



Modern Slavery Statement

2018



BRITISH AMERICAN
TOBACCO


Modern Slavery Statement 2018

British American Tobacco (BAT) has a long-standing commitment to respect fundamental human rights, as affirmed by the Universal Declaration of Human Rights. This includes 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.

Introduction

This is BAT's third statement published in accordance with the UK Modern Slavery Act 2015. It sets out the steps taken by BAT plc and relevant Group companies¹, during the year ending 31 December 2018, to prevent modern slavery and human trafficking² in our business and supply chains.

The latest estimates by the International Labour Organization (ILO) are that 40.3 million people are victims of modern slavery and, of these, 24.9 million people are in forced labour, with 16 million being forced to work under threat or coercion in the private economy³. We recognise that, like all businesses, we run the risk of being exposed to modern slavery either within our own operations or those of our extended supply chain. In 2018, we have continued to build upon, and strengthen, our approach to tackling this global issue within the context of our broader Group-wide human rights strategy.

 Details of our broader human rights strategy can be found at bat.com/humanrights

Our business

BAT is a leading international consumer goods company, manufacturing and selling combustible tobacco products and a range of potentially reduced-risk products (PRRPs), such as vapour, oral and tobacco heating products, for adult consumers. In 2018, our Group revenue was over £24 billion, we had 55 factories in 48 countries, and our brands were sold in over 200 markets.


Our Group headquarters is based in the UK and we have subsidiary operations around the world, employing over 55,000 people. Our employees work in a range of roles and environments including managerial office-based, manufacturing and operations, trade marketing and distribution, and research and development.

The Board of Directors of BAT plc (the 'Company') is responsible to shareholders of the Company for its performance and for the Group's strategic direction, its values and its governance. It provides the leadership necessary for the Group to meet its performance objectives within a robust framework of Group

policies, standards, governance and internal controls.

We have three principal Board Committees, including the Audit Committee which is underpinned by our Regional Audit and CSR Committee framework. This provides a flexible channel for the structured flow of information, monitoring and oversight of key issues, including those relating to human rights and modern slavery, at all levels of the Group from our local business units to Board-level.

Our executive Management Board, chaired by the Chief Executive, has responsibility for overseeing implementation by our subsidiaries of the Group strategy, policies and controls and for creating the conditions for their successful day-to-day operation.

 More details of our business model, structure and governance can be found in our Annual Report at bat.com/annualreport

Key achievements in 2018

Strengthened our Supplier Code of Conduct with new human rights provisions for responsible sourcing of conflict minerals and minimum standards for wages, benefits and working hours.

Extended the scope of our non-agricultural supplier audits, with audits conducted on strategic tier 2 vapour and tobacco heating product suppliers and strategic indirect suppliers of factory machinery and marketing materials.

Rolled out our digital farm monitoring system to 10 BAT leaf operations covering over 80,000 farmers and nearly 80% of our direct tobacco leaf purchases.

Delivered training, awareness raising and capacity building on human rights, child and forced labour issues to **over 134,000 farmers** and rural community members.

Joined the Slave-Free Alliance, a multi-stakeholder group led by the NGO Hope for Justice.

¹ This includes British American Tobacco plc and subsidiary Group companies worldwide, including all relevant BAT companies according to the requirements of the UK Modern Slavery Act: British American Tobacco (Investments) Limited, British-American Tobacco (Holdings) Limited, British American Shared Services (GSD) Limited, British American Tobacco (GLP) Limited, British American Tobacco UK Limited, British American Tobacco Western Europe Commercial Trading Limited, B.A.T. (U.K. and Export) Limited, British American Tobacco Taiwan Logistics Limited, B.A.T. China Limited, B.A.T. Services Limited, British American Tobacco Global Travel Retail Limited and Nicoventures Trading Limited.

² Encompassing slavery, servitude and forced or compulsory labour and human trafficking as defined in the UK Government's 'Transparency in supply chains: a practical guide', Annex A, pages 17–19.

³ ILO (2017a). *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*. International Labour Organization (ILO), Geneva.

Group policies

We have a number of policies, principles and standards in place relevant to human rights and modern slavery, including the core documents described below, which are signed and endorsed at Board level and apply to all BAT Group companies worldwide.

Standards of Business Conduct (SoBC)

Our SoBC includes our core policies for areas such as whistleblowing, bribery and corruption, respect in the workplace and human rights.

It specifically states that we do not condone forced, bonded or involuntary labour, or the exploitation or unlawful use of immigrant labour; and that we do not condone or employ child labour, and seek to ensure that the welfare, health and safety of children are paramount at all times.

The SoBC applies to all Group companies and employees, including directors, officers, secondees, trainees, interns and temporary staff. Contractors, agents or consultants working with us are expected to act consistently with the SoBC and apply similar standards within their own organisations.

Compliance procedures


The SoBC is available in local language versions and awareness and understanding is promoted through regular communication and training. Every year, all our people worldwide must formally confirm that they have read, understood and complied with it through our formal sign-off process.

In 2018, 100% of our 55,000+ employees worldwide confirmed compliance with our SoBC.

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

We investigate all reported incidents and allegations of incidents contrary to our Standards and strong action is taken where a breach is identified, including strengthening of our internal controls, disciplinary action and termination of employment. If any breach is found which may have been criminal, this is referred to the authorities for investigation and could result in prosecution.

Details of all reported incidents are monitored through the year by our Regional Audit and CSR Committees, and quarterly by the Board Audit Committee.

 For of all our Group policies, principles and standards, please see bat.com/principles

Supplier Code of Conduct

Our Supplier Code of Conduct defines the minimum standards expected of all our suppliers worldwide and is incorporated into our contractual arrangements. It specifically requires them to ensure their operations are free from child labour

and from forced, bonded, involuntary, trafficked or unlawful migrant labour. They are also expected to promote adherence to the requirements of the Code and conduct appropriate due diligence within their own supply chain for their new and existing suppliers (including farmers where relevant).

In recognition of our growing business in electronic vapour and tobacco heating products and the human rights risks this presents in terms of conflict minerals, in 2018, we strengthened the Code with the addition of a new requirement for responsible sourcing of conflict minerals⁴. A new provision was also added relating to minimum standards for wages, benefits and working hours.

Compliance procedures

The Code is available in local language versions and communicated to suppliers through our onboarding processes and contractual negotiations. We monitor compliance with its requirements through our due diligence programmes outlined on pages 4–5.

While we always try to support our suppliers in ensuring compliance with the requirements of the Code and improving their performance, if they are unwilling to engage with us or demonstrate no material progress, persistent inaction or a lack of improvement, we will terminate the business relationship.

Speak Up channels

We encourage anyone working for, or with, the Group to raise concerns or grievances through our Speak Up channels.

These independently managed channels are available online, by text and telephone hotlines, 24 hours a day, seven days a week and in multiple local languages. They can be used in confidence (and anonymously, if they prefer to do so), without fear of reprisal.

We promote Speak Up through regular staff training and communications, and details are communicated to suppliers via our Supplier Code of Conduct.

 bat.com/speakup

⁴ Including cobalt, gold, tantalum, tin and tungsten (and the ores from which they originate).

Risk assessment and due diligence

We have assessed the nature and extent of exposure to modern slavery risks in our business and supply chains to inform our approach and ensure we prioritise our efforts in the right areas.

Tobacco leaf agricultural supply chain

We have traceability down to the farm level and centralised Group-level management of all our tobacco leaf suppliers.

Large numbers of casual and temporary workers, use of family labour in small-scale farming, and high levels of rural poverty make agriculture a particularly vulnerable sector⁵.

100% of our leaf operations and suppliers have had independent on-site reviews in the last three years.

The key modern slavery risks in the agricultural sector relate to child labour, which the ILO estimates to account for 70% of all global child labour⁶; and forced labour, which the ILO estimates to account for 11% of all incidents



worldwide⁷. Debt bondage can also be a particular concern if farmers borrow money to invest in growing a crop but don't have a guaranteed buyer or price, leaving them vulnerable to getting trapped in a cycle of debt. These risks are evident in wealthier, as well as poorer, countries⁷, and so our due diligence procedures apply to all our leaf operations and suppliers, in all countries.

Tier 1 supplier due diligence

All of our leaf operations and suppliers are required to participate in the Sustainable Tobacco Programme (STP). STP was developed collectively by the tobacco industry in 2015, under the facilitation of the independent supply chain management company AB Sustain, as an industry-wide programme, aligned to international standards, such as those of the ILO and the UN Guiding Principles on Business and Human Rights (UNGPs). It replaced our previous Social Responsibility in Tobacco Production programme which, from 2000 until 2015, set the standard for all our leaf suppliers worldwide.

STP includes a comprehensive self-assessment which all suppliers complete each year, focused on four key pillars:

crop, environment, people and facilities. Suppliers must also show that they have good governance underpinning all four pillars and that they've assessed, identified and worked to mitigate any significant risks that arise.

The people pillar includes a range of human rights criteria covering child and forced labour, health and safety, fair treatment, freedom of association, and income, working hours and benefits. The forced labour criteria include the prevention of bond, debt and threat, freedom to leave employment, use of financial deposits, withholding of payments, retention of identity documents and valuables, and prison and compulsory labour.

In the last three years, AB Sustain has conducted independent on-site reviews of 100% of our leaf operations and suppliers. These include visits to tobacco farms and in-depth analyses of suppliers' policies, processes and practices.

We use the results of the self-assessments and the on-site reviews to work collaboratively with suppliers to drive corrective action and continuous improvements.

Tier 2 farm monitoring

Our own leaf operations conduct farm monitoring and announced and unannounced visits to our 90,000+ contracted farmers, and our third-party suppliers do the same for their contracted farmers. This is an important way of checking conditions to ensure they're meeting our standards and to gather data needed for STP assessments.

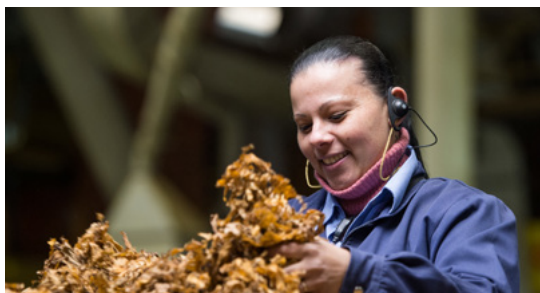
Following a pilot in 2017, we strengthened our approach in 2018 with the implementation of a new, more robust digital farm monitoring system in 10 of our leaf operations, covering over 80,000 farmers and nearly 80% of our direct tobacco leaf purchases. This enables faster, more consistent and accurate reporting, so any issues can be quickly flagged up and addressed. The roll-out to our remaining leaf operations will be completed by the end of 2019⁸.

⁵ <https://www.ilo.org/global/industries-and-sectors/agriculture-plantations-other-rural-sectors/lang-en/index.htm>

⁶ ILO (2017b). *Global Estimates of Child Labour: Results and trends, 2012-2016*, ILO, Geneva.

⁷ ILO (2017a) op. cit.

⁸ With the exception of three BAT leaf operations which already have monitoring systems in place.



Non-agricultural supply chain

Direct product materials, such as paper, filters and the components for vapour and tobacco heating products, represent the highest-value strategic area of our non-agricultural supply chain and are managed by our global, regional and local Procurement teams.

These suppliers operate in the manufacturing sector, which the ILO estimates accounts for 11.9% of global child labour⁶ and 15% of forced labour⁷, with the majority of cases documented in lower-income countries⁷. The key risks identified by the ILO relate to excessive working hours and production targets, payment of high recruitment fees, illegal retention of passports and, in some cases, illegal imprisonment and beatings of workers⁷.

In addition, we have over 30,000 indirect suppliers worldwide, such as for distribution, professional services, marketing, IT, machinery and facilities. The risks of modern slavery depend on the sector and country of operation. For example, 17.2% of child labour⁶ and 10% of forced labour⁷ is estimated to be in low-skilled service sectors, whereas the risks in professional services are likely to be lower.

Supplier due diligence

We have long had due diligence processes in place for strategic direct materials suppliers. In order to be appointed as a supplier to BAT they all undergo an independent on-site audit, conducted by the global firm Intertek, and are then re-audited every three years. To closer align with the UNGPs and to better manage supply chain risks and opportunities, in 2016 we implemented our integrated supply chain due diligence (SCDD)

programme. Developed in consultation with external experts, SCDD applies to all direct materials suppliers worldwide, as well as strategic indirect suppliers.

The programme is overseen by a cross-functional governance committee, chaired by our Group Head of Procurement, Strategy and Planning, and including the Group Heads of Direct and Indirect Procurement, Head of Sustainability, Head of Compliance and Senior Counsel for Operations.

The starting point for SCDD is an annual risk assessment, using Verisk Maplecroft's human rights indices (including the Modern Slavery Index), of each supplier's risk exposure based on the type of supplier and country where it operates. In 2018, the risk assessment covered suppliers representing 100% of our direct and strategic indirect Procurement spend.

We prioritise suppliers identified as high-risk for Intertek audits, which include criteria covering forced labour, child labour, wages and hours, health and safety, environment and management systems. In 2018, a total of 88 suppliers in 29 countries⁹ underwent Intertek audits. As well as tier 1 direct suppliers, this also included 17 tier 2 strategic suppliers for vapour and tobacco heating products and eight strategic indirect suppliers of factory machinery and point-of-sale marketing materials in high-risk countries.

77% of all our strategic global direct materials suppliers have been independently audited in the last three years.

If any issues are identified in the audits, we work collaboratively with suppliers to implement corrective actions. These are tracked centrally and Intertek verifies they have been completed either through a desktop review, for moderate issues, or a follow-up audit for more serious issues.

BAT subsidiary operations

As detailed on pages 1 and 3, we have robust policies, controls, compliance and governance procedures in place across

all Group subsidiaries worldwide, which help to substantially mitigate the risks of modern slavery.

However, we recognise that we need to continually work to ensure these are effectively applied and to carefully monitor the situation in countries where local circumstances mean we're exposed to greater risks, such as where regulation or enforcement is weak, or there are high levels of corruption, criminality or unrest.

Human rights due diligence

We conduct an annual country-level risk assessment of all our subsidiaries worldwide, using Verisk Maplecroft's human rights indices (including the Modern Slavery Index). Our Board Audit Committee and the relevant Regional Audit and CSR Committee (RACC) then review the list of high-risk countries and can also add further countries to the review, in the event of new developments in human rights or business circumstances.

It is a specific requirement of our key business controls, which apply to all Group subsidiaries, for human rights risk assessments and risk mitigation action plans to be in place in high-risk countries and for processes to be in place to demonstrate that human rights are managed effectively in the workplace and supply chain. All BAT operations are required to report compliance against the controls annually.

In 2017, we enhanced these existing due diligence procedures with strengthened monitoring of high-risk operations. They are now required to conduct an assessment against key human rights issues, including child labour and modern slavery, to confirm compliance with Group policies, standards and controls, and to provide details of any additional local measures in place to enhance human rights management. The Audit Committee and RACCs then review the compliance status for each country and request actions to be taken for any areas for improvement identified, with defined timescales.

In 2018, our operations in 26 countries¹⁰ were identified as high-risk and underwent the assessment and governance reviews.

⁹ Austria, Bangladesh, Brazil, Canada, Chile, China, Croatia, Finland, France, Germany, India, Indonesia, Ireland, Italy, Malaysia, Netherlands, Pakistan, Poland, Russia, Singapore, South Korea, Spain, Sri Lanka, Sweden, Thailand, Turkey, UK, USA and Vietnam.

¹⁰ Bangladesh, Cameroon, China, Colombia, Democratic Republic of Congo, Egypt, Eritrea, Iran, Iraq, Kenya, Lebanon, Mali, Myanmar, Niger, Nigeria, Pakistan, Papua New Guinea, Russia, Saudi Arabia, Somalia, Sudan, Turkey, Uganda, Uzbekistan, Venezuela and Zimbabwe.

Remediation and risk mitigation

We are committed to fully investigating and remediating any modern slavery issues identified, and to working collaboratively to raise standards and mitigate longer-term risks and root causes.

Tobacco leaf agricultural supply chain

In 2018, no issues relating to modern slavery were brought to our attention through our due diligence processes. However, we recognise that in agriculture there are wide root causes which need to be addressed through a longer-term, holistic and collaborative approach.

Extension Services

Our global network of expert field technicians provides on-the-ground Extension Services support, technical assistance and capacity building for all 90,000+ farmers who supply our leaf operations. They play an active and important role in rural communities, acting as a direct link between the farmers and BAT, building trusted relationships and gaining unique insights into the challenges farmers face. Our field technicians are also able to check conditions on the ground and provide a further safeguard against forced or bonded labour being used within our tobacco leaf supply chain.

The services our field technicians provide range from agreeing contracts, to providing guidance, support and technical assistance throughout the growing season. They also run regular farmer training programmes focused on raising awareness of key issues, including child labour, forced labour and health and safety, and regularly engage and consult with farmers' associations, collectives and unions.

This work also helps to mitigate key risks. For example, to ensure debt bondage does not occur for the farmers we work with, our field technicians agree contracts with them at the beginning of each growing season – guaranteeing to buy their tobacco crop at a fair price, as well as detailing the free support and

training they'll receive from our Extension Services and options to access resources at lower costs, such as seeds, fertilisers and personal protective equipment. The contract can also be used as security for credit or loans they need from banks, enabling them to invest in their farms.

Our third-party suppliers use a similar Extension Services model to provide guidance, technical assistance and capacity building for the 260,000+ farmers they contract.

Thrive programme

Our *Thrive* programme takes a holistic approach to identifying and addressing root causes and long-term risks for our farmers and their communities, such as rural poverty.


It is based on the internationally recognised 'five Capitals' framework, which works on the premise that to be sustainable, farming communities must be 'in credit' across five types of 'Capital': financial, natural, physical, human and social. Strength in all five creates

resilience and enables farmers and rural communities to prosper.

We have defined a set of indicators to measure strength in each Capital, and in 2018 we introduced a new Human Capital indicator specifically focused on forced labour.

Since introducing *Thrive* we have assessed over 280,000 farmers who supply around 90% of our total tobacco leaf purchases. We use the results to develop a comprehensive action plan, including multi-stakeholder partnerships and community-based projects, focused on the longer-term issues identified.

For example, in Vietnam there is a lack of employment opportunities for many rural women in border areas. This makes them vulnerable to becoming victims of criminal gangs who recruit them into illegal cigarette smuggling operations. So, in 2018, our business established a partnership with the Vietnam Women's Union on a three-year programme to provide these women with training and interest-free loans to start up their own businesses and enhance their livelihoods. Over three years, the programme aims to empower 2,000 women in rural areas.

 Find more details about *Thrive* and examples of our actions and projects in our latest Sustainability Report at bat.com/sustainabilityreport

Case study: Mitigating risks in Bangladesh

In Bangladesh, the camps for Rohingya refugees are located in the Cox's Bazar and Ukhiya districts, near our Naikhongchari tobacco leaf sourcing area. The refugees are not legally allowed to work in the country, but may try to seek work regardless. This presents a risk of them being hired as illegal casual labourers on the tobacco farms and being vulnerable to issues such as child labour, wages below the legal minimum and excessive working hours.

So, in 2018, our business in Bangladesh implemented a number of actions to try to mitigate these risks. This included providing additional training and awareness raising for all 1,300+ farmers in the area to remind them of the law and standards expected for hired labourers.

Alongside this, more frequent farm spot-checks have been conducted, including interviews with farm labourers to confirm their age, nationality, wages and conditions of work. We also implemented a new labour deployment register to ensure the farmers are keeping accurate records of all hired labourers.

Allegations of human rights abuses in Zimbabwe

In April 2018, the NGO Human Rights Watch published a report¹¹ alleging human rights abuses on tobacco farms in Zimbabwe, including child labour on smallholder family farms and excessive hours and withholding of wages for hired labourers on larger-scale farms.

We take such allegations extremely seriously and actively engaged with Human Rights Watch and our supplier in Zimbabwe to investigate.

Almost all of the tobacco leaf we purchase in Zimbabwe is sourced from Northern Tobacco, one of the largest buyers of tobacco in the country, which directly contracts with farmers.

As with all our suppliers, Northern Tobacco is required, as part of our contractual agreements, to ensure there is no child labour in the supply chain and to ensure that the health and safety and labour rights of all tobacco workers are protected.

Northern Tobacco was positively referenced in the report for providing detailed, clear and transparent responses to Human Rights Watch, and for its comprehensive approach to risk assessment and mitigation.

We are confident that our policies and processes in Zimbabwe are robust. Nevertheless, recognising the seriousness of the allegations, we undertook a series of unannounced visits to farms in Zimbabwe supplying BAT, which revealed no material issues of concern.

Non-agricultural supply chain

Of the audits conducted in 2018, the vast majority of issues identified were categorised by Intertek as 'moderate', relating to hours and wages, poor record keeping, and health and safety procedures.

Thirteen suppliers had human rights issues identified that were categorised as 'major' by Intertek. These related to excessive working hours, lack of age verification for workers (although there were no actual incidents of child labour), use of monetary penalties as disciplinary measures, lack of appropriate right-to-work checks for migrant workers and, in one case, retention of migrant workers' passports (see the case study below).

In 2018, over 26,000 employees completed our Standards of Business Conduct e-learning and assessment covering key policy areas.

By the end of the year, 75% of corrective actions had been fully completed and verified by Intertek, in desktop reviews for the moderate issues and 19 on-site follow-up audits for the major issues. All

outstanding actions are in progress and being closely monitored.

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 who required a follow-up audit improved their overall scores by over 80%.

BAT subsidiary operations

In 2018, no issues relating to modern slavery were identified through our due diligence for BAT operations in high-risk countries. There were also no incidents of improper business conduct, relating specifically to modern slavery, identified through our Speak Up channels, whistleblowing and grievance procedures.

 Details of all reported incidents contrary to our Standards can be found at bat.com/sobc

Training and engagement

In 2018, over 26,000 employees completed our Standards of Business Conduct e-learning and assessment covering key policy areas. Our remaining employees, who don't have easy online access, received face-to-face training.

All our 1,000+ Procurement and Legal and External Affairs managers also completed comprehensive human rights e-learning at the end of 2017 and in early 2018, including specific details on modern slavery. This training is now a requirement for all new joiners to either Function.

For our tobacco leaf supply chain, in 2018, over 134,000 farmers and rural community members received training, awareness raising and capacity building on human rights, and child and forced labour issues.

We were also pleased, at the end of 2018, to become members of the [Hope for Justice Slave-Free Alliance](#). This is a multi-stakeholder group of like-minded companies and gives us access to unique resources provided by the Hope for Justice investigators, trainers and other frontline specialists.

Case study: Passport retention in Malaysia

In 2018, an Intertek audit identified that foreign migrant workers for one of our suppliers in Malaysia had their passports held by a third-party recruitment agency.

This was done with workers' permission, in accordance with Malaysian law, but there were no clearly documented procedures for enabling workers to retrieve them at any time.

As a result, the supplier immediately put in place a signed agreement with the recruitment agency and a new policy clearly defining the process for passport retrieval within one hour. This was supported by training on the policy and process for all relevant managers and foreign workers.

In addition, the supplier is now in the process of bringing the contracts and management of all foreign workers in-house, which will enable it to then provide secure on-site lockers for the workers to store their passports and access them directly at any time.

11 Human Rights Watch (2018). [A Bitter Harvest: Child Labor and Human Rights Abuses on Tobacco Farms in Zimbabwe](#).

Measuring effectiveness and next steps

We are committed to measuring the effectiveness of, and continually working to further strengthen and enhance, our approach to tackling modern slavery.

Measuring effectiveness

We review our policies and procedures on an ongoing basis to ensure they remain effective and identify opportunities to further enhance and strengthen our approach.

This includes regular monitoring by our Board Audit Committee and Regional Audit and CSR Committees, as well as our Operations Sustainability Forum, chaired by our Operations Director, and Supply Chain Due Diligence Governance Committee.

Our key performance indicators

KPI	2018 performance
Reported incidents and results of investigations into suspected improper conduct contrary to our Standards.	No incidents relating specifically to modern slavery were identified. Details of all types of reported incidents can be found at bat.com/sobc .
Number, and results, of reviews and audits conducted as part of our due diligence processes for our suppliers and business operations.	See pages 4–5 for details of our due diligence processes, and pages 6–7 for details of the results and actions taken.
Percentage of issues identified in Intertek audits that have been resolved through corrective action plans.	75% of corrective actions had been fully completed and verified by Intertek by end 2018.
Number of employees who have completed our annual compliance sign-off procedures for our SoBC.	This was completed by 100% of all our 55,000+ employees in 2018.
Number of farmers who have received training and communications on human rights and forced labour issues.	Over 134,000 farmers and rural community members received this training in 2018.

Progress against commitments in our 2017 statement

Commitment	Status
Use the results of our <i>Thrive</i> assessments to inform our approach to selecting and developing new partnerships and community-based projects that will have a demonstrably positive impact for farmers and their communities in addressing long-term root causes of forced labour.	→ See page 6
Continue to monitor the situation in Bangladesh and implement mitigating actions relating to tobacco farms situated close to the Cox's Bazar camp for Rohingya refugees fleeing Myanmar.	→ See page 6
Extend the scope of our non-agricultural supplier audits, as part of our supply chain due diligence programme, to include tier 2 vapour and tobacco heating product material suppliers and high-risk indirect suppliers of point-of-sale marketing materials and lighters.	✓ See page 5

Next steps

In 2019, we plan to take the following steps as part of our commitment to continuous improvement:

- Work with Hope for Justice, as part of our new membership of its Slave-Free Alliance, to conduct an in-depth review of our approach to tackling modern slavery;
- Commission an independent human rights impact assessment in one of our tobacco leaf sourcing countries;
- Review and strengthen our due diligence procedures for other high-risk indirect supplier categories;
- Establish a new conflict minerals due diligence procedure for our suppliers for electronic vapour and tobacco heating products; and
- Publish a Human Rights Focus Report.

Approval

This statement has been approved by the Board of Directors of BAT plc and the Board of Directors of all relevant Group subsidiary companies listed in footnote 1 on page 1.



Nicandro Durante

Nicandro Durante
Chief Executive

bat.com/humanrights

More detailed information on our broader management of human rights.



Performance centre

Performance charts against our key metrics and indicators, including those relating to human rights.

 bat.com/sustainability/data



Get in touch

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Sustainability Report

Our sustainability strategy and the three key areas of Harm Reduction, Sustainable Agriculture and Farmer Livelihoods, and Corporate Behaviour.

 bat.com/sustainabilityreport



Focus Reports

More in-depth information on a specific topic, including our most recent reports on Harm Reduction and Sustainable Agriculture and Farmer Livelihoods.

 bat.com/sustainabilityfocus



Annual Report

Our Group vision, strategy, business model, governance, principal risk factors and financial reporting.

 bat.com/annualreport

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References in this statement to 'British American Tobacco', 'BAT', 'we', 'us' and 'our' when denoting opinion refer to British American Tobacco p.l.c. and when denoting tobacco business activity refer to British American Tobacco Group operating companies, collectively or individually as the case may be.

The statement contains forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in these statements 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.