be tolerated. Additionally, no employee shall be adversely affected because the employee refuses to carry out an instruction that would constitute fraud, or would be a violation of federal or state laws or the Company's Code of Conduct.

### **Confidentiality**

The Company will protect the confidentiality of the concern raised and the identity of the reporting person. Such information shall be shared only on a "need-to-know" basis with those individuals investigating or responding to the concern, consistent with the need to conduct an adequate review and to prepare an adequate response.

### **Reporting Mechanisms**

Employees of the Company and its subsidiaries who are or become aware of (a) suspected misconduct, illegal activities, fraud or abuse relating to the Company's accounting, internal accounting controls or auditing matters, (b) possible violations of federal or state securities laws or regulations, (c) possible violations of other federal or state laws, such as the U.S. Foreign Corrupt Practices Act or the U.S. Family Smoking Prevention and Tobacco Control Act, or (d) possible violations of the Company's Code of Conduct, are encouraged to report such matters to management, a Human Resources representative, General Auditor of the Company, the Director of the Company's Office of Ethics and Compliance or the General Counsel of the Company (or his or her designee) (each such instance, a "Report").

To encourage and facilitate such Reports, the Company maintains the EthicsLine, a hotline staffed by trained, independent third-party professionals, whereby employees of the Company and its subsidiaries may make Reports anonymously. The EthicsLine is available 24 hours per day, 7 days per week. Employees may contact the EthicsLine by telephone at 1-800-500-0333 or fax at 1-800-500-0993, or by logging onto the Web at <http://rai.myethicsline.com>.

Employees also may report such matters directly to the Chair of the Audit and Finance Committee. Correspondence should be sent to the Chair of the Audit and Finance Committee – Board of Directors, Reynolds American Inc., P.O. Box 2990, Winston-Salem, North Carolina 27102-2990, in an envelope labeled with a legend such as "Submitted pursuant to the Whistleblower Policy."

### **Screening**

Upon receipt of a Report, the Director of the Company's Office of Ethics and Compliance or the Deputy General Counsel and Secretary of the Company (if such Report is reported through the EthicsLine or referred to the Office of Ethics and Compliance) or the Vice President of Workplace Practices and Compliance of RAI Services Company (if such Report is reported through the Human Resources Hotline or referred to the Human Resources Department) shall review the Report and shall determine if the investigation of such Report shall follow the Company's standard investigation procedures or be referred to an investigation team composed of the General Counsel of the Company (or his or her designee), the Chief Human Resources Officer of the Company (or his or her designee) and the General Auditor of the Company (collectively, the "Investigation Team"). Under the screening process, Reports shall be referred to the Investigation Team for its review and consideration unless the Report (a) does not appear to be credible, (b) involves only routine human resources or employment

matters, or (c) involves only routine or minor violations of the Company's Code of Conduct that would not have a material adverse impact on the financial statements or reputation of the Company or its subsidiaries.

Notwithstanding the foregoing, any Report involving the actions of an officer of the Company or any of its subsidiaries shall be referred to the Investigation Team for its review and consideration. The findings of any investigations of Reports under the Company's standard investigation procedures and not referred to the Investigation Team for its consideration and review shall be reported to the Audit and Finance Committee by the General Auditor of the Company, on a periodic basis.

### **Investigations; Roles and Responsibilities**

Upon referral of a Report, the Investigation Team shall meet to review the Report, determine the method of investigating the matters raised in the Report and make recommendations to Company management about whether any immediate actions are necessary to strengthen the control environment. The General Counsel shall serve as the leader of the Investigation Team.

In making the determination of whether the Investigation Team or the Audit and Finance Committee should conduct an inquiry or investigation into a Report, the Investigation Team will consider, in addition to any other factors that are appropriate under the circumstances, the following:

1. Who is the alleged wrongdoer? If an executive officer, senior financial or accounting officer or other high management official is alleged to have engaged in wrongdoing, that factor will weigh in favor of the Audit and Finance Committee conducting the inquiry or investigation.
2. How serious is the alleged wrongdoing? If the alleged wrongdoing would constitute a crime or would potentially involve the integrity of the financial statements of the Company, that factor will weigh in favor of the Audit and Finance Committee conducting the inquiry or investigation.
3. What is the nature of the allegation of wrongdoing? The Investigation Team should consider all facts surrounding the allegation, including but not limited to whether similar allegations have been made by regulatory authorities, the press or by analysts.

The substance of the allegations of each Report referred to the Investigation Team, as well as the determined method of conducting the investigation, shall be provided to the Chair of the Audit and Finance Committee and the Company's external auditor promptly after receipt of such Report.

If the Investigation Team refers the investigation of a Report to the Audit and Finance Committee, the Audit and Finance Committee shall appoint an independent external investigator to assist with the investigation. For purposes of this Policy, an "independent external investigator" shall mean a lawyer who individually or through his or her relationship with a law or audit firm does not have a material pre-existing relationship with the Company or one of its subsidiaries, other than through the investigation of a prior Report. The General Counsel shall serve as the liaison between the external investigator and the Company, and shall maintain a list of potential independent external investigators, which shall be reviewed annually with the Company's external auditor. If an external investigator is retained, the external investigator shall prepare a memorandum containing findings and recommendations based on the results of the investigation. Copies of the memorandum shall be provided to the Audit and Finance Committee, the General Counsel and the Company's external auditor.

If the investigation is conducted by the Investigation Team, the General Counsel shall prepare a memorandum containing findings and recommendations based on the results of the investigation. Copies of the memorandum shall be provided to the Audit and Finance Committee and the Company's external auditor.

### **Responses**

After the completion of an investigation, if the findings of the external investigator or the Investigation Team, as applicable, indicate that the Report has validity, the Audit and Finance Committee, after consultation with the General Counsel, will determine the appropriate actions required to remedy any past or existing misconduct, fraud, abuse or illegal activities and to prevent the occurrence of such misconduct, fraud, abuse or illegal activities in the future. The Audit and Finance Committee also will discuss the findings with the General Counsel to determine whether public disclosure or disclosure to governmental agencies and/or reporting to the full Board of Directors is necessary or appropriate.

### **Periodic Reports**

The Audit and Finance Committee and the Company's external auditor shall periodically receive reports from the General Counsel of the Company (or his or her designee) and the General Auditor of the Company, concerning any Reports received by the Company and all actions taken by the Company in response to such Reports.

## **Retention of Records**

The Secretary of the Company shall retain a copy of any Reports, and any investigation reports and other records related thereto, for a period of at least ten years.

## **False Reports**

Employees who knowingly raise a misleading or false concern, or raise a concern without a reasonable belief as to its truth or accuracy, will not be protected by this Policy and may be subject to discipline, including termination of employment.

## **Securities Laws**

The procedures set forth in this Policy ensure the Company's compliance with Section 10(A)(m)(4) of the Securities Exchange Act of 1934, as added by Section 301 of the Sarbanes-Oxley Act of 2002, which requires the establishment of procedures for (a) the receipt, retention and treatment of complaints received by a public company regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of public companies regarding questionable accounting or auditing matters.

Adopted: August 18, 2004

Last Revised: July 11, 2012