



## Our response to the assurance statement

### **Learning from our assurance process: British American Tobacco's response to the 2014 assurance statement**

An independent review of our approach is essential to support our commitment to continuous improvement. The review by Ernst & Young LLP of our Sustainability Reporting and of how it is aligned with the AA1000 Assurance Standard (2008) has highlighted a number of strengths in our reporting process, as well as where improvements could be made.

#### **Inclusivity**

Ernst & Young concluded that we have been inclusive in our engagement with stakeholders across the business in developing our approach to sustainability.

However, they did share our observation that some stakeholders refuse to engage with us due to their critical views of the tobacco industry.

We understand that tobacco is a controversial industry and there remains mistrust towards it across society. Building trust is crucial, which is why we have adopted an open and responsible approach everywhere we operate, working with transparency and clarity and ensuring that our actions speak louder than our words.

We remain open to meeting our critics and engaging in constructive discussion.

Actions for us:

- Continue to engage with our stakeholders across the Group, using tools such as formal stakeholder dialogue; and
- Continue to try to engage with our critics, invite them to our dialogue sessions and work to build trust by delivering our commitments to society.

#### **Materiality**

Ernst & Young concluded that, having extended our internal reporting to incorporate fatalities to members of the public occurring during the course of our operations, such as from road traffic accidents, we should also include these in our external reporting.

In recent years, we have begun moving our distribution activities in-house. In many cases this has taken place in some of the emerging markets in which we operate, where roads and transport infrastructure are poor and rates of road traffic deaths are significantly higher than those in developed countries<sup>1</sup>. Regrettably there have been a number of deaths to our employees, contractors and members of the public as a result of road traffic accidents involving our vehicles.

In response to this, in 2014, we launched a new programme for our trade and distribution teams, which provides tangible tools, guidance, and procedures for security and driver safety. We expect this to help address this high risk area of our business and lead to a reduction in fatalities and overall accidents going forward.

We have transparently reported on fatalities to employees and contractors for many years. In the last year, we have also begun monitoring fatalities to members of the public. Having now established our internal reporting processes, we will now look into including this information in our future sustainability reporting.

1. According to data from the World Health Organisation's *Global status report on road safety 2013*, road traffic deaths in the UK per 100,000 population are 3.5, compared to key emerging markets for our business such as South Africa, where the rate is 31.9, or Indonesia, where the rate is 17.7.



Actions for us:

- Continue to work towards our goal of zero accidents, with a particular focus on reducing vehicle related incidents through driver safety programmes;
- Continue to report transparently on fatalities to employees and contractors; and
- Consider extending our sustainability reporting to include fatalities to members of the public occurring during the course of our operations.

## **Responsiveness**

We are pleased to note that Ernst & Young has not found any matters to lead them to conclude that we have not applied the responsiveness principle in considering the matters to be reported.

In 2014, through a detailed materiality process, we identified the three key areas that have the greatest significance on our business and our stakeholders – covering harm reduction, sustainable agriculture and farmer livelihoods, and corporate behaviour. These form our new sustainability agenda, as covered in our reporting.

The materiality process included inputs from a wide variety of external stakeholders, utilising a number of different sources including interviews with key opinion leaders in different geographies, stakeholder perception research, stakeholder dialogue, peer benchmarking, a global media review and consumer focus groups.

In following such a detailed process, we believe we are better able to ensure our sustainability reporting effectively responds to stakeholder concerns. Our stakeholders can also find details of other key issues in our Group Annual Report and on our corporate website.

Actions for us:

- Continue to ensure our sustainability agenda is focused on the most material issues to both our business and our stakeholders;
- Continue to ensure our sustainability reporting transparently covers Group sustainability performance and responds to stakeholder concerns; and
- Continue to provide information on other key sustainability issues in our Annual Report and on our corporate website, [www.bat.com](http://www.bat.com).

**British American Tobacco**

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