



## **Open Letter to British American Tobacco Shareholders** *What Shareholders Should Ask about Company's Track Record on Human Rights*

April 25, 2017

To British American Tobacco Shareholders:

We write on behalf of the nongovernmental organizations Human Rights Watch and Swedwatch to draw your attention to serious human rights abuses we have documented in British American Tobacco's (BAT) supply chain in the last year. Our research raises questions about whether the company has taken adequate steps to protect the human rights of the people farming the tobacco that goes into its products. At the Annual General Meeting this week, shareholders have an opportunity to ask questions about the company's human rights due diligence practices, transparency, and accountability.

In recent weeks, BAT released [a new sustainability report](#). The sustainability report stated, "Tobacco remains the most essential part of our product and the farmers who grow it are absolutely crucial to the success of our business." But we have seen that these very farmers and hired farmworkers face grim realities in countries where BAT purchases tobacco. The farming families BAT describes as "crucial" to its success include young children and adults who get sick from the work. Many have little or no safety training, and lack even basic equipment to protect themselves from the risks of nicotine exposure, including Green Tobacco Sickness.

A [report published last May by Human Rights Watch](#) showed how children as young as 8 risk their health working on small-scale tobacco farms in Indonesia, including some that supply BAT. Based on interviews with more than 130 child tobacco workers, the report found thousands of children—maybe tens of thousands, or more—are exposed to nicotine and toxic pesticides while working on Indonesian tobacco farms, and many of them get sick from the work. Half of the children interviewed said they suffered nausea, vomiting, headaches, or dizziness while handling tobacco—common symptoms consistent with nicotine poisoning, which happens when workers absorb nicotine through their skin.

"After too long working in tobacco, I get a stomachache and feel like vomiting," said one 13-year-old boy interviewed for the report. He likened the feeling to motion sickness: "It's just like when you're on a trip, and you're in a car swerving back and forth."

Farmers contracted with BAT's export company in Indonesia did not understand the risks to child workers and could not clearly articulate the company's expectations on child labor during interviews with Human Rights Watch.

In June, the Stockholm-based organization Swedwatch [published a report](#) based on research in three of BAT's tobacco cultivation areas in Bangladesh. Drawing on direct observations and interviews with over 150 men, women, and children, the report found widespread and hazardous child labor, adverse health impacts on families involved in tobacco production, and other severe human rights problems.

Swedwatch found family poverty put additional pressure on children to do work that could be harmful to their health or interfere with their education. A 16-year-old boy who worked as a day laborer on a farm contracted with BAT told Swedwatch he sometimes worked 15 or 16 hours a day in the high season. "During this time I cannot go to school and I miss many classes," he said. "This is a very important year for me as I have to sit for the national exams next year. But there is no option for me but to help my parents." A teacher in one of BAT's cultivation areas described how work in tobacco farming affects students: "The work in tobacco farming makes the children weak, and even those who are attending school are unable to concentrate on their studies. They lag behind in the class and lose interest to study further."

In its response to Swedwatch's findings, BAT underlined the benefits of tobacco farming and stated, "[we remain of the view that the report as a whole is not representative of the reality on the ground.](#)"

Human Rights Watch had previously documented [hazardous child labor on tobacco farms in the United States](#), including in areas where BAT supplier Reynolds American purchased tobacco leaf. In [a 2011 report](#), the North Carolina-based Farm Labor Organizing Committee and Oxfam documented human rights abuses, including child labor and violations of the rights to freedom of association and collective bargaining on US tobacco farms. [FLOC has repeatedly urged Reynolds American and BAT](#) to take additional steps to protect the labor rights of workers in its supply chain, and ensure on-the-ground mechanisms for fair negotiations on tobacco prices and working conditions. BAT and Reynolds American are undergoing a US\$49 billion merger this year.

Our research shows BAT, like many other tobacco companies, has not done nearly enough to identify human rights risks and impacts, and to shoulder its responsibility to remediate violations affecting farmers and workers in the supply chain "most essential" to its product. Under the framework established by the UN Guiding Principles on Business and Human Rights, tobacco companies are responsible for identifying and addressing human rights abuses in their operations. They should report publicly on those efforts.

In its recent sustainability report, BAT acknowledged that, "Agricultural supply chains are particularly susceptible to human rights violations," and that 60 percent of child labor worldwide occurs in agriculture. Yet in Bangladesh, [the company maintained](#) that its own monitoring program found, "[zero reported incidences of child labour in tobacco growing](#)," raising questions about the rigor and effectiveness of its monitoring practices.

BAT makes limited information about its tobacco supply chain monitoring program publicly available.

Under the company's Sustainable Tobacco Programme, BAT suppliers complete self-assessments annually, where they grade themselves on their own performance on all of the company's most important human rights and sustainability criteria. Unsurprisingly, BAT suppliers tend to perform extremely well on their own self-assessments. In 2014, for example, [BAT's suppliers in Indonesia got an average score](#) of 90 percent on the child labor section of these self-assessments. The company publishes no detailed information about the specific criteria used, the content of these assessments, or the meaning of these scores.

Every three years, third-party monitors perform an in-country audit and visit a handful of farms to check for abuses. The scope, methodology, and results of the third-party audits are not made public.

In response to the Swedwatch report, [the company stated](#) that it had commissioned an assessment of "human rights-related impacts of tobacco growing" at country-level in Bangladesh. In describing how the company responded to our reports on human rights abuses in Indonesia and Bangladesh, BAT Chief Executive Nicandro Durante, said, "[We conduct detailed investigations, take appropriate action to address any issues identified, and report transparently on the progress and outcomes.](#)"

At this week's Annual General Meeting, shareholders have an opportunity to push the company to live up to those words, and to examine its human rights policies and monitoring practices, and the transparency and relevance of its public reporting. They deserve clear answers about steps the company is taking to ensure its products are not tainted by human rights abuses.

British American Tobacco should:

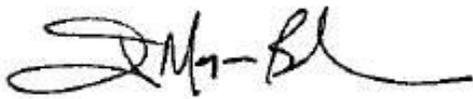
- Ensure that all contracts and business agreements with suppliers of any size include specific requirements to respect human rights throughout the company's supply chain, including prohibiting the use of child labor anywhere in the supply chain, specifically any work in which children under 18 have direct contact with tobacco in any form;
- Collect data and qualitative information about farming communities and farms each season and utilize this information to identify potential human rights risks, including child labor and obstacles to education for children among others;
- Conduct regular and rigorous monitoring in the supply chain for child labor and other human rights abuses. Human rights impact assessments should include meaningful consultation with stakeholders and vulnerable groups;
- Engage entities with expertise in human rights and child labor to conduct regular third party monitoring in the supply chain;
- Publish detailed information about internal and external monitoring in a timely manner. Credible public reporting should include such elements as the terms of reference for the monitors, methodology, indicators used in evaluation, scope of the evaluation (including geography and numbers of farms visited, and the numbers of farmers, family members, including children, and hired workers interviewed), detailed results, and other elements published in a form and frequency consistent with the guidance on transparency and accountability in the United Nations Guiding Principles on Business and Human Rights;

- Ensure access to remediation when human rights problems are identified. Establish and enforce penalties for suppliers who violate the company's human rights policy. The penalties should be sufficiently severe and consistently implemented so as to have a dissuasive effect. Discontinue business with suppliers that repeatedly violate the company's human rights policy;
- Ensure that all tobacco leaf purchases can be traced to the specific farms where it was grown;
- Make details on tobacco sourcing available to the public, investors and consumers by disclosing supply countries, suppliers, and size and location of cultivation areas;
- Continue to engage in collaborative initiatives to address hazardous child labor in global supply chains. Such initiatives are a supplement to, not a replacement for, the company's individual human rights due diligence across all its global leaf operations.

Shareholders can push BAT to take more meaningful action to protect human rights in its global operations.

For further information, please contact Human Rights Watch in New York ([hrwpress@hrw.org](mailto:hrwpress@hrw.org); +1-212-216-1832) or London ([tilianm@hrw.org](mailto:tilianm@hrw.org); +44 (0) 20-7618-4777), or Swedwatch in Stockholm ([jenny@swedwatch.org](mailto:jenny@swedwatch.org); +46 (0)8-525-203-75).

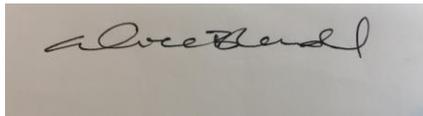
Sincerely,



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