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Dear Ms Arounsavath,

**Re: BAT response to Swedwatch June 2016 report into Bangladesh**

Thank you for providing British American Tobacco (BAT) with the opportunity to provide comment in advance of publication of the above report.

Upfront I would like to reiterate that BAT takes its responsibilities in relation to its supply chain extremely seriously and, given the seriousness of the allegations contained in the report, we would also like to reiterate our request for details of the farms in question in order to establish if they fall within BAT's supply chain. If they do, we will investigate further and take remedial action if appropriate.

Having said which, we have checked the allegations in the final report with our local subsidiary in Bangladesh and we remain of the view that the report as a whole is not representative of the reality on the ground.

We are disappointed that, despite engaging extensively with Swedwatch prior to publication of this report and providing a detailed response to the allegations, much of the information we provided appears to have been disregarded in the report's conclusions. We are also disappointed that BAT Bangladesh was not contacted during the research period itself.

The inherent social and environmental risks present in any agricultural supply chain are well documented, with the only way to avoid those risks entirely being to cease farming any crops. We do not consider this a viable or responsible option and are clear in our belief, backed up by independent studies, that the presence of BAT Bangladesh in tobacco growing and its associated CSR projects, in general, has a positive socio-economic impact within the regions it operates.

Given the fact that supply chains of any nature can always, and should, continually be improved, we will of course study the report's findings carefully. If our processes in relation to due diligence in our supply chain can be further strengthened, we will look to do so.

**Concerns regarding the report**

BAT fully appreciates that issues pertaining to supply chains are often open to interpretation and can be subjective. However, we believe that this report presents an inaccurate picture of the tobacco farming situation in Bangladesh. Given the numerous awards presented to BAT by the Government

of Bangladesh for its CSR work in the country, we believe we need to highlight our concerns regarding the report's accuracy.

The wholesale dismissal of BAT-commissioned studies provided to Swedwatch, despite the involvement of many independent academics and being assured by EY, both with expertise in agricultural supply chains, is entirely inappropriate. These studies were conducted by highly respected organisations such as the Policy Research Institute of Bangladesh (PRI) and independent international development consultancy, DD International (DDI), with the latter including an expert panel containing academics from the University of Oxford and Columbia University. These studies present a significantly different picture to that contained in your report. For example, in relation to the allegations of BAT contributing to issues of bonded labour, the aforementioned report conducted by DDI, found that *"Farm labourers in all case studies [including Bangladesh] saw employment in tobacco as an important source of rural income and no evidence of bonded labour was found."*

Additionally, a number of the conclusions contained within the report are not substantiated by the evidence contained therein. This is evident in the case of the allegations of the use of wood for curing tobacco leaves, claimed to come from unsustainable reserve forests, where much of the evidence relies on speculative opinions from e.g. local journalists.

A 2013 report provided to Swedwatch by BAT and conducted by experts at Chittagong University, Bangladesh highlights that while farmers primarily use homestead garden for wood fuel there was around 3% wood fuel from natural forests at the time. As a result of these findings, BAT Bangladesh has invested around £102,000 in the production of alternative fuels for the sub-districts of Bandarban. As a result, by the end of 2015, wood fuel usage by farmers from unsustainable sources was effectively zero. Additionally, BAT Bangladesh is the largest private sector afforestation partner for the Government of Bangladesh. Around four million saplings are raised, distributed (free of cost) and planted each year.

The conclusions and recommendations contained within the report fail to acknowledge the many positives that commentary within the report articulates. For example, the report acknowledges that (i) community elders explained to Swedwatch that since tobacco cultivation began in their areas, poverty "had decreased in their community, and no one was starving or living in makeshift shelters anymore" and that (ii) farmers stated that they "make a good profit from tobacco cultivation, and that they are content with the company's support in terms of inputs." However, both these points appear to have been glossed over in the report's conclusions and recommendations.

It is also concerning that the conclusions are presented as being relevant to the BAT supply chain only when it is clear from the chart explaining who has been interviewed that, of the total sample, approximately 1/3 are people categorised as *"persons farming tobacco for the local market or providing services to farmers."*

Swedwatch also ascribe macro-level issues directly to BAT without any evidence at all, as in the case of unresolved land conflicts despite stating that *"None of the interviewees in Swedwatch's Bandarban survey provided information on any unresolved land conflicts in BATB's tobacco cultivation operation during the growing season 2015-2016."*

Swedwatch's criticisms of BAT contracts with farmers in Bangladesh appear to be primarily derived from one former field officer in the Chittagong region and a local journalist. The allegation that contract farmers have ever been provided "blank pieces of paper as contracts" is simply untrue. All contracted farmers possess a bank account to enable payment by BAT. As such, farmers are both

literate and well accustomed with the formal proceedings of business relations and none would be comfortable without having a formal contract with the company for such partnerships. BAT Bangladesh utilises a farmer contract growing system in its all cultivation and all contracts are translated into Bangla.

With regards to allegations that child labour in the supply chain is widespread, BAT has run a Social Responsibility in Tobacco Production (SRTP) programme since 2000. The programme sets out the minimum performance levels we expect of leaf suppliers. It promotes best practice and provides a framework for continual improvement through annual self-assessments and on-site reviews conducted by an accredited third party. British American Tobacco local companies, including BAT Bangladesh, as well as third party leaf dealers are all covered by the programme. SRTP covers a wide range of practices including positive environmental management as well as human rights, labour practices and hazardous work.

The SRTP content and guidelines are based on international standards including International Labour Organization (ILO) conventions and operates under a principle of continuous improvement. Additionally, every year BAT Bangladesh reviews children's involvement in domestic tasks during school hours and take measures accordingly such as running awareness raising and counselling sessions.

Independent reports from both PRI and the Bangladesh Agricultural University identify that the incidence of paid child labour is all but non-existent, with less than 2% of the children attending school helping their family in tobacco cultivation during school hours.

BAT is always appreciative of the input from civil society but we would urge Swedwatch to double check the facts contained within the report prior to publication as we are concerned that the evidence upon which you are relying to reach the conclusions contained in the report may not be reliable.

Yours sincerely,



Jennie Galbraith  
Head of Sustainability

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