

# HUMAN RIGHTS PROGRESS REPORT

Based on our FY16 Human Rights Impact Assessment the following progress has been noted:

FY17 Commitment	Progress	Further work for FY18
To review existing consumer complaints processes and the nature of complaints (relating to product quality, safety and consumer health) in order to determine whether further monitoring or improvement actions are required.	<p>We have a Complaints Information System (CIS) in place which records consumer complaints.</p> <p>Health related complaints are reviewed by our 'Risk Assessment Panel' team of specialists.</p> <p>We have conducted a detailed audit of our CIS across the business and we are now in the process of updating the system and rolling this out globally.</p>	To continue the implementation and progress of the Complaints Information System across the target markets in FY18.
To conduct an in-depth analysis of the top-ten highest risk sites for underage sales of tobacco products considering legislative coverage, awareness and compliance of International Marketing Standard (IMS), local Youth Access Prevention approach with retailers and the grievance mechanism with consumers.	<p>The top-10 sites were identified in 6 African countries. Our review found:</p> <ul style="list-style-type: none"> <li>- All of the countries with the exception of Ivory Coast, prohibit sales to people under the age of 18 years. In the Ivory Coast, where there are no tobacco laws, we apply our own IMS.</li> <li>- All relevant personnel in all countries have received training on the IMS.</li> <li>- In 3 of the countries there was an active approach to retailer engagement. This could be improved in the other three.</li> <li>- The main global grievance mechanism is defined in our Whistleblowing Policy. Consumers may raise complaints locally within the local governance framework however direct local channels are weaker. We recognise potential linkage with the further roll-out of the Complaints Information System.</li> </ul>	To develop and provide clear guidance to markets on good practice in relation to grievance mechanism.
To review our supplier monitoring programmes and reporting to better illustrate the respect for the health and safety of workers in the supply chain.	The STP leaf supplier programme and the Non-Tobacco Material supplier monitoring cover health and safety. It is therefore possible to extract this information and disclose performance annually.	To extract the relevant data sets to enable increased disclosure on health and safety performance in the supply chain for FY18.
To consider the potential extension / better promotion of existing grievance mechanisms for workers in the supply chain.	Our developing Supplier Code of Conduct contains specific information for suppliers on how to raise a concern and there is a link to our Whistleblowing policy on the website.	<p>To critically assess the adequacy of the NTM supplier monitoring programme in relation to workers' awareness of required operating standards and the mechanisms to raise concerns and agree any resulting improvement actions.</p> <p>To critically assess a leaf supplier's pilot initiative that is enabling tobacco farmers to report concerns locally to determine whether this is to be promoted as good practice.</p> <p>To commence launch of the new Supplier Code of Conduct, which is under development.</p>
To review existing and potential grievance mechanisms for local communities where we operate, prioritising those in highest risk areas.	Our NFR System enables local entities to report on any complaints that have originated from the local communities. Responsibility for reviewing this information has now been allocated with the central CR & OHSE team.	To commence a systematic review of in-coming NFR data and enhance disclosure of any community complaints.
To enhance our internal audit approach to further address the respect of human rights based on the findings of this Human Rights Impact Assessment.	<p>Internal audit make reference to Group Policy and the Code of Conduct. This covers the fundamental requirements in terms of respect of Human Rights.</p> <p>With supplier monitoring specific questions cover: remuneration, discrimination, child labour, forced labour, freedom of association, working hours, bribery and corruption, and whistleblowing.</p> <p>Representatives from Internal Audit participated in a 2-day training on Business and Human Rights.</p>	To conclude with internal audit, procurement and the central quality audit approach and scope; progressing any further training or audit modification.

FY17 Commitment	Progress	Further work for FY18
<p>To conduct human rights training for our Internal Audit team and review the areas which require additional focus from an audit perspective.</p>	<p>A two-day workshop on human rights was delivered to select cross-functional personnel covering Human Resources, Internal Audit, Risk Management, Procurement, Leaf Sustainability, Group Security, Fontem Ventures, Corporate Responsibility and Corporate Affairs.</p> <p>We have commenced the scoping of a new e-learning module for our corporate management group of personnel.</p>	<p>To develop and publish a new Human Rights Policy.</p> <p>To launch a new e-learning provision for relevant personnel; further strengthening operational practice and individual behaviours in the respect of human rights.</p>
<p>To further disclose information against the relevant Global Reporting Initiative (GRI) framework of relevant indicators.</p>	<p>Our sustainability reporting was enhanced with specifically more disclosure of our Sustainable Tobacco Programme (STP) within the Sustainability Report and on the Corporate Website, however we have further opportunity to disclose on more of the relevant GRI indicators. We have not disclosed fully as we do not currently collect all of the information required centrally.</p>	<p>To enhance disclosure and reporting for FY17 considering the following relevant indicators that include:</p> <ul style="list-style-type: none"> <li>- % of new suppliers screened using social criteria</li> <li>- Negative social impacts in the supply chain and actions taken such as our FY17 case study on child labour non-conformance</li> <li>- Employee training on human rights policies or procedures</li> <li>- No. of operations and suppliers at significant risk for incidents of forced or compulsory labour and of child labour</li> </ul>

In addition to the actions of plan we have identified these additional actions to be progress in FY18:

- To evolve our Modern Slavery Act Transparency Statement with reference to the emerging best practice.
- To progress our Leaf Partnership projects enhancing farmer livelihoods in specific tobacco growing communities, contributing to the mitigation of child labour risk with a budget of some £1.1 million in FY18, and to set a target for the number of direct Leaf Partnership beneficiaries to be assisted towards the year 2025.
- To actively support the Eliminating Child Labour in Tobacco Growing Foundation and to better demonstrate that the Pledge of Commitment is being progressed in the leaf supply chain.
- To ensure application of the Sustainable Tobacco Programme (STP) with all tobacco suppliers as a tool to improve standards and focus dialogue on the address of child labour and to determine the baselines and performance requirements towards 2025 following introduction and normalisation of the new STP. We will then focus on the most relevant criteria to child labour and set targets.
- To commence select mapping of our supply chain beyond tier 1 suppliers to enhance understanding of Human Rights risk.