



Modern Slavery Statement

2022

Introduction

This is British American Tobacco Australia's third 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 2022 to prevent modern slavery and human trafficking in our¹ business and supply chain.

About This Statement

British American Tobacco South East Asia Pty Limited (ACN 095 066 345), 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')².

Within the meaning of section 5 of the Modern Slavery Act, 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.

Notes:

1. In relation to the use in this statement of 'we', 'us' and 'our', please see 'Further Information: About this Statement' on [page 19](#).
2. Further details of the BAT Australia company structure are detailed on [page 3](#).

Welcome from our Area Director – APMEA South



At BAT Australia, we recognise that, like all businesses, we run the risk of being exposed to modern slavery either within our own operations or those of our extended supply chain. That is why we are fully committed to making continuous progress through our actions.

Peter Simmons
Area Director – APMEA South



Welcome to our Latest Modern Slavery Statement

At BAT Australia, we have a long-standing commitment to respect fundamental human rights, as affirmed by the Universal Declaration of Human Rights. We are committed to always conducting our operations in a way that respects the human rights of our employees, the people we work with and the communities in which we operate.

The latest estimates by the International Labour Organization (ILO)³ suggest that 50 million people are victims of modern slavery and, of these, 27.6 million people are in forced labour, with 23.6 million being forced to work under threat or coercion in the private economy.

We recognise that, like all businesses, we run the risk of being exposed to modern slavery either within our own operations or those of our extended supply chain. That is why we are fully committed to making continuous progress through our actions.

Environmental, social and governance (ESG) matters have long been core to our business and our transformation. Delivering our ESG priorities is key to achieving our ambition to build A Better Tomorrow™ for all our stakeholders.

In 2022, the BAT Group was among the first globally to conduct and disclose results from a Double Materiality Assessment (DMA). Such an approach looks not only at how the Group's businesses impact ESG issues but also how ESG-related matters impact the Group's businesses.

The results of the DMA, in consultation with employees and third parties, further confirmed that the protection of human rights remains a key focus for the Group.

The Group's and BAT Australia's progress against its social commitments throughout 2022 included:

- Updating a range of human rights-related policies. The Group understands the importance of having robust policies and due diligence processes in place, which helps Group companies identify and address the root causes of human rights issues;
- BAT Australia continuing its work with a specialist human rights consultancy to ensure the continued enforcement and awareness of modern slavery risks within the operations and supply chain of its suppliers;
- BAT Australia increasing its risk assessment scope to assess a wider range of suppliers;

Note:

3. Global Estimates of Modern Slavery: Forced Labour and Forced Marriage International Labour Organization (ILO), Walk Free, and International Organization for Migration (IOM), Geneva, 2022.

Double Materiality

The Group completed its first Double Materiality Assessment, which confirmed the importance of human rights in its Sustainability Agenda.

Policy Update

The Group is working on a range of human rights-related policies.

Comprehensive Awareness

BAT Australia continued its work with a specialist human rights consultancy to solidify awareness of modern slavery risks in the operations and supply chains of its suppliers.

Risk Assessment

BAT Australia increased its risk assessment scope to assess a wider range of suppliers.

Strengthened

The Supplier Due Diligence (SDD) programme implemented by businesses across the Group was strengthened in partnership with independent external auditors Intertek and EcoVadis.

Completed

10 Human Rights Impact Assessments (HIRAs) were completed by Group companies, in eight tobacco-growing countries, engaging more than 5,200 rights-holders.

- Strengthening the Supplier Due Diligence (SDD) programme implemented by businesses across the Group in partnership with independent, external auditors;
- Group Companies completing a cumulative 10 human rights impact assessments (HIRAs) in eight tobacco-sourcing countries, engaging over 5,200 rights-holders; and
- Enhancing the Group's data collection so that the Group is better able to report based on farmers who supplied tobacco specifically to the Group, rather than the Group suppliers' total farmer base.

In parallel, the Group continues to aim for its tobacco supply chain to be free of child labour and forced labour by 2025.

By tackling difficult issues, we at BAT Australia can push ourselves, and others, to continue to change and to create A Better Tomorrow™ for all.


Our Business and Supply Chain

The BAT Group is a leading consumer goods organisation: global, consumer-centric and multi-category. Its purpose is clear: to build A Better Tomorrow™ for all its stakeholders and BAT Australia has an important role to play in achieving this purpose.

Our Commitment

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 issues arising in either our own operations or those of our extended supply chain.

In 2022, BAT Australia continued to build upon, and strengthen its approach to tackling this global issue within the context of the broader Group-wide human rights strategy.

 Find out more about the Group's Double Materiality Assessment in BAT's 2022 Combined Annual and ESG Report

Our Business Structure

The BAT Group is a multinational group of companies and its headquarters are based in the UK. The Group has subsidiary operations around the world in the United States of America and in three regions – Americas and Sub-Saharan Africa; Europe; and Asia-Pacific and Middle East – which together form the BAT Group⁴.

The Board of Directors of British American Tobacco p.l.c. (the 'BAT p.l.c. Board') is collectively responsible to its shareholders for the long-term success of the Group as a whole and for the Group's overall strategic direction, purpose, values and governance. It provides the leadership necessary for the Group to meet its business objectives within a robust framework of internal controls. The BAT p.l.c. Board is supported by the BAT p.l.c. Audit Committee, which monitors performance, risks and adherence to the Group's standards, including for human rights of more than 50,000 Group employees worldwide across more than 170 markets.

The BAT p.l.c. Audit Committee is underpinned by the Regional Audit and Corporate Social Responsibility Committee framework, with committees for each of the Group regions, for the US business, and for locally listed Group entities and specific markets, where appropriate.

For BAT Australia, the committee established for audit and compliance purposes is BAT Australia's Governance, Risk and Compliance Committee (further detail provided below).

The Group's Chief Growth Officer has overall responsibility for the delivery of the Group Sustainability Agenda, supported by the Chief Sustainability Officer and the sustainability subject-matter experts across the Group.

The appointment of the Group's first Chief Sustainability Officer reflects a step change in the Group's approach to sustainability, placing it as a priority for the organisation.

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 the 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.

50,000+

Group employees worldwide across more than 170 markets

In Australia, all operational functions are conducted via British American Tobacco Australia Limited; it operates as the distributor of tobacco and zero nicotine vapour 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 roles, logistics and operations, trade and distribution, and research and insights.

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, Central Manufacturing Company Pte Limited, British American Tobacco Fiji Marketing Pte Limited, British American Tobacco (PNG) Limited, Papua New Guinea Tobacco Co. Ltd⁵, Paradise Tobacco Co. Limited⁵, BAT Holdings (New Zealand) Limited, and BAT (New Zealand) Limited.

The Board of Directors of British American Tobacco South East Asia Pty Limited (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 the Group's policies and standards, including those related to human rights and modern slavery.

BAT Australia's Governance, Risk and Compliance Committee is responsible for oversight of BAT Australia's business risks, including modern slavery risks. It 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.


Note:

4. Effective from 2023, the Group will revise its regional structure and report on three regions, being: the United States of America; Asia-Pacific, Middle East and Africa (APMEA); and Americas and Europe (AME).
 5. Papua New Guinea Tobacco Co Ltd and Paradise Tobacco Co Ltd were amalgamated with British American Tobacco (PNG) Ltd on 31 May 2022.

Our Business and Supply Chain continued

BAT Australia's Governance, Risk and Compliance Committee is also supported by a Modern Slavery Working Group consisting of representatives from key functions who manage BAT Australia's daily modern slavery agenda.

Together, our governance framework provides a channel for the appropriate 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 local board level and to the BAT p.l.c. Board level.

 Find out more about the Group's strategy, business model, structure and governance in [BAT's Combined Annual and ESG Report](#)

Our Supply Chain

BAT Australia's product portfolio includes combustible i.e. traditional cigarette products and non-combustible products i.e. vapour products which are referred to internally as New Category products.

In terms of combustible products, all of BAT Australia's traditional cigarette products are purchased from the Group's internal factories located in Singapore, Indonesia and South Korea.

In terms of New Category products, BAT Australia has New Category products in both New Zealand and Australia. The New Zealand portfolio includes Vuse nicotine vapour products which are sold in accordance with New Zealand regulations.

In 2022, British American Tobacco Australia Limited launched Vuse zero nicotine vapour products which are sold in accordance with Australian regulations.

BAT Australia also distributes third-party products in Australia and New Zealand. All third-party product suppliers are required to undergo and adhere to BAT Australia's Know Your Supplier Process (KYSP) which includes, without limitation, the completion of BAT Australia's modern slavery risk level assessment and modern slavery questionnaire, as further set out on [page 13](#).

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 by the BAT Group's Global Leaf Pool, with the majority having been obtained via the Group's own Leaf Operations through direct contracts with over 81,000 farmers. The remainder is from third-party suppliers that, in turn, contract with more than 194,000 farmers. With respect to tobacco sourced from India, while this is purchased over an auction floor, the supplier offers traceability and monitoring of the farmer base in line with the Group's requirements.

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

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

This long-term sourcing model provides directly contracted farmers and those contracted to 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 Group's business.

81,000+

directly contracted farmers supplying the majority of the Group's annual tobacco purchases

Other materials, goods and services

Beyond tobacco, Group companies source product materials like paper and filters for cigarettes.

For New Category products, the Group has a growing supply chain in consumer electronics and e-liquids.

The Group (including BAT Australia) also has a number of suppliers of indirect goods and services that are not related to its products, such as for IT services and facilities management.

Spotlight: Source



Tobacco

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

Total tobacco sourced

63%

BAT Group's own Leaf Operations, by volume, contracting 81,000+ farmers

37%

third parties sourcing, by volume, from 194,000+ farmers



Other materials, goods and services

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

Direct product materials

1,500+

tier 1 suppliers

Indirect goods and services

30,000+

suppliers of logistics

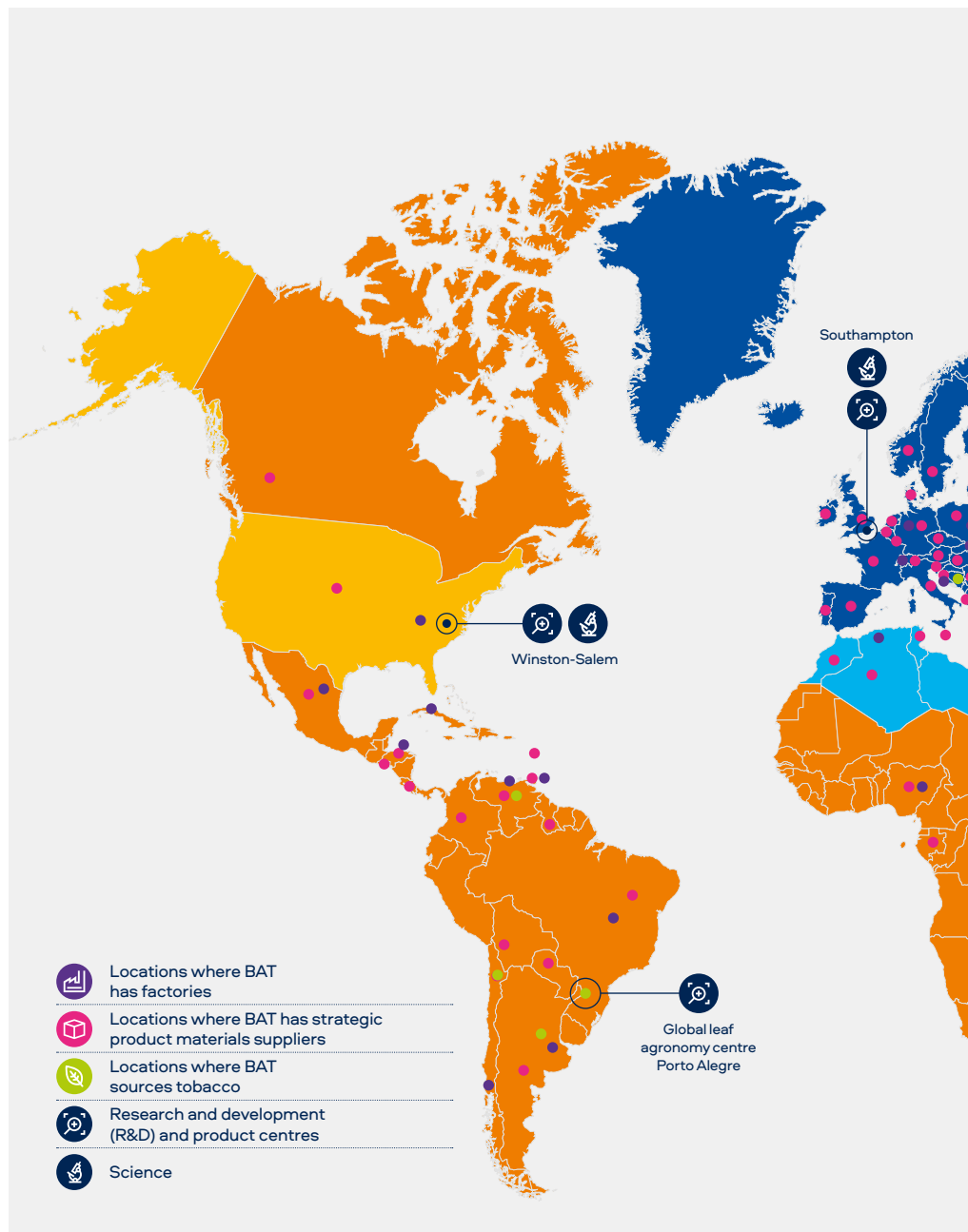
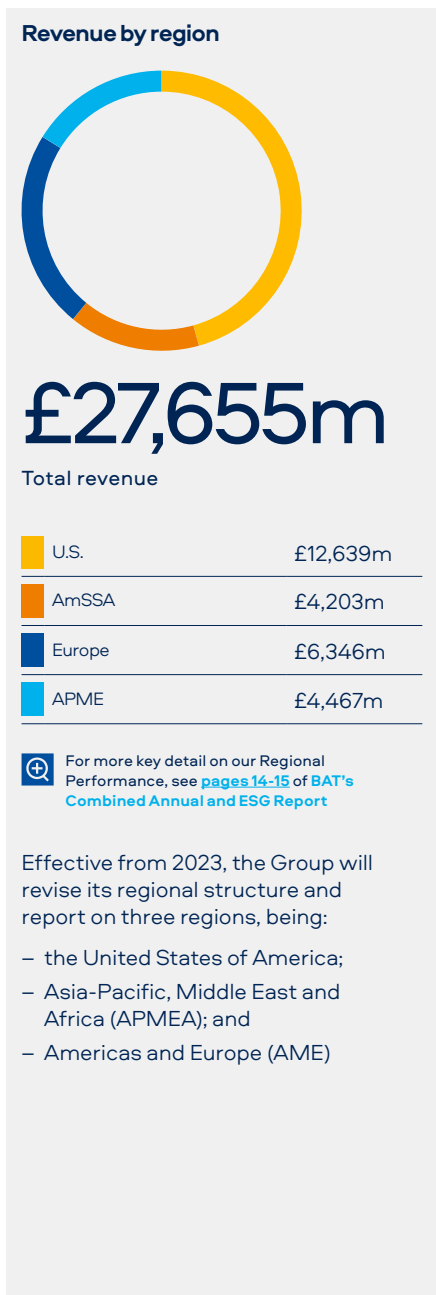
Our Business and Supply Chain continued

To build A Better Tomorrow™, the Group's marketplace analysis delivers insights regarding consumer trends and segmentation. This facilitates the Group companies' geographic brand prioritisations across their regions and markets.

To achieve a step change in New Categories, the BAT Group is creating the Enterprise of the Future – building new capabilities around the world focused on science, innovation and digital information.

Consumer preferences and technology are evolving rapidly, and the Group is staying ahead of the curve with its digital hubs, the creation of innovation hubs and further development of the Group's world-class R&D laboratories. The Group is also leveraging the expertise of its external partners and is looking forward to exciting results from its venturing initiative, Btomorrow Ventures.

The map below provides a graphic illustration of the Group's supply chain and operations.



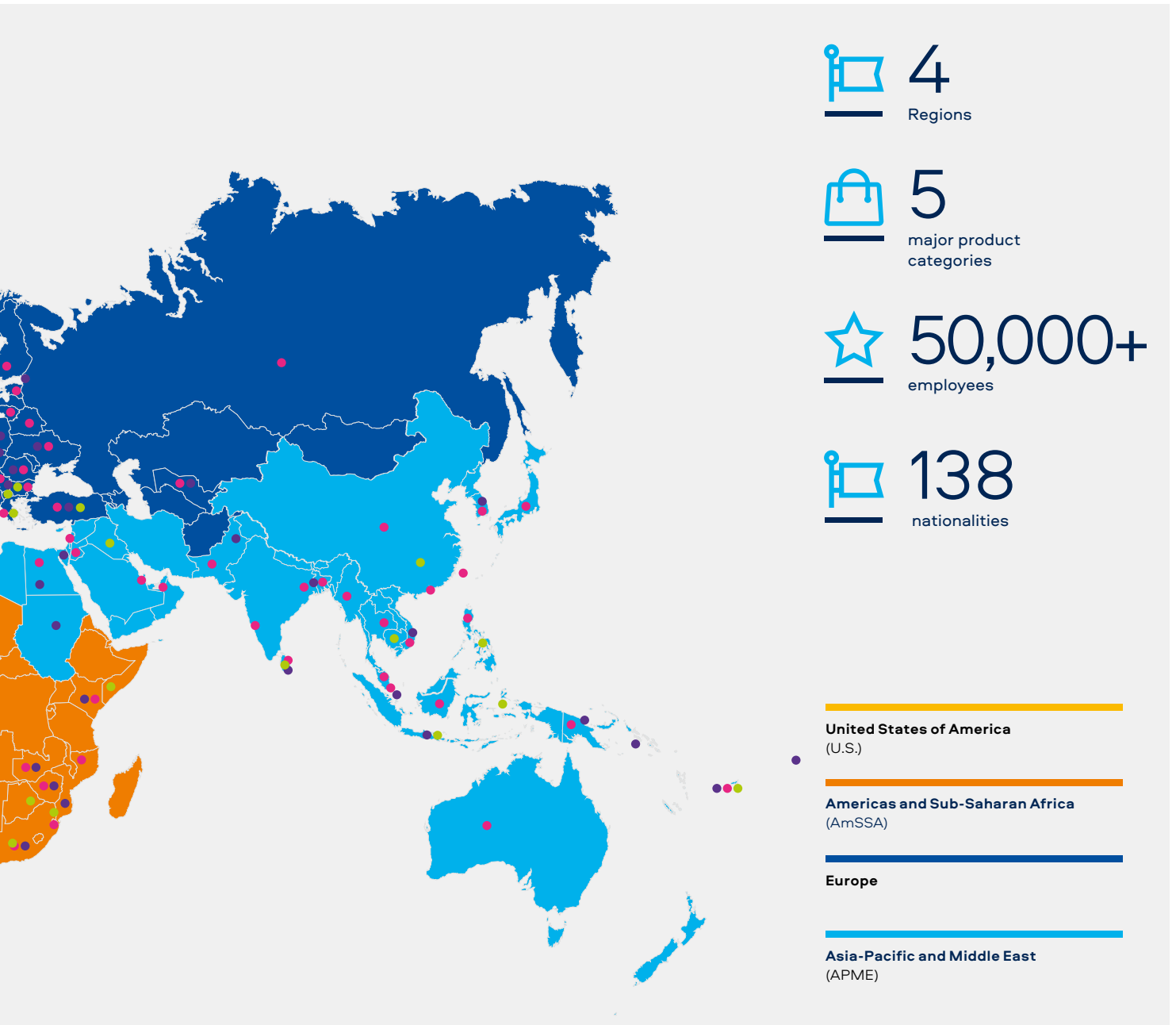
Our Business and Supply Chain continued

BAT-owned manufacturing facilities⁶

	United States	APME	AmSSA	Europe	Total
Fully integrated manufacturing	1	17	14	9	41
Other processing sites (including leaf threshing and Other Tobacco Products)	1	5	5	5	16
Sites manufacturing other products (including Snus ⁷ , Modern Oral ⁷ and Liquids)	3	–	–	4	7
Research and development facilities	3	2	3	1	9
Total	8	24	22	19	73

Notes:

- ** Russia will remain in the list of the key markets until the transfer of the Russian business is complete. For more information, see [page 4](#) of BAT's [2022 Combined Annual and ESG Report](#).
- 6. As of 31 December 2022.
- 7. Snus and Modern Oral do not form part of BAT Australia's product portfolio.



Policy Commitments

The BAT Group has clear policies, principles and standards in place to address human rights and modern slavery issues, which all Group companies, including BAT Australia are expected to adopt and implement.

Our Commitments, Policies, Standards and Controls

BAT Australia has a long-standing commitment to respect fundamental human rights as affirmed by the Universal Declaration of Human Rights. This includes respecting the rights of:

- Our employees;
- The people we work with; and
- The communities in which we operate across our supply chain and business operations.

The Group has clear policies and principles in place for human rights and modern slavery issues. These are signed and endorsed at a BAT p.l.c. Board level, implemented for application by all BAT Group companies worldwide, including BAT Australia.

The Group's human rights strategy and policies are aligned with the UN Guiding Principles on Human Rights (UNGPs).

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

Standards of Business Conduct (SoBC)

The high standards of integrity we, at BAT Australia, are committed to upholding are enshrined in the Group's Standards of Business Conduct (SoBC), implemented for application by BAT Australia, comprising of core global policies. These include the Group's Workplace and Human Rights policies, detailing support for the UN Guiding Principles and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

100%

of Group employees completed SoBC training and compliance sign-off procedure

Our SoBC modern slavery commitments

The BAT Group is aiming to ensure its operations are free from slavery, servitude and forced, compulsory, bonded, involuntary, trafficked or unlawful migrant labour.

The Group's SoBC, which BAT Australia has implemented for local application, mandates that Group companies, and any employment agencies, labour brokers or third parties it retains to act on its 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, they will be used strictly in accordance with the law.

The Group's SoBC mandates that, 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.

Supplier Code of Conduct

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

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 communicated to all our suppliers through BAT Australia's onboarding processes.

The Group regularly reviews its SoBC and Supplier Code to ensure they remain best practice. Each time there are any revisions to the SoBC or Supplier Code of Conduct, they are reviewed to consider whether more stringent revisions should be adopted in line with local laws and implemented for local application accordingly. The most recent SoBC update was released in January 2022.

Standards and controls

The Group has clear 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; and
- The **Leaf Suppliers Manual** which outlines the Group's operational standards on, amongst other things, child labour prevention and personal protective equipment (PPE) in tobacco farming, and provides guidance and procedures for applying the SoBC child labour commitments and requirements for PPE provision, training and monitoring in the Group's tobacco supply chain.

The Group is working on a range of human rights-related policies. Once finalised, BAT Australia will follow the usual process of implementation for local adoption.

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 Risks

Based on the assessment, research and the insights developed from operating around the world, the Group has identified that the greatest human rights-related 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 12.3% of all incidents of forced labour and over 70% of all child labour globally⁸. 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 both wealthier and poorer countries alike⁹.

Beyond the tobacco supply chain, the Group’s product materials suppliers operate in the manufacturing sector, which the ILO estimates accounts for 18.7% of forced labour¹⁰ and 11.9% of global child labour¹⁰, with the majority of cases documented in lower-income countries.

The key forced labour risks identified in the manufacturing sector 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 workers¹⁰.

For the Group’s suppliers (and also BAT Australia’s suppliers) of indirect goods and services, human rights risks depend on the sector and country of operation.

For example, according to the ILO, 10% of forced labour⁹ and 17.2% of child labour⁹ are estimated to be in low-skilled service sectors.


As such, the Group’s due diligence procedures include annual risk assessments based on the type of supplier and country of operation, as described on [page 11](#). In addition to the Group’s due diligence procedures, BAT Australia’s due diligence process for engaging a new supplier is described on [page 13](#).

The Group recognises that circumstances in some countries present a higher risk for human rights issues, such as where regulation or enforcement is weak or where levels of corruption, criminality or unrest are high. As such, annual risk assessments to identify operations in high-risk countries are a key part of BAT’s due diligence procedures, as described on [page 11](#).

Responding to Human Rights Allegations

BAT Australia takes allegations relating to human rights extremely seriously and seeks to openly engage with the relevant stakeholders and respond appropriately to the issues raised.

If BAT Australia receives a report of unethical behaviour, it will take appropriate steps to investigate, address any issues identified, and report on the progress and outcomes, as appropriate.

 Find further details of BAT Group’s response to human rights allegations can be found on [bat.com](https://www.bat.com)



Notes:

8. 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. License: CC BY 4.0.
 9. ILO (2022). Global Estimates of Modern Slavery: Forced Labour and Forced Marriage, ILO, Geneva, 2017.
 10. 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. License: CC BY 4.0.

Assessing and Managing Risk continued

Enhancing Farmer Livelihoods

The Group recognises that it has a vital role to play in promoting a positive social impact across its supply chain.

The relevant Group businesses therefore work with their directly contracted farmers in enhancing their livelihoods and food security. The community programmes implemented by Group companies help to build long-term resilience for rural communities.

Rural poverty is one of the primary root causes of human rights issues in agriculture. 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 is why enhancing farmer livelihoods is such an important priority area of the Group's Sustainability Agenda.

Helping Farmers to Thrive

The Group's Thrive programme, an in-house system to collect data across aspects of farmers' livelihoods, is based on the internationally recognised 'Five Capitals' framework. These are: financial, natural, physical, human and social. Strength in all five enables farmers and rural communities to prosper.

THRIVE – Five Capitals of success

The Group has defined indicators to measure progress against each of the Five Capitals, against which the Group's own Leaf Operations and strategic suppliers complete annual assessments. The insights inform the Group's strategy, and action plans.

In 2022, the Group developed a new web-based platform for Thrive-related data – Thrive Digital – where suppliers complete their annual submissions. This is an interactive tool integrated with data analytics dashboards.

In addition, the Group has continued to work to improve traceability and, since 2022, it has been able to improve the granularity of its reporting to farmers who supplied tobacco to the Group for the majority of its Thrive¹¹ farmer base, rather than its third-party suppliers' total farm base. This helped Group companies to reduce and remediate incidents.

The Group's Extension Services of expert field technicians play a crucial role in improving human rights management across its directly contracted farmer base. They act as a direct link between the farmers and the Group, building trusted relationships and working with the farmers to develop their skills, promote better yields and build their resilience;

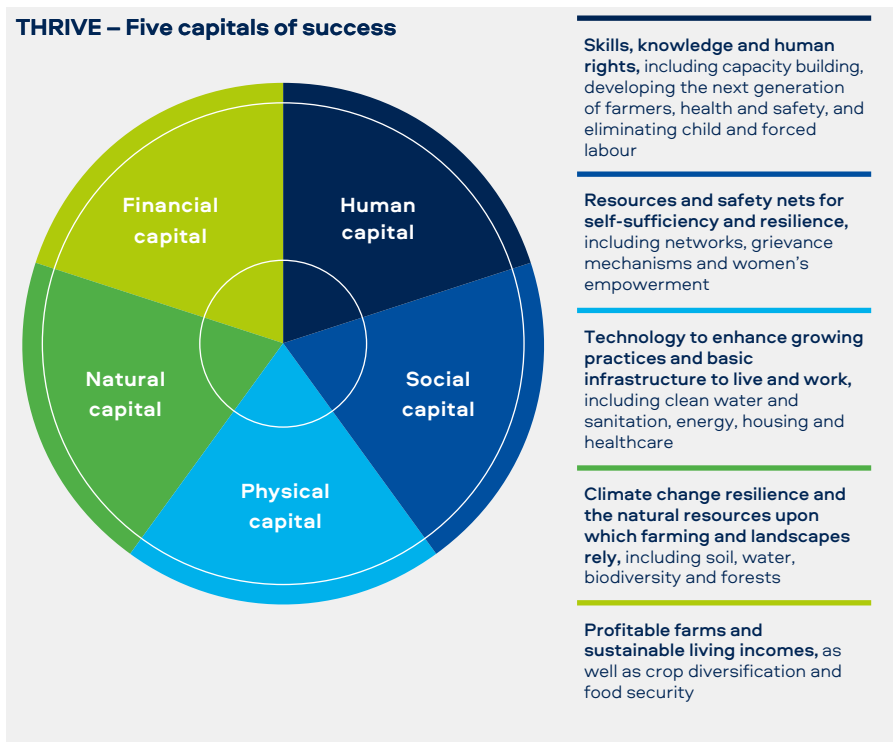
Group suppliers provide similar support services for their contracted farmers.

Giving Farmers a Voice

The Group recognises the importance of fair and effective grievance mechanisms for farmers and farm workers. That is why the Group tracks the access to grievance mechanisms for its contracted farmers and those supplying the Group's strategic third-party suppliers as part of its Thrive assessments, which in 2022 showed:

- 99.3% of farmers and farm labourers, who are part of Thrive, reported having access to at least one type of grievance mechanism;
- 100% of grievances raised by Thrive farmers and/or workers were reported as resolved; and
- Regular meetings with farmers/workers or their representatives were reported as the most widely available grievance mechanism. Others used meetings with unions, local NGO/government-led mechanisms, and telephone hotlines.

Given how important these grievance mechanisms are for understanding and responding to rights holders, the 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.



89,000 +

Number of people engaged via farm business management training delivered by the Group's own Leaf Operations and strategic third-party suppliers

29,000+

Number of people engaged at women's empowerment training

92.8%

of the Group's directly contracted farmers and those supplying to the Group's strategic third-party suppliers reported to grow other crops for food or as additional sources of income

Note:

11. Annual Thrive assessment covers the Group's directly contracted farmers and those of the Group's strategic third-party suppliers, representing over 80% of the tobacco purchased by volume in 2022.

Assessing and Managing Risk continued

Farmer Living Income Analysis 2022 – Promoting a Positive Impact

In 2022, the Group reviewed its living income methodology in partnership with an expert consultancy. The Group is processing the data and analysing different yield ranges for the total farm net income in the Group’s own Leaf Operations.

The total farm net income will be compared with global standard benchmarks on living income, and the Group will be working to create and implement tailored improvement plans with the view to bringing more positive impact and return to the farmers.

Ethical Recruitment for Group Employees

For BAT 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 and also to help mitigate the risks to human rights for BAT Group employees worldwide.

The hiring process for all BAT Group companies, including BAT Australia, is managed by the Group’s in-house Global Business Services, which works in accordance with 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 agencies undergo rigorous checks and recruitment is only permitted through vetted vendors.

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. This includes employees, contractors, contingent workers, business partners, customers, suppliers and their workers.

BAT Australia will always listen to these concerns. We do not tolerate victimisation or reprisals of any kind against anyone raising a concern – such conduct is in 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.

The Group also has 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. BAT Australia has worked hard, via ongoing training and communication to help its people see Speak Up as a trusted channel.

Investigating and Remediating Workplace Breaches

The Group’s SoBC sets out how allegations of wrongdoing or SoBC breaches should be investigated by each BAT business, including BAT Australia, to ensure allegations are dealt with fairly and objectively.

In 2022, the Group received 117 reports of alleged SoBC breaches relating to its Respect in the Workplace and Human Rights Policies.

Upon investigation, actual breaches were found to have occurred in 33 cases – related to Respect in the Workplace issues – and appropriate actions were taken, including disciplinary actions that resulted in eight people leaving BAT. In 40 cases, no evidence of wrongdoing was found, and the remaining cases were still under investigation as of the end of 2022.

How we manage and minimise risks in our recruitment process

BAT Australia’s commitment to fairness and inclusivity is embedded throughout its recruitment process, helping to ensure equal access to opportunities.



Due Diligence

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

Respecting Human Rights in the Tobacco Supply Chain

Due to inherent challenges in global agricultural supply chains, tobacco may be vulnerable to human rights and modern slavery-related risks. This includes temporary workers' rights, rural poverty and the use of family labour on small family farms. It is estimated by the ILO that 70% of child labour incidents globally occur in agriculture¹².

Human rights issues can be complex and we know that the situation on the ground can be nuanced. Effective 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.

The majority of the Group's tobacco (63% by volume) is sourced by the Group's own Leaf Operations through contracts with over 81,000 farmers, who receive on-the-ground support from the Group's Extension Services of expert field technicians in all crop stages. Because the Group sources the majority of the tobacco it uses from its directly contracted farmers, this helps the Group to create positive relationships.

The Group's Field Technicians visit its directly 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 the Group's standards.

Using the Group's digital platform to protect human rights

The Group's Farmer Sustainability Management (FSM) system is a digital platform that Field Technicians use to record data.

Field technicians work with the Group's contracted farmers, recording data in the FSM app at each individual farm visit.

More than 30% of the criteria are specific to human rights, including interviews with farm workers 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 as appropriate.

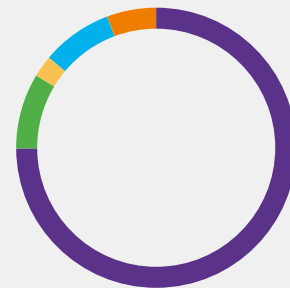
To help tackle the challenges of modern slavery and forced labour, relevant Group businesses continuously monitor their directly contracted farmers. Third-party suppliers to a Group company are expected to do the same and are asked to report their farm monitoring findings, including prompt actions, in the Group's Thrive system.

In 2022, 100% of the farmers contracted to a Group company and/or to one of the Group's strategic third-party suppliers were monitored for human rights. These due diligence processes identified that one of the Group's strategic third-party suppliers reported six forced labour-related non-compliances. These varied in nature and included unfair pay deductions, pay-related agreements not being met, workers being asked to work while sick, and verbal intimidation. All incidents were immediately investigated and remediated by the supplier, as part of their formal due diligence process, by the end of the growing season.

The Group's part in the Sustainable Tobacco Programme

All of the Group's leaf suppliers are expected to participate in the industry's Sustainable Tobacco Programme (STP). This involves an annual self-assessment against priority themes – such as Human Rights, Farmers Livelihoods, Crop Management, Natural Habitats-Forests-Biodiversity, Soil, Water and Climate Change. Suppliers are assessed against Verisk Maplecroft's risk indices, including for human rights.

Thrive reported prompt actions 2022¹³



Types of non-compliance incidents reported in Thrive	% breakdown
Handling, use and storage of agrochemicals	74.92
Not following PPE guidance for harvesting	8.71
Recycling or disposal of farm waste	2.50
Controls for preventing child labour	8.18
Others	5.69

Industry guidance is defined for each theme, together with specific goals and indicators to measure impact and track progress.

As a part of the STP, those suppliers with a higher risk profile are prioritised for in-depth, on-site reviews conducted by an independent third-party. Based on this process, during 2022, the STP programme piloted 10 in-depth assessments (IDAs) in four countries (Argentina, Brazil, North Macedonia and Mozambique), covering six Leaf suppliers which the Group sourced from. Specifically, suppliers in Brazil and Mozambique were assessed against human rights. In 2023, the STP is planning to expand this on-site review to an additional 22 suppliers in six countries.

Notes:

12. 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. License: CC BY 4.0.
 13. The Group's annual Thrive assessment covers the Group's directly contracted farmers and those of the Group's strategic third-party suppliers, representing over 80% of the tobacco purchased by volume in 2022.

Due Diligence continued


Reporting and resolving incidents of child labour

The BAT Group know that eliminating child labour is a challenging and complex issue. The Group's Operational Standard on Child Labour is mandatory for the Group's own Leaf Operations and is used as a guidance across its third-party leaf suppliers.

In 2022, a total of 942 incidents (2021: 1,790) of child labour* were reported on 0.38% of farms (2021: 0.70%) in the Group's annual Thrive assessment covering the Group's directly contracted farmers and those contracted by its strategic third-party suppliers. The majority of these cases related to under-18-year-olds working on tasks such as watering seedbeds, harvesting and stitching tobacco. Of these, 100% were reported as resolved during the growing season.

The 47% reduction in child labour incidents reported in 2022 was supported by: ongoing implementation of child labour mitigation programmes, farmer training, and stakeholder engagement amongst the Group's directly contracted farmers and those contracted by its strategic third-party suppliers. In addition, the Group has continued to work to improve traceability and, since 2022, has been able to improve the granularity of its reporting to farmers who supplied tobacco to the Group for the majority of its Thrive farmer base, rather than its third-party suppliers' total farm base. The Group recognises the complexity of child labour and that monitoring cannot take place on every farm, every day of the growing season, so incidents may be hidden or under-reported.

The Group believes that tracking recurring non-compliance is essential to address root causes. That is why the Group monitors the recurrence of child labour cases and its remediation plans often involve local community support. In 2022, for over 90% of farmers who identified child labour cases, this was the first incidence of non-compliance reported. When recurring non-compliance is identified the farmer's contract is not renewed for the next growing season.

 Find out more about the Group's strategy, business model, structure and governance in BAT's 2022 Combined Annual and ESG Report

The Group's human rights impact assessment programme

Human rights impact assessments (HRIAs) are a best practice approach to identifying, assessing and responding to actual and potential human rights impacts – these complement the Group's ongoing STP assessment and regular farm monitoring. Each year, the Group commissions assessments for a selection of tobacco-sourcing countries, conducted by independent human rights experts. The countries are selected on a range of factors, including human rights risk exposure, their importance to the Group's sourcing strategy and the significance of tobacco growing in the country.

By the end of 2022, 10 HRIAs had been completed in eight of the Group's tobacco sourcing countries, namely: Bangladesh, India, Indonesia, Mozambique, Pakistan, Turkey, Zimbabwe and North Macedonia. Collectively, these assessments have engaged more than 5,200 rights-holders in tobacco-growing communities.

Where the HRIA identifies potential and actual human rights impacts, a detailed remediation 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. The Group also uses insights and learnings from each assessment to further strengthen its efforts to identify, prevent and mitigate human rights risks in its tobacco sourcing countries.

5,200+

rights-holders engaged via HRIAs to date

Respecting human rights in the Group's Product Materials Supply Chain

Beyond the tobacco supply chain, labour factors are considered before Group companies even start working with a new product materials supplier.

Prior to approval, suppliers must undergo an independent due diligence audit, performed by the Group's partner Intertek and aligned to ILO standards. This due diligence covers forced labour, child labour, wages and hours, health and safety, environment and management systems. The Group expects suppliers to achieve a score of 70% to qualify.

Existing suppliers are externally audited using a risk-based approach. Each year the Group conducts a risk assessment on 100% of its existing materials suppliers. Using independent human rights indices developed by Verisk Maplecroft, the Group assesses suppliers' inherent risk exposure based on their country and the goods or services they provide.

The Group has extended the labour audits to include lower tier product materials suppliers in business-critical areas for packaging materials and New Category products (i.e. batteries, nicotine), and to high-risk suppliers of indirect goods and services, such as machinery and point of sale materials (POSM) suppliers.

In 2022, the Group partnered with external provider EcoVadis to expand its due diligence programme. This means that direct material suppliers that are identified as high risk continue to be audited by Intertek, while all suppliers outside Intertek's scope are assessed through EcoVadis.

The Group tracks suppliers' progress against the corrective action plans centrally. The Group has zero tolerance to serious issues, which, when identified through the audit process, are promptly remediated and validated by an independent auditor.

All other issues, identified either via Intertek or EcoVadis, are completed either by revisits (Intertek) or through a desktop review (Intertek and EcoVadis), for which the supplier provides evidence.

* Refer to the 'BAT Reporting Criteria' for a full description of key terms and definitions: bat.com/reporting

Due Diligence continued

The Group's supplier audits and findings

In 2022, 354 social assessments of suppliers located in 55 countries were conducted through the Group's appointed third parties, Intertek and EcoVadis. This comprised:

- 314 tier 1 product materials suppliers;
- 12 lower tier product materials suppliers; and
- 28 indirect goods and services suppliers.

Of all the issues identified, 82% were classified as 'moderate', relating to issues such as hours and wages, poor record-keeping and health and safety procedures.

18% were classified as 'major' and related to excessive working hours, wages below the legal minimum, inadequate fire and emergency preparedness, lack of required permits or licences and poor record-keeping.

The 'major' non-compliance issues identified in these audits and actions comprised of:

- Labour standards/Human Rights 86%
- Environmental issues 14%.

73% of corrective actions identified were completed and verified by year-end 2022, with the remainder on track to close by the end of Q2 2023. By the end of 2025, the Group is aiming for all product materials and high-risk indirect service suppliers to have undergone at least one independent labour audit within a three-year cycle. By the end of 2022, this had been achieved for 36.6% of suppliers in those categories.

The Group is strongly encouraged by the high level of supplier engagement and willingness to work together to improve performance and raise standards. On average, suppliers that required a follow-up audit improved their overall scores by 13% by the end of 2022.

100%

product materials suppliers assessed for human rights risks every year

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

At BAT Australia, all new suppliers must undergo BAT Australia's Know Your Supplier Process (KYSP) before we start working with them. The KYSP helps assess the suppliers' inherent risk exposure prior to their onboarding and/or being awarded the 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 mandatory and is incorporated into our contractual arrangements.
- **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 or medium risk based on location and industry are required to complete BAT Australia's Modern Slavery Questionnaire.
- **Complete BAT Australia's Modern Slavery Questionnaire ('MSQ')**. BAT Australia's MSQ 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 and medium 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 MSQ covers areas such 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 MSQ provides the opportunity for suppliers to give evidence and explanation.

In 2022, BAT Australia agreed to a risk assessment recertification process that would require all suppliers with a final risk assessment of high to be reassessed on a yearly basis, those with a medium final risk assessment every two years, and those with a low final risk assessment every three years. The recertification process is to be facilitated through the implementation of enhancements to BAT Australia's Online Modern Slavery App ('MS App'), planned to be completed in 2023.

BAT Australia's MS App

The MS App was originally developed in 2021 to send risk assessment questionnaires to third parties, receive responses and provide a final risk assessment/rating. Where BAT Australia had committed in its 2021 Modern Slavery Statement to enhance the MS App to automate the recertification process, BAT Australia moved to adopt a more far-reaching array of technological enhancements to support its modern slavery risk management ambitions. To this end, BAT Australia embarked on an initiative, working with its technology provider, to define the technical solution not only to automate the recertification process, but also to allow collaboration with its suppliers in the development of mitigation plans/steps, closure of mitigation plans/steps (including provision of evidence), and the recalculation of the final risk rating. The solution is to go live in mid-2023.

BAT Australia's MSQ findings

In 2022, BAT Australia engaged 103 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.

Out of these new suppliers, 4 were deemed as high risk; 3 were deemed as medium risk and 96 were deemed as low risk.

Of our new suppliers, approximately 7% were classified as high or medium risk and were processed through the MS App, providing a final risk rating.

Due Diligence continued

Of the high-medium risk supplier population, all fell within the information technology, human resources or marketing industries.

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; and lack of supplier self-assessments and on-site auditing procedures.

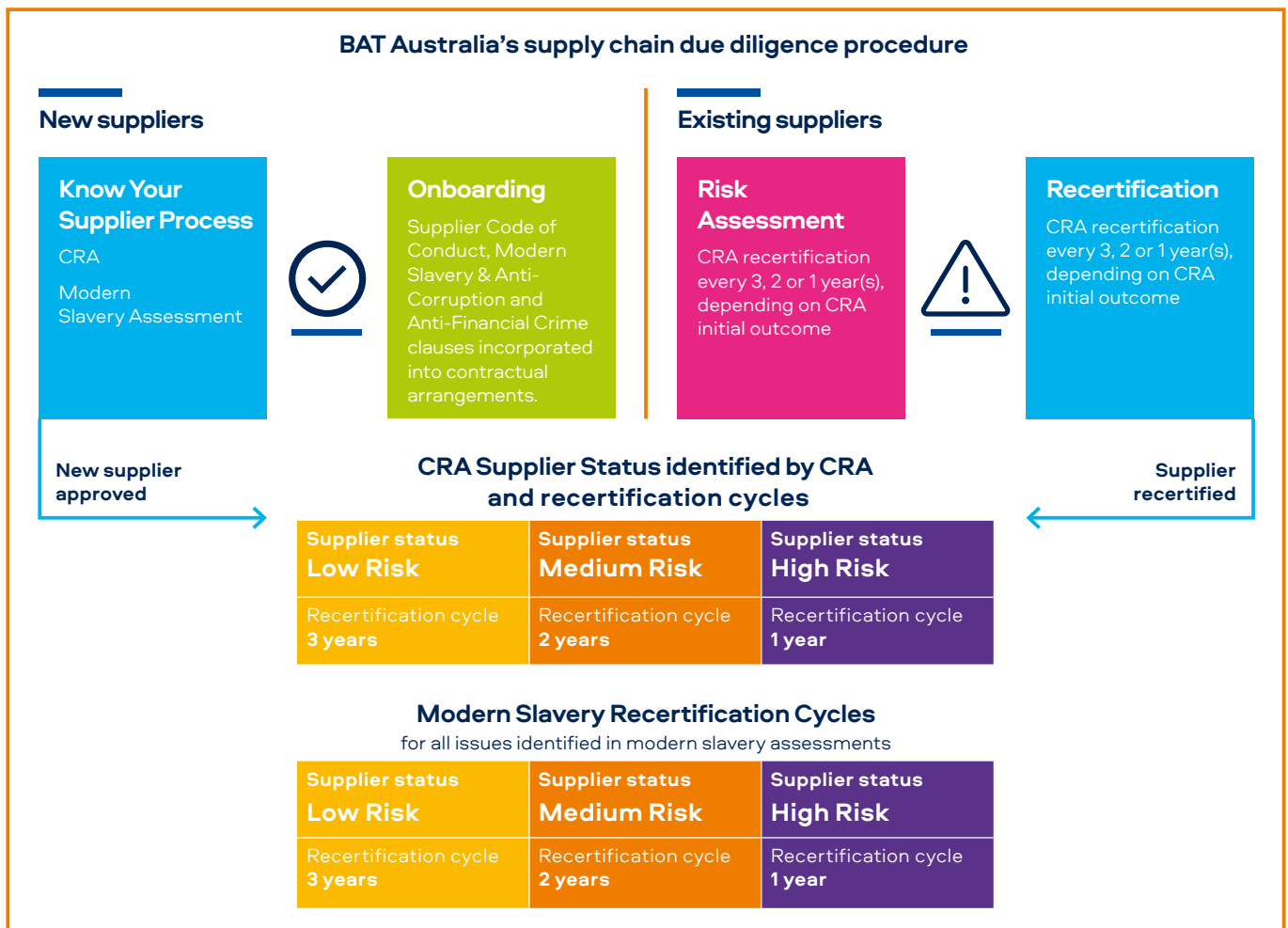
Addressing the findings

In 2022, BAT Australia developed a Modern Slavery Mitigation Plan Framework, delivering a set of mitigation strategies/ steps for each identified risk topic, the aim of which is to form the basis of the mitigation plans/steps to be automatically suggested to its medium/ high risk suppliers, through the MS App, whose answers to the MSQ indicated a risk. This automation is to be delivered in 2023 – see BAT Australia’s 2023 commitments on [page 18](#).

In December 2021, BAT Australia engaged The Freedom Hub, a registered Australian charity whose purpose is to eradicate modern slavery in Australia, to collaborate in the running of a virtual event with its high and medium risk suppliers ('MS Event').

The MS Event included workshops aimed at identifying remediation solutions on two key risk themes, as identified in the answers provided by these suppliers in their MSQ responses. In 2022, BAT Australia commenced work on identifying mitigation plans for roll out and collaboration with its suppliers, with these mitigation plans scheduled to be concluded in 2023.

In 2022, BAT Australia strengthened its engagement with The Freedom Hub. We also continued to support The Freedom Hub in its activities of fighting modern slavery in Australia by helping people who have experienced modern slavery to recover, as well as partner in the fight to end global slavery. BAT Australia is doubling its engagement efforts with The Freedom Hub in 2023 – refer to our 2023 commitments, [page 18](#).



Due Diligence continued

Group Companies

Every year, all BAT Group business entities (including BAT Australia) and their employees must formally confirm that they have complied with the SoBC.

Individuals must complete the annual SoBC sign-off, in which they reaffirm their commitment and adherence to the SoBC and declare or update 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.

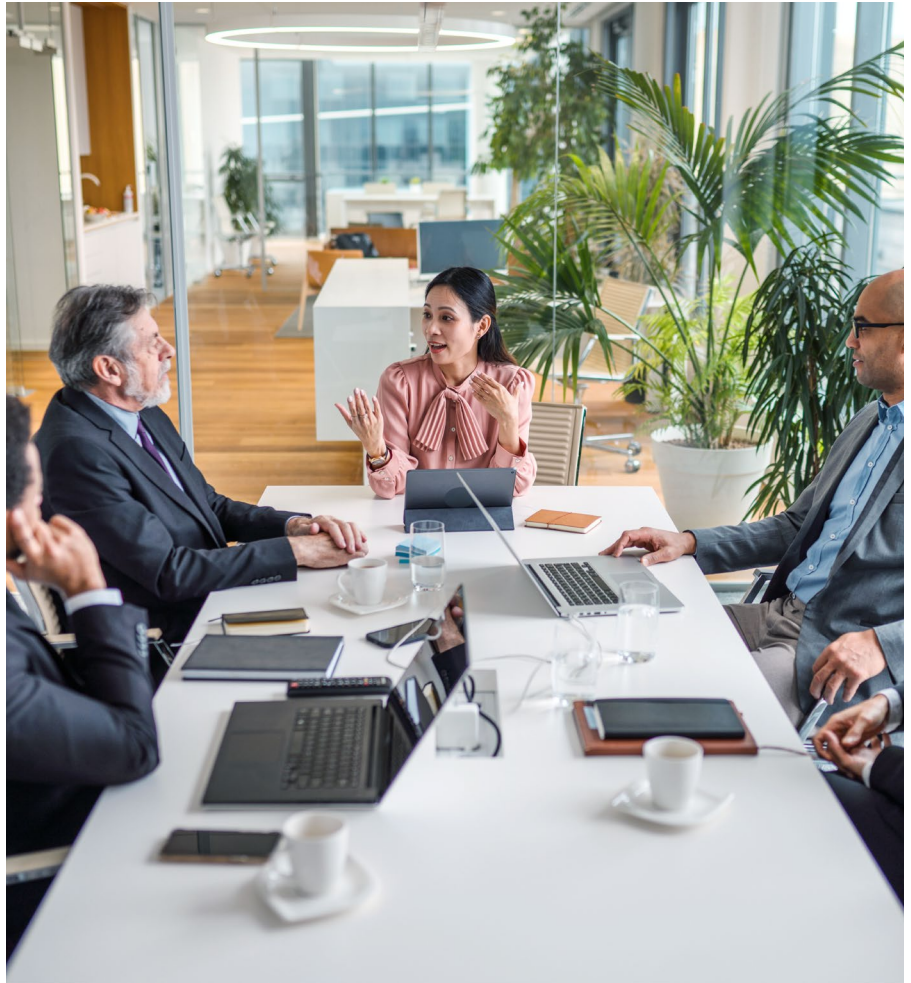
Human rights due diligence in the Group's own operations

The 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 procedures and controls adopted by Group companies, the Group has a process to identify and monitor 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 including action plans for areas for improvement identified.

In 2022, Group operations in 28¹⁴ countries were identified as high risk and underwent the assessment and BAT p.l.c. Board level review.



Note:

14. These included Burkina Faso, Cameroon, Colombia, Côte d'Ivoire, DR Congo, Honduras, Kenya, Mali, Mozambique, Niger, Nigeria, Tanzania, Uganda, Venezuela, Zimbabwe, Bangladesh, China, Egypt, Indonesia, Iraq, Lebanon, Pakistan, Papua New Guinea, Saudi Arabia, Sudan, Belarus, Russia and Turkey.

Training and Capacity Building

Globally, the 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.

Delivering Human Rights Training to Farmers and Their Communities

The Group's own Leaf Operations and strategic third-party suppliers provide human rights training and awareness programmes for farmers and community members, with a focus on child labour, forced labour and workers' rights. In 2022, over 348,000 attendees were reported to have received this training and the Group also provided refresher training about Prompt Action procedures and governance to the Group's own Leaf Technicians.

Suppliers

Some of the 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 the Group walks 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 the Group's resources and experience, the Group can increase awareness and capacity, and help its suppliers to change their practices and achieve continual improvement. Working with suppliers to help them correct any issues identified and close gaps is an important part of capacity building.

People

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 Supplier Code of Conduct in 15 languages.

Every year, all Group employees 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 includes scenarios covering issues of discrimination and modern slavery in work situations.

In 2022, 100% of BAT Group company employees completed the SoBC training and sign-off. This included over 26,000 employees who completed the annual SoBC sign-off and e-learning through the online SoBC portal.

Additionally, in the context of Australia, during 2022 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 to gain 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.

BAT Australia also engages with The Freedom Hub to socialise a greater proportion of its employees on its work with victims of modern slavery, the overall nature of modern slavery around the globe, and its various initiatives with the Group's engagement in fighting modern slavery, including how employees can become personally involved.



Measuring Effectiveness and Next Steps

BAT Australia is committed to measuring the effectiveness of, and continually working to further strengthen and enhance, the Group's approach together with its own approach to tackling modern slavery.

Measuring Effectiveness

At the Group level, the approach taken to modern slavery issues by the various Group businesses is assessed 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. Board 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.

BAT Group 2022 performance

100%

percentage of employees that completed annual SoBC self-assessment.
2021: 100%

 Find out more on [page 16](#)


36,000+

cumulative downloads of the Group's SoBC app.
2021: 27,000

 Find out more on [page 10](#)

10

cumulative number of human rights impact assessments completed, aligned with the UN Guiding Principles.
2021: 6

 Find out more on [page 12](#)


5,200+

rights-holders engaged via the Group's HRIAs to date.
2021: 1,300

 Find out more on [page 12](#)

354

independent supplier labour audits conducted.
2021: 142

 Find out more on [page 13](#)


100%

of Group companies assessed for human rights risks against Verisk Maplecroft indices, including its Modern Slavery Index.
2021: 100%

 Find out more on [page 12](#)


73%

of supplier corrective actions verified as completed by Intertek by year-end, balance to be completed Q1 2023.
2021: 64%

 Find out more on [page 13](#)

348,000+

attendances at human rights training delivered by the Group's own Leaf Operations and strategic third-party leaf suppliers.
2021: 350,817

 Find out more on [page 16](#)

Measuring Effectiveness and Next Steps continued

Next Steps

In 2022, BAT Australia has maintained its efforts to respect human rights and tackle human rights risks. Progress includes:

- Collaborating with The Freedom Hub to solidify awareness of modern slavery risks in BAT Australia's operations, supply chain, broader employee base, and its suppliers;
- Increasing BAT Australia's risk assessment scope to assess a wider range of suppliers;
- Defining and commencing enhancements to BAT Australia's MS App to further automate risk management processes; and
- Identifying mitigation plans for roll-out and collaboration with BAT Australia's suppliers, with mitigation plans to be concluded in 2023.

In 2023, BAT Australia will continue to focus on the following activities:

- Enhance BAT Australia's MS App to:
 - automate risk assessment recertifications, sending out previously completed and/or mitigated questionnaires for review and update;
 - allow collaboration between BAT Australia and its suppliers in developing and actioning mitigation plans; and
 - automate re-assessment/ recalculation of the supplier's risk profile/rating and its recertification period.

- Further increase BAT Australia's partnership with civil society by enhancing its relationship with The Freedom Hub. This enhanced relationship will take the form of:
 - becoming a Silver Level Corporate Sponsor of the Freedom Hub;
 - engaging with The Freedom Hub's advisory services in developing BAT Australia's strategic modern slavery 3-5 year roadmap;
 - The Freedom Hub further socialising BAT Australia's executives in modern slavery;
 - The Freedom Hub conducting workshops with BAT Australia staff involved in the day-to-day management of modern slavery risk; and
 - employee and company participation in The Freedom Hub fundraising and operational events.
- Conduct external desktop audits on BAT Australia's high-risk suppliers; and
- Collaborate with BAT Australia's modern slavery employee eLearning module provider to upgrade and update the module.

BAT Australia is proud of what we, together with the BAT Group, have achieved so far, and recognise, like many other businesses, that we can and must do more.

Building on our strong foundations, and in the context of the Group's overall Sustainability Agenda and ESG priorities, we are committed to accelerating progress.

Further Information

About This Statement

References in this statement to 'BAT Australia', 'we', 'us' and 'our' refer to British American Tobacco South East Asia Pty Limited and the following 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; Central Manufacturing Company Pte Limited; British American Tobacco Fiji Marketing Pte Limited; British American Tobacco (PNG) Limited; Papua New Guinea Tobacco Co. Ltd¹⁵; Paradise Tobacco Co. Limited¹⁵; BAT Holdings (New Zealand) Limited; and BAT (New Zealand) Limited. References 'we', 'us' or 'our' should not be understood to refer to any other company in the BAT Group, including (without limitation) BAT p.l.c.

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 the Group's intentions, beliefs or current expectations concerning, among other things, 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 Group 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 Corporate Publications

-  For downloads and access to the Group's entire reporting suite, for this and prior years, visit www.bat.com/reporting
-  BAT's **2022 Combined Annual and ESG Report** contains full details on the Group's Sustainability and ESG reporting, performance and highlights for the year
-  See BAT's **2022 Reporting Criteria**, for more detail on all key definitions and terms used in this report, and the Group's wider Sustainability and ESG performance for the year

Note:

15. Papua New Guinea Tobacco Co Ltd and Paradise Tobacco Co Ltd were amalgamated with British American Tobacco (PNG) Ltd on 31 May 2022.

Appendix

Mandatory Criteria Mapping			
Modern Slavery Act Mandatory Criteria	Section Reference	Page	Total
Identify the reporting entity covered by the statement	Our Business and Supply Chain	3-6	N/A
Describe the reporting entity’s structure, operations and supply chains	Our Business and Supply Chain	3-6	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	8-10	Combined Annual and ESG Report 2022
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	11-15	Combined Annual and ESG Report 2022
	Assessing and Managing Risk	8-10	
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Measuring Effectiveness and Next Steps	17-18	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)	Introduction	1	N/A
Any other relevant information			BAT Reporting

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