

Modern Slavery Statement

2020



Introduction

This is British American Tobacco Australia’s first 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 2020 to prevent modern slavery and human trafficking in our business and supply chain.

About This Statement

British American Tobacco (Australasia Holdings) 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’ or the ‘Group’). Its ultimate parent entity is British American Tobacco p.l.c. (‘BAT p.l.c.’). British American Tobacco (Australasia Holdings) Pty Limited is the holding company that owns a number of subsidiaries in Australia 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 (Australasia Holdings) 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 (Australasia Holdings) Pty Limited pursuant to clause 14(2)(d)(ii) of the Australian Modern Slavery Act.

In developing this statement, in those circumstances where the 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](#).

A Message From Jason Murphy, Area Director – South East Asia

Globally the BAT Group is on a transformation journey with an evolved Group strategy to build A Better Tomorrow™ that delivers value for both shareholders and stakeholders alike.

At the centre of the Group strategy is the bold new purpose to reduce the health impact of its business, in markets where it is permitted to do so, by:

- Committing to providing adult consumers with a wide range of enjoyable and less risky products;
- Continuing to be clear that combustible cigarettes pose serious health risks, and the only way to avoid these risks is not to start or to quit;
- Encouraging those who otherwise continue to smoke to switch completely to scientifically substantiated, reduced-risk alternatives²; and
- Tracking and sharing progress of its transformation.

In Australia, we currently only sell combustible tobacco products, as the sale of less risky products², 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 a less risky alternatives to smoking².

Environmental, social and governance ('ESG') priorities are at the heart of the Group's business and a key driver of its transformation. Delivering its ESG priorities, including the protection of human rights, is key to achieving the Group's ambition to build A Better Tomorrow™ for all its 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.

The global impacts of COVID-19 mean that human rights and modern slavery now require an even sharper focus. I believe BAT Australia's purpose-led strategy has put us in a better position to manage these issues and to support our people and partners.

Protecting human rights is a clear priority for us and we are proud of what we have already achieved through our business in Australia. At BAT Australia, we have robust policies in place outlining our commitments to ensuring our operations are free from exploitation of labour or modern slavery, underpinned by comprehensive due diligence, monitoring and remediation programmes.

The Group adopts a zero-tolerance approach to forced labour while having a clear commitment to aim for its global tobacco supply chain to also be free of child labour by 2025. At BAT Australia, we take the same robust approach with the same ambition.

This journey will not be easy. By focusing on the most difficult issues, we can push ourselves, and others, to continue to change and to create a future where it truly can be A Better Tomorrow™ for all.



Jason Murphy
Area Director – South East Asia, June 2021



Key BAT Group Achievements in 2020

- **Announced bold ambitions** for zero child labour and zero forced labour in its tobacco supply chain, with the commitment to being free of child labour by 2025;
- **Published BAT p.l.c.'s first dedicated Human Rights Report**, aligned to the UN Guiding Principles Reporting Framework;
- **Completed human rights impact assessments (HRIAs)** in tobacco-growing communities in India, Indonesia and Mozambique; and
- **Worked with the Slave-Free Alliance** to develop a new modern slavery operational standard to support its policy commitments.

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 Business and Supply Chain


The BAT Group is a leading consumer goods business committed to building A Better Tomorrow™ for all its stakeholders. British American Tobacco (Australasia Holdings) Pty Limited is the holding company in Australia that owns a number of subsidiaries in Australia and the South Pacific.

Our Strategy and Purpose

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

At BAT Australia, our commitment to respect the human rights of our employees, the people we work with and the communities in which we operate is long-standing. We recognise that, like all businesses, we run the risk of being exposed to modern slavery, as defined in the Modern Slavery Act 2018 (Cth), within either our own operations or those of our extended supply chain.

In 2020, 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 the Group's global human rights strategy in BAT p.l.c.'s [2020 Human Rights Report](#).

Our Business Structure

The BAT Group is a multinational group of companies (employing over 55,000 people worldwide) that manufactures and sells tobacco and New Category products across 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.

In Australasia, BAT Australia is organised in a pyramidal structure, with British American Tobacco (Australasia Holdings) 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 (Australasia Holdings) 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, Solomon Islands Tobacco Company 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.

55,000+

Group employees worldwide across more than **180** markets

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, and for locally listed Group entities and specific markets where considered appropriate. The BAT p.l.c. Management Board, chaired by the Chief Executive, is responsible for overseeing the creation and implementation of the Group strategy and policies, and for creating the 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.

Our Supply Chain Structure

Our Australian 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, the South Pacific supply chain and operations are separate (wholly managed in each country).

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

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 that have direct contracts with over 84,000 farmers. The remainder is from third-party suppliers that, in turn, contract with an estimated 250,000 farmers.

The Group's 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 Extension Services of expert field technicians. This includes field technicians visiting contracted farmers approximately once a month during the growing season to help them develop their skills, promote better yields and maintain standards. Beyond the farmers with whom the 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.

It is Group policy that all BAT leaf operations and suppliers participate in the Sustainable Tobacco Programme (STP) and conduct farm monitoring (see [page 10](#)).

Beyond the tobacco supply chain

Besides tobacco leaf, Group companies source product materials like paper and filters for cigarettes, as well as packaging.

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 independent audits are conducted on the highest-risk suppliers (see [page 12](#)).

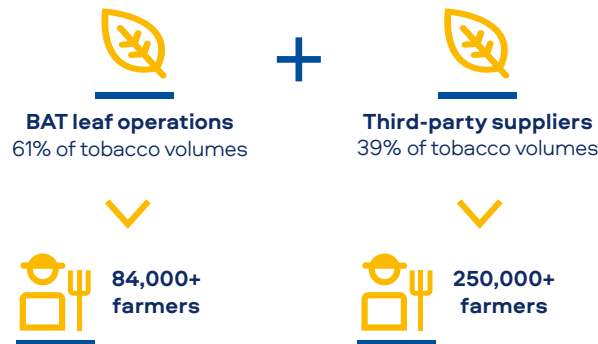
See the [BAT p.l.c. 2020 ESG Report](#) for a world map with locations of the Group's key suppliers, contracted farmers and factories.

84,000+
directly contracted farmers
supplying the majority
of the Group's annual
tobacco purchases

Global Supply Chain Structure & Its Interconnection With BAT Australia's Supply Chain

TOBACCO LEAF

Subject to the industry-wide **Sustainable Tobacco Programme** and **farm-level monitoring** (see [page 10](#)), complemented by **human rights impact assessments** in selected countries (see [page 11](#))



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 over 84,000 farmers. The remainder is from third-party suppliers that, in turn, contract with an estimated 250,000 farmers.

BEYOND TOBACCO LEAF

Subject to **human rights risk assessments** and **independent audits** by Intertek³ for those with the highest risks (see [page 12](#))



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.

³ A multinational assurance, inspection, product-testing and certification company that, among other services, conducts audits to help ensure compliance with global market, industry and regulatory requirements.

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 International Labour Organization (ILO) estimates that the agricultural sector accounts for 11% of all incidents of forced labour⁴ and over 70% of all child labour globally⁵. 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, countries⁴.

Beyond the tobacco supply chain, the Group's product materials suppliers operate in the manufacturing sector, which the ILO estimates accounts for 15% of forced labour⁴ and 10.3% of global child labour⁵, with the majority of cases documented in lower-income countries. The key forced labour risks identified 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 workers⁴.

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 labour⁴ and 15.2% of child labour³ are estimated to be in low-skilled service sectors, whereas the risks in professional services are likely to be lower. 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 12](#).

For Group companies, including BAT Australia, the global and local 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 Group operations in high-risk countries are a key part of the Group's due diligence procedures, as described on [page 13](#).

“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

100%

of Group companies (including BAT Australia) and global product materials suppliers are assessed for human rights and modern slavery risks every year against independent indices



⁴ ILO (2017). 'Global Estimates of Modern Slavery: Forced Labour and Forced Marriage', ILO, Geneva.
⁵ 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.
⁰⁵ BAT Australia Modern Slavery Statement 2020



CASE STUDY

Mitigating COVID-19 Risks for Farmers

The global COVID-19 pandemic has highlighted the vulnerability of some tobacco-growing communities to both the virus and its long-term economic implications. There are fears this could increase poverty and lead to greater risks of child and forced labour. That is why keeping contracted farms operating and trading floors open through the crisis has been so important.

Where needed, Group companies have implemented measures such as ‘virtual’ crop negotiations, contracting and farmer support, as well as ‘COVID-19-secure’ measures at leaf-buying stations, including social distancing, mask wearing and temperature checks. Group companies also leveraged existing farmer communication channels, including mobile apps, web portals, local media spots, videos and fact sheets, to rapidly deploy essential COVID-19 information, often to remote rural communities.

For example, BAT Bangladesh reached more than 34,000 farmers across the country with COVID-19 communications and support. In Brazil, an electronic signature system was implemented enabling over 16,000 farmer contracts to be renewed for the 2021 crop, guaranteeing their access to the inputs they need to start growing and secure their incomes.

In addition, the Group companies have distributed thousands of items of personal protective equipment (PPE), sanitation kits, food and other essential items to farmers and their communities. The pandemic has also brought issues like access to clean water and healthcare into sharper focus – Group companies’ programmes have long focused on these issues and, where needed, they have been stepped up during the crisis. For example, mobile doctor units in Pakistan have been providing much-needed healthcare services for remote farming communities since 1985. In 2020, five additional units were introduced, nearly doubling coverage to more than 150,000 people.

Enhancing Farmer Livelihoods

Rural poverty is one of the primary root causes of human rights issues in agriculture, so enhancing farmer livelihoods is central to the Group’s tobacco supply chain strategy. In this way, if farmers have profitable farms and good incomes they are less likely to use cheaper forms of labour (including their children) and are less vulnerable to exploitation.

BAT Group leaf operations introduce their contracted farmers to sustainable farming practices and technologies – developed by the Group’s global leaf agronomy research – that help increase crop yields and farm efficiency and productivity. A powerful example is the Group’s hybrid tobacco seed varieties, which offer greater yields and higher quality, helping to boost farmers’ profits. In 2020, over 50% of tobacco grown by Group company contracted farmers was from these varieties, boosting their yields by up to 20%. In Brazil, the support and technologies provided to contracted farmers over the last 10 years have led to a 40% increase in yields.

The services BAT field technicians provide range from agreeing contracts to support, training and technical assistance throughout the growing season. The Group’s third-party suppliers provide similar support services for their contracted farmers.

The Group measures progress against key livelihood objectives via its *Thrive* programme and uses the insights to tailor the Group’s approach to local circumstances. *Thrive* is based on the ‘Five Capitals’ livelihood framework, which promotes the idea that to be sustainable, farming communities must be ‘in credit’ across five types of ‘capital’: financial, natural, physical, human and social. Strength in all five creates resilience and prosperity. The Group reviews performance each year for its leaf operations and strategic third-party suppliers, representing over 220,000 farmers and more than 80% of Group tobacco volumes in 2020.

 Find out more about *Thrive* and enhancing farmer livelihoods in BAT p.l.c.’s [2020 ESG Report](#).

 **As a farmer growing leaf in partnership with BAT Kenya we are happy that they have come to assist our community during this pandemic. They ensured timely and full purchase of our tobacco crop and provided us with handwashing units.**


Jared Kwatenge
 Tobacco farmer, Malakisi, Kenya

34,000+
 farmers reached by
 BAT Bangladesh with
 COVID-19 communications
 and support

Giving Farmers a Voice

If a farmer or farm labourer has a grievance, it is crucial they have a way to air and resolve it. Access to grievance mechanisms is tracked as part of the Group's *Thrive* assessments⁶, which in 2020 showed:

- 100% of farmers, as well as 98% of farm labourers, 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 workers were reported as resolved.

Given how important these issues 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 farmers and labourers to raise human-rights-related issues. For example, in Pakistan, the local Group company has installed grievance boxes in remote rural locations.

COVID-19 Supplier Support

The Group's suppliers around the world have been impacted by the COVID-19 pandemic in different ways, depending on the circumstances in their country or region.

Throughout the crisis, Group companies have maintained a fast, two-way feed of information with suppliers. This has helped to respond together to the ever-changing situation and ensure businesses can operate effectively while protecting the safety and wellbeing of employees.

Group companies have helped suppliers struggling with cash-flow issues by ensuring that, where needed, they are paid earlier than existing payment terms require.

To help ensure human rights standards are upheld, the Group worked with its global audit partner, Intertek, to implement alternatives for when on-site audits were not possible during travel and lockdown restrictions. As detailed on [page 10](#), this involved self-assessment questionnaires and the use of 'virtual audits' where, via a camera link, Intertek was able to remotely survey the facility, asking all the audit questions and reviewing evidence.

Ethical Recruitment

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

Right from the beginning of an employee's journey with BAT, the process is managed through the Group's in-house Global Business Services, which work to global Group-wide standards. This includes all pre-employment checks covering age verification, 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.

An independent assessment by the [Slave-Free Alliance](#) in 2019 recognised the robustness of this approach in helping to mitigate the risks of child labour, modern slavery and unethical recruitment for Group company employees worldwide.

Safe Spaces to 'Speak Up'

The Group's Standards of Business Conduct (SoBC) makes it clear that anyone working for – or with – a Group company 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 a designated officer, 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 most recent '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 – 8% higher than the FMCG comparator norm. A similar response was received via the BAT Australia employee survey.



100%

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

⁶ In 2020, 59% of farms contracted to BAT Group companies and strategic third-party suppliers were reported as being monitored for access to grievance mechanisms. As tobacco-growing seasons vary around the world, the Group revised the scope of its *Thrive* reporting for 2020 to be based on data available for the most recent crop cycle at the time of reporting, instead of the crop grown in the calendar year. This methodology will continue for future reporting.

Policy Commitments

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

Global Policies

The BAT 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 have been adopted by 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 Workplace and Human Rights policies, detailing our support for the UN Guiding Principles and the ILO's Declaration on Fundamental Principles and Rights at Work.

The Group Supplier Code of Conduct ('the Code'), which BAT Australia has also adopted, complements the SoBC by defining the minimum standards expected of our suppliers, including for human rights. The Code is incorporated into contractual arrangements. It specifically requires all suppliers working with 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 Code and carry out appropriate due diligence within their own supply chain for their new and existing suppliers (including farmers where relevant). The Code is

available in local language versions and is communicated to suppliers through the onboarding processes.

The Group regularly reviews its policies to ensure they remain effective. For example:

- The SoBC Workplace and Human Rights policies were amended in 2019 to clarify modern slavery controls for prohibiting the use of recruitment fees or retention of identity papers; and
- The Code was updated in 2018 with additional human rights criteria for responsible sourcing of conflict minerals and minimum standards for wages, benefits and working hours.

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 global 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 raised, 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 mandatory requirements for PPE provision, training and monitoring in the Group's tobacco supply chain.

Our SoBC Modern Slavery Commitments

At BAT Australia, we are committed to ensuring 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.



Modern slavery operational standard

In 2020, BAT p.l.c. worked with experts from the [Slave-Free Alliance](#) (SFA) to develop a new operational standard for tackling modern slavery. The SFA is a multi-stakeholder initiative, owned by the anti-slavery charity Hope for Justice, of which BAT p.l.c. has been a member since 2018.

An in-depth gap analysis of BAT Group companies' approaches to tackling modern slavery, conducted by the SFA in 2019, recognised the robustness of the Group's policies and procedures in helping to substantially mitigate the risks of modern slavery. Opportunities to strengthen Group companies' approaches were also identified, including the need for an operational standard to help employees apply the policy commitments more effectively.

As such, the new standard is designed to provide the Group employees with:

- Clarity on the Group's approach to tackling modern slavery within the Group's businesses and supply chains;
- A greater understanding of the different forms of modern slavery and how it could manifest in Group supply chain and business operations;

- Clear roles and responsibilities for front-line staff who may come into contact with potential victims of modern slavery, such as field technicians or procurement managers;
- Practical tools that front-line staff can use when working in areas with potentially greater risks of modern slavery; and
- A guide to effective and proportionate grievance and remediation procedures.

BAT Australia is developing a comprehensive roll-out and training plan for implementing the standard later in 2021.

BAT Australia's Initiatives

In addition to the global initiatives, during 2020 BAT Australia liaised with Be Slavery Free, a coalition of civil society, community and other organisations working together to prevent, abolish and disrupt modern slavery in Australia and around the world, to understand their 'name and fame' approach.

Furthermore, BAT Australia engaged with the Association of Professional Social Compliance Auditors and Intertek. These communications were aimed at discussing the way forward in conducting social audits and obtaining advice on drafting this statement.



CASE STUDY

Working with The Freedom Hub

As part of our community investment activity, BAT Australia supports The Freedom Hub, a registered Australian charity whose purpose is to eradicate modern slavery in Australia.

The Freedom Hub raises awareness of modern slavery through various anti-slavery networks within at-risk communities and industries, and its Survivor School helps modern slavery victims recover and rebuild their lives.

In 2020, our annual support contributed to at least five survivors of modern slavery receiving trauma recovery and preparation for work skills.

In addition, to increase employee awareness, Sally Irwin, founder and CEO of The Freedom Hub, and the Pacific Region Representative for the Commonwealth 8.7 Network, conducts practical training for our employees on modern slavery.

BAT Australia continues to explore ways for our employees to engage in the fight to end modern slavery and to support The Freedom Hub. In 2021, this will include promoting its Ambassador and volunteer opportunities within our employee-driven social networks as well as supporting fundraising events such as Fivers for Survivors and 16 Days of Freedom.



Due Diligence

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

Global Tobacco Supply Chain

The Sustainable Tobacco Programme (STP) includes industry-wide criteria on a wide range of areas, including human rights. The STP was developed collectively by the tobacco industry in 2015, replacing the Group's previous Social Responsibility in Tobacco Production programme, which, from 2000 until 2015, set the standard for all Group tobacco suppliers worldwide. The STP is aligned to international standards, including those of the ILO and the UN Guiding Principles, and it is Group policy that all of BAT Group leaf operations and third-party suppliers participate in the programme.

From a human rights perspective, the STP covers a broad range of criteria that suppliers complete a self-assessment against each year, including child and forced labour, health and safety, and income, working hours and benefits. In addition to the self-assessments, an independent third party conducts on-site reviews. In the first three-year cycle, ending in 2018, these on-site reviews were completed for 100% of Group leaf operations and suppliers.

The programme has recently undergone a detailed review to evolve and improve it. This has included engagement with suppliers and other relevant stakeholders, as well as reviews of external standards and emerging issues. The updated STP has taken effect from 2021, aligned with the UN Sustainable Development Goals and with a stronger focus on impact, risk and continuous improvement.

Farm monitoring

BAT Group leaf operations conduct farm monitoring of their 84,000+ directly contracted farmers, and third-party tobacco leaf suppliers are responsible for monitoring their contracted farmers.

BAT Group field technicians visit contracted farmers approximately once a month during the growing season. They act as a direct link between the farmers and the Group, building trusted relationships and gaining unique insights into the challenges they face. As well as providing agronomy support, this is an important way of checking conditions to ensure Group standards are adhered to.

Crucial to this is the Farmer Sustainability Management (FSM) system – a key part of the Group's digital transformation to leverage the power of technology to enhance and accelerate its connectivity. FSM is a digital platform that supports the work of BAT Group field technicians by enabling a consistent approach to farm monitoring and overall sustainability management, with faster and more accurate reporting and remediation of any issues that are identified. FSM is currently used for the monitoring of over 91% of the Group's contracted farmers.

Field technicians work with Group contracted farmers, recording data in the FSM system 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, and the data is tracked and analysed centrally to ensure senior oversight and drive management action.

The Group's strategic third-party tobacco leaf suppliers report human rights non-compliances identified in their farm monitoring via the Group's annual *Thrive* assessments (see [page 6](#)).

While no incidents of modern slavery were identified in 2020, one third-party supplier reported identifying five incidents of forced-labour-related non-compliances. In one case a farm labourer reported being forced to undertake tasks they had not agreed to, one case related to unfair deductions from a labourer's wages and a further three cases related to withholding of agreed benefits. All incidents were immediately investigated and resolved by the supplier as part of its formal due diligence procedures.

In addition, BAT Group leaf operations identified 25 'prompt action' incidents regarding farm labourers' rights, which were recorded and tracked in the FSM system. These primarily related to working hours, benefits and leave, and standards for safe working conditions and accommodation, and 100% were resolved.

 [Details of reported child labour incidents can be found in the BAT p.l.c. 2020 ESG Report.](#)

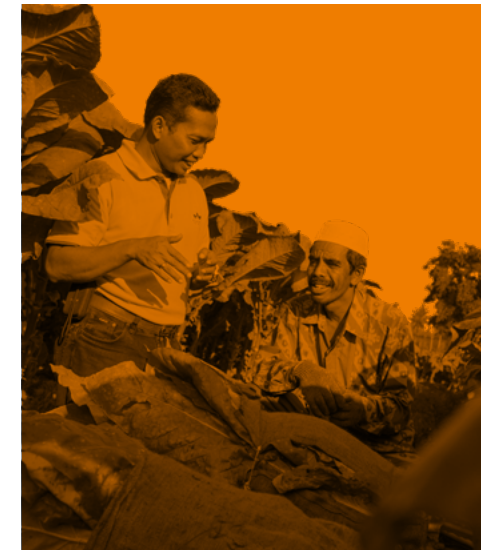
 [Find details of the Group's response to external allegations at \[bat.com/humanrights/respond\]\(http://bat.com/humanrights/respond\).](#)

100%

of BAT Group leaf operations and suppliers assessed against human rights criteria in the Sustainable Tobacco Programme

91%

of Group contracted farmers digitally monitored via the Farmer Sustainability Management system



Human rights impact assessments

Human rights impact assessments (HRIAs) complement STP assessments and farm monitoring. They follow a defined process for identifying, assessing and responding to actual and potential human rights impacts, including the root causes and how they manifest. HRIAs conducted for Group companies are aligned with the UN Guiding Principles on Business and Human Rights and conducted by independent experts from human rights consultancy [twentyfifty ltd.](#)

HRIAs are a significant undertaking, often lasting several months and involving extensive engagement with rights-holders and other stakeholders in tobacco-growing communities. Particular care is also taken to engage the most vulnerable people, such as women, youth and the elderly. In this way, HRIAs can help to identify sensitive or hidden issues that may not always be obvious from standard due diligence or monitoring.

HRIAs were conducted for the Group in India and Indonesia in 2019 and in Mozambique in 2020. 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 and Mozambique were performed in collaboration with the wider industry. Two additional assessments in Mexico and Zimbabwe were delayed due to COVID-19 – the Zimbabwe assessment has now resumed and the Mexico assessment will recommence when it is safe to do so.

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

While the assessments identified a range of human rights issues that are important to individual rights-holders, no incidents of modern slavery were found. However, some issues that have the potential to increase modern slavery risks were identified:

- In **Indonesia**, where the local BAT Group company contracts with farmers directly, it was found that some of the contracted farmers may have had informal arrangements with independent farmers to grow tobacco. This is a normal way of working in Indonesia but reduces visibility of where and how the tobacco leaf is grown. The local business immediately addressed the issue and all tobacco farmers were brought under direct contracts in 2020.
- In **India**, where the Group sources tobacco through an independent associate company⁷, issues relating to the impact of inflation and cost of living on farmers' incomes were found. The Group already works with suppliers on income analysis and diversification, and the associate has developed an action plan to further address these complex and systemic issues in a more impactful way.
- In **Mozambique**, the Group sources tobacco through a third-party supplier. A small number of migrant workers were observed in a subcontracted arrangement where they took charge of a piece of land, grew tobacco and sold it to a farmer contracted by a Group supplier, reducing visibility of this part of the supply chain. The supplier has developed a comprehensive action plan to address the issues identified in the assessment, including targeted monitoring and training of subcontracted farmers and a plan to bring them under direct contracts. The action plan is complemented by the supplier's ongoing efforts to enhance livelihoods, empower rural women and build community resilience.

900+

rights-holders engaged for the HRIAs in India, Indonesia and Mozambique

Further details of HRIA findings for India and Indonesia can be found in [BAT p.l.c.'s 2020 Human Rights Report](#), and for Mozambique in [BAT p.l.c.'s 2020 ESG Report](#).

“We have engaged with farmers and also with the more vulnerable in these communities (women, children and migrant workers) to understand how tobacco cultivation affects them – and whether existing practices are addressing those impacts.”

Luke Wilde
Managing Partner, Founder, twentyfifty ltd



⁷ BAT's minority, non-controlling interest in the company is 29.42%.

Australia – 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.
- Confirm 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.** 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. In some instances, BAT Australia will sponsor an independent audit of the supplier’s operations.

In addition to the above, under the KYSP, third-party suppliers are assessed in other areas such as anti-bribery and corruption.

For FY 2021–2022, BAT Australia intends to utilise a third-party digital platform to perform our due diligence assessment.

Supplier assessments and findings

Between 2019 and 2020, 189 assessments were conducted by BAT Australia on suppliers across multiple industries.

Of our 200 indirect suppliers (which, as described in [page 4](#), are those suppliers whose goods and/or services are not related directly to our BAT Australia products), approximately 10% were classified as high risk. Of this high-risk supplier population, 50% fell within the information and digital technology (IDT) industry, with the remainder split between marketing, legal and external affairs, operations, human resources and finance.

All high-risk suppliers were requested to complete the BAT Australia Modern Slavery Questionnaire, aimed at gaining insight into and validation of their 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. 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 justification.

We are pleased that, by year-end, only 10% of our overall assessment questions required corrective action – these will be addressed in the second half of 2021.

We are strongly encouraged by the high level of supplier engagement and willingness to work together to improve performance and raise standards.

Group-wide due diligence procedures


As highlighted on [page 4](#), besides tobacco leaf we require other types of materials for our products, such as filters, papers, packaging etc. Materials used in BAT Australia products are sourced by Group companies and the suppliers to those companies are subject to Group-wide human rights due diligence procedures. This includes requiring all new product materials suppliers to undergo an independent audit by Intertek. The audit assesses workplace conditions covering forced labour, child labour, wages and hours, health and safety, environment, and management systems. It is aligned with international standards, including those of the ILO, and suppliers are expected to achieve a minimum score of 70% to qualify.

100%

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

A rigorous focus is then maintained for human rights risks in the supply chain, with an annual risk assessment of 100% of the Group’s existing product materials suppliers. Similarly to BAT Australia, Verisk Maplecroft’s independent human rights indices are used to assess a supplier’s inherent risk exposure based the location and the goods or services that supplier provides. Suppliers identified as high risk are then prioritised for audits.

How a supplier performs in its audit determines when it will next be assessed. A ‘gold-class’ score of 95% or more means it has demonstrated that it has strong practices and procedures in place to manage and mitigate the inherent human rights risks, and so will be re-audited at least every four years. Those suppliers with a ‘bronze-class’ score of between 70% and 84% will be re-audited every two years.


[Further details of the Group’s global supply chain due diligence procedure can be found in BAT p.l.c.’s 2020 Human Rights Report.](#)



Controls and due diligence for Group companies

Every year, all BAT Group employees and business entities 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 re-declare any personal conflicts of interest. BAT Group business entities complete an annual assessment against 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 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 regulation or enforcement is weak, or where there are high levels of corruption, criminality or unrest. So, in addition to Group-wide procedures and controls, the Group has a defined process in place to identify and carefully monitor its operations in high-risk countries.

This includes an annual risk assessment of all countries where Group companies are present, using Verisk Maplecroft's human rights indices (including its Modern


Slavery Index). The Group's businesses in each high-risk country identified must complete a human rights assessment, confirming compliance with Group policies, standards and controls, and providing details of measures in place to enhance human rights management.

The outcomes of this process are reviewed by the BAT p.l.c. Audit Committee at each stage, including details of action plans for any areas for improvement identified. In 2020, Group operations in 24 countries⁸ were identified as high risk and underwent the assessment and BAT p.l.c. Board reviews, including Papua New Guinea in the Australasia region.

Investigating and remediating

The Group's 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. Details of all reported allegations are monitored throughout the year by the Regional Audit and CSR Committees, and quarterly by the BAT p.l.c. Audit Committee.

In 2020, no issues relating to modern slavery were identified through the due diligence for BAT Group operations in high-risk countries. There were also no incidents of improper business conduct relating specifically to modern slavery identified through the Group's 'Speak Up' channels and grievance procedures.

 Full details of all reported SoBC allegations globally can be found in the BAT p.l.c. [2020 ESG Report](#).

⁸ Bangladesh, Burkina Faso, Cameroon, China, Colombia, Democratic Republic of Congo, Egypt, Indonesia, Iran, Iraq, Lebanon, Mali, Mozambique, Myanmar, Niger, Nigeria, Pakistan, Papua New Guinea, Russia, Saudi Arabia, Sudan, Turkey, Uzbekistan and Venezuela.

Training and Capacity Building

Globally, BAT Group companies provide training and capacity building to 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 the tobacco supply chain, BAT Group leaf operations and third-party suppliers run formal training and awareness sessions for farmers and community members throughout the year. These are designed to raise awareness and increase understanding of human rights, and are tailored to the local context and the challenges of operating small, family-run farms.

In 2020, it was reported via the BAT Group's *Thrive* assessments⁹ that over 38,000 human rights training sessions were held, with more than 390,000 attendances. The participants included farmers, who may attend several sessions in the year, as well as farm labourers and local community members. More participants were reached compared to 2019, despite COVID-19 restrictions, through delivering more training sessions to fewer people in accordance with social distancing measures.

390,000+
attendances at 38,000+
human rights farmer
training sessions

Suppliers

Many of the 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 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 the BAT Group's resources and experience, this can increase awareness and capacity and help suppliers to change their practices and achieve continuous 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 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.

Employees

Ensuring Group company employees can easily access and understand the SoBC policies is fundamental to establishing effective implementation and compliance. To further increase employees' awareness, understanding and accessibility, the Group launched an SoBC app in 2019, providing easy access to SoBC policies in 14 languages. The app also includes related procedures and

100%

of Group employees
completed the 2020 SoBC
training and signed-off in one
of the available formats

guidance, as well as access to the Group's global 'Speak Up' channels. To date, the SoBC app has been downloaded over 16,500 times, and this number continues to grow.

Every year, all Group employees undergo SoBC training as part of the annual compliance sign-off campaign. This training includes online e-learning and offline training for employees without easy online access. For 2020, new SoBC training materials were developed with examples of different human rights scenarios Group company employees may face in their daily work, covering topics such as discrimination, modern slavery and freedom of association.

Group company employees without online access were given various options to complete their SoBC training and sign-off to ensure that everyone could do so safely in light of the COVID-19 pandemic preventing the usual face-to-face gatherings in many of BAT markets. This included a new training booklet and content accessible through the SoBC app, with tailored examples and scenarios for specific roles, including factory workers and field technicians.

As a result, 100% of Group company employees completed the 2020 SoBC training and sign-off in one of the available formats. This included over 26,000 employees who completed the annual SoBC

sign-off and e-learning through the online SoBC portal.

Additionally, BAT Australia has partnered 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, an online compliance training course was built aimed at providing our BAT Australia supply chain and operations employees with 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.



⁹ As tobacco-growing seasons vary around the world, the Group has revised the scope of its *Thrive* reporting for 2020 to be based on data available for the most recent crop cycle at the time of reporting, instead of the crop grown in the calendar year. BAT will continue to use this methodology for future reporting.

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 on the table on the top right. 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:

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

In addition, BAT Australia has developed additional local KPIs, outlined in the table to the bottom right. These are regularly reviewed by our Board and Executive Leadership Team.

The Group continually works to improve and strengthen its approach to tackling modern slavery and to respond to changing situations. For example, the Group recognises the limitations of its farm monitoring system. BAT Group representatives cannot be present on every farm every day of the growing season, so human rights issues may be hidden or under-reported.

In 2020, BAT p.l.c. commissioned an independent, expert-led review of Group human rights policies and practices for the tobacco supply chain. This resulted in a range of recommendations designed to help transform how the Group addresses child and forced labour.

In response to the review, the Group is developing a holistic and collaborative long-term work plan for accelerating progress towards its ambitions for zero child labour and zero forced labour in the BAT Group tobacco supply chain by 2025, including:

- Continuing to strengthen monitoring systems and training for BAT Group company field technicians to help better identify issues and spot early warning signs;
- Further enhancing the efforts to tackle root causes, with a focus on poverty alleviation and women’s empowerment; and
- Working to increase local collaboration, dialogue and partnerships to support national action plans.

BAT Group Key Performance Indicators (KPIs)

KPI	2020 performance	2019 performance
Global KPIs		
Number of substantiated incidents identified that are contrary to SoBC modern slavery commitments	0	0
Number of high-risk tobacco-sourcing countries with HRIAs completed in alignment with the UN Guiding Principles	1	2
Percentage of product materials suppliers assessed for human rights risks against Verisk Maplecroft indices, including its Modern Slavery Index	100%	100%
Number of independent supplier audits conducted by Intertek	93	94
Percentage of supplier corrective actions verified as completed by Intertek by year-end	67%	73%
Percentage of Group companies assessed for human rights risks against Verisk Maplecroft indices, including its Modern Slavery Index	100%	100%
Number of high-risk Group companies that underwent enhanced human rights monitoring and p.l.c. Board reviews	24	25
Percentage of Group company employees who completed the annual SoBC compliance sign-off and training	100%	100%
Number of farmer training sessions (with attendances) on human rights held by BAT Group leaf operations and third-party suppliers	38,239 (393,038)	5,000+ (350,000+)

BAT Australia KPIs (in addition to the Global KPIs)

KPI	2020 performance	2019 performance
Percentage of BAT Australia employees involved in operations and supply chain who completed modern slavery training	100%	N/A
Percentage of high-risk local indirect suppliers that completed BAT Australia Modern Slavery Questionnaire	90%	N/A
Percentage of supplier contracts amended to incorporate modern slavery clauses	100%	N/A

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 2021, the Group will:

- Conduct a formal review of its SoBC and Supplier Code of Conduct to identify any opportunities for strengthening its policy commitments;
- Develop a comprehensive roll-out and training plan for implementing the new modern slavery operational standard; and
- Conduct HRIAs, aligned to the UN Guiding Principles, in two more tobacco-growing countries.

In 2021, BAT Australia will:

- Utilise a third-party technology platform to automate our due diligence assessment;
- Work with our suppliers on closing outstanding corrective action plans; and
- Commence the process of carrying out third-party audits on eligible high-risk suppliers.

“**To build A Better Tomorrow, we must protect human rights. By listening to rights-holders and working with stakeholders to understand risks and impacts, we can identify their root causes. Then, together, we can build sustainable, long-term solutions.**”

Kingsley Wheaton
Chief Marketing Officer, BAT p.l.c.

Group 2025 global ambitions

- Zero child labour and zero forced labour in its tobacco supply chain
- All direct product materials suppliers and high-risk indirect services suppliers to have undergone at least one independent labour audit within a three-year cycle



Further Information

References in this statement to ‘BAT Australia’, ‘we’, ‘us’ and ‘our’ refer to British American Tobacco (Australasia Holdings) 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; Solomon Islands Tobacco Company; 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, and in accordance with the Australian Corporations Act 2001 and the Australian Securities and Investments Commission Act 2001. 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 BAT Group 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 2020 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 its 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 the BAT Group’s global business and supply chain, aligned to UN Guiding Principles Reporting Framework.

↓ bat.com/sustainabilityfocus

📶 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.

Photography Disclaimer

The majority of photography in this report was taken prior to the COVID-19 pandemic and so social distancing may not have been observed.

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	3–4	N/A
Describe the reporting entity’s structure, operations and supply chains	Our Business and Supply Chain	3–4	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	5–7	2020 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	Assessing and Managing Risk	5–7	2020 ESG Report 2020 Human Rights Report
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Due Diligence	10–13	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)	Measuring Effectiveness and Next Steps	15–16	N/A
Any other relevant information	About This Statement	1	BAT Reporting

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