



Modern Slavery Statement 2023



Building a Smokeless World



Introduction

This is our eighth Modern Slavery Statement (the Statement) in accordance with the UK Modern Slavery Act 2015 (the Act) covering British American Tobacco p.l.c. and companies in the British American Tobacco Group.

Approval Process

This Statement has been approved by the Board of British American Tobacco p.l.c. on 23 April 2024. It was signed by the Chief Executive on behalf of the Board on 24 April 2024.

The Statement has been approved by the Board of Directors, and dated and signed-off by a designated director of each BAT Group subsidiary company set out below.

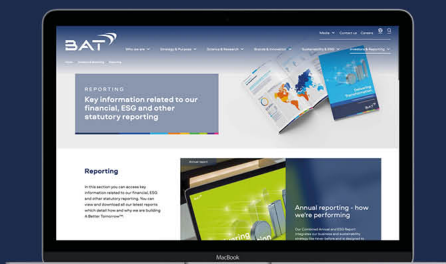
Entities in Scope

The BAT Group subsidiary companies that are subject to the requirements under the Act are set out below.

- BATLaw Limited
- British American Shared Services (GSD) Limited
- British American Tobacco (GLP) Limited
- British American Tobacco (Investments) Limited
- British American Tobacco Exports Limited
- British American Tobacco Services Limited
- British American Tobacco Taiwan Logistics Limited
- British American Tobacco UK Limited
- British-American Tobacco (Holdings) Limited
- Carreras Limited
- Nicoventures Retail (UK) Limited
- Nicoventures Trading Limited

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Find out more

Copies of all BAT's key reports and an archive can be found in our reporting centre

www.bat.com/reporting



Find out more online
bat.com/reporting

Welcome from our Chief Executive

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

Our Modern Slavery Statement

Our statement sets out the steps we have taken to prevent modern slavery during the year ended 31 December 2023.

The latest estimates by the International Labour Organization (ILO)¹ 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, we have the appropriate systems and controls in place for managing modern slavery risks that we may be exposed to within our own operations and those of our extended supply chain.

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

2023 Highlights:

- Provided human rights training to more than 418,000 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 further expand the coverage of supply chain audits globally and build on our work on social due diligence; and
- Developed a tracking and monitoring tool to enable greater visibility of our Social Due Diligence programme for our non-leaf product material suppliers.

In parallel, we continue to aim for our tobacco supply chain to be free of child labour and forced labour by 2025.

As we create A Better Tomorrow™ by Building a Smokeless World, we continue to improve how we manage human rights across our own operations and value chain.

2023 Highlights

Trained

More than 418,000 farmers and community members on human rights;

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 further expand the coverage of audits globally and improve our social due diligence;

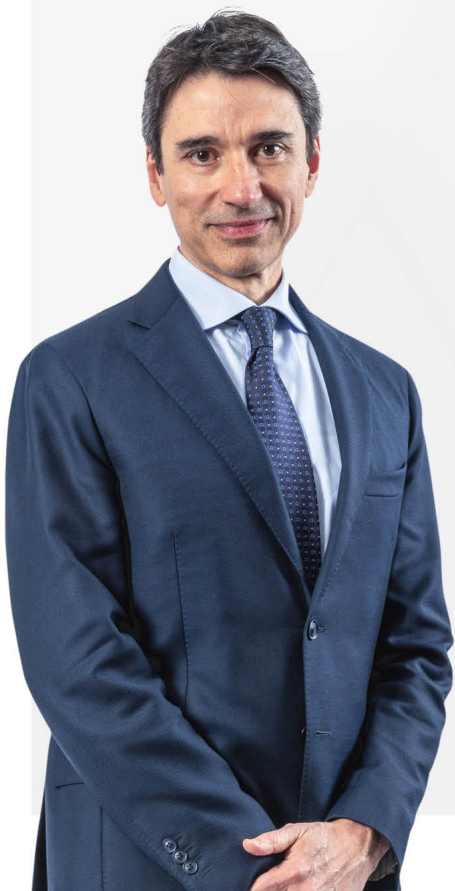
Developed

A tracking and monitoring tool, which allows procurement teams to have greater visibility of our Social Due Diligence programme for non-leaf product material suppliers.



As we create A Better Tomorrow™ by Building a Smokeless World, we continue to improve how we manage human rights across our own operations and value chain.

Tadeu Marroco
Chief Executive



Note:

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

Our Business and Supply Chain

As a global consumer focused company our purpose is to create A Better Tomorrow™ by Building a Smokeless World.

Commitment to Human Rights

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

We recognise 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, we continued to build upon, and strengthen, our approach to tackling this global issue within the context of our Group-wide sustainability agenda.

+ Find out more about our sustainability agenda in our [2023 Combined Annual and Sustainability Report](#).

Our Business Structure

With Group headquarters located in the UK, we have subsidiary operations around the world, employing more than 46,000 people. Our employees 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 British American Tobacco 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 our standards, including for human rights, for all our Group employees worldwide across more than 150 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. Our Management Board, chaired by our 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 150+ markets

Managing Human Rights Impacts

Our 2023 DMA provided greater insights on our material sustainability risks, including topics such as child labour. To better manage our material impacts, we have established topic-specific Centres of Excellence at the middle management level.

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 the
- Supply Chain Due Diligence Committee.

Issues considered in these forums are raised, where appropriate, at Management Board level or with the Audit Committee.

The Chief Strategy & 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.

Our governance framework provides a channel for the appropriate flow of information, monitoring and oversight of key issues, including those relating to human rights and modern slavery, at all levels of the Group, from our local business units to Board level.

+ Find out more about our Group strategy, business model, structure and governance in our [2023 Combined Annual and Sustainability Report](#).

Our Business and Supply Chain Continued

Our Supply Chain

Our portfolio of products includes both combustible and non-combustible products. These include Vapour products, Heated Products and Modern Oral nicotine pouches, as well as Traditional Oral products, such as snus and moist snuff.

Our 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 11 to 14](#).

Tobacco supply chain

Our Group's own Leaf Operations source most of our tobacco by contracting directly with over 91,000 farmers.

The rest of our 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, our third-party suppliers provide traceability and monitoring of their farmer base, in line with our requirements.

Our sourcing model provides our contracted farmers and those contracted to our third-party suppliers with 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 11](#).

Other materials, goods and services

We have a relationship with approximately 1,300 direct and 32,500 indirect product material suppliers.

Our New Categories supply chain is expanding into areas such as consumer electronics and e-liquids.

We have a number of suppliers of indirect goods and services which are not product related, such as IT services and facilities management.

We strive 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 our suppliers to build trust and drive progress.

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

91,000+
directly contracted farmers supplied
73% of our annual tobacco volume in 2023

Spotlight: Our supply chain structure



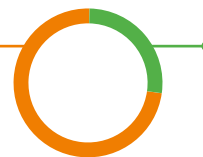
Tobacco

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+

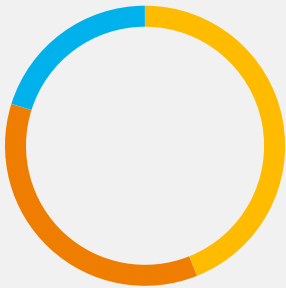
suppliers

Our Business and Supply Chain Continued

Our regional structures maximise opportunities for quality growth, while our market-specific business units are accountable for execution and performance.

In-depth marketplace analysis delivers insights on consumer trends and segmentation, facilitating our geographic brand prioritisation across our regions and markets. And with consumer preferences and technology continuously evolving, we strive to stay ahead of the curve with our digital hubs and innovation Centres of Excellence.

Revenue by region



£27,283m
Total revenue

U.S.	£11,994m
AME	£9,791m
APMEA	£5,498m

+ For more detail on our Regional Performance, see [pages 44-49](#) of our Combined Annual and Sustainability Report

The map below provides a graphic illustration of our supply chain and operations.



Our Business and Supply Chain Continued

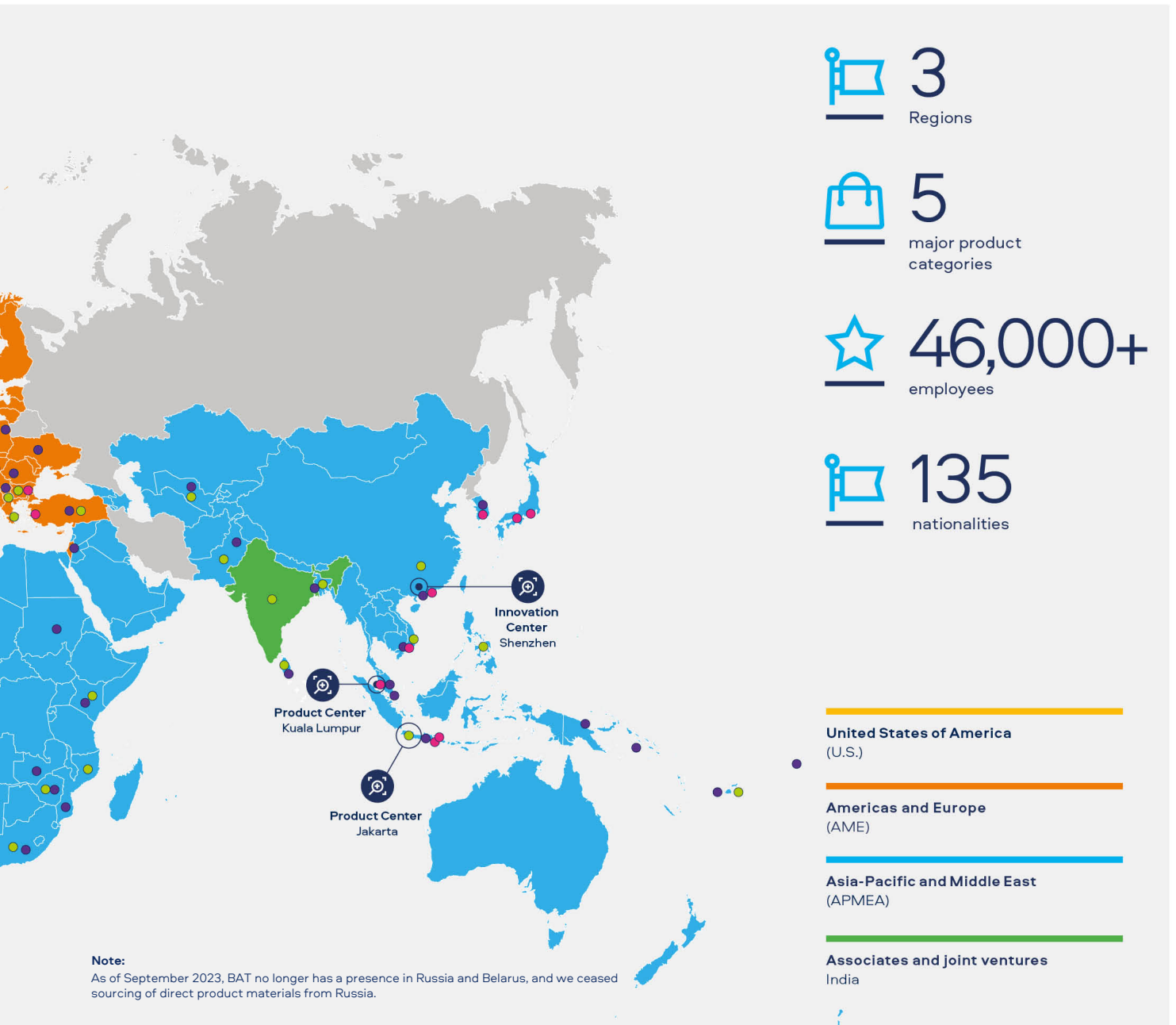
BAT-owned manufacturing facilities²

	United States	AME	APMEA	Total
Fully integrated manufacturing	1	15	22	38
Other processing sites (including leaf threshing and Other Tobacco Products ³)	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

Note:

2. As of 31 December 2023.

3. 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 we ceased sourcing of direct product materials from Russia.

Policy Commitments

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

Commitments, Policies, Standards and Controls

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

- Our employees;
- The people we work with; and
- The communities in which we operate.

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

Our policies and principles for human rights and modern slavery issues, including our Standards of Business Conduct (SoBC) and our Supplier Code of Conduct (SCoC) (indicated by * in the table below) are reviewed and endorsed by the Main Board, for adoption and implementation by all Group companies.

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

100%

of our Group employees confirmed compliance with our SoBC

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

Standards of Business Conduct (SoBC)

The high standards of integrity we 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.

We aim to ensure our operations are free from slavery, servitude and forced, compulsory, bonded, involuntary, trafficked or exploited migrant labour.

Our SoBC mandates that Group 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 our SoBC can be found on bat.com/sobc

Our Supplier Code of Conduct (SCoC)

complements our SoBC by defining the minimum standards expected of our suppliers, including for human rights. We make it clear through our contractual arrangements that our suppliers are required to comply with the SCoC. Suppliers to any BAT Group 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 their onboarding process.

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

Standards and controls

To support the effective implementation of our policy commitments, we have a number of standards, procedures and controls to support the effective implementation of our commitments, including:

- Our **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, we updated the Procedure detailing further how allegations of wrongdoing or alleged breaches should be followed up.
- Our Leaf Suppliers Manual (LSM) outlines our operational standards on child labour prevention and personal protective equipment (PPE) in tobacco farming. It provides guidance and procedures for applying our commitments on child labour within the SoBC and our requirements for PPE provision, training, and monitoring in our tobacco supply chain.

In 2023, we continued the review of due diligence processes across our 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%³ of all incidents of forced labour and 70% of all child labour globally.⁴ 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

Our product materials suppliers are part of the manufacturing sector, which the ILO estimates accounts for 18.7%³ of forced labour and 10.3% of global child labour, with the majority of cases documented in lower-income countries.⁴

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.⁴

For our suppliers of indirect goods and services, human rights risks depend on the sector and country of operation. According to the ILO, 10% of forced labour⁴ and 15.2% of child labour³ are estimated to be in low-skilled service sectors.

We recognise 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.

Our due diligence procedures involve annual risk assessments based on the type of supplier and country of operation, as described on pages 13-15.

Responding to Human Rights Allegations

We take allegations relating to human rights extremely seriously and seek to openly engage with the relevant stakeholders; responding appropriately to the issues raised.

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

+ Further details of our response to human rights allegations can be found on [bat.com](https://www.bat.com)



Notes:

- 3. ILO (2022). Global Estimates of Modern Slavery: Forced Labour and Forced Marriage, ILO, Geneva, 2017.
- 4. 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

We have a vital role in promoting a positive social impact across our supply chain.

We work with our contracted farmers to help improve their economic stability and access to food.

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 our sustainability agenda.

Helping Farmers to Thrive

Our 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.

We have a set of indicators to measure our progress in relation to each of the Five Capitals. Those in our Thrive Supply Chain⁵ are required to conduct annual evaluations based on these metrics, providing insights that inform our strategy and guide the development of our action plans.

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

We continue to build on traceability by reporting on tobacco farmers supplying specifically to the Group, rather than our suppliers' total farmer base.

Our expert field technicians are pivotal in improving human rights management across our 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. Our suppliers provide similar support services for their contracted farmers.

Giving Farmers a Voice

We recognise the importance of fair and effective grievance mechanism for farmers and farm workers. We track access to grievance mechanisms in our Thrive Supply Chain⁵ as part of our 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, we continue to look at ways to improve accessibility and promote a culture of openness for our contracted farmers and labourers to raise human rights-related issues.

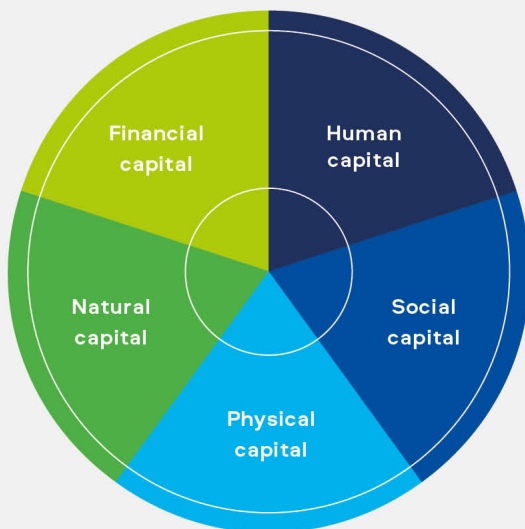
Farmer Living Income Analysis

In 2022, we carried out an independent review of our living income calculation to improve our understanding of the total farm income relative to the cost of a basic standard of living. This was conducted for 13 Group's own Leaf Operations (excluding the U.S.) and is based on the Anker Methodology.⁶

Following the review, in 2023, we developed the BAT Sustainable Living Income Guidance to help farmer's financial return with a focus on action plans; yield; cost of production; training; and income diversification.

+ Find out more about our Farmer Living Income Analysis in our 2023 [Combined Annual and Sustainability Report](#).

THRIVE – Five Capitals of success



Skills, knowledge and human rights, including capacity building, developing the next generation of farmers, health and safety, and eliminating child and forced labour

Resources and safety nets for self-sufficiency and resilience, including networks, grievance mechanisms and women's empowerment

Technology to enhance growing practices and basic infrastructure to live and work, including clean water and sanitation, energy, housing and healthcare

Climate change resilience and the natural resources upon which farming and landscapes rely, including soil, water, biodiversity and forests

Profitable farms and sustainable living incomes, as well as crop diversification and food security

Notes:

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

6. Source: <https://www.living-income.com/measurement-living-income>.

Assessing and Managing Risk Continued

Income Diversification

Child labour in agriculture often occurs on small family farms, where it is common for children to work alongside their parents.⁷ Diversifying farmers' income streams with high-value alternative crops can help enable farmers to increase their income, which can also reduce the reliance on their children's labour. We encourage our farmers to diversify their crops and income sources to help improve their food security and increase their resilience. The farmers we work with already have highly diversified farms, with 93.3% of farmers in our Thrive Supply Chain⁸ growing other crops alongside, or in rotation with, tobacco. Educating and supporting farmers is essential in this process.

91,000+

people in our farming communities received training on crop diversification techniques in 2023.

+ Find out more about enhancing farmer livelihoods in our 2023 [Combined Annual and Sustainability Report](#).

Our Women Empowerment Programme

Lack of women's empowerment in rural communities is one of the root causes of child labour.

In 2023, we reviewed our approach and developed a new Women's Empowerment Framework. This focuses on topics applicable to the local market context, including:

- Female welfare and health;
- Capacity building;
- Entrepreneurship; and
- Creating wider opportunities to improve livelihoods, which also brings men along to address cultural or other barriers.

The initiatives within our Women Empowerment Programme are aimed at promoting gender equality, increasing household incomes and diversifying farmers' income to decrease their dependency on tobacco. We do this by helping women create and expand their own businesses with the skills and resources they need. This includes providing continuous training and support; linking women in rural farming areas where we work to markets and customers; and promoting policies and programmes that support women entrepreneurs.

+ Read about our women empowerment programmes at [bat.com/womenempowerment](https://www.bat.com/womenempowerment) and in our 2023 [Combined Annual and Sustainability Report](#).

Notes:

7. Source <https://www.eclt.org/en/about-child-labour-on-farms>.

8. See footnote 5.

Case Study:



Women Empowerment

We have developed programmes to empower women, increase their agricultural and business knowledge, and build their entrepreneurial skills.

In 2020, BAT Bangladesh launched the ongoing Nakshi ('painting' in Bengali) initiative jointly with the Rangpur Women Chamber of Commerce and Industries (RWCCI) to empower women and enhance their capabilities to generate additional family income. By the end of 2023, 60 Bangladeshi women had already started their own businesses through this initiative, reporting a 30% increase in income on average, job creation for other women in their local community, and improvements in their quality of life.

In 2023, BAT Kenya set up a formal Women Development programme to further empower rural-based women by providing rights and entrepreneurship training.

Overall, we have increased the number of people engaged in women's empowerment training from 16,600 in 2020 to more than 67,000 in 2023.

Assessing and Managing Risk Continued

Ethical Recruitment for our Employees

Our 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 our 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’

Our 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.

We always listen to these concerns. We do 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.

We 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. We have worked hard, via ongoing training and communication, to help our people see Speak Up as a trusted channel.

Investigating and Remediating Workplace Breaches

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

In 2023, we received 216 reports of alleged SoBC breaches relating to our 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 we manage and minimise risks in our recruitment process



Due Diligence

Our due diligence processes enable us to monitor the effectiveness of, and compliance with, our policy commitments, as well as to identify, assess and respond to human rights risks, and impacts.

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.⁹

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

This complexity is why our 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 our 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 expert Field Technicians in all crop stages. This helps us to create positive relationships, as we source the majority of the tobacco we use from our directly contracted farmers.

Our Field Technicians visit our 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.

Our Farmer Sustainability Management (FSM) platform

Our 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.

Notes:

9. 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.

10. Our ambitions cover all tobacco we purchase for our products ('tobacco supply chain'), which is used in our combustibles, traditional oral and Tobacco Heated Products. Our metrics, however, derive data from our annual Thrive assessment, which includes our directly contracted farmers and those of our third-party suppliers, which represented over 94% of the tobacco purchased by volume in 2023 ('Thrive Supply Chain').

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.

We monitor our directly contracted farmers to help tackle the challenges of modern slavery and forced labour. Our third-party suppliers are expected to do the same, and to report their farm monitoring findings, including prompt actions, in our Thrive system.

100%

of farms in our Thrive Supply Chain¹⁰ monitored for child labour

Our ambition is to have zero forced labour incidents in our tobacco supply chain¹⁰ by 2025. There were no forced labour-related non-compliances reported in our Thrive Supply Chain¹⁰ in 2023.

Playing our part in the Sustainable Tobacco Programme (STP)

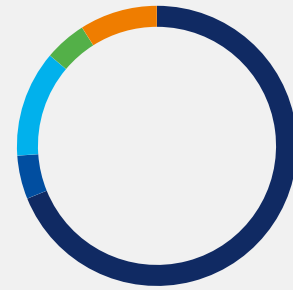
All of our leaf suppliers are expected to participate in the industry's STP. This involves an annual self-assessment against priority themes such as Human Rights, Farmers Livelihoods, Crop Management, Natural Habitats-Forests-Biodiversity, Soil, Water and Climate Change. Suppliers are assessed against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

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 end-2023, a total of seven leaf suppliers 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, we are planning to conduct five IDAs on Human and Labour Rights in BAT sourcing countries.

Thrive-reported prompt actions in 2023¹⁰



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

Due Diligence Continued

Reporting and resolving incidents of child labour

We recognise child labour is a complex issue and incidents can be hidden or under-reported. This is why, in addition to due diligence, we work on addressing root causes. We set out detailed guidance procedures in our 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 our annual Thrive assessment covering our directly contracted farmers and those of our third-party suppliers in our 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 our Thrive Supply Chain.* The decrease was also helped by the improvement in our 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 our third-party leaf suppliers' total farmer base.

We acknowledge the challenges in monitoring child labour on farms and understand that incidents may not always be detected or reported. We remain committed to addressing this complex issue.

Tracking recurring non-compliance is essential to address root causes. That is why we monitor the recurrence of child labour cases and often involve local communities in our 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.

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

+ Find out more about our Group strategy, business model, structure and governance in our 2023 [Combined Annual and Sustainability Report](#).

Case Study:



Summer Camps in Pakistan

In 2023, we have established 30 summer camps in collaboration with a local NGO, engaging more than 1,800 children in positive learning activities during summer holidays. The locations of the camps cover all the growing areas of Pakistan, where the risk of child labour can be higher, especially during the summer months. Our target for 2023 was to engage 1,500 children in the camps and we have exceeded it by 23%.

As a part of our summer camps initiative, BAT Pakistan organises social mobilisation sessions for farmers and communities to raise awareness about the importance of child education and risks associated with child labour.

This initiative has influenced the community to the point that records of enrolments for the summer camps have exceeded expectations.

In order to ensure the success of the project, we are working through a focused approach to regularly engage and train farmers and their families in the risks and impacts of child labour, targeting tobacco growing areas that have the highest risk of child labour.

In addition to the summer camps for children, we are working very closely with farmers to improve their cost of living through yield improvement, alternative income sources like profitable combination of different crops and reduction of their cost of production. See page 9 of this document for more details.

Monitoring and remediating child labour in our Thrive Supply Chain* during 2023

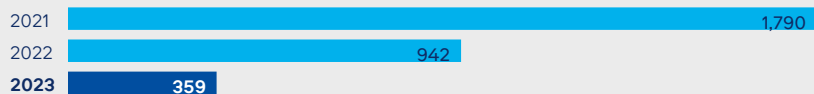
100%

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



Notes:

* See footnote 10.

Due Diligence Continued

Our 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 our ongoing STP assessment and regular farm monitoring. Each year, we commission 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, we have completed 10 HRIsAs in eight of our 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, we 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.

We work to ensure that implementation and progress against these plans is closely monitored. We also use insights and learnings from each assessment to further strengthen our efforts to identify, prevent and mitigate human rights risks in our tobacco-sourcing countries.

Respecting human rights in our Product Materials Supply Chain

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

Prior to approval, new suppliers must undergo an independent due diligence audit, performed by our 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, we assess suppliers' inherent risk exposure based on their country and the goods or services they provide.

We have extended the labour audits to include lower-tier product materials suppliers in business-critical areas for packaging materials and New Category products (i.e batteries 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.

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.

We require our suppliers to take appropriate remediation actions when issues are identified through the audit process. We track our suppliers' progress against corrective action plans centrally. All New Category Tier 1 suppliers are audited on an annual basis.

Countries where we have completed Human Rights Impact Assessments



5,200
rightsholders engaged in tobacco-growing communities

10
HRIAs completed by independent human rights experts in eight of our tobacco-sourcing countries

Due Diligence Continued

Supplier audit findings 2023

82%

of supplier corrective actions verified as completed by Intertek 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

Supplier audits and findings

In 2023, 623 social assessments of suppliers located in 55 countries were conducted through our 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. We require further cycles of audits based on our 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 of supplier corrective actions were verified as completed by Intertek by year-end. By the end of 2025, we are aiming for all our 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.

We 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, we joined the Responsible Business Alliance (RBA) as a Supporter Member and the Supplier Ethical Data Exchange (Sedex) to expand the coverage of audits globally and to improve our own social due diligence and those of our suppliers, particularly in the electronics supply chain.

Product materials supply chain due diligence procedure



Due Diligence Continued

Responsible Mineral Sourcing

Our electronics supply chain for our 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, we focus on mapping our supply chain and continue to encourage our key suppliers to manage sustainability issues in their supply chains by holding them accountable for their progress in this area.

Our commitment to responsible mineral sourcing is outlined in our SCoC. This includes, but is not limited to, working with our suppliers to:

- Exercise appropriate due diligence; and
- Identify the origin of ‘conflict minerals’ in our New Category products, with reference to the OECD’s internationally recognised guidelines for responsible mineral supply chains. We report on our findings annually in our Conflict Minerals Report.

In 2022, we obtained membership to the Responsible Minerals Initiative (‘RMI’ – formerly the Conflict-Free Sourcing Initiative). As member of the RMI, we participate in cross-industry efforts to support responsible minerals sourcing, and by utilising the resources that are available to RMI members, we seek to further enhance our minerals supply chain due diligence process.

+ Find out more about our approach to responsible minerals sourcing in our [2023 Conflict Minerals Report](#).

Group Companies due diligence

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

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

Our business entities complete an annual assessment against our 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 we operate, 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 our own operations

We recognise 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, we have 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 our 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, 24¹¹ countries within BAT’s direct operations were identified as higher risk and underwent additional assessments.

Note:

11. 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

Our Group's own Leaf Operations and third-party suppliers in our Thrive Supply Chain¹² provide human rights training for farmers and community members, with a focus on child labour and workers' rights.

In 2023, more than 418,000 attendees received this training. Child labour training, developed in line with the UNGPs, is also available to everyone with access to our internal training platform.

Supplier Engagement and Training

We have 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. We value our partnerships with these suppliers and support them in improving their practices. If issues arise during our audits, we work together to find solutions and implement corrective actions. We only resort to disqualification as a last option.

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

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

Training our Employees

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

Our SoBC app provides easy access to policies, procedures and guidance, and to our global 'Speak Up' channels available in 14 languages.

Annually, all our employees undergo SoBC training as part of our 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 Group company employees completed the SoBC training and sign-off.

100%

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



+ For more social performance metrics and operational data see page 17.

Number of attendants engaged in human rights training, with emphasis on forced labour and child labour

+20%



Number of people engaged in training on women's empowerment

+129%



Note:
12. See footnote 5.

Measuring Effectiveness and Next Steps

We are committed to strengthening our approach to tackling modern slavery and measuring our progress.

Measuring our 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 our 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.

We continue to improve and strengthen our approach to tackling modern slavery, and adapt to evolving circumstances.

Next Steps

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

- Undertake an external review of our due diligence processes and policies across our 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.

We are proud of our progress to date and recognise that we can and must do more.

Our 2023 performance

KPI	2023 performance	2022 performance	More information
% of employees that completed annual SoBC self-assessment	100%	100%	Page 14
Cumulative number of Human Rights Impact Assessments completed, aligned with the UN Guiding Principles	10	10	Page 13
Number of independent supplier labour audits conducted	623	354	Page 14
% of supplier corrective actions verified as completed by Intertek by year-end	82%	73%	Page 14
Rightsholders engaged via our HRIAs to date	5,239	5,239	Page 13
% of Group companies assessed for human rights risks against Verisk Maplecroft indices, including its Modern Slavery Index	100%	100%	Page 15
% of farms in our Thrive Supply Chain ¹³ monitored for child labour	100%	100%	Page 11
Attendances at human rights training delivered by BAT Group's own Leaf Operations and third-party suppliers	418,584	348,257	Page 16

Note:

13. See footnote 5.

Approval by BAT Group Subsidiaries

This statement has been approved by the Board of Directors, and signed-off by a designated director, of each relevant BAT Group subsidiary company.

Approval by BAT Group Subsidiaries		
Company	Date of Board Approval	Designated Director
BATLaw Limited	9 April 2024	David Booth
British American Shared Services (GSD) Limited	10 April 2024	Pawel Podziewski
British American Tobacco (GLP) Limited	10 April 2024	Samuel Cortez
British American Tobacco (Investments) Limited	22 April 2024	Zafar Khan
British American Tobacco Exports Limited	19 April 2024	Elena Romanyuk
British American Tobacco Services Limited	9 April 2024	David Booth
British American Tobacco Taiwan Logistics Limited	9 April 2024	David Booth
British American Tobacco UK Limited	9 April 2024	Susanna De Iesu
British-American Tobacco (Holdings) Limited	22 April 2024	Zafar Khan
Carreras Limited	9 April 2024	David Booth
Nicoventures Retail (UK) Limited	9 April 2024	Susanna De Iesu
Nicoventures Trading Limited	4 April 2024	Zafar Khan

Further Information

About This Statement

This is our eighth statement in accordance with the UK Modern Slavery Act 2015. It sets out the steps taken by British American Tobacco (BAT) p.l.c. and Group companies, during the year ending 31 December 2023, to prevent modern slavery and human trafficking in our business and supply chain.

References in this statement to 'British American Tobacco', 'BAT', 'we', 'us' and 'our' refer to British American Tobacco Group operating companies, collectively or individually as the case may be.

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

Forward-Looking Statements

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

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; translational and

transactional foreign exchange rate exposure; changes or differences in domestic or international economic or political conditions; the ability to maintain credit ratings and to fund the business under the current capital structure; 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 interactions 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 our 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 our leaf suppliers are expected to participate in the STP, which requires an annual self-assessment against priority themes, including human rights.

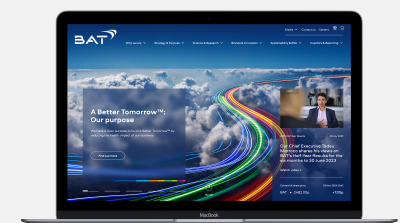
Thrive: Our Thrive programme collects data and indicators across a number of issues, including human rights. The data from our annual Thrive assessment includes our directly contracted farmers and those of our third-party suppliers, which represented over 94% of the tobacco purchased by volume in 2023.

Human Rights Impact Assessments (HRIAs)

HRIAs are conducted by independent human rights experts, in support of our 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 our sourcing strategy.

Our Suite of Corporate Publications

This report forms part of our wider suite of corporate publications, including:



For downloads and access to our entire reporting suite, for this and prior years, visit www.bat.com/reporting

Our '2023 Combined Annual and Sustainability Report' contains full details on our Sustainability and ESG reporting, performance and highlights for the year.

See our '2023 Reporting Criteria', for more detail on all key definitions and terms used in this report, and our wider Sustainability and ESG performance for the year.

Explore the story of our year.

Go online and find downloadable versions of this report, along with our performance summary and other content – all accessible on desktop, tablet and mobile:

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 youtube.com/welcometobat

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