

14 June 2018

Dear Ms Ramasastry, Mr Tuncak, Mr Puras, Ms Elver and Ms Bhoola,

Thank you for your letter dated 22 May 2018, addressed to our Chief Executive regarding issues pertaining to human rights abuses in Zimbabwe. I am responding in my capacity as Head of Sustainability for British American Tobacco (BAT).

I note with concern the information you have received concerning alleged human rights violations resulting from exposure of workers, including children, to toxic chemicals while working in tobacco farms in Zimbabwe.

As we have previously communicated in my email on 25 May 2018, any alleged incidences of human rights violations are clearly concerning. We understand there may be issues around confidentiality but if you are able to identify any specific farms that are likely to supply BAT and where alleged incidences have taken place we will immediately investigate and where needed, take remedial action.

In the interim, I can provide you with the detail on our business presence and leaf supply chain in Zimbabwe as well as on our approach to protecting human rights globally via BAT-specific policies, procedures and programmes and via the industry-wide Sustainable Tobacco Programme (STP).

Attached you will find a number of appendices to evidence the policies, programmes and procedures outlined in this letter. You will also find copies of our Sustainable Agriculture Report, published in November 2017 and our most recent Sustainability Report, published on March 2018, both of which provide greater detail on many of our activities related to protecting human rights and the support we provide to the agricultural communities we operate within.

1. Our global approach to managing our leaf supply chain

1.1. Our leaf supply chain: we do not own tobacco farms or directly employ farmers but our approach to agriculture and working with farmers means that we have strong influence. We buy more than 400,000 tonnes of tobacco each year from a small number of what we refer to as first-tier suppliers, which include:

- 17 leaf companies which are wholly owned subsidiaries of the BAT Group, which in turn directly contract and support over 90,000 farmers;
- More than 20 third-party suppliers, which in turn contract approximately 260,000 farmers.

Approximately 63% of the tobacco leaf we buy globally is via BAT leaf companies and around 37% via third party suppliers.

1.2 Human Rights policies

The BAT Group has a number of policy statements that reference our commitment to human rights, worker health and safety and environmental protection. The core policy document for the Group is the **Standards of Business Conduct** (Appendix A). Our Standards of Business Conduct are a set of global policies of British American Tobacco, expressing the high standards of integrity we are committed to upholding. It includes our human rights policy as well as other core policy statements relating to business integrity such as anti-bribery and corruption and whistle-blowing as well as our commitment to responsible supply chain management.

The Standards apply to all Group companies and employees and require high standards of behaviour and integrity wherever our businesses operate. Each company is required to adopt them or local policies which reflect them and each employee is expected to know and comply with their provisions. Each employee must sign a letter annually confirming compliance and continuous information on performance against the Standards is gathered and reported quarterly to the Board Audit Committee.

Although containing commitments around responsible supply chain management, the Standards of Business Conduct is aimed primarily at BAT Group employees and operating companies. To ensure that our policies and standards could be clearly communicated and implemented throughout our supply chain, in 2016 we developed a dedicated **Supplier Code of Conduct**.

Our Supplier Code of Conduct (Appendix B) complements our Group Standards of Business Conduct by defining the minimum standards we expect of our suppliers. This builds upon our long-standing commitment to operating to the highest standards of corporate conduct for both our own business operations and our wider supply chain. It also supports our continuing commitment to respect human rights and uphold international standards, including the United Nations Guiding Principles on Business and Human Rights and the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises.

All suppliers are expected to meet the requirements of the Code in order to supply goods or services to the BAT Group and this requirement is incorporated into our contractual arrangements with suppliers. Specifically, the Code includes requirements for all our suppliers to ensure their operations protect both human rights and the environment.

In addition, we also have a Group-wide **environmental policy** (Appendix C) that includes a commitment to operating responsibly throughout our wider supply chain. It specifically references our commitment to working with our agricultural suppliers to mitigate the environmental impacts of tobacco growing, to minimize water use and to protect soil fertility.

All of the policy commitments outlined above apply to all Group companies and their employees and all types of supplier globally. With regard to our leaf supply chain we have a further document that expands on the relevant aspects of the Group policies (namely human rights, works health and safety and environment) and also includes many other policies and standards that we expect our supplier to adhere to in order to supply tobacco leaf to the BAT Group. This document is known as the **Leaf Supplier Manual** (Appendix D).

In 2017, we developed a new **operational standard on child labour prevention** (Appendix E), with inputs from the Eliminating Child Labour in Tobacco Growing Foundation and the International Labour Organisation. It is set to be rolled out across all our leaf operations in 2018 and will bring increased effectiveness to the way in which our long-standing child labour policy commitments are implemented. For example, it provides clear guidelines and procedures for regular training and

capacity building, farm monitoring and spot checks, and immediate reporting of any incidents of child labour. It also includes clearly defined steps for developing and implementing actions to prevent or remediate child labour, and to improve the situation of affected children and their communities.

1.3 Farmer support and advancing sustainable agriculture: We are proud of the long-standing relationship we have with the farmers who supply us with tobacco leaf and for many years our interactions have been much more than simply a financial transaction. Through our global leaf research and development, we develop new and innovative sustainable farming technologies, techniques and best practice, which are rolled out to farmers as part of comprehensive agri-support packages. We have a network of expert field technicians who provide on-the-ground Extension Services support, technical assistance and capacity building for all our 90,000+ directly contracted farmers, helping them to run successful and profitable farms. Our third-party suppliers provide their own support for all the 260,000+ farmers they source from. The role of the Field Technician is essential in providing farmer support, best practice implementation, training and awareness and STP related monitoring.

1.4. Managing and monitoring supply chain risks: the BAT Group uses two distinct programmes to monitor performance and assess risk within the leaf supply chain, that relate to human rights due diligence, health and safety and environmental protection and beyond:

We use the industry-wide **Sustainable Tobacco Programme (STP)** (Appendix F) to conduct formal assessments and independent on-site reviews for 100% of our tier one tobacco leaf suppliers, including all our own leaf operations, to ensure alignment with international standards, such as for human rights and environmental protection. The aim of the STP is so that suppliers understand what is expected of them and the farmers they contract with.

Please note, BAT had a Social Responsibility in Tobacco Production (SRTP) programme in place since 2000. Over time this was shared and utilized by most of the tobacco industry. In the interests of continual improvement and in recognition of evolving standards and expectations, a revised and updated version of SRTP, known as Sustainable Tobacco Production (STP), was introduced during 2016 and adopted as an industry standard.

Our **Thrive** programme (Appendix G) goes beyond audit and compliance, by taking a more holistic and collaborative approach to identifying and addressing long-term challenges that have an impact on the livelihoods of farming communities and the sustainability of agriculture. The programme provides BAT with a range of information on human, social, natural, physical and financial capital including training, monitoring and performance in areas such as child labour, health and safety (including Personal Protective Equipment (PPE)) and grievance mechanisms. We have data for over 80% of our tobacco leaf purchases globally. The results provide us with important insights on the complexity of issues and we are using them to inform where to focus our approach in key markets for the longer-term and to provide remedy where necessary in the short term.

1.5. The Eliminating Child Labour in Tobacco-Growing (ECLT) Foundation

We recognise that child labour is an inherent risk in all agriculture and that tobacco is no exception. It is an issue we take very seriously and our commitment to address it is reflected in all of our policies and procedures associated with tobacco growing. In addition to this, as part of our long-running commitment to end the practice within tobacco farming, in 2000 we became a founding board member of the ECLT Foundation. We remain active members today, alongside other major tobacco companies, leaf suppliers and the International Tobacco Growers' Association. The International Labour Organization (ILO) serves as an advisor to ECLT's Board. ECLT's independent status means it can call upon governments to take action, improve policies and advance research into child labour. It also carries out important work helping to strengthen communities and brings together key

stakeholders to develop and implement local and national approaches to tackle child labour. For example, in 2017 our company in Indonesia continued its work with ECLT on the development of a multi-stakeholder project to address child labour in tobacco growing. This includes developing a new collective strategy, involving national and local governments, farmers' associations, tobacco companies, civil society, international organisations and development agencies. <https://www.eclt.org/en>

1.6 Reporting, engagement and transparency

We appreciate that transparency around our approach to sustainable agriculture and more specifically, around the work we do to mitigate the human rights risks inherent in any agricultural supply chain, is key to reassuring our stakeholders that we operate to internationally recognised standards.

As such, we report on our policies, process and performance in this area in:

- Our annual sustainability report (Appendix H);
- Periodic sustainable agriculture reports, the most recent of which was published in November 2017 (Appendix I); and
- On www.bat.com

We have always done our utmost to uphold high standards, openly engage with our stakeholders and work to strengthen our approach to align to their expectations. Multinational businesses have long been subject to stakeholder scrutiny and allegations – especially one like ours in a controversial sector and with global operations and supply chains in challenging and diverse environments.

If we do receive any reports of unethical behaviour, we conduct detailed investigations, take appropriate action to address any issues identified, and report transparently on the progress and outcomes. We always openly engage with the relevant stakeholders and respond to the issues raised and as well as engaging directly (and I include correspondence with Human Rights Watch in Appendix I, also covering issues in Zimbabwe to demonstrate this), we also use www.bat.com/allegations to publicly outline our response and the outcomes of any investigations that have taken place.

2. Our business and leaf supply chain in Zimbabwe

BAT Zimbabwe operates as a wholly owned subsidiary of the BAT Group PLC. BAT Zimbabwe is responsible for the manufacture, marketing and distribution of BAT brand cigarettes within Zimbabwe.

Separate from our sales operations, British American Tobacco (GLP) Limited, another wholly owned subsidiary of the BAT Group PLC, purchases tobacco leaf from supplier in Zimbabwe. Some of this tobacco remains in Zimbabwe whilst the majority is exported to manufacturing facilities in several different global locations. As noted in section 1.1, globally, the majority of the leaf we source is from farmers who contract directly with a BAT subsidiary leaf company. However, in Zimbabwe we purchase solely through third parties and have no direct contracting with farmers.

In 2017, BAT purchased more than 28m kgs of tobacco from Zimbabwe; principally from Northern Tobacco with smaller volume coming from the two global leaf dealers Universal Leaf Tobacco & Alliance One. These third parties purchase tobacco from farmer based in Harare, Mashonaland West, Mashonaland Central, Mashonaland East and Manicaland. 100% of the leaf purchased by BAT is sourced from farmers directly contracted by our suppliers and none is purchased at auction. In 2017 this represented 6% of all leaf purchased by the BAT Group.

The BAT policies and controls detailed within this letter apply to all third-party suppliers we purchase from in Zimbabwe.

I would also like to highlight that in the recently published Human Rights Watch report “A Bitter Harvest”, our main supplier, Northern Tobacco, were positively referenced for providing comprehensive, clear and transparent responses to Human Rights Watch when contacted, and for having a comprehensive approach to risk assessment and mitigation.

Table 1: Volume Leaf Purchased (kgs) Packing for 2018 volumes is currently underway and total volumes are not yet finalised.

Vendor Name	2015	2016	2017
Northern Tobacco (Private) Limited	23,692,800	23,405,580	22,081,080
Alliance One			1,540,800
Universal Leaf Tobacco		2,559,120	4,672,440

3. United Nations Guiding Principles on Business and Human Rights (UNGPs).

As I have outlined above, BAT takes its responsibilities around Human rights very seriously. For a number of years, we have been developing and enhancing our approach to human rights management in-line with the UNGP's and the 'protect, respect, remedy' framework.

Principle 15 states that *“in order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:*

- (a) A policy commitment to meet their responsibility to respect human rights;*
- (b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;*
- (c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute”.*

As BAT's human rights management approach has been developed to comply with these requirements, I have presented the responses to your questions 2-7, under the three broad headings of policy, due diligence and remedy. I believe this approach will give you a fuller picture of the comprehensive nature of our policies and process as well as demonstrating their alignment with the UNGP framework.

POLICY

3.1. Policy – general

3.1.1. In this section I have provided extracts from each of the policy documents that relate both the leaf purchasing and the specific areas on concern you raised with us. As outlined above, the core policy document of the BAT Group is the **Standards of Business Conduct** (Appendix A).

3.1.2. The requirements of the Standards of Business Conduct are communicated to suppliers within the **Supplier Code of Conduct** (Appendix B). All suppliers are expected to meet the requirements of the Code in order to supply goods or services to the BAT Group and this requirement is incorporated

into our contractual arrangements with suppliers. Specifically, the Code includes requirements for all our suppliers to ensure their operations protect both human rights and the environment. I provide extracts from the human rights and environment sections of the Code below.

“Respecting human rights

For their own employees and contractors (including permanent, temporary, contract agency workers and migrant workers), we expect suppliers (at a minimum) to:

- *Provide equal opportunities to, and fair treatment of, all workers.*
- *Work to eliminate any form of harassment and bullying within the workplace, whether it is of a sexual, verbal, non-verbal or physical nature.*
- *Provide a safe working environment, adopt procedures to identify and address workplace health and safety risks, implement safe working practices, and provide (where relevant) appropriate personal protective equipment to prevent occupational injuries or illnesses.*
- *Provide fair wages and benefits, that comply at least with applicable minimum wage legislation and other applicable wage and working time laws or collective bargaining agreements*
- *Ensure operations are free from child labour. Specifically, following with the guidelines of the International Labour Organization that:*
 - *Any work which is considered hazardous or likely to harm the health, safety or morals of children should not be done by anyone under the age of 18 (or 16 under strict conditions);*
 - *The minimum age for work should not be below the legal age for finishing compulsory schooling and, in any case, not less than the age of 15;*
 - *Where local law permits, children between the ages of 13 and 15 years old may do light work, provided it does not hinder their education or vocational training, or include any activity which could be harmful to their health or development (for example, handling mechanical equipment or agro-chemicals). We also recognise training or work experience schemes approved by a competent authority as an exception.*
- *Ensure operations are free from exploitation of labour. Specifically, ensuring their operations are free from slavery, servitude and forced, compulsory, bonded, involuntary, trafficked or unlawful migrant labour.*
- *Ensure the right to freedom of association. Specifically, ensuring all workers are able (subject to applicable laws) to exercise their right to freedom of association and collective bargaining, including the right to be represented by recognised trade unions or other bona fide representatives”.*

“Environmental sustainability

We expect suppliers to:

- *Identify, understand and actively work towards minimising their impacts on the natural environment. Where relevant, these include (but are not limited to) impacts relating to their emissions to air, water and land, use of materials, natural resource consumption and waste management practices;*
- *Where practicable, manage, monitor and (where requested) provide available information to the Group relating to their environmental performance;*
- *Integrate environmental considerations into their product design and/or provision of services; and*
- *Provide the Group (where requested) with reasonable assistance as we seek to reduce the environmental impacts of our products and services”.*

A3.1.3. In addition to the Supplier Code of Conduct, the **Leaf Supplier Manual (LSM)** (Appendix D), provides further details on the expectations we have of suppliers of tobacco leaf to the BAT Group and again forms part of our contractual obligations. It is a 195-page document that outlines in detail what is expected of suppliers in a number of areas including a requirement for suppliers to participate in the STP process and the minimum expected scores. Below are the policy extracts for the areas of concern you have outlined, as they relate to third party suppliers and their interactions with contracted farmers.

LSM and STP minimum standards: *“BAT expect that its suppliers achieve some basic requirements on some of the STP Criteria. BAT consider these requirements as crucial to reach minimum standards of sustainability. They are set because they are the foundation for solid action plans towards continuous improvement. Although some suppliers may require some time to achieve 100% compliance with the Minimum Requirements, BAT requires suppliers to have agreed action plans to achieve them. The minimum standards are as follows:*

- *Water Extraction: 100% of farmers hold any necessary licenses for water abstraction, where required by law*
- *Water Protection Plan: Company has developed a documented Water Protection Plan and communicate to 100% of the applicable farmers the relevant elements of the Plan*
- *Soil Protection Plan: Company has developed a documented Soil Protection Plan and communicate to 100% of the applicable farmers the relevant elements of the Plan*
- *Recycling or Disposal of Empty CPA Containers: 100% of farmers implementing best practices and effectively participate in a collection program*
- *Sustainability of Wood Used as a Fuel for Curing: Company has developed a plan to ensure that only sustainable wood is used in tobacco curing and 100% of farmers are using only sustainable wood as fuel for tobacco curing*
- *Child Labour on Farms: 100% of farmers compliant with ILO Standards, STP Requirements and Local Laws and 100% of the farmers systematically monitored and trained on CL prevention”.*
- *Forced Labour: 100% of farmers compliant with ILO Standards, STP Requirements and Local Laws*
- *Green Tobacco Sickness: 100% of farmers trained, communicated on the best practices and supplied with proper PPEs for all workers involved in tobacco harvest*
- *Handling and Use of CPAs: 100% of farmers trained, communicated on the best practices and supplied with proper PPEs for all workers involved in agrochemical handling and application*

LSM and Environment Health and Safety: *“Leaf Suppliers are expected to provide a safe working environment that supports accident prevention and minimizes exposure to health risks, as well as, to comply with all applicable safety and health laws and regulations in the countries in which they operate. Compliance with all applicable environmental laws, regulations and standards is required. It is desired that 3rd Party Leaf 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 programmes from time to time”.*

LSM and Agrochemicals Compliance: *“BAT reserves the right to reject any non-compliant tobacco regarding Agrochemicals. Product must be registered or formally authorized by a competent government agency for tobacco production in the country of operation. All aspects regulating agrochemical use in the country including waste disposal must be complied with. A farmer training programme on the correct use of agrochemicals must be implemented and auditable records kept.*

Active Ingredients: The use of active ingredients listed in “Agrochemicals not to be used in tobacco production” is not allowed (Appendix K). BAT reserves the right to reject any tobaccos with detectable residues for agrochemicals listed in the document. The use of formulations exceeding maximum active ingredients inclusion as indicated in “Agrochemicals formulations not to be used in tobacco production” (Appendix L) is not allowed. BAT reserves the right to reject any tobaccos with formulations exceeding maximum active ingredients listed in the document”.

3.1.4. As outlined in section 1.2, we also have in place a **Child Labour Operational Standard** (Appendix E) which is being implemented by all BAT leaf operations. It provides clear guidelines and procedures for regular training and capacity building, farm monitoring and spot checks, and immediate reporting of any incidents of child labour. It also includes clearly defined steps for developing and implementing actions to prevent or remediate child labour, and to improve the situation of affected children and their communities.

3.2 Policy – Zimbabwe

3.2.1. All of the above policy requirements, with the exception of the new Child Labour Operational Standard, which is currently being adopted only by BAT leaf operations in the first phase of its roll-out, are applicable to all of the suppliers we buy leaf from in Zimbabwe. I understand that you are also in touch with these suppliers as part of separate correspondence and that they will provide information on their own, aligned policy provisions, including specific policies around child labour. The effective implementation of these policies by our third-party suppliers in Zimbabwe is monitored through our due-diligence programmes, as outlined below.

Due-Diligence

3.3. Due Diligence - general

3.3.1. As noted in section 1.4., the BAT Group uses two distinct programmes to monitor performance and assess risk within the leaf supply chain, that relate to human rights due diligence, health and safety and environmental protection and beyond: the industry-wide **Sustainable Tobacco Programme (STP)** (Appendix F) and our own, **Thrive** programme (Appendix G).

3.3.2. As part of our ongoing due-diligence of the tobacco supply chain, we conduct assessments and independent on-site reviews on 100% of our leaf operations and suppliers, in all countries, through the industry-wide **Sustainable Tobacco Programme (STP)**. This includes all three suppliers we purchase tobacco leaf from in Zimbabwe. STP was introduced in June 2016, replacing our previous Social Responsibility in Tobacco Production programme, which from 2000 until 2015, set the standard for all our leaf suppliers worldwide. STP’s criteria is aligned to international standards, such as those of the ILO and the UN Guiding Principles on Business and Human Rights. The ‘people’ pillar, under which human rights risks are considered, includes a number of specific criteria relating to a safe working environment, child labour and forced labour. In addition to the four pillars, STP contains requirements around risk assessments, farmer training and farm monitoring.

AB Sustain, a supply chain management company, independently reviews the self-assessments each year and conducts independent on-site reviews every three years. These include visits to tobacco farms and in-depth analyses of suppliers’ policies, processes and practices. Since STP implementation, two rounds of self-assessment have been completed by all our leaf operations and suppliers, and AB Sustain has conducted a total of 26 independent on-site reviews in 19 countries, covering 50% of our total tobacco leaf supply base. By the end of 2018, 100% of our leaf operations and suppliers will have had independent on-site reviews by AB Sustain.

STP operates under 35 guiding principles and covers 180 Criteria and around 700 Indicators under four core pillars of crop, environment, people and facilities. Relevant to the issues raised in your letter, these include but are not limited to:

People Pillar	Environment Pillar	Crop Pillar
<p>P2: Child labour – includes minimum age for work</p> <p>P3 Forced labour</p> <p>P4: Safe Working Environment – includes hazardous work, pesticides, PPE and GTS</p> <p>P5 Fair treatment – includes Grievance Procedures</p> <p>P6 Freedom of association – includes workers’ rights and representation</p> <p>P7: Income, work hours and benefits – includes working hours, wages and overtime</p> <p>P8: Compliance – includes contracts</p> <p>G8: Governance Pillar – includes contracts</p>	<p>E3 Water Management on farm</p> <p>E3 Soil Management</p> <p>E4 Pollution Control</p> <p>E5 Waste Management on Farm</p>	<p>C3.2 Soil Analysis</p> <p>C3.3 Fertiliser & Liming Management</p> <p>C3.4 Fertiliser Analysis</p> <p>C4.1 Crop Rotation</p> <p>C4.2 Biological Pest Control</p> <p>C4.4 Physical Control Methods</p> <p>C4.5 Destruction of Crop Residue</p> <p>C4.8 Approved CPAs</p> <p>C4.9 Records of CPA Application and residue limits</p>

3.3.3. The **health of workers** is managed under strict guidelines as part of our STP in the section on “Safe Working Environment” which includes hazardous work, pesticides, PPE, CPA Re-entry times and Green Tobacco Sickness (GTS). This stipulates that farmers must provide a safe environment for workers and family members working in tobacco to prevent accident and injury and minimise health risks. On **GTS** specifically, it states that people working on the farm cannot top, harvest or load barns unless trained on the avoidance of GTS. Similar requirements are stipulated for Crop Protection Agents, including PPE and that under 18s, pregnant or nursing women cannot handle or apply CPAs. The STP monitoring requirements includes percentages of people trained, workers with PPE and records of spraying and CPA application.

3.3.4. Potential **environmental contamination** including of water, soil and air is covered in the Environment Pillar of STP and includes:

- **Soil Management** – the STP guiding principle is that farmers manage their land with the intention of protecting soils. Healthy soil is the main asset of all farms and the risk of physical and chemical degradation of soil should be assessed and managed. Soil conservation and improvement should be the goal so as to sustain or increase yields while minimising crop inputs and there are specific requirements for a Soil Conservation and Protection Plan based on risk assessment methodology and the condition of local growing areas to protect soil from pollution and chemical degradation as a result of tobacco production. This states that in addition to Soil Analysis carried out as part of Crop Husbandry Practices, soil testing should be completed at least once every five years in all growing areas, with sampling sites comparable over time, to highlight any potential trends in parameters identified by the risk assessment, to include as a minimum chemical degradation due to increased levels of salinity and accumulation of residual CPAs.

- Pollution control on farms - the STP guiding principle is that Farmers minimise any pollution of water, soil or air as a result of their tobacco growing activities and identify and quantify any pollutants being released into the environment during tobacco production. This includes a Water Protection Plan to reduce the risk of water pollution and conserve the quality of all water resources
- There are specific requirements for Water Monitoring and that water courses and water bodies in tobacco growing areas are monitored for all potential pollutants and use risk assessment methodology to develop, document and implement a sampling plan that will monitor biological, chemical and physical Indicators.
- There are also specific requirements to develop and implement a plan to minimise atmospheric pollution arising as a result of tobacco production. This recognises that dust and particulate matter (sulphate, nitrates, ammonia, sodium chloride, black carbon and mineral dust) can be released into the atmosphere during the combustion of fuels for tobacco curing and the operation of machinery during tobacco production (e.g. tractors, mechanical harvesters, etc) and there are requirements to quantify any pollutants being released into the environment.

3.3.5. The People Pillar of STP includes **child labour and hazardous work**. The guiding principle is that there is no child labour. In accordance to the ILO and in alignment with our Supplier Code of Conduct, it states that no person under 18 can perform hazardous work, that the basic minimum age of employment in non-hazardous work is not less than 15 years (or age for finishing compulsory schooling – whichever is higher). However, STP also acknowledges that in an industry reliant on agriculture, the reality of rural agricultural life is that work may play a formative, cultural or social role for children. Where local law permits, we consider it acceptable for children between 13 and 15 to help on their family farm provided it is light work, does not hinder their education or vocational training, or include any activity which could be harmful to their health or development, for example, handling mechanical equipment or agro-chemicals. This includes farmers can verify the ages of all people directly or indirectly recruited and any limits of hours and type of work that they can do.

Hazardous work is defined as may include but is not limited to the following:

- Work which exposes children to physical, psychological or sexual abuse
- Work underground, underwater, at dangerous heights or in confined spaces
- Work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads
- Work in an unhealthy environment which may, for example, expose children to hazardous substances, agents or processes, or to extreme temperatures, noise levels or vibrations damaging to their health
- Work under particularly difficult conditions such as work for long hours or during the night— or work where the child is unreasonably confined to the premises of the employer/parent
- Physical contact with green tobacco leaves

3.3.6. As noted in section 1.4. Our **Thrive** programme (Appendix G) goes beyond audit and compliance, by taking a more holistic and collaborative approach to identifying and addressing long-term challenges that have an impact on the livelihoods of farming communities and the sustainability of agriculture. This provides a range of information on human, social, natural, physical and financial capital. This includes training, monitoring and performance in areas such as child labour, health and safety (including PPE) and grievance mechanisms.

We have data for over 80% of our tobacco leaf purchases globally. The results provide us with important insights on the complexity of issues and we are using them to inform where to focus our approach in key markets. We have indicative THRIVE data for Zimbabwe Commercial Farmers (which represents 80% of their tobacco purchased), and we are working with our supplier, Northern Tobacco, to expand this to small scale farmers.

3.4 Due-diligence – Zimbabwe

3.4.1. In our previous correspondence to Human Rights watch we stated that our largest supplier in Zimbabwe, Northern Tobacco, would receive an external STP review in April 2018. This has been delayed due to the political situation and will now occur in December 2018. BAT will be in attendance. In recognition of this delay BAT has conducted separate unannounced visits as part of increased due diligence processes (See section 3.6 of this letter).

Although onsite reviews within Zimbabwe have yet to take place under STP, the annual self-assessments have taken place as planned.

For our largest supplier, Northern Tobacco, the 2017 STP self-assessment scores show some slight improvements since 2016, achieving a People Pillar Score of 94 (Vs 89 in 2016); and overall Agronomy score of 66 (Vs 62 in 2016). The incremental improvement in Northern Tobacco's self-assessment scores from 2016 to 2017 are due to improved training on human rights. There are a number of additional actions and activities that Northern Tobacco are undertaking as part of continuous improvement of STP due diligence and associated processes, these include updating policies, increasing awareness and training in local language, unannounced visits and undertaking and implementing the recommendations from its Biodiversity Study, which includes social impacts.

3.4.2. We have indicative Thrive data for Zimbabwean farmers (which represents 80% of tobacco purchased), and we are working with our main supplier, Northern Tobacco, to expand this to the rest of the farmer base. This data indicates that all farmers supplying the BAT Group via Northern Tobacco: have PPE available for harvesting; are using best practice soil management techniques; are monitored and trained in preventing child labour; and have access to grievance mechanisms via workers committees on the farms, or via workers unions and that workers have their union membership paid for by the company.

Remedy

3.5 Remedy – general

In addition to the identification of human rights risks, we also use STP to ensure that we provide for effective remedy and/or co-operate in remediation of adverse human rights impacts. To do this, we use the results of the self-assessments and the on-site reviews to work collaboratively with suppliers to drive corrective action and improvements. In the event of any serious and/or persistent issues, or where suppliers fail to demonstrate a willingness to improve performance, we reserve the right to terminate the business relationship.

STP and THRIVE specifically includes requirements for farmers to have access to grievance mechanisms. Section P.5.5 STP criteria states that *'workers have access to a fair, transparent, anonymous and effective Support Mechanism whereby they can raise their grievance...and that appropriate action will be taken without fear of reprisal...'*

3.6 Remedy – Zimbabwe

3.6.1. In April 2018 the NGO Human Rights Watch published a report entitled 'A Bitter Harvest: Child Labor and Human Rights Abuses on Tobacco Farms in Zimbabwe'. As outlined above, 100% of the tobacco leaf purchased by BAT in Zimbabwe is sourced from directly contracted farmers and we buy almost all of it from Northern Tobacco, one of the largest buyers of tobacco in Zimbabwe. As with all our suppliers, Northern Tobacco is required, as part of our contractual agreements, to ensure there is no child labour in the supply chain and to ensure that the health and safety and labour rights of all tobacco workers are protected.

- We are confident that our policies and processes in Zimbabwe are robust. Nevertheless, recognising the seriousness of the allegations contained within the report, and the delay of the STP independent review, we undertook a series of unannounced visits to farms in Zimbabwe supplying BAT. The visits took place in March and April 2018. This involved commercial farmers and small-scale across Guruve and Harare regions. In general, farmers were aware of Child Labour and GTS risks, understood their contracts, PPE was available, and they were visited by Field Technicians at least four times a year.
- The visits did highlight a small number of instances whereby BAT policy had been breached and/or effective controls were not in place. Whilst our analysis is that this does not indicate any systematic fault in our, or Northern Tobacco's current approach, in each instance a corrective action plan was immediately developed and implemented. These included the introduction of biometric payrolls and worker contracts, continued training and awareness on child labour, PPE and GTS, unannounced visits, and examining ways of using local language in training materials.

3.6.2. The Thrive Zimbabwe data indicates that for the 80% of farmers for which we currently have data, all have access to grievance mechanisms via workers committees on the farms, or via workers unions and that workers have their union membership paid for by the company.

4.1 With reference to the specific questions posed in your letter

BAT takes a holistic approach to managing human rights whereby all relevant issues are dealt with comprehensively in a consistent manner across our leaf supply chain as the information presented above reflects. We believe this information covers each of the questions posed in your letter and have highlighted the relevant sections for each question below.

- OHCHR Question 1 on additional information: we have provided additional context and clarification on both our global supply chain and operations in Zimbabwe in sections 1 and 2.
- OHCHR Question 2 on human rights due-diligence: please see section 3.3 (due-diligence – general), 3.4 (due-diligence – Zimbabwe), 3.5 (remedy- general) and 3.6 (remedy- Zimbabwe).
- OHCHR Question 3 on remedy: Please see section 3.5 (remedy- general) and 3.6 (remedy – Zimbabwe).
- OHCHR question 4 on OHS policy: Please see section 3.1 (policy -general) and 3.3.3 (health of workers).
- OHCHR Question 5 on worker protection: Please see section 3.1 (policy-general), 3.3.3 (health of workers).
- OHCHR Question 6 on health or workers and environmental contamination: Please see section 3.3.3(health of workers) and 3.3.4 (environmental contamination).

- OHCHR Question 7 on preventing child labour: Please see sections 3.1 (policy – general), 3.3 (due-diligence – general), 3.4 (due-diligence – Zimbabwe) and 3.3.3 (health of workers).

5.1. Concluding remarks

Whilst we acknowledge the inherent social and environmental risks associated with any type of agriculture, particularly in developing countries, we also believe we have effective policies and process in place to mitigate these risks and protect the human rights of those involved in the BAT supply chain. I hope to have demonstrated this to you with the information outlined above and in the appendices to this letter. However, if you have any further questions or require clarification on any related matter, please do not hesitate to get in touch.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jennie Galbraith', with a stylized, cursive script.

Jennie Galbraith

Head of Sustainability,
British American Tobacco.

