

Modern Slavery Statement

2021

Introduction

This is British American Tobacco Australia's second Joint Modern Slavery Statement, prepared in accordance with the Australian Modern Slavery Act 2018 (Cth). It provides a general overview of the steps taken by the British American Tobacco group of companies and the steps taken by the Reporting Entities (defined below) and their subsidiary companies during the year ending 31 December 2021 to prevent modern slavery and human trafficking in our business and supply chain.

About This Statement

British American Tobacco South East Asia Pty Limited (ACN 095 066 345) (previously known as British American Tobacco (Australasia Holdings) Pty Limited), an Australian company incorporated and registered in Australia whose registered address is at 166 William Street, Woolloomooloo NSW 2011, is a company within the British American Tobacco group of companies (the 'BAT Group', the 'Group' or 'BAT'). Its ultimate parent entity is British American Tobacco p.l.c. ('BAT p.l.c'). British American Tobacco South East Asia Pty Limited is the holding company that owns a number of subsidiaries in Australia, New Zealand and the South Pacific, including British American Tobacco Australasia Limited, British American Tobacco Australia Limited and British American Tobacco Australia Overseas Pty Limited (collectively known as 'BAT Australia')¹.

Within the meaning of section 5 of the Modern Slavery Act 2018, British American Tobacco South East Asia Pty Limited, British American Tobacco Australasia Limited, British American Tobacco Australia Limited, and British American Tobacco Australia Overseas Pty Limited are deemed as reporting entities and shall collectively be referred to in this statement as the 'Reporting Entities' or 'Reporting Entity', as the case may require.

This statement has been approved by the Board of Directors of British American Tobacco South East Asia Pty Limited and the other Reporting Entities pursuant to clause 14(2)(d)(ii) of the Australian Modern Slavery Act.

In developing this statement, in those circumstances where a Reporting Entity holds control (as defined in the Modern Slavery Act, within the meaning of the Australian Accounting Standards) over a subsidiary, BAT Australia liaised with the relevant senior management of such subsidiary to convey our expectations, raise awareness and understand their approach in mitigating modern slavery risks and ensure consistency. In those instances where a Reporting Entity does not have control over such subsidiaries, subsidiaries are responsible to independently consider and apply, as appropriate, the Group's policies in their response to issues of modern slavery.



¹ Further details of BAT Australia company structure are detailed on [page 3](#).

Welcome from Our Area Director – South East Asia

Dear Stakeholder,

Welcome to our latest Modern Slavery Statement.

At BAT Group, we are leading with purpose and transforming our business. We have a clear purpose: to build A Better Tomorrow™ by reducing the health impact of our business. And, in so doing, create multi-stakeholder value.

That's why we are transforming: creating new products, backed by science, that provide adult smokers with enjoyable, less risky alternatives², in markets where we are permitted to do so. The BAT of tomorrow will be a high-growth, consumer goods company: global, consumer-centric, multi-category, with sustainability at its core.

In Australia, BAT Australia currently only sells combustible tobacco products, as the sale of less risky products¹, including vaping products containing nicotine, is illegal. We continue to advocate for reasonable, evidence-based regulation in the future, to allow Australian smokers access to less risky alternatives to smoking².

Environmental, social and governance (ESG) is at the heart of our business and our transformation. Delivering our ESG priorities, including the protection of human rights, is key to achieving our ambition to build A Better Tomorrow™ for all our stakeholders.

The Group's commitment to respect the human rights of its employees, of the people it works with and of the communities in which it operates is long-standing. As a Group, a lot has been achieved over the last 20 years but each Group company continues to push further. This is enshrined in the Group's Standards of Business Conduct, which BAT Australia has adopted and is a priority area under the social pillar of the Group's Sustainability Agenda.

The Group has set out a clear commitment to aim for our tobacco supply chain to be free of child labour and forced labour by 2025. At BAT Australia, we take the same robust approach with the same ambition.

Over the last year, we've seen the global impacts of COVID-19 putting human rights and modern slavery into even sharper focus. At COP26, the most significant climate conference since the Paris Agreement in 2015, there was increasing recognition of the link between the climate crisis, poverty and human rights.

At BAT Group and BAT Australia, we understand the importance of having robust human rights policies and due diligence in place, and focusing on a long-term holistic approach to identifying and addressing the root causes.

For example, our tobacco supply chain, like all agriculture, is vulnerable to human rights issues. Yet the Group's direct relationships with contracted farmers enable us to take an approach that emphasises working with families and communities to find sustainable solutions. Central to this is our work to enhance farmer livelihoods.

By tackling difficult issues, we can push ourselves, and others, to continue to change and to create a future where there truly can be A Better Tomorrow™ for all.



Peter Simmons
Area Director – South East Asia

“Delivering our ESG priorities, including the protection of human rights, is key to achieving our ambition to build A Better Tomorrow™ for all our stakeholders.”



BAT 2021 Highlights

- **Policy Update:** The Group updated its Standards of Business Conduct and Supplier Code of Conduct with strengthened human rights policy commitments.
- **Comprehensive:** BAT Australia worked with a specialist human rights consultancy to develop a comprehensive modern slavery educational event for BAT Australia's high-risk suppliers, creating further awareness on the risks of modern slavery within operations and supply chain among our suppliers and reinforcing BAT Australia's zero-tolerance approach to forced labour.
- **Specialist:** The Group has been working with a specialist human rights consultancy to update the Group's operational standard on child labour prevention to cover wider human rights issues, including forced labour.
- **Completed:** The Group completed human rights impact assessments in three tobacco-growing countries, engaging more than 1,300 rights-holders.
- **Automated:** During 2021, BAT Australia developed the Modern Slavery app, a tool which allows the completion of BAT Australia's Modern Slavery Questionnaires online and the automation of risk ratings based on legal expertise and data. It captures the data in relation to modern slavery risks in our operations and supply chain in one platform, enabling more agile and accurate reporting in relation to supply chain risks and the impact of strategies to manage such risk.

² Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive. Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to Food and Drug Administration (FDA) regulation and no reduced-risk claims will be made as to these products without FDA clearance.

Our Business and Supply Chain

The BAT Group is a leading consumer goods company committed to build A Better Tomorrow™ for all its stakeholders. British American Tobacco South East Asia Pty Limited is the holding company in Australia that owns a number of subsidiaries in Australia, New Zealand and the South Pacific.

Our Strategy and Purpose

At the centre of the Group strategy is a bold purpose to reduce the health impact of our business.

We continue to be clear that combustible cigarettes pose serious health risks, and the only way to avoid these risks is not to start smoking or to quit.

The Sustainability Agenda is integral to the Group strategy. Delivering our ESG priorities, including the protection of human rights, is key to us achieving our ambition to build A Better Tomorrow™ for all our stakeholders.

At BAT Australia, our commitment to respect the human rights of our employees, the people with whom we work and the communities in which we operate is long-standing.

We recognise that, like all businesses, there is a risk of modern slavery issues³ arising in either our own operations or those of our extended supply chain.

In 2021, the BAT Group continued to build upon, and strengthen, its approach to tackling this global issue within the context of the broader Group-wide human rights strategy. At BAT Australia, we have been a part of that ongoing work.

 [Find out more about our human rights strategy in our 2021 ESG Report.](#)

Our Business Structure

The BAT Group is a multinational group of companies (employing more than 52,000 people worldwide) and its headquarters are based in the UK. The Group has subsidiary operations around the world. BAT Group entities are based in the United States of America and in three regions – America and Sub-Saharan Africa; Europe and North Africa; and Asia-Pacific and Middle East – which together form the BAT Group.

Employees of BAT Australia work in a range of roles and environments, including office-based management, manufacturing and operations, trade marketing and distribution, and research and development.

In Australasia, BAT Australia is organised in a pyramidal structure, with British American Tobacco South East Asia Pty Limited (a Reporting Entity for the purposes of this statement) as the higher entity within such organisation.

British American Tobacco Australasia Limited (a Reporting Entity for the purposes of this Statement) is a subsidiary of British American Tobacco South East Asia Pty Limited, and it has the following subsidiaries:

- (i) British American Tobacco Australia Limited (a Reporting Entity for the purposes of this statement);
- (ii) British American Tobacco Australia Overseas Pty Limited (a Reporting Entity for the purposes of this statement);
- (iii) Rothmans Asia Pacific Limited;
- (iv) W.D. & H.O. Wills Holdings Limited;
- (v) British American Tobacco Australia Services Limited; and
- (vi) The Benson & Hedges Company Pty. Limited.

In Australia, all operational functions are conducted via British American Tobacco Australia Limited; it operates as the distributor of tobacco products in the local market. Its main offices are in Sydney, and its employees work in a range of roles and environments, including managerial office-based, logistics and operations, trade and distribution, and product development.

British American Tobacco Australia Overseas Pty Limited does not have any operations nor supply chains; its function is to hold the shares and receive the dividends of its subsidiary companies across the South Pacific, which include British American Tobacco Company (Samoa) Limited, Rothmans of Pall Mall (Fiji) Pte Limited, British American Tobacco Fiji Marketing Pte Limited, British American Tobacco (PNG) Limited, Central Manufacturing Company Pte Limited, Papua New Guinea Tobacco Co. Ltd, Paradise Tobacco Co. Limited, British American Tobacco Holdings (New Zealand) Limited, and British American Tobacco (New Zealand) Limited.

BAT Australia does not manufacture tobacco products on its own, but rather sources tobacco products from other Group companies under contract manufacturing arrangements.

The Board of Directors of BAT Australia (the “Board”) is collectively responsible for the long-term sustainable success of BAT Australia and its strategic direction, purpose, values and governance. It provides the leadership necessary for BAT Australia to meet its business objectives within a robust framework of internal controls. The Board is supported by the Executive Leadership Team, the Governance, Risk and Compliance Committee and various sub-committees, which monitor performance, risks and adherence to our standards, including for human rights.

The BAT p.l.c. Audit Committee is underpinned by Regional Audit and Corporate Social Responsibility (CSR) Committees for each of the three Group regions, for the US business.

52,000+
Group employees
worldwide across more
than **175** markets

³ Modern slavery encompasses slavery, servitude and forced or compulsory labour and human trafficking, as defined in the Modern Slavery Act 2018 (Cth).

§For locally listed Group entities and specific markets where considered required, there will be other committees established for Audit and Compliance purposes. Amongst its functions, the BAT plc Management Board creates a framework that group subsidiaries consider and implement as appropriate in their day-to-day operations.

In Australia, the Governance, Risk and Compliance Committee reports regularly (at least on a bi-monthly basis) to the Board and executives on all matters relating to the implementation of Group and local policies, including human rights and modern slavery. Together, this governance framework provides a flexible channel for the structured flow of information, monitoring and oversight of key issues, including those relating to human rights and modern slavery, at all levels of the Group, from our local business units to the BAT p.l.c. Board level.

 [Find out more about our Group strategy, business model, structure and governance in our 2021 Annual Report.](#)

BAT Australia Supply Chain Structure

BAT Australia's supply chain touches several industries with important human rights impacts, including agriculture and manufacturing. While the Australian corporate structure encompasses some wholly owned entities located in the South Pacific and New Zealand, the South Pacific and New Zealand's supply chains and operations are separate (wholly managed in each country).

All combustible products sold by BAT Australia are purchased from the Group's internal factories located in Singapore, Indonesia and South Korea.

Alongside traditional cigarette products, British American Tobacco Holdings (New Zealand) Limited's portfolio includes vapour products, which are non-combustible products with reduced risks⁴ and are referred to internally as New Category products.

For the purpose of clarity, New Category products are sold in New Zealand by BAT NZ in accordance with the regulations in New Zealand. In Australia, BAT Australia currently only sells combustible tobacco products, as the sale of less risky products⁴, including vaping products containing nicotine, is illegal. We continue to advocate for reasonable, evidence-based regulation in the future, to allow Australian smokers access to less risky alternatives to smoking⁴.

As such, BAT Australia's supply chain touches several industries with important human rights impacts, including agriculture for our tobacco supply chain, and manufacturing and electronics for our New Category supply chain.

Tobacco supply chain

Tobacco leaf used in BAT Australia products is sourced via the BAT Group's Global Leaf Pool, with the majority having been obtained via BAT leaf operations through direct contracts with over 75,000 farmers. The remainder is from third-party suppliers that, in turn, contract with more than 250,000 farmers. We also purchase some tobacco from India where the tobacco is bought over an auction floor.

The vast majority of tobacco farms in BAT Group's supply chain are smallholder family farms of just two hectares on average. BAT Group's contracted farmers (including those forming part of BAT Australia's supply chains) benefit from the work of our BAT Group's global leaf agronomy research and receive support from BAT Group's Extension Services of expert field technicians.

Beyond the farmers with whom BAT Group contracts directly, the entities within the BAT Group have long-term strategic partnerships with many third-party tobacco suppliers, and they provide their contracted farmers with similar support services.

This long-term sourcing model provides BAT Group companies' contracted farmers and strategic suppliers with stability and security, enabling them to invest for the future, as well as securing a sustainable, efficient and reliable supply chain for the various BAT Group companies.

75,000+
direct contracts with farmers

Other materials, goods and services

Beyond tobacco, Group companies source product materials like paper and filters for cigarettes, and for our New Category products, we have a growing supply chain in consumer electronics and e-liquids.

The Group also has a vast number of suppliers of indirect goods and services that are not related to the Group's products, such as for IT services and facilities management.

Globally, suppliers' inherent risk exposure, including that of suppliers that form part of BAT Australia's supply chain, is assessed against Verisk Maplecroft human rights indices, and we conduct independent audits on the highest-risk suppliers (see [page 8](#)).

 [See our 2021 ESG Report for a world map with locations of our key suppliers, contracted farmers and Group factories.](#)

⁴ Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive. Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to Food and Drug Administration (FDA) regulation and no reduced-risk claims will be made as to these products without FDA clearance.

75,000+
contracted farmers supplying the majority of our annual tobacco purchases



Tobacco

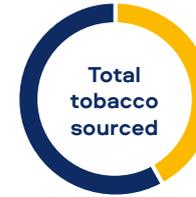
Subject to the industry's Sustainable Tobacco Programme, supported by farm-level monitoring and, in selected countries, human rights impact assessments



Tobacco

58%

BAT leaf operations, contracting 75,000+ farmers



42%

third parties: sourcing from 250,000+ farmers

Tobacco in BAT Australia products is sourced by the BAT Global Leaf Pool. The majority is obtained via BAT leaf operations that have direct contracts with 75,000+ farmers. The remainder is from third-party suppliers that, in turn, contract with an estimated 250,000 farmers.



Other materials, goods and services

Subject to human rights risk audits by Intertek for those with the highest risks



Direct product materials

1,500+

tier 1 suppliers of filters, paper, adhesives, vapour devices, etc.

Strategic lower tier, packaging, etc.



Indirect goods and services

30,000+

suppliers of logistics, marketing, IT services, facilities management, etc.

Materials used in BAT Australia products are sourced by Group companies and manufactured in BAT Group factories in Singapore, Indonesia and South Korea. For indirect goods and services, we have approximately 200 suppliers in Australia, predominantly in logistics, marketing, IT and facilities management.

Policy Commitments

We work to keep ourselves aligned and accountable through robust policies and standards, which in turn are aligned with leading global frameworks.

Global Policies

The Group has a number of policies and principles in place that are relevant to human rights and modern slavery, including the core documents described below. These are signed and endorsed by the Board of Directors of BAT p.l.c. and apply to all BAT Group companies worldwide, including BAT Australia.

The high standards of integrity we, at BAT Australia, are committed to upholding are enshrined in the Group's Standards of Business Conduct (SoBC), which BAT Australia has adopted. The SoBC comprises core Group policies including our Workplace and Human Rights policies, detailing our support for the UN Guiding Principles and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

The Group Supplier Code of Conduct (Supplier Code), which BAT Australia has also adopted, complements the SoBC by defining the minimum standards expected of our suppliers, including for human rights, and is incorporated into contractual arrangements. It specifically requires all suppliers to any BAT Group company (i.e. including those that form part of the BAT Australia supply chain) to ensure their operations are free from child labour and from forced, bonded, involuntary, trafficked or unlawful migrant labour.

Group suppliers are also expected to promote adherence to the requirements of the Supplier Code and carry out appropriate due diligence within their own supply chain for their new and existing suppliers (including farmers where relevant). The Supplier Code is available in local language versions and is communicated to suppliers through our onboarding processes.

The Group regularly reviews its SoBC and Supplier Code to ensure they remain at the forefront of best practice. The most recent review took place in 2021. It included independent benchmarking against peer companies, external legal reviews in the UK and US, and drew on extensive insights from investor ratings and indices.

The updated versions were approved by the Board of Directors of BAT p.l.c. in 2021. The revised versions took effect from January 2022, supported by a global roll-out to all Group companies and employees.

BAT Australia has itself adopted and rolled out all Group policies and relevant local policies, and regularly monitors their applicability and effectiveness to ensure the highest standards are maintained within our operations in Australia.

Standards and Controls

The Group has a number of standards, procedures and controls in place to support the effective implementation of Group policy commitments. Examples include:

- The **SoBC Assurance Procedure**, which defines how allegations and reports of SoBC breaches should be investigated and remediated fairly and objectively;
- The **Employment Principles**, which set out a common approach for good employment practices and workplace human rights across the Group; and
- The **operational standards on child labour prevention and personal protective equipment (PPE) in tobacco farming**, which provide guidance and procedures for applying SoBC child labour commitments and requirements for PPE provision, training and monitoring in the Group's tobacco supply chain.



Our SoBC Modern Slavery Commitments

At BAT Australia we are aiming to ensure our operations are free from slavery, servitude and forced, compulsory, bonded, involuntary, trafficked or unlawful migrant labour.

The SoBC mandates that Group companies, and any employment agencies, labour brokers or third parties they retain to act on our behalf, will not require workers to:

- Pay recruitment fees, take out loans or pay unreasonable service charges or deposits as a condition of employment; and/or
- Surrender identity papers, passports or permits as a condition of employment.

Where national law or employment procedures require use of identity papers, we will use them strictly in accordance with the law.

If identity papers are ever retained or stored for reasons of security or safekeeping, this will only be done with the informed and written consent of the worker, which should be genuine, and with unlimited access for the worker to retrieve them, at all times, without any constraints.

Due Diligence

The Group's due diligence processes help us to monitor the effectiveness of, and compliance with, its policy commitments, as well as to identify, assess and respond to human rights risks, impacts and abuses.

Global Tobacco Supply Chain

Human rights issues can be complex and we know that the situation on the ground can be nuanced. Remediation requires cooperation and dialogue, rather than confrontation.

This complexity is why the Group's approach emphasises working with families and communities to find sustainable solutions, while respecting local context and the challenges of operating small, family-run farms.

This is where the BAT Group's direct connection to its contracted farmers enables the Group to have a real impact. The majority of the Group's tobacco is sourced by BAT Group's own leaf operations through direct contracts with over 75,000 farmers, who receive on-the-ground support from our Extension Services of expert field technicians.

BAT Group field technicians visit contracted farmers approximately once a month during the growing season. This includes conducting interviews with farmers and workers, as well as undertaking detailed observations to check conditions and practices on the farms against BAT Group standards.

Crucial to this is the Farmer Sustainability Management (FSM) system – a digital platform that enables a consistent approach to farm monitoring and overall sustainability management.

Field technicians work with contracted farmers, recording data in the FSM app at each individual farm visit. Around 25% of the criteria are specific to human rights, including interviews with farm labourers and monitoring for child and forced labour.

There are unannounced visits, and FSM tracks the prompt actions that are needed to remediate and improve standards. FSM includes 'red flags' for serious issues, such as those relating to child and forced labour. Data is tracked and analysed centrally to ensure senior oversight and drive management action.

To help tackle the challenges of modern slavery and forced labour, BAT Group continuously monitors its contracted farmers and its third-party suppliers are expected to do the same. In 2021, 99.9% of the BAT Group contracted farmers and those of strategic third-party suppliers were monitored and no cases of forced labour were identified.

One third-party supplier identified some labour-related issues; these concerned changes to the terms of workers' contracts which the supplier's field technicians were able to successfully resolve through mediation between the farmers and workers. Ongoing training and engagement programmes also continue to enhance awareness of labour rights among farmers and workers.

In addition, BAT Group's leaf operations identified two 'prompt action' incidents relating to water access near the working place and standards for safe accommodation. These were recorded and tracked in the Group's FSM system and fully resolved.

Resolution of such incidents typically involves a remediation plan that considers the individual circumstances. For example, field technicians might act as mediators between the farmer and the relevant workers to reach agreement on, or the farmer might take specific actions to improve standards on the farm. The prompt actions are recorded in FSM and verified by field technicians in follow-up visits to the farm.

[Details of reported child labour incidents can be found our 2021 ESG Report.](#)

Sustainable Tobacco Programme

All of BAT Group's leaf operations and third-party suppliers are expected to participate in the industry's Sustainable Tobacco Programme (STP). This involves an annual self-assessment against priority themes.

Industry guidance is defined for each theme, with specific goals and indicators to measure impact and track progress. These cover a broad range of human rights issues, including child labour and modern slavery.

Group suppliers are assessed against Verisk Maplecroft's risk indices, including its Modern Slavery Index. Based on this, as well as the supplier's self-assessment, those with a higher risk are prioritised for in-depth on-site reviews, conducted by an independent third party. In-depth reviews will be completed on our leaf operation and third-party suppliers in Brazil, and on our third-party supplier in Argentina in 2022.



Human rights impact assessments

Human rights impact assessments (HRIAs) are a best practice approach to identifying, assessing and responding to actual and potential human rights impacts. Each year the Group commissions assessments for tobacco-sourcing countries, conducted by independent human rights experts.

The countries are selected on a range of factors, including the level of human rights risk exposure, their importance to the Group's sourcing strategy and the significance of tobacco growing in the country.

HRIAs are extensive undertakings, often lasting several months. Particular care is also taken to engage the most vulnerable people, such as women, youth and the elderly. By the end of 2021, HRIAs had been completed in six of the Group's tobacco sourcing countries, covering nine suppliers – India and Indonesia in 2019, Mozambique in 2020, and Macedonia, Turkey and Zimbabwe in 2021. Collectively, these assessments have engaged over 2,200 rights-holders in tobacco-growing communities.

In recognition of the fact that cross-industry action is needed to effectively address human rights issues in the tobacco supply chain, the assessments in India, Mozambique and Turkey were in collaboration with the wider industry.

A number of priority themes were identified that have the potential to impact human rights and which would benefit from cross-industry collaboration, particularly around child labour. For example, in Turkey, the assessment involved six different tobacco suppliers across three regions in the country where tobacco is grown. Following the assessment, the suppliers have collectively developed and agreed action plans focused on eliminating child labour in their supply chain by 2025.

They are also working to enhance health and safety standards, focused on education around the importance of using PPE when harvesting to prevent green tobacco sickness.

As illustrated in the example above, where the HRIA identifies human rights impacts, a detailed action plan is developed and agreed between the participating companies and suppliers. The Group works to ensure that implementation and progress against the plans is closely monitored. BAT Group also leverages the valuable insights and learnings from each assessment to further strengthen its efforts to identify, prevent and mitigate human rights risks in the Group's supply chain.

 [Find further details of our HRIAs in our 2021 ESG Report.](#)

BAT Australia Product Materials Supply Chain – Beyond the Tobacco Supply Chain and the 'Know Your Supplier' Process

At BAT Australia, before we start working with a new local indirect goods or services supplier, it must undergo BAT Australia's Know Your Supplier Process (KYSP), by which our suppliers' inherent risk exposure is assessed prior to their onboarding and/or being awarded a contract.

To pass the KYSP, in relation to modern slavery and human-rights-related risks, we require suppliers to:

- **Confirm adherence to the Group's Supplier Code of Conduct**, which defines the minimum standards expected of our suppliers, including for human rights; it specifically requires all suppliers to ensure their operations are free from child labour and from forced, bonded, involuntary, trafficked or unlawful migrant labour. The requirement of complying with the Supplier Code of Conduct is incorporated into our contractual arrangements and is mandatory.
- **Complete Coupa Risk Assessment ('CRA')**. CRA is aimed at identifying a supplier's anti-bribery, anti-corruption and anti-financial crime risk and whether a potential supplier is engaging in any corrupt practices which could lead to violations of the US Foreign Corrupt Practices Act, the UK Bribery Act and/or Australia Criminal Code Act 1995 (Cth).

- **Confirm modern slavery risk level assessment**. A supplier's risk is determined by its location and the goods or services it provides, referencing the human rights indices developed by Verisk Maplecroft (including the Modern Slavery Index). Those suppliers that are deemed as high risk based on location and industry are required to complete BAT Australia's Modern Slavery Questionnaire.

- **Complete BAT Australia's Modern Slavery Questionnaire**. The BAT Modern Slavery Questionnaire is aimed at gaining insight into and validation of a supplier's internal systems focused on preventing participation in modern slavery practices and their remediation processes in the event they encounter any form of modern slavery within their organisation and/or supply chain. High-risk suppliers are required to furnish relevant internal policies and procedures to confirm that no slavery takes place within their organisation, as well as to prove that they have adequate and effective mechanisms in place to avoid slavery.

The BAT Australia Modern Slavery Questionnaire covers such areas as the supplier's knowledge of modern slavery regulations and ability to remain up to date with them, its policies, guidelines, control measures, internal training and how it engages with third parties in relation to modern slavery, including contractual obligations, as well as audits, other forms of assessment and remediation. The BAT Australia Modern Slavery Questionnaire provides the opportunity to suppliers to give evidence and explanation.

In 2022, BAT Australia will also require those suppliers whose modern slavery risk level assessment's outcome is Medium Risk to complete BAT Australia's Modern Slavery Questionnaire.

1,300+
rights-holders engaged for our HRIAs in Macedonia, Turkey and Zimbabwe in 2021



BAT Australia Modern Slavery Questionnaire findings

During 2021, BAT Australasia engaged with 152 new suppliers, each of which underwent the KYSP prior to onboarding and therefore were assessed for their inherent risk exposure to human-rights-related risks, among other risks as explained on [page 8](#).

Out of these new suppliers, 23 were deemed as high risk; 26 were deemed as medium risk and 105 were deemed as low risk.

Of our new indirect suppliers (which are those suppliers whose goods and/or services are not related directly to our BAT Australia products), approximately 15% were classified as high risk and were required to complete the BAT Australia Modern Slavery Questionnaire.

Of this high-risk supplier population, 35% fell within the information and digital technology (IDT) industry, with the remainder split between marketing, legal and external affairs, operations, human resources and finance.

Of all the issues identified, the majority related to issues such as lack of policies or supplier codes of conduct covering human trafficking and modern slavery; lack of contract clauses with specific reference to standards/requirements for modern slavery issues; lack of procedures with regard to human rights labour standards; and poor record-keeping and health and safety procedures.

100%

product materials suppliers assessed for human rights and modern slavery risks every year

Addressing the findings

In December 2021, BAT Australia engaged The Freedom Hub, a registered Australian charity whose purpose is to eradicate modern slavery in Australia, to run a virtual event named the 'BATA Supplier Event – Partnering on Delivering our Modern Slavery Obligations' ('MS Event'). It provided British American Tobacco Australia Limited's high-risk suppliers with education and commitment on action plans by entering into a dialogue on how to identify and assess risks in relation to modern slavery in their operations and supply chains, specifically taking actions where process weaknesses were identified, and to reinforce BAT Australia's zero-tolerance approach to modern slavery.

The objective of the MS Event was to:

- (i) achieve a more educated supplier base on modern slavery risks and British American Tobacco Australia Limited's collective Modern Slavery obligations and responsibilities; and

- (ii) achieve an ongoing commitment from such high-risk suppliers on how to improve identification, assessment and mitigation plans within their companies to eradicate modern slavery from their operations and supply chains, and capture such actions in their internal policies, codes of conduct as well as in their contracts with third party suppliers.

BAT Australia is strongly encouraged by the high level of supplier engagement and willingness to work together to improve performance and raise standards, and will take into consideration all the proposed mitigation plans suggested during the MS Event when preparing the modern slavery mitigation plan framework during 2022.



Group Companies

Every year, all BAT entities and their employees must formally confirm that they have complied with the SoBC.

Individuals must complete our annual SoBC sign-off, in which they reaffirm their commitment and adherence to the SoBC and declare or re-declare any personal conflicts of interest.

BAT Group business entities complete an annual assessment against their key audit controls in which they confirm that their area of business, or market, has adequate procedures in place to support SoBC compliance.

The audit controls also require human rights risk assessments and risk-mitigation action plans to exist in high-risk countries where the Group operates, and for processes to be in place to demonstrate that human rights are managed effectively in the workplace and supply chain.

Human rights due diligence

The BAT Group recognises that circumstances in some countries present a higher risk for human rights issues, such as where there are high levels of corruption, criminality or unrest.

As such, in addition to Group-wide procedures and controls adopted by Group companies, the Group has defined a process

to identify and carefully monitor BAT Group operations in high-risk countries. This process includes an annual risk assessment of all countries with Group companies present, using Verisk Maplecroft's human rights indices (including its Modern Slavery Index).

The process is reviewed by the BAT p.l.c. Audit Committee of the BAT p.l.c. Board including action plans for areas for improvement identified.

In 2021, BAT Group operations in 26 countries⁵ were identified as high risk and underwent the assessment and BAT p.l.c. Board-level review.

Investigating and remediating

The Group's Standards of Business Conduct (SoBC) Assurance Procedure sets out in detail how allegations of wrongdoing or breaches of the SoBC should be investigated and dealt with fairly and objectively.

In 2021, the BAT Group received a report, investigated under the Group's SoBC processes, concerning allegations of modern slavery and child labour identified by labour authorities on two farms in Brazil, from which one of the Group's third-party suppliers sources tobacco.

The third-party supplier fully cooperated with the investigation carried out by Brazilian authorities across its farms. No issue was identified across the other farms from which the supplier sources tobacco. In order to seek to prevent further human rights issues, the supplier agreed to reinforce its existing standards and procedures to, for example, strengthen its training of field staff and contracted farmers.


[Full details of all reported SoBC allegations can be found in our 2021 ESG Report.](#)



⁵ Bangladesh, Belarus, Burkina Faso, Cambodia, Cameroon, China, Colombia, Democratic Republic of Congo, Egypt, Indonesia, Iraq, Kenya, Lebanon, Mali, Mozambique, Myanmar, Niger, Nigeria, Pakistan, Papua New Guinea, Russia, Saudi Arabia, Sudan, Tanzania, Turkey and Venezuela.

Assessing and Managing Risk

The Group assesses the nature and extent of exposure to modern slavery risks in its business and supply chains, and takes a long-term and collaborative approach to mitigating the risks and tackling the root causes.

Understanding the Global Risks

Based on careful assessment, research and the insights developed from its long history of operating in the tobacco industry around the world, the BAT Group has identified that the greatest modern slavery risks are in the tobacco supply chain.

These risks relate to the nature of the agricultural sector, which is characterised by large numbers of temporary workers, use of family labour in small-scale farming and high levels of rural poverty.

For example, the ILO estimates that the agricultural sector accounts for 11% of all incidents of forced labour⁶ and over 70% of all child labour globally⁷. Debt bondage can also be a particular concern if farmers borrow money to invest in growing a crop but do not have a guaranteed buyer or price, leaving them vulnerable to getting trapped in a cycle of debt. The ILO states that these risks are evident in wealthier, as well as poorer, countries⁶.

Beyond the tobacco supply chain, our product materials suppliers operate in the manufacturing sector, which the ILO estimates accounts for 15% of forced labour⁶ and 11.9% of global child labour⁷, with the majority of cases documented in lower-income countries.

The key forced labour risks identified in manufacturing by the ILO relate to excessive working hours and production targets, payment of high recruitment fees, illegal retention of passports and, in some cases, illegal imprisonment and beatings of workers⁶.

For the Group's suppliers of indirect goods and services, the risks of modern slavery depend on the sector and country of operation. For example, 10% of forced labour⁶ and 17.2% of child labour⁷ are estimated to be in low-skilled service sectors.

As such, our due diligence procedures include annual risk assessments based on the type of supplier and country of operation, as described on [page 7](#).

For Group companies including BAT Australia, our policies and procedures help to substantially mitigate the risks of modern slavery. But the Group recognises that circumstances in some countries present a higher risk for human rights issues, such as where regulation or enforcement are weak or there are high levels of corruption, criminality or unrest.

As such, annual risk assessments to identify BAT Group operations in high-risk countries are a key part of the Group's due diligence procedures, as described on [page 8](#).

“We take a long-term and collaborative approach to mitigating human rights risks and tackling the root causes. By taking action today, we can help drive change and secure the long-term sustainability of farming communities.”

Zafar Khan
Director, Group Operations



6 ILO (2017). *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*, ILO, Geneva.
 7 ILO (2021). *International Labour Office and United Nations Children's Fund, Child Labour: Global estimates 2020, trends and the road forward*, ILO and UNICEF, New York, 2021.



BAT Australia's Online Modern Slavery App

During 2021, BAT Australia developed the Online Modern Slavery App ('MS App') which enables BAT Australia to assess modern slavery risks by automating BAT Australia's Modern Slavery Questionnaire and validating the results with continuous monitoring.

Enhanced reporting and analytics capabilities

The MS App provides BAT Australia with oversight of its supply chain labour practices – before and after signing supplier contracts. As the proposed supplier is completing the Modern Slavery Questionnaire via the MS App, we are able to monitor progress as the MS App enables BAT Australia to view:

- Responses in real time, including any attached documents and/or comments provided;
- Whether a question has been delegated to another user;
- Overall status;
- The final Modern Slavery Risk Rating Scores assigned to the proposed supplier, being: low, medium or high risk.

During 2022, BAT Australia will also have the ability to view the mitigation plans put in place for those suppliers deemed as high risk.

Efficiency

The MS App reduces complexity by centrally managing all modern slavery questionnaires and their relevant mitigation plans in one platform.

Continuous monitoring

Because the MS App keeps records of each BAT Australia supplier's modern slavery data, it enables BAT Australia to run continuous monitoring by assessing during the recertification cycle whether a supplier took any actions necessary to improve the risk of modern slavery in its operations and supply chain since the completion of BAT Australia's Modern Slavery Questionnaire until the time of recertification.

The results arising in the recertification will determine whether such supplier's risk rating has decreased over time or, to the contrary, if no actions have been taken by a high-risk supplier and its risk rating remains the same, BAT Australia consider awarding such engagement to another supplier whose risk rating is low.

Enhancing Farmer Livelihoods

Rural poverty is one of the primary root causes of human rights issues in agriculture and so enhancing farmer livelihoods is central to the Group's tobacco supply chain strategy.

If farmers have sustainable living incomes, farming is more attractive to the next generation. It also reduces the risks of exploitation, as well as child and forced labour, and helps encourage improved adherence to safety and environmental standards. That's why enhancing farmer livelihoods is such an important priority area of the Group's Sustainability Agenda.

Our *Thrive* farmer livelihoods programme is based on the internationally recognised 'Five Capitals' framework. To be sustainable, farming communities must be 'in credit' across five types of 'capital': financial, natural, physical, human and social. Strength in all five enables farmers and rural communities to prosper.

The Group has defined indicators to measure progress against each of the Capitals, against which BAT Group leaf operations and strategic suppliers complete annual assessments. The insights inform the Group's strategy, and help to develop focused, local action plans.

BAT Group's Extension Services of expert field technicians play a crucial role in this. They visit the Group's contracted farmers approximately once a month during the growing season. They act as a direct link between the farmers and BAT Group, building trusted relationships and working with the farmers to develop their skills, promote better yields and build their resilience. BAT Group suppliers provide similar support services for their contracted farmers.

In 2021, the Group updated its approach and analysis of sustainable living incomes. This considers wider aspects, including costs for maintaining a decent standard of living based on international benchmarks, as well as local factors. Over the next year the Group will continue its detailed analysis of living income for its contracted farmers. Insights will be used to further accelerate the Group's commitment and actions to enable prosperous livelihoods for all farmers in the Group's tobacco supply chain.

Giving Farmers a Voice

If a farmer or farm labourer has a grievance, there must be a way to air and resolve it. The Group tracks access to grievance mechanisms for its contracted farmers and those supplying its strategic third-party suppliers as part of the Group's *Thrive* assessments, which in 2021 showed:

- 100% of farmers, as well as 99.9% of farm labourers, who are part of *Thrive* reported having access to at least one type of grievance mechanism;
- Regular meetings with farmers/ workers or their representatives were reported as the most widely available grievance mechanism, followed by farmer associations and unions, local NGO/government-led mechanisms and telephone hotlines; and
- 100% of grievances raised by *Thrive* farmers and/or workers were reported as resolved.

Given how important these are for understanding and responding to rights-holders, BAT Group continues to look at new ways to further increase accessibility and promote a culture of openness for its contracted farmers and labourers to raise human-rights-related issues.

Ethical Recruitment for Group Employees

For Group companies, including BAT Australia, the commitment to fairness and inclusivity is embedded throughout the recruitment process, helping to ensure equal access to opportunities at BAT Group.

Right from the beginning of an employee's journey with BAT Group, the recruitment process for most vacancies is managed in-house. The hiring process is managed by the Group's in-house Global Business Services, which works to global Group-wide standards.

All prospective employees undergo rigorous pre-employment checks covering ID checks, right-to-work and other documentation, as well as all employment contracts.

These standards apply to all types of employees, including permanent, temporary, part time and full time. Where recruitment agencies are involved, these undergo rigorous checks in line with our SoBC and only recruitment through vetted vendors is permitted.

An independent assessment by a specialist human rights consultancy in 2019 recognised the robustness of this approach in helping to mitigate the risks of child labour, modern slavery and unethical recruitment for our employees worldwide.

99%

of monitored farmers in the Group's supply chain⁸ reported as having access to at least one type of grievance mechanism

Safe Spaces to 'Speak Up'

The Group's SoBC makes it clear that anyone working for – or with – the Group should speak up if they have a concern about actual or suspected wrongdoing. The relevant Group company will always listen to these concerns, even if it transpires the person is mistaken. Group companies do not tolerate victimisation or reprisals of any kind against anyone raising a concern – such conduct is itself a breach of the SoBC and is a serious disciplinary matter.

People can speak up in various ways, including talking directly to senior management, Human Resources or their line manager. Group companies also have externally managed global 'Speak Up' channels available 24 hours a day online, by text or telephone. The channels can be used anonymously and are available in multiple languages.

Group companies have worked hard to ensure 'Speak Up' is seen as a trusted tool by their people. In the Group's 2021 'Your Voice' global employee survey, 79% of employees strongly agreed they felt able to report concerns about actual or suspected wrongdoing at work without fear of reprisal – 1% higher than the FMCG comparator norm.

The Group's inclusive recruitment process

Right from the beginning of an employee's journey with a Group company, including BAT Australia, the commitment to fairness and inclusivity is embedded throughout the recruitment process, helping to ensure equal access to opportunities.

Step 1

Online application

- We use a global online recruitment platform for all applications.
- Candidates undergo an initial online assessment managed by an independent provider.

Step 2

CV screening and video interview

- Unbiased CV screening with factors such as ethnicity, age and gender excluded.
- Video interview with standardised questions and time frame to give all candidates an equal edge.

Step 3

Interviews and selection

- Interviews are conducted according to clear guidelines for fairness and inclusivity.
- Typically, at least two interviews by different BAT managers to calibrate scores and observations.

Step 4

Hiring and contracting

- Final decision to hire made by at least two BAT managers against clear criteria.
- Robust pre-employment checks and easy-to-understand contracts.

⁸ In 2021, 99.9% of farms contracted to BAT and our strategic third-party suppliers were reported as being monitored for access to grievance mechanisms.

Training and Capacity Building

Globally, BAT Group provides training and capacity building to its employees, suppliers and farmers to help raise awareness and understanding of modern slavery risks and help ensure Group standards are understood and upheld.

Tobacco Farmers

In our tobacco supply chain, BAT Group leaf operations and strategic third-party suppliers provide human rights training for farmers and community members. The training is designed to raise awareness and increase understanding of human rights, and is tailored to the local context and the challenges of operating small, family-run farms.

In 2021, it was reported via BAT Group's *Thrive* assessments⁹ that there were over 350,000 attendances at this training. The number of people engaged include farmers who are reached via several trainings in the year, as well as farm labourers and local community members.

This includes training provided by field technicians during farm visits, organised group training, field days and demonstrations, and training delivered remotely by digital or other channels (particularly during the COVID-19 pandemic to maintain social distancing).

Suppliers

Many of BAT Group's product materials suppliers are smaller businesses operating in developing countries where standards, such as for human rights and health and safety, are not as well developed.

That does not mean, however, that Group companies can walk away if issues are found in Intertek audits. That approach would help no one and the Group sees disqualification as a last resort.

By working together, allowing suppliers to benefit from BAT Group resources and experience, this can increase awareness and capacity, and help suppliers to change their practices and achieve continual improvement. This practice is actively promoted by BAT Australia.

Working with suppliers to help them correct any issues identified and close gaps is an important part of capacity building. This can include providing specialist support and advice from our BAT Group experts and senior managers – anything from helping to develop a human rights policy and implement grievance mechanisms to technical guidance and training on health and safety best practice.

In addition, BAT Group continues to actively engage with its suppliers on human rights, as part of its wider Sustainability Agenda. For example, in 2021, the Group held a Sustainability Supplier Summit, attended by more than 250 of its top suppliers across all categories of spend. It included live Q&A sessions from BAT Group's leadership team, an external keynote address and roundtable discussions between suppliers on a range of topics including delivering a positive social impact.

27,000+
downloads of the Group's SoBC app

350,000+
attendances at 38,000+ human rights farmer training sessions

Employees

Ensuring Group company employees can easily access and understand the SoBC policies is fundamental to establishing effective implementation and compliance.

The SoBC app helps to increase accessibility by providing easy access to policies, procedures and guidance, and the global 'Speak Up' channels in 14 languages. From 2022, the app also incorporates the Group's Supplier Code of Conduct in 15 languages. To date, the SoBC app has been downloaded over 27,000 times, and this number continues to grow.

Every year, all Group employees, including BAT Australia's, undergo SoBC training as part of the Group's annual compliance sign-off campaign. This training includes online e-learning and offline training for employees without easy online access. It covers examples of different human rights scenarios employees may face in their daily work, such as discrimination, modern slavery and freedom of association.

In 2021, 100% of Group company employees completed the SoBC training and sign-off in one of the available formats. This included over 24,000 employees who completed the annual SoBC sign-off and e-learning through our online SoBC portal.

Additionally, during 2021 BAT Australia continued its partnership with Safetrac, an online compliance platform leader in providing engaging and effective online training programmes to businesses across

Australia, the South Pacific and New Zealand. As a result of this partnership, BAT Australia's supply chain and operations employees continue to receive an effective online training on gaining a general understanding of modern slavery and their compliance and reporting obligations under the legislation. Safetrac's Modern Slavery course is mandatory for all of BAT Australia's employees who work in or are connected with supply chain and operations.

In addition, the Group launched the SoBC e-induction for all new joiners in management roles in 2021, including those in BAT Australia. This includes training, which focuses on respect in the workplace and human rights in BAT Group's operations. In 2021, 3,700 people completed the e-induction training.

BAT Group is also working with a specialist human rights consultancy to develop comprehensive modern slavery training and communications targeted at front-line employees in legal and supply chain functions. This includes detailed information on different types of modern slavery and how they can manifest, how to spot indicators and early warning signs that someone may be a victim of modern slavery, and guidelines on how to conduct worker interviews to gain an accurate account from their perspective, using open questions.

This training will be rolled out alongside the Group's new modern slavery standard in 2022.

100%
of Group employees completed the 2021 SoBC training and signed-off in one of the available formats

⁹ Our *Thrive* assessments cover all BAT-contracted farmers and farmers supplying our strategic third-party suppliers, representing more than 80% of our total tobacco leaf purchases in 2021. As tobacco-growing seasons vary around the world, data is based on the most recent crop cycle at the time of reporting, instead of the crop grown in the calendar year.

Measuring Effectiveness and Next Steps

The BAT Group is committed to measuring the effectiveness of, and continually working to further strengthen and enhance the Group's approach to tackling modern slavery.

Measuring Effectiveness

The BAT Group assesses the Group-wide approach against the key performance indicators (KPIs) outlined opposite. These KPIs, alongside monitoring of strategic plans and emerging risks and best practice, are regularly reviewed at senior level through the Group's governance framework and committees, including by:

- BAT p.l.c. Audit Committee, comprising independent Non-Executive Directors;
- Regional Audit and CSR Committees;
- The Operations Sustainability Forum, chaired by the Group's Operations Director; and
- The Supply Chain Due Diligence Governance Committee, chaired by the Group Head of Procurement.

The Group continually works to improve and strengthen its approach to tackling modern slavery, and to respond to changing situations.

For example, following an independent, expert-led review of Group human rights policies and practices for its tobacco supply chain in 2020, the Group developed a long-term work plan for accelerating progress towards its 2025 ambitions.

BAT Group is currently working with a specialist human rights consultancy to update its operational standard on child labour prevention to cover wider human rights issues including forced labour. It will be supported by a comprehensive toolkit, guidance and training for BAT Group's field technicians to be rolled out in 2022.

BAT Group 2021 performance

6

cumulative number of human rights impact assessments completed, aligned with the UN Guiding Principles.

2020: 3

[Find out more on page 6](#)

142

independent supplier labour audits conducted.

2020: 93

[Find out more on page 7](#)

100%

of employees completed our annual compliance sign-off and training for our SoBC.

2020: 100%

[Find out more on page 15](#)

100%

percentage of employees that completed annual SoBC self-assessment, with focus on modern slavery and human rights.

2020: 0

[Find out more on page 8](#)

64%

of supplier corrective actions verified as completed by Intertek by year-end, balance to be completed Q1 2022.

2020: 67%

[Find out more on page 7](#)

100%

of Group companies assessed for human rights risks against Verisk Maplecroft indices, including its Modern Slavery Index.

2020: 100%

[Find out more on page 8](#)

100%

of product materials suppliers assessed for human rights risks against Verisk Maplecroft indices, including its Modern Slavery Index.

2020: 100%

[Find out more on page 7](#)

26

high-risk Group companies that underwent enhanced human rights monitoring and Board-level review.

2020: 24

[Find out more on page 8](#)

350,000+

attendances at human rights training delivered by our leaf operations and strategic third-party leaf suppliers.

2020: 393,038

[Find out more on page 15](#)

Next Steps

We are proud of what we have achieved so far, and recognise, like many other businesses, that we can and must do more.

Building on the Group's strong foundations, and in the context of its overall Sustainability Agenda and ESG priorities, BAT Australia is committed to accelerating progress.

In 2022, BAT Australia will:

- Develop a comprehensive modern slavery mitigation plan framework based on the data obtained from the BAT Australia Modern Slavery Questionnaires, industry benchmarking and taking into consideration the proposals suggested during the MS Event;

- Include medium-risk suppliers in the completion of the BAT Australia Modern Slavery Questionnaire;
- Include modern slavery recertification cycles to monitor the continuous improvement of the risks of modern slavery in its operations and supply chain; and
- Enhance the MS App by adding an additional functionality that will automate the notifications when it is time to run a modern slavery recertification.

Progress Against BAT Group Commitments in its 2020 Statement

Commitment	2021 performance
Conduct a formal review of BAT Group SoBC and Supplier Code of Conduct to identify any opportunities for strengthening our policy commitments. See page 4 for details	Completed
Develop a comprehensive roll-out and training plan for implementing BAT Group's new modern slavery operational standard. See page 15 for details	In progress
Conduct human rights impact assessments, aligned to the UN Guiding Principles, in two more tobacco-growing countries. See page 6 for details	Completed

Group 2025 ambitions



Forced labour

Aim for zero child labour and zero forced labour in our tobacco supply chain by 2025.



Sustainable income

We are committed to working to enable prosperous livelihoods for all farmers in our tobacco supply chain.



Labour audits

100% of our direct product materials suppliers and high-risk indirect services suppliers to have undergone at least one independent labour audit within a three-year cycle by 2025.

BAT Australia KPIs (in addition to the Global KPIs)

KPI	2020 performance	2021 performance
Percentage of BAT Australia employees involved in Operations and Supply Chain completed Modern Slavery Training	100%	100%
Percentage of high-risk suppliers who completed BAT Australia Modern Slavery Questionnaire	90%	86.79%
Percentage of contracts that incorporate Modern Slavery clauses	100%	100%
Percentage of high-risk suppliers who attended the MS Event	N/A	60%
Technology platform to automate BAT Australia's modern slavery assessment	N/A	80% and in progress for enhancement
Commence the process of carrying out third-party audits on eligible high-risk suppliers	In progress	In progress

Further Information

References in this statement to ‘BAT Australia’, ‘we’, ‘us’ and ‘our’ refer to British American Tobacco South East Asia Pty Limited and all the companies that are owned by it, including: British American Tobacco Australasia Limited, British American Tobacco Australia Limited, Rothmans Asia Pacific Limited; W.D. & H.O. Wills Holdings Limited; British American Tobacco Australia Services Limited; The Benson & Hedges Company Pty. Limited; British American Tobacco Australia Overseas Pty Limited; British American Tobacco Company (Samoa) Limited; Rothmans of Pall Mall (Fiji) Pte Limited; British American Tobacco Fiji Marketing Pte Limited; British American Tobacco (PNG) Limited; Central Manufacturing Company Pte Limited; Papua New Guinea Tobacco Co. Ltd; Paradise Tobacco Co. Limited; British American Tobacco Holdings (New Zealand) Limited; and British American Tobacco (New Zealand) Limited.

The material in this statement is not provided for product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or a solicitation of an offer to buy, any of our products. Our products are sold only in compliance with the laws of the particular jurisdictions in which they are sold.

Forward-Looking Statements

This statement contains certain forward-looking statements, including “forward-looking” statements made within the meaning of the US Private Securities Litigation Reform Act of 1995. These statements are often, but not always, made through the use of words or phrases such as “believe,” “anticipate,” “could,” “may,” “would,” “should,” “intend,” “plan,” “potential,” “predict,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “outlook,” “target” and similar expressions. These include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Company operates, including the projected future financial and operating impacts of the COVID-19 pandemic.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors. It is believed that the expectations reflected in this report are reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of adverse domestic or international legislation and regulation, the inability to develop, commercialise and deliver the Group’s New Categories strategy, the impact of significant increases or structural changes in tobacco, nicotine and New Categories-related taxes, changes or differences in domestic or international economic or political conditions, the impact of serious injury, illness or death in the workplace, and adverse decisions by domestic or international regulatory bodies.

The forward-looking statements reflect knowledge and information available at the date of preparation of these materials, and the Company undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements. Additional information concerning these and other factors can be found in BAT’s filings with the US Securities and Exchange Commission (SEC), including the Annual Report on Form 20-F and Current Reports on Form 6-K, which may be obtained free of charge at the SEC’s website, <http://www.sec.gov>.

BAT p.l.c.’s Suite of Global Corporate Publications

This report forms part of BAT p.l.c.’s wider suite of corporate publications, including:



Annual Report

The BAT p.l.c. Annual Report 2021 provides details of the evolved Group strategy, with sustainability at its heart. This includes the clear corporate purpose to build A Better Tomorrow™ by reducing the health impact of the Group’s business through offering a greater choice of enjoyable and less risky products¹⁰.

↓ bat.com/annualreport



ESG Report

The BAT p.l.c. ESG Report outlines how the Group is delivering against its purpose and putting sustainability at front and centre of the business. It provides detailed information about Group policies, management approach, performance and targets for all our environmental, social and governance (ESG) priorities.

↓ bat.com/sustainabilityreport



Human Rights Report

The BAT p.l.c. Human Rights report covers how the Group is raising the bar to address human rights impacts across its global business and supply chain, aligned to the UN Guiding Principles Reporting Framework.

↓ bat.com/sustainabilityfocus



Diversity and Inclusion Report

The BAT p.l.c. Diversity and Inclusion report provides details of our Group-wide diversity and inclusion strategy, as well as statutory gender pay gap reporting for the Group’s UK employees. In 2021, the report also included, for the first time, gender and pay equity data for an additional eight countries, as well as UK ethnicity pay gap data.

↓ bat.com/genderpayreport



Science and Innovation Report

The BAT p.l.c. Science and Innovation Report covers the Group research into New Category products, as well as exploring an open and transparent approach to science engagement.

↓ [Science and Innovation Report](https://bat.com/scienceandinnovationreport)

📶 See bat.com/reporting

¹⁰ Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk free and are addictive.

Appendix

Mandatory Criteria Mapping

Modern Slavery Act Mandatory Criteria	Section Reference	Page	Additional Reports
Identify the reporting entity covered by the statement	Our Business and Supply Chain	3–5	N/A
Describe the reporting entity’s structure, operations and supply chains	Our Business and Supply Chain	3–5	N/A
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Assessing and Managing Risk	12–14	2021 Human Rights Report
Describe the actions taken by the reporting entity and any entities that it owns or controls to assess and address these risks, including due diligence and remediation processes	Due Diligence	12–14	2021 ESG Report
	Assessing and Managing Risk	7–11	2021 Human Rights Report
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Measuring Effectiveness and Next Steps	16–17	N/A
Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	About This Statement	1	N/A
Any other relevant information			BAT Reporting

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Featuring downloadable versions of this statement, along with our 2021 ESG Report and other content – all accessible on desktop, tablet and mobile.

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