

## **British American Tobacco p.l.c. (“BAT”) Annual General Meeting 2020: Responses to questions submitted by shareholders before the Meeting via the ‘AGM Questions’ form on bat.com**

*We would like to thank our shareholders for taking the time to submit questions on these important issues. In the spirit of brevity and clarity, we have edited the questions and responded as completely and concisely as possible.*

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**RELATES TO:** Receipt of the 2019 Annual Report and Accounts – Payment of dividends

**SUMMARISED QUESTION:**

In light of current conditions, can the company please confirm that the upcoming four quarterly dividend payments will be honoured?

**OUR RESPONSE:**

May 13<sup>th</sup>, 2020 is the next payment date, and the planned payment timings for our 2020 schedule can be found by following the below link.

[https://www.bat.com/group/sites/uk\\_9d9kcy.nsf/vwPagesWebLive/DOALSC3V](https://www.bat.com/group/sites/uk_9d9kcy.nsf/vwPagesWebLive/DOALSC3V)

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**RELATES TO:** Receipt of the 2019 Annual Report and Accounts – Labour relations

**SUMMARISED QUESTION:**

The Farm Labour Organizing Committee (FLOC) has recently left the Farm Labour Practices Group (FLPG), citing eight years with no progress in implementing basic labour rights not guaranteed by U.S. law.

Will BAT now begin to work towards an agreement directly with FLOC to address these human rights abuses instead of insisting on a stakeholder approach where progress has been impossible?

**OUR RESPONSE:**

As the tobacco supply chain involves a variety of different parties, with numerous growers selling tobacco and other labour-intensive crops to multiple purchasers, a multilateral approach such as the FLPG is the best hope for driving continuous improvement in the supply chain.

The efforts of the FLPG have facilitated the introduction of a uniform, comprehensive human rights due diligence process available for use by every purchaser of U.S. tobacco, a hotline available for workers to report complaints, and a substantial increase in the training and materials available to growers and workers. The fact that the U.S. Department of Labour (DOL) invested eight years in the

FLPG and remains a member highlights that the group has been and remains an effective vehicle for driving continuous improvement in supply chain responsibility.

R.J. Reynolds has been and remains happy to explore appropriate and feasible ways to address freedom of association and other rights of workers. However, any approach must be lawful. Requiring growers to unionize, or penalizing them if they don't, violates North Carolina law. Any initiative must also be feasible in a multi-party supply chain.

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**RELATES TO:** Receipt of the 2019 Annual Report and Accounts – Labour relations

**SUMMARISED QUESTION:**

In September 2019, OJ Smith Farms, a farm that sells leaf to R.J. Reynolds, was reported to the company by FLOC with allegations of human rights violations. With regards to this matter and the ensuing blacklisting of union members that spoke up about the abuses, what action is BAT willing to take to ensure these workers are rehired and that the supplier begins to comply with company standards on freedom of association and compliance with local law?

**OUR RESPONSE:**

As a general matter, BAT's U.S. supply chain complies with standards on freedom of association and human rights by: (1) contractually requiring growers to follow the laws protecting workers' rights; (2) providing education and materials to workers and growers so they understand those rights; (3) using due-diligence systems such as GAP Certification and the Sustainable Tobacco Programme (STP) to identify violations; (4) providing workers with hotlines they can use to report violations; and (5) appropriately responding to claims of abuses.

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**RELATES TO:** Receipt of the 2019 Annual Report and Accounts – Social responsibility and labour-related policies; human rights

**SUMMARISED QUESTION:**

What is BAT's strategy in relation to collective bargaining rights, and what measures were undertaken to engage with workers and their unions in the development of the action plan to eradicate gender-based violence and child-labour in manufacturing, sales and tobacco leaf supplying operations? Furthermore, how is BAT planning to incorporate the tripartite expertise and policy recommendations of the International Labour Organisation (ILO) in its social responsibility and labour-related policies?

**OUR RESPONSE:**

Our Supplier Code of Conduct (the Code) defines the minimum standards expected of our suppliers and is incorporated into our contractual arrangements. It specifically requires suppliers to BAT Group companies to 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.

We have a longstanding approach to protecting human rights across our own operations and supply chains that we have been working to align with the United Nations Guiding Principles (UNGPs) since their publication.

We support the key building blocks within the ILO Integrated Strategy to Address Decent Work Deficits in the Tobacco Sector, namely, an enabling policy environment; strengthened social dialogues; and promotion of decent work in the tobacco sector including action on child labour.

We continually review our policies for effectiveness, evolving risks and priorities, and alignment with best practices. This includes, but is not limited to, engaging with workers and other stakeholders in the tobacco supply chain. In 2019, we published research we commissioned from one of the world's leading international development consultancies, IMC Worldwide, on the impacts of tobacco growing in Bangladesh, Brazil and Kenya. The study included 257 interviews with tobacco farmers and labourers.

We also conducted bespoke human rights impact assessments in tobacco growing areas in Indonesia and India, with two more planned for 2020 (subject to travel restrictions being lifted). These assessments help to identify, and provide a deeper understanding of, salient human and labour rights, land, environmental and socio-economic priorities, including the root causes and how they manifest. These assessments are aligned to the UNGPs and considerable care is also taken to engage with particularly vulnerable groups in the tobacco-growing communities, such as women, youth and the elderly.

The results provide valuable insights into the issues rights-holders face in their communities from their perspective. We are in the process of analysing the findings from the assessments and will use them to guide our ongoing development of human rights management practices, including practices addressing gender-based violence. We will report on the details in a Human Rights Focus Report, expected to be published later in 2020.

We continue to work in partnership with the Eliminating Child Labour in Tobacco Growing Foundation, who are a committed partner in the elimination of child labour, to follow the Sustainable Development Goals (SDGs) and the ILO Strategy to collaborate with all relevant stakeholders at a national and international level.

This relationship, in addition to the activities outlined above, will continue to drive the evolution of our approach to all aspects of human rights management and social policies.

You can read more about our existing approach and our progress during 2019 in the human rights section of our ESG report:

[https://www.bat.com/group/sites/UK\\_9D9KCY.nsf/vwPagesWebLive/DOAWWEKR/\\$file/BAT\\_ESG\\_Report\\_2019.pdf](https://www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOAWWEKR/$file/BAT_ESG_Report_2019.pdf)

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