



**BRITISH AMERICAN
TOBACCO**

**BAT Leaf Operations Standard
Child Labour Prevention**

Table of Contents

1. Introduction

1.1 Scope, application and legal compliance

2. Governance

3. BAT Child Labour Policy

4. Training and Capacity Building

5. Monitoring

6. Reporting Child Labour and Action Planning

7. Operational Procedures



**BRITISH AMERICAN
TOBACCO**

1. Introduction:

BAT directly contracts some 90,000 farmers in 18 BAT Leaf Operations globally and recognises that within its Leaf supply chain Human Rights issues and Child Labour concerns must be integrated.

We work actively to tackle child labour in tobacco growing and agree with the position and guidance provided by the International Labour Organisation (ILO) in its efforts to promote the rights of the child and for decent work places for all. This includes Convention 138 on minimum age and Convention 182 on the worst forms of child labour. The four core labour standards from the ILO declaration on Fundamental Principles and Rights at Work are also mutually reinforcing and have an important role in preventing child labour, these are:

- (a) Freedom of association and the effective recognition of the right to collective bargaining;
- (b) The elimination of all forms of forced or compulsory labour;
- (c) The effective abolition of child labour; and
- (d) The elimination of discrimination in respect of employment and occupation.

At BAT, we are committed to operating to the highest standards of corporate conduct, as clearly stated in the Group Standards of Business Conduct, this is also reflected in the Group policy on Child Labour. Our Child Labour policy was first made publicly available in 2000 and has since been updated in several group documents including the Standards of Business Conduct (SoBC), Supplier Code of Conduct (SCoC) and the Leaf Supplier Manual.

Our Group policies state BATs commitment to implement international standards and regulations regarding Human Rights and Child Labour, including the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and International Labour Organization (ILO) conventions.

BAT does not condone or employ child labour, and seeks to ensure that the welfare, health and safety of children are paramount at all times. BAT recognises that the development of children, their communities and their countries is best served through education. With the objective of reviewing, reinforcing and enhancing our policies and procedures on Child Labour in our Leaf Operations, this Operational Standard on Child Labour provides a robust and globally aligned approach.

This Operational Standard sets out BATs position on Child Labour and summarises definitions and operational procedures we expect all BAT Leaf Operations to implement. This standard complements the Group Policy on Child Labour, the Standards of Business Conduct, the Supplier Code of Conduct and the industry-wide Sustainable Tobacco Programme (STP).

1.1 Scope, application and legal compliance

Scope and Application

All BAT Leaf Operations¹ are expected to implement and abide by this Operational Standard, including its strategic definitions, governance, training, monitoring and reporting and to develop appropriate actions and measurable and verifiable data.

In addition, Leaf Operations must take the following actions:

- Take steps to ensure that all relevant employees and contractors understand and adhere to the requirements of this Standard, including but not exhaustively, maintenance of adequate policies, procedures, training and support.
- Promote adherence to this Standard within their entire supply chain, in a format that is understandable, (including specific contract clauses in both cases). By making it available to new and existing contracted farmers and to third-party suppliers.

Legal Compliance

BAT Leaf Operations must comply with all applicable laws and regulations, whichever provides the greater protection for children, wherever they operate, and act in accordance with all Group Policies including the Standards of Business Conduct. We apply the principle of continuous improvement in our operations and we will work with our farmers and suppliers to improve our practices in relation to this Standard, to the Child Labour Policy and conditions for farmers and farming communities.

We have a duty to report any suspected wrongdoing in breach of this standard, the SoBC or the law. We will also report any such conduct by third parties working with the Group. The SoBC prohibits any retaliation against employees raising concerns or reporting breaches of the SoBC or unlawful conduct.

In the event of non-compliance with any of the requirements of this Standard, Operations must inform the Group and BAT reserves the right to require the Operations in question to:

- Bring itself into full compliance with the requirement(s) in question within a defined and reasonable time period; and/or
- Demonstrate material progress towards compliance with the requirement(s) in question within a defined and reasonable time period.

However, if there is no clear commitment to corrective action, or if there is a persistent lack of action and improvement, BAT will terminate the contract. BAT also reserves the right to terminate contracts immediately in cases of severe violations of the Child Labour Policy.

2. Governance

British American Tobacco's Operations Director has complete responsibility for this policy. Operations, with support from LEX will ensure that the policy is reviewed periodically throughout the business as well as with external stakeholders (for example, through our membership of the

¹ For the purposes of this policy, BAT Leaf Operations includes BAT, or leaf operations of any of its direct or indirect subsidiaries.

Eliminating Child Labour in Tobacco-growing Foundation and its connection with the ILO and ITGA). Any future revisions will be approved by the Main Board.

3. BAT Child Labour Policy

BAT bases its child labour policy on the internationally agreed definitions especially enshrined in ILO Conventions Nos. 138 (1973) on minimum age and 182 (1999) on the worst forms of child labour.

Policy

We do not condone or employ child labour, and seek to ensure that the welfare, health and safety of children are paramount always. We recognise that the development of children, their communities and their countries is best served through education.

As such:

- No one under 18 will be directly employed by any Group company in any work assessed as hazardous to their health, safety and well-being
- No one under 15 (or, if higher, the age for finishing compulsory schooling in the country concerned) will be directly employed by any Group company.

We expect our suppliers to align with our minimum age requirements. However, 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's farm, or work as hired labour, provided it is light work, does not hinder their education and their ability to benefit from it or vocational training, or include any activity which could be harmful to their health or development, for example, handling mechanical equipment, agro-chemicals or through exposure to Green Tobacco Sickness (GTS). We also recognise training or work experience schemes approved by a competent authority as an exception.

Definitions

The term 'child' means girls and boys less than 18 years of age. According to the International Labour Organization (ILO) not all work done by children should be seen as child labour. Children who participate in light work, including helping on the family farm, is generally regarded as appropriate. Provided it does not affect their health and personal development, interfere with their school education and their ability to benefit from it or their participation in vocational orientation or training programs. It is important to take into consideration the nature of the tasks that persons under the age of 18 are doing and under what conditions e.g. the weight of the child in relation to how much they are lifting / carrying or the level of supervision.

Whether particular forms of 'work' can be called 'child labour' depends mostly on the child's age, the type and hours of work performed, the conditions under which it is performed and also the country's law. The basic framework for child labour has been defined in international conventions and can be summarised below:

No person under 18 can perform hazardous work; which means any work which is likely to jeopardise a child's physical, mental or moral health, safety or morals. One of the worst forms of child labour, this is work that is inherently dangerous.

Hazardous work 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 temperatures, noise levels, or vibrations that can be damaging to their health.
- Work under particularly difficult conditions such as working for long hours or during the night— or work where the child is unreasonably confined to the premises of the employer/ parent.

- **Specific risk of Green Tobacco Sickness (GTS) from tobacco.** GTS is a type of nicotine poisoning caused when nicotine is absorbed through the skin from wet tobacco leaves, or is absorbed through sweat or moisture on the skin when handling dry leaves. Due to the risk of GTS, children are prohibited from handling green tobacco in any circumstances.

The Basic Minimum Age for employment in non-hazardous work should not be below the age for finishing compulsory schooling; in any event, not less than 15 years of age² or the minimum employment age according to the relevant country's law (whichever is higher).

Children of farmers between the ages of 13 and 15 years old can do light work, if allowed by local law, on their own family's farm, if it does not threaten their health and safety, or hinder their education or vocational orientation and training³.

Children of farmers between the ages of 15 and 17 years old can do non-hazardous work on their own family's farm or elsewhere; they should not be below the age for finishing compulsory schooling, and in any event, not less than 15 years⁴ or the minimum age for work in the relevant country's law⁵ (whichever is higher).

What is ultimately defined as acceptable work for children varies from country to country, the intensity of the work and agricultural practice as well as among sectors within countries. National governments define what is considered hazardous work through a tripartite process with employers and workers' organizations and list the activities in "hazardous work lists". Companies should refer to national hazardous work lists and may adopt policies that are more restrictive than these lists, but policies should never be more permissive than them.⁶

Our Supplier Code of Conduct also confirms our commitment to no child labour:

^{2, 4, 5} Possible exception for developing countries: age 14

³ Possible exception for developing countries: age 12-14

⁶ http://www.ilo.org/ipec/Informationresources/WCMS_IPEC_PUB_27555/lang--en/index.htm

Ensure operations are free from child labour. Specifically, not employing anyone under the age of 18 in any work that is considered hazardous, or anyone under the age of 15 (or below the legal age for finishing compulsory schooling – whichever is higher) in any capacity. In the case of child labour in farming, certain exceptions apply. Specifically, Child Labour, the Policy states that BAT expects suppliers to ensure their operations are free from child labour, including the farmers' supply chain.

4. Training and Capacity Building

BAT Leaf companies must develop and implement on a regular basis (at least every three years) specific training and capacity building for 100% of their leaf teams and contracted farmers on this Child Labour Policy and Standard. BAT should also, where possible, provide training to non-contracted farmers who provide tobacco leaf to BAT through either local-associations and/or provision of leaf support.

Training sessions should include but not be limited to:

- An overview, background and framework of the Child Labour Policy
- Awareness of any regulatory requirements and/or national action plans relating to Child Labour;
- Our corporate policies (SoBC, LSM, STP) and procedures;
- The list of light and hazardous tasks for farming practices;
- Guidance on the type and hours of work permitted to be performed, the conditions under which they can be performed and reference (or link to) national law if applicable;
- Demonstrating and clearly identifying the types of work and working situations children should not do or be involved in;
- In addition, leaf companies must: distribute communication materials about the policy and its requirements e.g. posters, brochures or similar, including the type of work permissible; and
- Keep a record of the content and frequency of training sessions, including records of the number of employees and farmers who have received training.

5. Monitoring

BAT Leaf Operations must adopt and follow an effective child labour monitoring system. Monitoring processes should include, but not be limited to:

Monitoring actions during the contracting cycle:

- Annually, during the farmer contracting process and as part of the contract agreement Field Technicians should communicate the Child Labour Policy and Standard, and formalise the farmer's commitment to the Child Labour Policy. The following elements are required as part of the annual contracting process:
 - Farmers must make a commitment not to use child labour;
 - A record should be kept of all children under 18 years of age living on the farm including, names, date(s) of birth, school enrolment and school name and address should be provided. However, children above the minimum age for work and who have completed compulsory schooling and are not obliged to be in school can work in non-hazardous activities;
 - Farmers must supply documentation confirming the enrolment of his / her children in school (up to 90 days after being contracted) or authorise the Company to seek documentation directly from the school;
 - At the end of the school year, evidence of children's attendance at school must be provided by the farmers (or confirmed by the school).

Monitoring actions during the crop cycle:

- Map the critical phases of the crop cycle that may be associated with greater risk of child labour and reinforce communications, training, campaigns and recommendations with farmers prior to each crop cycle;
- During scheduled farm visits perform checks to establish if any children are working on the farm and if so what tasks are being carried out by those under 18 and 15 years' old;
- Record all technical and sustainability issues discussed with farmers during each visit;
- Conduct unannounced farm visits / monitoring of farms. Visits should be conducted by internal staff or external stakeholders to verify compliance with the policy;
- Any breaches of the Child Labour Policy should be recorded and farmers required to formally acknowledge the incident before any remedial action is taken.

6. Reporting Child Labour and Action Planning

Following best practices, if cases of child labour are observed/identified an action plan must then be produced to address the issues.

Reporting incidences of Child Labour

- **On the first instance** Field Technicians, should communicate and engage with the farmer and record the farmer's acknowledgment of the incident in the field visit record, check list or similar;
 - o Farmers must be re-trained and all incidences must be reported to their Line Manager;
 - o Confirm if the affected children are enrolled in school and if not identify the reasons why;
 - o If possible, involve the local community authority or school to support farmers/families with child labour/the child labour policy and with the enrolment of children in school;
- **On the second instance** on the same farm/by the same farmer, provide a written warning of cancellation of contract and report the incidence to local authorities where appropriate.
 - o All incidences of child labour must be reported to the Leaf/Area/Territory Manager and the Head of Leaf (dependent on reporting lines; technicians should report to the Head of Leaf if necessary);
- **If there is a third incidence of child labour** (even if in a different crop) proceed with steps one and two and consider not renewing the farmer's contract.
 - o If necessary, by law or enforcement of the contract, the farmers crop can still be purchased subject to the farmer being blacklisted from the company's farmer base for the next crop cycle;
 - o All cases of child labour must be reported to Leaf Managers and Heads of Leaf;
- **All incidences of child labour** shall be documented by the Leaf Manager/Head of Leaf and reported on a quarterly basis to the General Manager (GM) and the Global Sustainable Agriculture Manager (BAT) by the Head of Leaf;
- All Incidences of Child Labour reported quarterly shall be shared with the centre, with the Leaf Business Manager and Head of Sustainability.

Action Plans

The main objective of an action plan is to prevent or remediate child labour and to improve the situation of the affected children and their communities.

In addition to the training, capacity building and monitoring of child labour form part of this operational standard, if incidences of child labour are identified in a leaf growing area, Leaf operations should carry out an assessment of the risks to children and produce a clear strategy to address child labour occurrences and determine the root causes. This should include:

- Developing collaborative actions with others, for example industry associations, to educate, inform and address child labour on farms;
- Engaging with local stakeholders, government authorities and others to ensure awareness of child labour and general labour laws within the agriculture sector;
- Adopt farm level spot checks, monitoring of all (100% of) contracted farmers;
- Train and communicate to all contracted farmers about the Child Labour Policy at least on an annual basis (as opposed to every three years as the general standard for all leaf growing operations);
- Undertake third party/independent audits to track compliance with the Policy.

Communicating about BAT Leaf Ops performance against this standard

BAT will publicly report aggregated data on its performance against this Child Labour Standard across its suite of sustainability communications, including but not limited to, Sustainability Reports, Focus Reports on Sustainable Agriculture and Farmer Livelihoods and on bat.com.

7. Operational Procedures

BAT Leaf Operations must adopt the following procedures, but are not limited to further actions relevant to local or national circumstances:

- Adopt a specific clause regarding the prohibition of child labour in the contracts used to source tobacco from farmers and other companies;
- Training 100% of the leaf growing team on a regular basis (at least every three years);
- Training 100% of the contracted farmers on a regular basis;
- Communicate clearly and effectively to 100% of the farmers on an annual basis;
- Individual farms should display, where possible, key recommendations on child labour, in the farm areas where the tobacco crop is managed, being clearly visible to all workers and people crossing these areas;
- Monitor 100% of the contracted farmers as a standard procedure under extension services;
- Monitor school attendance and enrolment of all children living on the farm annually;
- As a part of their contract terms farmers will present relevant documentation on school enrolment to Field Technicians;
- Define clear, effective and prompt action plans for cases of finding child labour on farm premises;
- Keep records, controls and governance of all the procedures of the monitoring, training and communication on the matter.



**BAT Leaf Operations
Child Labour Prevention Standard**