



Modern Slavery Statement 2023



Building a Smokeless World



Introduction

This is BAT Australia’s fourth Joint Modern Slavery Statement prepared in accordance with the *Modern Slavery Act 2018 (Cth)*. It provides a general overview of the steps taken by the Reporting Entities (defined below) and their subsidiary companies during the year ending 31 December 2023 to prevent modern slavery and human trafficking in our business and supply chain.

About this statement

BAT South Pty Ltd¹ (ACN 095 066 345), an Australian company incorporated and registered in Australia whose registered address is at Level 25, 210 George Street, Sydney NSW 2000, 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.’). BAT South Pty Ltd is the holding company that owns a number of subsidiaries in Australia, New Zealand and the South Pacific, including BAT Australasia Ltd², BAT Australia Ltd³ and BAT Australia Overseas Pty Ltd⁴ (collectively known as ‘BAT Australia’).

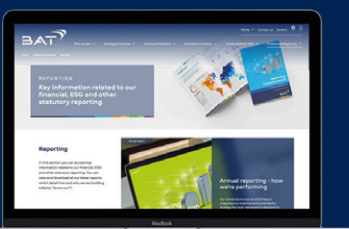
Within the meaning of section 5 of the Modern Slavery Act 2018, BAT South Pty Ltd, BAT Australasia Ltd, BAT Australia Ltd, and BAT Australia Overseas Pty Ltd are deemed as reporting entities and shall collectively be referred to in this statement as the ‘Reporting Entities’ or ‘Reporting Entity’, as the case may require.

This statement has been approved by the Board of Directors of BAT South Pty Ltd and the other Reporting Entities pursuant to clause 14(2)(d)(ii) of the Modern Slavery Act 2018.

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.

Find out more

Copies of all BAT’s key reports and an archive can be found in the BAT Group’s reporting centre www.bat.com/reporting



Notes:

1. Formerly known as British American Tobacco South East Asia Pty Limited.
2. Formerly known as British American Tobacco Australasia Limited.
3. Formerly known as British American Tobacco Australia Limited.
4. Formerly known as British American Tobacco Australia Overseas Pty Limited.

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Welcome from our Area Director – APMEA South

Welcome to our Latest Modern Slavery Statement

BAT Australia is 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)⁵ state that 50 million people are victims of modern slavery globally. Of these, 27.6 million are estimated to be in forced labour, with 23.6 million being forced to work under threat or coercion in the private economy.

With a truly global footprint, the BAT Group has appropriate systems and controls in place for managing the modern slavery risks across its global supply chain.

In 2023, the BAT Group updated its Double Materiality Assessment (DMA) which confirmed that respecting human rights remains a key focus area for the Group. Additionally, in the Group’s DMA, Supplier Engagement was identified as a material topic for the first time. Human rights, in particular, is one area in which working with suppliers and other value chain partners is key.

The Group’s 2023 Highlights:

- Provided human rights training to 418,584 farmers and community members;
- Developed the BAT Sustainable Living Income Guidance to help farmers’ financial return;
- Joined the Responsible Business Alliance (RBA) as a Supporter Member and the Supplier Ethical Data Exchange (Sedex) to build on its work on social due diligence; and
- Developed a tracking and monitoring tool to enable greater visibility of our Social Due Diligence programme for its non-leaf product material suppliers.

BAT Australia’s 2023 Highlights:

- Strengthening our partnership with The Freedom Hub by becoming a Silver Level Corporate Partner;
- Partnering with The Freedom Hub to increase awareness of modern slavery risks within our operations and supply chain of suppliers;
- Establishing a 3 year roadmap to implement a continuously improved response to modern slavery; and
- Enhancing our risk assessment methodology to better understand risks and controls in place in our suppliers operations by implementing the Risk Analysis and Measurement Platform (RAMP).

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

As BAT Australia plays its part in the Group’s progress towards A Better Tomorrow™ by Building a Smokeless World, BAT Australia will continue to improve how we manage human rights impacts across our own operations and value chain.



BAT Australia is 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.

Peter Simmons

Area Director – APMEA South
5 June 2024



Note:

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

Business and Supply Chain

As a global consumer focused company the BAT Group's purpose is to create A Better Tomorrow™ by Building a Smokeless World.

Commitment to Human Rights

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

BAT Australia recognises that, like all businesses, there is a risk of modern slavery issues arising either in our own operations or those of our extended supply chain.

In 2023, BAT Australia continued to build upon, and strengthen, our approach to tackling this global issue, in line with the Group's global sustainability agenda.

The BAT Group's 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 three regions – United States of America; Asia-Pacific, Middle East & Africa (APMEA); and Americas & Europe (AME) – which together form the BAT Group. The BAT Group employs more than 46,000 people, who work in a range of roles and environments, including office-based management; manufacturing and operations; trade marketing and distribution; and research and development.

The Board of BAT p.l.c. is collectively responsible to our shareholders for the long-term success of the Group and for the Group's 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 Board is supported by the Audit Committee, which monitors performance, risks and adherence to the Group's standards, including for human rights, of all Group employees worldwide across more than 152 markets.

The Audit Committee is underpinned by the Group's Regional Audit Committees and Corporate Audit Committee with committees for each of the two Group regions, for the US business, and for locally listed Group entities and specific markets, where appropriate. The BAT Group's Management Board, chaired by the Chief Executive, is responsible for overseeing the implementation of Group strategy and policies set by the Board, and for creating the framework for Group subsidiaries' day-to-day operations.

46,000+

Group employees worldwide across more than 152 markets

Business and Supply Chain continued

BAT Australia's Business Structure

BAT Australia forms part of the APMEA region of the BAT Group mentioned above. BAT Australia's business structure is a pyramidal structure, with BAT South Pty Ltd (a reporting entity for the purposes of this Statement) as the higher entity within the organisation. BAT South is the holding company of a number of companies directly or indirectly, including but not limited to:

- i. BAT Australia Ltd (a Reporting Entity for the purpose of this Statement);
- ii. BAT Australasia Ltd (a Reporting Entity for the purpose of this Statement);
- iii. BAT Australia Overseas Pty Ltd (a Reporting Entity for the purpose of this Statement);
- iv. BAT Australia Services Ltd⁶;
- v. Rothmans Asia Pacific Limited;
- vi. The Bensons & Hedges Company Pty Limited;
- vii. W.D. & H.O. Wills Holdings Limited;
- viii. BAT (New Zealand) Ltd;
- ix. Central Manufacturing Company Pte Ltd;
- x. British American Tobacco (Fiji) Marketing Pte Limited;
- xi. Solomon Islands Tobacco Company Limited;
- xii. British American Tobacco (PNG) Limited; and
- xiii. British American Tobacco Company (Samoa) Ltd.

For BAT Australia, the committee established for audit and compliance purposes is the APMEA South Governance Committee (further detail provided below).

In Australia, all operational functions are conducted via BAT Australia Ltd, which distributes 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.

BAT Australasia Ltd and BAT Australia Overseas Pty Ltd both do not have operations or supply chains; their functions are predominantly to hold shares and receive dividends from subsidiary companies. BAT Australasia Ltd also owns certain trademarks and intellectual property.

BAT (New Zealand) Ltd is the primary operating entity in New Zealand; Central Manufacturing Company Pte Ltd is the primary operating entity in Fiji; Solomon Islands Tobacco Company Limited is the primary operating entity in the Solomon Islands; British American Tobacco (PNG) Limited is the primary operating entity in Papua New Guinea; and British American Tobacco Company (Samoa) Ltd is the primary operating entity in Samoa.

The Board of Directors of BAT South Pty Ltd (the 'Board') is collectively responsible for BAT Australia's long-term sustainable success 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 APMEA South Governance Committee, the Governance, Risk, and Compliance Committees (GRCC) for each end market, and various subcommittees, which monitor performance, risks, and adherence to the Group's policies and standards, including those related to human rights and modern slavery.

The APMEA South Governance Committee oversees BAT Australia's business risks, including modern slavery risks. Its members include executive leaders from all end-markets within APMEA South (Australia, New Zealand, South Pacific, Vietnam, Indonesia, Malaysia, and Singapore). Each end-market GRCC is responsible for providing oversight and escalating risks to this committee. This committee reports regularly (at least annually) to the Board and executives on all matters relating to the implementation of Group and local policies, including human rights and modern slavery.

The Australia end market GRCC also maintains oversight of business risks specific to Australia, including modern slavery risks. This committee is supported by a Modern Slavery Working Group that meets monthly. The Group comprises representatives from key functions (including procurement, legal, and sustainability) who manage Australia, New Zealand, and South Pacific's daily modern slavery agenda.

The governance framework provides a channel for the appropriate flow of information and monitoring and oversight of key issues, including those relating to human rights and modern slavery, at all levels of the Group.

Note:

6. Formerly known as British American Tobacco Australia Services Limited.

Business and Supply Chain continued

Managing Human Rights Impacts

BAT Group's 2023 DMA provided greater insights on its material sustainability risks, including topics such as child labour. To better manage the Group's material impacts, the BAT Group has established topic-specific Centres of Excellence.

Management of material sustainability topics, including human rights, are also discussed in various Committees and forums, such as the:

- Group Sustainability Leadership Team;
- Operations Sustainability Committee;
- Leaf Sustainability Forum; and
- Supply Chain Due Diligence Committee.

Issues considered in these forums are discussed at appropriate forums.

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

 Find out more about the Group's strategy, business model, structure and governance in BAT Group's [2024 Combined Annual and Sustainability Report](#).

BAT Australia's Supply Chain

BAT Australia's portfolio of products includes both combustible and non-combustible products.

In terms of combustible products, all of BAT Australia's traditional cigarette products are purchased from the BAT Group's internal factories located in Singapore, Indonesia and South Korea. We note that the Singapore factory closed on December 1 2023.

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

The New Zealand portfolio includes Vuse nicotine vapour products which are sold in accordance with New Zealand 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 exception, the completion of BAT Australia's modern slavery risk level assessment and modern slavery questionnaire, as further set out on page 18.

BAT Australia's supply chain intersects several industries that are exposed to human rights risks and impacts, including agriculture, manufacturing and electronics for our New Categories supply chain.

We assess suppliers' inherent risk exposure against Verisk Maplecroft human rights indices and conduct independent audits on higher-risk suppliers.

 For more information on suppliers audit findings, see [pages 15 to 18](#).

Business and Supply Chain continued


Tobacco supply chain

Tobacco leaf used in BAT Australia products is sourced by the BAT Group's Leaf Operations with the majority of tobacco having been obtained by contracting directly with over 91,000 farmers.

The rest of the tobacco is sourced from third-party suppliers who contract with approximately 154,000 farmers.

In India, although tobacco is purchased from farmers over an auction floor, BAT Group's third-party suppliers provide traceability and monitoring of their farmer base, in line with the Group's requirements.

The BAT Group's sourcing model provides its contracted farmers and those contracted to its third-party suppliers a reliable and secure relationship, facilitating a more sustainable, efficient and reliable supply chain for the Group.

 For more information, see 'Respecting Human Rights in our Tobacco Supply Chain' on [page 13](#).

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.

91,000+

directly contracted farmers supplied 73% of the BAT Group's annual tobacco volume in 2023


Other materials, goods and services

The BAT Group has a relationship with approximately 1,300 direct and 32,500 indirect product material suppliers.

The Group's New Categories supply chain is expanding into areas such as consumer electronics and e-liquids.

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

BAT Australia strives to be a positive influence on how our suppliers manage modern slavery risks. As valued business partners, it is crucial to listen to and engage with suppliers to build trust and drive progress.

 For more information, see 'Respecting Human Rights in our Product Materials Supply Chain' on [page 15](#).

Spotlight: The BAT Group's supply chain structure



Tobacco

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

Total tobacco sourced

73%

BAT Group's own Leaf Operations, by volume, contracting 91,000+ farmers



27%

third parties sourcing, by volume, from approx. 154,000+ farmers



Other materials, goods and services

Subject to human rights risk assessments and independent third-party audits for those with the highest risks

Direct product materials

1,300+

tier 1 suppliers

Indirect goods and services

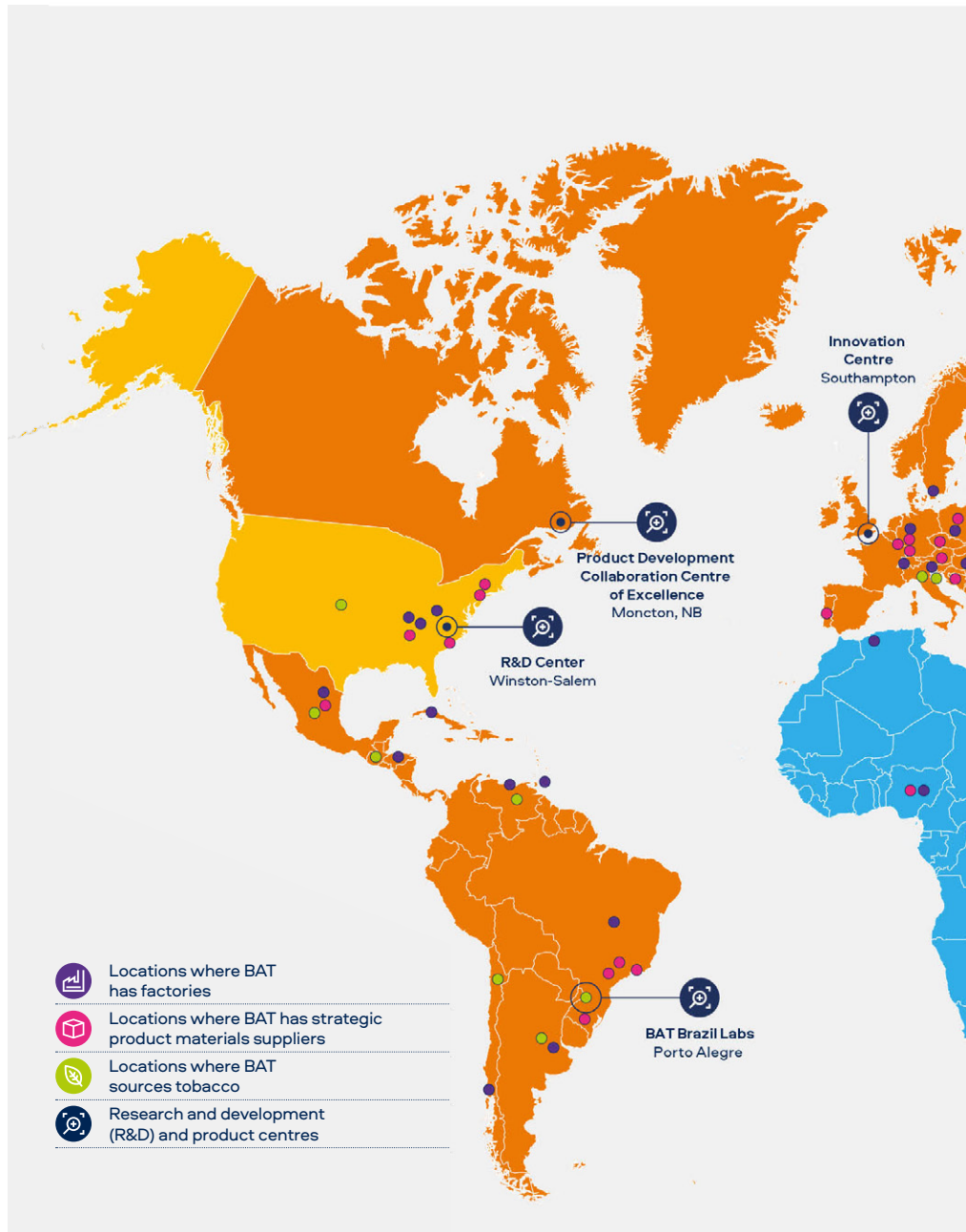
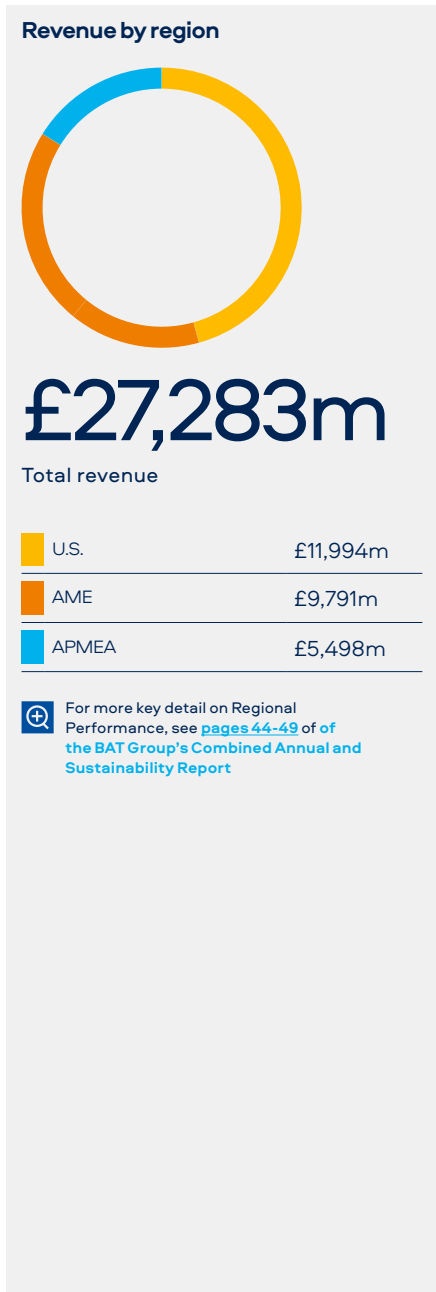
32,500+

suppliers of logistics

Business and Supply Chain continued

The BAT Group's regional structures maximises opportunities for quality growth, while the Group's market-specific business units are accountable for execution and performance .

In-depth marketplace analysis delivers insights on consumer trends and segmentation, facilitating the BAT Group's geographic brand prioritisation across the Group's regions and markets. With consumer preferences and technology continuously evolving, the Group strives to stay ahead of the curve with its digital hubs and innovation Centres of Excellence.



Business and Supply Chain continued

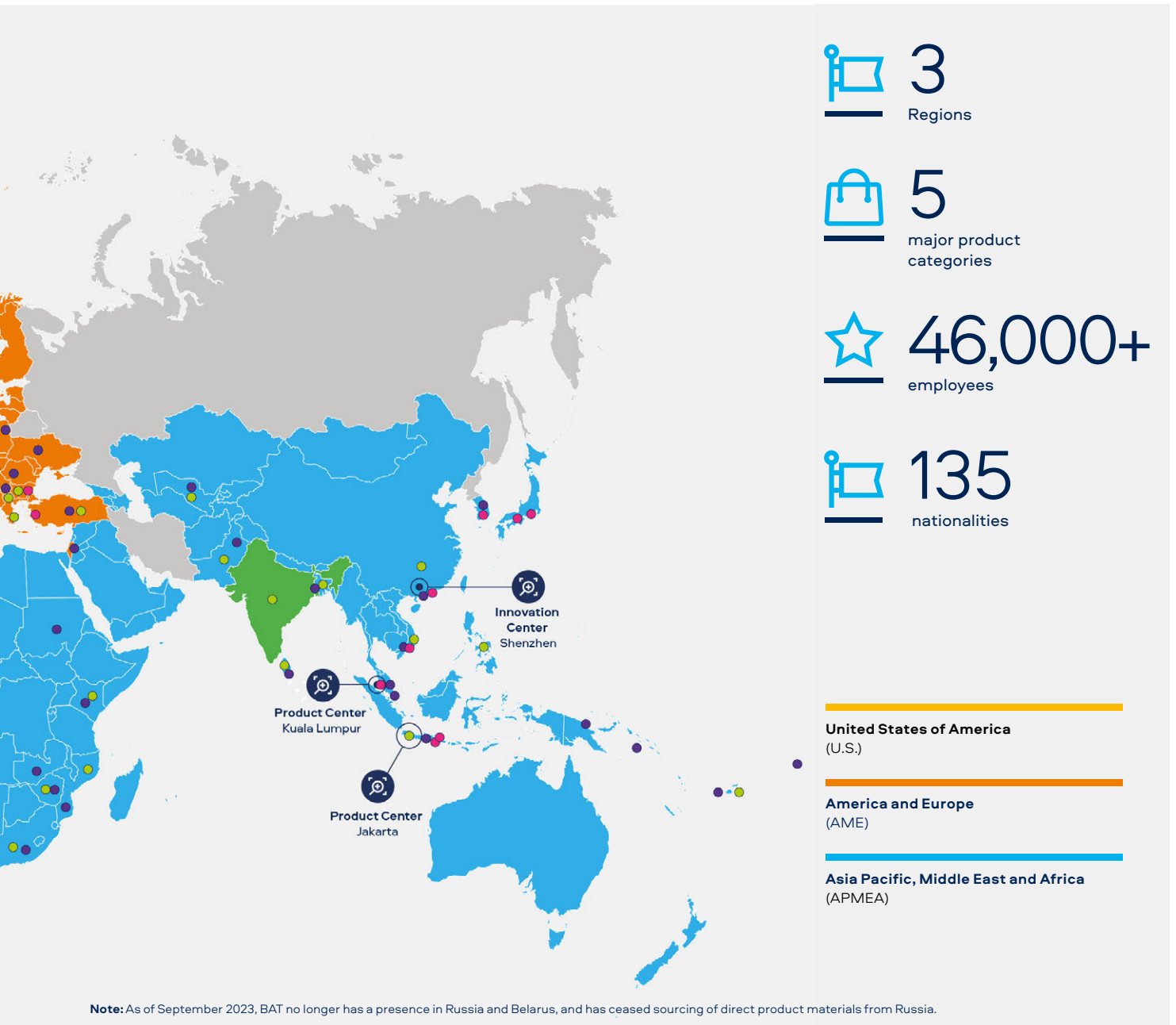
BAT Group-owned manufacturing facilities⁷

	United States	AME	APMEA	Total
Fully integrated manufacturing	1	15	22	38
Other processing sites (including leaf threshing and Other Tobacco Products ⁸)	1	9	6	16
Sites manufacturing other products (including Snus, Modern Oral and Liquids)	3	4	—	7
Research and development facilities	2	2	3	7
Total	7	30	31	68

Notes:

7. As of 31 December 2023.

8. Other Tobacco Products include but are not limited to roll-your-own, make-your-own and cigars.



Note: As of September 2023, BAT no longer has a presence in Russia and Belarus, and has ceased sourcing of direct product materials from Russia.

Policy Commitments

All BAT Group companies are expected to adopt and implement policies, principles and standards to manage human rights and modern slavery issues.

Commitments, Policies, Standards and Controls

The BAT Group 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:

- BAT employees;
- The people we and the BAT Group work with; and
- The communities in which we and the BAT Group operate.

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

The Group's policies and principles for human rights and modern slavery issues, including the Standards of Business Conduct (SoBC) and Supplier Code of Conduct (SCoC) are reviewed and endorsed* by the Board of BAT p.l.c., for adoption and implementation by all Group companies worldwide, including BAT Australia.

BAT Australia has 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.

Updated in January 2024, both the SoBC and SCoC are reviewed regularly to ensure alignment to best practices.

100%

of eligible BAT Australia employees confirmed compliance with the SoBC

Policies and Procedures	Key Stakeholder Groups
Standards of Business Conduct (SoBC)* Available at www.bat.com/principles	BAT Group People Governments and wider society
Supplier Code of Conduct* Available at www.bat.com/principles	Customers Suppliers Governments and wider society
Group SoBC Assurance Procedure	BAT Group People
Leaf Supplier Manual	Suppliers Governments and wider society

Standards of Business Conduct (SoBC)

The high standards of integrity we at BAT Australia are committed to upholding are enshrined in our SoBC, comprising our global policies and procedures. These include our Workplace and Human Rights policies, which detail our support for the UN Guiding Principles and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

BAT Australia aims to ensure its operations are free from slavery, servitude and forced, compulsory, bonded, involuntary, trafficked or exploited migrant labour.

BAT Australia's SoBC mandates that its companies and employees, 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
- Withhold or require workers to 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.

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.

Further information about the SoBC can be found on bat.com/sobc

The BAT Group's Supplier Code of Conduct (SCoC), which Australia has considered and implemented for local adoption, complements the SoBC by defining the minimum standards expected of our suppliers, including for human rights. BAT Australia makes it clear through our contractual arrangements that our suppliers are required to comply with the SCoC. Suppliers to any BAT Australia company are required to ensure their operations are free from child labour and from forced, bonded, involuntary, trafficked or unlawful migrant labour.

In addition, our suppliers are expected to promote adherence to the requirements of the SCoC and carry out appropriate due diligence within their own supply chain for their new and existing suppliers (including farmers where relevant). Available in multiple languages, the SCoC is shared with all suppliers as part of the BAT Australia onboarding process.

Further information about the SCoC can be found on bat.com/principles

Standards and controls

To support the effective implementation of Group commitments, the BAT Group has a number of standards, procedures and controls including:

- The BAT Group's SoBC Assurance Procedure defines how all reports of alleged SoBC breaches should be investigated and remediated fairly and objectively. This includes a four-step process, involving an initial assessment, in line with data privacy and employment laws, followed by an investigation plan, implementation, reporting of findings, and closure. In 2023, the BAT Group updated this Procedure detailing further how allegations of wrongdoing or alleged breaches should be followed up.
- The BAT Group's Leaf Suppliers Manual (LSM) outlines the Group's operational standards on child labour prevention and personal protective equipment (PPE) in tobacco farming. It provides guidance and procedures for applying the Group's commitments on child labour within the SoBC and its 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 consideration and implementation for local adoption.

In 2023, the Group continued the review of due diligence processes across its value chain in partnership with an independent human rights expert.

Assessing and Managing Risk

Mitigating and tackling the root causes of modern slavery risks.

Understanding the Risks – Tobacco Supply Chain

The agricultural sector (including tobacco) is an area of attention for human rights-related risks. This is associated with the large numbers of temporary workers, use of family labour in small-scale farming and high levels of rural poverty that can be found in agriculture.

The ILO estimates that the agricultural sector accounts for 12.3%⁹ of all incidents of forced labour and 70% of all child labour globally.¹⁰ 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.

Understanding the Risks – Other materials, goods and services

The BAT Group’s product materials suppliers are part of the manufacturing sector, which the ILO estimates accounts for 18.7%⁹ of forced labour and 10.3% of global child labour, with the majority of cases documented in lower-income countries.¹⁰

The key forced labour risks identified in the manufacturing sector 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 workers.¹⁰

For BAT Group’s suppliers of indirect goods and services, human rights risks depend on the sector and country of operation. According to the ILO, 10% of forced labour¹⁰ and 15.2% of child labour⁹ are estimated to be in low-skilled service sectors.

The BAT Group recognises that particular 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.

BAT Australia’s due diligence procedures involve annual risk assessments based on the type of supplier and country of operation, as described on page 17.

Responding to Human Rights Allegations

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

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



Notes:

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 BAT Group has a vital role in promoting a positive social impact across its supply chain. The BAT Group works with contracted farmers to help improve their economic stability.

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, encouraging improved adherence to safety and environmental standards. Enhancing farmer livelihoods is an important part of the Group's sustainability agenda.

Helping Farmers to Thrive

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

The BAT Group has a set of indicators to measure our progress in relation to each of the Five Capitals. Those in its

Thrive Supply Chain¹¹ are required to conduct annual evaluations based on these metrics, providing insights that inform the Group's strategy and guide the development of the Group's action plans.

In 2023, the BAT Group continued to improve its Thrive digital platform, focusing on increasing data coverage, particularly from third-party suppliers. In 2023, Thrive data represented more than 94% of the Group's total tobacco leaf purchased, up from 84% in 2022.

The BAT Group continues to build on traceability by reporting the number of tobacco farmers supplying specifically to the Group, rather than the suppliers' total farmer base.


The BAT Group's expert field technicians are pivotal in improving human rights management across the Group's directly contracted farmer base. Acting as a conduit between the farmers and BAT, these field technicians build trusted relationships and work with the farmers to develop their skills, as well as promoting enhanced yields and resilience. The BAT Group's suppliers provide similar support services for their contracted farmers.

Giving Farmers a Voice

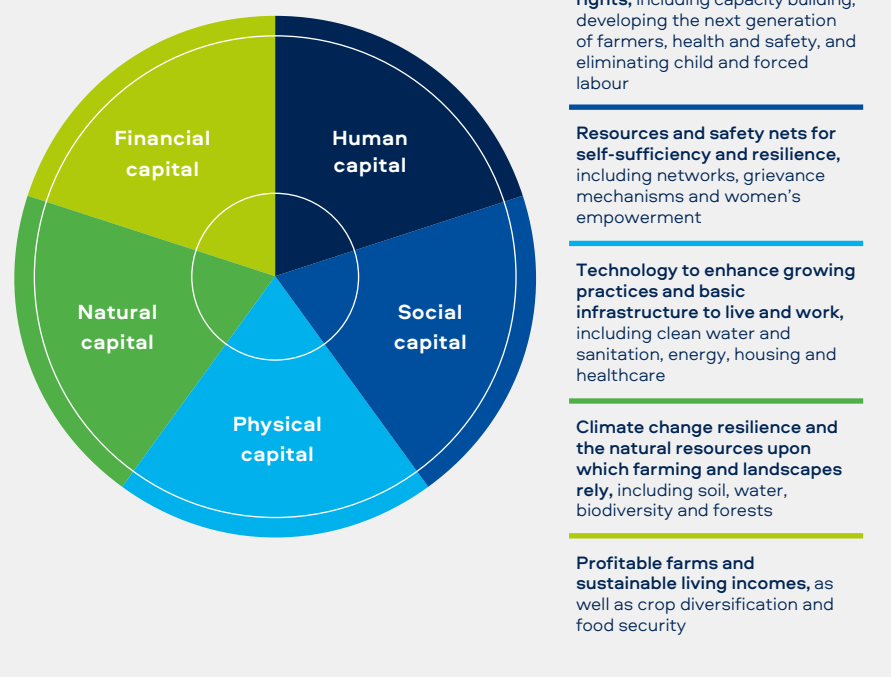
The BAT Group recognises the importance of fair and effective grievance mechanism for farmers and farm workers. The BAT Group tracks access to grievance mechanisms in its Thrive Supply Chain¹¹ as part of its Thrive assessments, which in 2023 showed:

- 99.9% of farmers and farm labourers, who are part of Thrive, reported having access to at least one type of grievance mechanism;
- 292 grievances were raised by Thrive farmers and/or workers of which 100% were reported as resolved; and
- Regular meetings with farmers/workers or their representatives were reported as the most widely available grievance mechanism. Others used included 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 BAT Group continues to look at ways to improve accessibility and promote a culture of openness for contracted farmers and labourers to raise human rights-related issues.

 Find out more about work being undertaken by the BAT Group to assess and manage risk including Farmer Living Income Analysis, Income Diversification, and Womens Empowerment Programme in the BAT Group's 2023 [Modern Slavery Statement](#).

THRIVE – Five capitals of success



Note:

11. The BAT Group's metrics derive data from the annual Thrive assessment, which includes directly contracted farmers and those of third-party suppliers, which represented over 94% of the tobacco the Group purchased by volume in 2023 ('Thrive Supply Chain').

Assessing and Managing Risk continued

Ethical Recruitment for Employees

BAT Australia’s commitment to fairness and inclusivity is embedded throughout the recruitment process, helping to promote equal access to opportunities and also to help to mitigate the risks of human rights for our employees worldwide.

The hiring process is managed by BAT’s in-house Global Business Services, which works to global Group-wide standards.

All prospective employees undergo rigorous pre-employment checks covering ID, right-to-work and other relevant documentation.

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

Providing Safe Spaces to ‘Speak Up’

The 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 always listens to these concerns. BAT Australia does not tolerate victimisation or reprisals of any kind against anyone raising a concern. Such behaviour is a breach of the SoBC and is a serious disciplinary matter.

People can speak up in various ways, including talking to Human Resources and their line manager.

BAT Australia 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.

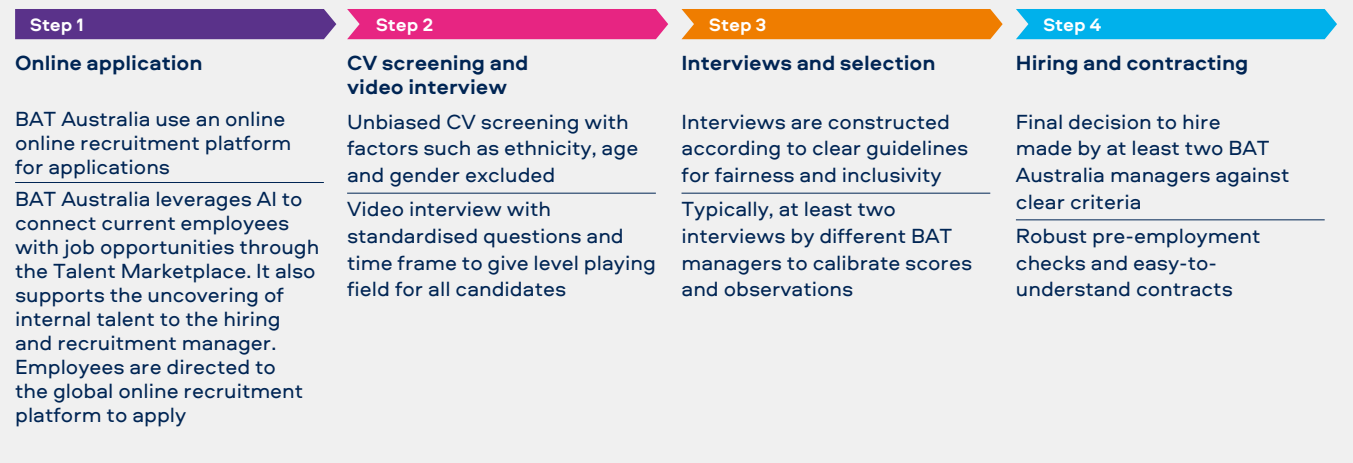
Investigating and Remediating Workplace Breaches

The SoBC set out how allegations of wrongdoing or SoBC breaches should be investigated and dealt with fairly and objectively.

In 2023, the BAT Group received 216 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 69 cases related to Respect in the Workplace issues. Appropriate actions were taken, including disciplinary actions that resulted in eight people leaving BAT. In 73 cases, no evidence of wrongdoing was found, and the remaining cases were still under investigation at the end of the year.

How BAT Australia manages and minimises risks in its recruitment process



Due Diligence

The BAT Group’s due diligence processes enable the Group to identify, assess and respond to human rights risks, and impacts identified.

Respecting Human Rights in our 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 agriculture.¹²

Human rights issues can be complex and the BAT Group knows 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 (73% by volume) is sourced by BAT Group’s own Leaf Operations through contracts with over 91,000 farmers, who receive on-the-ground support from our of expert Field Technicians in all crop stages. This helps BAT to create positive relationships, as we source the majority of the tobacco we use from our directly contracted farmers.

BAT Group Field Technicians visit directly contracted farmers approximately once a month during the growing season. This includes conducting interviews with farmers and workers, as well as checking the conditions and practices on the farms against our standards.

BAT Group’s Farmer Sustainability Management (FSM) platform

The BAT Group’s digital platform, FSM, is used by Field Technicians to record data during their visits to contracted farmers. Human rights accounts for over 30% of the FSM criteria. Field Technicians conduct interviews with farm workers and monitor for child and forced labour. Data is then uploaded onto FSM.

Unannounced visits are conducted, and the FSM system tracks any prompt actions necessary for remediation and improvement of standards. The system includes ‘red flags’ for serious issues, such as child and forced labour. All data is centrally tracked and analysed to provide appropriate oversight and to implement management action when needed.

The BAT Group monitors directly contracted farmers to help tackle the challenges of modern slavery and forced labour. BAT Group’s third-party suppliers are expected to do the same, and to report their farm monitoring findings, including prompt actions, in the BAT Thrive system.

The BAT Group’s ambition is to have zero forced labour incidents in its tobacco supply chain¹³ by 2025. There were no forced labour-related non-compliances reported in BAT Group’s Thrive Supply Chain¹³ in 2023.

100 %

of farms in BAT Group’s Thrive Supply Chain¹³ monitored for child labour

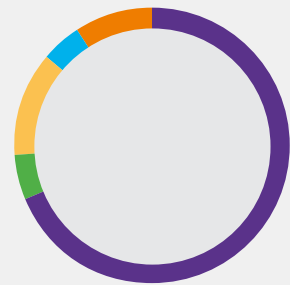
The Group’s part in the Sustainable Tobacco Programme

The BAT Group’s ambition is to have zero forced labour incidents in its tobacco supply chain¹³ by 2025. There were no forced labour-related non-compliances reported in BAT Group’s Thrive Supply Chain¹³ in 2023.

The BAT Group’s part in the Sustainable Tobacco Programme (STP)

All of BAT Group leaf suppliers are expected to participate in the industry’s 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 risks.

Thrive reported prompt actions 2023¹³



Types of non-compliance incidents reported in Thrive	% breakdown
Handling, use and storage of agrochemicals	68.87
Not following PPE guidance for harvesting	5.03
Controls to ensure use of sustainable wood	12.26
Controls for preventing child labour	4.85
Others	8.99

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

A key element of STP is to prioritise leaf suppliers with a higher risk profile for in-depth assessments (IDAs), which are on-the-ground reviews conducted by an independent third party. By the end of 2023, a total of seven leaf suppliers in five countries underwent IDAs, covering sustainability topics. Among these, four suppliers were assessed on human rights topics and action plans were developed as a result. In 2024, five IDAs on Human and Labour Rights are planned in BAT sourcing 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. BAT Group’s ambitions cover all tobacco the Group purchase for its products (‘tobacco supply chain’), which is used in its combustibles, traditional oral and Tobacco Heated Products. BAT Group metrics, however, derive data from the annual Thrive assessment, which includes directly contracted farmers and those of BAT Group third-party suppliers, which represented over 94% of the tobacco purchased by volume in 2023 (‘Thrive Supply Chain’).

Due Diligence continued

Reporting and resolving incidents of child labour

The BAT Group recognises child labour is a complex issue and incidents can be hidden or under-reported. This is why, in addition to due diligence, the Group works on addressing root causes. The Group sets out detailed guidance procedures in the BAT Leaf Operations Standard on Child Labour Prevention and closely monitor outcomes associated with this policy.

In 2023, a total of 359 incidents (2022: 942) of child labour were reported on 0.15% of farms (2022: 0.38%) in the annual Thrive assessment covering directly contracted farmers and the third-party suppliers in the Thrive Supply Chain**. The majority of these cases related to under-18-year-olds working on tasks such as harvesting, stitching tobacco and carrying and/or loading seedlings.

Of these, 100% were reported as resolved during the growing season.

In 2023, the incidents of child labour reported decreased by 62%, supported by continued implementation of child labour mitigation programmes, farmer trainings and stakeholder engagement in the Thrive Supply Chain**. The decrease was also helped by the improvement in traceability, which is driven by reporting the number of tobacco farmers who did not comply with standards and supplied specifically to the Group; rather than the third-party leaf suppliers' total farmer base.

The Group acknowledges the challenges in monitoring child labour on farms and understand that incidents may not always be detected or reported. The Group remains committed to addressing this complex issue.

Tracking recurring non-compliance is essential to address root causes. That is why the Group monitors the recurrence of child labour cases and often involve local communities in its remediation plans. When recurring non-compliance is identified the farmer's contract is not renewed for the next growing season. 18 contracts were not renewed in 2023 due to child labour incidents identified.

Monitoring and remediating child labour in the BAT Group's Thrive Supply Chain** during 2023

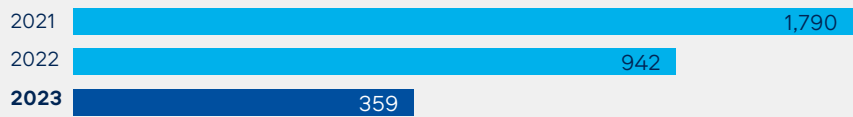
100%

of farms monitored for child labour

100%

incidents of child labour identified reported as resolved by the end of the growing season

Number of child labour incidents identified



** See footnote 11.

Due Diligence continued

Partnerships and community-based programmes are essential in the Group’s approach to respect human rights. By bringing together key stakeholders, the Group can co-develop solutions to help bring about lasting change. The Group supports a range of long-term programmes to prevent child labour and enhance livelihoods across its tobacco-growing regions.

 Find out more about the BAT Group’s strategy, business model, structure and governance in the Group’s 2024 [Combined Annual and Sustainability Report](#).

The BAT Group’s human rights impact assessment (HRIA) programme

HRIsAs 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 independent human rights experts to assess a selection of tobacco-sourcing countries. The countries are selected on a range of factors, including human rights risk exposure and their importance to our sourcing strategy.

Since its inception in 2019, the BAT Group has completed 10 HRIsAs in eight of its tobacco-sourcing countries,

namely: Bangladesh, India, Indonesia, Mozambique, Pakistan, Türkiye, Zimbabwe and North Macedonia. Collectively, these assessments have engaged more than 5,200 rightsholders in tobacco-growing communities. In 2023, the Group focused on follow-up assessments in countries where an HRIA had been completed to track remediation and progress.

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 BAT Group work to ensure that implementation and progress against these plans is closely monitored. The BAT 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.

Respecting human rights in the Product Materials Supply Chain

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

Prior to approval, new suppliers must undergo an independent due diligence audit, performed by the Group’s audit partners and aligned to ILO standards. This due diligence covers forced labour, child labour, wages and hours, health and safety, environment and management systems.

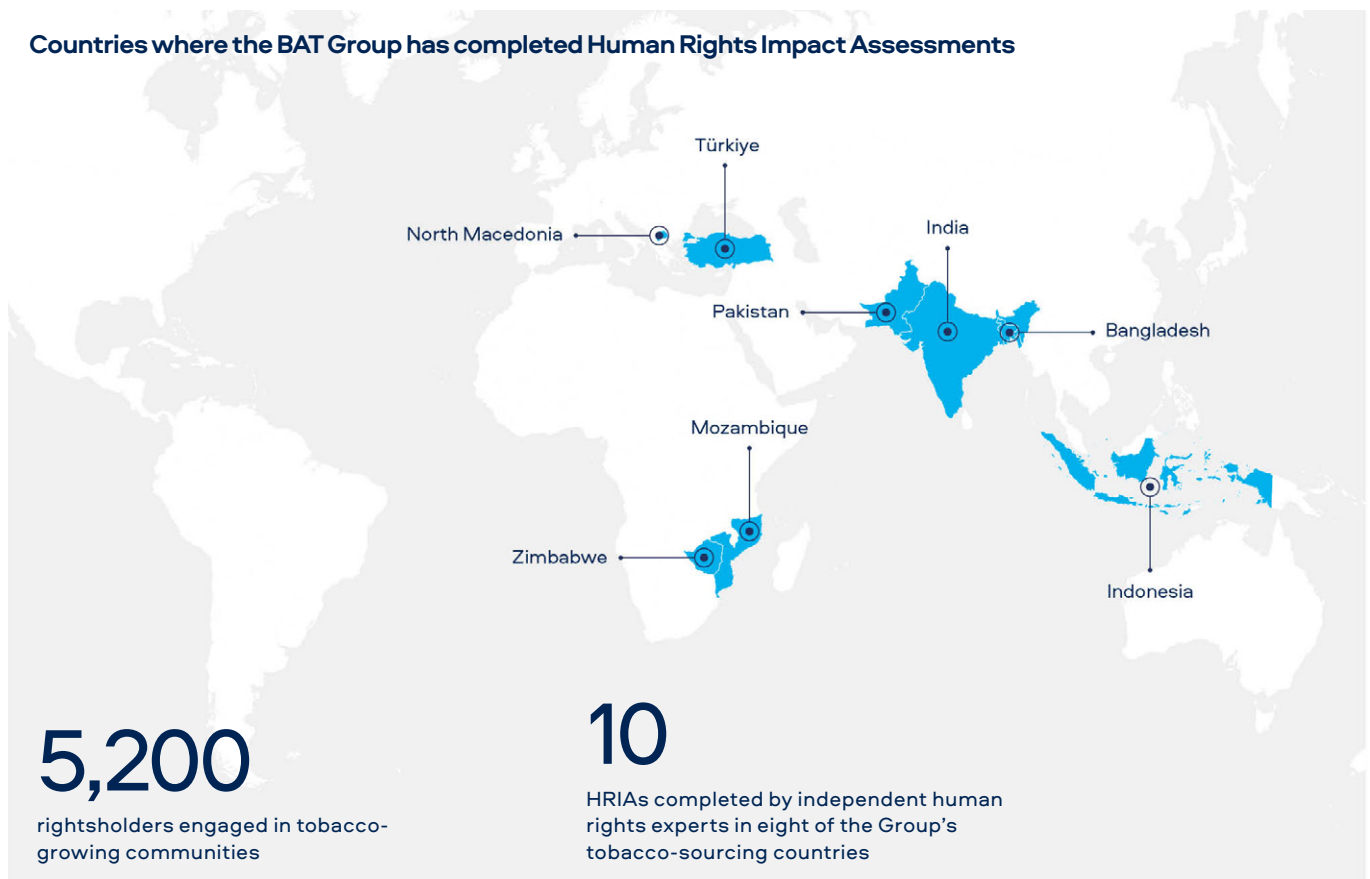
Using independent human rights indices developed by Verisk Maplecroft, the Group assess suppliers’ inherent risk exposure based on their country and the goods or services they provide.

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

Any new product materials supply chain supplier must undergo an independent due diligence audit aligned to ILO standards and achieve a score of 70% to qualify.

Existing suppliers are assessed using a risk-based approach, depending on their category and risk level.

Countries where the BAT Group has completed Human Rights Impact Assessments

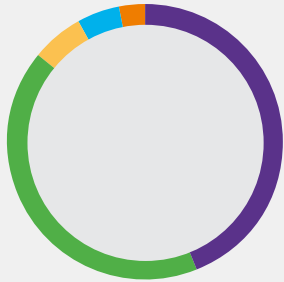


Due Diligence continued

Supplier audit findings 2023

82%

of corrective actions were fully completed and verified by year-end



% breakdown of the type of non-compliance incidents identified in Intertek audits

Health and safety	44
Wages and hours	42
Labour standards	6
Environment	5
Management systems	3

All New Category and high-risk direct material suppliers undergo on-site audits by Intertek. The assessment criteria include labour, wages and hours, health and safety, environment and management systems. All other suppliers undertake self-assessments verified by EcoVadis. Their performance in areas such as environment, labour and human rights, and ethics are then assessed. Each supplier is assigned a status according to the assessment and is managed accordingly (as shown below).

The BAT Group requires its suppliers to take appropriate remediation actions when issues are identified through the audit process. The BAT Group tracks its suppliers' progress against corrective action plans centrally. All New Category Tier 1 suppliers are audited on an annual basis.

Supplier audits and findings

In 2023, 623 social assessments of suppliers located in 55 countries were conducted through the BAT Group appointed third parties, Intertek and EcoVadis. This comprised:

- 478 Tier 1 product materials suppliers;
- 50 Lower-tier product materials suppliers; and
- 95 indirect goods and services suppliers.

Out of the 623 assessments, 167 were re-audits from previous years and 186 were new audits. The Group requires further cycles of audits based on its suppliers' previous audit score.

Moreover, of issues identified, 83% were classified as 'moderate', relating to issues such as hours and wages, poor record-keeping and health and safety procedures.

17% of issues reported 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:

- Labour standards/Human rights 75%; and
- Environmental issues 25%.

82% of corrective actions identified were completed and verified by year-end 2023, with the remainder on track to close by the end of Q2 2024. By the end of 2025, the Group are 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 2023, this had been achieved for 58.8% of suppliers in those categories.

The BAT Group are 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 24% by the end of 2023.

100%

product materials suppliers assessed for human rights risks every year

In 2023, the BAT Group joined the Responsible Business Alliance (RBA) as a Supporter Member and the Supplier Ethical Data Exchange (Sedex) to improve the Group's own social due diligence and those of its suppliers, particularly in the electronics supply chain.

Product materials supply chain due diligence procedure



Due Diligence continued

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 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, the *Criminal Code Act 1995* (Cth) and any other applicable local laws that may apply.

– **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 Risk Assessment in Risk Analysis and Measurement Platform (RAMP).

– **Complete BAT Australia's Risk Assessment in RAMP**. In December 2023, BAT Australia implemented RAMP to replace our previous risk assessment tool – Modern Slavery Questionnaire and Modern Slavery App (MS App). RAMP is a specialised platform provided through Arctic Intelligence – an Australian risk assessment software provider and captures responses to 17 risk factors and 24 controls.

The risk assessment 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 provide relevant internal policies and procedures (or commentary when these cannot be shared externally) to confirm that they have effective and adequate mechanisms in place to minimise the risk of modern slavery occurring within their organisation. The risk assessment covers areas such as the supplier's business activities, workforce composition, regions it sources its products/services from, reporting obligations, its policies, guidelines, grievance mechanisms, 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. RAMP provides the opportunity for suppliers to give evidence and explanation.

The assessment in RAMP was sent to high risk suppliers in Australia and New Zealand at the end of Q4 2023. The assessment in RAMP will be sent to high risk supplier in Fiji, Samoa and Papua New Guinea by the end of Q2 2024. The assessment will be sent to medium risk suppliers in Australia, New Zealand Fiji, Samoa and Papua New Guinea in Q3 2024.

Since 2022, BAT Australia has implemented a risk assessment recertification process that requires 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 (as shown on page 19). This recertification process will now be facilitated through RAMP.

BAT Australia's Modern Slavery Assessment Findings

In 2023, BAT Australia engaged 124 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, 12 were deemed as high risk; 22 were deemed as medium risk and 90 were deemed as low risk.

Of our new suppliers, approximately 27% were classified as high or medium risk and were flagged for processing in RAMP to provide a final risk rating.

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

Of all the issues identified by supplier responses received in RAMP up until May 2024, 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 and requirements for modern slavery issues; lack of employee or executive training on the risks of modern slavery; lack of engagement with charities and volunteering opportunities for staff with a human rights focus; 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 and next steps for each identified risk topic.

The aim was to have these mitigation plans and steps automatically suggested to medium and high risk suppliers whose answers to the Modern Slavery Questionnaire indicated a risk.

Due to the migration to RAMP to conduct the risk assessment of high and medium risk suppliers, our Modern Slavery Mitigation Plan Framework will need to be reviewed – see BAT Australia's 2024 commitments on page 22.

Due Diligence continued

Partnerships

BAT Australia's partnership with The Freedom Hub (a registered Australian charity whose purpose is to eradicate modern slavery in Australia) has evolved since the virtual training event they hosted in December 2021 for our high and medium risk suppliers.

In 2023, BAT Australia continued to strengthen its engagement with The Freedom Hub and became a Silver Level Corporate Sponsor of The Freedom Hub. BAT engaged The Freedom Hub's advisory services and participated in fundraising events with a human rights focus.

Responsible Mineral Sourcing


The BAT Group's electronics supply chain for the New Category products can have many layers of suppliers between the raw materials and the final product. This complexity can increase risks for both the security of the supply chain and human rights. Therefore, the Group focuses on mapping its supply chain and continues to encourage key suppliers to manage sustainability issues in their supply chains by holding them accountable for their progress in this area.

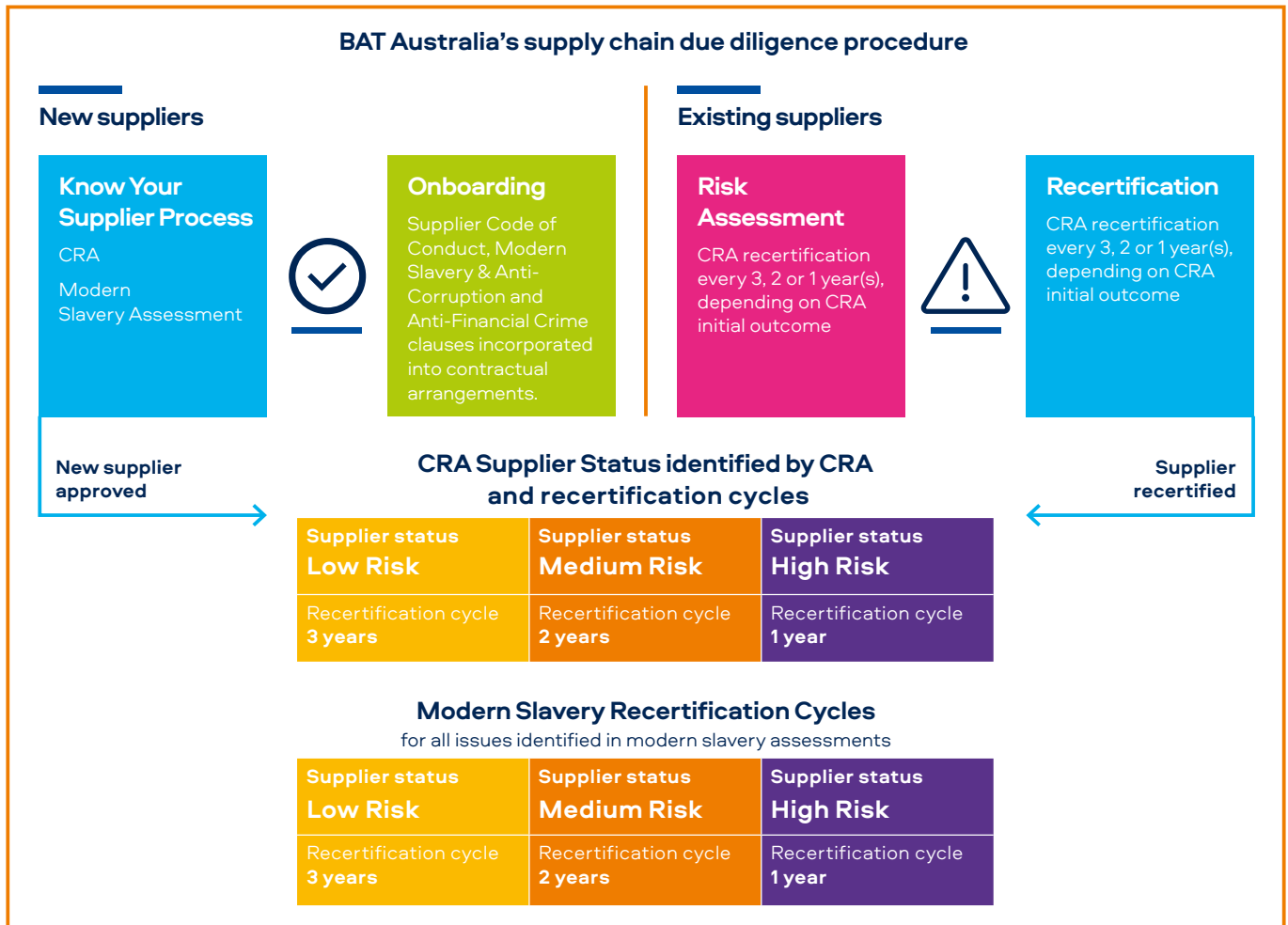
The BAT Group's commitment to responsible mineral sourcing is outlined in the Group SCoC. This includes, but is not limited to, working with suppliers to:

- Exercise appropriate due diligence; and
- Identify the origin of 'conflict minerals' in the Group's New Category products, with reference to the OECD's internationally recognised guidelines for responsible mineral supply chains.

The Group reports on its findings annually in the Group's Conflict Minerals Report.

In 2022, the BAT Group obtained membership to the Responsible Minerals Initiative ('RMI' – formerly the Conflict-Free Sourcing Initiative). As member of the RMI, the Group participates in cross-industry efforts to support responsible minerals sourcing, and by utilising the resources that are available to RMI members, the Group seeks to further enhance its minerals supply chain due diligence process.

 Find out more about the BAT Group's approach to responsible minerals sourcing in the Group's 2024 [Conflict Minerals Report](#).



Due Diligence continued

BAT Australia's due diligence

Every year, BAT Australia's employees and business entities must formally confirm that they have complied with the SoBC.

Individuals at BAT Australia must complete the Group's annual SoBC sign-off, in which they reaffirm their commitment and adherence to the SoBC and declare or update any personal conflicts of interest.

As part of the BAT Group, BAT Australia business entities complete an annual assessment against the Group's 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 in higher-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 BAT Group's operations

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

As such, in addition to procedures and controls adopted by Group companies, the Group has a process to identify and monitor the Group's operations in higher-risk countries. This process includes an annual risk assessment of all countries worldwide with Group companies present, using Verisk Maplecroft's human rights indices (including its Modern Slavery Index).

The process is reviewed by the Audit Committee of the BAT Group's Board including action plans for areas for improvement identified. The Countries for Review process forms part of the Group's wider approach to human rights management and consists of the following key criteria:

- Labour rights and protection;
- Safety and security; and
- Equality, diversity and discrimination.

In 2023, 24¹⁴ countries within BAT's direct operations were identified as higher risk and underwent additional assessments.

Note:

14. These included Bangladesh, Cameroon, China, Colombia, Côte d'Ivoire, Egypt, Honduras, Indonesia, Iraq, Kenya, Lebanon, Mali, Mozambique, Niger, Nigeria, Pakistan, Papua New Guinea, Philippines, Saudi Arabia, Sudan, Türkiye, Uganda, Venezuela and Zimbabwe.

Training and Capacity Building

Human Rights Training for Farmers and Their Communities

The Group’s own Leaf Operations and third-party suppliers in the Thrive Supply Chain¹⁵ provide human rights training for farmers and community members, with a focus on child labour and workers’ rights.

In 2023, 418,584 attendees received this training. Child labour training, developed in line with the UNGPs, is also available to everyone with access to the Group’s internal training platform.

Supplier Engagement and Training

The BAT Group has a relationship with 1,300 direct and 32,500 indirect product material suppliers, some of whom are small businesses operating in developing countries where standards, such as for human rights and health and safety, are still evolving. The BAT Group values its partnerships with these suppliers and supports them in improving their practices. If issues arise during the Group’s audits, the Group and supplier work together to find solutions and implement corrective actions. The Group only resorts to disqualification as a last option.

In 2023, the Group developed a tracking and monitoring tool, allowing procurement teams to have greater visibility of the social due diligence programme. The Group also provided training on the tool to procurement teams, raising social awareness and building capability in the Group’s value chain.

By working together, allowing suppliers to benefit from the Group’s resources and experience, the Group can increase awareness and capacity, and help suppliers to make continual improvement in how they manage their human rights impacts and risks.

Training Employees

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

The SoBC app provides easy access to policies, procedures and guidance, and to the global ‘Speak Up’ channels available in 14 languages.

Annually, all BAT Group employees undergo SoBC training as part of the compliance sign-off procedure. Employees without computer access complete their training offline, which includes scenarios covering issues of discrimination and modern slavery in work situations.

In 2023, 100% of eligible BAT Group company employees completed the SoBC training and sign-off.

100%

Number of Group employees who completed the SoBC training and sign-off.



Note:
15. See footnote 11.

Training and Capacity Building continued

BAT Australia Modern Slavery Training

Additionally, in the context of Australia, during 2023, 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 had committed to work with Safetrac in 2023 to refresh the Modern Slavery course in line with new content that Safetrac were developing. Ultimately, the anticipated amendments to the Modern Slavery Act did not come into effect during the 2023 reporting year.

As a result, in 2024 we will refresh our current Modern Slavery course once these amendments come into effect – please see our 2024 commitments for further details (see page 22).

BAT Australia continues to engage 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.

This education occurs predominately by way of events or training sessions BAT Australia co-hosts with The Freedom Hub.

Measuring Effectiveness and Next Steps

BAT Australia is committed to strengthening our approach to tackling modern slavery and measuring our progress.

Measuring Progress

Progress is assessed against the key performance indicators (KPIs) outlined in the table below. These KPIs, alongside monitoring of strategic plans and emerging risks and best practice, are regularly reviewed at senior level through the BAT Group's governance framework and committees, including:

- The Board Audit Committee, comprising independent Non-Executive Directors;
- Regional Audit and CSR Committees;
- The Operations Sustainability Forum, chaired by our Operations Director; and
- The Supply Chain Due Diligence Governance Committee, chaired by our Group Head of Procurement.

The Group continues to improve and strengthen its approach to tackling modern slavery, and adapt to evolving circumstances.

BAT Australia's Progress

In 2023, BAT Australia has maintained its efforts to respect human rights and tackle human rights risks. Progress includes:

- Leveraging our partnership with The Freedom Hub to
 - Become a Silver Level Corporate Sponsor;
 - Develop a three year roadmap which will enable us to continually improve our response to modern slavery. The roadmap addresses risk assessment, grievance mechanisms, training, supplier audit and enhanced internal engagement;
- Educate BAT Australia Executives on modern slavery;
- Co-host workshops targeted at staff involved in the day-to-day management of modern slavery;
- Participate in fundraising and operational events including the hosting of a Human Rights Day afternoon tea;

- Updating our modern slavery risk assessment methodology from the MS App to RAMP. Our new assessment platform utilises 17 risk factors and 24 controls to better understand our suppliers' operations and their own supply chains. We worked closely with The Freedom Hub to assign appropriate risk weightings and controls mapping to assign an accurate final modern slavery risk rating to each supplier. RAMP allows BAT Australia and its suppliers to develop, track and action mitigation plans. RAMP will enhance the recertification process by storing previous responses and supporting materials provided and suppliers simply updating their responses where there have been changes to their operations and supply chain; and
- Inclusion of mandatory modern slavery clauses, in all template supplier contracts in Australia, to help ensure that third parties we engage are committed to preventing and addressing modern slavery risks. An external law firm reviewed and updated these clauses in 2023 to ensure our modern slavery protections and rights are from a best-practice perspective. The clauses outline expectations around compliance with the Modern Slavery Act, conducting due diligence on suppliers, and specific mechanisms such as regular audits for addressing modern slavery risks. New Zealand similarly includes mandatory modern slavery clauses in template supplier contracts in New Zealand for high and medium risk suppliers.
- Continuing implementation of the 3-year roadmap, so that we continue to make progress in reducing the risk of modern slavery within our supply chain and operations;
- Annual review of our mitigation plan framework and amending as required;
- Providing volunteer resources to The Freedom Hub as part of the 2024 Volunteer Week. Volunteers will assist with venue tidy up and content creation;
- Drafting and implementing a local modern slavery policy;
- Inclusion of mandatory modern slavery clauses in all template supplier contracts in the South Pacific;
- Annual review of our grievance mechanisms and amending as required;
- Acquiring a devoted modern slavery resource responsible for informing and engaging all relevant parties on modern slavery risks; and
- Establishing ongoing communications with stakeholders and BAT team members (including relationship managers) on process changes and key messages on ESG engagement on human rights issues.

Due to the enhanced nature of RAMP, the external desktop audit that we had previously committed to undertaking in 2023 has been deemed as no longer required.

Next Steps

In 2024, BAT Australia will continue to focus on the following activities through the modern slavery working group:

- Continuing to review our modern slavery training module. This will include updating the content to align with any amendments to the Modern Slavery Act that come into effect in 2024;

In 2024, the BAT Group will continue to focus on the following activities:

- Undertake an external review of its due diligence processes and policies across its value chain by independent human rights experts;
- Continue to focus on living income action plans, crop diversification and ongoing training for directly contracted farmers; and
- Address the systemic issues that impact the communities by advancing gender equality through our new Women's Empowerment Framework.

BAT Australia is proud of what we have achieved so far, and recognise that we can and must do more. Building on our strong foundations, and in line with the Group's overall Sustainability Agenda and priorities, we are committed to accelerating progress.

Further Information

About This Statement

References in this statement to BAT South Pty Ltd and the following companies that are owned by it, including: BAT Australasia Ltd; BAT Australia Ltd; Rothmans Asia Pacific Limited; W.D. & H.O. Wills Holdings Limited; BAT Australia Services Ltd; The Benson & Hedges Company Pty. Limited; BAT Australia Overseas Pty Ltd; 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. Ltd; Paradise Tobacco Co. Limited; Solomon Islands Tobacco Company; 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 BAT Group's or BAT Australia's intentions, beliefs or current expectations concerning, among other things, the 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.

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 competition from illicit trade; 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 supply chain disruptions; adverse litigation and dispute outcomes and the effect of such outcomes on the Group's financial condition; 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; adverse decisions by domestic or international regulatory bodies; changes in the market position, businesses, financial condition, results of operations or prospects of the Group; direct and indirect adverse impacts associated with Climate Change and the move towards a Circular Economy; and Cyber Security risks caused by the heightened cyber-threat landscape and increased digital interaction with consumers, and changes to regulation.

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>

Definitions Relevant to This Report

The following definitions provide more information on the terms used throughout this report.

Child Labour: The definition of child labour used to identify child labour incidents in this report is aligned to the International Labour Organization's definition of child labour.

Tier 1 suppliers: Direct suppliers of final products or materials.

Lower-tier suppliers: Suppliers, with whom we have a commercial relationship, who supply materials or products to the Group's Tier 1 Suppliers.

The Sustainable Tobacco Programme (STP):

An industry-wide initiative developed in collaboration with other manufacturers to bring together best practice from across the industry and drive continuous improvement. It is also aligned to important external standards, such as those of the International Labour Organization (ILO), and includes strengthened processes and more frequent on-site reviews, and acts as a due diligence platform set up to evolve and support the sector to continuously improve its impacts towards sustainable supply chains. All of the Group's leaf suppliers are expected to participate in the STP, which requires an annual self-assessment against priority themes, including human rights.

Thrive: The BAT Group's Thrive programme collects data and indicators across a number of issues, including human rights. The data from the annual Thrive assessment includes directly contracted farmers and those of third-party suppliers, which represented over 94% of the tobacco purchased by volume in 2023.

Human Rights Impact Assessments (HRIAs):

HRIAs are conducted by independent human rights experts, in support of the Group's leaf suppliers, following a defined process for identifying, assessing, and developing appropriate responses to impacts relating to human rights. HRIAs are aligned with the UN Guiding Principles and countries are selected based on a range of factors, including the level of human rights risk exposure and their importance to the Group's sourcing strategy.

Appendix


Mandatory Criteria Mapping

Modern Slavery Act Mandatory Criteria	Section Reference	Page
Identify the reporting entity covered by the statement	Business and Supply Chain	3–8
Describe the reporting entity's structure, operations and supply chains	Business and Supply Chain	3–8
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	10–12
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	10–12
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Due Diligence	13–19
Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	About This Statement	1
Any other relevant information	About This Statement	23

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