



BUILDING A BETTER  
**TOMORROW**







At British American Tobacco Bangladesh Company Limited (BAT Bangladesh or the Company), as we build “A Better Tomorrow”, sustainability remains at the core of our enterprise. Our sustainability agenda reflects our deep commitment to accelerating sustainable development. We remain devoted to our deep-seated belief of fostering a positive and long-term impact on society and continuing on our journey of evolving Bangladesh, thereby cultivating shared value for all.

Underpinning our “A Better Tomorrow” ambition is our Environment, Social and Governance (ESG) programme. Being the leading public listed company of Bangladesh, we are recognised as a responsible corporate citizen with an excellent track record in governance and best-in-class talent development.

As the largest corporate taxpayer of Bangladesh, we continue to contribute to the progress and welfare of the nation. We are also deeply invested in community stewardship, operating high-impact programmes, such as Bonayan (Afforestation) that contributes to climate action and sustainable livelihood, Deepto that focuses on sustainable solar electrification in energy-deficient areas, and Probaho that ensures access to safe drinking water amongst rural communities. With these platforms, we have set out clear commitments to deliver a positive impact on the environment, in society and across the nation.

As BAT Bangladesh marks over 111 years of sustainable operations in Bangladesh, we know that our journey is far from complete. Even as we re-commit to our sustainability agenda, we are setting our sights on the next century, re-aligning ourselves to meet the needs of the future, and renewing our pledge towards championing sustainable change across the country.

Thus, on the momentous occasion of the 50 glorious years of Bangladesh, we re-dedicate ourselves to aligning our business with Government priorities towards the 2030 journey of meeting the Sustainable Development Goals (SDGs) and the illustrious Vision 2041 that aims to carry the nation on the path of development.



A BETTER  
TOMORROW™

BAT  
BANGLADESH

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# GREETINGS

*The Board of Directors of British American Tobacco Bangladesh is pleased to present the Annual Report of the Company comprising the Directors' Report, the Integrated Report, the Independent Auditors' Report on the Financial Statements conforming to all applicable statutory requirements, and the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> December 2021. This Report, where applicable, is presented in accordance with the Guiding Principles and Content Elements as stipulated by the International Integrated Reporting Framework issued by the Value Reporting Foundation (VRF) and presents a multi-dimensional view of the Company's performance over the year 2021.*

## SUSTAINABILITY IN ACTION

As we mark over 111 years of sustainable operations in Bangladesh, we know that our journey is far from complete. Even as we continuously advance our sustainability agenda, we are setting our sights on the next century, re-aligning our business to meet the government priorities and the needs of the future, while revitalising our commitment towards championing sustainable change across Bangladesh.

As we step into the next stage of our journey, this Annual Report details our plans for the years ahead, encompassing areas of climate action, sustainable livelihood and excellence in corporate governance. It informs of how we are striving to build a diverse and engaging culture for our employees and reinforcing our commitment to our suppliers and business partners. We continue to align our strategy to ensure resilience in the fast-paced new world and deliver "A Better Tomorrow" for all, leaving no one behind.

## ABOUT OUR ANNUAL REPORT

This report aims to provide a balanced, concise and accurate reflection of our corporate governance practices, regulatory compliance initiatives, strategy, performance, opportunities and future outlook in relation to our material financial as well as Environmental, Social and Governance (ESG) matters. The key imperative of this report is primarily to address value-creation considerations of long-term investors, but also provides appropriate information for all our other key stakeholders. Our strategy considers the six capitals, the stakeholders with whom we interact, and the risks and opportunities in our operating environment.

While discussing our long-term future, this report is based on our performance for the period 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2021.

## INTEGRATED THINKING AND INTEGRATED REPORTING PROCESS

Our integrated operations and our emphasis on reporting our performance across each major segment of our value chain- that spans from crop to consumer- facilitates our integrated reporting process and expands our ability to communicate our value creation plans, strategies and outcomes. Further, while our integrated reporting process is monitored by the Board Audit Committee, our internal and external audit teams cover key controls and accounting matters in the course of their audits, thus ensuring information precision and accuracy. Other levels of external assurance are obtained as and when required from the relevant Government authorities, regulators and professional bodies. An important pillar of this report is our corporate governance framework, which exemplifies the commitment of our employees to achieve performance with integrity and ethics through faster, stronger and simpler decision-making process and effective management systems under the guidance of our Board and Leadership team.

## RESPONSIBILITY FOR SUSTAINABILITY PRACTICES AND EXTERNAL ASSURANCE



The Company's Managing Director and other members of the Leadership are responsible for the sustainability practices and disclosures made in this report. They have



actively engaged with the external assurance providers on the report content. The Company's Independent Auditors, KPMG Rahman Rahman Huq, Chartered Accountants, have audited the Company's Financial Statements, while Al-Muqtadir Associates, Chartered Secretaries, checked the governance process of the Company as compliance auditor. The Board of Directors and the Leadership Team have no relationship with the Company's external assurance providers, except for the two firms' respective professional engagement with the Company.

### INFORMATION ASSURANCE

Five qualitative "Cs" were taken into cognisance in the production of both text and visual elements of this report:

-  **Completeness:** Inclusion of material impacts, external impacts and broader sustainability initiatives.
-  **Comparability:** Discussion of performance in the current and previous reporting periods, together with our approach to long-term value creation.
-  **Consistency:** Integration of report information with internal controls to facilitate verifiability of information.
-  **Clarity:** Incorporation of both text and visual elements to enhance readability, facilitate understanding, and maintain concision.
-  **Credibility:** Disclosure of financial and governance information, vetted by reputed external assurance service providers.

### FACTORS INFLUENCING BUSINESS

The annual assessment of our material topics enable the Company to identify and understand the issues that could positively or negatively impact our ability to create

value over the short, medium and long-term. These issues consist of factors that could directly impact our financial performance, as well as ESG priorities and opportunities, which in turn could enable us to transform our triple bottom-line over time. This report provides information on all those matters that we believe could materially affect value creation at BAT Bangladesh.

### BAT BANGLADESH'S FOCUS AREAS

	<b>Implement best governance practices</b>
	<b>Enable values-based intermediation</b>
	<b>Enhance our financial performance</b>
	<b>Focus on continuous skills transformation</b>
	<b>Ensure regulatory compliance</b>
	<b>Adhere to environmental best practices</b>



**Md. Azizur Rahman FCS**  
Company Secretary

# ABOUT US

*Given our position as the largest corporate taxpayer contributor to the Government purse with significant value injected in the rural economy, BAT Bangladesh's socio-economic impacts are undeniable. Over the last 111 years, the Company has played a pivotal role in supporting national socio-economic progress. As a locally incorporated Company of British American Tobacco plc (BAT), the Company adopts international best practices across a number of facets, including excellence in corporate governance and human resources development, while also proliferating best-in-class operational and governance practices in Bangladesh's corporate and manufacturing sector.*



## PRODUCTS

We make regulatory-compliant tobacco products that meet the diverse choices of our adult consumers.



## SUSTAINABILITY

We have embraced a purposeful approach towards sustainability. Excellence across our ESG priorities has helped us to generate shared value consistently over long periods of time.



## PEOPLE

We have made sustained investments in developing our people, enriching our human capital, diversifying our workforce, and building an inclusive workplace through global best practices that have made BAT Bangladesh a preferred employer.



## PROGRAMS

Our widely-acclaimed citizenship initiatives, including Bonayan, Deepto and Probaho have created a large multiplier impact in rural economies, supporting beneficiaries in myriad ways.



111

YEARS OF LEGACY IN BANGLADESH



BDT 29,078 crore

EXCHEQUER CONTRIBUTION



1,643

EMPLOYEES



275%

DIVIDEND DECLARED INCLUDING 125% INTERIM

### VALUE SUSTENTATION

At BAT Bangladesh, our proud legacy provides a tremendous platform for advancing our purpose of building “A Better Tomorrow”. We believe in shared value creation and this focus starts with our deep-seated commitment and impact-driven initiatives that lead to a society where positive actions are valued, diversity is treasured, freedom of choice is respected, and fairness is expected. At our Company, our robust techno-commercial capabilities have contributed to value transformation, thus enabling us to foster a sustainable developmental impact. Today, we are confident we can continue our 111 years of legacy in Bangladesh and remain committed to partner the country in its sustainable development journey, supported by our tall pillars anchored on our deep foundations.

### OUR BELIEFS

As a locally incorporated public listed Company, BAT Bangladesh understands the importance of delivering high standards of integrity, along with maintaining societal responsibilities. Responsibility is integral to our strategy, and we strive to be a responsible Company wherever we operate.

Today, with a proud heritage spanning 111 years, we are embarking on a transformational journey with a clear purpose of building “A Better Tomorrow” for all our stakeholders.

### OUR EVOLVED STRATEGY

In an ever-evolving world, BAT as a Group, recognises the need for an evolved business model that can ensure sustainable delivery of excellence, today and tomorrow. Responding to this intrinsic need, BAT Group has embraced a new vision and purpose, espoused in a journey that promises “A Better Tomorrow” for all. Aligned with the new purpose, BATB has also unveiled a new corporate logo and brand identity that reflects the new journey ahead.

Drawing inspiration from BATB’s evolved purpose, BAT Bangladesh has also embraced a new vision and commitment, enshrined in its ambition to facilitate a transformational journey for all stakeholders.

### SECURING “A BETTER TOMORROW” FOR OUR STAKEHOLDERS

Our ambition has always been to facilitate the transformational journey of growing together with the society. Building on our foundation of embracing best practices in everything we do, we are proud of our legacy and are excited to embark upon our transformational manifesto to build “A Better Tomorrow” for all our stakeholders.

At the core of our evolved purpose is to bring sustainability at the front and center of all our actions and initiatives through our robust Environmental, Social and Governance (ESG) practices that will enable us to further our quest for building a better Bangladesh.

### STAKEHOLDER IMPACT



#### Consumers

By responsibly offering enjoyable choices for every mood and every moment, today and tomorrow



#### Society

By enhancing our environmental and social impacts



#### Employees

By fostering a dynamic, inspiring and purposeful place to work



#### Shareholders

By delivering sustainable and superior returns

# OUR BRANDS

Our business is not about encouraging people to start smoking or to smoke more, but about meeting the preferences of adults, who have chosen to consume tobacco, and differentiating our brands from the competitors.

We manufacture and market high quality and well-established international cigarette brands. Our current brands are Benson & Hedges, John Player Gold Leaf, John Player Series, Capstan, Lucky Strike, Star, Royals, Derby, Pilot, Hollywood, and Flag which are positioned in four segments in the Bangladesh cigarette market.

PREMIUM



HIGH



MEDIUM



LOW



## ***BENSON & HEDGES***

### **BENSON & HEDGES**

Benson & Hedges has been the leading premium tobacco brand of the country since it was first launched in 1997 with B&H Special Filter. Ever since its launch, it has dominated the premium tobacco segment and continued to grow the brand range by introducing a wide range of product offers. With a view to leading the premium segment by driving innovation, the house of Benson & Hedges launched the first ever capsule offer in this market, B&H Switch in 2012 and in 2018, introduced the Bangladesh tobacco market to its first ever tube filter offer in the premium segment - B&H Platinum. With the launch of the Alchemy Series in 2022, Benson & Hedges introduced two new SKUs: Alchemy 7mg and Alchemy Mix1. Through this launch, the brand launched the first double capsule offer and round corner packs of the country.



*John Player*

**CAPSTAN**

### **JOHN PLAYER GOLD LEAF, JOHN PLAYER SERIES AND CAPSTAN**

John Player Gold Leaf, John Player Series and Capstan are positioned in the Aspirational Premium segment. Launched in 1980, as the first international tobacco brand in Bangladesh, John Player Gold Leaf has stood the test of time with absolute leadership in this segment. Later, in 2020, built on the pioneering spirit of John Player, the founder of Gold Leaf cigarette, John Player Series was introduced with two progressive variants – John Player Switch and John Player Special.



### **LUCKY STRIKE**

Lucky Strike is one of the most iconic international brands of BAT group. Ever since its inception in 1871 during the height of the California gold rush, it has been a companion of great moments throughout history and pop culture. Lucky Strike has been an icon of passion among impassioned adults in over 80 countries- From Germany to Indonesia, to Spain, Japan, and Argentina. This iconic brand has been launched in Bangladesh in 2021 and now comes in 3 distinct variants.

### **STAR**

Star is positioned in the VFM segment and was launched in 1964. The brand has absolute leadership in the segment with a robust performance.



**DERBY PILOT Hollywood FLAG**

### **ROYALS**

Royals was launched in July 2019 and it has three variants – Royals Gold, Royals NEXT & Royals LS. Royals has built its reputation as a progressive & a genuine value for money brand in the consumer mind-space. Within one year of launch, it has established itself as the segment leader.

### **DERBY, PILOT, HOLLYWOOD & FLAG**

Derby was launched in 2013 and is the biggest brand in low segment, offering taste differentiation to the consumers through its two variants. Pilot and Hollywood was launched in 2009 and 2011 respectively, in specific markets offering true and authentic smoke to the consumers. Flag was launched in 2022 across selected geographies to cater consumer needs of an affordable full flavor product.

# AGM INFORMATION



## 49<sup>TH</sup> ANNUAL GENERAL MEETING (AGM) OF BRITISH AMERICAN TOBACCO BANGLADESH COMPANY LIMITED



### VIRTUAL AGM

DIGITAL PLATFORM  
Wednesday, 30<sup>th</sup> March 2022 at 10:30 am.  
[www.batbagm.com](http://www.batbagm.com)



### AGM HELPLINE

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Marufa Ferdous  
Md. Kamrul Hassan  
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**British American Tobacco Bangladesh Company Limited**  
New D.O.H.S. Road, Mohakhali, Dhaka -1206

## NOTICE OF THE 49<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 49<sup>th</sup> Annual General Meeting (AGM) of British American Tobacco Bangladesh Company Limited will be held on Wednesday, 30<sup>th</sup> March 2022 at 10:30 am. The AGM will be conducted through transaction of the following business agenda:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31<sup>st</sup> December 2021, and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend for the year ended 31<sup>st</sup> December 2021.
3. To elect or re-elect Directors of the Company.
4. To appoint Statutory Auditor of the Company for the year 2022 and to fix their remuneration.
5. To appoint Compliance Auditor of the Company for the year 2022, in compliance with the requirement of the BSEC Corporate Governance Code.

By order of the Board

**Md. Azizur Rahman FCS**  
Company Secretary

5<sup>th</sup> March 2022

### NOTES:

- The members whose names appear in the Members' Register and/or Depository Register on the Record Date, i.e. Thursday, 3<sup>rd</sup> March 2022 shall be eligible to attend the 49<sup>th</sup> AGM (virtual meeting) of the Company and shall be entitled to receive the Dividend to be approved at the 49<sup>th</sup> AGM;
- The link for the virtual AGM is [www.batbagm.com](http://www.batbagm.com) and detailed procedures to attend the meeting will be communicated to the shareholders' email ID and/ or cell number in due course, and it would also be available on the website of the Company: [www.batbangladesh.com](http://www.batbangladesh.com)
- A member may appoint a proxy to attend and vote in his/her place by filling out a proxy form. The proxy form, duly completed and stamped, must be deposited at the office not later than 72 hours before the time scheduled for holding the meeting, as per Articles 70 and 71 of the Articles of Association of the Company;
- Pursuant to Articles 70 and 71 of the Articles of Association, a corporate member of the Company, by resolution of the Board of Directors or other governing body of such body corporate, may authorize such person as it thinks fit, to act as its representative at any meeting of the Company;
- The members are requested to update their respective BO Accounts with 12 digit Taxpayer's Identification Number (TIN), bank account, mailing & email address, and cell number through their respective Depository Participant (DP) before the 'Record Date'. Tax Deduction at Source @15% (instead of 10%) will be made from the eligible cash dividend amount if any individual fails to update his/her BO Account with the 12 Digit e-TIN before the Record Date;
- As per the BSEC notification No. BSEC/CMRRCD/2009- 193/169, dated 14<sup>th</sup> May 2015, we would request all stock brokerage houses to provide us with the list of margin shareholders' names, shareholdings, e-Tin, telephone, fax numbers, and e-mail addresses as on our "Record Date". We would further request them to provide us with the beneficiary's name (DP), bank name, bank account number, and routing number by 16<sup>th</sup> March 2022 positively to get the credit of the dividend;
- As per the BSEC notification No. BSEC/CMRRCD/2006 158/208/Admin/81, dated 20<sup>th</sup> June 2018, soft copies of the Annual Report along with the Attendance Slip, Proxy Form, and Notice will be forwarded to all the shareholders on their respective email addresses available with us as per CDBL record. Shareholders may also collect the Proxy Form from the registered office of the Company. The Proxy Form will also be available on the website of the Company;
- The soft copy of the Annual Report 2021 is also available on the Investor Relations Section of the Company's website: [www.batbangladesh.com](http://www.batbangladesh.com)

# Sustained Impact



CONTRIBUTED MORE THAN

BDT **161,342** Crore

to the national exchequer in the past 10 years



PROUDLY SUPPORTING

**9 Sustainable Development Goals**



## WOMEN EMPOWERMENT

**33%**

of female comprises as our board members

**42%**

of total new recruits are females

**20%**

front-liner managers are now female

**22%**

of our Leadership Team are females



## EFFICIENT AGRICULTURAL PRACTICES

**30%-35%**

savings of water achieved through adopting **Alternate Furrow Irrigation**

**35,680**

Farming families positively impacted through Integrated Farm Management Component (IFMC), women empowerment, capacity building, etc.





FOR THE YEAR 2021

**BDT 29,078** Crore  
to the national exchequer



## AFFORESTATION

**115 Million**  
Saplings Distributed

**30,000+**  
Beneficiaries



## SAFE DRINKING WATER

**111**  
Water Filtration Plants

**273,000+**  
Beneficiaries



## RENEWABLE ENERGY

**2,591**  
units of Solar Home  
Systems Installed

**15,000+**  
Beneficiaries

# CORPORATE INFORMATION

## COMPOSITION OF THE BOARD

Mr. Golam Mainuddin	Chairman (Non-Executive Director)
Mr. Shehzad Munim	Managing Director
Mr. M. Tofazzel Hossain Miah	Non-Executive Director
Mr. K. M. Ali Azam	Non-Executive Director
Mr. K. H. Masud Siddiqui	Independent Director
Mr. A. K. M. Aftab Ul Islam FCA	Independent Director
Ms. Zakia Sultana	Non-Executive Director
Ms. Mahmuda Khatun	Non-Executive Director
Mr. Md. Abul Hossain	Non-Executive Director
Ms. Amun Mustafiz	Finance Director
Mr. Md. Azizur Rahman FCS	Company Secretary

## BOARD COMMITTEES

### BOARD NOMINATION AND REMUNERATION COMMITTEE

Mr. K. H. Masud Siddiqui	Chairman
Mr. Golam Mainuddin	Member
Mr. A. K. M. Aftab Ul Islam FCA	Member
Mr. Md. Azizur Rahman FCS	Secretary

### BOARD AUDIT COMMITTEE

Mr. A. K. M. Aftab Ul Islam FCA	Chairman
Mr. M. Tofazzel Hossain Miah	Member
Mr. K. M. Ali Azam	Member
Ms. Zakia Sultana	Member
Ms. Mahmuda Khatun	Member
Mr. Md. Abul Hossain	Member
Mr. Md. Azizur Rahman FCS	Secretary

### BOARD CSR COMMITTEE

Mr. M. Tofazzel Hossain Miah	Chairman
Mr. Shehzad Munim	Member
Mr. K. M. Ali Azam	Member
Mr. A. K. M. Aftab Ul Islam FCA	Member
Ms. Zakia Sultana	Member
Ms. Mahmuda Khatun	Member
Mr. K. H. Masud Siddiqui	Member
Mr. Md. Abul Hossain	Member
Mr. Md. Azizur Rahman FCS	Secretary

**HEAD OF PUBLIC AFFAIRS & COMPANY SECRETARY**

Mr. Md. Azizur Rahman FCS

**LEADERSHIP TEAM**

Mr. Shehzad Munim	Managing Director
Ms. Amun Mustafiz	Finance Director
Mr. Charles Kyalo	Head of Operations
Ms. Mubina Asaf	Head of Legal & External Affairs
Mr. Jeremy Hackett	Head of Brands, SP&I
Mr. Sheikh Shabab Ahmed	Head of External Affairs
Mr. Numayer Alam	Head of Trade & Planning
Mr. Saad Jashim	Head of Human Resources
Mr. Quazi Sarzil Ibne Sarwar	Head of Digital Business Solutions

**INTERNAL AUDIT & COMPLIANCE**

Mr. Safwan Mostafiz Senior Manager, Internal Audit

**STATUTORY AUDITORS**

KPMG Rahman Rahman Huq, Chartered Accountants

**GOVERNANCE COMPLIANCE AUDITOR**

Al-Muqtadir Associates, Chartered Secretaries

**BANKERS**

Standard Chartered Bank  
 Sonali Bank  
 Hong Kong and Shanghai Banking Corporation  
 Pubali Bank  
 Citibank N.A.  
 Eastern Bank Ltd  
 Commercial Bank of Ceylon

**FACTORY & REGISTERED OFFICE**

British American Tobacco Bangladesh Company Limited  
 New DOHS Road, Mohakhali, Dhaka 1206  
 Telephone: (+880) 248811279 – 83  
 Email: bangladesh@bat.com  
 www.batbangladesh.com

# VISION & MISSION

*“As a responsible consumer products Company, we evaluate our performance in ways that go beyond financial results to include the quality, quantum, consistency and reach of our community impact.”*

## OUR MISSION

**Stimulating the Senses of New Adult Generations**

## HOW WE WIN

### Must win

**High Growth Segments**

**Priority Markets**

### How to win

- Inspirational foresights
- Remarkable innovation
- Powerful brands
- Connected organisation
- People & partnerships

## OUR MISSION

### Stimulating the taste of new adult generations

Today, we see opportunities to capture consumer moments which have, over time, become limited by societal and regulatory shifts, and to satisfy evolving consumer needs and preferences.

Our mission is to anticipate and satisfy this ever-evolving consumer: provide pleasure, reduce risk, increase choice and stimulate the senses of adult consumers worldwide.

## MUST WINS

### High growth segments

Driven by our unique and data-driven consumer insight platform (PRISM), we will focus on product categories and consumer segments across our global business that have the best potential for long-term sustainable growth.

### Priority markets

By relying on a rigorous market prioritisation system (MAPS), we will focus the strengths of our unparalleled retail and marketing reach, as well as our regulatory and scientific expertise, on those markets and marketplaces with the greatest opportunities for growth.

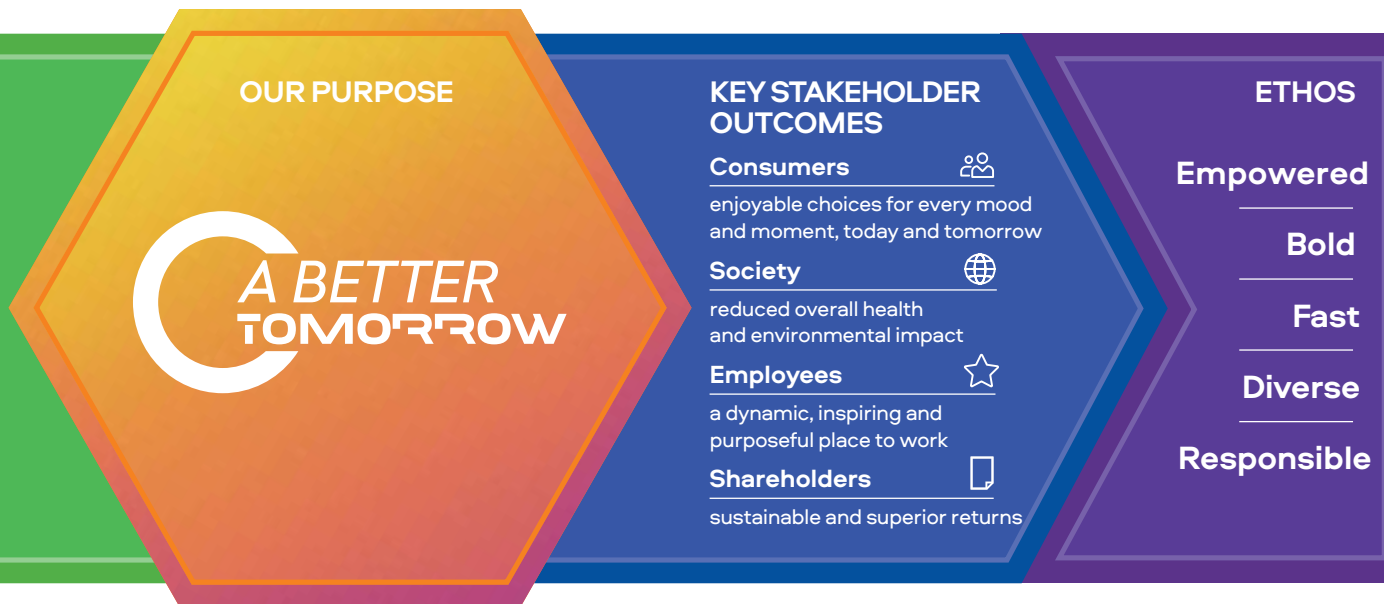
## HOW WE WIN

### Inspirational foresights

As one of the long-standing and established consumer goods businesses in the world, we have a unique view of the consumer across four product categories, which is increasingly driven by powerful data and analytics. These insights ensure that the development and responsible marketing of our products is fit to satisfy consumer needs.

### Remarkable innovation

As consumer preferences and technology evolve rapidly, we rely on our growing global network of digital hubs, innovation super centres, world-class Research & Development (R&D) laboratories, external partnerships and an upcoming corporate venture initiative to stay ahead of the curve.



**Powerful brands**

For over a century, we have built trusted and powerful brands that satisfy our consumers and serve as a promise for quality and enjoyment. We will focus on fewer, stronger and global brands across all our product categories, delivered through our deep understanding and segmenting of our consumers.

**Connected**

Few companies can claim millions of daily consumers, over 13 lacs retail points of sale, as well as a network of expert and skilled employees around the world. Staying connected to all of them, especially through digital means (including e-commerce), ensures better consumer connections, access to markets and innovations that offer sensorial enjoyment and satisfy consumer needs.

**People and partnerships**

Our highly-motivated people are being empowered through a new ethos that is responsive to constant change, embodies a learning culture and is dedicated to continuous improvement. But we cannot succeed on our own, and our partnerships with farmers, suppliers and customers are also key for ensuring sustainable future growth.

**OUR PURPOSE**

By stimulating the senses of new adult generations, our purpose is to create *A Better Tomorrow* for all of our stakeholders.

We will create *A Better Tomorrow* for:

- Consumers** (people icon): By responsibly offering enjoyable and stimulating choices for every mood and every moment, today and tomorrow
- Society** (globe icon): By reducing the health impact of our business by offering a range of alternative products, as well as by reducing the adverse environmental and social impacts
- Employees** (star icon): By creating a dynamic, inspiring and purposeful place to work
- Shareholders** (document icon): By delivering sustainable and superior returns

# OUR ETHOS

*At BAT Bangladesh, we have set our sights on ambitious goals to deliver a step ahead in new categories, drive cognizable value growth and simplify our organisation goals that require us to embrace new ways of doing things.*



- Dreaming big and developing innovative ideas
- Making tough decisions quickly and proudly, while standing accountable for them
- Being resilient & fearless



- Setting a clear direction and moving fast to achieve them
- Keeping it simple, and focusing on outcomes
- Learning quickly and always sharing knowledge



- Set the context for our teams and trust their expertise
- Challenge each other once in agreement, we commit collectively
- Collaborate and hold each other accountable to deliver



- Value different perspectives
- Build on each other's ideas, knowledge and experiences
- Challenge ourselves to be open-minded, recognizing unintended bias



- Take action to reduce the health impact of our business
- Ensure the best quality products for our consumers, the best place to work for our people and the best results for our shareholders
- Act with integrity, never compromise our standards and ethics

# BUSINESS FRAMEWORK

*At BAT Bangladesh, our strategy enables us to deliver growth today, while driving the investment required to deliver our transformation agenda. Our vision is aligned with our Group and remains clear: While combustible tobacco products will remain at the core of our business over the foreseeable future, we understand that long-term sustainability will be anchored on our ambition to transform tobacco products, including reduced risk alternatives.*

BAT Bangladesh is engaged in making world-class, regulatory-compliant tobacco products that meet the diverse choice of its adult consumers. Our integrated value chain spans from ‘crop-to-consumer’ and allows us to not only ensure rigorous quality and operational control, but also enables us to create value at each intermediary point of stakeholder engagement. Furthermore, supporting our business framework are our key pillars of:

- Placing greater emphasis on the importance of addressing climate change and ensuring excellence in environmental, health and safety management
- Remaining committed to delivering a positive social impact to economically vulnerable communities
- Ensuring continued and robust corporate governance practices across the organisation and even encompassing its extended value chain



# INDUSTRY OVERVIEW

*Bangladesh is the 8th largest tobacco market in the world. We are focused on sustainable value creation for our stakeholders, remaining undeterred in the face of daunting challenges that afflict our industry, primary among which is the presence of a large illicit tobacco market. Our efforts are bolstered by our belief of providing a responsible choice to our adult consumers through offering products that meet the highest regulatory standards.*

Even amidst an imbalanced operating environment, we have focused on being responsible, choosing to uphold our high standards in consumerism. In other words, harm reduction has been a central pillar of our sustainability strategy. We also advance product innovation to foster responsible consumption practices and this continues as an ongoing agenda. Further, among other regulatory compliances, we align with all statutory graphical health warnings on all our packaging.

## OPERATING CONDITIONS

In Bangladesh, the consumption of legal cigarettes (manufactured by licensed operators, including us) has been overtaken by the illicit market, which is unregulated and untaxed. The current state of the legal tobacco market has been driven by the widening price disparity between legal and illegal products, as frequent excise-led price increases have resulted in price hikes of legal products. This has defeated the Government’s public health as well as revenue objectives.

## ECONOMIC ENVIRONMENT

Just like the rest of the world, Bangladesh’s economy was impacted by the COVID-19 pandemic. Thus, a sluggish economic environment with price pressures on consumers impacted the country’s tobacco market. Subsequent waves of the virus in 2021 also impacted consumer sentiment and hence discretionary spends.

## EXPORT OPPORTUNITIES

Cigarettes are exported to various countries, including China and Maldives. Tobacco green leaf are also exported to Belgium, Spain, Belarus, Lithuania, Georgia, Netherlands, Turkey, United Arab Emirates, Dominican Republic, Jordan, Italy, Poland, Germany, United Kingdom, United States, Chili, Pakistan, Indonesia, Korea, Kenya, and South Africa.

There is significant scope to cater to cigarette exports in international markets worldwide, which may facilitate the establishment of a linkage industry in Bangladesh.

## REGULATIONS

Tobacco is amongst the most regulated and taxed industries in the country, with regulations encompassing almost all facets of the business, including product labelling (through statutory graphical health warnings), marketing and distribution, advertising and sponsorships.

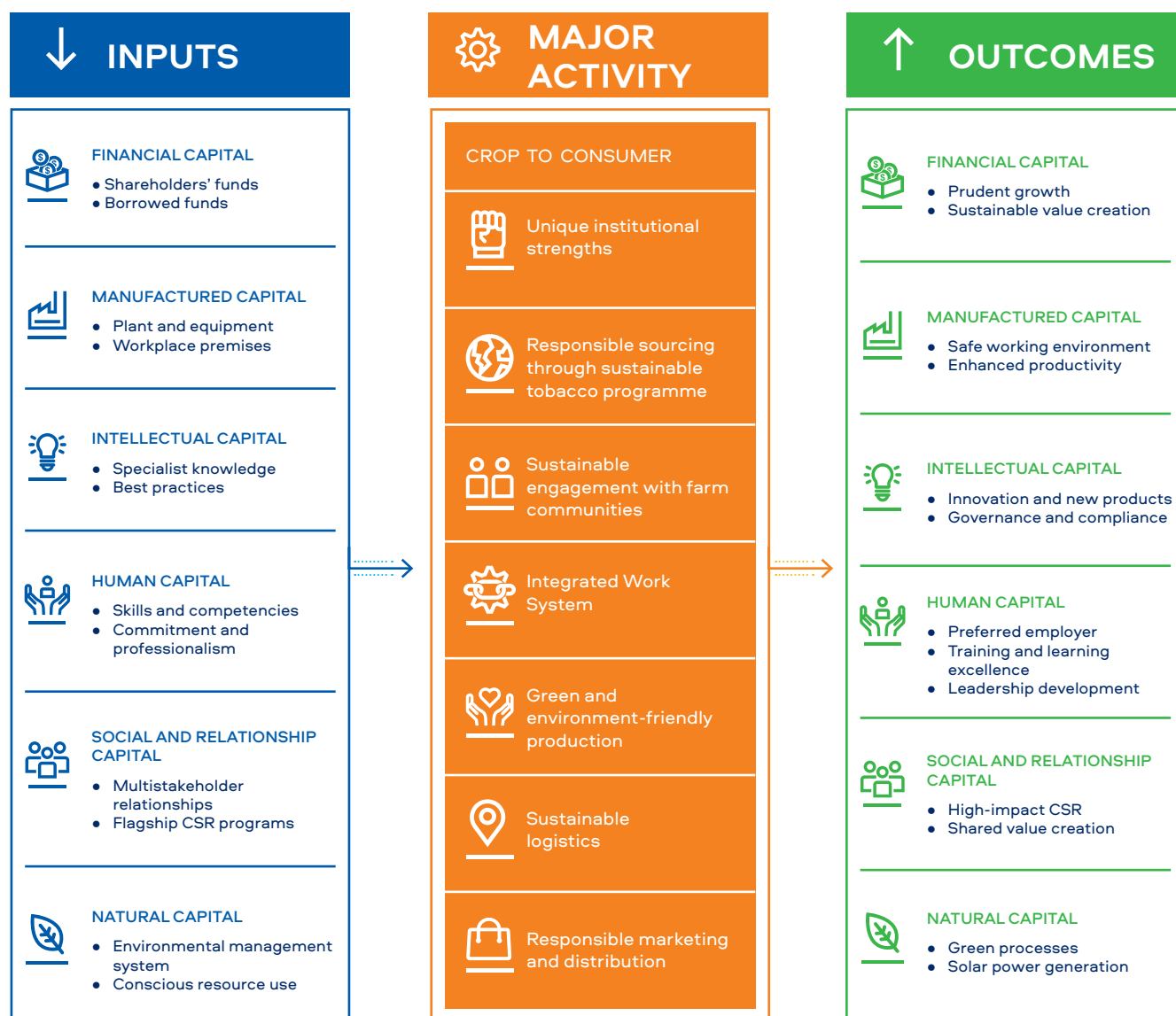
## KEY FACETS OF OUR OPERATING LANDSCAPE





# BUSINESS MODEL

At BAT Bangladesh, our business model comprises our system of creating value, that is transforming inputs through our essential business activities (“crop-to-consumer” model) into outputs and outcomes that realise our organisation’s strategic objectives. The Company’s business model is pliant in the sense that it delivers value to and derives value from stakeholders, thus leading to sustainable value creation across a continuous circular loop.



## KEY DIMENSIONS OF OUR BUSINESS MODEL



### Our stakeholder relationships

We employ 1,643 people directly, ~50,000 people indirectly as farmers, distributors, local suppliers, and our last-mile distribution ecosystem comprises over 13 lacs retailers. Thus, we have a huge cascading impact on society.

### Our impact

We also take pride that BAT Bangladesh is one of the most preferred employers in Bangladesh. We have always believed that it is people who bring diverse ideas and perspectives every day which stimulates innovation and makes us a great place to work. We encourage a culture of personal ownership and accountability and value our employees' talents. We also value what makes each of us unique and take pride in the fact that we have majorly contributed to managerial and leadership talent development in the country.

We also create a major impact on the development of the nation itself and hence its citizens through our exchequer contributions. We contributed BDT 29,078 crore as various taxes and duties in 2021, against a contribution of BDT 24,250 crore in 2020.



### Sourcing

We do not own any tobacco farms, but we have developed strong multidecade relationships with the farm community. We offer extensive agronomy support through our services, thus helping transform the socioeconomic conditions of farmers. Overall, the Company's Leaf function comprises around 33,680 registered farmers within various village communities around the country.

### Our impact

We have implemented a Sustainable Tobacco Programme (STP), with the aim of applying the best local and international practices in the fields of agronomy, leaf depot operations, leaf processing operations, environmental management, human rights, and occupational health and safety (OHS), thus holistically covering our Leaf operations.



### Production

Manufacturing tobacco products is a large-scale operation and we have state-of-the-art processing facilities in Bangladesh. We work to ensure that our costs are competitive and that we use our resources as effectively and consciously as possible.

### Our impact

Our sustainable production facilities are designed to meet the needs of an agile and flexible supply chain, providing a world-class operational base. To meet the market needs and to improve the quality and export potential of our products, our manufacturing facility needs to undergo balancing and modernisation and, as such, investment is made on a regular basis. Furthermore, the Company has specialist knowledge in ensuring leaf and products are in the right place at the right time and in the right quantity, which comprises a formidable logistical exercise. The nature of our business allows us to pool resources on a bulk scale and maximise efficiency.



## Marketing and distribution

We have a large, branded product portfolio that comprises Benson & Hedges, John Player Gold Leaf, Capstan, Star, Lucky Strike, Royals of London, Derby, Pilot and Hollywood. Our brands cover all categories of the market, from low to premium, thereby enabling us to meet the diverse choices of our consumers. As a responsible company we always operate our marketing and distribution following the relevant laws and regulations of the country.

### Our impact

We have developed a successful brand strategy based on sound consumer insight. Our portfolio of a large number of international as well as local brands is designed to meet a broad array of consumer preferences around the country. Further, our extensive marketing and distribution operations create a positive impact on small and marginal retailers, providing livelihood assurance.



## Distribution

Our well-established distribution channels are critical enablers of our growth strategy, allowing us to also roll-out innovations swiftly across the country.

### Our impact

We continuously review our route-to-market, including our relationships with retailers, wholesalers, distributors and logistics providers. We constantly work towards embedding best practices in sustainability at the distributors' end as well to ensure full regulatory compliance.



## Innovation

We make significant investments in R&D to deliver innovation that satisfy or anticipate diverse consumer preferences and generates growth for the business. We also research, develop and test new products to meet evolving consumer choices. Specific targeted investments in new ventures, R&D projects, manufacturing, supply chain, warehousing, Digital Business Solutions (DBS) and logistical services converge to play a role in our short-term success and in the long-term development of our organisation.

### Our impact

Our captive research programmes and in-house laboratory play a critical role in quality control and innovation. Further, our engagement with scientists and public health professionals aims to secure widespread support for tobacco harm reduction, including regulatory facilitation needed to bring reduced-risk products to the market.

# PESTEL FRAMEWORK

*PESTEL, acronym for “Political, Economic, Social, Technological, Environmental, Legal”, enables us to engage in a comprehensive analysis of our business through the prism of these six major factors, thus facilitating responsible stewardship. The COVID-19 pandemic created a major impact on our operating environment and thus compelled us to revisit our value drivers in the context of PESTEL.*

KEY



**POLITICAL LANDSCAPE**

Tobacco in Bangladesh has remained a State subject with stringent Government controls regulating packaging, pricing and distribution.

**Our response**

While we understand concerns around public health, we operate responsibly by giving a choice to our adult consumers. We also support balanced and principles-based regulations and continue to highlight the unsubstantiated characteristics of illicit products and the loss of exchequer revenue that this industry inflicts upon the State treasury.



**ECONOMIC LANDSCAPE**

The COVID-19 pandemic created a significant dent on Bangladesh’s economy, decelerating economic growth, impacting consumer income and slowing consumption. Further, while recovery gathered pace with the lifting of the lockdowns after the first wave, this was met by the headwinds of the second wave in mid-2021, which decelerated recovery. Moreover, the emergence of the new Omicron virus variant created some pressures in the last month of the year.

**Our response**

We focused on our large and well-segmented portfolio with a view to thwart economic pressures. We also focused on the affordability aspects of our products.

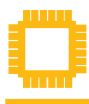


**SOCIAL LANDSCAPE**

Society, though practicing social distancing, has been brought closer virtually by social media. The Bangladeshi society, just like the rest of the world, is a hyperconnected one. Hence, news and information travel fast.

**Our response**

We are aware of this reality and remain highly conscious of our reputation. Besides, we engage in fair and responsible conduct at all times and also look at ways to create positive connection with our stakeholders. Further, we also have a number of large CSR platforms and engage in constructive initiatives that benefit society as a whole.

**TECHNOLOGICAL LANDSCAPE**

The role of technology in our business is relatively low since manufacturing/processing are well-established in the sector. However, the role of technology is reasonably high in testing, new product development, etc.

**Our response**

We continue to make sustainable investments in research and development to deliver innovation that satisfies diverse adult consumer preferences. Further, leveraging our deep understanding of adult consumer behaviour, we also facilitate new product launches and also launches of variations of existing products that are regulatory-compliant.

**ENVIRONMENTAL LANDSCAPE**

Discussion around climate change has become a part of public discourse, especially triggered by the pandemic. Bangladesh is no different, as the country has aligned its priorities to the UN SDGs, of which environmental transformation is a key component.

**Our response**

We are nevertheless supportive of the Government's priorities under the SDGs to be achieved by the year 2030. Across our Company, we have achieved sound results, including 98% waste recycling; extensive use of renewable solar power in our factory, thus offsetting grid-based power to an extent; and concerted efforts to achieve 100% water recycling by the year 2022. We are also exploring net-zero emissions.

**LEGAL LANDSCAPE**

The tobacco industry is highly regulated in Bangladesh, more than any other industry, requiring to meet many laws and stipulations.

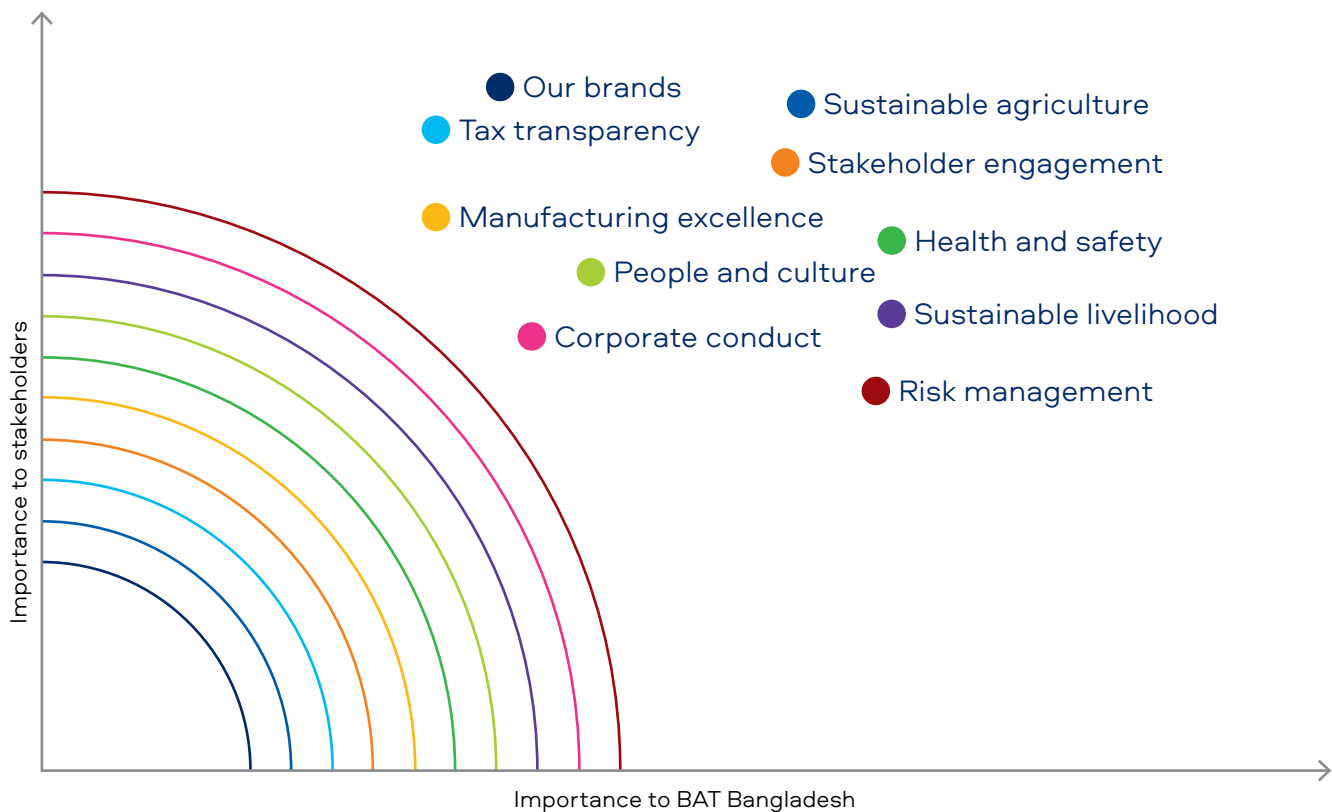
**Our response**

Our approach to responsible corporate conduct is aligned with BATB's Ethos, Standards of Business Conduct (SoBC) and a range of well-established policies, procedures, practices and standards that guide our operations and ensure compliance with the laws of the land. As a responsible corporate citizen, we have always stepped up our efforts in society, which is most visible in us maintaining our position as the country's largest corporate tax contributor, injecting BDT 29,078 crore in taxes in 2021, which amounts to around 8% of the Government's total tax revenue. In addition, as part of our external affairs policy, we maintain constructive relationship with tax authorities and regulators.

# OUR MATERIAL INFORMATION

The assessment of our material topics enable the Company to identify and understand the issues that could positively or negatively impact our ability to create value in the short, medium and long-term. These issues consist of factors that could directly impact our financial performance, as well as ESG priorities. The material issues presented hereunder were identified following a mapping of stakeholder concerns to factors identified as most important to our business based on our strategic plans, risk appetite and governance. Emerging issues are monitored continuously and reported on accordingly.

## OUR MAJOR MATERIAL MATTERS



## OTHER MATERIAL MATTERS

	<p><b>Our Brands</b></p> <p>Our brands are focused on consumers' needs, which are the fundamentals of our business.</p>		<p><b>Agriculture Best Practices</b></p> <p>We are ensuring the sustainability of our farm community by introducing the GAP.</p>
	<p><b>Tax transparency</b></p> <p>As a highest taxpayer (paid 29,078 core in 2021), transparency is one of the core of our governance, which makes us a well-reputed business in the country.</p>		<p><b>Stakeholder engagement</b></p> <p>Stakeholders' consultation and views are considered always to operate our business.</p>
	<p><b>Manufacturing excellence</b></p> <p>Our world-class factory &amp; technology is a state-of-the-art which makes our manufacturing excellence</p>		<p><b>Health &amp; safety</b></p> <p>Health &amp; safety are the priority for our business, which safeguards us always, especially in the COVID-19 pandemic.</p>
	<p><b>People &amp; culture</b></p> <p>People &amp; culture are one of the core assets of the Company, which makes us difference</p>		<p><b>Sustainable livelihood</b></p> <p>Our ESG initiatives facilitate sustainable livelihoods for our farmers &amp; our communities.</p>
	<p><b>Corporate conduct</b></p> <p>Our Standard of Business Conduct leads our business, applying best governance &amp; practices.</p>		<p><b>Risk management</b></p> <p>Risk management addresses the operational risks that ensure internal control &amp; governance.</p>

## MATERIALITY AT BATB

Sustainability is integrated across every aspect and facet of our business. It is fundamental to our business strategy, which aims to create and share value with all of our stakeholders. Furthermore, our strategic planning and forward approach is based on our stakeholder materiality matrix and is fully aligned with the Sustainable Development Goals (SDGs) and their targets. In addition, our 10 key focus areas, or material matters, reflect our business value chain, while also taking into cognisance the key interests and expectations of all our stakeholders.

As an additional layer of safeguard, the materiality test embedded in our management processes ensures that we report on all material aspects that affect our ability to create value. Stakeholder material issues identified through stakeholder engagement, important topics raised at Board and management committee discussions, and the results of the Company's risk management process provide the basis for the materiality analysis and thereby for meeting the interests of our stakeholders.

# HIGHLIGHTS 2021

## HIGHEST TAX PAYER



BDT  
**29,078**  
CRORE  
Contributed during 2021

## SHAREHOLDERS



**67,200+**

## EMPLOYEES & ASSOCIATES



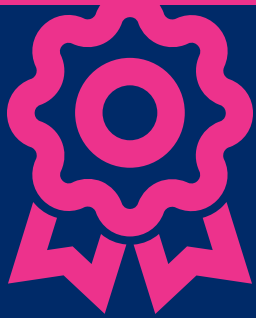
EMPLOYEES  
**1,643**

FARMERS  
**33,680**

RETAILERS  
**1.3 MN**  
APPROX.



TOP  
EMPLOYER



**3**  
**TIMES**  
IN A ROW

LEAF  
EXPORT



USD  
**32 mln**

CORPORATE  
SOCIAL  
RESPONSIBILITY



**BONAYAN**  
**115+ MN SAPLINGS**  
Beneficiaries comprising  
30,000+ people

**PROBAHO**  
**111 PLANTS**  
Beneficiaries comprising  
2,73,000+ people

**DEEPTO**  
**2,591 UNITS**  
Beneficiaries comprising  
15,000+ people

# COMPOSITION OF THE BOARD



## STANDING FROM LEFT

**Mr. Md. Abul Hossain**  
Non-Executive Director

**Mr. K M Ali Azam**  
Non-Executive Director

**Ms. Mahmuda Khatun**  
Non-Executive Director

**Mr. Shehzad Munim**  
Managing Director

## SITTING FROM LEFT

**Mr. Golam Mainuddin**  
Chairman

**Ms. Zakia Sultana**  
Non-Executive Director



STANDING FROM LEFT

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**Mr. M. Tofazzel Hossain Miah**  
Non-Executive Director

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**Ms. Amun Mustafiz**  
Finance Director

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**Mr. Md. Azizur Rahman FCS**  
Company Secretary

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SITTING FROM LEFT

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**Mr. K. H. Masud Siddiqui**  
Independent Director

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**Mr. A. K. M. Aftab Ul Islam FCA**  
Independent Director

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# DIRECTOR'S PROFILE



## MR. GOLAM MAINUDDIN CHAIRMAN

### DATE OF APPOINTMENT

Appointed as Chairman of BAT Bangladesh in the year 2008 and continuing till date

### EDUCATIONAL BACKGROUND

MSc from Dhaka University, First Class-1967

### MEMBERSHIP OF BOARD COMMITTEE

Member, Nomination and Remuneration Committee (NRC)

Mr. Golam Mainuddin has been the Chairman of British American Tobacco Bangladesh since August 2008. Although he obtained his Master's in Science, Mr. Mainuddin was a part of the agro-based industry for 28 years, following which he switched to corporate management in which he has been engaged more than 20 years. With humble beginnings comprising a role as a tea garden manager at Duncan Brothers, he then joined BAT Bangladesh.

### ACHIEVEMENTS

- "Lifetime Achievement Award" by the Asia's Best Employer Brand Awards organization
- Commercially Important Person (CIP) by the Government of Bangladesh (since 2010)

### CAREER HIGHLIGHTS:

- Garden Manager, Duncan Brothers -1969
- Head of Leaf, BAT Bangladesh -1985
- Deputy Managing Director, BAT Bangladesh -1997

### OTHER RESPONSIBILITIES

- Director, Federation of Bangladesh Chamber of Commerce & Industries (FBCCI)
- Director of Advanced Formulations Limited as an Independent Director
- Director, Advanced Chemical Industries (ACI) Bangladesh
- Director, Infrastructure Investment Facilitation Company (IIFC)
- Former Vice-President, Metropolitan Chambers of Commerce and Industries (MCCI)
- Vice-Chairman, Bangladesh Cigarette Manufacturer's Association



## MR. SHEHZAD MUNIM

### MANAGING DIRECTOR

#### DATE OF APPOINTMENT

August 1997

#### EDUCATIONAL BACKGROUND

Bachelor of Business Administration  
(IBA), University of Dhaka

#### MEMBERSHIP

Corporate Social Responsibility (CSR)  
BAT Bangladesh Leadership Team  
BAT Asia Pacific and Middle East (APME) Leadership Team

### CAREER EXPERIENCE

Mr. Shehzad Munim joined BAT Bangladesh as a Territory Officer in 1997. He has worked in various marketing roles within BAT Bangladesh before taking up assignments in BAT New Zealand as Group Brand Manager in 2003 and subsequently, taking over the role of Head of Brand Marketing in 2005.

In 2006, he was engaged as a Manager in product and packaging innovation in Sydney, Australia. Afterwards he returned to Bangladesh as Head of Brand and was appointed as Head of Marketing. In 2010, he took over the role of Area Head of Marketing for South Asia.

Thereafter, he was appointed as the Managing Director of BAT Bangladesh in 2013 and is the first Bangladeshi to become the Managing Director of BAT Bangladesh.

Within a short period, he has contributed immensely to elevate the organisation to its next level with his visionary leadership skills to ensuring sustainable value creation, while also enhancing the Company's contribution towards the country's economic development to achieve the SDGs, aligned with the vision of the Government.

### OTHER RESPONSIBILITIES

Currently he is the Treasurer of British Business Group Board of Trustees.

He is the former President of Foreign Investors' Chamber of Commerce & Industry (FICCI) Dhaka where he conducted many national and international programs and initiatives to accelerate the goals of FICCI. It is under his leadership that BAT Bangladesh achieved significant success both locally as well as internationally.



## MR. M. TOFAZZEL HOSSAIN MIAH

NON EXECUTIVE DIRECTOR

### DATE OF APPOINTMENT

11th March 2021

### EDUCATIONAL BACKGROUND

Honors in English Literature- Dhaka University (DU)  
Master's in English Literature- Dhaka University (DU)  
Postgraduate in Early Childhood Development (ECD)- BRAC University

### MEMBERSHIP OF BOARD COMMITTEE

Chairman, Corporate Social Responsibility (CSR) Committee  
Member, Audit Committee

Mr. Tofazzel has vast working experience of more than 30 years in diverse fields of the Bangladesh government. He started his career in Bangladesh Civil Service in 1991. In his long and illustrious career, Mr. Tofazzel has held various key positions in Prime Minister's Office, Ministry of Public Administration, Local Government Division, Ministry of Primary and Mass Education, Power Division, and so on. He is a prolific speaker on Governance and Development.

### INTERNATIONAL TRAININGS

- Excellent performance on Land Administration
- Project Management and Governance in UK, Vietnam and India

### CAREER HIGHLIGHTS

- Mr. Tofazzel is currently serving as Senior Secretary, Prime Minister's Office since 12 January, 2022
- Secretary, Prime Minister's Office
- Private Secretary to the Hon'ble Prime Minister of Bangladesh

- Deputy Commissioner and District Magistrate, Dhaka, Cumilla and Panchagarh
- Additional Deputy Commissioner, Sylhet
- Upazila Nirbahi Officer, Narshingdi
- AC (Land), Bagerhat Sadar
- Board Director, Bangladesh Infrastructure Finance Fund Limited (BIFFL)
- Director, Bangladesh Petroleum Exploration & Production Company Ltd. (BAPEX)
- Director, Biman Bangladesh Airlines Ltd.
- Director, Grameen Bank
- Director, Infrastructure Development Company Limited (IDCOL)
- Syndicate Member, Jahangirnagar University, Savar, Dhaka; Sheikh Hasina University, Netrokona; Ahsanullah University of Science and Technology, Dhaka



## MS. ZAKIA SULTANA

### NON EXECUTIVE DIRECTOR

#### DATE OF APPOINTMENT

20<sup>th</sup> May 2021

#### EDUCATIONAL BACKGROUND

B.Sc in Anatomy, Institute of Post-Graduate Medicine and Research (IPGMR) of Dhaka University

M.Sc in Anatomy, Institute of Post-Graduate Medicine and Research (IPGMR) of Dhaka University

MS in Environmental Science and Management (with distinction), Victoria University, Australia

#### MEMBERSHIP OF BOARD COMMITTEE

Member, Corporate Social Responsibility (CSR) Committee  
Member, Audit Committee

Ms. Zakia Sultana, Secretary, Ministry of Industries, Government of the People's Republic of Bangladesh, is a career civil servant. Ms. Sultana joined the administration cadre of the Bangladesh Civil Service in 1991. She served in various important positions of the Govt at field level in Narayanganj and Munshiganj districts. Besides, at different times in her career, she held various important positions in the Ministry of Women and Children Affairs, Ministry of Local Government, Ministry of Rural Development and Cooperatives, Ministry of Environment and Forests, Ministry of Finance and Ministry of Health and Family Welfare.

#### CAREER HIGHLIGHTS

- She took over the charge of Secretary in the Ministry of Industries in May 2021
- Chairman of Bangladesh Energy and Power Research Council as the Secretary of the Government
- Additional Secretary of the Financial Institutions Division under Ministry of Finance
- She held various important positions in the Ministry of Women and Children Affairs, Ministry of Local Government, Development and Cooperatives, Ministry of Environment and Forests, Ministry of Finance and Ministry of Health and Family Welfare

#### INTERNATIONAL TRAININGS

She participated in various conferences, workshops, and trainings in the United Kingdom, Spain, Japan, Switzerland, Belgium, Sweden, France, Italy, Singapore, Saudi Arabia, Philippines, Malaysia, Maldives, Sri Lanka and India on Rural Development, Women's Empowerment, Human Resource Management, Environment Development, Budget & Accounts Management, WTO notification procedure and obligation and investment treaty negotiation and disputes.

#### MEMBERSHIP OF BOARD COMMITTEE

- Member, Corporate Social Responsibility (CSR) Committee
- Member, Audit Committee



**MR. K. H. MASUD SIDDIQUI**  
INDEPENDENT DIRECTOR

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**DATE OF APPOINTMENT**

October 2010

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**EDUCATIONAL BACKGROUND**

Master's, Dhaka University  
MA in Economics, University of Manchester, UK  
Post Graduate Diploma in Development Administration and  
Management from the UK

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**MEMBERSHIP OF BOARD COMMITTEE**

Chairman, Nomination and Remuneration Committee (NRC)  
Member, Corporate Social Responsibility (CSR) Committee

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**CAREER HIGHLIGHTS:**

- Secretary, Ministry of Industries on September 2010
- Secretary, Ministry of Liberation War Affairs in 2012
- Chairman, Bangladesh Chemical Industries Corporation
- He also worked in the Prime Minister's Office in the capacity of Director.

**OTHER ACCOMPLISHMENTS**

Mr. Siddiqui is a distinguished writer and has five publications to his credit, including: Lok Shadhonar Sangskriti, Tasauf and Other Contexts, Malgoody Days and Bihongo Abolokon.





## MR. A. K. M. AFTAB UL ISLAM FCA

### INDEPENDENT DIRECTOR

#### DATE OF APPOINTMENT

October 2019

#### EDUCATIONAL BACKGROUND

Bachelor of Commerce

LLB

Chartered Accountant

#### MEMBERSHIP OF THE BOARD COMMITTEE

Chairman, Audit Committee

Member, Corporate Social Responsibility (CSR) Committee

Member, Nomination and Remuneration Committee (NRC)

With 41 years of field experience in the Private sector, Mr. A. K. M. Aftab Ul Islam FCA has played a dominant role to create an enabling environment for the promotion of trade, commerce & industry especially Information Technology in Bangladesh. He started his career with NCR Corporation, a US based Multinational IT company and headed the organization for more than 15 years.

#### CAREER HIGHLIGHTS

- Currently, Mr. Aftab is serving as a Director of the Bangladesh Bank.
- Chairman, IOE (Bangladesh) Ltd.
- Chairman, Asia Pacific General Insurance Company Limited.
- Former Chairman of the Small and Medium Enterprise (SME) Foundation.
- Former President, Bangladesh Computer Samity (BCS).
- He was elected as the President of Dhaka Chamber of Commerce and Industry (DCCI) during 2010.
- Mr. Aftab was also elected as President of the American Chamber of Commerce in Bangladesh (AmCham) for 10 years.
- Member of the Executive Committee of the International Chamber of Commerce in Bangladesh (ICC).
- Member of the Board of Directors of Social Marketing Company (SMC) & SMC EL.
- Member of the Governing Body of Institute of Business Administration (IBA), Dhaka University since 2004.



**MR. K M ALI AZAM**  
**NON EXECUTIVE DIRECTOR**

**DATE OF APPOINTMENT**

21<sup>st</sup> June 2020

**EDUCATIONAL BACKGROUND**

Master's degree in Economics from Rajshahi University  
He received international training on "Professional Development Program" Duke University, USA and "Project Management", Wellington University International Campus, New Zealand

**MEMBERSHIP OF BOARD COMMITTEE**

Member, Audit Committee  
Member, Corporate Social Responsibility (CSR) Committee

Mr. Azam, Senior Secretary, Ministry of Public Administration, Government of the People's Republic of Bangladesh, is a career civil servant. He has vast working experience of more than 30 years in diverse fields, such as public administration, human resources and so on. Mr. Azam has proven ability in public policy formulation, implementation, organisational modelling, innovation and improving the culture in the public sector.

**CAREER HIGHLIGHTS**

- Mr. Azam took over the charge of Senior Secretary, Ministry of Public Administration in 2021
- Secretary, Ministry of Industries
- Secretary, Ministry of Labor and Employment
- Divisional Commissioner, Dhaka
- Director General, Prime Minister's Office
- Joint Secretary, Ministry of Home affairs
- Deputy Secretary, Ministry of Public Administration
- Deputy Commissioner, Chapainawabganj
- Upazila Nirbahi Officer, Satkhira Sadar
- Assistant Commissioner (Land), Meherpur Sadar
- Assistant Commissioner, Office of the Deputy Commissioner, Chattogram



## MR. MD. ABUL HOSSAIN

### NON EXECUTIVE DIRECTOR

**DATE OF APPOINTMENT**  
2019

**EDUCATIONAL BACKGROUND**  
B.Sc (Hon's) and M.Sc in Statistics from  
Jahangirnagar University

**MEMBERSHIP OF BOARD COMMITTEE**  
Member, Audit Committee  
Member, Corporate Social Responsibility (CSR) Committee

Mr. Md. Abul Hossain has been serving as the Managing Director of Investment Corporation of Bangladesh since 21 August 2019, the core public sector investment bank of the country. Mr. Hossain has more than 31 years of diversified experience in investment banking, specialized and commercial banking, Islamic banking, asset management and ICT works. He started his career as a System Analyst/Senior Principal Officer of ICB in 1998 and served in different positions in the same organization. Prior to his joining ICB, he acted as the Managing Director of Karmasangsthan Bank. He also served as the Managing Director (Additional Charge) and Deputy Managing Director of Bangladesh Krishi Bank.

#### CAREER HIGHLIGHTS

Currently, he is contributing his professional expertise as a Board member of British American Tobacco Bangladesh Company Limited, Unilever Consumer Care Limited (UNILEVERCL), Standard Bank Limited, National Tea Company Limited (NTC), Apex Tannery Limited, United Power Generation & Distribution Company Limited (UPGDCL), Apex Footwear Limited, Heidelberg Cement Bangladesh Limited and Padma Bank Limited. In addition to performing his professional duties, Mr. Hossain is

actively involved in different philanthropic activities of various national, social, cultural, religious and volunteer organizations.

#### OTHER RESPONSIBILITIES

Mr. Hossain serves as the Director in such prestigious institutions as:

- Linde Bangladesh Limited
- GlaxoSmithKline Bangladesh Ltd. (GSK)
- Renata Limited
- Bangladesh Krishi Gobeshona Endowment Trust (BKGET)
- Central Depository Bangladesh Ltd. (CDBL)
- United Power Generation & Distribution Company Ltd. (UPGDCL)
- Credit Rating Information and Services Ltd. (CRISL)
- Standard Bank Limited
- National Tea Company Limited
- Apex Tannery Limited



## MS. MAHMUDA KHATUN

NON EXECUTIVE DIRECTOR

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### DATE OF APPOINTMENT

2020

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### EDUCATIONAL BACKGROUND

MSc (Psychology), University of Dhaka B.Sc (Hon's)

She received several international trainings related to her work, from South Korea, Singapore, Thailand, Australia, USA, Malaysia, India, Vietnam, China, Sri-Lanka

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### MEMBERSHIP OF BOARD COMMITTEE

Member, Audit Committee

Member, Corporate Social Responsibility (CSR) Committee

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Having professional knowledge and experience on matters of expenditure control of revenue budget, administration and governance, Ms. Mahmuda is a proficient civil servant and a part of the Bangladesh Civil Service (Administration Cadre) 10<sup>th</sup> BCS batch with a prominent career.

### CAREER HIGHLIGHTS

- Additional Secretary, Ministry of Finance - 2019
- Senior Assistant Secretary – Local Government Division, Ministry of Local Government, Rural Development and Co-operatives
- Joint Secretary – Finance Division, Ministry of Finance
- Deputy Secretary – Ministry of Public Administration
- Deputy Secretary – Ministry of Commerce
- Assistant Secretary – Ministry of Science and Technology
- Senior Assistant Secretary – Ministry of Public Administration
- Senior Assistant Commissioner (First Class Magistrate) – Dhaka Collectorate
- Senior Assistant Commissioner (First Class Magistrate) – Gazipur Collectorate
- Assistant Commissioner & Magistrate – Dhaka Collectorate
- Metropolitan Magistrate – Dhaka Metropolitan Court



## MS. AMUN MUSTAFIZ

### FINANCE DIRECTOR

#### DATE OF APPOINTMENT

1<sup>st</sup> September 2021

#### EDUCATIONAL BACKGROUND

Bachelor's in Business Administration (BBA) from IBA, Dhaka University

Member, Association of Chartered Certified Accountants (ACCA), UK

#### MEMBERSHIP

BAT Bangladesh Leadership Team

BAT Asia Pacific and Middle East (APME) Finance Leadership Team

Ms. Mustafiz is a well experienced senior Finance professional who has been part of BAT business for over 16 years and has worked across finance in various roles including Audit, Compliance and Commercial controller to Marketing and Operations departments. She has worked in multiple countries in Asia Pacific including Japan, Sri Lanka and Hongkong where she has to deal with multinational teams.

She has played a key role in shaping key strategies and commercials to drive short- & long-term growth, with focus on value acceleration and business sustainability. At the same time, she has been instrumental in developing talents and shaping culture in all countries she has worked in. In her last two roles, she has headed the finance department in Sri Lanka (part of Board of Director in Ceylon Tobacco Company) and Hong Kong, GTR and has successfully navigated the business through multiple crisis including covid.

#### CAREER EXPERIENCE

- Head of Finance, Global Travel Retail, BAT Hong Kong
- Finance Director, Ceylon Tobacco Company (CTC) Ltd, Colombo, Sri Lanka

- Commercial Finance Controller – Operations, British American Tobacco Bangladesh
- Group Manager – Reporting and Accounting, British American Tobacco Japan
- Acting Finance Controller, British American Tobacco Bangladesh
- Marketing Finance Manager, British American Tobacco Bangladesh
- Internal Audit Manager, Bangladesh (part of ASPAC Audit team)
- Trade Marketing Finance Manager, BAT Bangladesh
- Compliance Manager, BAT Bangladesh
- Assistant Operations Finance Manager, BAT Bangladesh

#### INTERNATIONAL TRAININGS

- Gearing up for Global Leadership
- Senior Finance Transition Program
- Senior Women Leadership program



## MR. MD. AZIZUR RAHMAN FCS

### HEAD OF PUBLIC AFFAIRS & COMPANY SECRETARY

#### DATE OF APPOINTMENT

2002

#### EDUCATIONAL BACKGROUND

Awarded Master's degree in Accounting from Dhaka University

Qualified Chartered Secretary from the Institute of Chartered Secretaries of Bangladesh (ICSB)

#### KEY HIGHLIGHTS

Mr. Rahman is a Fellow Chartered Secretary of the Institute of Chartered Secretaries of Bangladesh with over 30 years of experience in governance, corporate affairs, finance, legal and public affairs with key management positions in various local industries and MNCs. For the last 21 years, he has been working for BAT Bangladesh. Due to his extensive work experience and unique track record, he has been able to lead for best corporate governance and helping in business growth through diverse public relationship.

#### PROFESSIONAL & WELFARE ASSOCIATIONS

- Senior Vice President of ICSB, and Chairman of the Education Committee in ICSB
- Director General of Intellectual Property Association of Bangladesh (IPAB) performs a significant role in protecting Intellectual Property Rights (IPR) under IPAB
- Vice-Chairman of IPR Standing Committee in FBCCI, promoting the concept of IPR sustainable model in Bangladesh

- CEO of a foundation, facilitating various projects to support communities on skills development, women's empowerment, facilitating entrepreneurship, farmers' livelihood improvement, ensuring sustainable agriculture, and Environment, Social & Governance (ESG) initiatives
- Joint Secretary of Bangladesh Accounting Association — Hong Kong
- Director of Corporate Secretaries International Association— Hong Kong

#### OTHER KEY RESPONSIBILITIES

Mr. Rahman also performing the following other key responsibilities:

- Secretary of Audit Committee, NRC and CSR Committee
- Six (6) Trust Funds for the Company employees
- Compliance and Governance
- Records Management
- Land Management
- Standards of Business Conduct
- Investor relationship

## PERFORMANCE 2021

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NET TURNOVER  
**7,483** Crore



PROFIT BEFORE TAX  
**2,990** Crore



RETURN ON EQUITY  
**40.69%**



RETURN ON ASSET  
**19.30%**



GROSS PROFIT  
**4,006** Crore



PROFIT AFTER TAX  
**1,497** Crore

# LEADERSHIP TEAM



## STANDING FROM LEFT

**Mr. Charles Kyalo**  
Head of Operations

**Mr. Numayer Alam**  
Head of Trade & Planning- Designate General

**Mr. Saad Jashim**  
Head of Human Resources

**Mr. Syed Mahbub Ali**  
Head of Trade & Planning

**Mr. Sheikh Shabab Ahmed**  
Head of External Affairs

**Mr. Sarzil Sarwar**  
Head of Digital Business Solutions Bangladesh

## SITTING FROM LEFT

**Ms. Mubina Asaf**  
Head of Legal & External Affairs

**Ms. Amun Mustafiz**  
Finance Director

**Mr. Jeremy Hackett**  
Head of Brand & Strategy

**Mr. Shehzad Munim**  
Managing Director



# LEADERSHIP TEAM PROFILE



## MR. SHEHZAD MUNIM MANAGING DIRECTOR

### NATIONALITY

Bangladeshi

### DATE OF APPOINTMENT TO BAT BANGLADESH

August 1997

### EDUCATIONAL BACKGROUND

Bachelor of Business Administration from Institute of Business Administration, University of Dhaka

### MEMBERSHIP

BAT Bangladesh Leadership Team

BAT Asia Pacific and Middle East (APME) Leadership Team

## CAREER EXPERIENCE

Mr. Shehzad Munim joined BAT Bangladesh as a Territory Officer in 1997. He has worked in various marketing roles within BAT Bangladesh before taking up assignments in BAT New Zealand as Group Brand Manager in 2003 and subsequently, taking over the role of Head of Brand Marketing in 2005.

In 2006, he was engaged as a Manager in product and packaging innovation in Sydney, Australia. Afterwards he returned to Bangladesh as Head of Brand and was appointed as Head of Marketing. In 2010, he took over the role of Area Head of Marketing for South Asia.

Thereafter, he was appointed as the Managing Director of BAT Bangladesh in 2013 and is the first Bangladeshi to become the Managing Director of BAT Bangladesh.

Within a short period, he has contributed immensely to elevate the organisation to its next level with his visionary leadership skills to ensuring sustainable value creation, while also enhancing the Company's contribution towards the country's economic development to achieve the SDGs, aligned with the vision of the Government.

## OTHER RESPONSIBILITIES

Currently he is the Treasurer of British Business Group Board of Trustee.

He is the former President of Foreign Investors' Chamber of Commerce & Industry (FICCI) Dhaka where he conducted many national and international programs and initiatives to achieve the objectives of FICCI. It is under his leadership that BAT Bangladesh achieved significant success both locally as well as internationally.



## **MS. AMUN MUSTAFIZ**

### **FINANCE DIRECTOR**

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#### **NATIONALITY**

Bangladeshi

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#### **DATE OF APPOINTMENT TO BAT BANGLADESH**

1<sup>st</sup> September 2021

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#### **EDUCATIONAL BACKGROUND**

Bachelor's in Business Administration (BBA) from IBA, Dhaka University

Member, Association of Chartered Certified Accountants (ACCA), UK

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#### **MEMBERSHIP**

BAT Bangladesh Leadership Team

BAT Asia Pacific and Middle East (APME) Finance Leadership Team

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Ms. Mustafiz is a well experienced senior Finance professional who has been part of BAT business for over 16 years and has worked across finance in various roles including Audit, Compliance and Commercial controller to Marketing and Operations departments. She has worked in multiple countries in Asia Pacific including Japan, Sri Lanka and Hongkong where she has to deal with multinational teams.

She has played a key role in shaping key strategies and commercials to drive short- & long-term growth, with focus on value acceleration and business sustainability. At the same time, she has been instrumental in developing talents and shaping culture in all countries she has worked in. In her last two roles, she has headed the finance department in Sri Lanka (part of Board of Director in Ceylon Tobacco Company) and Hong Kong, GTR and has successfully navigated the business through multiple crisis including covid.

#### **CAREER EXPERIENCE**

- Head of Finance, Global Travel Retail, BAT Hong Kong
- Finance Director, Ceylon Tobacco Company (CTC) Ltd, Colombo, Sri Lanka

- Commercial Finance Controller – Operations, British American Tobacco Bangladesh
- Group Manager – Reporting and Accounting, British American Tobacco Japan
- Acting Finance Controller, British American Tobacco Bangladesh
- Marketing Finance Manager, British American Tobacco Bangladesh
- Internal Audit Manager, Bangladesh (part of ASPAC Audit team)
- Trade Marketing Finance Manager, BAT Bangladesh
- Compliance Manager, BAT Bangladesh
- Assistant Operations Finance Manager, BAT Bangladesh

#### **INTERNATIONAL TRAININGS**

- Gearing up for Global Leadership
- Senior Finance Transition Program
- Senior Women Leadership program



## MR. CHARLES KYALO

### HEAD OF OPERATIONS

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#### NATIONALITY

Kenyan

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#### DATE OF APPOINTMENT TO BAT BANGLADESH

July 2020

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#### EDUCATIONAL BACKGROUND

Bsc (Hons) Mechanical Engineering, University of Nairobi

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#### MEMBERSHIP

BAT Bangladesh Leadership Team

BAT Asia Pacific and Middle East (APME) Operations Leadership Team

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Mr. Kyalo is a well experienced Operations Director with a demonstrated track record of delivering excellent results in FMCG sector. Skilled in supply chain, manufacturing, tobacco leaf operations, engineering, procurement, business transformation & change management, building high performing teams, coaching and mentoring. He is actively involved in operations' strategic planning, new product introductions, leading projects planning and execution teams, developing teams and ensuring a strong talent pipeline within the factory while ensuring prudent cost management. Experienced in key markets within Eastern Africa, Southern Africa, West Africa, Australia, South Pacific Islands and Bangladesh.

#### CAREER EXPERIENCE

- Area Supply Chain Director - BAT Australasia Area (September 2018 – June 2020)
- Operations Director - BAT West Africa Area (January 2015 – 09 Sept 2018)
- Head of Manufacturing - BAT South Africa (June 2013 – December 2014)
- Head of Manufacturing – Nairobi Factory, Kenya (February 2010 – December 2012)
- Factory Manager – Nairobi Factory, Kenya (April 2008 – February 2010)
- Factory Engineer – Nairobi Factory, Kenya (April 2004 – December 2007)
- Maintenance Engineer – Nairobi Factory, Kenya (January 2002 – March 2004)
- Management Trainee – BAT Kenya Operations (January 2000 – December 2001)



## **MS. MUBINA ASAF**

### **HEAD OF LEGAL & EXTERNAL AFFAIRS**

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#### **NATIONALITY**

Bangladeshi

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#### **DATE OF APPOINTMENT TO BAT BANGLADESH**

May 2013

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#### **EDUCATIONAL BACKGROUND**

Bachelor of Law (LLB), Dhaka University

Master of Law (LLM), Dhaka University

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#### **MEMBERSHIP**

BAT Bangladesh Leadership Team

BAT Asia Pacific and Middle East (APME) LEX Leadership Team

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#### **KEY HIGHLIGHTS**

Ms. Asaf has over 27 years of rich experience in the legal profession. She leads and actively supports women empowerment initiatives in Bangladesh and is also involved in various social initiatives.

#### **CAREER EXPERIENCE**

- Deputy Attorney General, Attorney General's Office of the Government of Bangladesh
- Assistant Attorney General, Attorney General's Office of the Government of Bangladesh
- Associate of Rokanuddin Mahmud and Associates, one of the most reputed law firms of Bangladesh

- Senior partner of Maxima Legal
- She is enrolled as an Advocate of the Dhaka District Court, High Court Division and the Appellate Division of the Supreme Court of Bangladesh.

#### **OTHER RESPONSIBILITIES**

- She is the President of 'Care in Need' Foundation, which provides for companion care service to elderly citizens
- She is on the Board of 'SEID Trust', daycare service for children with special needs
- She is also an advisor of ASTHA TRUST - a non-profit organization working with the marginalized people of the community



## MR. SYED MAHBUB ALI

**HEAD OF TRADE & PLANNING** (Resigned on 1<sup>st</sup> January 2022)

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### NATIONALITY

Bangladeshi

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### DATE OF APPOINTMENT TO BAT BANGLADESH

October 2000

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### EDUCATIONAL BACKGROUND

Bachelor of Business Administration from Institute of Business Administration, University of Khulna with distinction and was awarded University Gold Medal

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### MEMBERSHIP

BAT Bangladesh Leadership Team

BAT Asia Pacific and Middle East (APME) Marketing Leadership Team

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Mr. Syed Mahbub Ali has 20 years of experience in BAT both locally & internationally. He is a proven people leader, with strong commercial acumen and rounded experience in all areas of marketing covering business & brand portfolio strategy development, activation, marketing planning, route to market strategy development, total customer investment, P&T and stretch project management. He has the aptitude to inspire people, drive transformational change and deliver results.

### CAREER EXPERIENCE

Mr. Syed Mahbub Ali joined BAT Bangladesh as a Territory Officer. He worked in different roles within BAT Bangladesh before being seconded to BAT Vietnam as RTM Project Manager.

He returned to Bangladesh as Group Brand Manager in mid-2014. During this period under his leadership, BAT Bangladesh's Low segment volume was doubled and the Company pioneered the first ever successful new variant launch in AP consideration space: JPGL Special & JPGL Switch. He led Bangladesh's smooth transition to 50% GHW changeover through robust communication to drive awareness, acceptance, and compliance.

In 2009 as Brand Manager (Domestic Value for Money Brands), he led the first ever successful landmark entry

into Sub Value segment, regaining BAT Bangladesh's market leadership.

As Head of Trade, leading BAT's globally the largest Trade team since 2016, delivering strong business performance year on year, driving through transformation in route to market, people development and price management capability. He led development, business case sign-off and implementation of one of the largest trade loyalty platforms of the Group. BAT Bangladesh TM&D team was bestowed with the global TM&D X factor award in 2017 and BAT Bangladesh's Stellar award in 2018 for delivering outstanding business results via upgrading and utilizing all core competencies of TM&D.

Mr. Ali successfully led the team during COVID-19 pandemic to ensure that the retail supply chain does not break down and affect the economic wellbeing of more than 4 million people (field force, retailers and their family members, 3<sup>rd</sup> party agency business partners). BAT Bangladesh's Trade Team had to significantly transform the ways of operation ensuring "Zero" human loss due to COVID-19.

Before joining LT, he led the BD Steering group (cross-functional forum involving direct reports to BD Leadership team) and BAT Bangladesh's gender diversity platform "Symmetry" as chairperson for 2 years.



## **MR. SAAD JASHIM**

### **HEAD OF HUMAN RESOURCES**

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#### **NATIONALITY**

Bangladeshi

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#### **DATE OF APPOINTMENT TO BAT BANGLADESH**

October 2006

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#### **EDUCATIONAL BACKGROUND**

Bachelor of Business Administration from Institute of Business Administration (IBA) University of Dhaka

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#### **MEMBERSHIP**

BAT Bangladesh Leadership Team

BAT Asia Pacific and Middle East (APME) HR Leadership Team

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Mr. Saad has been with BAT for over 15 years, delivering great results over the period. He started his career in Marketing and transitioned to HR in 2008. Since then he has performed in various roles covering industrial relations as well as business partnering all the various functions within BAT Bangladesh. He also worked in a regional capacity as Organizational Effectiveness Manager supporting various marketing initiatives in Asia Pacific region while also driving the Regional Employee Engagement process. Since 2016, he has also been responsible for the talent agenda of the business alongside business partnering and has made significant contributions to BAT Bangladesh's talent development journey and recognition.

#### **CAREER EXPERIENCE**

- Senior HR Business Partner Operations – BAT Bangladesh (November 2016 – January 2019)
- HR Business Partner Marketing – BAT Bangladesh (January 2015 – October 2016)
- Regional Organizational Effectiveness Manager – BAT AsPac (April 2013 – December 2014)
- HR Business Partner Corporate – BAT Bangladesh (October 2011 – March 2013)
- HR Business Partner Leaf & GLT – BAT Bangladesh (May 2010 - September 2011)
- Supply Chain HR & Welfare Executive – BAT Bangladesh (April 2008 – April 2010)
- Territory Officer Marketing – BAT Bangladesh (February 2006 – April 2008)



## MR. SARZIL SARWAR

### HEAD OF DIGITAL BUSINESS SOLUTIONS

#### NATIONALITY

Bangladeshi

#### DATE OF APPOINTMENT TO BAT BANGLADESH

January 2021

#### EDUCATIONAL BACKGROUND

Bachelor of Science in Management Information

Systems (MIS) from University of Texas

INSEAD Digital Leadership program

IMD Transition Leadership program

#### MEMBERSHIP

BAT Bangladesh Leadership Team

BAT Asia Pacific & Middle East (APME) Digital Business Solutions (DBS) Leadership Team

BAT DBS Diversity and Inclusion (D&I) Leadership Team

Mr. Sarzil Sarwar is a seasoned ICT professional with 17 years of global experience. During his tenure with Axiata Group Berhad, he served in several management roles in Robi Axiata since 2012, overseeing the Transformation office, Programme management, digital transformation, and customer experience functions. He has made contributions to outsourcing non-core functions, launching 3G & 4G technology, facilitating airtel merger integration & the MNP programme. He also served as the Chairman of the Business Operations Committee for the last 2 years.

Besides serving Axiata Berhad, Sarzil has also served leading telecom companies such as Ooredoo, Airtel and Veon in various IT, B2B & Strategy functions across the Middle East, Africa and South Asian markets.

He was part of the launch team of Banglalink and Warid Telecom in Bangladesh & Uganda.

#### CAREER EXPERIENCE

- Group Head of Technology Program & Performance Management, Axiata Group Berhad, 2020.
- EVP & Head of Customer Experience, Robi Axiata Ltd. - 2019-2020

- VP Enterprise PMO, Robi Axiata Ltd., 2016-2019
- Head of Group Strategic PMO, Axiata Group Berhad, 2014-2016
- VP Transformation Office, Robi Axiata Ltd. , 2012-2014
- Head of Strategy & PMO, Asiacell (Ooredoo Subsidiary), 2011-2012
- VP New Business & Projects, Viom Networks, 2010-2011
- Head of Infrastructure Business, Airtel Uganda Ltd., 2008-2010
- Head of IT Services, Airtel Uganda Ltd. , 2007-2008
- IT Manager, Airtel Bangladesh, 2006-2007
- Systems Engineer, Banglalink, 2005-2006

#### CURRENT EXTERNAL APPOINTMENTS

He serves on the Judging Committee of Global PMO Awards since its inception and is an active member in the local startup community with Bangladesh Angels, Robi r-Venture & Startup accelerators.



## **MR. JEREMY HACKETT**

**HEAD OF BRAND, SP&I**

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### **NATIONALITY**

Kiwi, New Zealand

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### **DATE OF APPOINTMENT TO BAT BANGLADESH**

1<sup>st</sup> October 2021

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### **EDUCATIONAL BACKGROUND**

Bachelor of Commerce: Marketing Management & Management

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### **MEMBERSHIP**

BAT Bangladesh Leadership Team

BAT Asia Pacific and Middle East (APME) Marketing Leadership Team

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Mr. Hackett, Head of Brands & Strategy, BAT Bangladesh, has more than 13-year career experience in BAT across multiples roles in Papua New Guinea, Fiji, Australia, and New Zealand. He is bold, hardworking and has excellent communication skills to engage with customers, management, team members and colleagues.

### **CAREER EXPERIENCE**

Prior to his current role he was:

- General Manager, BAT Papua New Guinea- July 2020 – September 2021
- General Manager, BAT Fiji & Samoa- December 2019 – July 2020
- Head of Marketing, BAT Papua New Guinea- February 2018 – December 2019
- Area Marketing Operations Manager – South Pacific, BAT Australia- January 2017 – February 2018
- Head of Channel – Independents, BAT Australia- January 2016 – December 2016
- State Manager – Queensland, BAT Australia- October 2014 – December 2015
- National Business Manager – Coles Group, BAT Australia- May 2013 – September 2014
- National Business Manager – Woolworths Group, BAT Australia- October 2011 – April 2013





## MR. SHEIKH SHABAB AHMED

### HEAD OF EXTERNAL AFFAIRS

#### NATIONALITY

Bangladeshi

#### DATE OF APPOINTMENT TO BAT BANGLADESH

2006

#### EDUCATIONAL BACKGROUND

Bachelor of Business Administration (BBA) from Institute of Business Administration, University of Dhaka

Master of Business Administration (MBA), North South University

#### MEMBERSHIP

BAT Bangladesh Leadership Team

BAT Asia Pacific and Middle East (APME) External Affairs Leadership Team

Dynamic, entrepreneurial individual with 360-degree knowledge of business operation, Mr. Shabab Ahmed has a proven track record of delivering groundbreaking business results. He is farsighted and has in-depth understanding of the external environment. Can shape outcomes favoring business sustainability and growth. Passionate leader who motivates teams to deliver extraordinary outcomes and actively drives a high-performance culture.

#### CAREER EXPERIENCE

- Head of External Affairs, Oct 2018 – Ongoing
- Senior Commercial Affairs Manager, Mar 2018 – Sep 2018
- Global Regulatory Engagement Manager (UK), Sep 2017 – Feb 2018
- Commercial Affairs Manager, Jun 2016 – Aug 2017
- Regulatory Affairs Manager, Sep 2015 – May 2016
- Industry Regulation Manager, Jul 2012 – Aug 2015
- Brand Executive (Premium Brand – B&H), Jul 2011 – Jun 2012
- Channel Executive (Premium HoReCa), Jul 2010 – Jun 2011
- Area Manager (Rajshahi), Dec 2009 – Jun 2010

- Territory Officer (Dhaka - Moghbazar), Feb 2008 – Nov 2009
- Territory Officer (Khulna Metro), Feb 2006 – Jan 2008

#### ACHIEVEMENTS

- 2020, Battlefield (Business Sustainability) 2019, Steller Award (AIT)
- 2018, Steller Award (Big Case)
- 2017, Steller Award (P&T)
- 2016, YES Tier 3 (Regulation)
- 2014, YES Tier 3 (Regulation)
- 2013, YES Tier 3 (P&T)
- 2012, FZ Award (B&H Switch)
- 2011, Best Brand Initiative (B&H LEP)
- 2008, Battlefield (Project Reload)
- 2007, Battlefield (Blitz, own distribution)

#### ASSOCIATION

- Director, Prerona Foundation
- Founding Director, IBA Club Ltd
- Executive Committee Member, IBA Alumni Association (IBAAA)



## MR. NUMAYER ALAM

HEAD OF TRADE & PLANNING (Joined 1 January 2022)

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### NATIONALITY

Bangladeshi

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### DATE OF APPOINTMENT TO BAT BANGLADESH

2004

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### EDUCATIONAL BACKGROUND

Bachelor of Business Administration Institute of Business Administration (IBA) University of Dhaka

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### MEMBERSHIP

BAT Bangladesh Leadership Team

BAT Asia Pacific and Middle East (APME) Marketing Leadership Team

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Mr. Numayer has 18 years of working experience in BAT with 5 years of leadership role experience in Marketing & Sales of Bangladesh & East Asia Area (Vietnam, Cambodia). His key strengths are in the areas of portfolio & brand management, trade strategy & operation, commercial delivery, large team management, talent development, crisis management and so on. He led the EAA Trade & Marketing function in the last 4 years with year-on-year volume & market share growth and restructured Vietnam & Cambodia route to market, resulting into growth of distribution of key brands. He reset the Brand Portfolio in Vietnam & Cambodia to focus on key segments to drive sustainable volume & value share growth.

### CAREER EXPERIENCE

- Head of Consumer Marketing – BAT EAA (Vietnam & Cambodia), 2020 - 2021
- Head of Trade Marketing – BAT EAA (Vietnam & Cambodia), 2017 - 2019
- Head of Strategy, Planning & Insights – BAT Bangladesh, 2016 – 2017
- Strategy Planning & Insights Manager – BAT Bangladesh, 2015 - 2016
- Regional Sales Manager – BAT Bangladesh, 2014 – 2015 Project Manager (Program TAO), 2012 - 2014
- Enterprise Project Manager – BAT Bangladesh, 2010 – 2012
- Channel Development Executive – BAT Bangladesh, 2007 – 2010
- Channel Development Executive – BAT Bangladesh, 2007 – 2010
- Trade Marketing Area Manager – BAT Bangladesh, 2006 – 2007
- Trade Marketing Territory Officer – BAT Bangladesh, 2004 – 2005

# TOWARDS A GREENER TOMORROW



## BONAYAN

Since 1980, Bonayan the largest private sector driven afforestation initiative, in collaboration with numerous government and private institutions, has been contributing towards a greener Bangladesh. We hope to build on this momentum and continue to be the development partner for the government in increasing the area of tree covered land in the country.

 **18 Districts**  
Across Bangladesh

 **115 Million+**  
Saplings Distributed

 **30,000+ People**  
Beneficiaries

### Supporting SDGs



To learn more scan QR code:

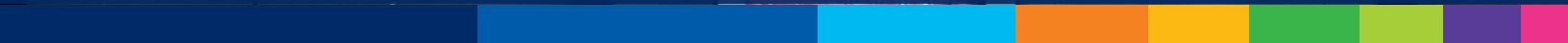
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**GOLAM MAINUDDIN**  
CHAIRMAN



# CHAIRMAN'S STATEMENT



*Despite the pandemic and the most difficult circumstances, 2021 turned into the most successful year in terms of business performance, with the Company contributing BDT 29,078 crore to the government exchequer as the highest taxpayer and increasing the shareholders' value.*

*The Company has extended the manufacturing facilities in Savar to explore export opportunities of cigarettes in the world market and to meet the local demand including contingency purposes, with the year 2021 being a milestone in our Company's history.*

*Furthermore, legal case involving significant Tax demands have been resolved, for which the Company is grateful to the government, the NBR, the LTU-VAT and the judiciary system of our country.*

## DEAR SHAREHOLDERS,

I sincerely hope all of you are taking care of yourselves and your family members and staying safe and protected from the COVID-19 pandemic.

At British American Tobacco Bangladesh, our priority and concern during the lethal second wave of the pandemic in early 2021 were to continuously ensure appropriate lines of support to protect the lives and livelihoods of our employees and those in the communities in which we operate. We continued our numerous programmes of assistance and care to many of our stakeholders across the nation.

In what continues to be an uncertain year, I would like to express my appreciation to our management team and employees, who worked so diligently and with absolute dedication in maintaining operational momentum and innovative distribution process of our products to the consumers. This made sure that we come out of the most difficult part of the pandemic in a stable place and were ready to go back to normal when the economy started to recover.

## ENABLING SHARED VALUE CREATION

As we continue to traverse new terrain in 2021, we demonstrated resilience and strength across many

dimensions. Thus, despite the adversities, we continue to direct our efforts toward adapting and pivoting to the new normal, hence remaining on the path of shared value creation. Leading the way, we continue to serve the national interests through our exchequer contributions. It is a matter of honour for us to be the highest taxpayers in Bangladesh. Our tax contributions were BDT 29,078 crore in 2021, which stimulated prosperity and development across the nation.

The Company enhanced the expected value creation for the shareholders, ensuring the best business performance in 2021. As a result, the Board of Directors declared a total cash dividend of 275%, which includes the interim dividend, for the shareholders.

## ENABLING BETTER OUTCOMES THROUGH CORPORATE EXCELLENCE

At British American Tobacco Bangladesh, our identity as an important corporate citizen has made it contingent upon us to ensure inclusive and ethical leadership and embed good governance across our organisation. Such foundations have not only facilitated responsible business stewardship but have also enhanced our capacity to meet the extended needs of society.

Considering our socio-economic imperative, we have espoused a strategic and focused approach to sustainability and value creation. Thus, Environmental, Social and Governance (ESG) consciousness has always been an integral part and achieving distinction across our ESG priorities to reflect success in our focus areas and in meeting the expectations of our stakeholders.

Furthermore, our governance practices have always supported sustainable value creation. We believe that robust governance is fundamental both to the delivery of sustainable value and to maintaining a culture of business integrity. We are committed to ethical performance, including upholding compliance with all statutory obligations, and strictly following the government rules and upholding the laws of the country.

A key constituent of our governance framework is our business conduct, which declares our values and expresses our belief that it has to be rooted in individual ownership and collective responsibility. It also guides all of us, including management, employees, associates, and valued business partners, on the behaviours expected by the Company. Indeed, the precepts described in our business conduct comprise the foundations of our planning and decision-making processes.

As part of our Board mandate, we will consistently monitor progress in meeting our objectives whilst ensuring that sustainability factors are given critical consideration in decision-making.

### ENABLING A MORE EQUAL SOCIETY

The COVID-19 pandemic has highlighted the importance of ensuring societal, economic, and organisational resilience. The practice of resilience goes together with sustainability, which is one of our core values. The inclusion of our sustainability value demonstrates our focus and commitment to embedding a culture of sustainable practices while being mindful of our contributions to socio-economic development.

In this endeavour, we affirm the Sustainable Development Goals (SDGs) that communicate targets to be achieved by Bangladesh by 2030. With the SDGs as our guiding light, a key element of our sustainability framework is to enhance our contribution to societal investments.

We are pleased that our award-winning community initiative, Bonayan, has not only contributed to extensive

afforestation but has also positively impacted the environment as well as the livelihoods of many thousands of vulnerable rural families. We are also active in meeting border social needs through our initiatives in extending our facilities to safe drinking water through our Probaho project in arsenic-prone areas, coastal belts like Satkhira district and in other remote areas.

We are working on our project Deepto to meet the irrigation demand in agriculture and develop a new initiative of running the electric driven vehicles in collaboration with the Rajshahi City Corporation.

Furthermore, sustained investments in developing our people and efforts to build a diverse and inclusive workplace through global best practices in people management have made BAT Bangladesh one of the nation's most preferred employers. The Company offers a strong development proposition and international opportunities. This has enabled us to develop global business leaders, thereby enriching Bangladesh's human and intellectual capital. We have around 50 of our managers are currently working in different companies of BAT Group in the world including USA and Japan. This attests to our role as a catalyst for people development.

### ENABLING "A BETTER TOMORROW" FOR ALL

External awards and recognition have always been a source of encouragement, inspiring us to keep working towards our goals and objectives while keeping the best interests of our stakeholders in mind. This has proven that we are moving in the right direction, working to align our business with government priorities. During the year, we were bestowed with the prestigious "President's Award for Industrial Development 2019", jointly placed first in the category of large industries. This award recognises the contribution of private industrial organisations to the economy. We were also honoured to receive the "Prime Minister's National Award for Afforestation 2019", which reflects the success of our Bonayan afforestation programme. Besides, we were enthused to be presented with the widely acclaimed "Asia Corporate Excellence and Sustainability Award 2021" for our contributions to Environmental, Social and Governance practices as one of the top green companies in Asia. The award also makes us the first Company in Bangladesh to receive this honour. Besides these awards, the Company also received various awards by the reputed professional Institutes in Bangladesh for corporate governance excellence and best annual report publication as per the regulations of the country.

As a corporate citizen responsive to the needs of the nation, BAT Bangladesh has been at the forefront of driving national socio-economic progress since its inception. Given its position as the largest individual tax contributor to government tax revenue and a significant value injector to the rural economy, its socio-economic impacts are undeniable. Going forward, we will continue to play an important role in supporting the country's progress and development.

### GRATITUDE

My sincere gratitude goes to my colleagues on the Board for their wisdom and counsel. Our Board comprises a mix of professionals, highly qualified senior government officials along with renowned corporate specialists. I would also like to thank our top management team and all categories of employees for their resilience and responsibilities in this difficult year. I also put on record my thanks to the leadership's different initiatives adopted along with drive provided by the Managing Director under

the difficult circumstances throughout the year. To all our stakeholders; thank you for your unwavering support.

Finally, I wish to take this opportunity to honour all frontline workers, the true heroes, who stood strong to ensure that our communities were kept safe and healthy, all the while risking their own health and well-being. We have witnessed their commitment, for which we owe them much gratitude. While acknowledging their contribution, I also express our heartfelt sympathy for all whose lives have been impacted by the pandemic.

Stay safe, stay well.



**Golam Mainuddin**

Chairman

British American Tobacco Bangladesh

9<sup>th</sup> February 2022

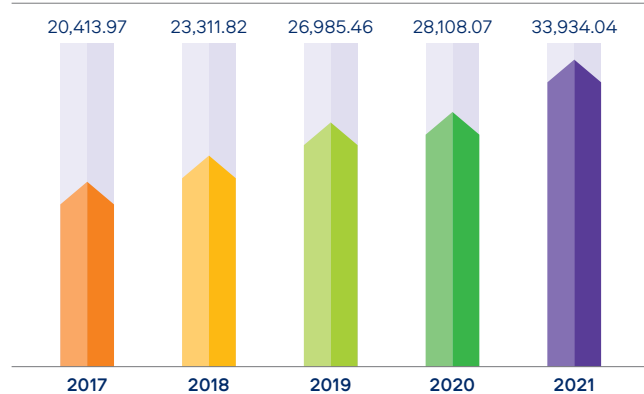
# FINANCIAL HIGHLIGHTS

in BDT Crores, unless otherwise stated

	2021	2020	2019	2018	2017
<b>Turnover</b>	<b>33,934.04</b>	<b>28,108.07</b>	<b>26,985.46</b>	<b>23,311.82</b>	<b>20,413.97</b>
Operating Profit before Interest and Tax/Gross Profit	4,005.70	2,949.79	2,684.86	2,754.35	2,478.30
Profit Before Tax	2990.17	2109.02	1740.39	1931.43	1675.95
Profit After Tax	1,496.85	1,088.68	924.63	1001.20	782.99
Paid up Capital	540	180	180	60	60
Number of Ordinary Shares Outstanding	54	18	18	6	6
Capital reserve	6.49	6.49	6.49	6.49	6.49
shareholders Equity	3,679.08	3,399.97	3,579.35	2,952.89	2,311.24
Property, Plant & Equipments	3346.00	3101.00	3120.00	2648.00	2092.00
Net Current Assets	4409.13	3373.55	2822.6	3005.96	2549.93
Dividend Per Share (%)	275%	600%	400%	500%	600%
Earning Per Share (Tk)	27.72	20.16	17.12	18.54	14.50
Contribution to Exchequer	29,078.00	24,250.00	22,630.00	19,133.00	16,427.00
Price Earnings Ratio (Times)	22.93	19.52	18.88	21.22	26.07
Net Asset Per Share including Revaluation Reserve	68.13	62.96	66.28	54.68	42.80
Net Asset Per Share except Revaluation Reserve	68.13	62.96	66.28	54.68	42.80
Net cash from Operating Activities	795	1502	1559.00	893.00	973
Net Operating cash flow Per share (NOCFPS)	14.72	27.81	28.87	16.54	18.02
Market Value Per Share at year end (Tk)	635.6	1180.8	969.9	3541.7	3401.6
Return on Asset(%)	19.30%	17.00%	16.00%	18.00%	17.00%
Debt Equity Ratio (%)	15.00%	0.00%	0.00%	18.00%	13.00%
Number of Ordinary Shareholders	65,945	16,283	19,315	2,419	2,288
Number of Employees	1,643	1,445	1,426	1,453	1,459

## Turnover

In BDT Crore



## TURNOVER

BDT **33,934.04**  
CRORE



# DIRECTORS' REPORT

## Dear Shareholders,

The Board of Directors has the pleasure and honour of presenting the Directors' and Auditor's Reports, as well as the audited financial statements of British American Tobacco Bangladesh Company Limited (BAT Bangladesh or BATB or the Company) for the year ended 31<sup>st</sup> December 2021.

## STRATEGIC PILLARS OF OUR BUSINESS

Despite the pandemic, 2021 will be remembered as the best year in the most difficult circumstance. We had started the year on a high note, but the path became challenging once the country was further impacted by the pandemic. We have anchored on the foundations of sustainability and remained resilient, which has paved the pathway to deliver yet another successful year and steady progress across multiple facets of our business. We acted responsibly and continued our support for looking after our management, field forces, distributors, retailers, and farmers through benchmark measures and supported the community by distributing our own hand sanitizers and masks. The business context remained extremely challenging, as consumer markets remained deeply polarised on account of the continued growth of the illicit cigarette market in Bangladesh. However, as a responsible corporate citizen, the Company amplified consumer and regulatory advocacy in the interests of public health, urging the government to pursue balanced and evidence-based sensible regulations. We remain confident that a better tomorrow will emerge out of our actions that will set the platform for us to generate even higher stakeholder value, including for the national exchequer.

## COMPANY PERFORMANCE

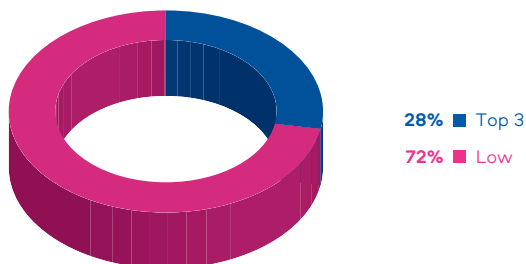
BAT Bangladesh registered volume growth in 2021 despite being in a challenging business environment due to the pandemic. During COVID lockdown, a focused sales and distribution drive through alternative distribution models, targeted activation in growth markets throughout the year, and purposeful consumer-relevant, exciting brand campaign launches aided in this growth journey. Our field forces have ensured the availability of cigarettes throughout the country, and as such, the supply chain was not disrupted.

The top three segments maintained their positions and gradually recovered with the overall economic stability in 2021 vs. 2020 segment has grown by an expected level in 2021 vs. 2020, facilitated by accelerated down-trading from the top 3 segments to the low segment brands, a convenient price point, and the favourable price index post June 2021 fiscal budget. As a result, overall low volume contributions are increasing within the portfolio.

From previous years' experiences, it is important to mention that price increases in the low segment always triggers consumers to shift to cheaper/duty evaded illicit cigarettes rather than reduce consumption. In 2021, estimated illicit cigarette sales did not grow further, mainly due to pandemic-induced supply chain issues and also to the continued market initiatives against illicit trade from government law enforcement agencies. These anti-illicit trade initiatives from government bodies need to continue to sustain the performance of the legal cigarette industry and reduce any potential revenue loss for the government.

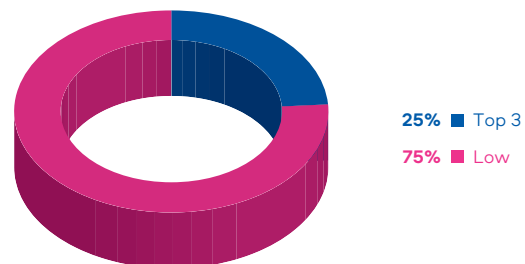
## BAT Bangladesh's Segment wise volume contribution is given below:

2020 [Jan-Dec Volume Contribution]



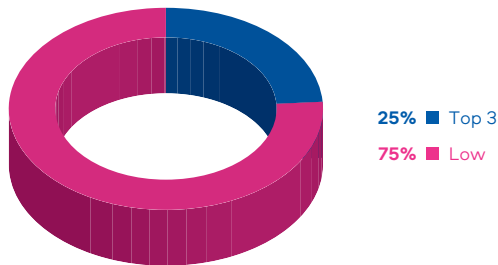
Top3= Premium, High & Medium

2021 [Jan-Dec Volume Contribution]



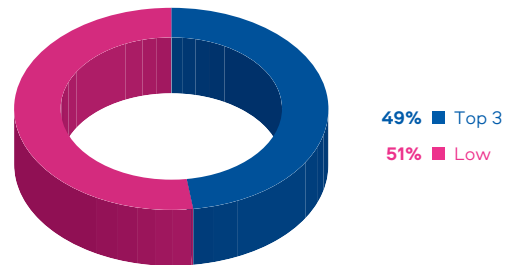
The following chart also shows BAT's segment wise volume contribution and corresponding revenue contributions in 2021:

2021 [Jan-Dec Volume Contribution]



Top3= Premium, High & Medium

2021 [Jan-Dec Government Revenue Contribution]



BATB generated 20% more revenue for the government in 2021 compared to 2020. In full year 2021, revenue from the top 3 segments increased by 10%, while that of the low segment grew by 32% compared to 2020.

With the advent of the economic rebound and infrastructure developments happening currently, 2021 has been the year for a turn-around performance in terms of government revenue contribution.

**BATB'S SEGMENT WISE PERFORMANCE OVERVIEW IS PROVIDED BELOW:**

- Premium:** In this segment, Benson & Hedges prevented any volume loss compared to last year from the consumer affordability stretch in H1'21 and succeeded in the price increase in H2'21 by introducing purpose-led initiatives and consumer focused activations. Combining all the exertions, Benson & Hedges registered 13% volume growth in 2021 compared to 2020.
- High:** Under this segment, John Player Gold Leaf declined by 2% in 2021, bracing for the shock from the government price increase (10%) in June 2021 fiscal budget. Addressing the impact of price increases by introducing consumer-relevant innovations to keep it from becoming more vulnerable. John Player and Capstan suffered growth, but maintaining consumers' preferred quality.
- Medium:** Under this segment, taking a 31% price increase in H2'19, Star has experienced a sharp decline in volume. Furthermore, pandemic-stricken affordability, stretch, and accelerated down-trading to the low segment have impacted Star, resulting in a 6% decline in 2021 compared to 2020. Star, Star Next, Lucky Strike experienced a value equation among consumers.

- Low:** The majority of BATB volume is contributed by low segment brands (Royals of London, Derby, Hollywood & Pilot), and the Company is committed to maintaining consumers' preferred quality and progressive needs across the segment. Continued focus on the right product quality along with wider sales and distribution across all channels despite a challenging business environment has been a key attribute for the overall growth of in 2021 compared to 2020.

**BATB'S CONTRIBUTION TO THE NATIONAL EXCHEQUER**

In 2021, the Company contributed BDT 29,078 crore to the government exchequer as Value Added Tax (VAT), Supplementary Duty (SD), Health Development Surcharge (HDSC), Corporate Tax and Custom Duty. This represents an increase of BDT 4,828 crore over the last year. Going forward, the Company aims to support the government's proposals that enable the establishment of a sustainable level of tax contribution to the national exchequer while ensuring sustainable growth for the industry and promoting a level playing field among the cigarette manufacturers in Bangladesh. Since this is a mature industry, it must not be stretched too far without considering the market dynamics and its ability to absorb price elasticity and avoid the growth of illicit and smuggled cigarettes.

The Company recognises the government's revenue growth targets and the industry has been working with the National Board of Revenue (NBR) over the years to ensure sustainable revenue growth from the tobacco industry.

While listed companies in all other sectors enjoy a preferential corporate tax rate, there is a higher tax rate applicable to cigarette companies. We strongly feel that by targeting the corporate tax structure of a listed manufacturer, it will appear to be a disincentive for the

other cigarette manufacturers to join in the capital market. The Company believes that the government will remove the disproportionate corporate tax rates applicable to cigarettes in the upcoming National Budget. Cigarettes are already highly taxed (in the form of supplemental duty, VAT, and corporate tax), and there is no instance of discriminatory corporate tax rates anywhere in the world for listed tobacco companies. We continue to appeal to the NBR to reduce the corporate tax in the upcoming national budget.

## PRODUCTIVITY

The year 2021 observed a sudden uprise in volume demand due to some control over the illicit trade and compounded by the short supply of the local manufacturers in the market. To deliver this volume demand, the operations team showcased an indomitable spirit, and the team embarked on a transformational journey, breaking numerous production records in the process in a sustainable manner through keeping “Integrated Work System” (IWS) practises at the core. IWS is a way of working that enables optimisation of factory performance and efficiency. The factory carried out the highest shopfloor recruitment to bring in new talent, and an “Apprentice Academy” was introduced to establish a pipeline of shopfloor talents to fuel our ambition to be a future-fit organisation. Thousands of man-hours worth of capability building sessions have been conducted to enable our workforce to progress towards IWS Phase 2 accreditation. Furthermore, as OEM support was limited due to the ongoing travel restrictions due to the pandemic scenario, in-house capability was developed to execute multiple machine relocation projects, and remote platforms were used for virtual support when required.

Keeping Environment, Social and Governance (ESG) at the centre of our operations, manufacturing team has taken multiple initiatives to enable BAT Bangladesh's journey towards carbon neutrality by 2030. An Active Voltage Conditioning (AVC) unit has been setup in Dhaka Factory to reduce power flickers and the 11kV line extension has decreased the requirement for generator runs – both initiatives eventually leading to lower carbon emissions. Additionally, the team created a predictive model by incorporating historical data and live weather forecasts for arresting flickers. Also, a collaborative relationship was built with DESCO to manage power disruptions more efficiently. To increase the factory's water recycling, a reverse osmosis (RO) plant has been placed in the factory. Overall, in 2021, Dhaka Factory recorded the lowest ever energy index and water usage index.

All this was delivered amidst the pandemic scenario, and thus the focus of the business operations had to also stay on ensuring the health and safety of the frontline employees without compromising business needs. Several measures were undertaken, such as providing care

packages, transportation, work area sanitization, social distancing, and 24/7 doctor's support, including necessary medical support for all the employees. The employees have been communicated regularly to develop courage, which helped both in their physical and mental health. All these initiatives have made significant improvements in the factory's machine efficiency, machine utilisation, people productivity, and reduction of wastage, resulting in higher production with quality.

## COST OF GOODS SOLD AND PROFIT MARGINS:

The overall cost of goods sold increased during the year, mainly due to higher production, higher product costs, and specific COVID-19 costs to keep the manufacturing running according to the health guidelines recommended by the government. However, despite the increase in costs by 13%, we managed to increase the year-on-year gross profit margin by 5% by taking various efficiency measures and cost-saving initiatives across a wide array of spectrums.

## SUSTAINABILITY

Sustainability lies at the core of any successful business operation. In a country like Bangladesh which is vulnerable to the impacts of climate change, it is imperative for companies to support the government in combatting the effects through sustainable initiatives and achieve the all-important SDGs. As the proud pioneers of ESG in Bangladesh, BAT Bangladesh believes in creating shared value for its employees, consumers, society, and shareholders to deliver the promise of a better tomorrow. Over the years, BAT Bangladesh has successfully initiated numerous environmental, social and governance initiatives through community investments, which have helped build the foundation for a sustainable future.

The Company has embraced several stretch ESG targets over the past year, which comprise of the following:

- Achieving carbon neutrality:
  - Scope 1 and 2: 50% by 2025, and 100% by 2030
  - Scope 3: 100% by 2050
- 100% renewable electricity in operation sites by 2030
- 35% reduction in water withdrawn by 2025
- Increase the amount of water recycled to 30% by 2025
- 100% manufacturing sites to be Alliance for Water Stewardship certified by 2025
- 100% of operations sites to be zero waste to landfill by 2025
- Eliminating unnecessary single-use plastic packaging and making all plastic packaging reusable, recyclable or compostable by 2025.

Consistent with its carbon neutrality and renewable energy ambitions, BAT Bangladesh invests capex year after year to fund these initiatives. Despite significant volume growth, BATB reduced carbon emissions by 8% in 2021 compared to the 2017 baseline. DF, GLT, and Leaf Ops lowered their energy consumption by approximately 14% compared to the baseline year of 2017. In 2021, the Company applied for core accreditation with the Alliance for Water Stewardship (AWS) for the Dhaka Factory & Green Leaf Threshing Plant in Kushtia. Additionally, to reduce water withdrawal from ground water, both the Dhaka Factory and GLTP ETPs have been upgraded in recent years. Furthermore, a reverse osmosis facility was established in the Dhaka Factory to assure a better rate of recycling. With these approaches, water withdrawals were reduced by 21% from 2017 levels. Additionally, we ensured that 18 percent of water used by BAT Bangladesh was recycled by 2021. In 2021, BAT Bangladesh initiated a series of intensive awareness programmes to advocate for the elimination of unnecessary single-use plastics in the workplace, including events such as switching from plastic to glass water bottles.

To complement the above targets, the Company also has several other flagship initiatives like its afforestation programme (Bonayan), Solar energy initiative in off-grid areas (Deepto) and safe drinking water project in rural demarcations (Probaho), aimed to create an enduring positive impact in communities around which we operate and in the extended environment.

Our afforestation programme, 'Bonayan', began in 1980 in collaboration with the Forest Department of Bangladesh Government and, since then, the Company has distributed over 115 million saplings free of cost in and around our operational areas, including 5 million saplings in 2021 which is significantly higher than the previous years. Bangladesh's 50<sup>th</sup> anniversary was commemorated by launching the first ever national afforestation campaign 2021 in partnership with the Ministry of Environment, Forest, and Climate Change, distributing 275K seedlings to forest offices across 12 districts. Today, BAT Bangladesh's Afforestation platform is the largest private sector-driven afforestation programme of the country. The Company is committed to continue with this program to support the Government's national targets of increasing forest coverage, as well as to increase the tree covered area. Over the years, the Company has received several national and international awards and accolades, including the prestigious President's Award two times (2018, 2019) and Prime Minister's Award five times, latest in 2019 announced in 2021, for its afforestation drive across the country.

There was a time when millions of people in Bangladesh faced a severe scarcity of safe drinking water due to

excessive arsenic contamination. Responding to this pressing need, BAT Bangladesh has taken up a safe drinking water project in arsenic-prone rural communities back in 2009. In 2021, the initiative celebrated its 12th-anniversary and BAT Bangladesh's 110<sup>th</sup> year anniversary by installing the 110<sup>th</sup> water filtration plant. Now this project is providing 565,000 litres of pure drinking water to over 273,000 beneficiaries daily who were in dire need of safe drinking water across 21 districts of Bangladesh. More often than not, these people had to walk for miles to source drinkable water that too, without the assurance of it being safe.

To complement Bangladesh Government's efforts in the renewable energy sector, BAT Bangladesh has undertaken a project to install solar home systems through the 'Deepto' project in villages that are in remote, off-grid areas of the Chittagong Hill Tracts. Under Deepto, BAT Bangladesh has supplied as many as 2,591 units of solar home systems in remote villages to enhance community lifestyle and empower people in Bandarban, Khagrachari and Rangamati districts, giving more than 15,000 rural people their first access to electricity at home.

In addition to the flagship CSR projects, BAT Bangladesh has built an effective partnership with its farmers for agricultural sustainability through implementation of good agricultural practices of national & global standards. Company's Leaf Department relentlessly works with 33,680 highly trained contracted farmers across rural areas for their sustainability and better livelihood. BAT Bangladesh's contract farming system has been established as a proven model, and the Company proactively sets high standards in agricultural best practices. Green manuring, Integrated Pest Management (IPM), Alternate Furrow Irrigation (AFI) are a few among many initiatives driven by the Leaf Department of BAT Bangladesh for agricultural sustainability which resulting in enhancing organic matter contain in the soil and ensure its better management.

During the onset of the Covid-19 pandemic, farmers in rural areas were struggling to transport and sell their farm produce. Under such situation the Leaf management took the lead to arrange all required safety measures for the farmers and employees which ensured permission from the local government authorities to buy tobacco green leaf from the farmers despite lockdown. As a result, the farmers could also sell their produced tobacco green leaf on time and they could proceed for the immediate next crop.

Supporting farmers for Green manuring by Dhaincha (*Sesbania spp*) is an effective approach to enrich soil fertility. Dhaincha stick is also promoted as an alternate fuel in leaf growing areas. Till date, we have distributed 2,985 MT of Dhaincha seeds free of cost among our contracted farmers. Moreover, the Company provides technical know-

how and other support to establish low-cost compost pits to produce farm yard manure for enriching soil fertility.

In 2005, BAT Bangladesh established the country's first Integrated Pest Management (IPM) Club in collaboration with the Department of Agricultural Extension (DAE) of the Government of Bangladesh to support farmers in their quest for better crop protection practices. For the past couple of years, BAT Bangladesh has established 75 IPM clubs across tobacco-growing areas with the aim of driving farmers' awareness on non-chemical pest management, and also safe use of agrochemicals. The primary objective of IPM clubs is to reinforce Government's initiatives to reduce farmers' dependency and use of agrochemicals. As a result of these ongoing awareness programs, farmers have become more conscious and cautious about the use of chemical pesticides in farming and have adopted the use of sustainable alternatives. The Company has been awarded with the ACES Award-2021 by the organization named Asia Corporate Excellence & Sustainability (ACES) of Malaysia for being one of the "Top Green Companies" in Asia. Another award named "The Social Caring Pledge Award" from the Social Enterprise Research Academy (SERA) was awarded in 2021 in Hong Kong.

For ensuring the most judicious use of Irrigation water BAT Bangladesh contracted farmers being encouraged to use Alternate Furrow Irrigation for winter crops grown in rows and it saves almost 30-35% water. The practice of Alternate Furrow Irrigation has been recommended of BARI for most of the crops grown in rows.

Supporting farmers for affordable mechanization in farming in alignment with Govt initiative, safe disposal program of empty CPA (Crop Protection Agent) containers, popularizing short duration rice varieties among farmers to accommodate three crops in a year, biodiversity conservation, alternate of wood fuel for tobacco curing, Bondhusheba – digital messaging platform for fast communication with contracted farmers, etc., are other programs and initiatives driven by Leaf Department to ensure environment and agricultural sustainability as well as improving farmers' livelihood. This helps to change the farmers' mindset for adopting the global proven best agriculture practices in the other crops grown by them.

BAT Bangladesh, as a responsible corporate, embraced the opportunities to work for uplifting farmers' livelihood and thereby fulfilling the agricultural sustainability agenda, in collaboration with the Integrated Farm Management Components (IFMC) project of DAE. The Project authority has been kind to extend their support over the years to train the Field Technicians & Leaf Management of BAT Bangladesh on Integrated Farm Management Components.

As part of our capacity building and farm women empowerment efforts in 2021, DAE specialists led a nine-day organised training programme on Integrated Farm Management Component (IFMC) for 25 farm women in Khagrachari. After the workshop concluded, participants began mushroom farming. Similarly, 50 farmers in Kushtia received mushroom cultivation training from resource personnel, and many of them have begun mushroom growing in their curing barns during the off-season. Mushroom cultivation is gradually affecting cultivators' socioeconomic status within their communities.

Even in the face of global pandemic, the Company has ensured fulfilment/shipment of export orders for leaf to the customers across 17 overseas destinations covering most of the continents i.e., Asia, Africa, Europe, America and Russia. The Company export of tobacco leaf has earned 32 million US dollars during the year. In addition to Leaf Export the Company has broadened its customer base through export of high-quality cigarettes to increase forex earning.

The Company has an economic impact both in terms of revenue generation for the Government as well as employment generation, as it employs more than 1,500 employees directly, while also supporting indirect employment for as many as 50,000, comprising of farmers, distributors and suppliers, and over 13 lac retailers. Hence, the Company requests the Government to take an inclusive and participative approach on tobacco regulations so that regulatory policies reflect the views of all relevant stakeholders and are practical and enforceable.

### MANUFACTURING CAPACITY IMPROVEMENT

BATB has made capital investments from time to time to increase manufacturing and warehouse capacity across its different locations in the country, keeping in mind the quality expectations of consumers and customers. The Company has established the manufacturing facilities in Savar to cater to the fastest growing cigarette demand and future export opportunities, which makes the year 2021 a milestone in the BATB's history. The manufacturing facilities in Savar have already started setting new benchmarks in terms of performance. Along with capacity injection, the next phase of land development will be continued and expand the infrastructure to increase warehouse capacity. Furthermore, the establishment of this manufacturing facilities has opened-up new avenues for tobacco exportation in various countries around the world. This export will be replacing some of the existing global manufacturing facilities, and as such, we are seeking the support of the government because it will help the country diversify its exports and earn foreign exchange that it needs.

### WINNING ORGANISATION

2021 was a monumental year for BAT Bangladesh, driven by the efforts of our dynamic team of talented employees who represent our principal asset in striving towards sustainable business growth. BAT Bangladesh has continued its upward trajectory with sheer resilience in an ever-changing business environment and added challenges from the continued effects of the pandemic.

The Company focuses on fostering a high-performance and inclusive culture designed to allow employees to thrive. From ensuring ample learning and growth opportunities to re-energizing employees by developing their inner leader, BAT Bangladesh has always been the frontrunner in creating and adopting best-in-class people practices. It is with this mission of sustainable growth, that the Company underwent a massive talent brand transformation to align with the vision of building a better tomorrow. BAT Bangladesh's new employee value proposition, "Be The Change" reflects our core message and purpose for our people. Furthermore, the transfer of knowledge and the sharing of our expertise freely within BAT Group companies globally has become an intrinsic reflection of our culture and indicative of the quality of our resources. This also represents that we have come full cycle – from inviting international peers to now sharing our own unique best practices with group companies located all over the world. In 2021, a total number of eleven of our managers joined different global companies dispersed across nine countries. Currently, we have over 50 such managers working across the globe, representing our talent strength. The breakthrough of our managers was to get senior positions in the USA and Japan in the BAT associated companies.

BAT Bangladesh recognizes human capital as a fundamental tool in the growth agenda, thus we sustained our efforts in attracting the best talent pool with our unique campus-to-corporate initiatives. We continued campus engagement with our ambassador program- XCEED, welcomed talented final-year students as XCELERATE interns, and inaugurated our exclusive platform – Supernova, to pave the path for females in STEM. Navigating the uncertainties of the pandemic, we successfully closed off the 18<sup>th</sup> edition of our flagship business competition – Battle of Minds (BoM). Supported by the venture capital arm of BAT Group, BTomorrow ventures, and BoM 2021 followed a unique modality, inviting students and young startups to solve four sustainability-centered challenges, solving social and environmental issues. With over 1800 students engaged, 22 industry experts involved and 25 participating countries globally, the 18<sup>th</sup> edition of BoM brought together thousands of changemakers worldwide. Overall, we welcomed 156 new recruits in 2021. Beyond the campus, we also tried to add future-ready skills by hiring 20 people from different industries.

The Company relentlessly drives excellence in people practices across all domains of HR competence, which has led to BAT Bangladesh becoming a "Top Employer" in the country for the third time in a row in 2021, as certified by the Top Employer Institute of UK. The Top Employers Institute is the global authority on recognising excellence in people practices. 2021 was also the year in which we achieved strides in our overall diversity, equality, and inclusion agenda. BAT Bangladesh became the only company in the country certified by the Global Equality Standard (GES) of UK.

Simply put, 2021 was a great year for us since we worked hard to build our employer brand and demonstrated that we're bold to attempt new things in the midst of the COVID-19 pandemic.

### ENVIRONMENT, HEALTH AND SAFETY

BAT Bangladesh is fully committed to ensuring the safety and health of its people who are associated with our operations, as well as minimising its impact on the environment, i.e., air, water, waste, soil, and all sorts of natural resources, etc. so that sustainable operations can be ensured. Since BATB is a responsible organization, major initiatives such as Active Voltage Conditioner (AVC) installation for automated voltage conditioning, 11KV additional line installation, energy efficient motor usage, condensation free steam supply system installation, generator run hour reduction, ELESOL (electronic harmonics reduction) installation for electrical lines, RO plant installation, zero waste to landfill, etc. have been undertaken for the purpose of reducing energy consumption, increasing water recycling, and proper disposal and recycling of waste materials, which are vital parts of sustainable operations. For developing a proper cultural mindset, communications and awareness programmes based on the environment and sustainability for managers, employees, and contractors are conducted throughout the year. Also, by integrating the IWS EHS Pillar way of working, all the relevant personnel are aligned with the process of continuous improvement in a zero-loss mindset. Moreover, EHS-based various trainings were arranged, focusing on safe work practices on the production floor, in warehouses, in transportation management and in offices.

### INITIATIVES DURING PANDEMIC PREPAREDNESS

Employee safety emerged as our top priority during the COVID-19 pandemic. Keeping our employees safe, productive, and engaged while also ensuring continuity of business was a balance that we strived to achieve during the challenging period of the lockdown months. One of the effective ways in which we did so was by activating work-from-home (WFH), providing all our employees who could stay at home to do their work with robust and secure technology tools and the activation of virtual platforms so

that they could collaborate with each other, keep the lines of communication open and complete assigned tasks on time.

Following government instruction, additional transportation facilities for the employees were provided, who were mandatory for factory operations during the nationwide lockdown tenure. We provided family care packs, masks, and sanitization materials to the personnel associated with our operations. Moreover, to ensure sustainable operations, we helped employees get registered and vaccinated to fight against the pandemic. Thus, through this crucial initiative in the workplace, we were able to ensure “business as usual” through ensuring continuous operations as much as possible while providing job security to all our employees.

### THE BOARD OF DIRECTORS

BAT Bangladesh’s Board of Directors comprises a group of corporate specialists, professionals, highly qualified senior government officials (nominated by the government) and ex-government officials. It comprises a unitary group of ten (10) professionals, among whom eight are non-executive directors, including two independent directors, most of whom are ex-senior government officials. The Board members are responsible for setting the direction for attaining the Company’s business objectives, while also safeguarding the interests of shareholders and other stakeholders. Mr. Md. Azizur Rahman FCS, Head of Public Affairs & Company Secretary, functions as the Secretary to the Board and the three sub-committees of the Board (Audit, NRC, and CSR Committee).

We believe that the Company Board includes core competencies considered relevant in the context of BAT Bangladesh. All our Directors have followed regulatory compliances necessary for their Directorship, qualifying their membership on our Company’s Board. The composition of BAT Bangladesh’s Board is as follows:

- **Mr. Golam Mainuddin**  
Chairman, Board of Directors
- Mr. Mohammad Moinuddin Abdullah  
Non-Executive Director  
(Resigned effective from 4<sup>th</sup> March 2021)
- **Mr. KM Ali Azam**  
Non-Executive Director
- **Mr. M. Tofazzel Hossain Miah**  
Non-Executive Director  
(Appointed effective from 22<sup>nd</sup> March 2021)
- **Mr. A.K.M Aftab UI Islam FCA**  
Independent Director
- **Mr. K. H. Masud Siddiqui**  
Independent Director

- **Ms. Zakia Sultana**  
Non-Executive Director  
(Appointed effective from 25<sup>th</sup> May 2021)
- **Ms. Mahmuda Khatun**  
Non-Executive Director
- **Mr. Md. Abul Hossain**  
Non-Executive Director
- **Mr. Shehzad Munim**  
Managing Director
- **Mr. Stephan Matthiesen**  
Finance Director  
(Resigned effective from 1<sup>st</sup> October 2021)
- **Ms. Amun Mustafiz**  
Finance Director  
(Appointed effective from 1<sup>st</sup> October 2021)

Mr. Mohammad Moinuddin Abdullah and Mr. Stephan Matthiesen resigned from the Board with effect from 4<sup>th</sup> March 2021 and 1<sup>st</sup> October 2021 respectively. The Board of Directors would like to place on record the excellent contributions and support of Mr. Mohammad Moinuddin Abdullah and Mr. Stephan Matthiesen towards the improvement of the Company’s business, good governance, and taking keen initiatives on different challenges during their tenure as Directors of the Board.

### DIRECTORS PROPOSED FOR RE-ELECTION

Out of the ten (10) directors on the Board, Mr. Masud Siddiqui and Mr. Aftab UI Islam FCA were appointed as independent directors and, as already confirmed at the AGM, would not retire by rotation. Mr. M. Tofazzel Hossain Miah and Ms. Zakia Sultana were appointed to the Board as Non-Executive Directors and Ms. Amun Mustafiz, who was appointed to the Board as Finance Director after the last Annual General Meeting, will retire at the impending AGM. Mr. KM Ali Azam, Non-Executive Director, will retire by rotation at the ensuing AGM. All the retiring directors, being eligible, offer themselves for re-election at the ensuing AGM.

In accordance with Article 99A of the Articles of Association of the Company, Mr. Golam Mainuddin, having reached the age above 65 years, shall retire at the upcoming Annual General Meeting. However, being eligible, he is also proposed for re-election at the meeting for one year, i.e. until the conclusion of the 50<sup>th</sup> Annual General Meeting to be held in 2023.

### BOARD COMMITTEES

There are currently three sub-committees of the Board, namely: Board Audit Committee, Board Nomination & Remuneration Committee and Board CSR Committee, the details of which are as follows:

### BOARD AUDIT COMMITTEE

The Company has formed an Audit Committee in accordance with code 5.1(a) of the BSEC's corporate governance (CG) codes. As required, the Report of the Audit Committee is included in this Annual Report. In 2021, the Committee comprised of Mr. A.K.M Aftab UI Islam FCA, (Chairman of the Committee), Mr. Md. KH Ali Azam, Mr. M. Tofazzel Hossain Miah, Ms. Zakia Sultana, Ms. Mahmuda Khatun and Mr. Abul Hossain. All the members of the Committee are Non-Executive Directors and the Chairman of the Audit Committee is an Independent Director who is a qualified chartered accountant. The Audit Committee met four times during the year 2021. Mr. Md. Azizur Rahman, FCS Company Secretary, served as the Secretary to the Audit Committee. Our Internal Audit Manager, Mr. Safwan Mostafiz, presented the audit findings to the Audit Committee in the meetings. The key performances of the Audit Committee during the year were as follows:

- Reviewed and discussed the audit findings and risk assessment.
- Recommend to the Board the quarterly and annual financial statements.
- Considered and recommended to the Board the appointment and remuneration of the statutory and compliance auditors of the Company.
- Reviewed and appraised the performance of the internal control system.
- Approved the internal audit plan and monitored the progress along with action implementation.
- Reviewed business continuity plan and internal control system.
- Discussed the internal and external audit reports and findings therein with the auditors and members of the Management and monitored the status of implementation of the recommendations therein.
- Reviewed the related party transactions and codes of conduct of the Company.
- Reviewed and considered the report on matters, as required under the CG codes of BSEC.
- Reviewed the loss report, incident report, whistleblowing matters, and write-off report.
- Reviewed the laws of the country in relation to business operations.

### BOARD NOMINATION & REMUNERATION COMMITTEE

BSEC codes of corporate governance require the Board to have a Nomination and Remuneration Committee (NRC). The NRC was set up by the Board in accordance with code 6.1(a) of the BSEC codes. As required, the Report of the Nomination & Remuneration Committee is included

in this Annual Report. Mr. K. H. Masud Siddiqui served as the Chairman of the Committee during 2021. Other members of NRC are Mr. Golam Mainuddin and Mr. A.K.M Aftab UI Islam FCA. All members of the Committee are Non-Executive Directors and the Chairman of NRC is an Independent Director. The Nomination & Remuneration Committee met six times during the year 2021. Mr. Md. Azizur Rahman FCS, Company Secretary, served as the Secretary to the Nomination & Remuneration Committee as per the BSEC Corporate Governance Code.

### BOARD CSR COMMITTEE

The Board Corporate Social Responsibility (CSR) Committee is comprised of six Directors, of which, a Non-Executive Director is the Chairman. The composition of the Committee are Mr. M. Tofazzel Hossain Miah (Chairman), Mr. A.K.M Aftab UI Islam FCA, Mr. KH Ali Azam, Ms. Zakia Sultana, Ms. Mahmuda Khatun, Mr. K.H. Masud Siddiqui, Mr. Abul Hossain, Mr. Shehzad Munim and Mr. Md. Azizur Rahman FCS, Company Secretary, served as the Secretary to the CSR committee. The CSR initiatives are part of the sustainability agenda of the Company. The purpose of the Board CSR Committee is to ensure long-term sustainability of the Company's aspirations and management of the Company's CSR activities. The initiatives are managed in a way that secures business stability and sustains the positive image and reputation of the Company, while also establishing the Company's commitment to the nation at large. The CSR Committee met three times in 2021. The initiatives are aligned with the SDGs, and we are contributing to fulfil the government's commitment. Moreover, in 2021 the Committee took a number of sustainability initiatives focusing on Environment, Social and Governance (ESG) considering BAT Bangladesh's stakeholders' aspirations at large.

### DIVIDEND

In view of the performance of the Company and considering the current liquidity position, the Board of Directors has recommended 150% (BDT 15 per share) final cash dividend for the year ended 31<sup>st</sup> December 2021, to be approved at the ensuing 49<sup>th</sup> Annual General Meeting. The Board of Directors also declared an interim dividend of 125% (BDT 12.50 per share) on 26<sup>th</sup> October 2021 based on audited 3<sup>rd</sup> quarter financial statements as on 30<sup>th</sup> September 2021. With this recommendation of proposed cash dividend the cash dividend the total pay-out of dividend for the year stands to 275% (BDT 27.50 per share).

### DIVIDEND POLICY

The dividend policy outlines the amount of cash that will be distributed to the shareholders every year as a dividend from the after-tax profit of the Company. The dividend policy is based on balancing the value expectations of shareholders



and ensuring funds availability for future expansion plans. The topline statement of the policy is that the Board of Directors proposes a cash payout of more than 50% of the Company's after-tax profit every year. The Dividend to be recommended and approved is as per applicable Acts and regulatory directives issued from time to time by the Bangladesh Securities and Exchange Commission.

#### **Entitlement of Dividend**

Shareholders whose names shall appear in the Members Register of the Company or in the Depository Register of CDBL on the 'Record Date' of the respective year's AGM will receive entitled dividend.

#### **Process of Distribution of Cash Dividend**

Cash dividend shall be paid directly to the bank account within 15 days and not more than 30 (thirty) days from the date of approval by the Shareholders in the AGM and the date of the Board approval in case of interim Dividend subject to compliance of circulars/directives of BSEC or Bangladesh Bank or other regulatory authority from time to time.

#### **Procedure of stock dividend distribution**

The stock dividend shall be credited within 30 (thirty) days of approval subject to the clearance of the regulatory requirement.

#### **Process for settling unpaid dividends**

Unpaid or unclaimed cash dividend and stock dividend shall be settled as per instructions of the BSEC or other regulatory authority from time to time.

#### **Tax matters**

Tax will be deducted at source as per applicable tax laws.

#### **GOING CONCERN**

The Directors are of the opinion that the Company is a going concern. This is recognised through appropriate enquiries and analysis, which establish that the resources are adequate to support the operations and that sufficient business opportunities do exist to justify the Company as a going concern and the directors analysis of the financial statements transparently. Accordingly, the Financial Statements are prepared on a going concern basis and there is no doubt, whatsoever, upon the Company's ability to continue as a going concern.

#### **BUSINESS RISKS AND SYSTEM OF INTERNAL CONTROL**

As with other co-existing entities, the BATB's business is also exposed to diverse risks that arise both on internal and external fronts. And because there is always a degree of uncertainty in our operations, the Board of

Directors assures its shareholders that the Company has a competent risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are unknown at present, the Company takes reasonable steps to identify all material and financial risks that may hamper business results. The Company then systematically reviews those risks, considering the changing internal and external environment to assess whether the controls that are in place are adequate to address those risks that are likely to hit the Company's business activities, operations, liquidity, and financial position for future performance.

Looking ahead, in view of the pandemic uncertainties and various others challenges, BATB may also adjust its business strategies in the future to adopt to the global realities. This report further encloses a detailed discussion of the internal control framework under the Statement of Internal Control.

#### **RELATED PARTY TRANSACTIONS**

Transactions with related parties are made on a commercial basis on the principle of arm's length and are done in the ordinary course of business. Details of related parties and related party transactions are described at note 42 of the Financial Statements of this Annual Report as per requirements of relevant International Financial Reporting Standards (IFRS).

#### **DIRECTORS' DECLARATION ON THE FINANCIAL STATEMENTS**

The Directors are responsible for the governance of the Company and, as part of preparation and presentation of the financial statements for the year ended 31<sup>st</sup> December 2021 of British American Tobacco Bangladesh Company Limited, the Directors confirm, to the best of their knowledge that:

- The financial statements, prepared by the Management of the Company, which was duly scrutinised by the external auditors, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgments;
- The International Accounting Standards (IAS) and/or IFRS as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure therefrom has been adequately disclosed;

- The system of internal control is sound in design and has been effectively implemented and monitored; and
- There is no doubt, whatsoever, upon the Company's ability to continue as a going concern.

As required under the BSEC Corporate Governance Codes, the Directors further confirm that:

- The MD and FD have certified to the Board that they have reviewed the financial statements and affirmed that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- The MD and FD have certified to the Board that they have reviewed the financial statements and affirmed that these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- The MD and FD have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

### MATERIAL INFORMATION

The material information given below is under the listing regulation 38 for our valued shareholders and stakeholders.

#### a. Retrospective Tax Demand by LTU-VAT of NBR

On 23<sup>rd</sup> November 2013, the National Board of Revenue (NBR) served a retrospective VAT and SD demand, totaling BDT 1,924 crores, against British American Tobacco Bangladesh Company Limited ("BATB" or "the Company") by restating Bristol and Pilot brands in the mid segment rather than the low segment.

The Company filed appeals on 12th April 2016 in respect of the judgment of the High Court dated 30th March 2016 and obtained a stay of the High Court judgment. In July 2018, the Appellate Division of the Supreme Court of Bangladesh finished hearing the appeals, and on 25th July 2018, the Appellate Division made a judgment in BATB's favour. Thereafter, on 25th March 2020, the NBR filed review petitions against the judgment passed by the Appellate Division of the Supreme Court of Bangladesh. The review petitions were subsequently heard on 9th December 2021 and the Appellate Division of the Supreme Court of Bangladesh was pleased to dismiss the review petitions.

As a result, there is no claim against the Company in this matter.

#### b. Writ Petition on Low Segment Price Tk. 27/35

On 1st July, 2017, NBR issued a Special Order (2017 SO) whereby it introduced discriminatory pack price and supplementary duty for local and international brands (BDT 27 per 10 stick pack at the rate of 52% SD for local brands and BDT 35 per 10 stick pack at the rate of 55% SD for international brands in low segment). Since the 2017 SO mentioned above cannot legally replace the government notification circulated in 2017. All the cigarette manufacturers was selling low segment cigarettes at BDT 27 and paid 52% SD. BATB submitted the price declaration (VAT-1) at BDT 27 to the LTU-VAT which was neither questioned nor challenged by LTU of NBR. Moreover, NBR by another SO dated 7th June 2018 repealed the 2017 SO, with retrospective effect from 1st June 2017 to remove the discrimination in pricing and supplementary duty rates between local and international brands (2018 SO).

In January 2019, a competitor filed a writ petition by which it challenged the failure of NBR to implement the closing budget speech of the Hon'ble Finance Minister dated 27th June 2018 and reserving low segment for local brands and further challenged the legality of the 2018 SO. Upon hearing on multiple occasions, on 21st September 2020, the High Court passed the judgment in the matter. It did not find any merit in the argument of the competition in relation to reintroducing discriminatory rates and therefore the High Court discharged the Rule. However, the High Court declared the retrospective application of the 2018 SO illegal and held that any shortfall of government revenue under the 2017 SO may be recovered from any party or manufacturer during the period of 1st June 2017 to 6th June 2018.

Subsequently, the LTU-VAT issued a Show Cause Notice on BATB dated 24th September 2020 following the HC judgment claiming unpaid VAT & SD of BDT 2,437 crore from 1st June 2017 to 6th June 2018. Being aggrieved, filed Civil Petition (CP) in the Appellate Division of the Supreme Court on 17th December 2020 and stayed the further proceedings in this regard.

#### c. VAT Leaf Show Cause Notice

The NBR issued a Show Cause Notice on 23rd March 2020 claiming additional VAT and Supplementary Duty of BDT 2,054 crore claiming discrepancies between Annual Report against VAT-1 Form.

Based on BATB's reply and satisfactory explanation during the preliminary hearing, the learned Commissioner, LTU-VAT, formed a review committee comprised of a Professor from Dhaka University (IBA) and an impartial chartered accountant to have an expert opinion on the financial disclosure mentioned in the Company's financial statements and the Price Declaration Form (VAT-1) with a

view to giving a fair judgment on the matter. The learned Commissioner, LTU-VAT assessed the matter legally and factually, considering the expert opinion of the review committee and the documents along with the explanation submitted by the BATB. Finally, on 19th August 2021, the learned LTU Commissioner was pleased to withdraw the demand of BDT 2,054 crores.

#### OTHER REGULATORY DISCLOSURES:

Pursuant to the BSEC Notification on 'Code of Corporate Governance' (CG) dated 3<sup>rd</sup> June 2018, the Directors of BAT Bangladesh also report that:

- The Company is aware of its various risks and concerns. The financial risk management has been disclosed under note 41.B of the financial statements;
- All transactions with related parties have been made on a commercial basis and the details of related party and transactions have been disclosed under note 38 of the financial statements;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been followed in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- The financial statements are prepared in accordance with IAS/IFRS and any departure therefrom has been adequately disclosed;
- The Company's IPO was made during inception. No further issue of any instrument was made during the year;
- From inception, the financial results of the Company have continued to grow as reflected in the yearly financial statements of the Company;
- No extraordinary gain or loss has been recognized in the financial statements of the Company;
- No significant variations have occurred between quarterly and final financial results of the Company during 2021;
- During the year, the Company has paid a total amount of BDT 8.25 crore as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note 38 of the Financial Statements;
- All significant deviations from the previous year in the operating results of the Company have been highlighted and reasons thereof have been explained;
- The key operating and financial data for the last five years have been disclosed in the Directors' Report;
- The Company has proposed cash dividend for the year 2021;

- During 2021, a total of eleven (11) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in Annexure-1 to this report;
- Rights and interests of the minority shareholders have been duly protected by means of transparent operations and proper disclosure of material information of the Company;
- No bonus or stock dividend has been declared as interim dividend during the year;
- A statement of 'Management Discussion and Analysis' has been presented on page 76 of this Report;
- Shareholding pattern of the Company as on 31<sup>st</sup> December 2021 is shown in Annexure-1 to this report; and
- Directors' profiles have been included in the Annual Report as per BSEC Guidelines.

#### CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Board of Directors of BAT Bangladesh acknowledges that the Company, being a listed business entity, has a role to play in upholding the interests of all its stakeholders. Improved and advanced governance practices are indispensable ingredients for an accomplished performance. The Company believes that a nurtured governance regime is essential to success and sustainability. Accordingly, the Board of Directors and Management are pledge-bound to continue the implementation of the highest standards of governance of the Company through a culture of accountability, transparency, ethical business conduct and well-understood policies and procedures. The Board of Directors of BAT Bangladesh has always played a pivotal role in meeting all stakeholders' interests and is committed to upholding the same in the future as well. It is the responsibility of the Company Secretary, being the highest governance official in the Company, to ensure effective compliance with rules and regulations and proper timely disclosures in this respect.

The Company's Corporate Governance framework is directed towards achieving its business objectives in a manner that is responsible and in accordance with the high standards of honesty, reliability, transparency and accountability. As part of its governance pursuits, the Company emphasises on stronger diligence to business, all operations being apparent and invites larger involvement of the stakeholders. The essential elements that define effective corporate governance of the Company are outlined in the Corporate Governance Statement which is appended in this Annual Report. The contents in the statement further expand on the broad practices at BAT Bangladesh. All employees are expected to live up to these principles and guidelines which are communicated

regularly throughout the Company in the form of various training and awareness programmes.

In this respect, we have the pleasure to confirm that the Company has complied with all the necessary directives under BSEC CG Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated the 3<sup>rd</sup> June 2018. The Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2021. Further, a Certificate of Compliance required under the said CG codes, as provided by M/s. Al-Muqtadir Associates, Chartered Secretaries, is also annexed to this report.

### FINANCIAL STATEMENTS

The Board of Directors of British American Tobacco Bangladesh Company Limited would like to inform that the Financial Statements containing the audited accounts for the year ended 31<sup>st</sup> December 2021 are in conformity with the requirements of the Companies Act, 1994, IAS and IFRS as adopted and applicable, Securities & Exchange Rules-1987 and the listing Regulations of the Dhaka and Chittagong Stock Exchanges, and believes that the Financial Statements reflect fairly the form and substance of all transactions carried out during the year under review and reasonably accurately present the Company's financial condition and results of its operations.

### STATUTORY AUDITOR

As per the Companies Act, 1994 and the Articles of Association of the Company, the statutory auditors of BATB, KPMG Rahman Rahman Huq, Chartered Accountants, shall retire at the 49<sup>th</sup> Annual General Meeting. They have expressed their willingness to be reappointed for the year 2022. Based on suggestions of the Audit Committee, the Board recommends the re-appointment of KPMG Rahman Rahman Huq, Chartered Accountants, as the statutory auditors of the Company for the year 2022 and continuation upto the next AGM at a fee of BDT. 13,00,000 (Taka thirteen lac) only and requests shareholders to approve the appointment.

### COMPLIANCE AUDITOR

Pursuant to code 9.2 of the codes of corporate governance issued by BSEC, the shareholders at the 48<sup>th</sup> Annual General Meeting (AGM) had appointed M/s. Al-Muqtadir Associates, Chartered Secretaries as the Compliance Auditor of the Company for the year 2021. The Compliance Auditor is eligible for re-appointment. As proposed by the Audit Committee and recommended by the Board of Directors, the matter of appointment of M/s. Al-Muqtadir Associates, Chartered Secretaries, as Compliance Auditor of the Company for the year 2022 would be placed before the shareholders at the 49<sup>th</sup> AGM of the Company for approval.

### INDEPENDENT SCRUTINIZER TO THE 49<sup>TH</sup> AGM

The Board of Directors, at its meeting dated 9<sup>th</sup> February 2022 has appointed Mohammad Sanallah & Associates, represented by Mr. Mohammad Sanallah FCS, as the Independent Scrutinizer for the 49<sup>th</sup> Annual General Meeting (AGM) of the Company, which will be held virtually on 30<sup>th</sup> March 2022 at 10:30am. The Independent Scrutinizer shall authenticate the due process of election and detailed information of voting results, and such authenticated report shall be submitted to the BSEC within 48 (forty-eight) hours of the conclusion of the 49<sup>th</sup> AGM of the Company.

### BUSINESS COMMITMENTS

The Board of Directors firmly believes that BATB has the necessary strengths, resources and commitments to further propel the Company to newer heights and thereby grow and augment its contribution to the nation. With these aspirations, the Board values and continuously updates its corporate strategies and commitments. It was more than 111 years ago, when the Company established itself on this land of opportunities and possibilities. Since independence of Bangladesh, BAT Bangladesh has demonstrated an unwavering dedication to the country and its people, and this commitment is what sets BAT Bangladesh apart from any other business entity. This uniqueness is reflected through the passion and dedication of its employees and business partners that has taken BAT Bangladesh to great summits. BAT Bangladesh is listed on both Dhaka and Chittagong stock exchanges and is currently the highest taxpayer in the country. In 2021 alone, we contributed BDT 29,078 crore to the government exchequer in the form of Supplementary Duty, Value Added Tax, Income Tax, Custom Duty and other levies. BAT Bangladesh has always cherished and shall continue to value its treasured relationship with the government of Bangladesh, esteemed shareholders and other stakeholders of the Company.

### MANAGEMENT DISCLAIMER FOR IT SECURITY

BAT Bangladesh has been using some applications software packages for its day to day activities. To the best of its knowledge, these software packages are fully immune and tested against any external hacking. The Cyber Security platform is being periodically checked by inhouse Digital Business Solutions Specialist Team.

### AWARDS & ACHIEVEMENTS

Our remarkable performance and efficient management in the year 2021 has led us to achieve a number of prestigious awards from different credible organisations locally and internationally. In 2021, the Company was awarded with the following recognitions:

1. President Award for industrial development from the government.
2. Top Employer Award from Top Employers Institute for three consecutive years.
3. Highest Taxpayer Recognition by National Board of Revenue (NBR).
4. ICAB National Awards for best presented annual report & governance.
5. ICSB Corporate Governance Award
6. SAFA Award for best presented annual report.
7. ICMAB Best Corporate Award.
8. Social Caring Pledge Award
9. Asia Corporate Excellence and Sustainability (ACES) Award 2021
10. Bangladesh Innovation Award-2021

#### EXPECTATIONS IN 2022 AND BEYOND

BATB continues to pursue its ambition of providing the best quality products to the consumers through its numerous customers/brand users. Looking ahead in 2022 and beyond, BATB aims to continue with the same passion that it had started over 111 years ago, to be the number one locally listed Company in turnover, in partnering with the national exchequer and to operate as a socially responsible Company. Moreover, the Company's social responsibility initiatives in 2022 will bring about a positive change across the nation with various initiatives directed towards achieving the sustainable development goals related to poverty alleviation, gender equality, human development and well-being, partnership in green cultivation practices, prevention of arsenic contamination, forest green cover preservation and extending sustainable modern energy in off-grid areas.

For on behalf of the Board of Directors,



**Shehzad Munim**  
Managing Director

#### ACKNOWLEDGEMENTS

The year-end performance of BATB in 2021, even with so many challenges confronted, demonstrates the resolves and determination of the Board, Management and overall, the people of the Company. The major achievement of the year, thus, is more than a tribute to the consumers of the Company but also the many who work silently but highly effectively in the background. At the same time, the Board also believes that the performance in 2021 is a collective result of the pledge, promise, energy, and hard work of our Directors, Management, and employees together. However, this was derived indeed from the persistent support and guidance from the shareholders and numerous other stakeholders of the Company. And keeping this in mind the Board would like to place on record their unstinted gratitude and appreciation to the government of Bangladesh, particularly the Ministry of Finance, Ministry of Commerce, Ministry of Agriculture, Ministry of Labour and Employment, Ministry of Forest & Environment and Ministry of Housing & Public Works, National Board of Revenue, Bangladesh Investment Development Authority, Bangladesh Securities and Exchange Commission, the Stock Exchanges (Dhaka and Chittagong), Central Depository Bangladesh Ltd. RJSC, Law Enforcement Agencies (Police, RAB, BGB, Ansar) and other numerous stakeholders, the Company's vendors and other business partners.

The Board would also extend its warmest gratitude to the management and employees for being an essential part of BAT Bangladesh during the year. It was their unrelenting commitment, dedication and diligence throughout the year that led the Company to achieving results, awards, and accolades in 2021.

We are proud of you all and look forward to your continued support as we march ahead to take BAT Bangladesh forward as a leading player in Bangladesh's business community.



**Golam Mainuddin**  
Chairman  
9<sup>th</sup> February 2022

# MANAGEMENT DISCUSSION & ANALYSIS

In compliance with code 1(5) (XXV) of the BSEC codes of Corporate Governance, the management discussion and analysis is presented here under.

## (A) ACCOUNTING POLICIES AND ESTIMATION FOR PREPARATION OF FINANCIAL STATEMENTS:

The financial statements have been prepared in accordance with the (International Financial Reporting Standards (IFRS), the Companies Act, 1994, the Securities and Exchange Rules, 2020, and other applicable laws and regulations in Bangladesh. Cash flows from operating activities are prepared under direct method as prescribed by the Securities and Exchange Rules, 2020.

The financial statements have been prepared on a historical cost basis, except for debt and equity financial assets and contingent consideration that have been measured at fair value. The financial statements provide comparative information in respect of the previous period.

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) adopted International Financial Reporting Standards issued by the International Accounting

Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company, going forward.

The details of the significant accounting policies is available in Note 6 of the financial statements.

## (B) CHANGES IN ACCOUNTING POLICIES AND ESTIMATION

In 2021, there was no major change in accounting policies and estimations except for some amendments and interpretations applied. However, this does not have any material impact on the financial statements of the Company. The Company has not adopted early any standards, interpretations or amendments that have been issued, but even those that are not yet effective.

## (C) COMPARATIVE ANALYSIS OF FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE

Financial results (in crore)	2021	2020	2019	2018	2017
Gross Turnover	33,934	28,108	26,985	23,312	20,414
Supplementary duty, VAT, HDSC	(26,451)	(22,079)	(21,303)	(17,848)	(15,218)
Net Turnover	7,483	6,029	5,682	5,464	5,196
Cost of Goods Sold	(3,477)	(3,079)	(2,997)	(2,710)	(2,718)
Gross Profit	4,006	2,950	2,685	2,754	2,478
Operating Expense	(835)	(727)	(808)	(672)	(698)
Operating Profit	3,170	2,222	1,877	2,082	1,780
Profit before Tax	2,990	2,109	1,740	1,931	1,676
Tax	(1,493)	(1,020)	(816)	(930)	(893)
Profit after Tax	1,497	1,089	925	1,001	783
EPS (in BDT)	27.72	20.16	17.12	18.54	14.50

Operational results	2021	2020	2019	2018	2017
Share Capital (in crore)	540	180	180	60	60
Interim & final cash dividend (in crore)	1,485	1,080	720	300	360
Stock dividend ratio	-	1:2	-	1:2	-
Cash dividend per share (in BDT)	2750	60	40	50	60
No. of Employees	1643	1,445	1,426	1,453	1,459
Total Contribution to the National Exchequer (in crore)	29,078	24,250	22,630	19,133	16,427

The Company's gross turnover for the year 2021 increased by 21% to BDT 33,934 crore. The growth was primarily driven by higher volume and decline in illicit trade. The Supplementary duty and VAT contribution from BATB increased by 20% for the year 2021, and resulting in 24% increase in net turnover for the year.

Higher production volume compared to last year, along with an incremental material cost globally & COVID 19 impact have led to a 13% increase in cost of goods sold for the year. Despite 21% higher turnover the operating expenses remained under control with 15% growth compared to last year. The profit after tax for the year is BDT 1,497 crore, 37.5% increase in line with volume growth.

#### Cash flows movement

Cash flow (in crore)	2021	2020	2019	2018	2017
Cash generated from operating activities	2,009	2,276	2,482	1,789	1,518
Income Tax paid	(1,200)	(784)	(892)	(843)	(526)
Net Interest (paid)/received	(14)	10	(31)	(45)	(19)
Net cash flows from operating activities	795	1,502	1,559	901	973
Net cash flows used in investing activities	(530)	(139)	(319)	(688)	(799)
Net cash flows used in financing activities	(713)	(1,314)	(786)	78	(510)
Net Increase in cash and cash equivalents	(448)	48	455	291	(335)
Cash and cash equivalents at 01 January	587	539	83	(208)	128
Cash and cash equivalents at 31 December	141	587	539	83	(208)

Overall cash position in 2021 decreased year on year due to higher Supplementary Duty, Value Added Tax and income tax payments. Additionally, to support the activation of second factory at Savar higher capital expenditures were made.

#### Dividend

In view of the performance of the Company and considering the current liquidity position, the Board of Directors has recommended 275% (BDT 27.50 per share) final cash dividend with interim cash dividend for the year ended 31<sup>st</sup> December 2021, to be approved at the ensuing 49<sup>th</sup> Annual General Meeting. The Board of Directors also declared interim dividend 125% (BDT 12.50 per share) on 26<sup>th</sup> October 2021 based on audited 3<sup>rd</sup> quarter financial statements as on 30<sup>th</sup> September 2021. With this recommendation of proposed cash dividend.

#### (D) COMPARISON OF FINANCIAL PERFORMANCE WITH THE PEER INDUSTRY SCENARIO

BATB is the only listed tobacco company in Bangladesh. Also, the nature of the tobacco business is different from the other industries and hence it is not possible to compare the financial position and cash flow with peer companies.

#### (E) FINANCIAL AND ECONOMIC SCENARIO OF THE COUNTRY AND THE GLOBAL ECONOMY

##### Global Economy

The global economy showed signs of recovery in 2021 (5.9%) amidst the pandemic after hitting its lowest point

in 2020 since the 'Great Depression'. However, the pace by which recovery was taking place has been weakened by the deadly Delta variant and highly transmissible Omicron variant. Vaccinations have proven to be effective against COVID-19. However, unequal access to vaccines is a major concern as 60% of the population in advanced economies were fully vaccinated while for low-income countries it was 4%.

Economies have slowly opened-up in the latter half of the year causing demand to rise. Simultaneously pandemic outbreaks and weather disruptions have resulted in supply shortages causing consumer price inflation to increase rapidly in countries like US, Germany, and many emerging market and developing economies. This followed by the ongoing retrenchment of China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects.

Each economic unit has already started preparing for the post pandemic outlook of their respective economies and restore it to its previous state.

##### Bangladesh Economy

Even amid a pandemic struck economy, the GDP growth of Bangladesh stood at 5.5% driven by record remittance inflows, increase in global demand for RMG (especially from second half) and resumption of work on national projects. With the current pace of economic recovery, Bangladesh GDP is expected to be 6.8% in the upcoming year.

Despite having highest ever FX reserve till date, demand of USD for foreign payments was not met by the supply of USD in the market causing BDT to depreciate against USD.

Bangladesh's government has taken great steps in establishing relationship with foreign countries. Due to increased participation in infrastructure development projects, Bangladesh teamed up with both Japan and China. Under its "Look East" policy, Bangladesh will explore partnership with other countries from the same belt. Countries from the Middle East, especially Saudi Arabia and UAE are the biggest source of remittance while US, UK and Germany remain the main exporters.

For 2022, the focus and priorities would be to build on the growth delivered in 2021 and continue to work on reviving economy, reducing unemployment, restoring consumption, and managing disruptions in supply chain. Tackling recurrent coronavirus outbreaks (including those tied to new strains such as the Omicron variant) and expanding vaccine coverage will remain one of the key priorities in 2022. Target is to fully vaccinate 60% of the population by 2023 and immediately initiate booster doses. Poor asset quality in the banking sector will keep lending practices tight and private credit growth anemic.

### (F) RISKS AND CONCERNS ISSUES RELATED TO THE FINANCIAL STATEMENTS

The Company has a series of policies, practices and controls in place in relation to the financial reporting and consolidation process, which are designed to address key financial reporting risks, including risks arising from changes in the business or accounting standards. The Finance Director is required to confirm annually that all information relevant to the Company's audit has been provided to the Board of Directors through the Audit Committee and that reasonable steps have been taken to ensure full disclosure in response to requests for information from the external auditor.

In addition, it is standard practice for the Finance Director to fully review account reconciliations on a bi-annual basis. The effectiveness of the Company's financial reporting controls is assessed through self-certification as part of the Control Navigator exercise described earlier. The integrity of the Company's public financial reporting is further supported by several processes and steps to provide assurance over the completeness and accuracy of the content including review and recommendation by the Audit Committee and review and approval by the Board. BATB also integrated Sarbanes-Oxley Act (SOX) controls into its business operations.

### (G) FUTURE PLAN OR PROJECTION OR FORECASTS

BATB continues to pursue its ambition of providing the best quality products to the consumers through its numerous customers/brand users. Looking ahead in 2022 and beyond, BATB aims to continue with the same passion that it had started over 111 years ago, to be the number one locally listed Company in turnover, in partnering with the national exchequer and to operate as a socially responsible Company. Moreover, the Company's social responsibility initiatives in 2022 will bring about a positive change across the nation with various initiatives directed towards achieving the sustainable development goals related to poverty alleviation, gender equality, human development and well-being, partnership in green cultivation practices, prevention of arsenic contamination, forest green cover preservation and extending sustainable modern energy in off-grid areas.

### (H) RELATED PARTY TRANSACTIONS

The details of the related party transactions along with the nature of the transactions is provided in Note 42 (Related party disclosures) of the financial statements.



**Shehzad Munim**  
Managing Director  
9<sup>th</sup> February 2022



# PATTERN OF SHAREHOLDING

Names of the shareholders along with their position of the shares are listed below:

NAME OF SHAREHOLDER		SHARES HELD	% OF HOLDING
i	Parent/subsidiary/associate/related parties:		
	Raleigh Investment Co. Ltd.	393,708,222	72.91%
ii	Directors/MD/CS/FD/Audit Head and their spouses and minor children	nil	nil
iii	Executives (HOD)	nil	nil
iv	Shareholders, who hold 10% or more:		nil
v	Other Shareholders, who hold less than 10%		
	• Investment Corporation of Bangladesh	30,231,537	5.60%
	• Sadharan Bima Corporation	15,285,423	2.83%
	• Bangladesh Development Bank Limited	1,807,502	0.33%
	• President People's Republic of Bangladesh	3,481,416	0.64%
	• Other Corporates and Individuals shareholders	95,485,900	17.69%

## BOARD MEETINGS

The Board of Directors met eleven times during the year 2021. The Finance Director, Company Secretary and Internal Audit & Compliance Manager were present in the Board meetings. The attendance by each Director is mentioned below:

Present Directors' Name	Attendance
<b>Mr. Golam Mainuddin</b>	11
<b>Mr. Shehzad Munim</b>	11
<b>Mr. A.K.M Aftab ul Islam</b>	11
<b>Mr. K.H. Masud Siddiqui</b>	11
<b>Mr. M. Tofazzel Hossain Miah</b> (Appointed on 22 March 2021)	7
<b>Mr. Mohammad Moinuddin Abdullah</b> (Resigned on 4 March 2021)	3
<b>Mr. K.H. Ali Azam</b>	11
<b>Ms. Zakia Sultana</b> (Appointed on 25 May 2021)	6
<b>Ms. Mahmuda Khatun</b>	11
<b>Mr. Md. Abul Hossain</b>	11
<b>Mr. Stephan Matthiesen</b> (Resigned on 1 October 2021)	10
<b>Ms. Amun Mustafiz</b> (Appointed on 1 October 2021)	1

# BSEC CORPORATE GOVERNANCE COMPLIANCE CHECKLIST

## Status of compliance with the conditions set out by the BSEC Notification on Corporate Governance

(Report under Condition No. 9.3)

Condition No.	Title	Status	Remarks
1.1	Board Size: The number of the Board members of the Company shall not be less than 5 (five) and more than 20 (twenty)	Complied	The BAT Bangladesh Board is comprised of 10 Directors. (page-67)
1.2 (a)	Independent Directors: At least one fifth (1/5) of the total number of Directors in the Company's Board shall be Independent Directors	Complied	There are two Independent Directors in the BAT Bangladesh Board, namely: Mr. A.K.M Aftab Ul Isalm and Mr. K.H. Masud Siddiqui (page-67)
1.2 (b) (i)	Independent Director does not hold any share or holds less than 1% shares of the total paid-up capital	Complied	The Independent Directors have declared their compliances.
1.2 (b) (ii)	Independent Director or his family members are not connected with any of the Company's sponsors or Directors or nominated Director or Shareholders of the Company or any of its associates, sister concerns, subsidiary and parents or holding entities holding 1% or more shares	Complied	DO
1.2 (b) (iii)	Independent Director who has not been an executive of the Company in immediately preceding 2 (two) financial years	Complied	DO
1.2 (b) (iv)	Independent Director does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary or associated companies	Complied	DO
1.2 (b) (v)	Independent Director is not a member or Trading Right Entitlement Certificate (TREC) holder, Director or officer of any Stock Exchange	Complied	DO
1.2 (b) (vi)	Independent Director is not a shareholder, Director except Independent director or officer of any member or RREC holder of Stock Exchange or an intermediary of the capital market	Complied	DO
1.2 (b)(vii)	Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit service or audit firm conducting special audit or professional certifying compliance of Corporate Governance Code	Complied	DO
1.2 (b) (viii)	Independent Director shall not be an Independent Director in more than 5 (five) listed companies	Complied	DO
1.2 (b)(ix)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	Complied	DO
1.2 (b)(x)	Independent Director has not been convicted for a criminal offence involving moral turpitude	Complied	DO

Condition No.	Title	Status	Remarks
1.2 (c)	The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the AGM	Complied	The appointments are duly approved at AGM (page-112)
1.2 (d)	The Post of Independent Director(s) can not remain vacant for more than 90 (ninety) days	Complied	No vacancy occurred
1.2 (e)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	Complied	The Independent Directors (IDs) Mr.A.K.M Aftab Ul Islam & Mr. K.H. Masud Siddiqui are in their first term of office.
1.3 (a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business	Complied	The qualification and background of IDs justify their abilities as such. (page-112)
1.3 (b) (i)	Independent Director should be a Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of BDT 100.00 million or any listed company or a member of any national or international chamber of commerce or business association	Not Applicable	
1.3 (b) (ii)	Independent Director should be a Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of BDT 100.00 million or of a listed company	Not Applicable	
1.3 (b) (iii)	Independent Director should be a Former official of government or statutory or autonomous or regulatory body in the position not below 5 <sup>th</sup> Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law	Complied	Independent Directors are Existing bureaucrat and corporate leader with more than 12 years of professional experience.
1.3 (b) (iv)	Independent Director should be a University Teacher who has educational background in Economics or Commerce or Business Studies or Law	Not Applicable	
1.3 (b) (v)	Independent Director should be a Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	Not Applicable	
1.3 (C)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in 1.3 (b)	Complied	Existing Independent Directors are bureaucrat and corporate leader with more than 12 years of experience. (page-112)
1.3 (d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	Not Applicable	
1.4 (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	Complied	Chairman of the Board and Managing Director are the different individuals (page-106)

## REVIEWING OUR OPERATIONS

Condition No.	Title	Status	Remarks
1.4 (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	Complied	The Managing Director does not hold the same position in any other listed company. (page-112)
1.4 (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company	Complied	The Chairperson is elected from amongst the non-executive directors. (page-112)
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	Complied	The roles and responsibilities of the Chairperson and Managing Director are clearly defined. (page-112)
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non- executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Not Applicable	No such case in the year
1.5	The Directors' Report to Shareholders on:		
1.5 (i)	Industry outlook and possible future developments in the industry	Complied	The Directors' report complies with the guideline. (page-61)
1.5 (ii)	Segment-wise or product-wise performance	Complied	The Directors' report complies with the guideline (page-62)
1.5 (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	Complied	Discussed at 'System of Internal Control' and 'Other Regulatory Disclosures'. (page-149)
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable	Complied	The Directors' report complies with the guideline (page-63)
1.5 (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss)	Complied	Discussed at 'Financial Performance' and 'Other Regulatory Disclosures'. (page-71)
1.5 (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	Complied	Mentioned at 'Other Regulatory Disclosures'. A statement of all related party transactions are disclosed under Notes to the Financial Statements no. 42
1.5 (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments	Complied	Mentioned at 'Other Regulatory Disclosures'.
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc	Complied	Mentioned at 'Other Regulatory Disclosures'. (page-71)
1.5 (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements	Complied	Discussed at 'Financial Performance' and 'Other Regulatory Disclosures'. (page-60, 71)
1.5 (x)	A statement of remuneration paid to the directors including independent directors	Complied	Mentioned at 'Other Regulatory Disclosures'. (page-71)
1.5 (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	Complied	Stated under section "Directors' Declaration as to the Financial Statements" in the Directors Report. (page-69)

Condition No.	Title	Status	Remarks
1.5 (xii)	A statement that proper books of account of the issuer company have been maintained	Complied	- DO -
1.5 (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	Complied	- DO -
1.5 (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	Complied	- DO -
1.5 (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored	Complied	Stated under section 'The System of Internal Control' in the Directors Report. (page-69)
1.5 (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	Complied	Stated under section 'Other Regulatory Disclosures' in the Directors Report. (page-71)
1.5 (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	Complied	Discussed in the Directors Report under section "Going Concern". (page-69)
1.5 (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	Complied	The Directors' Report complies with the guideline. (page-69)
1.5 (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	Complied	Stated in the Directors' Report which complies with the guideline. (page-74)
1.5 (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year	Complied	Final dividend declared. The Directors' Report complies with the guidelines (page-68)
1.5(xxii)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	Complied	Stated in the Directors' Report
1.5 (xxii)	Total number of Board meetings held during the year and attendance by each director	Complied	The Board of Directors met eleven times during the year 2021
1.5 (xxiii) (a)	(a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	Not Applicable	
	(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	Complied	The Directors, Managing Director, Company Secretary, Finance Director, Head of Internal Audit and Compliance and their spouses and minor children do not hold any shares of the Company (page-77)
	(c) Executives	Complied	The Executives (Leadership Team) of the Company do not hold any shares (page-77)

## REVIEWING OUR OPERATIONS

Condition No.	Title	Status	Remarks
	(d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	Complied	Stated in Annexure -1 of the Directors' report which comply with the guideline (page-77)
1.5 (xxiv) (a)	a brief resume of the director	Complied	Stated in the profile of Directors in the Annual Report (page-32)
	(b) nature of his or her expertise in specific functional areas	Complied	Stated in the profile of Directors in the Annual Report (page-32)
	(c) names of companies in which the person also holds the directorship and the membership of committees of the Board	Complied	Stated in the profile of Directors in the Annual Report (page-32)
1.5 (xxv) (a)	(a) accounting policies and estimation for preparation of financial statements	Complied	The Directors' Report complies with the guideline (page-71)
	(b) changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	Complied	The Directors' Report complies with the guideline (page-74)
	(c) comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	Complied	The Directors' Report complies with the guideline (page-74)
	(d) compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	Complied	The Directors' Report complies with the guideline (page-75)
	(e) briefly explain the financial and economic scenario of the country and the globe	Complied	The Directors' Report complies with the guideline (page-75)
	(f) risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	Complied	The Directors' Report complies with the guideline (page-76)
	(g) future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	Complied	The Directors' Report complies with the guideline (page-76)
1.5 (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A	Complied	Stated in Annexure -2 of the Directors' report which comply with the guideline. (page-90)
1.5 (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	Complied	The certificate regarding compliance of the conditions is disclosed (page-91)
1.6	The Company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	Complied	Company maintains a book for Board Meeting Minutes as per the provision of Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

Condition No.	Title	Status	Remarks
1.7 (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee for the Chairperson of the Board, other board members and Chief Executive Officer of the Company	Complied	A code of conduct is in place for Chairman of the Board, other members of the Board and Managing Director of the Company based on the recommendation of the Nomination and Remuneration Committee (NRC).
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behaviour; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independence.	Complied	The code of conduct as determined by the NRC is posted on the website
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	Not Applicable	There is no subsidiary company of BAT Bangladesh.
2 (b)	(b) At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	Not Applicable	- DO -
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	Not Applicable	- DO -
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	Not Applicable	- DO -
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Not Applicable	- DO -
3.1 (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)		The Company has duly appointed the MD, FD, CS and Head of Internal Audit (page-112, 117, 118)
3.1 (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	Complied	The MD, FD, CS and Head of Internal Audit are four different individuals (page-112, 117, 118)
3.1 (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	Complied	In practice (page-112, 117, 118)
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	Complied	The roles, responsibilities and duties of MD, FD, CS and HIAC are clearly defined which have been approved by Board as per requirement of BSEC notification. (page-112, 117, 118)
3.1 (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	Complied	In practice (page-112, 117, 118)

**REVIEWING OUR OPERATIONS**

Condition No.	Title	Status	Remarks
3.2	The MD or CEO, CS, CFO and HIAC of the Company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	Complied	In practice (page-112, 117, 118)
3.3 (a)	(a) The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge	Complied	Given in the Directors' Report (page-90)
3.3 (b)	(b) The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	Complied	- DO - (page-90)
3.3 (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	Complied	Disclosed in the Annual Report. (page-90)
4 (i)	There shall be an Audit Committee as a sub-committee of the Board.	Complied	Already in place. (page-129)
4 (ii)	There shall be a Nomination and Remuneration Committee as a sub-committee of the Board.	Complied	Already in place. (page-135)
5.1 (a)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors	Complied	Already in place. The TOR is available. (page-131)
5.1 (b)	The Audit Committee shall assist the Board in ensuring that the Financial Statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	Complied	The AC duly discharged its responsibilities (page-129)
5.1 (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing	Complied	In practice. The duties are clearly set forth in writing in the TOR of the Audit Committee (page-131)
5.2 (a)	The Audit Committee shall be composed of at least 3 (three) members	Complied	The Audit Committee is comprised of 5 (five) members. (page-129)
5.2 (b)	The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the Company and shall include at least 1 (one) Independent Director	Complied	The members of the Audit Committee are appointed by the Board who are Non-Executive Directors and which includes one Independent Director (page-129)
5.2 (c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience	Complied	Based on the academic qualifications and professional experiences, the Board reviewed and considered that all the existing members of the Audit Committee are ' <i>financially literate</i> ' and they have ' <i>related financial management experience</i> ' as per codes of BSEC. The members have also given their declarations (page-129)



Condition No.	Title	Status	Remarks
5.2 (d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	N/A	No such case in the year
5.2 (e)	The Company Secretary shall act as the secretary of the Committee	Complied	In practice (page-129)
5.2 (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director	Complied	In practice. (page-129)
5.3 (a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director	Complied	Mr. A.K.M Aftab UI Islam FCA has been appointed as Chairman of Audit Committee who is an Independent Director. (page-129)
5.3 (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	N/A	No such case in the year.
5.3 (c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	Complied	In practice.
5.4 (a)	The Audit Committee shall conduct at least its four meetings in a financial year	Complied	Four meetings held in 2021. (page-129)
5.4 (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	Complied	In practice. (page-129)
5.5 (a)	Oversee the financial reporting process	Complied	In practice. (page-132)
5.5 (b)	Monitor choice of accounting policies and principles	Complied	In practice. (page-130)
5.5 (C)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	Complied	In practice. (page-132)
5.5 (d)	Oversee hiring and performance of external auditors	Complied	In practice. (page-132)
5.5 (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	Complied	In practice. (page-132)
5.5 (f)	Review along with the management, the annual financial statements before submission to the Board for approval	Complied	In practice. (page-132)
5.5 (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	Complied	In practice. (page-132)
5.5 (h)	Review the adequacy of internal audit function	Complied	In practice. (page-132)

## REVIEWING OUR OPERATIONS

Condition No.	Title	Status	Remarks
5.5 (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	Complied	In practice. (page-74)
5.5 (j)	Review statement of all related party transactions submitted by the management	Complied	In practice. (page-132)
5.5 (k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	Complied	In practice. (page-131)
5.5 (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	Complied	In practice. (page-132)
5.5 (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilised as per the purposes stated in relevant offer document or prospectus approved by the Commission	Complied	There was no IPO/RPO/Rights Issue in 2021 or in recent past. Stated in the Directors' Report under 'Other Regulatory Disclosures'.
5.6 (a) (i)	The Audit Committee shall report on its activities to the Board	Complied	In practice. (page-131)
5.6 (a) (ii) (a)	Report on conflicts of interests	Complied	In practice. (page-131)
5.6 (a) (ii) (b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements	Complied	In practice. (page-131)
5.6 (a) (ii) (c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations	None	
5.6 (a) (ii) (d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	None	
5.6 (b)	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	None	No such case in the year
5.7	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	Complied	(page-114)
6.1 (a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board	Complied	Already in place. The TOR is available. (page-135)
6.1 (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive	Complied	The NRC duly discharged its responsibilities (page-135)

Condition No.	Title	Status	Remarks
6.1 (c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)	Complied	In practice. The Terms of Reference is clearly set forth in writing covering all relevant areas as stated in the code. (page-135)
6.2 (a)	The Committee shall comprise of at least three members including an independent director	Complied	The Committee is comprised of 3 (Three) members including an Independent Director. (page-137)
6.2 (b)	All members of the Committee shall be non-executive directors	Complied	In practice (page-137)
6.2 (c)	Members of the Committee shall be nominated and appointed by the Board	Complied	The NRC members are appointed by the Board (page-137)
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee	Complied	In practice (page-137)
6.2 (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the Board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee	N/A	No such case in the year
6.2 (f)	(f) The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee	None	No such case during the year
6.2 (g)	The Company Secretary shall act as the Secretary of the Committee	Complied	In practice (page-137)
6.2 (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an Independent Director	Complied	In practice (page-137)
6.2 (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company	Complied	In practice (page-138)
6.3 (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director	Complied	The Chairman of NRC is Mr. K.H. Masud Siddiqui who has been appointed as Chairman of NRC is an Independent Director. (page-137)
6.3 (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes	N/A	No such case in the year
6.3 (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the Annual General Meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	Complied	In practice (page-114)

Condition No.	Title	Status	Remarks
6.4 (a)	The NRC shall conduct at least one meeting in a financial year	Complied	Six meetings held in 2021. (page-137)
6.4 (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC	None	To be complied if necessary
6.4 (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h)	Complied	In practice (page-137)
6.4 (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	Complied	In practice (page-115)
6.5 (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	Complied	In practice (page-137)
6.5 (b) (i) (a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	Complied	In practice (page-138)
6.5 (b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks	Complied	In practice (page-137)
6.5 (b) (i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals	Complied	In practice (page-138)
6.5 (b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	Complied	In practice (page-137)
6.5 (b) (iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board	To be complied	No such list as yet
6.5 (b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	Complied	In practice (page-136)
6.5 (b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	Complied	In practice (page-137)
6.5 (b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies	Complied	In practice (page-137, 138)
6.5 (c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	Complied	The criteria, policy and activities of NRC are disclosed in the Annual Report (page-138)
7.1	Statutory auditors not be engaged in the following services:	Complied	As declared by the auditors
7.1 (i)	Appraisal or valuation services or fairness opinions	Complied	As declared by the auditors
7.1 (ii)	Financial information systems design and implementation	Complied	As declared by the auditors
7.1 (iii)	Book-keeping or other services related to the accounting records or financial statements	Complied	As declared by the auditors
7.1 (iv)	Broker-dealer services	Complied	As declared by the auditors
7.1 (v)	Actuarial services	Complied	As declared by the auditors

Condition No.	Title	Status	Remarks
7.1 (vi)	Internal audit services or special audit services	Complied	As declared by the auditors
7.1 (vii)	Any service that the Audit Committee determines	Complied	As declared by the auditors
7.1 (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1)	Complied	As declared by the auditors
7.1 (ix)	Any other service that creates conflict of interest	Complied	As declared by the auditors
7.2	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:  Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	Complied	As declared by the auditors
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	Complied	In practice
8.1	The Company shall have an official website linked with the website of the stock exchange	Complied	Website is there which is linked with those of the stock exchanges (page-15)
8.2	The Company shall keep the website functional from the date of listing	Complied	In practice
8.3	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	Complied	In practice
9.1	The Company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	Complied	The Company obtained the certificate from M/s. Al-Muqtadir Associates regarding compliance of conditions of Corporate Governance of the Commission and such certificate is disclosed in the Annual Report. (page-91)
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting	Complied	The compliance auditor Al-Muqtadir Associates is duly appointed by the shareholders at AGM. (page-72)
9.3	The directors of the Company shall state, in accordance with the Annexure-3 attached, in the directors' report whether the company has complied with these conditions or not	Complied	Detailed status is given at Annexure-3 and published in the Report. (page-90)

# CERTIFICATE OF DUE DILIGENCE BY MD & FD

(As required under the BSEC CGC)

TO THE BOARD OF DIRECTORS OF

BRITISH AMERICAN TOBACCO BANGLADESH COMPANY LIMITED

Pursuant to the condition no. 1 (5)(xxvi) imposed vide the Commission's Notification No BSEC/CMRRCD/2006-158/207/ Admin/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance 1969, we do hereby declare that:

1. The Financial Statements of BAT Bangladesh Company Limited for the year ended on 31<sup>st</sup> December 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure therefrom has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31 December 2021 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board of Directors or its members.



**Shehzad Munim**  
Managing Director (CEO)



**Amun Mustafiz**  
Finance Director (CFO)

Dhaka  
9<sup>th</sup> February 2022

**Al-Muqtadir Associates**

Chartered Secretaries &amp; Consultants

efforts umpteenth : প্রয়াস অপর্যন্ত

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VAT Reg: 19041063900  
BIN No: 000179575-0202

## Report to the Shareholders of British American Tobacco Bangladesh Company Limited on compliance with the Corporate Governance Code

[As required under code 1(5) (xxvii) of the BSEC Code of Corporate Governance]

We have examined the compliance status to the Corporate Governance Code by **British American Tobacco Bangladesh Company Limited** for the year ended on 31st December 2021. This code relates to the gazette notification no: BSEC/CMRRCD/2006-158/207/Admin/80 dated the 3rd June 2018 of Bangladesh Securities and Exchange Commission (BSEC).

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance Code. This is a scrutiny and verification and an independent audit on compliance of the conditions of Corporate Governance Code as well as provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of the Corporate Governance Code.

We state that we have obtained all the information and explanations or representations, which we have required, and after due scrutiny and verification thereof, we report that in our opinion and subject to the remarks and observations as reported in the connected Compliance Statement :

- The Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Corporate Governance Code issued by the Commission.
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- Proper books and records have been kept by the Company as required under the Companies Act 1994, the securities laws and other relevant laws, and
- The standard of governance in the Company is satisfactory.

This report, however, is no endorsement about quality of contents in the Annual Report of the Company for the year 2021.

**Al-Muqtadir Associates**  
Chartered Secretaries & Consultants



Dhaka, 9 February 2022

A.K.A. Muqtadir FCS  
CEO & Chief Consultant



**SHEHZAD MUNIM**  
MANAGING DIRECTOR



# MANAGING DIRECTOR'S OVERVIEW



*With around 1.35 million families depending on the continuous operations of BAT Bangladesh, we found inspiration to continue our benchmark practices keeping the Environment, Social & Governance (ESG) framework at the front and center of everything we do.*

## Dear Shareholders,

The year 2021 was yet another stellar year for Bangladesh as well as our Company. As we step into the 111th year of our operations in this glorious nation, we take great pride in the indomitable resilience shown by our people. A stable and progressive administration has not only facilitated stupendous results in terms of development indices and massive infrastructural development but has branded Bangladesh in a new light – as a South-East Asian powerhouse.

According to World Bank, Bangladesh's economy is expected to grow at 6.4% during 2021-22 financial year, making it one of the most stable economies with regards to growth rates, despite numerous challenges. Credit must be given where it is due; exceptional leadership has yielded extraordinary results for the business community who were able to steer clear of harsh outcomes of the pandemic, as is the case in many countries around the world.

With around 1.35 million families depending on the continuous operations of BAT Bangladesh, we found inspiration to continue our benchmark practices keeping the Environment, Social & Governance (ESG) framework at the front and center of everything we do.

In doing so, we have registered one of the best years in our illustrious history and that translates to a meaningful contribution of over BDT 29,078 crores to the National Exchequer, making BAT Bangladesh the proud leader in the tax revenue journey of Bangladesh. Apart from championing human capital development and women empowerment, we continued to do our bit for the environment. Being a responsible organisation, we have implemented numerous best practices to curb our operations' carbon footprint including investing in renewable energy, best-in-class water treatment and zero-water wastage at the Dhaka Factory.

The year 2021 will remain forever etched in the history of the Company as we inaugurated a brand new, state-of-

the-art second factory in Savar that is well equipped as a future-fit site for our robust crop-to-consumer business model.

This was also the year when we received the prestigious Prime Minister's award for the sixth time for Bonayan, the longest-running private sector afforestation programme of the nation. In line with national agenda, Bonayan distributed 5 million sapling that were planted across 20 districts this year, taking the cumulative number to 115 million saplings in 41 years. Moreover, we celebrated the installation of the 110<sup>th</sup> Probaho plant, expanding its scope from only arsenic-prone areas to highlands and areas with salinity issues. Every day, the plants provide 560,000 litres of clean drinking water to over 270,000 beneficiaries in 20 districts.

There was a time when our third flagship initiative Deepto was introduced through which we distributed 2,591 solar home systems in off-grid areas of Chittagong Hill Tracts, serving over 15,000 beneficiaries. I am proud to say that we don't have to continue investing in this initiative since these remote areas are now part of the national grid. Instead, we are using renewable energy to tackle newer issues including a pilot project of setting up 1,350 square feet solar panels on the roof of a garage in Rajshahi, in collaboration with Rajshahi City Corporation, Better Tomorrow Ventures and SOLshare. The panel converts solar energy to electricity throughout the day which is sent to the national grid and at night, the battery-powered and eco-friendly vehicles can be recharged from the national grid. The pilot is already showcasing promising results and can be replicated everywhere as we strive to build a self-reliant nation.

## OUR CONCERNS

### Illicit Trade

Well-implemented policies enforced in commendable manner by law-enforcing agencies have led to the continuous decline of illicit share in the market. Despite

harboring around under 5% of the total industry, the figure still constitutes a significant chunk and translates as a substantial loss of revenue for the government. Drawing sensible and sustainable pricing and taxation policies will not only protect industry sustainability but also contribute to reducing illicit volume to a negligible level in days to come.

### Farmers' livelihood

Over the years, BAT Bangladesh has been a pioneer in practicing best agricultural practices, boasting a tech-savvy and compliant farmers' base of over 35,000. Not only do we actively embed sustainable and good agricultural practices for tobacco cultivation but also empower our farmers to replicate the know-how when it comes to crops they grow throughout the year. However, unwarranted intervention from middle-men and a volatile market threatens farmers' sustainability since they are likely to be denied the true value of their produce. Safeguarding farmers' interests and building their capacity to make them future-fit will only bear fruits for an agro-based economy like ours, in the long-run.

### EMBRACING THE TOBACCO HARM REDUCTION JOURNEY

Most progressive nations in the world including the likes of United Kingdom, United States of America, New Zealand, Canada, Philippines, UAE and many others have embraced the tobacco harm reduction journey as a legitimate agenda. Scientifically backed innovation has led to the advent of reduced-risk products that can be seen as smart alternatives to control the use of tobacco. For instance, Public Health of England, which is considered as the center of excellence in matters relating to public health, has ruled in favour of e-cigarettes being 95% safer than conventional cigarettes. As a country making strides in the right direction, it would be wise to join the bandwagon and

embrace a tobacco harm reduction narrative to regulate these safer alternatives and make them accessible to the public. Rational regulatory and fiscal initiatives can pave the way for Bangladesh which would in turn, enable us to create a model society for others to replicate.

### OUR GRATITUDE

I would like to take this opportunity to express my heartfelt gratitude to our esteemed shareholders for their continued faith in us, our revered business partners and talented employees for their immense contribution to the outstanding results of this year. Furthermore, I would like to thank the respected Board of Directors of the Company for their continual guidance and support to steer us through numerous challenges.

### RESPONSIBLE PARTNERS FOR A BETTER TOMORROW

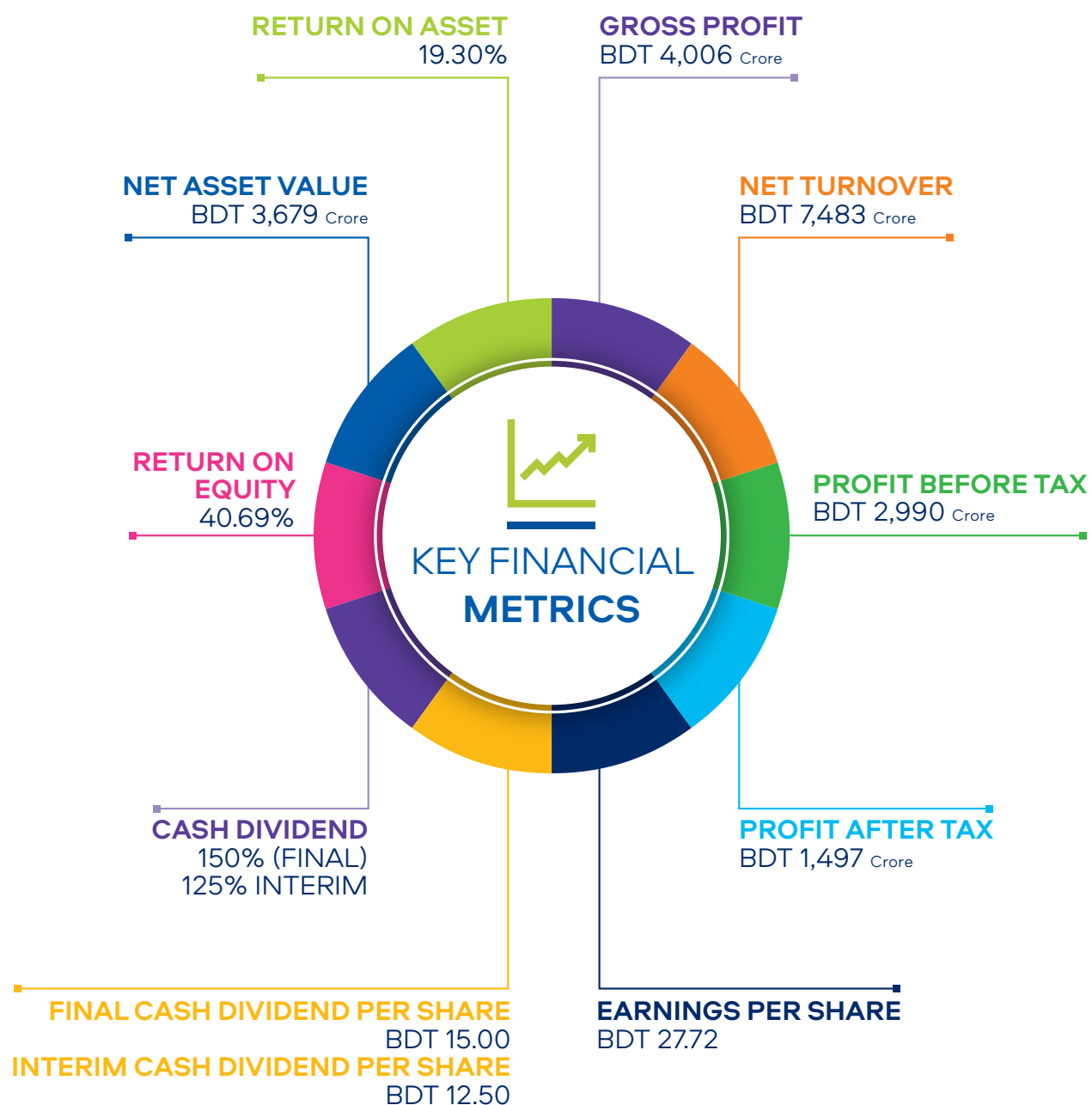
Finally, in order to achieve the all-important Sustainable Development Goals (SDGs), everyone needs to come forward and work hand-in-hand with the government through impactful Public-Private Partnerships. This is where large companies can do their bit which will ultimately benefit the entire eco-system in the future. The success with Millennium Development Goals for Bangladesh has proven how committed the country is in terms of fulfilling its international commitments. With the right approach, achieving the SDGs in a similar fashion does not seem too far-fetched at this point in time.

As Bangladesh marches into its 51<sup>st</sup> year of independence, the world is merely beginning to comprehend the fruits of the 4<sup>th</sup> Industrial Revolution and the country is all set to tap into the unprecedented potential this wave has to offer. Needless to say, we all have an important role to play in it. Now it is up to us to hold on to the reins and pledge ourselves as sustainable development partners in this journey as we usher in A Better Tomorrow for all.



**Shehzad Munim**  
Managing Director  
British American Tobacco Bangladesh  
9<sup>th</sup> February 2022

# KEY FINANCIAL METRICS





**AMUN MUSTAFIZ**  
FINANCE DIRECTOR

# FINANCE DIRECTOR'S REVIEW



*2021 was a strong year during which we achieved a solid set of financial results, thus further securing our foundations for the future.*

## Dear shareholders,

This is my first communication to you and I am delighted to present an account of our financial performance as well as a summary of our strategy.

I am excited to work with the Board and Leadership Team to further shape the Company's ambition and growth plans, ensuring long-term sustainability and value creation. I must offer a big thanks to Stephan Matthiesen, my predecessor, for his strong leadership over the past 3 years in shaping the Company's financial strategy and creating a more solid commercial foundation.

## CHALLENGING OPERATING ENVIRONMENT

The year 2021 was the culmination of the Company's efforts during the last two years, periods that were defined by the Covid-19 pandemic. Thus, Covid- and inflation-induced price pressures on consumers seems to reduce as the country's legal tobacco industry saw substantial growth during the year. This was also on account of a diminishing illicit tobacco market, thanks to strong regulatory enforcement by government authorities, along with border controls. We appeal to the government to continue with its enforcement drive and, together with pricing stability, sustained growth of the legitimate industry will help increase government revenue.

## TRANSFORMING BUSINESS

2021 was about both, achieving performance as well as transforming our business for the next sprint of growth.

Thus, we accelerated investments in modernizing machinery and ways of working to enhance operational efficiency at our factory, launched pioneering digital solutions for our trade and market ecosystem, and ventured into new initiatives like automation, blockchain to drive simplification.

Further, another major development of the year was initiation of our second factory at Savar, which not only gives us the opportunity to increase our capability and capacity to serve our consumers but also to export made in Bangladesh products globally in the future.

## OUR 2021 PERFORMANCE

During the year, we remained focused on our fundamentals of delivering high-quality products through a balanced portfolio approach to our consumers, launching new products and ensuring we fulfill our supply and trade commitments. Amid the disruptions, we focused on securing our route to market.

These initiatives resulted in 20% growth achieved in volume and 24% expansion in net revenue. Such performance also

helped increase our support to the national exchequer, with our contribution increasing by BDT 4,828 crore to BDT 29,078 crore in 2021.

Notably, despite the hike in material prices due to supply and freight constraints, as well as costs expended for employee health and safety and for supporting volume growth, the Company's operating expenses increased by only about 15%, the outcome of our various Company-wide efficiency and cost-saving initiatives. This resulted in operating margin expanding by 5 percentage points and net profit after tax by 38%.

## ENABLING AN EFFECTIVE CASH FLOW STRATEGY

Sound cash management is the centerpiece of our financial strategy. Through effective cash management and cost savings, we were able to contain the year-on-year cash conversion ratio decline to 61% in 2021 and successfully managed the exchange rate volatility through an effective hedging strategy. Due to higher capital expenditure, especially for the Savar factory; higher supplementary duty and VAT; building additional stock to cater to the current year's demand; and increased income tax expenses, cash balance stood at BDT 141 crore during the year, against BDT 587 crore in the previous year.

## FOCUSED ON SUSTAINABLE SHAREHOLDER VALUE

Enhancing value for our shareholders remains a priority for BATB's Board. In this direction, for 2021, we have declared a final cash dividend of BDT 15 per share. Together with the interim dividend of BDT 12.50 per share, the total dividend for our shareholders stands at BDT 27.50 per share, which represents an increase of 37.50% from the previous year's dividend.

## THE PATH FORWARD

As we enter 2022, I have confidence in our business strategy, strong financial foundations, the unwavering commitment and resilience of our people who have already charted the path for yet another year of sustainable performance. We remain committed to our promise of 'A Better Tomorrow' for our shareholders, employees, consumers, trade partners and in leading the nation in its ESG journey.

I am committed to building the BATB of the future!

Warm regards,

**Amun Mustafiz**  
Finance Director, BAT Bangladesh

# STATEMENT OF CORPORATE GOVERNANCE

*BAT Bangladesh’s Board and management are strongly committed to ensuring a high standard of corporate governance. The Company has a well-defined and well-structured corporate governance framework in place to support the Board’s aim of achieving sustainable value, as well as foster a culture which include transparency, accountability, responsibility, and fairness to ensure the interest of shareholders and other stakeholders.*

## 1.0 PHILOSOPHY OF GOVERNANCE

BAT Bangladesh is committed to maintaining the highest standards of corporate governance across our business and ensuring that our behaviour and conduct are consistent with the Company’s core values and ethos. Notably, good governance principles adopted at BAT Bangladesh stimulate internal stakeholders to perform with higher accountability and transparency with effective risk mitigation, coupled with proper internal control systems to realize the sustainability objectives and outcomes of the Company.

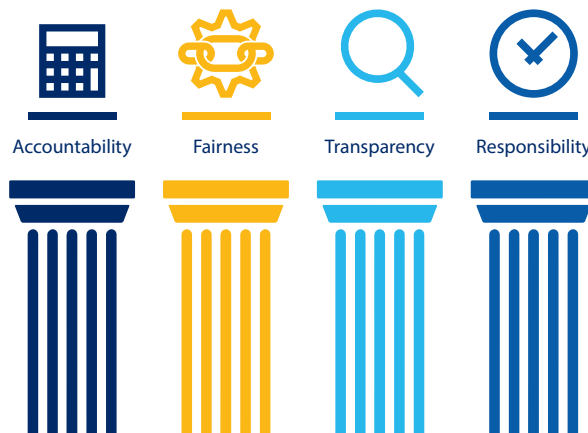
The Board of Directors of BAT Bangladesh has placed relentless emphasis on the stronger manifestation of governance in the Company. Our approach to governance is based on a robust foundation of ethical values and the highest levels of professionalism, which the Company has effectively sustained and nurtured since its journey in the country. Indeed, the Company considers that its strategic ambitions and national aspirations are mutually inclusive and, accordingly, pursues a governing policy that recognizes social responsibility for its commercial interests. The four fundamental pillars of good governance, viz. accountability, fairness, transparency and responsibility are integrated with our Company’s DNA. As a truly public-facing entity, the Company is austere and highly transparent in maintaining the highest levels of integrity and accountability practiced along with global standards. Further, fairness, fidelity and competence are embedded both in our leadership and management level, which have been well-reflected in the business practices of the Company over the years.

At BAT Bangladesh, we strongly believe that sustainable value creation is underpinned by a robust governance regime that enables us to facilitate and nurture an enduring

alliance between the Board, shareholders, employees and other stakeholders. The Company has always upheld the core principles of corporate governance which have been at the core of its two-tier governance framework: with the Board of Directors and the Committees of the Board at the apex level, and with the Management structure at the operational level, which is the Leadership Team (Top Management).

Our governance philosophy is our enabler to mutually beneficial business relationships, business integrity and transparency and long-term value creation. Our governance framework extends beyond legal requirements to embrace voluntary codes and international best practices. We see it as reinforcing our competitive advantage through enhanced accountability, effective risk management, clear performance management, greater transparency and effective leadership.

### The four pillars of good corporate governance



## 2.0 GOVERNANCE COMPLIANCE REQUIREMENTS

As a listed Company, BAT Bangladesh is highly compliant with the requirements of the Corporate Governance Code (CGC) issued by the Bangladesh Securities and Exchange Commission (BSEC), as per notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 3, 2018, and notification No. BSEC/CMRRCD/2006-158/208/ Admin/81, dated June 20, 2018, on financial reporting and disclosure issued by BSEC. According to these notifications, the Company is required to provide a statement in its Annual Report that the BSEC Corporate Governance Code has been complied with.

BAT Bangladesh embraces best governance practices to ensure that the highest standards of corporate governance are met. The independent role of the Directors, the Chairman's role is separated and independent from the Managing Director, distinct roles of the Company Secretary, Finance Director and Head of Internal Audit & Compliance and different Board committees, such as Audit Committee, Nomination & Remuneration Committee and CSR Committee enable BAT Bangladesh to achieve excellence in corporate governance.

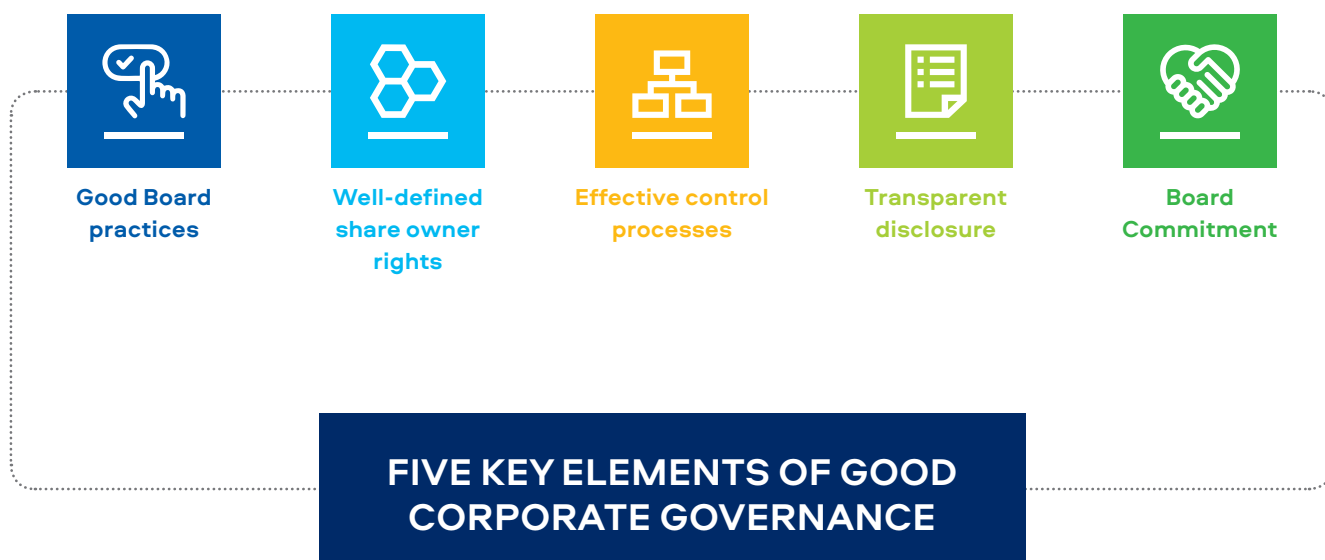
The status of compliance is duly certified by a practicing Professional Chartered Secretary. The tables summarizing BAT Bangladesh's compliances are provided in Annexure-III and Annexure-IV of the Directors' Report. A certificate on compliance with the CGC certified by practicing professional chartered secretaries in practice is enclosed in this Annual Report. Moreover, apart from the mandatory compliance with the BSEC CGC, your Company also voluntarily complies with local and international governance standards of professional bodies,

such as Corporate Governance Checklist of Institute of Chartered Accountants of Bangladesh, Institute of Chartered Secretaries of Bangladesh, Institute of Cost and Management Accountants of Bangladesh, Global Reporting Initiative (GRI) Standards and global best practices.

## 2.1 CORPORATE GOVERNANCE OUTLINE

The purpose of corporate governance is to enable effective, entrepreneurial and responsible management that will ensure the Company's long-term prosperity, ensuring best-in-class corporate governance practices considered as a benchmark.

BAT Bangladesh's corporate governance framework has been developed and enhanced based on the basic principles and best practices outlined in the following guidelines: Codes of corporate governance as outlined by the Bangladesh Securities & Exchange Commission (BSEC); The Companies Act, 1994 along with the amendment of the Companies Act dated 26<sup>th</sup> November 2020 and other applicable corporate regulations of Bangladesh; The Memorandum and Articles of Association of the Company; Dhaka Stock Exchange and Chittagong Stock Exchange Listing Regulations; Laws of the land; Standard of Business Conduct, policies and guidelines of the Company; Statement of Risk Management and internal controls of the Company; The Delegation of Authorities of the Company; and Local and global best practices. International directives on corporate governance are issued from time to time. We always place emphasis on the Four Pillars to maintain good governance standards in the Company.



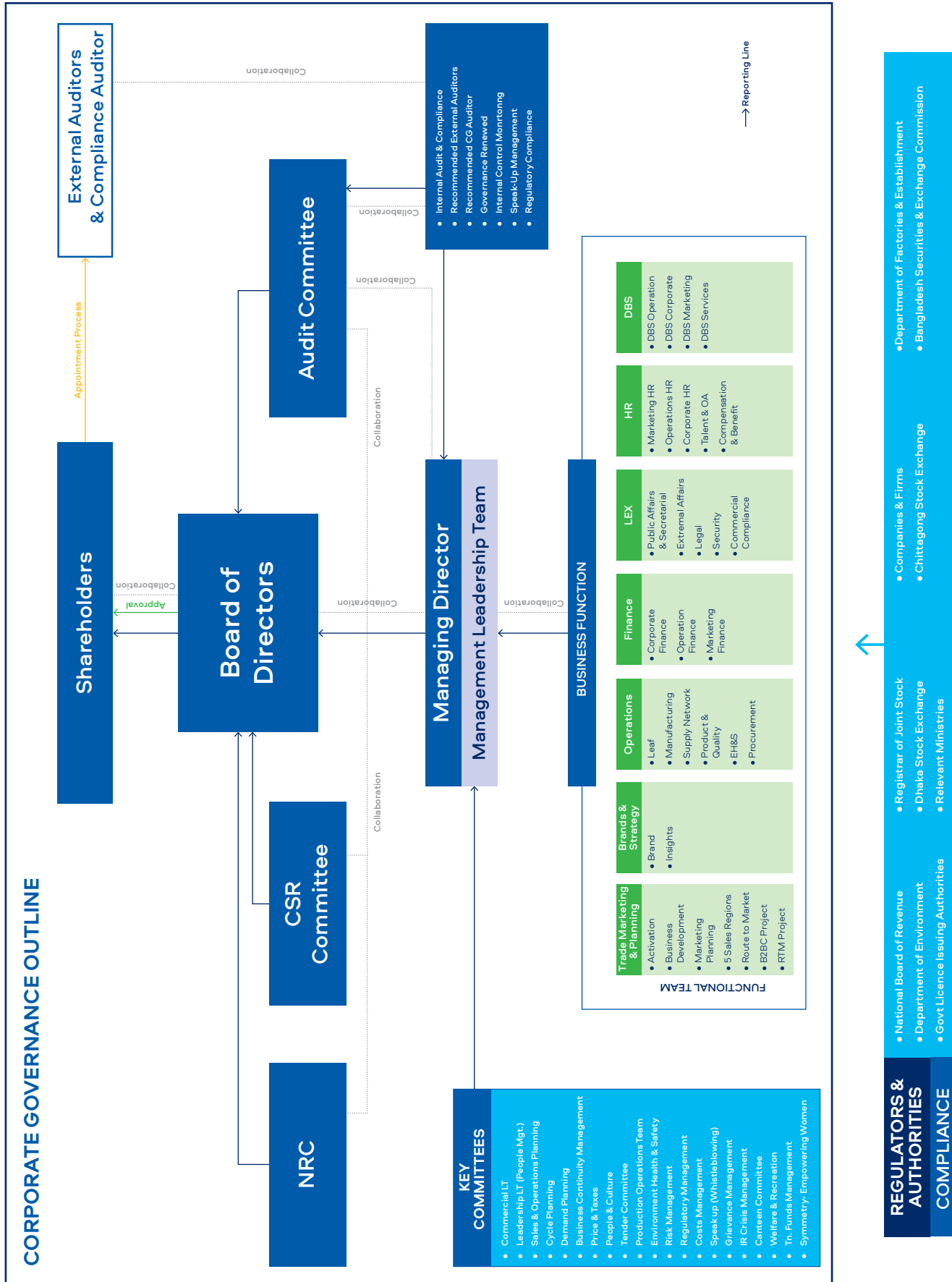
OUR KEY FOCUS AREAS FACILITATING BEST-IN-CLASS GOVERNANCE PRACTICES



The corporate governance framework is also reviewed and updated from time to time by the Board to ensure its relevance, effectiveness and robustness in addressing business challenges in a complex and highly competitive environment. All employees of the Company, including the Board of Directors, remain in compliance with the laws of the land and the Company’s policies, guidelines and Standards of Business Conduct. Since it is expected that all employees shall live up to the Standards of Business Conduct, they are, accordingly, required to confirm their commitment and compliance by executing a declaration of compliance annually.

To achieve the Company’s business objectives, our corporate governance framework ensures sustainable business growth that is achieved in a responsible, ethical and accountable manner. To comply with the laws, rules, regulations, CGC, Memorandum & Articles of Association, policies and procedures, the Company continually exercises effective control processes, transparent disclosures, well-defined shareholders’ rights and Board commitments. The manner of adherence to these principles and practices are outlined as follows:





## 2.2 CORPORATE COMPLIANCE

Corporate compliance to various laws, rules and regulations is one of the core fundamentals for good governance. Compliance helps to build trust among the Board members, shareholders, regulators, customers, creditors and other stakeholders.

A culture of authenticity and adherence to integrity is practiced by the Board, which represents a crucial competence of the Company. At every Annual General Meeting (AGM), shareholders validate their support to the Board. BAT Bangladesh provides periodic reporting on issues/events and certifications, wherever necessary. Furthermore, the Company’s management team always embraces the highest levels of compliance with all the related legal and regulatory issues, which helps to ensure the practice of the highest levels of corporate governance.

In compliance with the monitoring processes of regulatory bodies, the Company provides a complete set of financial statements and relevant documents to the Bangladesh

Securities and Exchange Commission (BSEC), Stock Exchanges, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC) and all other relevant Government bodies and authorities. Moreover, the Company takes up many tasks for organizing awareness sessions on existing and proposed laws for enforcing compliance throughout the organization. Overall, BAT Bangladesh strives to remain a fully compliant Company, not only in letters but in real spirit.

## 2.3 MAINTAINING GOVERNANCE IN CHALLENGING SITUATIONS

The coronavirus (COVID-19) pandemic presented the Board with a complex new reality and seeks to change the model of governance that has guided the Board and management over the years. While the Board’s role is one of oversight, in a crisis situation such as this, the Board’s ability to remain well-informed of the new emerging realities is crucial to maneuvering the business to safer shores while also meeting the varied expectations of stakeholders.

## VALUE CREATION THROUGH CORPORATE GOVERNANCE FRAMEWORK COMPONENTS

Value Creation Purposes	Areas of Corporate Governance Outlines	Results & Comments
Long-term growth and sustainability	BAT Bangladesh's Vision, Mission and Strategy	<ul style="list-style-type: none"> <li>• BDT 29,078 crore paid to Govt as taxes</li> <li>• Reported lower resource consumption</li> </ul>
	Board of Directors	
	Audit Committee, NRC and CSR Committee	
	Internal Control and Risk Management	
	Environmental and Social Obligation (CSR/ESG)	
Engaged and informed shareholders	Communication and relationship with Shareholders	Improved interaction with shareholders and analysts
	Relationship with Investors	
Developing an engaged, agile and innovative talent pool	Human Capital	Improved learning/training through E-platform
Catering to evolving customer needs	Ethics and Compliance	Framework for a sustainable future (See Chairman’s statement)
	Complaint Management Process	

## Our Governance Structure

BAT Bangladesh’s governance has been developed in alignment with our long-term strategic approach, with purposeful, risk-weighted and proportionate delegations underpinning a clear division of responsibilities and accountabilities.

### BOARD COMMITTEES

Delivering focus and challenge to our accountability, remuneration, senior succession planning and recruitment; and examining and challenging our processes, risk management and assurance framework.

### THE BOARD

Setting strategy, answering our most significant corporate questions and ensuring BAT Bangladesh meets exemplary standards.

Chairman (Non Executive)



Independent Directors



Non-Executive Directors

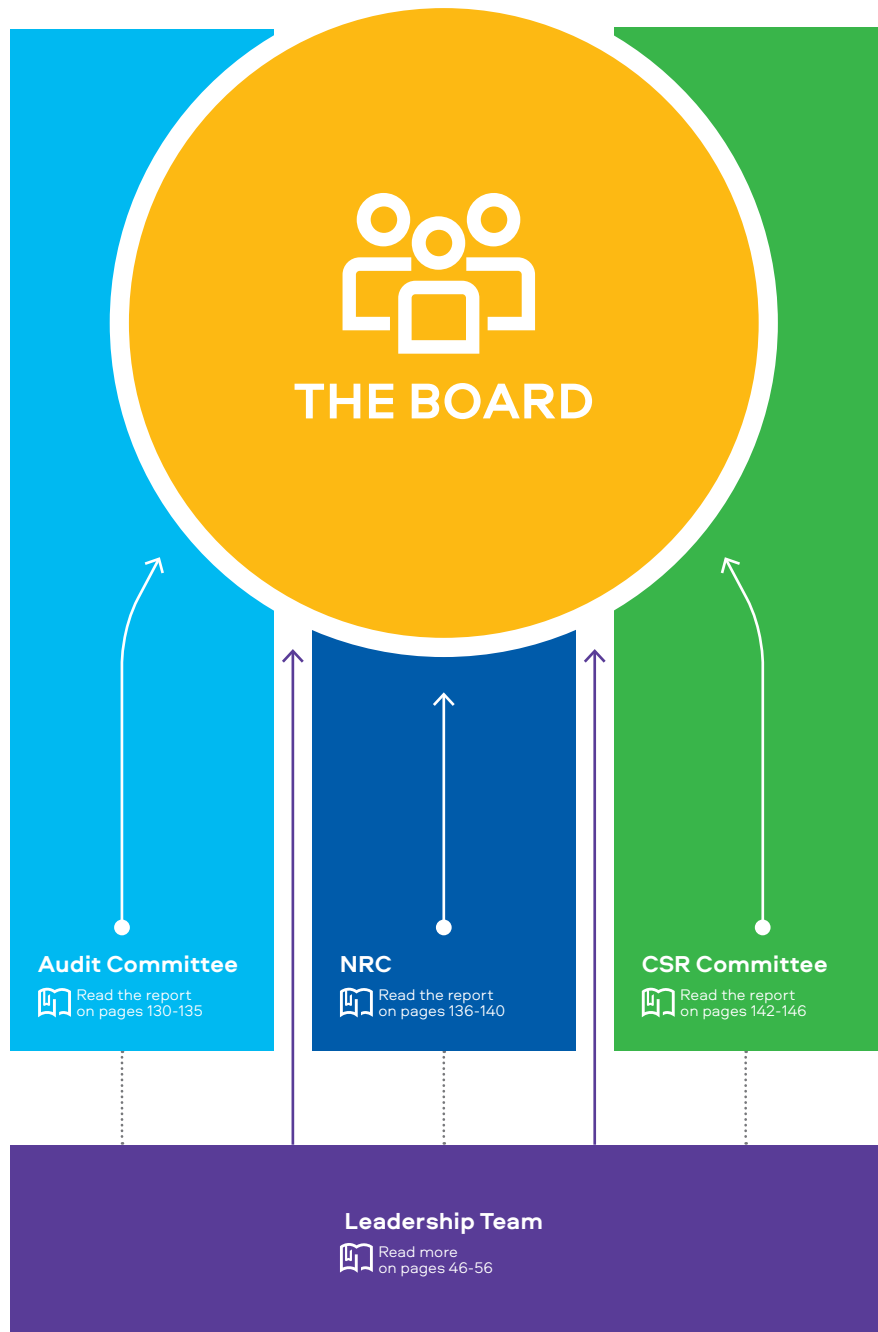


Executive Directors



### LEADERSHIP TEAM

Implementing the strategy set by the Board, making decisions with fully integrated checks and balances, and driving our performance.



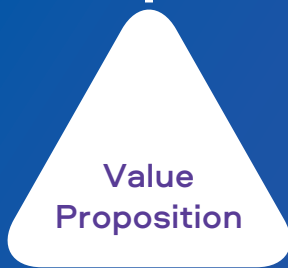
→ Reporting Line  
 ..... Collaboration

# Creating Value Through Corporate Governance Framework

## why

we need good governance

Value creation, Business Sustainability & Stakeholders' Interest Protection.



- Business Growth & Sustainability
- Faster, Simpler & Strong Talent Management
- Customers' Insights & Product Development
- Reporting & engagement with Stakeholders



- We drive
- Ethical culture
  - Good performance
  - Effective control
  - Legitimacy



# how

we govern

Our internal governance structures adhere to the Corporate Governance Code and Compliance pillars in all decisions.

### Risk Factors

- Litigations
- Market
- Regulations
- Pricing & Taxes
- Trademark Infringement
- Financial
- Technology
- Covid-19
- Operational
- Illicit Trade
- Domestic Leaf Supply
- Fair Competition

### Risk Mitigators

- Code of Business Conduct
- CG Philosophy
- Board & Delegation Mtg
- Strategic Planning
- CSR & ESG Initiatives
- Business Ethos
- Internal Control System
- Speak-Up Procedure
- Business Continuity Plan
- Risk Awareness & Management
- Company Policies
- All Regulations

### Company Performance;

- Return on Assets (RoA)
- Earnings Per Share
- Shareholders' Reserve

### Cost & Expenses Control

- Cost of Goods Sold
- Overhead
- Wastage

### Efficiency Drive

- Crops to Consumers
- Employees Performance
- Machine Output

### Capacity Improvement

- R & D
- Sustain Market Demand
- Ensure TM & D

OUTCOMES

# what

do we govern

Our Six Capitals

Human Capital

Financial Capital

Manufactured Capital

Intellectual Capital

Social & Relationship Capital

Natural Capital

### 3.0 BOARD OF DIRECTORS

The Board of Directors is the apex authority of the Company, responsible for policy formulation, approving the business plan, business sustainability, facilitate high-performance culture, providing guidance, and supporting the management to run the organization effectively within the framework of internal controls ensuring the interests of stakeholders.

The Board of Directors of the Company comprises a team of corporate specialists, professionals, highly qualified senior government officials (nominated by the government) and ex-government officials. It comprises a unitary group of ten professionals, among whom eight are Non-Executive Directors, including two Independent Directors, 30% of Board Members i.e., three Directors are women. A qualified fellow Chartered Secretary performs the function of Company Secretary to assist the board. The Company's Board, in fostering a responsible culture, ensures that it adopts practices and policies that are in

accordance with the principles and recommendations of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission, and the Company's own governing principles.

#### KEY FACETS OF OUR BOARD OF DIRECTORS

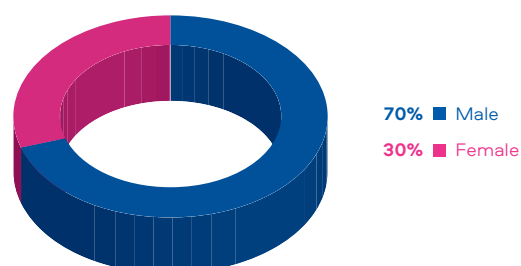
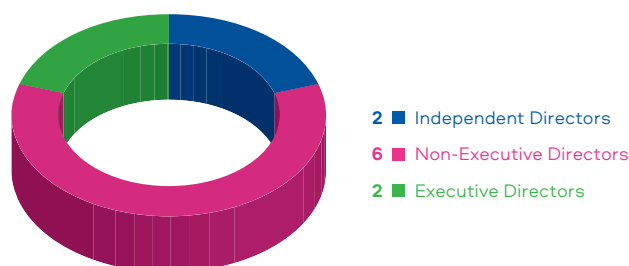
- Majority members of the Board (8 out of 10 ) are Non-Executive Nominee Directors.
- The Chairman and CEO are separate individuals.
- Roles and responsibilities of the Chairman, Directors and CEO are clearly defined.
- The requirements of Independent Directors and their competencies are precise as per the BSEC Governance Code.
- Independent Directors are the chair of Board Committees.
- The Board's and Management's roles and functions are clearly defined.

#### COMPOSITION OF THE BOARD:

Name	Board	Audit Committee	NRC Committee	CSR Committee
<b>Mr. Golam Mainuddin</b> Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Chairman		Member	
<b>Mr. M. Tofazzel Hossain Miah</b> Non-Executive Director, Representing Government's shareholding (Appointed on 22 <sup>nd</sup> March 2021)	Member	Member		Chairman
<b>Mr. K M Ali Azam</b> Non-Executive Director, Representing Government's shareholding	Member	Member		Member
<b>Mr. K.H. Masud Siddiqui</b> Independent Director	Member		Chairman	Member
<b>Ms. Zakia Sultana</b> Non-Executive Director Representing Government's shareholding (Appointed on 25 <sup>th</sup> May 2021)	Member	Member		Member
<b>Mr. Mohammad Moinuddin Abdullah</b> Non-Executive Director (Resigned on 4 <sup>th</sup> March 2021)				
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Independent Director	Member	Chairman	Member	Member
<b>Ms. Mahmuda Khatun</b> Non-Executive Director, Representing Government's shareholding	Member	Member		Member
<b>Mr. Md. Abul Hossain</b> Non-Executive Director, Representing ICB	Member	Member		Member
<b>Mr. Shehzad Munim</b> Managing Director, Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Member			Member

Name	Board	Audit Committee	NRC Committee	CSR Committee
<b>Mr. Stephan Matthiesen</b> Finance Director, Representing sponsor shareholder- Raleigh Investments Co. Ltd. (Resigned on 1 <sup>st</sup> October 2021)				
<b>Ms. Amun Mostafiz</b> Finance Director, Representing sponsor shareholder- Raleigh Investments Co. Ltd. (Appointed on 1 <sup>st</sup> October 2021)	Member			
<b>Mr. Azizur Rahman FCS</b> Company Secretary	Secretary	Secretary	Secretary	Secretary

### Diversified Composition of the Board



### 3.1 INDUCTION (ORIENTATION & TRAINING) OF BOARD MEMBERS

The induction programme (focus, orientation, and training) is important for a Board member because it helps them learn how best to serve the Company as a Director. The new member should have an overview of the entire business operations and his/her responsibilities to the Board. The chairman shares with the new Board member about the Board’s governance, procedure, and functions. The Managing Director and the head of functions provide detailed functional operations, highlighting the priorities for the business. The Head of Public Affairs and Company Secretary facilitates the entire induction programme and provides an overview of the Company’s memorandum and Articles of Association along with compliance requirements for the new Board member.

### 3.2 BOARD PRACTICES

The Board views adherence to ethical standards and compliance as an integral part of the broader corporate governance framework and seeks to adopt a holistic approach in ensuring its implementation. As part of this,

it has instituted a number of approaches to underline its commitment to high standards of ethical behavior:

- Setting down standards of expected behavior through the formulation and communication of a Code of Conduct.
- Installing a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis.
- Positioning Company policies and procedures on ethical foundations to ensure that ethical considerations are integrated with the day-to-day decision-making, activities and processes.
- Establishing a clearly defined organizational structure that assigns responsibility and authority for the conduct of organizational functions while at the same time ensuring accountability for individual actions.
- Establishing a variety of monitoring mechanisms including the creation and empowerment of an operationally independent internal audit team with reporting responsibilities to the Audit Committee.

### 3.3 POLICY ON APPOINTMENT OF BOARD OF DIRECTORS

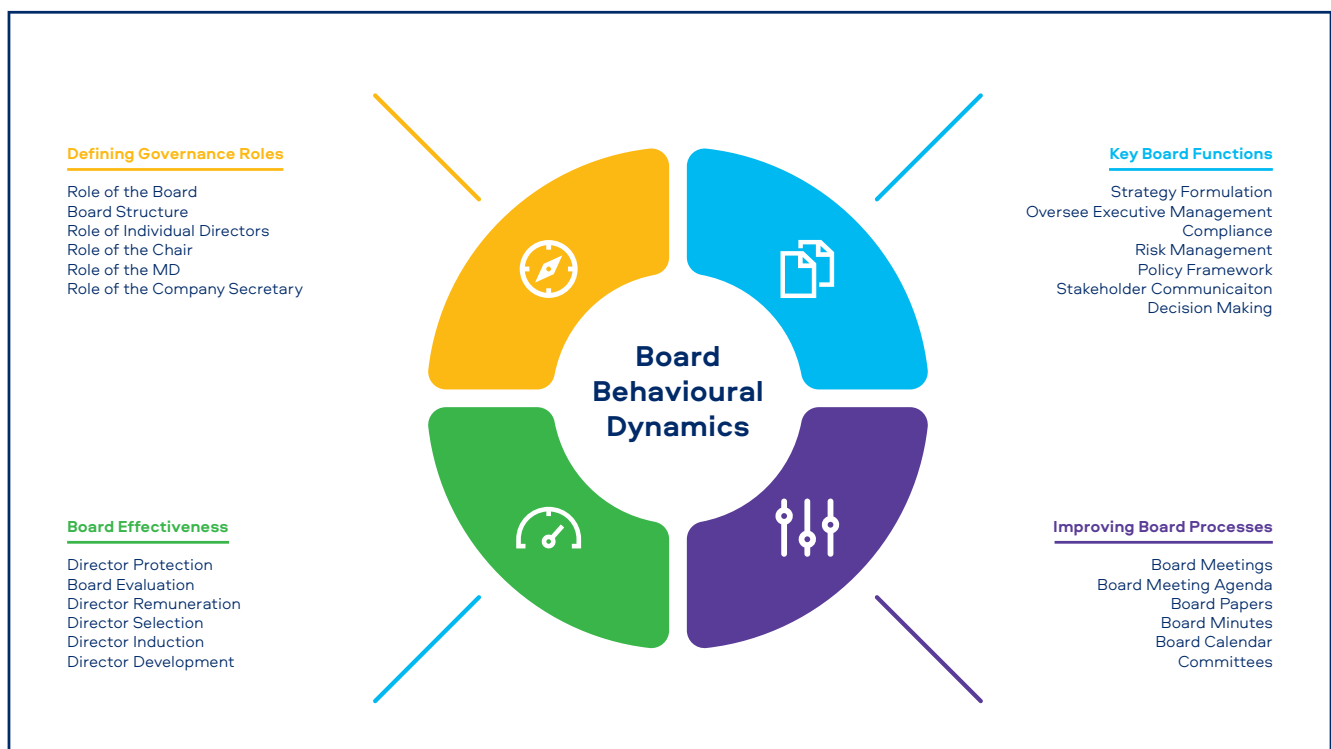
The Board is comprised of Directors with an appropriate mix of skills, experience, and personal attributes that allow them individually and collectively to discharge their responsibilities. The senior government officials are nominated as Non-Executive Directors to the Board by the relevant ministries to represent government shareholdings. The Managing Director of Investment Corporation of Bangladesh also nominated as a non-Executive Director to the Board against its shareholding. The sponsor shareholder (Raleigh Investment Company Limited) has also nominated its representative to the Board. The NRC identified and recommended to the Board the professionals for considering Independent Director as per the requirements of the Corporate Governance Code of BSEC. The Finance Director, and Non-Executive Directors are appointed by the Board in the casual vacancy based on the recommendation of NRC, who will retire at the following annual general meeting (AGM) and may be re-appointed at the AGM. The Managing Director appointed by the Board for a specific tenure of time maximum 5 years by the recommendation of the NRC. The re-appointment of the Managing Director for another term of 5 years shall require the shareholders' consent by simple majority under special business in general meeting. Moreover, one third of the retiring Directors shall retire by rotation in every AGM of the Company. The Independent Director's appointment confirmed in AGM for 3 years of tenure and re-appointed

for two tenures consecutively as per the regulations of BSEC. The governance of Directors' appointment shall abide by the relevant regulations of BSEC, the Company Act and Articles of Association of the Company.

### 3.4 TERMS OF REFERENCE OF THE BOARD

The Board from time to time reviewed the code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) as per the BSEC code along with business requirements for the Chairperson of the Board, other Board members and Managing Director of the Company. The code of conduct articulates the prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency. The overall Board's responsibilities are outlined below:

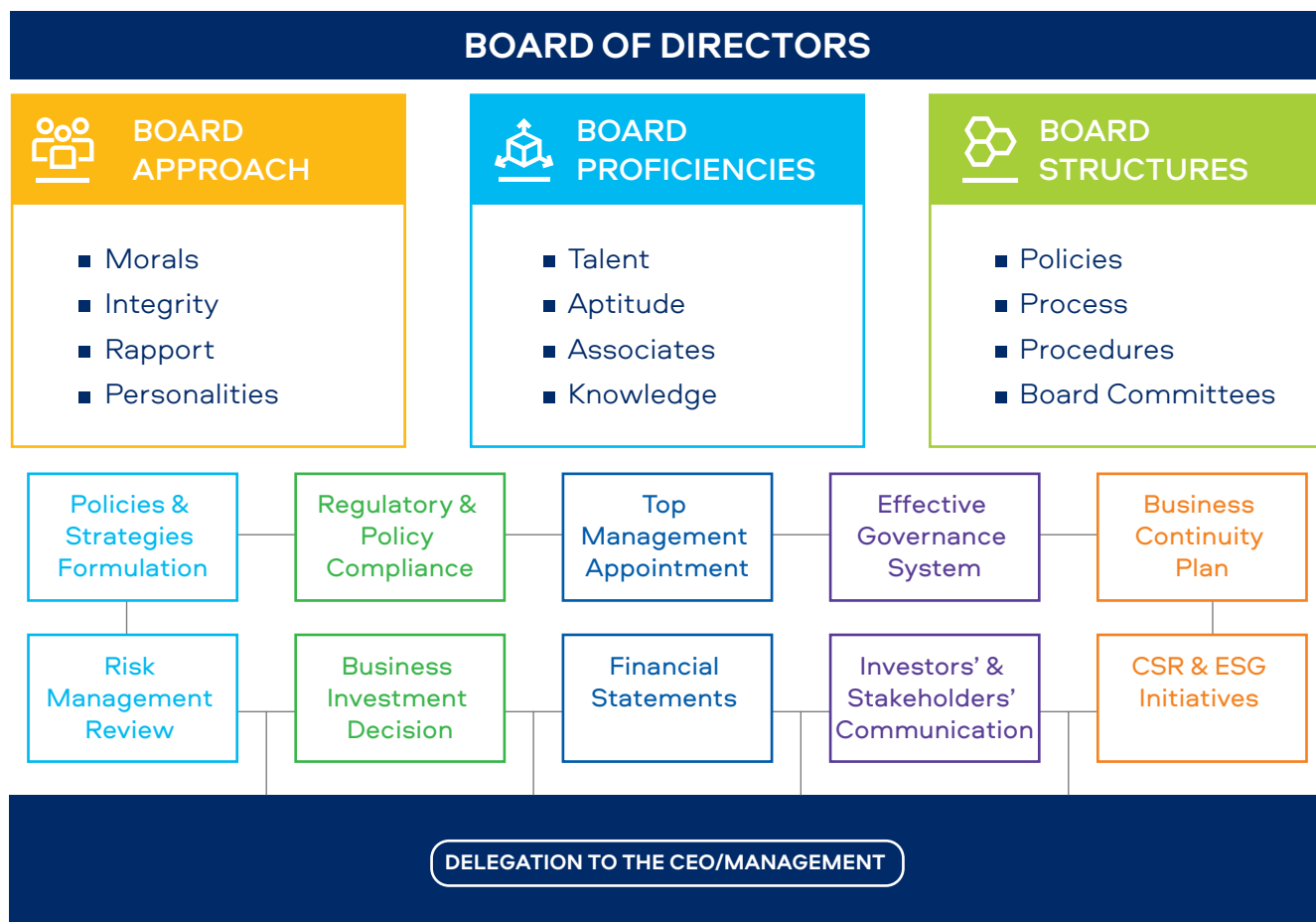
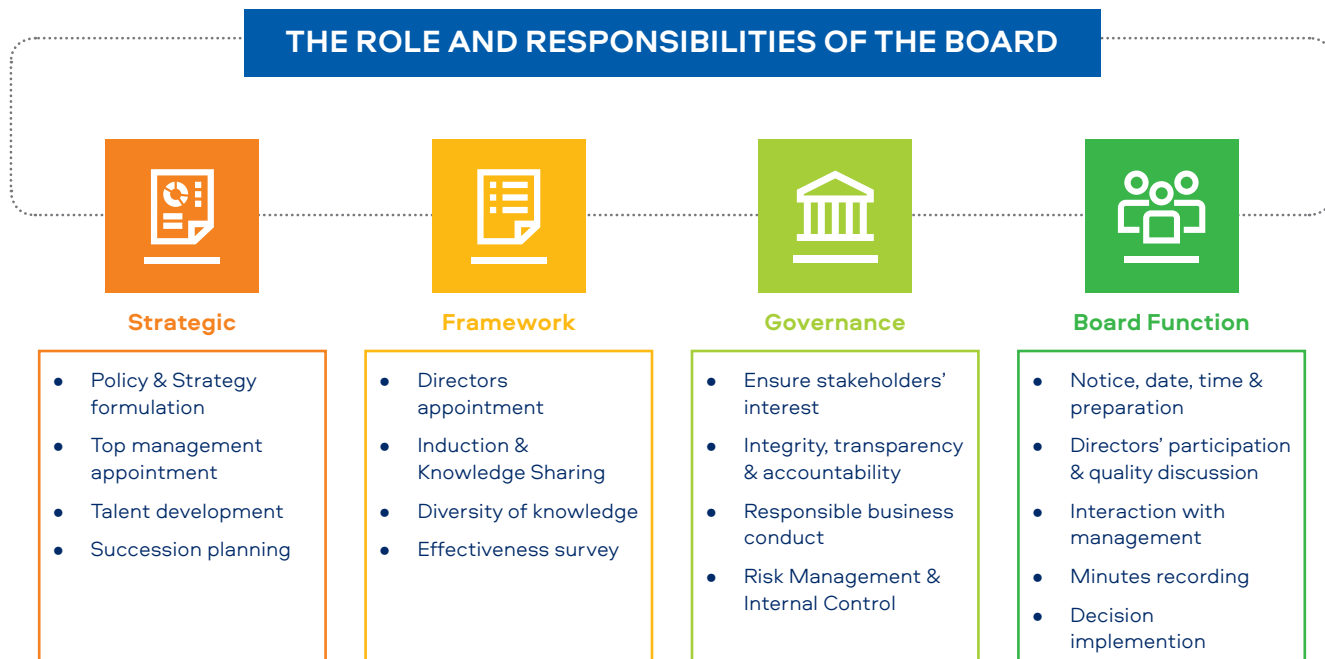
- **Strategies:** Approved long-term strategies and, accordingly, set goals and direction for the Company.
- **Policies:** Approved the Company policies to operate the business by the employees within the framework.
- **Riskassessment:** Review the Company's risk response mechanisms and confirm the implementation of the necessary systems to manage these risks.
- **Delegation of Authority:** Provide delegation of authority to the management ensuring internal controls for achieving business objectives.





### 3.5 PRINCIPAL RESPONSIBILITIES OF THE BOARD

The principal responsibilities of the Board to oversee management activities, providing strategic leadership, establish ethical standards, values, and compliance managing for financial stability, serving as an ambassador of the Company.



### 3.6 BOARD'S DECISION-MAKING PROCESS

- Acquisition, disposal or closure of business
- New business establishment
- Capital investment and disposal of tangible assets
- Purchase and sale of trademark/s
- Proposal for borrowings or grant of extended credit facilities
- Any corporate restructuring not covered by any of the above
- Appointment of top management and expatriate officials

### 3.7 DUTIES ALLOCATION

The duties of Directors, management, shareholders, valued business partners, auditors, consumers, regulators, and communities should be allocated in a responsible way to protect the interests of the shareholders under a corporate governance framework. The allocation of the duties is enumerated below:

#### Directors

- Review of the size and composition of the Board.
- Appointment of members to the Board.
- Review the Board's performance.
- Approval of business strategy and Policies.
- Approval of proposals on business and capital expenditures.
- Determination of capital structure.
- Approval and monitoring of financial Reporting.
- Oversight of risk management, internal controls and compliance systems
- Recommendations regarding statutory auditors and compliance their terms of appointment and determination of remuneration
- Review and approve of financials statements.
- Review and approve HR activates
- Review and approve CSR and ESG initiatives

- Review and monitor internal control and governance.
- Oversight of succession planning for the MD, Management team and senior management

#### Shareholders

- Approval of the Financial Statements of the Company, and the Reports of the Directors and the Auditors.
- Approval of Dividend for the year.
- Elect or re-elect Directors of the Company.
- Appoint Statutory Auditors of the Company for the year and to fix their remuneration.
- Appoint Compliance Auditor of the Company for the year, in compliance with the requirement of BSEC's Corporate Governance Codes.

#### Management

- Functioning business operation as per delegation of authority.
- Prepare business plan and budget.
- Implement internal control system, risks management and governance
- Benchmarking value creation for customers, distributors and partners.
- Talent development and Human Resource Management.
- Improve corporate culture and core values

#### Consumers

- Ensure creation of sustainable and trusted Company

### 3.8 KEY ACTIVITIES OF THE BOARD IN 2021

In 2021, the Board had key focus areas on the employees' health & safety, run Company operation abiding compliances, government revenue growth, and shareholders' value creation amid the COVID-19 pandemic situation. The following table illustrates the breakdown of the material matters considered by the Board in 2021, in addition to the regular business agenda:

Quarter	Activities
Q1 of 2021	<ul style="list-style-type: none"> <li>• Authentication of Financial Statements and Annual Report 2020</li> <li>• Dividend Recommendation for the year 2020</li> <li>• Approval of Directors' Report, Audit Committee Report NRC Report &amp; CSR Committee Report</li> <li>• Approval of Corporate Bonus 2021 &amp; Salary Revision 2021</li> </ul>

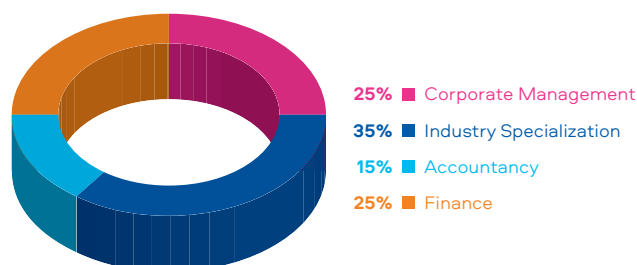
Quarter	Activities
	<ul style="list-style-type: none"> <li>• Conducting 48<sup>th</sup> Annual General Meeting</li> <li>• Approve capital expenditure for transforming the Office (Head Office and Dhaka RTMO Office)</li> <li>• Approved the re-appointment of Mr. Shehzad Munim as Managing Director of the Company</li> <li>• Approved capital expenditure for installation of centralized Active Voltage Conditioner for SMD in Dhaka Factory.</li> <li>• Approved capital expenditure (Machines &amp; equipment purchase) for manufacturing capacity increase to meet demand &amp; support exports in Savar Factory</li> </ul>
Q2 of 2021	<ul style="list-style-type: none"> <li>• Consider Q1 Financial Statements 2021</li> <li>• Amendment of procurement Policy</li> <li>• Review of Speak-Up procedure</li> <li>• Approval of the Company Logo Change</li> <li>• Approved enhancement of capital investment for the construction of the Company's transit Guesthouse in Mirpur, Barkhada, Kushtia</li> <li>• Approved the Company HR policies</li> </ul>
Q3 of 2021	<ul style="list-style-type: none"> <li>• Consider Q2 Financial Statements 2021</li> <li>• Appointment of the Non-Executive Directors Nominated by the Govt.</li> <li>• Approved Company EHS Policy and Repairs &amp; Renewable Spares Policy.</li> </ul>
Q4 of 2021	<ul style="list-style-type: none"> <li>• Consider Q3 Financial Statement 2021</li> <li>• Recommended Interim Cash Dividend 2021</li> </ul>

### 3.9 FINANCIAL KNOWLEDGE AND EXPERTISE OF DIRECTORS

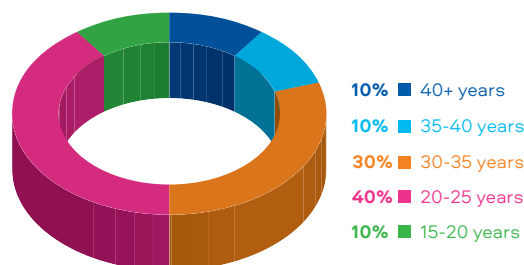
Our Board of Directors consists of members who possess a wide variety of knowledge and experience in finance, economy, management, business administration, marketing and law. This ensures that together, they formulate the right policy for the development of the business while having the specialized skills and the ability

to foresee developments across a larger perspective and with enough independence to audit the management in a balanced manner. Among them, Mr. A K M Aftab UI Islam, Chairman of the Audit Committee is a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB). He provides guidance in matters applicable to accounting and audit-related issues to ensure compliance and reliable financial reporting.

#### Specialized Areas



#### Career Span



### 3.10 CHAIRMAN OF THE BOARD

The Board of Directors elects the Chairman of the Company every year immediately after the Annual General Meeting (AGM).

### 3.11 ROLES & RESPONSIBILITIES OF THE CHAIRMAN

- Defined by the Board as per BSEC's notifications on Codes of Corporate Governance.
- As Chairman of the Board of Directors (or Chairman of any Committee formed by the Board) he does not personally possess the jurisdiction to apply policymaking or executive authority, neither does he participate in or interfere with the administration or operational and routine affairs of the Company.
- The Board functions as per the Memorandum & Articles of Association of the Company, along with other applicable laws which must be ensured by the Chairman.
- The Chairman presides over the meetings of the Board and Company (AGM) and ensures good corporate governance in the conduct of the Board and the Company.
- Representing the Company (whilst in consultation with the Board and Managing Director), the Chairman maintains liaison with relevant stakeholders representing the Company as a responsible corporate citizen.
- The Chairman may assume any responsibility if the Board assigns it within the purview of the relevant rules, regulations, acts and articles.

### 3.12 INDEPENDENT DIRECTORS

In compliance with the requirements of the BSEC Corporate Governance Codes (CGC), BAT Bangladesh's Board includes two Independent Directors who are highly knowledgeable professionals and elite dignitaries of the society. One of them is the former secretary to the Government and the other is the Director of Bangladesh Bank. The Independent Directors are appointed by the Board of Directors and approved by the shareholders at the annual General meeting. As per terms of the CGC, Independent Directors are appointed for a tenure of three years. However, such tenure of office of the Independent Directors may be extended for another term of three years only. The Audit Committee and the Nomination & Remuneration Committee (NRC) of the Company are headed by Independent Directors. The Independent Directors performed their roles and responsibilities according to the CGC of BSEC.

### 3.13 MANAGING DIRECTOR

The Board appointed Mr. Shehzad Munim as Managing Director in 2013, who is the first Bangladeshi honored in this position in the history of the Company. Based on his

leadership and the Company's performance, the Board re-appointed him as the Managing Director with the consent of the shareholders for a further period on completion of 5 years of tenure as per requirement of the Company's Act. He is performing the duties, roles, and responsibilities assigned by the Board in line with the Articles of Association of the Company. The Top Management Leadership Team consists of all the functional heads who report to the Managing Director. Mr. Shehzad Munim, as a Managing Director, leads the Company's management; developing and implementing strategic plans and Company policies; maintaining dialogue with stakeholders to achieve organizational success.

### 3.14 ANNUAL EVALUATION OF THE MANAGING DIRECTOR (MD) BY THE BOARD

The Board of Directors evaluates the Managing Director's performance. The Board considers both financial and non-financial goals time to time especially in quarterly business result which includes:

- Achievement of business proposal and budget;
- Achievement of business improvement compared to previous year.

In addition, at the end of each year, an annual assessment and evaluation of the achievements of pre-agreed targets is done. During this evaluation, the deviations from the target, and the reasons for the deviations are discussed and assessed.

### 3.15 NON-EXECUTIVE DIRECTOR'S INDEPENDENCE

All the Non-Executive Directors are nominated by their respective institutions except for the Independent Directors. All the Directors including independent directors bring forth independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensures that the Company's activities are always conducted with adherence to stringent and the highest possible ethical standards and in the best interests of all stakeholders. None of the Directors of the Board are involved in the day-to-day operations of the Company; rather, they provide their valuable guidance, support and contribution to the Board for running the Company efficiently and effectively.

### 3.16 BOARD PERFORMANCE EVALUATION

The Board of Directors is accountable to the shareholders of the Company. Once every year, the Company holds an Annual General Meeting (AGM). The shareholders attend the Annual General Meeting, and they critique their analysis about the performance of the Company. The Company takes constructive suggestions and feedback from the Annual General Meeting and tries to implement it for qualitative improvements of the Company.

The Board of Directors of the Company is unique, exceptional, and diversified, consisting of senior government officials, qualified professionals, and business leaders with well-experienced, wisdom, and knowledge. It does not require any traditional evaluation system for our Board members, rather, a self-evaluation process is more effective in our case. However, according to the BSEC's Codes of the Corporate Governance, the level of independence as well as the performance attribute of the Directors are usually evaluated and reviewed from time to time by the Board Nomination and Remuneration Committee (NRC) and the Chairman of the Board. The stakeholders, including shareholders, may consider the performance of the board members based on business performance, asset growth of the Company and reputation, including the impact of the environment, social and governance. The Board of Directors of the Company evaluates the performance of the Executive Director and Finance Director on an annual basis and reviews quarterly business performance with the help of the Nomination and Remuneration Committee.

### 3.17 BOARD MEETINGS 2021

Usually, the Company holds a Board meeting every alternate month, at least once every quarter as required for the business. The Board of Directors met 11 (Eleven) times in 2021. The meeting is scheduled well in advance and the notice of each board meeting is given in writing to each Board of Directors by the Company Secretary. During pandemic time, the Company continues to hold its meetings through Microsoft Teams (online), one of the

most secured digital platforms, abiding by all regulatory compliance.

### 3.18 PROCESS OF HOLDING BOARD MEETINGS

The Company Secretary prepares the detailed agenda in consultation with the Chairman and Managing Director. The notice, along with the explanatory notes to the agenda and relevant documents, is circulated to the Board of Directors well in advance, at least 7 days prior to the date of the meeting.

The members of the Board free to recommend the inclusion of any matter in the agenda for discussion under any other business, subject to the permission of the Chairman of the meeting. The Company Secretary, the Finance Director, and the Head of Internal Auditor always attend the Board meetings, and the relevant senior management are invited to attend the Board meetings to make necessary presentations at the meetings for the respective agenda. Board meeting minutes as well as keeping required books and records in line with the provisions of regulations and the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB). The minutes of the Board and the committee meetings are circulated to the members of the Board in due time for confirmation. After the Board confirms that the minutes are correct, the extract of the minutes is sent to the relevant management so that the Board's decision can be put into action. The Board and Board Committee member's attendance for the year 2021 are as follows:

Directors	Board	Audit Committee	NRC Committee	CSR Committee	AGM
<b>Mr. Golam Mainuddin</b> Non-Executive Director, Chairman of Board	11/11	-	6/6	-	1/1
<b>Mr. Mohammad Moinuddin Abdullah</b> Non-Executive Director, Chairman of CSR Committee (Resigned on 4 <sup>th</sup> March 2021)	3/11	1/4	2/6	-	-
<b>Mr. M. Tofazzel Hossain Miah</b> Non-Executive Director, Chairman of CSR Committee, (Appointed on 22 <sup>nd</sup> March 2021)	7/11	3/4	-	3/3	1/1
<b>Mr. K M Ali Azam</b> Non-Executive director	11/11	4/4	-	3/3	1/1
<b>Mr. K.H. Masud Siddiqui</b> Independent Director, Chairman of NRC Committee	11/11	-	6/6	3/3	1/1
<b>Ms. Zakia Sultana</b> Non-Executive Director (Joined 25 <sup>th</sup> May 2021)	6/11	2/4	-	2/3	-
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Independent Director , Chairman of Audit Committee	11/11	4/4	4/6	3/3	1/1
<b>Ms. Mahmuda Khatun</b> Non-Executive Director	11/11	4/4	-	3/3	1/1

Directors	Board	Audit Committee	NRC Committee	CSR Committee	AGM
<b>Mr. Md. Abul Hossain</b> Non-Executive Director	11/11	4/4	-	3/3	1/1
<b>Mr. Shehzad Munim</b> Managing Director	11/11	-	-	-	1/1
<b>Mr. Stephan Matthiesen</b> Finance Director (Resigned on 1 <sup>st</sup> October 2021)	10/11	-	-	-	1/1
<b>Ms. Amun Mostafiz</b> Finance Director (Appointed on 1 <sup>st</sup> October 2021)	1/11	-	-	-	-
<b>Mr. Md. Azizur Rahman FCS</b> Company Secretary	11/11	4/4	6/6	3/3	1/1

### 3.19 BOARD COMMITTEES

To ensure good governance in the Company, as well as the requirements of the CGC of BSEC, the Board constituted three sub-committees.

- Audit Committee (AC)
- Nomination and Remuneration Committee (NRC), and
- CSR Committee

In accordance with the requirements of the BSEC Code and the Terms of Reference, the Committee functions to review, assess, and recommend to the Board. The Board reviewed the ToR of the Committees from time to time in 2021. The Board appointed the Members and the Chairman of the respective committees as per the provisions of the BSEC Code. The scope and activities of the Audit Committee, NRC, and CSR committee are mentioned in the Annual Report on page No. 130, 134 and 140 respectively.

### 3.20 AUDIT COMMITTEE & ITS COMPOSITION

As per the conditions of the CGC of BSEC, the Board has constituted an Audit Committee. The Audit Committee is one of the most important sub-committees of the Board. It was set up to help the Board with its governance responsibilities.

In the year 2021, the Audit Committee comprised of 1 Independent Director and 5 Non-Executive Directors. The

Board has appointed an Independent Director as Chairman of the Committee under the referred Code. The Audit Committee met 4 times in 2021 through virtual platform. The quorum of the meeting shall not be filled until and unless the Independent Director attends the meeting. The Company Secretary acts as the secretary of the Audit Committee.

### 3.21 RELEVANT EXPERTISE OF THE COMMITTEE

All the Committee incumbents possess working experience in the fields of finance, accounting, and audit. The qualifications of the members of the Committee are addressed in detail in their brief profiles on page no. 34 of this annual report. The Internal Audit team headed by the Internal Audit Manager performed the internal audit function as guided by the Audit Committee. The Internal Audit Manager directly report to the Audit Committee. KPMG Rahman Rahman Huq, the Statutory Auditor also attended in the Audit Committee meeting in 2021.

The Audit Committee approved the annual audit plan 2021 at the beginning of the year and reviewing the plan time to time with subsequent implementation. The report of the Audit Committee and the Statement of Risk Management & Internal Control are mentioned on Page No. 133 and 151 of this annual report respectively. The following tables present the meeting attendance and performance of the said Committee during the year 2021.

Directors	Audit Committee	%
<b>Mr. A.K.M. Aftab Ul Islam FCA</b> Independent Director , Chairman of Audit Committee	4/4	100
<b>Mr. Mohammad Moinuddin Abdullah</b> Non-Executive Director, Chairman of CSR Committee (Resigned on 4 <sup>th</sup> March 2021)	1/4	25

Directors	Audit Committee	%
<b>Mr. M. Tofazzel Hossain Miah</b> Non-Executive Director, Chairman of CSR Committee, (Appointed on 22 <sup>nd</sup> March 2021)	3/4	75
<b>Mr. K M Ali Azam</b> Non-Executive Director	4/4	100
<b>Ms. Zakia Sultana</b> Non-Executive Director (Joined 25 <sup>th</sup> May 2021)	2/4	50
<b>Ms. Mahmuda Khatun</b> Non-Executive Director	4/4	100
<b>Mr. Md. Abul Hossain</b> Non-Executive Director	4/4	100
<b>Mr. Md. Azizur Rahman FCS</b> Secretary	4/4	100

### 3.22 NOMINATION AND REMUNERATION COMMITTEE

A Nomination & Remuneration Committee (NRC) has been constituted as per provisions of the BSEC Code. The Committee, headed by an Independent Director, makes recommendations to the Board. This Committee met 6 times in 2021.

Name	NRC Committee	%
<b>Mr. K.H. Masud Siddiqui</b> Chairman of the Committee	6/6	100
<b>Mr. Golam Mainuddin</b> Member	6/6	100
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Member	4/6	60
<b>Mr. Md. Azizur Rahman FCS</b> Secretary	6/6	100

#### Functions:

- Align with the Human Resource function in driving the employee's agenda in arrangement with the Company's Strategy.
- Ensure consistency of application of policies and procedures.
- Ensure equal opportunity and transparency in terms of suitable recruitment, a performance evaluation and other benefits-related issues.

#### Notable activities of 2021:

- Reviewed and approved the remuneration 2021 for the Company Management
- Reviewed Bonus pay-out ranges for 2020.

- Approved Employment's Probation & Confirmation Policy and Employment's Recruitment & Selection Policy
- Recommended the Company HR policies
- Recommended amendment of Benefit Car Policy of the Company.

The Managing Director, Finance Director and Head of Human Resources attended the meeting of the NRC as invitees, and the Head of public affairs & Company Secretary performed the functions of the Secretary of the Committee. The overall remuneration policy is designed to ensure that the reward and remuneration packages of the Company remain competitive so that high-quality human resources with a proven track record and experience are recruited, motivated and retained.

### 3.23 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

BAT Bangladesh aspires to play a central role in improving the quality of people's life by providing access to some of their basic needs. As a Company that is deeply aware of the divergence between the needs of the society and the impact required, the Company focuses on activities that deliver the maximum welfare and impact to the largest number of people in the quickest possible time. In order to achieve the necessary sustainable balance between

economic growth, environmental protection and social and societal progress, the Company ensures that its impact is appropriately targeted and is long-lasting.

On 11th April 2012, the Board of Directors established a CSR Committee as a sub-Committee of the Board. Eight (8) Directors are nominated to the Board CSR Committee. For ensuring business sustainability and creating a positive impact on the image and reputation of the Company amongst stakeholders and the larger society, the CSR Committee takes up the necessary tasks.

Directors	CSR Committee	%
<b>Mr. M. Tofazzel Hossain Miah</b> Non-Executive Director, Chairman of CSR Committee, (Appointed on 22 <sup>nd</sup> March 2021)	3/3	100
<b>Mr. K M Ali Azam</b> Non-Executive Director	3/3	100
<b>Mr. K.H. Masud Siddiqui</b> Independent Director, Chairman of NRC Committee	3/3	100
<b>Ms. Zakia Sultana</b> Non-Executive Director (Joined 25 <sup>th</sup> May 2021)	2/3	75
<b>Mr. A.K.M. Aftab Ul Islam FCA</b> Independent Director , Chairman of Audit Committee	3/3	100
<b>Ms. Mahmuda Khatun</b> Non-Executive Director	3/3	100
<b>Mr. Md. Abul Hossain</b> Non-Executive Director	3/3	100
<b>Mr. Shehzad Munim</b> Managing Director	3/3	100
<b>Mr. Md. Azizur Rahman FCS</b> Secretary	3/3	100

Ms. Mubina Asaf, Head of Legal & External Affairs, Mr. Sheikh Shabab Ahmed, Head of External Affairs and Mr. Sazzad Hossain, Head of Leaf Operations also attended the meetings as invitees. Apart from them, other relevant Directors, consultants, managers and stakeholders also attended the meetings by invitation.

### 3.24 SUCCESSION POLICY

The Nomination & Remuneration Committee (NRC) functions as per the provisions of the Code of BSEC. The important tasks of the NRC are to appoint Directors, evaluation of Directors, senior management appointments and their succession planning, salary review, performance bonus recommendation, and HR policy review of the Company. The NRC works with the Board on leadership succession planning to ensure an orderly succession for

positions in senior level management. This is required to maintain talent management and an appropriate balance of skills and expertise within the Company.

### 3.25 DIRECTORSHIP COMMITMENTS

The Directors provide disclosures about their other commitments so that they can spend adequate time on the Company's affairs. Our Executive Directors do not hold directorships in other public companies. We are the highest taxpayers in the private sector and are also enlisted on both the Dhaka and Chittagong Stock Exchanges. In 2021 alone, the Company disbursed the sum of BDT 29,078 crore as tax to the national exchequer. BAT Bangladesh has always valued and will continue to value its valued relationship with the government of Bangladesh, esteemed shareholders, and other stakeholders of the

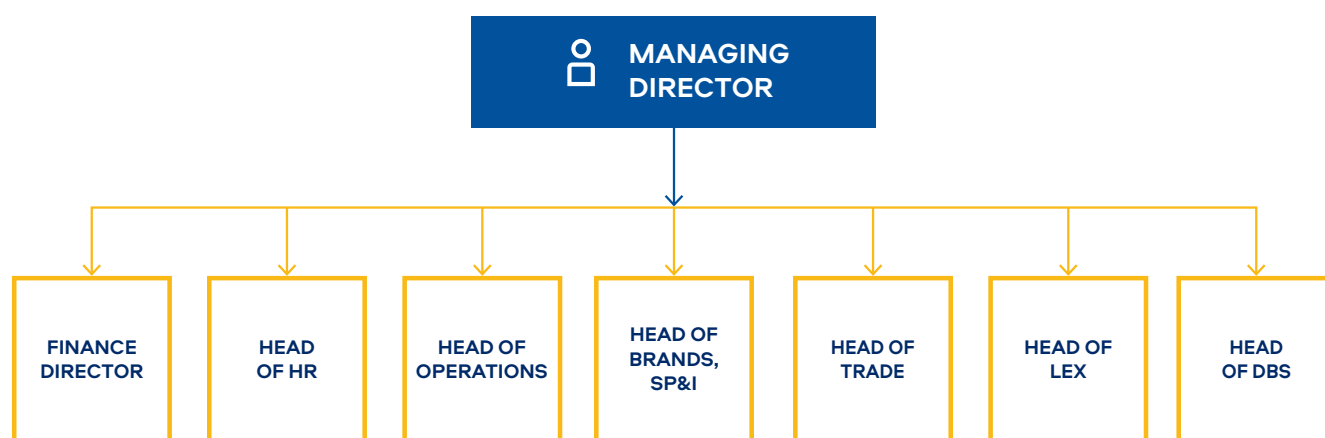
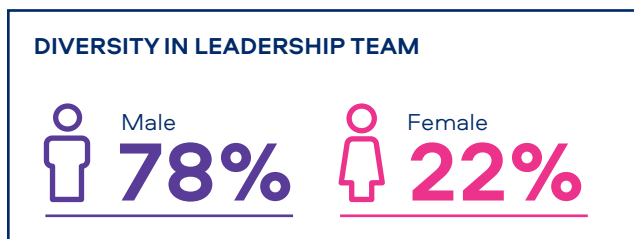


Company by adhering to the highest ethical and corporate governance standards.

#### 4. LEADERSHIP TEAM

The Managing Director is duly assisted by the respective functional heads of the Company, i.e. the Leadership Team. The Managing Director leads the Leadership Team. The Leadership Team drives the implementation of board decisions, supervision of operations, and execution of corporate business strategies. The Leadership Team engages in a monthly meeting regarding the execution of the Company's strategy and ensures daily operational alignment with the corporate plans. The respective

Leadership Team gets an invitation to the Board meetings based on the relevant information or update required by the Board. For details of each Leadership Team member, please refer to Leadership Team Profile in this Annual Report page 47.



#### 5. THE CHAIRMAN OF THE BOARD AND THE CEO & MANAGING DIRECTOR OF THE COMPANY ARE DIFFERENT INDIVIDUALS

The Chairman and the Managing Director are separate individuals. Their roles and responsibilities are separate and independent. The overall responsibility of the Board belongs to the Chairman, and the Managing Director leads the management function of the Company. The leadership of the Chairman and the Managing Director facilitated good governance on the board and in management of the Company, respectively.

#### 6. ROLES AND BACKGROUND OF COMPANY SECRETARY (CS), FINANCE DIRECTOR AND HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC)

##### COMPANY SECRETARY (CS)

- Advisor to the Board of Directors and perform the Statutory functions as per the Company's Act 1994, Security and Exchange Rule 2020, BSEC Code 2018 and other listing regulations and acts.
- Ensure good governance practice in the Company.

- Finalise notice to organise Board Meetings and Shareholders meetings.
- Assist the Chairman of Board and its committees to conduct the meetings, facilitate the governance and Board Management.
- Maintain the necessary liaison with the relevant offices of the Government, regulatory authorities and other stakeholders on matters of corporate interest in a transparent manner and act as a bridge between the Board, management and shareholders to facilitate good governance in the Company.
- Drive policy compliance awareness among Company employees.
- Perform the duties as per the Power of Attorney of the Company and liaison with external regulators, auditors, lawyers and other relevant authorities for court affairs.
- Compliance with acts, rules, regulations, notifications, guidelines, orders/directives, etc., as issued by the BSEC or Stock Exchange(s) applicable to the conduct of business activities of the Company.

- Disclosure of the Company's Price Sensitive Information (PSI) and other capital market-related issues.
- Prepare the Company's Annual Report, holding, managing and administering Board and Committee meetings and annual meetings of shareholders.
- Monitor changes in relevant legislation and the regulatory environment and take appropriate actions.
- Filing statutory returns to regulatory bodies, such as RJSC, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Stock Exchanges and Central Depository System, etc.
- Engagement with stakeholders for public affairs of the Company.
- Ensure that appropriate Board procedures are followed, as per Bangladesh Secretarial Standards (BSS), as adopted by ICSB and other guidelines and best practices and advise the Board on such matters.

### FINANCE DIRECTOR (FD)

- Oversee the overall financial management of the Company.
- Ensure overall accuracy of the budgetary and financial control system and monitor the performance of the Company, its flow of funds and adherence to the budget.
- Ensure proper tax management and compliance systems.
- Ensure national regulatory compliances as well as International Accounting Standards and respond to the ever-increasing regulatory developments, including financial reporting, capital requirements, and corporate responsibility.
- Actively participating in planning and policy-making and fixing business strategies, including long-term business plans.
- Liaise with the External Auditor and oversee the audit procedure.
- Prepare statutory Annual Report and circulate it to stakeholders within the specified timeframe.
- Trigger and promote timely changes in the financial aspects of the Company with a view to facilitating various business improvement initiatives, like cost reduction, procurement processes, pricing processes and others.
- Act as a steward by protecting vital Company assets, complying with financial regulations, maintaining the books correctly and communicating risk and rewards with Board members and investors.

- FD acts as a strategist, influencing the Company's future direction and providing financial leadership and alignment of finances with the business to facilitate sustainable business planning and corporate growth.

### HEAD OF INTERNAL AUDIT & COMPLIANCE (HIAC)

- Functionally responsible to Audit Committee.
- Prepare annual audit plans based on the results of risk analysis.
- Prepare audit programs and approaches that meet the objectives of audit that comply with internal control design and testing.
- Ensure that a proper internal control system is in place for smooth operations of the Company.
- Check compliance with internal and external regulations.
- Coordinate the analysis of risk in different areas of operations.
- Prepare draft audit report and conduct exit meetings to obtain management concurrence and responses.
- Prepare final audit reports and circulate the report to the Board and auditor.
- Conduct special investigation on any allegation of fraud or forgery noticed by the management
- Perform other duties and special assignments as assigned by the Managing Director or Audit Committee.
- Establish an internal accountability and assurance framework, including how internal audit works with other providers of assurance.
- Develop annually a risk-based internal audit plan for Audit Committee's review and approval.
- Provide technical assistance with investigations and special audits and provide subject-matter expertise as needed; Identify loopholes and recommend risk aversion measures and cost savings.

Maintain a comprehensive system for recording all audit plans, work papers, findings, reports and follow-up audits; Recommend revisions and/or additions to policies and procedures to improve operations as well as internal controls.

## 7. FINANCIAL REPORTING

The pillar of a successful information structure for an organization is its financial reporting system. BAT Bangladesh possesses a robust financial reporting procedure, with all financial statements made in

accordance with International (IFRS), the Companies Act, 1994, the Securities and Exchange Rules, 2020, and other applicable financial legislations. It is from the financial reports of the enterprise resource planning (ERP) system that the financial data is captured. The financial statements are reviewed by the FD, MD and Audit Committee on a regular basis. External Auditors examine the financial reports in accordance with local financial reporting policies and Company procedures. Upon completion of internal scrutiny, financial reports are placed before the Board for final review and approval.

## 8. GUIDELINES AND SOME KEY POLICIES.

- Standards of Business Conduct
- Procurement Policy and Guidelines
- DBS Security Policy
- Finance Policy and Guidelines
- International Marketing Standards
- Records Management Policy
- Agreement Policy
- Employment Policy & Principles

The Company's corporate governance framework is supported by further policies, guidelines, procedures and codes. Mentioned below are some of these guidelines.

- Procurement policy and guidelines outline the processes for obtaining the best overall value and quality for the amount expensed and to ensure timely delivery of goods and services to meet the Company's business requirements
- Marketing policies and guidelines, which include distributors' policy, credit policy, trade policy, marketing communication guidelines and international marketing principles, representing a framework to govern all aspects of responsible tobacco marketing
- Company financial policies, which include policies and guidelines on treasury management, dividend, vehicle disposal, dealing mandate, fixed assets capital, depreciation, insurance, inventory, stock valuation, the delegation of authority, domestic leaf costing, budgeting, bill payments, foreign currency, write-off process, etc.
- Policy on environment, health, safety and security
- Information technology policies
- Guidelines on business information
- Security, risk management and business continuity processes
- Competition compliance guidelines, which outline the general principles and standards of behavior related to competition laws that employees are required to follow and comply with as good business practice
- Business security policies
- Guidelines on dawn raid – sets out the procedures to be adhered to when there is a raid by relevant authorities so that the necessary cooperation can be extended
- HR-related policies, which includes standards of employment principles, working hours policy, remuneration policies, travel policies, sexual harassment policy, employment policy, disciplinary procedure, employee relations policy, equal opportunity, and diversity policy, grievance management policy, industrial relations policy, education assistance policy, medical expenses reimbursement policy, employees benefit policies, retirement benefit policies, and early separation scheme
- Sexual harassment policy, which ensures that all employees are treated with respect and dignity regardless of their gender and emphasizes that any form of sexual harassment, which disrupts or interferes with the work performance and dignity of another, will not be tolerated
- Guidelines on managing cases involving employees and law enforcement authorities
- Employment principles Procedures on credit for trade debtors and inter-company balances
- Tobacco leaf related policies on social responsibility in tobacco production, export pricing policy, farmers registration and advance crop input policy Climate change policy to execute the Company's activities for tobacco growing and green leaf threshing, considering climate change and its subsequent impact and guidelines for tobacco seed production, including field experiments
- Company activities for tobacco growing and green leaf threshing, considering climate change and its subsequent impact and guidelines for tobacco seed production, including field experiments Records management policy and central depository system
- Agreement policy and guidance
- Data protection policy
- Billing guidelines
- Codes of Audit Committee, Nomination & Remuneration Committee and CSR Committee

The above-mentioned policies, guidelines, procedures and codes are made available to all our employees and Directors in the Company’s management staff manual.

**9. RISK MANAGEMENT AND CONTROL ENVIRONMENT**

The Risk Management Standard in BAT Bangladesh is based on the effect of uncertainty on objectives which is measured in terms of likelihood and consequence. In BAT Bangladesh risk management is the process of applying a logical and systematic method of identifying, evaluating, treating, monitoring and communicating risks associated with any activity, function or process. The risk is classified into:

- Strategic Risks are generally entity-wide which may impact on the ability of Company to achieve its objectives set out in the Strategic Plan.
- Operational Risks consists of may impact on the achievement of directorate, business unit or service unit plan objectives; and
- Special Risks are risks specific to an area of operation within the business unit.

The Finance Director heads the Risk Management Committee, consisting of select cross-functional managers, including the internal auditor, who drive effective risk management at the Company. The RMC reviews the business twice a year and ensures that plans and actions are implemented to mitigate risks. Risk controllers periodically review the departmental risks and reports to the RMC. The Executive Committee endorses

key risks of the Company, which are further ratified by the Audit Committee. In order to ensure effective risk management within the Company, the RMC is responsible for reviewing risks and ensuring the effectiveness of the risk management process.

**Functions**

- Design an overall risk management strategy.
- Communicate views of the Board and senior management regarding the risk management culture and risk appetite across the Company
- Prepare risk management policies and procedures
- Monitor the prescribed/threshold limits of risk appetite
- Develop and observe the use of models to measure and monitor risks
- Develop and oversee implementation of stress testing
- Review market conditions, identify external threats, and provide commensurate recommendations for precautionary measures

The Company maintains a risk register where all the associated risks, as well as action plans, are recorded.

**9.1 INTEGRATED RISK MANAGEMENT FRAMEWORK**

Extending the existing risk management approach to cover up risk factors at BAT Bangladesh, we have the following strategic steps, which are undertaken iteratively throughout the year:



- **Risk management planning:** defining the scope and objectives of the risk process, describing the techniques and tools to be used, stating the thresholds of acceptable risk to various stakeholders, detailing roles and responsibilities etc.
  - **Risk identification:** exposing and recording all foreseeable risks which could affect objectives, together with information on their cause(s) and possible effect(s).
  - **Risk assessment/analysis:** estimating the probability of occurrence and severity of impact for each identified risk and prioritising risks for further attention, grouping risks into categories to identify hot-spots of risk exposure or common causes, and analysing the combined effect of risks on objectives using statistical models.
  - **Risk response development:** considering how to respond to each individual risk and to the overall risk exposure, selecting a strategy which is appropriate, achievable and affordable, allocating each response to an owner.
  - **Risk monitoring:** ensuring that agreed actions are implemented effectively, monitoring the effect on risk exposure, and communicating risk information to stakeholders with appropriate detail and frequency.
  - **Risk review:** updating the risk process to assess the status of existing risks, determine the effectiveness of agreed responses, identify new risks, and review the overall risk process.
- a significant effect on the overall organisation, and enabling these to be managed proactively.
- Enabling opportunities to be managed proactively as an inbuilt part of business processes at both strategic and tactical levels, rather than reacting too little and too late as often happens.
  - Providing useful information to decision-makers when the environment is uncertain, to support the best possible decisions at all levels.
  - Creating space to manage uncertainty in advance, with planned responses to known risks, increasing both efficiency and effectiveness, and reducing waste and stress.
  - Minimising threats and maximising opportunities, and so increasing the likelihood of achieving both strategic and tactical objectives.
  - Allowing an appropriate level of risk to be taken intelligently by the organisation and its projects, with full awareness of the degree of uncertainty and its potential effects on objectives, opening the way to achieving the increased rewards which are associated with safe risk-taking.
  - Development of a risk-mature culture within the organisation, recognising that risk exists in all levels of the enterprise, but that risk can and should be managed proactively in order to deliver benefits.
  - Strategy and tactics are connected through project objectives, which are both affected by uncertainty, leading to risk at both strategic and tactical levels. An integrated approach to risk management can create significant strategic advantage by bridging the strategy/tactics gap, and dealing with both threats and opportunities, to enable both successful project delivery and increased realisation of business benefits.

## 9.2 INTEGRATED RISK MANAGEMENT STRATEGY

The integrated risk management strategy at BAT Bangladesh is comprised of our vision, mission and tactical deliverables objectives with attention to proactive management.

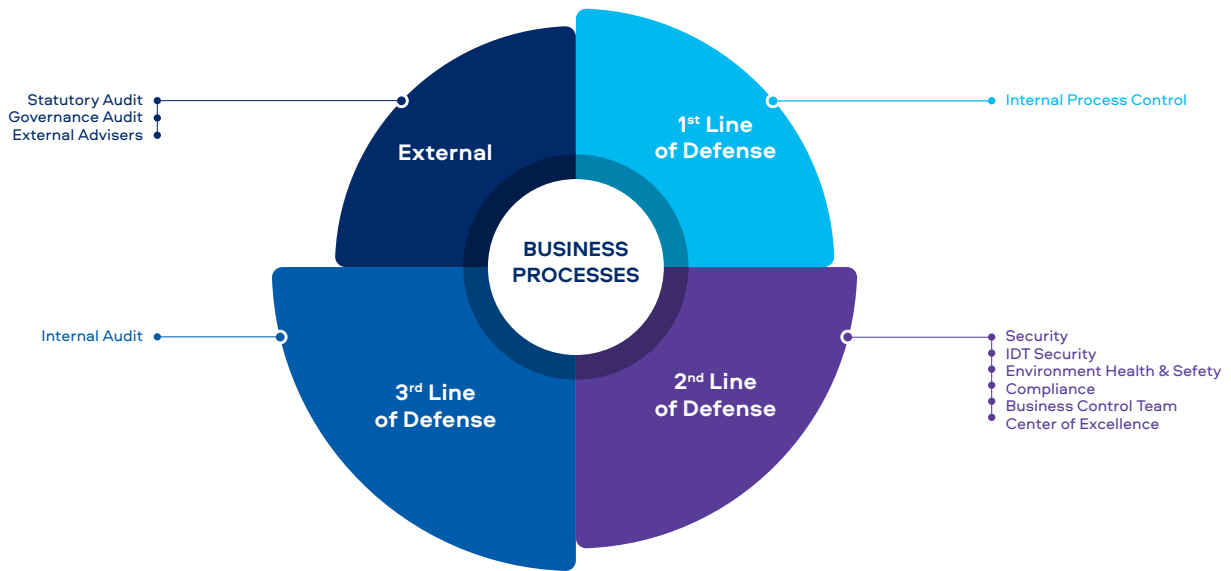
Integrated risk management addresses Bat Bangladesh's risks across a variety of levels in the organisation, including strategy and tactics, and covering both opportunity and threat. Our effective implementation of integrated risk management strategy includes:

- Bridging the strategy/tactics gap to ensure that project delivery is tied to organisational needs and vision.
- Focusing projects on the benefits they exist to support, rather than simply on producing a set of deliverables.
- Identifying risks at the strategic level which could have

## 9.3 SYSTEM OF INTERNAL CONTROL

The Board disseminates responsibilities for ensuring effective control processes in the organisation through the Board committees and also a top Management Leadership Team that plays a significant role in managing the business as per the norms of corporate governance, while also ensuring that adequate internal controls are in place and supported through a robust risk management and MIS framework.

The Company's internal control assurance framework, which is designed along the "3 lines of defense" model, is outlined below:



1st Line Defense		
Teams	Control operating System	
All Business Units	Delegation of Authority	Record Management
	Standards of Business Conduct (SoBC)	Data protection Policy
	Sales & Distribution Guideline	Treasury Policy
	Credit Management Policy	Recruitment Policy
	Procurement Policy	Performance Management Policy
	Stock Management & Inventory Policy	Leave & Attendance Policy
	Quality Control Protocol	IT General Control
	Distributor Manual	EHS Policy
	Leaf Supply Manual	Agreement Policy
	Fixed Asset Policy	Office Security Policy

2nd Line Defense		
Teams	Assessment tools	Frequency
• Center of Excellence	Control Navigator (CN)	Annually
• Business Control Team	Sarbanes Oxley Act (SOx)	Phases
	Risk Management Committee ( RMC)	Biannually
• Compliance	Compliance	AC Approved
• Env. Health & Safety	Immediately Reportable Incidence	Ad-hoc
• IDT Security	Speak Up	Ad-hoc
• Security	Business Partner Reviews	Per plan

2nd Line Defense		
Teams	Assessment tools	Frequency
Audit & Compliance	Compliance Check	AC Approval
	Local Audit	AC Approved

## 10. STANDARDS OF BUSINESS CONDUCT

In compliance with the requirements of the Codes of Corporate Governance, 2018, of the Bangladesh Securities and Exchange Commission (BSEC), the Company has in place its codes of conduct, known as the Standards of Business Conduct or SoBC, which is applicable for the Chairman, Board members, Managing Director and all other senior members of the Management. The code is available on the website of the Company.

The Board reviews the Standards of Business code of Conduct from time to time for applying the highest standards of governance, embracing the best global practices. The Standards of Business Conduct were last updated and revised by the Board in January 2020.

BAT Bangladesh places an inexorable emphasis on adopting high standards of business integrity through its Standards of Business Conduct (SoBC), which must be followed by all employees and Directors of the Company. The scope of SoBC includes policies regarding the Speak Up process, declaration of conflicts of interest, bribery and corruption in the workplace, human rights, and operations. The scope also mentions guidelines for entertainment and gifts, charitable contributions, accurate record-keeping, protection of corporate assets/interests, confidentiality, and information security, insider dealing and market abuse, competition and anti-trust laws, money laundering and anti-terrorism, illicit trade and trade in the Company's products and sanctions.

### OUR ETHOS/ Our vision, mission

Ever since our inception 111 years ago, BAT Bangladesh is committed to partnering the country in its sustainable development journey. Our top-notch compliance and governance standards are seen as a standard for the corporate world. At the same time, we are known for developing world-class leaders for both national and international organizations. At BAT Bangladesh, we have set our Company's goals that require us to embrace new ways of doing things.



#### BOLD

Dreaming big and developing innovative ideas



#### FAST

Setting a clear direction and moving fast to achieve them



#### EMPOWERED

Set the context for our teams and trust their expertise



#### DIVERSE

Build on each other's ideas, knowledge, and experiences



## RESPONSIBLE

Act with integrity, never compromise our standards and ethics

Our vision, mission, strategic objectives, and value statements are depicted on page no. 18 of this annual report.

## 11. HUMAN CAPITAL

The core strength of the Company comprises its people. Thus, a team of motivated talented employees is the principal asset of the Company. The Company works extensively to provide a unique, diversified culture, which includes performance-based rewards, respect and growing scope of opportunities for showcasing their talent. Hence, the Company is recognized as an employer of choice in the country. The "Top Employers" award is given by Top Employer Institute as a reflection of this focus that has been bestowed upon the Company for its best practices in human resources. For ensuring long-term sustainability, the Company stresses a skill and merit-based recruitment and selection process with a highly competitive remuneration package, sufficient training and capacity development programs, career growth with succession planning, high-performance culture and a satisfying workplace environment, where employees can escalate their grievances and receive counseling.

### 11.1 RECRUITMENT AND SELECTION

The quality of the talent and talent development are the top priorities of the Company. Recruitment and selection are an integral part of such best practices. Battle of Minds (BoM), an esteemed competition organized and hosted by BAT Bangladesh every year is a highly anticipated business recruitment platform. Over the last 17 years, BoM has been the flagship employer branding initiative to attract graduates. In 2019, the bar was set even higher as BoM was accepted and launched on a completely new scale globally. Further, despite the pandemic, BoM was fully re-pivoted online and emerged as one of the most successful events conducted virtually in the country. Further, the Company also offers a wide array of interactive and engaging assessments, assisting in the identification and selection of the most talented applicants through a rigorous multi-layered recruitment process. Yet another program, the global graduate's program, is aimed to recruit outstanding fresh graduates and develop them as the future leaders of the Company.

### 11.2 LEARNING & DEVELOPMENT

The Company focuses on providing extensive training to its employees and offers several opportunities for sustained talent development. The need for work-life balances well-recognized by the Company. Hence, various trainings are provided, including programs targeting appropriate

employees at regular intervals. The organization also has a well-equipped technical training center for conducting comprehensive technical training.

### 11.3 COMPENSATION & BENEFITS

The recruitment strategy of the Company is based on attracting and retaining the most suitable people at all levels of the business. The Company's remuneration policies are competitive and, as such, developed embedding individual qualifications, skills, performance, contribution, and responsibility, thereby ensuring a robust differentiation among other companies.

### 11.4 COMPREHENSIVE PERFORMANCE MANAGEMENT PROGRAM

BAT Bangladesh has a well-structured policy for evaluating performance. The comprehensive performance appraisal system allows the management to measure performance against business targets at the end of the year. The appraisal system is crucial to reward performance according to our rigorous screening process, while also providing other employees to further build their capabilities to ensure that they actively contribute to meeting the Company's goals and objectives.

### 11.5 REWARDS AND RECOGNITION PROGRAMME

The Company's rewards and recognition program takes cognizance of employee performance, action, behavior and consistency of efforts. It is based on these criteria that BAT Bangladesh has a competent reward and recognition program. Short-term business results generating value for the business are rewarded through annual incentive schemes. A reward is also presented for the collective achievement of defined corporate results, to which the individual has made contributions. BAT Bangladesh employs a range of non-cash as well as monetary forms of reward through its various recognition and incentive schemes.

### 11.6 GRIEVANCES AND COUNSELING

Work discipline may get affected by any employee's behavior or sometimes an employee may be aggrieved about his/her personal employment position. Hence, the Company encourages employees to speak out under the grievance procedure. Employees also receive periodic counseling for their functions and roles in the Company.

### 11.7 ENSURING A SOUND WORKPLACE

Our people have always been the core strength of the Company. The Company invests time and resources to ensure an amicable and suitable work environment. All employees (both office and factory) must respect the environment. A zero-tolerance policy is maintained across the Company against any sort of discrimination. Further, all employees, irrespective of their gender, are presented with equal opportunities in the spirit of meritocracy, and

not subjected to any deprivation of work opportunities. In recognition of these efforts, the Company was yet again bestowed with the prestigious award under 'The Most Female Friendly Organization' in 2019.

### 12.0 ASSETS & RECORDS MANAGEMENT

The Board of Directors of BAT Bangladesh acknowledges its function as a trustee of shareholders' funds. Hence, the Board has been supervising investments in ensuring cutting-edge operational efficiency. From the acquisition to the disposal of assets, thorough transparency and accountability are ensured, keeping in mind shareholders' best interests. The implementation of safety measures and periodic physical verification is taken on a test basis for ringfencing of corporate assets and to ensure the accuracy and authenticity of the numbers reported. Against industrial risks, relevant assets are sufficiently covered by insurance. Records of the Company are archived safely for prompt retrieval in case of need arising for reference. The Company Secretary is entrusted with the records management responsibility of the Company.

### 13.0 STATUTORY AUDIT

Based on the recommendation of Audit Committee, the Board endorses the appointment of an Auditor upon shareholders' approval at the Annual General Meeting. Appointment of the Statutory Auditor is regulated by the Companies Act, 1994, Securities & Exchange Rules, 2020 and the BSEC Codes of Governance, 2018. Shareholders not only approve the appointment of the Statutory Auditor but also fix the remuneration of the Auditor. As per BSEC order, a Statutory Auditor cannot remain in office for more than three consecutive years. Further, to ensure adequate regulatory compliance, a Compliance Certificate is obtained from a licensed practicing professional who certify based on his audit that the Company has duly complied with all the regulatory requirements, as stipulated in the CGC of Bangladesh Securities and Exchange Commission (BSEC). Such report is presented to the shareholders and forms a part of the Annual Report of the Company. The appointment of the Compliance Auditor is also subject to the approval of shareholders at the Annual General Meeting.

### 14. COMPLIANCE AUDITOR

To ensure adequate regulatory compliance, the Company obtains a Compliance Certificate from a practising professional who certifies, based on the audit, that the Company has complied with all regulatory requirements as stipulated in the Bangladesh Securities and Exchange Commission's Code of Corporate Governance. This compliance report is sent to the shareholders and is included in the Company's annual report. Each year, the Compliance Auditor's appointment is also subject to the shareholder's approval at the Annual General Meeting.



Auditors' last gathering with the Company's executives after finishing the consistence review. Auditors discuss the audit results, and which critical infringements were found. The Board can question the discoveries or give extra understanding about the result.

### 15. INDEPENDENT SCRUTINIZER TO THE 49<sup>TH</sup> AGM

As per the requirement of condition no. 9 of Directive No. BSEC/CMRRCD/2009-193/08 dated March 10, 2021 of BSEC, The Company is required to engage an 'Independent Scrutinizer' at AGM or EGM.

The Board of Directors, at its meeting dated 9<sup>th</sup> February 2022 has appointed Mohammad Sanaullah & Associates, represented by Mr. Mohammad Sanaullah FCS, as the Independent Scrutinizer for the 49<sup>th</sup> Annual General Meeting (AGM) of the Company, which will be held virtually on 30<sup>th</sup> March 2022 at 10:30am. The Independent Scrutinizer shall authenticate the due process of election and detailed information of voting results, and such authenticated report shall be submitted to the BSEC within 48 (forty-eight) hours of the conclusion of the 49<sup>th</sup> AGM of the Company.

### 16.0 TRANSPARENT DISCLOSURE

Financial statements are prepared in accordance with the various applicable laws and regulations, which include:

- International/Bangladesh Financial Reporting Standards (IFRS/BFRS)
- Companies Act, 1994, Amendment 2020
- Securities and Exchange Rules, 2020
- BSEC Directives and Notifications

The Board is responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. Accounting estimates are made, which are rational as per the circumstances with the use of correct accounting policies and interpretations. The reports are then reviewed accordingly by the respective authorities on a regular basis.

### Summary of AGM/EGM

Particulars	2021	2020	2019	2018	2017
Date of the AGM	28 March	22 April	28 April	17 April	19 April
EGM Date/ Agenda (MoA Clause-5 & AoA 80a amendment)	-	-	28 April	-	-
Ordinary Business Agenda	5	5	5	4	4
Special Business Agenda	1	-	-	-	-

The external auditor attends the Audit Committee meetings to review the quarterly financial statements, prepared in accordance with Company policies. The Board reviews the financial statements of the Company at the end of every quarter. The quarterly financial statements, along with notes, are published in two leading daily newspapers, as well as on the Company's website. Further, half-yearly and annual financial statements are also sent to all shareholders in a timely manner. The Directors' Report, which is an essential part of the Annual Report as it discloses the financial performance as well as non-financial information regarding the Company's growth, productivity, responsibilities, and other information, in compliance with BSEC notification. The Company also abides by the applicable regulations in respect to Price Sensitive Information (PSI) and insider trading.

### 17.0 ANNUAL GENERAL MEETING (AGM) & COMMUNICATION

Prior to the AGM, respective shareholders are given 2-weeks' notice with all necessary papers for dissemination of information and also to ensure maximum attendance at the AGM. Quarterly and half-yearly accounts information are also published on the website and duly notified to all stakeholders on a timely basis. The Company liaises with shareholders and ensures that all stakeholders are informed about the Company's activities and material developments on a routine basis. In order to ensure information is broadcast among all shareholders and stakeholders, BAT Bangladesh also engages with stakeholders and shareholders as much as possible. The importance of general shareholders of the Company is well-acknowledged by the Directors and the AGM provides a platform for the Directors to engage and communicate with them. The Annual Report is made available to shareholders in advance for ensuring detailed and constructive discussions. The Company's policy ensures that shareholders ask questions about its activities and prospects at the AGM. The Board also structures these meetings so that shareholders can vote separately on each matter by proposing separate resolutions for each item to be considered.

### 17.1 ENSURING PARTICIPATION OF SHAREHOLDERS AT THE AGM

Ensuring maximum participation of shareholders at the AGM is one of the primary objectives of BAT Bangladesh and, towards this extent, it delivers the Annual Report at least 21 days prior to the AGM. The date, time, venue and agenda are communicated to members well in advance so that they may attend the AGM with their considered views on each agenda. The meeting materials are sent by means of both messenger and digital media for quick dissemination. Further, BAT Bangladesh, being highly particular about compliance with regulatory requirements, ensures publication of AGM notice in two widely circulated newspapers, with copies also sent to the stock exchanges and the BSEC.

Due to the pandemic, BAT Bangladesh is conducting its AGM through a secured online platform. From this year, in compliance with the BSEC Directive No. BSEC/CMRRC/2009-193/08 the AGM is conducted under digital Platform where an Independent Scrutinizer who has experience and qualification in CS and CA is appointed to maintain due diligence in performing the cast of the voting online and offline.

### 17.2 COMMUNICATION WITH SHAREHOLDERS

Communication is made by the Company to meet the best interests of all shareholders. Demonstration of best practices is further manifested by ensuring that comprehensive information is made available on the Company's website, assuring investor trust and confidence in the Company. The Company's website ([www.batbangladesh.com](http://www.batbangladesh.com)) acts as the right channel in case of retrieval of any publication. At the AGM, shareholders are offered the chance to ask the Board regarding the operations and prospects of the Company.

Moreover, the shareholders are updated through:

- The monthly shareholding pattern in the website
- Compliance report submitted to Dhaka Stock Exchange & Chittagong Stock Exchange
- Timely update of the financial quarters and Price Sensitive Information
- Disclosure of the update of the Company through the proper representation of the Annual Report
- Proper inform of the material information

The shareholders can ask any queries through the Hotline number of the Company (+8801313701925), the Facebook page of the BAT Bangladesh Shareholders (<https://www.facebook.com/batb.shareholders/>) and through the designated mail address ([batbshareoffice@bat.com](mailto:batbshareoffice@bat.com)).

### 17.3 COMMUNICATION THROUGH THE WEBSITE

The Company's website [www.batbangladesh.com](http://www.batbangladesh.com) displays the Annual Reports, half-yearly financial reports, quarterly financial reports, and different price-sensitive information. All disclosures are required by the Bangladesh Securities and Exchange Commission, Listing Regulations of the Dhaka Stock Exchange Limited, and the Chittagong Stock Exchange in the form of PSI is made adequately and promptly. In addition to ensuring timely compliance, this also enables the dissemination of information to all stakeholders and the public through print and online media.

### 17.4 WELL-DEFINED SHAREHOLDERS' RIGHTS

For managing successful and productive relationships with shareholders, it is imperative to reinforce the importance of maintaining trust, transparency and accountability. The Board ensures, through the Investors Relations, that shareholders of the Company are treated justly, fairly and honorably and their rights are protected in all respects. The Company Secretary works as a bridge over the management, shareholders and the Board of Directors of the Company, delivering assured services to valued shareholders while confirming as per applicable laws and Articles of Association of the Company the well-defined rights of shareholders. Shareholders are informed on all material developments/matters in a routine manner on all major issues and changes in business, catering to the continuous requirement of disclosures so that shareholders can make informed decisions.



### 17.5 SHAREHOLDERS COMPLAINT MANAGEMENT PROCESS

BAT Bangladesh is a firm believer in treating all shareholders fairly. We have committed to serving the right procedure in order to handle the shareholders' complaints within the time period in order to settle the complaints on a priority basis. A Complaint Management Policy is in place to facilitate effective stakeholder involvement as well as maintain stakeholder rights and responsibility. Our commitment is to:

- Facilitating easy access to shareholder information

- Ensuring that shareholders' enquiries and complaints are handled in an efficient and timely manner.
- Facilitating access to material information.

### 17.6 OUR COMPLAINT MANAGEMENT SYSTEM

Where a complaint or enquiry is sent, the investor relationship department upon receipt uses its best endeavors, liaising with the Registrars to ensure that the complaint or enquiry is properly attended to within the time frame stipulated below:

- Complaints or enquiries received by email are acknowledged by email within 24 hours of receipt and by post are responded to within two working days of receipt;
- Endeavors to resolve all complaints within ten (10) working days of receipt (upon the shareholder meeting all conditions and requirements for the resolution of the complaint.)
- Where a complaint/enquiry cannot be resolved within the stipulated time frame, the time within which to resolve the complaint may by notice be extended. Where the complaint can still not be resolved, the complainant may be referred to an authority that may likely handle and resolve the complaint;
- The same medium that was used for the initial enquiry are used in providing a response unless otherwise notified to or agreed with the shareholders. The investor relationship department endeavors to resolve all complaints amicably and keep shareholders updated on the status of resolution.

### 17.7 WAY TO RAISE ANY QUESTION & COMPLAINTS

- Company Secretary  
Md. Azizur Rahman FCS  
md\_azizur\_rahman@bat.com
- Investment Relationship Department (Share Office)  
Md. Atiqur Rahman  
Assistant Manager – Shares & Records Management  
Atiqur\_Rahman@bat.com / batbshareoffice@bat.com  
Mobile: +8801313701925, +8801755532753  
British American Tobacco Bangladesh  
New DOHS Road, Mohakhali  
Dhaka-1206

### 17.8 SPEAK UP POLICY (WHISTLE-BLOW)

BATB's SPEAK Up Policy enables any employee, supplier or anyone associated with the Company to inform of any wrong-doings or violation of policy. The flexibility of this



**Md. Azizur Rahman FCS**  
Company Secretary

policy is that one does not simply have to wait for a violation to occur but simply if there lies a chance of violation.

Anyone can now report it directly to the Company's designated officers via email, letter, or phone call. The Company Designated Officers are as follows:

- Managing Director
- Finance Director
- Head of LEX
- Head of HR
- Head of Public Affairs & Company Secretary

If they prefer, they can report any incident on the online Speak Up Portal (convercent.com), where they can remain anonymous. When an incident is reported, it is investigated, and steps are taken to ensure that such an occurrence does not occur again in the future. The Company listens to every complaint, acts quickly, and learns from it. Even if the allegations are not proven, those who make them face no consequences. The procedure is one-of-a-kind in this way. The incidents are promptly reported to the Board Audit Committee for follow-up action to ensure that no wrongdoings or violations occur.

### 18.0 BOARD COMMITMENTS

BAT Bangladesh has been the highest taxpayer in the private sector and is also enlisted on both the Dhaka and Chittagong Stock Exchanges. In 2021 alone, the Company disbursed the sum of BDT 29,078 crore as tax to the national exchequer. BAT Bangladesh has always cherished and shall continue to value its treasured relationship with the Government of Bangladesh, esteemed shareholders, and other stakeholders of the Company by practicing the highest standards of ethics and corporate governance.

### 19.0 SUMMARY

In conclusion, it must be stated that BAT Bangladesh holds the view that effective corporate governance is a continuous process that has been embedded as an integral part of the Company, enabling it to attain its goals and objectives over the short, medium, and long-term. Being a fully compliant entity, the Company upholds the spirit of transparency and accountability to society through the establishment of an effective governance regime. Hence, the Company drives best practices in governance across all functions, helping steward the business professionally, effectively, responsibly, transparently, ethically, and in a regulatory-compliant way. Overall, at BAT Bangladesh, we uphold our commitment to good corporate governance, ensuring the best interests of our stakeholders.



**Golam Mainuddin**  
Chairman

# AUDIT COMMITTEE



## STANDING FROM LEFT

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**Mr. Md. Azizur Rahman FCS**  
Secretary

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**Mr. K M Ali Azam**  
Member

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**Ms. Mahmuda Khatun**  
Member

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**Mr. A. K. M. Aftab Ul Islam FCA**  
Chairman

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**Mr. M. Tofazzel Hossain Miah**  
Member

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**Mr. Md. Abul Hossain**  
Member

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**Ms. Zakia Sultana**  
Member

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# AUDIT COMMITTEE REPORT

*The Audit Committee of BATB is the apex for facilitating effective governance and, because of its position offers the most effective oversight on performance, independence and objectivity of the auditor and the quality of the audit.*

## PURPOSE AND AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee performs in coherence and consistency and ensures compliance with the Corporate Governance Code promulgated by the Bangladesh Securities and Exchange Commission (BSEC). The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and, when appropriate, make recommendations to the Board on business risks, internal controls, compliance and audit. The Committee satisfies itself by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and contain business risks and that the Company's business is conducted in a proper and financially sound manner. The Audit Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the Company and ensures a sound monitoring system within the business. The Audit Committee is accountable to the Board of Directors. The duties of the Audit Committee are clearly set forth in writing.

The Audit Committee carried out for the following purpose:

- Enhance good practices in financial reporting and risk management.
- Ensure the establishment of adequate internal controls and compliance with laws and regulations.
- Ensure that the preparation, presentation and submission of financial statements have been made in accordance with the prevailing laws, standards and regulations.
- Fulfillment, discharge and execute of other stated responsibilities

The Audit Committee is authorized by the Board to review any activity within the business as per its terms of reference. It is authorized to seek any information or attendance it requires from any Director or member of management at any of its meetings. All employees are

expected to cooperate with any request made by the Committee. The Committee is also authorized to have information and advice from the Company's legal advisor, tax consultant and statutory auditor, if required. The terms of reference of the Audit Committee may be amended from time to time as required for the business, in line with BSEC notifications, subject to approval by the Board.

## THE COMPOSITION OF THE COMMITTEE

The Board has formed the Audit Committee, required under condition 5 Corporate Governance of BSEC with some specific assignments under its Terms of Reference. The Audit Committee comprising of the following Directors of the Company:

- Mr. A. K. M. Aftab Ul Islam FCA  
(Independent Director & Chairman of the Committee)
- Mr. M. Tofazzel Hossain Miah (Member)
- Ms. Zakia Sultana (Member)
- Mr. K. M. Ali Azam (Member)
- Ms. Mahmuda Khatun (Member)
- Mr. Md. Abul Hossain (Member)
- Mr. Md. Azizur Rahman FCS (Secretary)

As required, all members of the Audit Committee are 'financially literate' and can analyze and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

## PARTICIPATION OF NON-MEMBERS

Head of Internal Audit & Compliance and Finance Director attend the meeting as in attendance.

## TERMS OF REFERENCE

The Terms of Reference of the Audit Committee clearly defines the roles and responsibility of the Audit Committee. The Terms of Reference are periodically reviewed and revised with the concurrence of the Board of Directors. The Audit is responsible for and reports to the Board

of Directors. The Role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the “Corporate Governance Code” issued by the Bangladesh Securities and Exchange Commission (BSEC).

### ROLES AND RESPONSIBILITIES OF THE BOARD AUDIT COMMITTEE

The following comprises the primary activities of the Audit Committee in discharging its responsibilities. These functions serve as a guide, even as the committee may carry out additional functions and adopt additional policies and procedures, as may be appropriate, in light of the changing business, legislative, regulatory, legal or such other conditions in addition to any other responsibilities which may be assigned from time to time by the Board.

The role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the “Corporate Governance Code” by the Bangladesh Securities and Exchange Commission. The main objective of the Audit Committee is to assist the Board of Directors to effectively carry out its responsibilities relating to financial and other connected affairs. The Committee is empowered to monitor, review and examine:

- The integrity of the financial statements;
- The Company’s external auditors’ qualifications and independence, the performance and effectiveness of the Company’s internal and external audits, internal controls and the measurement of operational risk, and the compliance by the Company with legal and regulatory requirements.
- Any matter relating to the financial and other connected to the Company.
- Review the efficiency of Internal Control systems and procedures, in place.
- review the quality of Accounting Policies and their adherence to Statutory and Regulatory Compliance.
- Review the Company’s Annual Report and Accounts and Interim Financial Statements prepared for disclosure, before submission to the Board.
- Ensure that a well-managed sound financial reporting system is in place to provide timely reliable information to the Board of Directors, Regulatory Authorities, Management and all other stakeholders.
- Ensure Company’s policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders.

### MEETINGS

The Committee held on four (4) meetings during the year under review. The attendance of Committee members at meetings is stated in the table on page 116 Members of the senior management of the Company were invited to participate at meetings as and when required. The proceedings of the Audit Committee meetings are regularly reported to the Board of Directors. At the invitation of the Committee, the Engagement Partner of the Company’s external auditors, KPMG Rahman Rahman Huq., Chartered Accountants attended all Committee meetings during the year. The Committee continued guiding the management with the selection of the new Accounting Policies which is required under the aforesaid new Accounting Standards and implementing same.

The Board Audit Committee member’s attendance for the year 2021 are as follows:

Name	Audit Committee	%
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Chairman of the Committee	4/4	100
<b>Mr. M. Tofazzel Hossain Miah</b> Member (Appointed on 22 <sup>nd</sup> March 2021)	3/4	75
<b>Mr. K M Ali Azam</b> Member	4/4	100
<b>Ms. Zakia Sultana</b> Member (Appointed on 25 <sup>th</sup> May 2021)	2/4	50
<b>Ms. Mahmuda Khatun</b> Member	4/4	100
<b>Mr. Md. Abul Hossain</b> Member	4/4	100
<b>Mr. Md. Azizur Rahman FCS</b> Secretary	4/4	100

### ACTIVITIES

The Committee carried out the following activities during the year 2021:

#### (i) Reviewing Financial Reporting

To review the quarterly and annual financial statements of the Company, focusing particularly on:

- Any significant changes to accounting policies and practices;
- Significant adjustments arising from the audits;
- Compliance with applicable financial reporting standards and other legal and regulatory requirements; and
- The going concern assumption.

### **(ii) Reviewing Related Party Transactions**

To review any related party transactions and conflict of interest that may arise within the Company, including any transaction, procedure or conduct raising questions of management integrity.

### **(iii) Prepare Audit Committee Reports**

To prepare the annual Audit Committee Report and submit it to the Board. The report specifies the composition of the Audit Committee, terms of reference, the number of meetings held and attendance thereat, a summary of activities and the performance of internal audit services.

### **(iv) Review and Ensure Internal Control**

- To review the Risk Management and Corporate Governance framework adopted within the Company and to be satisfied that the methodology deployed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.
- To review the extent of compliance with established internal policies, standards, guidelines and procedures.
- To obtain assurance that proper control has been designed and implemented prior to the commencement of major change within the Company.

### **(v) Monitoring Internal Audit**

- To appoint an Internal Audit team ensuring the competency and qualifications necessary to execute the approved audit plans. Audit Committee also ensures full, free and unrestricted access to all activities, records, property for Internal Audit.
- To be satisfied that the plan, methodology and resources of Internal Audit are adequate before approving the internal audit plan.
- To ensure that appropriate actions have been taken to implement the audit recommendations.
- To recommend and guide Internal Audit for any action plan or further review if it is deemed necessary by Audit Committee.

### **(vi) Responsibility related to External Audit**

- To oversee the hiring of External Auditors and to oversee External Audit performance by reviewing the nature & scope of audit plan, audit report, evaluation of internal controls and coordination of the external auditor.
- To hold meeting with the External Auditors to review Financial Statements, audit findings and recommendations before submitting them to the board for approval or adoption.
- To review any findings by the external auditor arising from audits, particularly any comments and responses in management letters, as well as the assistance given by the employees of the Company in order to be satisfied that appropriate action is being taken.
- To review External Auditor's assessment on the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- To review any matters concerning the appointment and reappointment, audit fee and resignation or dismissal of the external auditor.
- To review and evaluate factors related to the independence of the external auditor and assist them in preserving their independence.
- To be advised of and decide to or not to make significant use of the external auditor in performing non-audit services within the Company, considering both the types of services rendered and the fees, so that its position as an auditor is not deemed to be compromised; and

Beside all the above responsibilities Audit Committee will act on any other matters as may be directed by the Board which are not in conflict with the Corporate Governance Code mandated by BSEC.

## **REPORTING OF THE AUDIT COMMITTEE**

### **(i) Reporting to The Board of Directors**

The Audit Committee reports on its activities to the Board of Directors. The Audit Committee immediately escalates its concerns to the Board in case of following findings:

- Report on conflicts of interests;
- Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;
- Suspected infringement of laws, including securities-related laws, rules and regulations;
- Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.

The Audit Committee further ensures that, in compliance with condition no. 5 of the Corporate Governance Code of Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/207/ Admin/80 dated 3 June 2018, the Managing Director and Finance Director of the Company have certified before the Board that they have thoroughly reviewed the Financial Statements of the Company for the year ended 31 December 2020, and they state that:

- They have reviewed the financial statements for the year ended on 31 December 2020 and that to the best of their knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- These statements collectively present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct of the Company's Board of Directors or its members.

Such joint certificate of the MD and FD is thoroughly reviewed by the Audit Committee before submission to the Board.

#### **(ii) Reporting to the Authorities**

The Audit Committee reports to the Board of Directors about anything which has a material impact on the financial condition and results of operation. The Committee also discusses with the Board of Directors and the management if any rectification is necessary. If the Audit Committee finds that such rectification has been unreasonably ignored, the Committee reports such findings to the Bangladesh Securities & Exchange Commission upon reporting of such matters to the Board of

Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.

#### **(iii) Reporting to the Shareholders and General Investors**

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition No. 5(6)(a)(i) of the BSEC Corporate Governance Code above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report of the Company.

### **SUMMARY OF ACTIVITIES DURING THE YEAR 2021**

In 2021, the Audit Committee reviewed its terms of reference, in line with the requirements of the BSEC Corporate Governance Code. The Committee performed its duties in accordance with the Terms of Reference of the Audit Committee and carried out the following activities in 2021

#### **REVIEWING FINANCIAL REPORTING 2021**

Audit Committee Reviewed the quarterly and annual financial statements of the Company with the Finance Director and Managing Director before recommending them to the Board of Directors for approval. The Committee also concluded that the financial statements presented a true and fair view of the Company's financial performance and accordingly approve the same.

#### **MONITORING INTERNAL CONTROL**

BATB Audit Committee reviewed the Company's Risk Management including deep dive into the key functional risks and mitigation plans. Besides, the committee reviewed the action plan status arising from various reviews including updates on breaches of the Standards of Business Conduct and Speak-up/whistle-blowing incidents.

#### **MONITORING INTERNAL AUDIT PROCESS**

Audit Committee Reviewed and approved Internal Audit and Compliance Review plan 2021. Committee also reviewed individual review reports including findings, cause and impact. They also reviewed and monitored action plans arising from the reviews.

#### **REVIEWING EXTERNAL AUDIT REPORT 2021**

The audit Committee reviewed the external auditor's audit plan, including its nature and scope, audit report, evaluation of internal controls and coordination between the internal and external auditors. They also reviewed Company's quarterly and annual financial statements before recommending them to the Board of Directors for approval.

#### **APPOINTMENT OF AUDITORS**

The Audit Committee reviewed, coincided and made recommendation to the board on the appointment and remuneration of the statutory and compliance Auditor.

#### **REVIEWING RELATED PARTY TRANSACTIONS**

Audit Committee reviewed reports of related party transactions and possible conflicts of interest. They also reviewed the estimated recurrent related party transactions mandate for the ensuing year and recommended to the Board to seek shareholders mandated at the upcoming Annual General Meeting of the Company.



## ETHICAL AND INTEGRITY AREAS

The audit committee deliberated reports on Speak-up/whistleblowing and SoBC breach incidents, security and safety matters and loss reports. They also periodically reviewed environmental, health and safety review reports.

## REVIEW ANNUAL REPORT PROCESS

Committee reviewed disclosures required by the statement on corporate governance, audit committee report, standards of business conduct, the statement on risk management and internal control for the financial year ended 31<sup>st</sup> December 2021 for inclusion in the Annual Report-2021 and recommended their adoption to the Board.

## INTERNAL AUDIT REPORT

The role of Internal Audit at the Company is designed in line with local legal and regulatory requirements, as well as the Global Audit function of British American Tobacco plc. (British American Tobacco plc. Group Internal Audit). The British American Tobacco Global Audit team comprises of a pool of experienced Auditors from different parts of the world. This approach ensures a high level of independence and gives access to more skilled and specialized resources than would otherwise be available within the Company. Furthermore, in line with the Corporate Governance Code, a compliance review mechanism of cross-functional processes is also established in the organization. The Head of Internal Audit & Compliance is a finance professional with a bachelor's and Master of Business Administration degree, along with eight years of cross-functional work experience in BAT Bangladesh, within the Company's Internal Audit and other functional roles.

The strides of Internal Audit undertake risk-based audit reviews towards the planning and conduct of audits which is consistent with the Group's established framework in designing, implementing and monitoring of its control systems. As such, the nature of audit performed is mainly focused on commercial processes, factory and supply

chain process, IT processes and any project or program which are focused on significant business change initiatives. Other audits are those reviews that arise from a direct request, either from the Management or the Audit Committee.

If required, British American Tobacco plc. assists the Audit Committee in reviewing the effectiveness of the Company's committee in control systems, whilst ensuring that there is an appropriate balance of controls and risks throughout the Company in achieving its business objectives. Any inappropriate restrictions on audit scope are to be reported to the Audit Committee. Internal Audit provides an independent assessment on the effectiveness and efficiency of internal controls utilizing a robust audit methodology and tool to support the Company and the effectiveness and efficiency of inter-efficient and effective risk management framework to provide assurance over the Company's strategy delivery and change management initiatives. The annual audit planning cycle takes direct input from both the risk register and the Audit Committee. In turn, the Audit Committee formally approves the Internal Audit & Compliance plan every year and reviews the plan on a quarterly basis. Any subsequent changes to the plan are approved by the Audit Committee. The scope of Internal Audit & Compliance covers reviews of all units and operations.

In 2021 Internal Audit & Compliance team conducted a number of audit and compliance reviews and the findings were reviewed in the Audit Committee meetings. The Audit & Review reports were issued to Audit Committee and Management Leadership Team. The specific action plans arising from the Audits enormously supported the Company to have a stronger internal control mechanism.

## EVALUATION OF THE COMMITTEE

An evaluation on the effectiveness of the Committee was carried out by the other Members of the Board of Directors and the Committee has been found to be effective.



**Md. Azizur Rahman FCS**  
Company Secretary



**A. K. M. Aftab UI Islam FCA**  
Chairman  
Audit Committee  
9<sup>th</sup> February 2022

# NRC COMMITTEE



## STANDING FROM LEFT

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**Mr. Md. Azizur Rahman FCS**  
Secretary

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**Mr. Golam Mainuddin**  
Member

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**Mr. K. H. Masud Siddiqui**  
Chairman

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**Mr. A. K. M. Aftab Ul Islam FCA**  
Member

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# NOMINATION & REMUNERATION COMMITTEE REPORT

*The NRC has a guiding role to the management to identify the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria. This committee is based on the Charter of NRC formulated mainly in accordance with the CG guidelines of BSEC as well as comprising other global best practices.*

BAT Bangladesh has always been very passionate about human capital management and takes responsibility for developing employee potential and leveraging employee skills in the organization. The Company guards with care the great resource of intelligent, experienced, disciplined, clear-thinking and energetic people who continuously drive growth and innovation, within clear risk boundaries. The Company continues to implement HR policies and practices that are aimed at growing and developing employees and ensuring their active contribution towards the achievement of corporate goals. The Company believes that the skills and enthusiasm of its employees are major forces that help it to achieve sustainable results.

## THE COMPOSITION OF THE COMMITTEE

The Board of Directors of BAT Bangladesh has duly constituted a Nomination and Remuneration Committee, as per the requirements of the BSEC Codes of Corporate Governance. Nomination & Remuneration Committee is a subcommittee of the Board and operates independently to ensure the rights and value of the Company's human resources. The NRC assists the Board in formulating the nomination criteria for determining qualifications, positive attributes, experiences and independence of Directors and other top-level executives as well as a policy for the formal process of considering the remuneration of directors and senior-level executives of the Company. The Committee comprises of the following Directors of the Company:

- Mr. K. H. Masud Siddiqui (Independent Director & Chairman of the Committee)
- Mr. Golam Mainuddin (Member)
- Mr. A.K.M Aftab Ul Islam FCA (Member)
- Mr. Md. Azizur Rahman FCS (Secretary)

## PURPOSE AND AUTHORITY OF THE COMMITTEE

The NRC also assists the Board in formulating policy for the formal and continued process of considering remuneration/honorarium of Directors and top-level executives. The NRC has a guiding role to the management to identify the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria. This Report of Nomination and Remuneration Committee is prepared according to the requirements of the CG codes of BSEC. It covers nomination and remuneration policies, evaluation criteria and activities of the NRC.

## TERMS OF REFERENCE

The Nomination and Remuneration Committee has performed its duties as assigned to it by the Board of Directors which is based on the Charter of NRC formulated mainly in accordance with the CG guidelines of BSEC as well as comprising other global best practices.

## ROLES AND RESPONSIBILITIES

The NRC was set up with explicit terms of reference. Abiding by it, the Company follows a nomination and remuneration policy, the benchmark of which relies on standards that are recognizable in the market context and sufficient to meet the current and future needs of the Company. The broad criteria in that respect for Directors and top-level executives and all other employees of the Company are as follows:

### a) Nomination Criteria

- Following the Company policies as well as guidelines and applicable country regulations,
- Following a selection process that is transparent in all respects,

- Following a process that is compatible with international standards and local best practices,
- Recognize core competencies of the respective personnel for the different levels of management and employees of the Company,
- Follow diversity in age, maturity, qualification, expertise and gender disciplines,

### b) Recruitment and Selection Guidelines

The NRC Charter draws a broad outline of the Company's needs for employees at different levels, as ascertained by the management. The recruitment and selection of Directors, top-level executives and other employees of the Company are made according to the following guidelines:

- **Executive Director:** The NRC recommends the candidate(s) for Executive Director(s), based on nomination by the majority shareholders. The Board of Directors appoints the Executive Director/s upon nomination and recommendation of the NRC.
- **Non-Executive Director:** The NRC recommends candidate(s) for Non-Executive Director(s), based on nomination by the majority shareholders, the Government shareholders and other general shareholders. The Board of Directors appoints the Non-Executive Directors upon nomination and recommendation of the NRC.
- **Independent Director:** The Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws that can make a meaningful contribution to the business. The Independent Director should have competence relevant to the sector in which the Company operates, and necessarily should have the qualifications as required by the regulations of BSEC. The Board of Directors appoints Independent Directors upon nomination and recommendation of the NRC, which is then approved by shareholders at the Annual General Meeting of the Company.
- **Top-level executives:** The NRC identifies and recommends candidate(s) for top-level executives upon thorough scrutiny by the Managing Director, Executive Committee and Human Resources Department (HRD), considering relevant qualifications, experience, skills and leadership, as required for the respective positions based on the Company's internal selection process.

**Explanation:** 'Top-level executives of the Company include the Managing Director, the Finance Director, the Head of Human Resources, the Head of Legal & External Affairs, all the Executive Committee Members (head of functions), the Company Secretary, the Head of Internal Audit &

Compliance, and same level/ ranked/ salaried officials of the Company.

- **Other Employees:** The NRC sets a guideline to identify the Company's need for employees at different levels and empowers the relevant management of the Company's HRD for selection, transfer, replacement and promotion of respective employees based on the Company's internal processes.

### c) Remuneration Criteria

- The structure, scale and composition of remuneration/ honorarium is reasonable and sufficient to attract, retain and motivate suitable Directors, top-level executives and other employees to run the Company efficiently and successfully. The context of packages, including remuneration/ benefits monthly, yearly and in the long run for all the employees are categorically laid down and meets the appropriate performance benchmarks;
- There is a clear balance in benefits between fixed and incentive pay of Executive Directors and senior management, reflecting short and long-term performance goals and objectives of the Company;
- The remuneration, including bonuses, compensation, benefits (or in whatever form) payable to the Executive Directors, top-level executives and other employees are determined by the NRC based on the respective Company policies and guidelines, which shall be ratified by the Board as and when required;
- The remuneration to be paid to the Executive Directors is in accordance with the Company's policies and guidelines; a. Increments (if any) to the existing structure of remuneration are determined by the NRC based on the Company's policies and guidelines, which are ratified by the Board as and when required;
- The NRC recommends the Board meeting attendance fees, honorarium, including incidental expenses, if any; and
- No member of the NRC receives, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.

## EVALUATION CRITERIA

### a) Executive Directors

The respective line authority of the Executive Director(s) sets the performance measurement criteria based on the respective role profile and responsibilities through a Company appraisal process at the beginning of each calendar year. The Executive Director(s) prepare the performance document (half-year and year-end). The

respective line authority then evaluates the performance of the Executive Director(s) according to the measurement criteria.

#### b) Independent Director & Non-Executive Director

The evaluation of the performance of the Independent Directors (IDs) and Non-Executive Directors are carried out at least once a year by the Board of Directors, according to the following criteria:

- Attendance at the Board meetings and committee meetings
- Participation in the Board meetings and committee meetings
- Contribution to improving the corporate governance practices of the Company

#### c) Top-level Executives & other Employees

The respective line authority of top-level executives and other employees sets the performance measurement criteria based on the respective roles and responsibilities to achieve people and business objectives through Company appraisal processes at the beginning of each calendar year. The employees concerned prepare the performance document (half-year and year-end). The respective line authority then evaluates the performance of the employee(s) according to the measurement criteria.

### MEETINGS

The Committee held on six (6) meetings during the year under review. The attendance of Committee members at meetings is stated in the table on page 116. Members of the senior management of the Company were invited to participate at meetings as and when required. The proceedings of the NRC meetings are regularly reported to the Board of Directors. On the invitation of the Committee, Managing Director, Finance Director and Head of Human Resource attended all Committee meetings during the year.

The Board NRC member's attendance for the year 2021 are as follows:

Name	NRC Committee	%
<b>Mr. K.H. Masud Siddiqui</b> Chairman of the Committee	6/6	100
<b>Mr. Golam Mainuddin</b> Member	6/6	100
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Member	4/6	60
<b>Mr. Md. Azizur Rahman FCS</b> Secretary	6/6	100

Activity Summary of Nomination and Remuneration Committee during the year:

- The NRC periodically reviews the background of the Independent Directors, the level of their independence as well as the performance attributes of Non-Executive Directors.
- Review the mixed and composition of the board and committees
- Review and approve the remuneration 2021 for the Management.
- Review Bonus pay-out ranges for the Management.
- Extend the tenure of Mr. Stephan Matthiesen as the Head of Finance of the Company.
- Appoint Ms. Zakia Sultana as a Non-Executive Director of the Company as per the nomination letter of the Ministry of Industries.
- To approve the Company HR policies. (Employment's Probation & Confirmation Policy, Employment's Recruitment & Selection Policy, Medical Claim Reimbursement, Transfer Related Expenses, Performance Management and Internal Recruitment)
- To recommend the appointment of Head of Brands & Strategy of the Company.
- To recommend the appointment of Finance Director and approve the inclusion of Head of External Affairs as a Member of Leadership Team of the Company.
- To recommend amendment of Benefit Car Policy of the Company.
- To recommend the appointment of Head of Trade of the Company.

### STANDARDS OF BUSINESS CONDUCT

At BAT Bangladesh, our Standards of Business Conduct (SoBC) comprises the assimilation of global and local policies that express high standards of conduct. We comply with the SoBC to maintain the integrity of our operations while expressing our fundamental purpose of existence. All members in the Company, i.e. from the Board of Directors to all other employees, must abide by the policy, complying with all applicable laws and regulations that govern our business operations. Responsibility and trust comprise the two core elements that define our conduct and have been articulated in detail in our SoBC. Essentially, SoBC is an integral part of our Corporate Governance.

**Our SoBC comprises the following broad tenets that we must embrace and abide by:**

- Ensure that decisions and judgments made by employees are lawful and comply with high ethical standards

- Help employees who are faced with making difficult judgments at work
- Set a tone and culture for the organization, which will enable it to be regarded as a good corporate citizen
- Give assurance to the Company's stakeholders

**The broad areas covered by the standards include the following:**

- Speak-up/Whistleblowing with respect to bringing to light any malpractice or wrongdoing
- Conflicts of interest
- Anti-Bribery and corruption
- Entertainment and gifts
- Respect in the workplace
- Human rights and our operations
- Charitable contributions
- Accurate accounting and record-keeping
- Protection of corporate assets
- Confidentiality and information security
- Insider dealing and market abuse
- Competition and anti-trust
- Money laundering
- Illicit trade
- Sanctions



**Md. Azizur Rahman FCS**  
Company Secretary

**ETHICS AND COMPLIANCE**

All management employees, along with the Board of Directors, must declare their allegiance with the SoBC for assuring compliance and, as such, must reveal any conflicts of interest on an annual basis. It is in the spirit of compliance that revelation of conflicts of interest must be made. Conflict of interest may arise when an employee and/ or immediate family may have an interest in or association with the operations of the Company/business. The immediate family members constitutes parents, spouse, children, brothers and sisters as well as step and adoptive relations.

Compliance with the SoBC is monitored regularly by the Board of Directors and the Audit Committee of the Company. On an annual basis, the Board of Directors must get reports from the Legal & External Affairs Department/ Company Secretary regarding the compliance of these Standards by BAT Bangladesh and its employees. Employees must proactively report any wrongdoing at work or incidences of noncompliance, to which they are duty-bound to follow and report if necessary.

The Company is committed to providing a safe and secure working environment for its employees. Bullying of any sort is strictly prohibited, as highlighted in the 'Human Rights and Operations' segment of this report. Furthermore, we affirm that we do not indulge in the employment of child labor. The Head of Legal and External Affairs, as well as the Company Secretary, conducts training sessions in different regions and in the Head Office to ensure that employees have an accurate understanding of the Company's principles and standards covering all the sections of the SoBC. The standards are made available on the Company's web portal for all employees and Board members.



**K. H. Masud Siddiqui**  
Chairman  
CSR Committee  
9<sup>th</sup> February 2022

# TOWARDS A SAFER TOMORROW



## PROBAHO

Probaho, the safe drinking water initiative was launched in 2009 with an aim to ensure good health and wellbeing among remote communities. Probaho wishes to continue the journey with pride and support the government in ensuring that 100% of the population use safely managed drinking water services.



**111 Filtration**

Plants across the country



**565,000+ Litres**

Safe drinking water everyday



**273,000+ People**

Served everyday

### Supporting SDGs



**3** GOOD HEALTH AND WELL-BEING



**10** REDUCED INEQUALITIES



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[www.facebook.com/probaho2009](https://www.facebook.com/probaho2009)



# CSR COMMITTEE



## STANDING FROM LEFT

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**Mr. Md. Azizur Rahman FCS**  
Secretary

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**Mr. K M Ali Azam**  
Member

---

**Mr. K. H. Masud Siddiqui**  
Member

---

**Ms. Mahmuda Khatun**  
Member

---

**Mr. A. K. M. Aftab Ul Islam FCA**  
Member

---

**Mr. M. Tofazzel Hossain Miah**  
Chairman

---

**Mr. Md. Abul Hossain**  
Member

---

**Ms. Zakia Sultana**  
Member

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# CSR COMMITTEE REPORT

*At British American Tobacco Bangladesh Company Limited (BATB), Corporate social responsibility (CSR) demonstrates our action of doing good across our arch of influence. It demonstrates our deep commitment to continue to serve our customers, communities, Shareholders and Government in good and in difficult times. It articulates our responsible stewardship for a more equitable future. The Company's CSR emphasis is embedded into the culture of the Company, not only enabling the enhancement of business sustainability but also ensuring commitment to long-term stakeholder value creation. BAT Bangladesh's CSR initiatives comprise three projects those are of great impact while fulfilling the fundamental needs of the society at large.*

At British American Tobacco Bangladesh Company Limited (BATB), Corporate social responsibility (CSR) demonstrates our action of doing good across our arch of influence. It demonstrates our deep commitment to continue to serve our customers, communities, Shareholders and Government in good and in difficult times. It articulates our responsible stewardship for a more equitable future. The Company's CSR emphasis is embedded into the culture of the Company, not only enabling the enhancement of business sustainability but also ensuring commitment to long-term stakeholder value creation. BAT Bangladesh's CSR initiatives comprise three projects those are of great impact while fulfilling the fundamental needs of the society at large.

## THE COMPOSITION OF THE COMMITTEE

On 11th April 2012, the Board of Directors established a CSR Committee as a sub-Committee of the Board. Seven (7) Directors are nominated to the Board CSR Committee. The Board has formed the CSR Committee to ensure better management of the Company's CSR initiatives in a way that secures business sustainability and creates and sustains a positive impact on the reputation of the Company.

The CSR Committee comprising of the following Board of Directors of the Company:

- Mr. M. Tofazzel Hossain Miah (Chairman of the Committee)
- Mr. K. M. Ali Azam (Member)

- Mr. A. K. M. Aftab Ul Islam FCA (Member)
- Ms. Zakia Sultana (Member)
- Ms. Mahmuda Khatun (Member)
- Mr. K. H. Masud Siddiqui (Member)
- Mr. Md. Abul Hossain (Member)
- Mr. Md. Azizur Rahman FCS (Secretary)

The Head of Legal and External Affairs and the Corporate Affairs Manager are permanent invitees to the CSR Committee meetings by means of their position. Other relevant managers and stakeholders also attended the meeting by invitation.

## AUTHORITY

The CSR Committee is authorized by the Board of Directors to guide, monitor and evaluate the strategy and ongoing activities in order to create a greater impact on society. The terms of reference of the Committee are subjected to amendment from time to time, as per requirements, subject to prior approval by the Company's Board of Directors.

## MEETINGS

For ensuring business sustainability and creating a positive impact on the image and reputation of the Company amongst stakeholders and the larger society, the CSR Committee takes up the necessary tasks. The Board CSR Committee member's attendance for the year 2021 are as follows:

Directors	CSR Committee	%
<b>Mr. M. Tofazzel Hossain Miah</b> Chairman of the Committee (Appointed on 22 <sup>nd</sup> March 2021)	3/3	100
<b>Mr. K M Ali Azam</b> Member	3/3	100
<b>Mr. K.H. Masud Siddiqui</b> Member	3/3	100
<b>Ms. Zakia Sultana</b> Member (Appointed on 25 <sup>th</sup> May 2021)	2/3	75
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Member	3/3	100
<b>Ms. Mahmuda Khatun</b> Member	3/3	100
<b>Mr. Md. Abul Hossain</b> Member	3/3	100
<b>Mr. Md. Azizur Rahman FCS</b> Secretary	3/3	100

**ACTIVITIES SUMMARY**

At BATB, we understand the impact that our Company has on the lives of the people we employ, the communities that surround our operational areas and the environment, as well as the economic contribution that we make to the regions in which we operate.

The Company’s CSR activities are aligned with the Government’s initiatives and focus on Sustainable Development Goals (SDGs).

BAT Bangladesh’s CSR portfolio includes three CSR flagships of the Company. These comprise Bonayan, Probaho and Deepto, which positively impact society.

**BONAYAN, THE AFFORESTATION PROGRAMME: A JOURNEY TOWARDS A GREENER TOMORROW**

Many people’s lives are adversely affected by activities taken by a few people in the name of climate change. To ensure that we leave a better future for the coming generations, governments around the world must assure compliance through measures that have a positive influence on the environment. Bangladesh government has also made a commitment to restoring the environment. Every year on World Environment Day, the government launches the National Tree Plantation Campaign to enhance public awareness about the importance of protecting the ecosystem and increasing biodiversity. The goal is to make Bangladesh a greener place. BAT Bangladesh’s afforestation initiative ‘Bonayan’ has been underway for more than a couple of decades, and it is helping to make Bangladesh a greener, more sustainable place.

Bonayan began its afforestation journey in 1980 in response to a plea by the Bangladesh Forest Department

to encourage widespread plantation. In 2021, the project celebrated its 41<sup>st</sup> anniversary following achieving steady progress. The programme has so far given 115 million, including 5 million saplings in 2021, fruit, forestry, and medicinal plant saplings free of charge to various recipient communities in order to maintain the biodiversity balance throughout different parts of the country. Bonayan’s main goal has always been to create public awareness about the significance of living in a more environmentally friendly world. For this reason, its goals are in direct accordance with the United Nations’ Sustainable Development Goal # 13 (Climate Action), and # 15 (Life on Land) to expand the area of tree-covered land in Bangladesh by 2030.

Bonayan believes in public-private partnership and is proud to have worked with numerous government bodies and private organizations such as:

- Refugee Relief and Repatriation Commissioner (RRRC)
- Dhaka North City Corporation (DNCC)
- Dhaka South City Corporation (DSCC)
- Rajshahi City Corporation (RCC)
- Bangladesh Army, Bangladesh Navy
- Bangladesh Police
- Border Guard Bangladesh (BGB)
- Bangladesh Agricultural University (BAU)

Since 2017, almost 1.1 million Rohingyas have sought safety in Cox’s Bazar. As the settlements grew, the refugees began using wood and bamboo from the nearby forests. This led to enormous deforestation, harming the area’s ecosystem and biodiversity. In 2018, the Refugee Relief and Repatriation Commission (RRRC) of Bangladesh launched a reforestation program to help restore the ecology and biodiversity in and around the camps. With its flagship ESG program ‘Bonayan’, BAT Bangladesh was the sole private-sector enterprise to support the government’s initiative to restore natural balance. We have planted 210,000 saplings since 2018 in the Kutupalong Rohingya Camp area covering almost 22 hectares of blocks and 15.5 kilometers of roadsides.

Despite the global pandemic, this year, in celebration of Bangladesh’s 50<sup>th</sup> anniversary, Bonayan in collaboration with the Ministry of Environment, Forest, and Climate Change has distributed 275,000 saplings to 12 District Forest Offices of the Bangladesh Government while adhering to Covid-19 protocols.

In 2021, Bonayan influenced the livelihoods of more than 30,000 beneficiaries through the distribution of 5 million saplings. At present, the project is operating in more than 18 districts across the country, including Dhaka, Mymensingh, Manikganj, Tangail, Rangpur, Rajshahi, Lalmonirhat, Natore, Kushtia, Jhenaidah, Meherpur, Jessore, Chittagong, Bandarban, Khagrachari, Cox’s Bazar,

Rangamati and Noakhali (Bhasanchar). Some of the notable projects include the afforestation site at:

- Lalon Shah Bridge, Kushtia
- Hazrat Shah Amanat International Airport, Chattogram
- Lama Alikodom highway, Bandarban
- Rohingya Camp, Ukhiya, Cox's Bazar
- Mirinja Point - Lama, Bandarban
- Kushtia -Jessore highway
- GK Canal project, Kushtia
- Jamuna Bridge
- Kushtia by-pass road

The program has a substantial impact on the socio-economic growth of the communities by enhancing the livelihood and living standards of those who benefit from it. Bonayan has the following economic and environmental effects, according to an extensive study undertaken by Nielsen Corporation:

- Economic Impact: with 77% of the beneficiaries earning money by tree plantation, while 49% stated an increase in income as a result of tree plantation. Besides, 33% of the beneficiaries invest money earned from the tree plantation in another business.
- Ecological Impact: With the increased number of trees and balancing the environment with intensive farming, ecological improvement was witnessed in 97% of the intervention area.
- Behavioral Impact: Increase in awareness regarding tree plantation (85%) was found to be the most significant change brought about by the afforestation program.

As a national recognition for outstanding contribution to tree plantation, BAT Bangladesh has received the prestigious Prime Minister's National Award five times latest in 2019 announced in 2021, and the Chief Advisor's Award once in 2007. In 2021, the initiative has also been honored with 'Bangladesh Innovation Award-2021' under the category 'Best Innovation-SDG inclusion'. The program has won international recognition when BAT Bangladesh was awarded as the 'Top Green Companies in Asia' while winning the prestigious Asia Corporate Excellence and Sustainability (ACES) Awards 2021. The initiative has also been bestowed with Asia Responsible Entrepreneurship Award in 2014 under Green Leadership by Enterprise Asia, a non-governmental organization striving for the pursuit of entrepreneurship development in the Asia Region.

BAT Bangladesh's afforestation programme 'Bonayan' is committed to taking its sustainability journey forward working with the Government to achieve the Sustainable Development Goals by restoring the ecosystem, to ensure a Greener Tomorrow for all.

## PROBAHO, THE SAFE DRINKING WATER INITIATIVE: TOWARDS A SAFER TOMORROW

The fight for safety and security is a universal one, and health safety is the primary focus. Because protecting people has never been easy. And nothing is direr than the need for protection from something as vital as water. Consequently, BAT Bangladesh's Safe Drinking Water Initiative 'Probaho', which was launched 12 years ago, has been tireless in its pursuit of ensuring everyone has access to clean water that is free of arsenic and other contaminants. Probaho proudly supports the ambition of the Bangladesh Government to accomplish Sustainable Development Goals (SDGs) No. 3 (Good Health & Wellbeing) and No. 10 (Reduced Inequalities) to ensure that 100 percent of the population uses safely managed drinking water services by 2030.

Due to arsenic pollution, millions of people in Bangladesh had a severe water shortage. In response to this immediate need, BAT Bangladesh began a flagship ESG project 'Probaho' in 2009 to provide rural people at risk of arsenic with clean drinking water. BAT Bangladesh marked its 111<sup>th</sup> anniversary in 2021 by completing the installation of its 110<sup>th</sup> water purification facility. As a result of this project, more than 273,000 people in 21 districts of Bangladesh now have access to 565,000 litres of clean drinking water each day. When it came to finding safe drinking water, many of these folks had little choice but to travel long distances in order to do so.

When asked if they had experienced arsenic poisoning or other waterborne ailments prior to the installation of filtration systems, 32% of those polled in intervention zones admitted to having done so. As a result of Probaho plant installation, the percentage has now dropped to just 0.3 percent. In-depth studies carried out by the Nielsen Corporation reveal that 99.8% of beneficiaries have access to safe drinking water at all times of the year and that 98.7% are confident enough to drink directly from the plant.

BAT Bangladesh's safe drinking water effort is now expanding outside of the country's historically arsenic-prone regions. As a result, it has broadened its scope to include areas where safe drinking water is in short supply. Salinity-prone locations like Shatkhira, distant areas of Chattogram's hill tracts, and the islands of Saint Martin's are presently being installed with water filtration plants.

Successful public-private partnership is a cornerstone of Probaho's vision for a safer future for present and forthcoming generations. It collaborates with the Bangladesh Police, the Border Guard Bangladesh, the Rajshahi City Corporation, and other organisations on the path to flowing purity.

In 2021, Probaho has Installed a water filtration plant at Padma park in collaboration with Rajshahi City Corporation (RCC) to provide visitors safe drinking water for free. The initiative expanded the horizon and established the 1<sup>st</sup> water filtration plant at St. Martin island in collaboration

with Bangladesh Border Guard (BGB). Furthermore, A multi-fold filtration plant has been established in Langipara, Bandarban to address the water problems of people living in remote hilly areas. For better governance, the initiative has established a call center platform to connect with the beneficiaries on a daily basis.

The project has been awarded the internationally acclaimed 'Asia Responsible Entrepreneurship Award-2018' and locally eminent 'Centenary Award 2014' from the Metropolitan Chambers of Commerce and Industries.

As we work towards the future, our dedication towards fulfilling the SDGs and our rich legacy of 12 years provide us the inspiration as well as the platform to move forth with pride and purpose, to ensure a safer today and tomorrow for all.

**DEEPTO, A RENEWABLE ENERGY INITIATIVE:  
TOWARDS A BRIGHTER TOMORROW**

This beautiful, pristine area of Bangladesh, unfortunately, suffers greatly from the reality of poverty and fuel scarcity like many other developing countries. The life of the inhabitants in the Hill Tracts would come to a halt at night since they had no access to power before BAT Bangladesh's renewable energy initiative 'Deepto' was implemented. In an effort to alleviate or at least mitigate the effects of this serious problem, Deepto has installed free-of-charge Solar Home Systems in the Chittagong Hill Tracts since 2011.

Across 25 villages in Bandarban, Khagrachhari, and Rangamati districts, a total of 2591 solar-powered home systems were installed. When kerosene-fueled lamps were the primary source of light in these locations, the lives of around 15000 people would have had to wait until morning and end at sundown. Now, Deepto's electricity has enabled hilly women to engage in income-generating industries like garment making, handicraft production, knitting, as well as turmeric processing.

Nielson Corporation's survey found that 94 percent of respondents mentioned that solar power is helping them cook at night, 77.1 percent said that women feel safer at home, 60.6 percent said that women can now go outside their homes at night, and 20.1 percent said that women can now engage in income-generating work at night. Students no longer had to study under hazardous kerosene lamps, due to the solar power units that were installed. They've been able to put in more study time and do better academically as a result of the initiative. Additionally,

families have saved money they would have otherwise spent on kerosene. By relieving the country's national power grid of nonrenewable sources of energy, BAT Bangladesh's renewable energy effort 'Deepto' is helping the government meet its SDG targets of "Decent Work & Economic Growth" (#8) and "Climate Action" (#13).

In 2021, a 2.61 KW Solar panel system has been installed to power a water filtration plant that provides safe drinking water to the general public on remote St. Martin's Island, where the national grid is unavailable. Furthermore, on the International Day of Light, BAT Bangladesh commemorated ten years of glorious illumination through the renewable energy project.

'Asia Responsive Entrepreneurship Award-2018' and 'Centenary Award 2014' from the Metropolitan Chambers of Commerce and Industries have recognized Deepto's efforts to bring solar power to impoverished communities in the hilly regions. By lowering its dependence on fossil fuels and boosting the use of renewable energy sources, Deepto aims to develop a self-reliant Bangladesh. BAT Bangladesh's renewable energy project 'Deepto' is dedicated to guaranteeing future exploration and sustainable deployment of renewable energy sources in agriculture and other sectors, in support of the government's Sustainable Development Goals (SDG).

As a responsible business organization, British American Tobacco Bangladesh believes that businesses have a key role to play in helping society to achieve the necessary sustainable balance of economic growth, environmental protection, and social progress. In this context, the Company's CSR activities are designed to contribute to the environmental, social, and economic sustainability of the communities where we operate in. To ensure further contribution to SDGs, the Company is looking beyond its current CSR initiatives to further contribute to society and is also exploring opportunities under the platform of 'Prerona Foundation', in alignment with the policy of the Government and considering the requirements and aspirations of the relevant stakeholders.

Towards meeting this end, we seek to identify and understand the CSR factors that impact our organisation and, conversely, how we shape and impact the environment and society around us. This is done in the context of our ability to promote conscientious consumerism with respect to providing our community with a responsible choice.

Sd/-  
**Md. Azizur Rahman FCS**  
Secretary

Sd/-  
**M. Tofazzel Hossain Miah**  
Chairman  
9<sup>th</sup> February 2022

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## AWARENESS

The Board of Directors of British American Tobacco Bangladesh (BATB) declare their awareness and responsibility on the strategic importance of safeguarding shareholders' investments and the Company's assets, recognising the importance of risk management and internal control, which also includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy, integrity and competence.

The Board regulates the nature and extent of the strategic risks which the Company takes to attain its objectives, while parallelly maintaining commensurate risk management and systems of internal control. The Board is aware of the competitive nature of the industry in which the Company operates, and hence it takes the view of balancing risk-reward situations, keeping risks to manageable and controllable levels.

The Board provides strategic guidance to the management to identify risks faced by the Company, and thus formulates, implements and monitors appropriate internal initiatives to mitigate and control risks. It must be noted that all control measures and internal practices work to reduce the impact of risks, rather than completely eliminating them, which acts as a hindrance to the Company's business objectives and growth targets. Accordingly, the Board can only provide reasonable but not absolute assurance against material misstatements or loss. The system of internal control covers financial, operational and compliance controls and risk management procedures.

BATB has in place an ongoing process (as outlined below) for identifying, evaluating, monitoring and managing significant risks faced by the Company. This process includes reviewing and updating the system of internal controls and considering the amendments in the regulatory, business and external environments. This process is reviewed by the Board through the Audit Committee. The Audit Committee's responsibilities and duties are stated in the 'Audit Committee Report' of this Annual Report. The Company's Standards of Business Conduct (SoBC) underpin our commitment to good corporate behaviour and is an integral part of our corporate governance framework. Our SoBC requires all employees to perform their duties embracing the highest standards of business integrity, ensuring compliance with all applicable laws and regulations and assuring that business standards are not compromised in any way for the sake of results. Our SoBC

is made available to our stakeholders and employees on our corporate website: [www.batbangladesh.com](http://www.batbangladesh.com)

## RISK MANAGEMENT FRAMEWORK: THREE LINES OF DEFENSE

### OPERATIONAL

#### 1<sup>ST</sup> LINE : Markets/Factory

- Own risk/Accountable for identification and management of risks
- Perform front line controls in line with policies and procedures
- Reflect risks in business plans

### BOARD

#### 2<sup>ND</sup> LINE: Risk Management Committee and others

- Set framework of policies, procedures, and controls compliant with legislations
- Provide guidance, advice, support, training, and share best practices
- Monitoring of control effectiveness and related performance

### AUDIT COMMITTEE

#### 3<sup>RD</sup> LINE: Internal

- Audit effectiveness of risk management and control framework
- Provide independent assurance to Audit Committee and Board
- Constructively challenge and issue recommendations

## ENTERPRISE RISK MANAGEMENT FRAMEWORK

Risk Management is critical for the sustainability of the Company and enhancement of shareholders value. Hence it is strongly enforced and incorporated in the Company's management system.

The Risk Management Framework is aligned with BATB's operating model and is a combined approach upon the three lines of defense. The structure encourages the communication and escalation of risk and control related matters across the Company.

BATB Board is responsible for strategy of the Company and thus also related for the risk appetite. The Risk

Management Committee is accountable for operational directions of the business, taking responsibility of the risks and related internal control interventions. Core risk areas are as follows: -

- Financial Risk
- Regulatory Risk
- Transformation Risk
- Operational Risk
- Policy Change Risk

These are the core risks areas for the business. The IT function ensures successful and effective alignment of functional business plans as per company’s strategy, with respective business unit and functional management being responsible for the delivery of operational performance and the management of the inherent risks. It is these management teams who are responsible for the achievement of Company’s strategic objectives within the scope of Company’s policies and standards and that we conduct business in compliance with our Codes of Conduct. The functional and divisional management structures is led by our Management Committee enabling a continuous process of identification, evaluation, management and mitigation of significant risks in those areas to the achievement of Company’s business objectives. This enables effective and timely identification of actual and emerging risks and responses to mitigate impacts or realize opportunities.

**RISK MANAGEMENT PROCESS**

Company’s Enterprise Risk Management Objectives

- Preserve the safety, security and health of its employees.
- Ensure the continuity of its supply of products to consumers and customers.
- Protect its assets, investments and reputation.

- Ensure that the Company’s operations do not impact negatively on the community in which it operates and the environment.
- Protect the interests of all other stakeholders.
- Promote an effective risk awareness culture where risk management is an integral aspect of the Company’s management systems.
- Ensure compliance with BSEC Codes of Corporate Governance and all applicable laws.

**RISK MANAGEMENT TEAM AND RESPONSIBILITIES**

Management operates a Risk Management Team comprised of senior managers from all functions of the Company and led by the Finance Director. It meets formally at least twice a year to:

- Review and update the risk register; and
- Assess status of risk mitigation action plans.

The Audit Committee is briefed by annually by the Enterprise Risk Manager on the Company’s Risk Management Programmed and its activities in the Audit Committee meeting.

The following are some of the responsibilities of the Risk Management Team:

- Steer the Company’s enterprise risk management programme.
- Promote a proactive risk awareness culture in the Company.
- Conduct bi-annual review of the business risks.
- Coordinate the development and implementation of risk mitigation action plans.
- Develop and update business continuity plans (BCPs) for key business risks.
- Plan and coordinate the testing of BCPs.
- Organize training and education for employees on risk management.

**FOUR PHASE RISK MANAGEMENT PROCESS**



**IDENTIFY**  
Functional registers are maintained by RMC members



**ASSESS & EVALUATE**  
Periodic review of Functional Risk registers by function



**MANAGE**  
Risks with ratings over 3 are included in Corporate Risk Register



**MONITOR**  
Review in Risk Management Committee settings

**(1) Risk Identification**

All probable events that could adversely impact the achievement of business objectives, including failure to capitalize on opportunities are identified.

**(2) Assess and Evaluate**

Business risks are identified in terms of the impact the risks may have on business strategies, objectives and its probability of occurring.

- LIKELIHOOD of the risks materializing
- IMPACT of the consequence, considering the degree of internal control and risk management measures in place.

Regarding both the Likelihood and Impact, an assessment is done against pre-set criteria on a scale of one to three, this combination provides a total risk rating on a scale of one to nine. Further, risks are then categorized on the Risk Heat Map which measures the significance of the risks to the organizations and then assists in making a relative prioritization and focus for mitigation of the risk. The outcome of the risk identification and evaluation process is both a Risk Heat Map and a comprehensive Risk Register which documents all identified business risks.

**(3) Manage**

While Completing the Risk Register, the Risk Owners are identified who are currently responsible for finding action plans in order to manage and alleviate the risks with a timeline for completion of action. It is typically seen that senior managers and part of the functional leadership team are the Risk Owners.

**(4) Monitor**

The Risk Management Team conducts an ongoing risk monitoring to assess if any conditions associated with risk has changed and to further ensure that action and risk mitigation plans have been implemented. Status of action/mitigation plans are communicated to the Audit Committee bi-annually.

**BUSINESS CONTINUITY AND CRISIS MANAGEMENT**

Business continuity is the creation of a strategy through the recognition of threats and risks facing a company, with an eye to ensure that personnel and assets are protected and able to function in the event of a disaster. Business continuity planning (BCP) involves defining potential risks, determining how those risks will affect operations, implementing safeguards and procedures designed to mitigate those risks, testing those procedures to ensure that they work, and periodically reviewing the process to make sure that it is up to date.

In order to respond to various potential disruptions which could impact the Company, such as Manufacturing Contingency Sourcing Plan and Information Technology

Disaster Recovery/ Service Continuity Plan, the Company has 21 BCPs. In addition, a desktop review/simulation/ live activation is conducted by the plan owners with the participation of plan specific response team members and support of BCM facilitators periodically based on the cyclical testing schedule.

In addition, the Company has a structured approach to Crisis Management to ensure leadership and timely decision in the event of a crisis and to manage the situation effectively within minimal time.

Our approach involves immediate formation of a Crisis Management Team (CMT), assisted by an Incident Response Team (IRT). The roles & responsibilities of these teams are outlined below.

**CMT**

CMT identifies and deals with potential risks to employees and business operations when crisis occurs. CMT takes into account all available information and thus makes informed strategic decisions with purpose of curbing any long-term detrimental effects to the operations, finance, employees and reputation of the Organization.

**IRT**

The senior manager at the site of the incident collects available pertinent information and advises the CMT Coordinator. This manager assisted by appropriate local employees will assume local control and deal with the incident directly until further directed by the CMT.

**RISK PROFILE**

Outcome of risk assessment during business planning process have not had much changes relative to previous year. Risks and their relative possibility of occurring and impact remains consistent.

The Company views the key risk as that of beings in the tobacco sector and having the ability to significantly impact the Company's results. In addition to the above, the Company is subject to the ever-present risk of competitor actions. Steps to anticipate, mitigate and neutralize such risks are core to our business.

**RISK MANAGEMENT ACTIVITIES IN 2021****Review of the Company's Risks**

For the purpose of assessments of the Company's risks while monitoring its progress of key activities, the Risk Management Team meets twice annually and along with senior managers they update the risk register and mitigation action plans. The conclusion of the meeting involves the identification, evaluation, and a mitigation plan for the new risks. Test of the status of the Business Continuity plans along with updates on identification, evaluation, and a mitigation plan for the new risks are considered in the meeting.

### Promotion of Risk Awareness

Communication regarding risk is an integral part of the risk management activity. Dissemination of risk information to relevant levels of employees and stakeholders is imperative for mitigation of risk. Suitable channels are available for employees to provide feedback on risk management issues and provide suggestions for improvement. The Risk Management Team is responsible for the risk awareness induction programmed for new recruits. The induction programmed is aimed at educating management staff on the Company's approach to risk management and internal controls and provides a forum to enhance the participant knowledge on controls and exercising that knowledge on managing the Company's risk.

### Crisis Management Activation

The Company activated crisis management team to manage the situation thus enabling the business to continue operation. As a result, business is saved, and financial impacts were negligible. The most challenging aspect of the situation was recovery, once the crisis was resolved. This was successfully completed in a carefully sequenced and choreographed manner, thereby minimizing disruption.

### Business Continuity Plan Simulation and Testing

During the year, a desktop/ simulation/ operational activation was conducted by the Business Continuity Plan (BCP) owners, with the support of Incident Response Team members, across 19 BCPs. The review and testing indicated that the existing plans were still relevant to the current business environment.

### System of Internal Control

Self-Assessment of Controls (SAC) Process is one of the core processes of the Company's system of internal control. The vital control checklist of this SAC process is its Control Navigator. The Control Navigator sets out various key controls and process requirements across all functions in the Company. In order to measure the effectiveness of the process, the responsible managers assess the controls and process on an annual basis. Corrective actions and timelines are identified and agreed upon regarding the identified control gaps/ weakness. SAC findings and its trend analysis is reported to the Audit Committee annually. A new SAP enabled tool was deployed, which provided a standardized central solution that automates and monitors key risks and controls at the business level. The new tool allows the business to use a combination of automated work flows, certification, manual controls and interactive reports to monitor and control compliance activities across the Company. This has resulted in an improved visibility of assessment throughout the business, improved transparency of issues management and remediation, together with streamlining of reporting.

### Financial Reporting Controls

The Company has a series of policies, practices and controls in place in relation to the financial reporting and consolidation process, which are designed to address key financial reporting risks, including risks arising from changes in the business or accounting standards. The Finance Director is required to confirm annually that all information relevant to the Company audit has been provided to the Board of Directors through the Audit Committee and that reasonable steps have been taken to ensure full disclosure in response to requests for information from the external auditor.

In addition, it is standard practice for the Finance Director to fully review account reconciliations on a bi annual basis. The effectiveness of the Company's financial reporting controls is assessed through self-certification as part of the Control Navigator exercise described earlier. The integrity of the Company's public financial reporting is further supported by a number of processes and steps to provide assurance over the completeness and accuracy of the content including review and recommendation by the Audit Committee and review and approval by the Board.

### INTERNAL AUDIT

Internal Audit for the Company is made compatible with local laws as well as the Global Audit functions of British American Tobacco plc. A high level of independence and admittance of more skilled and specialized resources especially Information Technology (IT) that would otherwise be available within the Company. The annual audit planning cycle takes direct input from both the risk register described above and the Audit Committee. In turn, the Audit Committee formally approves the scope of work for the year. Furthermore, with approval of the Audit Committee, the Head of Internal Audit & Compliance can request assistance from Global Audit if required for any matter it considers appropriate. Internal Audit and compliance function undertakes the risk-based audit reviews towards the planning and conduct of audits which is consistent with the Group's established framework in designing, implementing and monitoring of its control systems. As such, the nature of audit performed are mainly focused on Commercial processes, Factory and Supply Chain process, IT processes and of any Project and Program which are focused on significant business change initiatives. Other Audits are those reviews that arise from a direct request, either from Management or the Audit Committee. More details on the audit activities conducted during the year can be found in the Audit Committee Report in this Annual Report.

### EXTERNAL AUDIT

In the course of conducting the annual statutory audit of the Company's financial statements, the external auditors review and where applicable based on judgement, highlight to the Board and Audit Committee any significant audit, accounting and internal control matters which



require attention. A report on the above is given to the Audit Committee and to the management once a year after substantial completion of the year-end audit. Additionally, the external auditors attend the quarterly Audit Committee meetings, and where applicable provide views on any related matters for the attention of the Audit Committee. At least once a year, the Audit Committee shall meet the external auditors without the Executive Directors and management being present. This year, the Audit Committee has met twice with the external auditors without the Executive Directors and management being present. During the year, as part of the annual statutory audit, the external auditors were involved in performing certain reviews over the controls and processes affecting financial reporting. There is no significant matter with material financial impact arising from the review of these related controls and processes, although certain improvement recommendations were highlighted to the Board and Audit Committee.

### OTHER KEY ELEMENTS OF THE SYSTEM OF INTERNAL CONTROL

Apart from the above, the other key elements of the Company's internal control and risk management system which have been reviewed and approved by the Board are described below:

#### Policies, Procedures and Limits of Authority

- Clearly defined delegation of responsibilities to committees of the Board and to Management, including organization structures and appropriate authority levels.
- Clearly documented internal policies, standards and procedures are in place and regularly updated to reflect changing risks or resolve operational deficiencies. All policies are approved by the Board and cases of noncompliance to policies and procedures which are in place are reported to the Board and Audit Committee by exception.

#### Immediately Reportable Incidents

- The Company adheres to a control procedure termed 'Immediately Reportable Incidents' to capture breakdowns in basic controls and expedite the reporting and immediate action thereof. The main objective to provide transparency over the control environment and to provide early visibility of issues to the relevant management. Early awareness and visibility enables the right discussions to happen at the right time and support a control-conscious culture within the Company.

Types of incidents / events that would trigger raising an 'Immediately Reportable Incidence' include:

- Control issue in internal controls over financial reporting
- Control issue around IT General controls over significant systems

- Basic Financial or IT control not operating and Noncompliance with IT policies
- Significant control issue in other business processes that are not directly related to financial reporting but exposes BAT to significant risk
- Suspected or actual fraud incidents

#### Strategic Business Plan, Budget and Performance Review

- Regular and comprehensive information provided by Management for monitoring of performance against the strategic plan, covering all key financial and operational indicators. On a quarterly basis, the Finance Director reviews with the Board all key performance metrics and highlights any issues;
- Annually, a detailed budgeting process is completed for the year monthly review of actual versus budget is performed and reviewed by the management
- Adequate insurance and physical security of major assets are in place to ensure that the assets of the Company are sufficiently covered against any mishap that will result in material losses to the Company.

#### Written Declarations

- Written declaration from all management personnel confirming their compliance with the Company's Standards of Business Conduct and where applicable conflicts of interest situations are disclosed.
- Written declarations from the Finance Director and Managing Director are obtained confirming their compliance with the Company's Standards of Internal Control.

### WRITTEN CONFIRMATION OF DUE DILIGENCE BY THE CEO AND FD AS REQUIRED UNDER THE BSEC GUIDELINES

#### Board Assessment

After all said, it may further be added at end that political instability and violence including social unrest, terrorist attacks etc. may also prevent the Company from operating its business smoothly and effectively. However, the Board is of the view that the Company's overall risk management and internal control system is operating adequately and effectively and have received the same assurance from both the Managing Director and Finance Director of the Company. The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by the Company has been in place throughout 2021 and up to the date of approval of this statement. The Board is also of the view that the Company's system of internal control is sufficient and is able to detect any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report.

This Statement is made in accordance with the resolution of the Board of Directors on 9<sup>th</sup> February 2022.

# STANDARDS OF BUSINESS CONDUCT (SoBC)

BAT Bangladesh is a Company that incorporates high standards of conduct in every aspect of business. The Company’s Standard of Business Conduct (SoBC), a policy amalgamating the best global and local practices. Our fundamental purpose of existence is expressed through SoBC as compliance to SoBC is held to maintain integrity of our Operations. SoBC reflects the Governance of the essential ESG functionality that is embedded in the Company. All members in the Company, i.e. from the Board of Directors to all other employees, third party suppliers, must abide by the policy, complying with all applicable laws and regulations that govern our business operations. Responsibility and trust comprise the two core elements that define our conduct and have been articulated in detail in our SoBC.

Our SoBC comprises the following broad tenets that we must embrace and abide by:

- Ensure that decisions and judgements made by employees are lawful and comply with high ethical standards.
- Help employees who are faced with making difficult judgements at work.
- Set a tone and culture for the organisation, which will enable it to be regarded as a good corporate citizen.
- Give assurance to the Company’s stakeholders.

The broad areas covered by the standards include the following:

- Speak UP with respect of bringing to light any malpractice or wrongdoing
- Conflicts of interest
- Bribery and corruption
- Entertainment and gifts
- Respect in the workplace
- Human rights and our operations
- Charitable contributions
- Accurate accounting and record-keeping
- Protection of corporate assets

- Confidentiality and information security
- Insider dealing and market abuse
- Competition and anti-trust
- Money laundering
- Illicit trade
- Sanctions

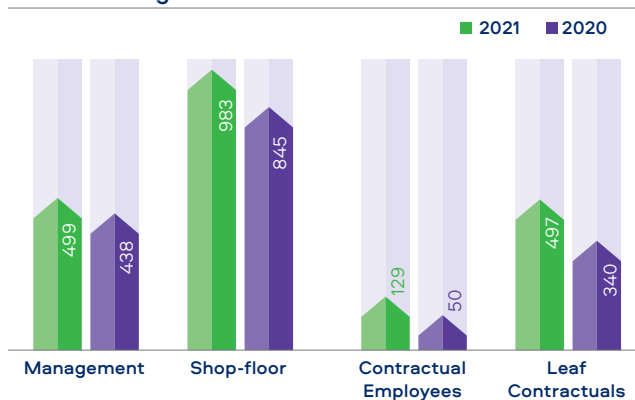
Compliance with the SoBC is monitored regularly by the Board of Directors and the Audit Committee of the Company. On an annual basis, the Board of Directors must get reports from the Legal & External Affairs Department/ Company Secretary regarding the compliance of these standards by BAT Bangladesh and its employees. Employees must proactively report any wrongdoing at work or incidences of non-compliance, as it is a part of their duty as well.

All of the aforementioned items are simply tools of good corporate governance. The respected Board of Directors and other senior executives ensure that every delivery is made in accordance with the correct and ethical course of action.

Every year awareness trainings are held across

- Trade Marketing regional offices
- Regional Leaf Offices
- Head office

## SoBC Training

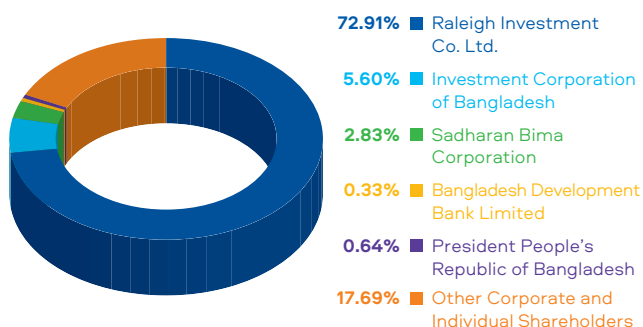


THERE ARE FIFTEEN POLICIES THAT PROTECT THE COMPANY'S GOOD CORPORATE PRACTICES.

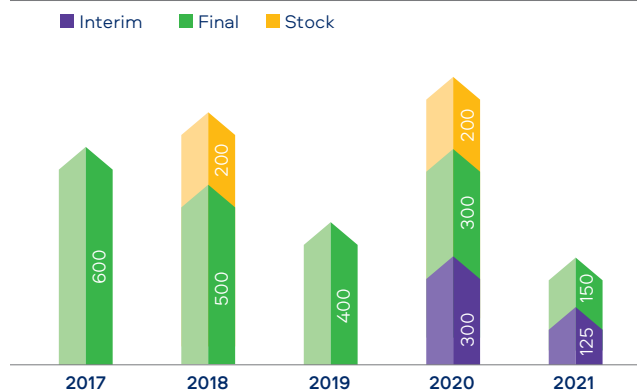
 <b>SPEAK UP</b>	 <b>CONFLICTS OF INTEREST</b>	 <b>BRIBERY &amp; CORRUPTION</b>	 <b>ENTERTAINMENT AND GIFTS</b>
<p>In terms of exposing any malpractice or wrongdoing</p>	<p>Mostly declarations of any known relatives who work as suppliers of the Company or in the Company directly</p>	<p>A due diligence procedure is carried out to check for any corruption records or other malpractices</p>	<p>Mentioning threshold for receiving and giving gifts</p>
 <b>RESPECT IN WORKPLACE</b>	 <b>HUMAN RIGHTS &amp; OPERATIONS</b>	 <b>CHARITABLE CONTRIBUTIONS</b>	 <b>PROTECTION OF CORPORATE ASSETS</b>
<p>Mostly declarations of any known relatives who work as suppliers of the Company or in the Company directly</p>	<p>Upholding strong human rights values while adhering to local laws and the ILO Convention</p>	<p>Constantly giving back to society and reaching out to those in need</p>	<p>Ensuring no misuse of corporate assets</p>
 <b>CONFIDENTIALITY AND INFORMATION SECURITY</b>	 <b>ACCURATE ACCOUNTING AND RECORD KEEPING</b>	 <b>INSIDER DEALING AND MARKET ABUSE</b>	 <b>COMPETITION AND ANTI TRUST</b>
<p>Strong security and confidentiality in maintaining information</p>	<p>Adherence to IFRS Accounting system</p>	<p>Not to make use of Company information for personal dealing</p>	<p>As per Local Law, maintain fair competitive environment</p>
 <b>MONEY LAUNDERING</b>	 <b>ANTI ILLICIT TRADE</b>	 <b>SANCTIONS</b>	
<p>Punishable as per law</p>	<p>Must dispose waste properly and ensure no one takes any illicit trade</p>	<p>As and when imposed by UN; USA or UK it can be against a country, company or individual</p>	

# SHAREHOLDERS' INFORMATION

## Shareholding pattern as on 31<sup>st</sup> Dec 2021



## Dividend History



## SHARE PERFORMANCE

Month	Dhaka Stock Exchange			Chittagong Stock Exchange		
	High (BDT)	Low (BDT)	Close (BDT)	High (BDT)	Low (BDT)	Close (BDT)
January	1,602.50	1,198.50	1,562.60	1,607.00	1,188.30	1,569.40
February	1,700.30	1,488.50	1,544.90	1,704.40	1,188.30	1,546.00
March	1,550.00	527.50	529.00	1,701.90	530.20	530.20
April*	537.40	518.20	518.20	540.90	519.40	519.40
May	570.00	518.00	543.40	567.90	518.70	544.40
June	546.30	529.50	539.10	549.20	528.90	537.60
July	579.90	539.40	567.20	578.60	534.10	568.00
August	582.50	562.50	582.50	581.10	564.70	581.10
September	662.20	585.10	651.00	657.30	586.20	650.90
October	746.90	640.70	640.70	747.60	640.50	640.50
November	649.30	606.40	620.40	650.30	608.90	623.90
December	659.00	623.80	635.60	661.80	623.20	634.40

\* Adjustment after bonus share distribution

## COMPANY WEBSITE

Anyone can get information regarding the Board of Directors, Top Management, key financial information of the Company including price sensitive disclosure. The website also has information about sustainable agricultural initiatives of the Company and Career opportunities for potential applicants.

## INVESTOR RELATIONS

Local and international investors, financial analysts and other members of the professional financial

community requiring additional financial information can visit the Investor Relations section of the Company website: [www.batbangladesh.com](http://www.batbangladesh.com)

## SHAREHOLDER SERVICES

If you have any queries relating to your shareholding, please contact at +8801313701925 or mail to share office of BAT Bangladesh:

[batbshareoffice@bat.com](mailto:batbshareoffice@bat.com);

[Md\\_Azizur\\_Rahman@bat.com](mailto:Md_Azizur_Rahman@bat.com);

[Atiqur\\_Rahman@bat.com](mailto:Atiqur_Rahman@bat.com).

# HORIZONTAL & VERTICAL ANALYSIS

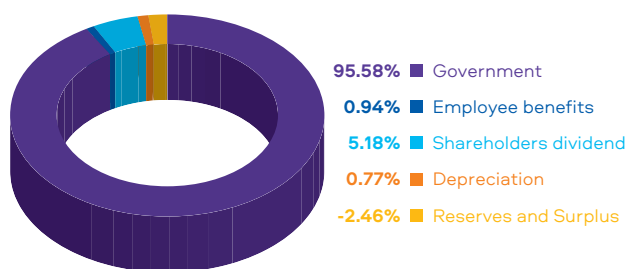
Horizontal	2021	2020	2019	2018	2017
<b>Statement of profit or loss and other comprehensive income</b>					
Net revenue from contracts with customers	24%	6%	4%	5%	19%
Gross profit	36%	10%	-3%	11%	25%
Operating profit	43%	18%	-10%	17%	28%
Profit before tax	42%	21%	-10%	15%	27%
Profit for the year	38%	18%	-8%	28%	3%
Earnings per share	37%	18%	-8%	28%	3%
<b>Statement of financial position</b>					
Total non-current assets	8%	-1%	18%	27%	36%
Total current assets	31%	20%	-6%	18%	28%
<b>Total assets</b>	<b>20%</b>	<b>9%</b>	<b>5%</b>	<b>22%</b>	<b>31%</b>
Share capital	200%	0%	200%	0%	0%
Retained earnings	-3%	-5%	18%	29%	23%
<b>Total equity attributable to owners of the Company</b>	<b>8%</b>	<b>-5%</b>	<b>21%</b>	<b>28%</b>	<b>22%</b>
Total non-current liabilities	22%	-1%	62%	10%	31%
Total current liabilities	35%	42%	-26%	17%	44%
Total liabilities	33%	30%	-13%	16%	42%
<b>Total equity and liabilities</b>	<b>20%</b>	<b>9%</b>	<b>5%</b>	<b>22%</b>	<b>31%</b>

Vertical	2021	2020	2019	2018	2017
<b>Statement of profit or loss and other comprehensive income</b>					
Net revenue from contracts with customers	100%	100%	100%	100%	100%
Gross profit	54%	49%	47%	50%	48%
Operating profit	42%	37%	33%	38%	34%
Profit before tax	40%	35%	31%	35%	32%
Profit for the year	20%	18%	16%	18%	15%
<b>Statement of financial position</b>					
Total non-current assets	43%	48%	53%	47%	45%
Total current assets	57%	52%	47%	53%	55%
<b>Total assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Share capital	7%	3%	3%	1%	13%
Retained earnings	40%	50%	57%	51%	48%
<b>Total equity attributable to owners of the Company</b>	<b>47%</b>	<b>53%</b>	<b>60%</b>	<b>52%</b>	<b>50%</b>
Total non-current liabilities	10%	10%	11%	7%	8%
Total current liabilities	42%	37%	29%	41%	42%
<b>Total liabilities</b>	<b>53%</b>	<b>47%</b>	<b>40%</b>	<b>48%</b>	<b>50%</b>
<b>Total equity and liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

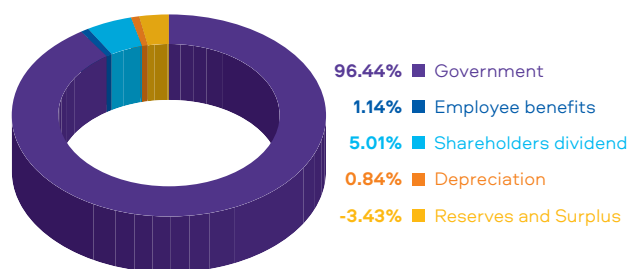
# VALUE ADDED STATEMENT

Particulars	2021		2020	
	Amount	%	Amount	%
Gross Turnover	339,340,424		281,080,652	
Less Purchase of materials & service	35,112,343		29,635,144	
<b>Value added</b>	<b>304,228,081</b>	<b>100%</b>	<b>251,445,508</b>	<b>100%</b>
<b>Applications</b>				
Government	290,776,940	95.58%	242,501,553	96.44%
Employee benefits	2,862,281	0.94%	2,870,912	1.14%
Shareholders dividend	15,750,000	5.18%	12,600,000	5.01%
Depreciation	2,334,735	0.77%	2,108,486	0.84%
Reserves and Surplus	(7,495,876)	-2.46%	(8,635,443)	-3.43%
<b>Total</b>	<b>304,228,081</b>	<b>100%</b>	<b>251,445,508</b>	<b>100%</b>

Valued Added Statement 2021



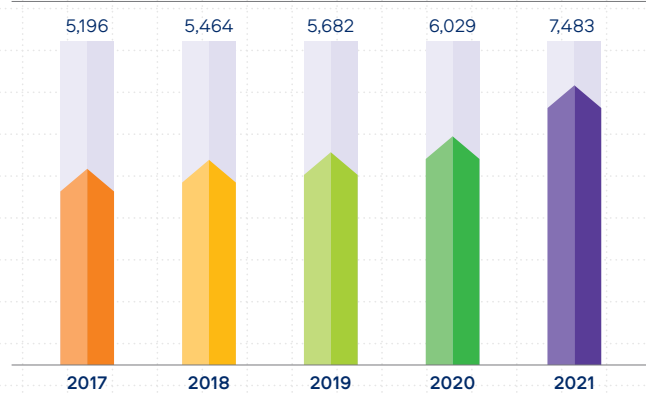
Valued Added Statement 2020



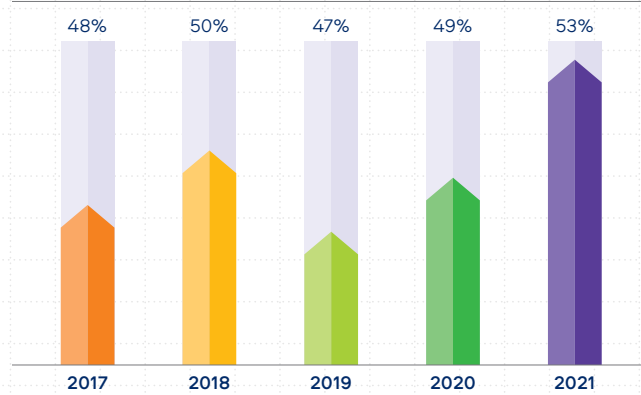
# KEY PERFORMANCE INDICATORS

**Net Turnover**

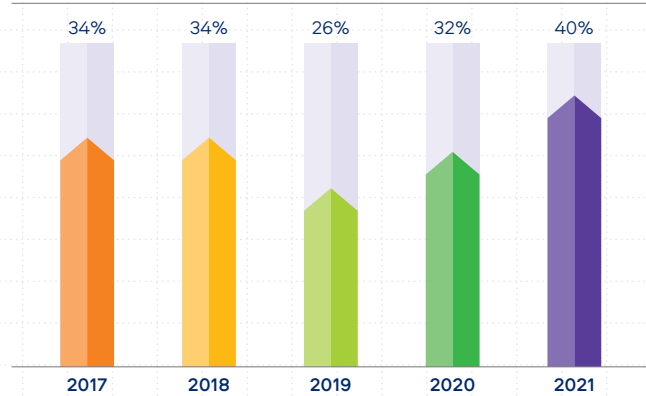
In BDT Crore



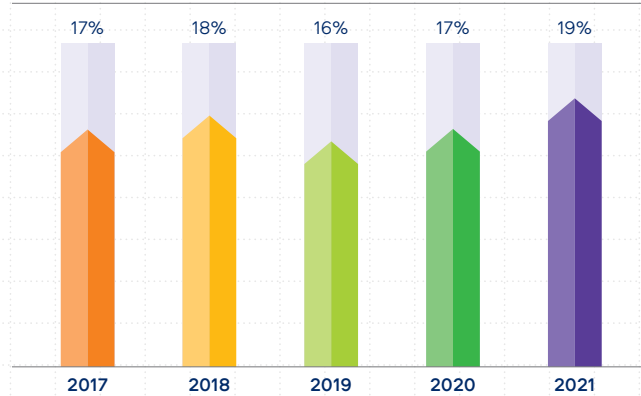
**Gross Profit Ratio**



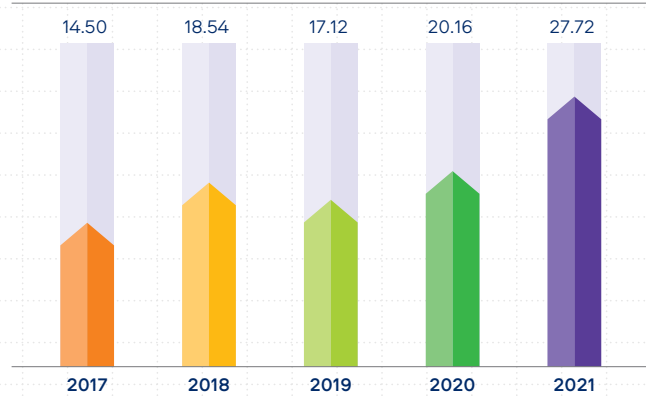
**Return on Equity**



**Return On Asset**

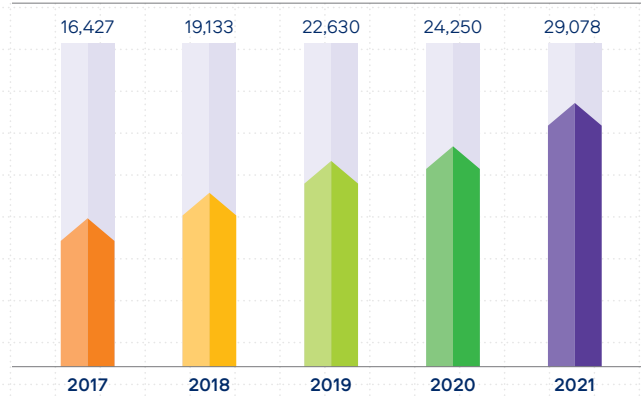


**EPS**



**Contribution to Exchequer**

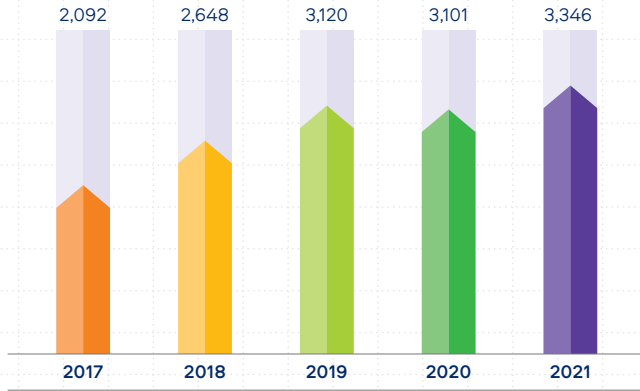
In BDT Crore



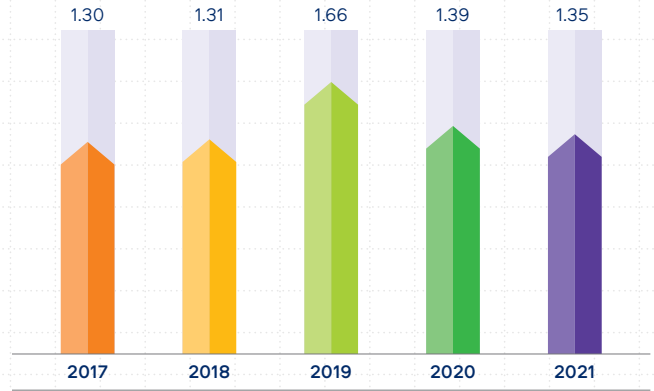
# KEY PERFORMANCE INDICATORS

**Property Plant & Equipment**

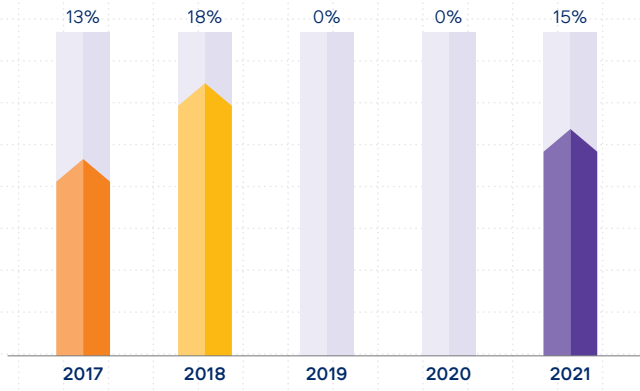
In BDT Crore



**Current Ratio**

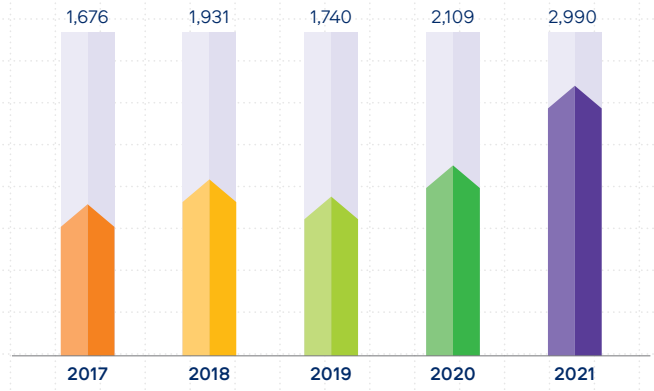


**Debt Equity Ratio**



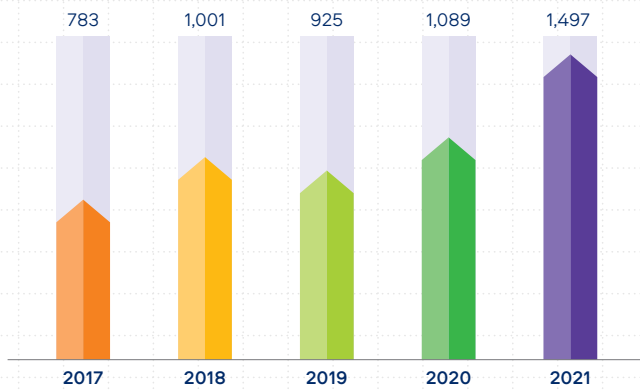
**Profit Before Tax**

In BDT Crore

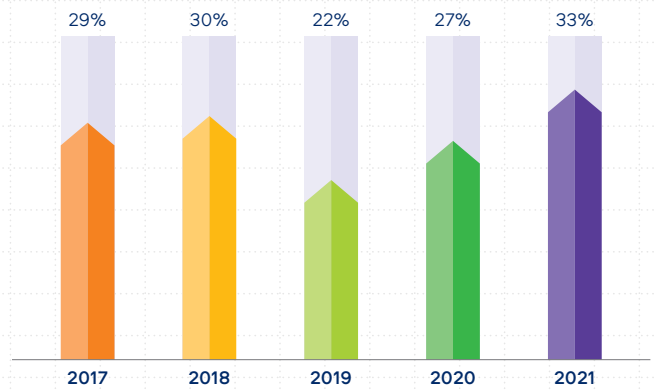


**Profit After Tax**

In BDT Crore



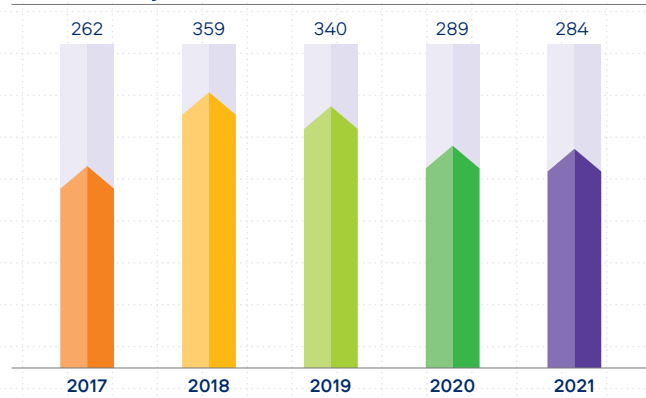
**Return On Capital Employed**



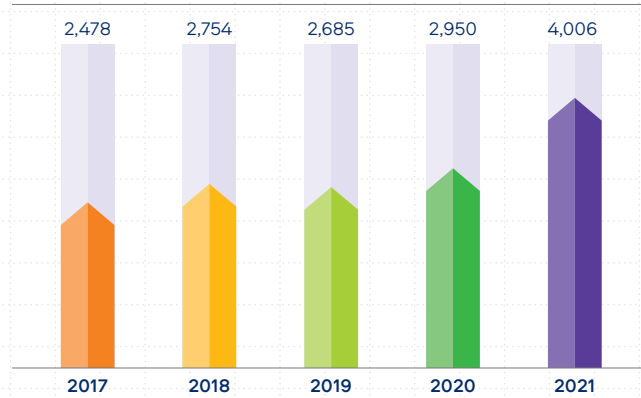


# KEY PERFORMANCE INDICATORS

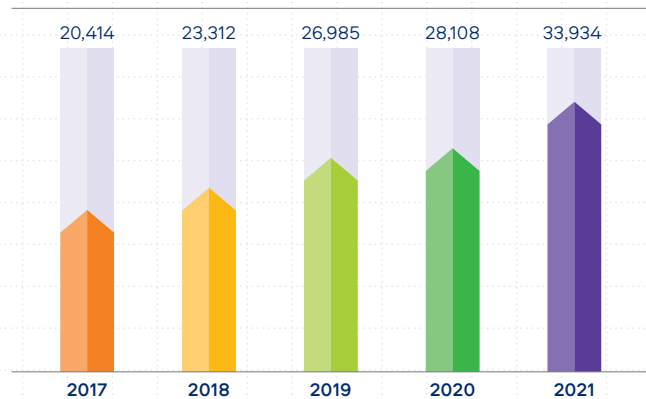
**Custom Duty** In BDT Crore



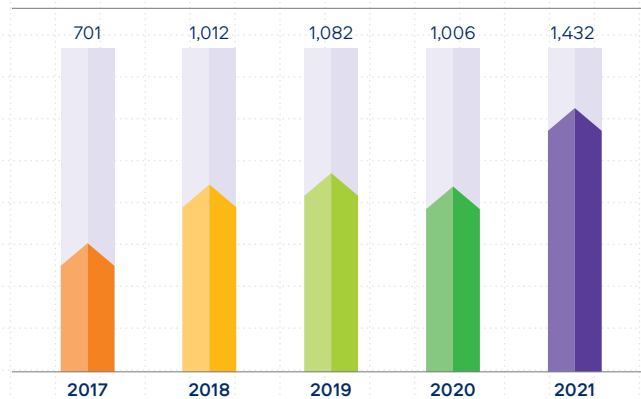
**Gross Profit** In BDT Crore



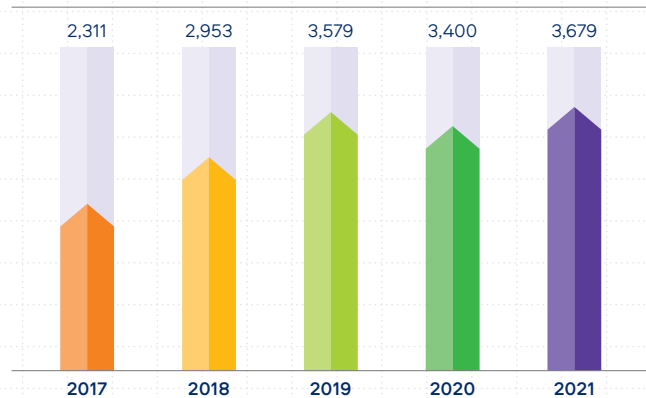
**Gross Turnover** In BDT Crore



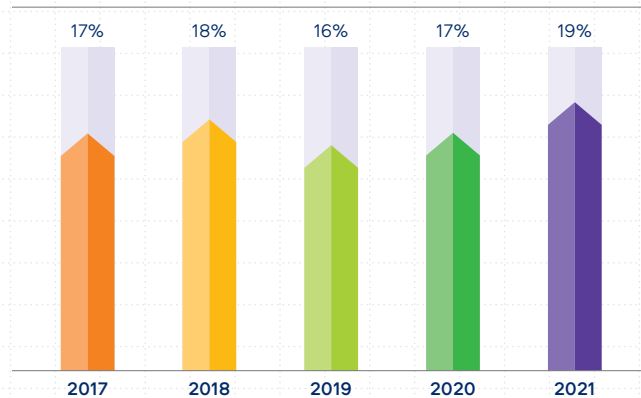
**Income Tax** In BDT Crore



**Net Asset Value** In BDT Crore



**Return On Asset**



# ESG REMAINS AT THE FRONT & CENTER OF ALL OUR OPERATIONS

*ESG remains at the front and center of all our business operations. We have been following the principals of ESG for decades, which is evident though some of our ambitious environmental targets and flagship projects, which have created significant impact in bettering human lives. ESG provides us the opportunity to work with communities and also support the government in driving the UN SDGs though public private partnerships. Though our benchmark ESG practices, we aim to become a role model in championing responsibility towards our consumers, society, employees and shareholders to deliver a better tomorrow for all.*



**Mubina Asaf**  
Head of Legal & External Affairs

A set of standards that determine the sustainability of a business is enshrined in what is popularly referred to as ESG (Environmental, Social and Governance). While the “environment” component of ESG typically articulates a company’s relationship with the environment, the “social” module expresses its relationship with stakeholders and the wider community. The “governance” criterion inspects the Company’s operational transparency, along with its standards of compliance.

As a proud pioneer of ESG in the country with our first initiative dating back 41 years, BAT Bangladesh sets the benchmark for others to follow. We aim to work as the development partner of our government in achieving the UN Sustainable Development Goals (SDGs.) Throughout our rich legacy of 111 years in the country, we have initiated numerous ESG initiatives which form the pillars of our sustainability strategy as we continue on our journey towards a better tomorrow.

E

## EXCELLENCE IN ENVIRONMENTAL MANAGEMENT

- Climate change
- Water
- Waste
- Bio Diversity & Afforestation

S

## DELIVERING A POSITIVE SOCIAL IMPACT

- Human rights
- Farmer livelihoods
- Health and safety
- People and culture

G

## ROBUST CORPORATE GOVERNANCE

- Business ethics
- Responsible marketing

# ENVIRONMENT



*Our purpose is clearly set out in our strategy, which is to build A Better Tomorrow™ by transforming our business for a sustainable future. A key component of that transformation is embracing ESG, which presently lies at the front and center of all our operations. Having a crop to consumer model in Bangladesh since the country's inception, we have always focused on environmental initiatives which have enabled us to build stronger relationships with our consumers, employees, shareholders and the society as a whole.*

**Sheikh Shabab Ahmed**  
Head of External Affairs

At BAT Bangladesh, we have a proactive stance on environmental management, focusing on sustained investments in minimizing the impact of our operations on the environment, while also ensuring that we share best practices with our extended ecosystem.

## CLIMATE CHANGE

To ensure that we leave a better future for the coming generations, governments around the world must assure compliance through measures that have a positive influence on the environment. Bangladesh government has also made a commitment to restoring the environment. Every year on World Environment Day, the government launches the National Tree Plantation Campaign to enhance public awareness about the importance of protecting the ecosystem and increasing biodiversity. BAT Bangladesh's afforestation initiative 'Bonayan' has been underway for more than four decades, helping to make Bangladesh greener.

Bonayan began its afforestation journey in 1980 in response to a plea by the Bangladesh Forest Department to encourage widespread plantation. In 2021, the project celebrated its 41<sup>st</sup> anniversary. The programme has so far distributed 115 million saplings of fruit, forestry, and medicinal plants free of charge to various recipient communities in order to maintain the biodiversity balance throughout different parts of the country. In 2021 Bonayan distributed 5 million saplings. Bonayan's goal has always been to increase the tree covered land ratio in Bangladesh through widespread afforestation supporting partner communities and collaborating with various government and non-government institutions. For this reason, its goals are in direct accordance with the United Nations' Sustainable Development Goal # 13 (Climate Action), and # 15 (Life on Land) to expand the area of tree-covered land

in Bangladesh by 2030.

Bonayan believes in public-private partnerships and is proud to have collaborated with numerous government bodies and private organizations such as:

- Refugee Relief and Repatriation Commissioner (RRRC)
- Dhaka North City Corporation (DNCC)
- Dhaka South City Corporation (DSCC)
- Rajshahi City Corporation (RCC)
- Bangladesh Army, Bangladesh Navy
- Bangladesh Police
- Border Guard Bangladesh (BGB)
- Bangladesh Agricultural University (BAU)

Since 2017, almost 1.1 million Rohingyas have sought safety in Cox's Bazar. As the settlements grew, the refugees began using wood and bamboo from the nearby forests. This led to enormous deforestation, harming the area's ecosystem and biodiversity. In 2018, the Refugee Relief and Repatriation Commission (RRRC) of Bangladesh launched a reforestation program to help restore the ecology and biodiversity in and around the camps. With its flagship ESG program 'Bonayan', BAT Bangladesh was the sole private-sector enterprise to support the government's initiative to restore natural balance. We have planted 210,000 saplings since 2018 in the Kutupalong Rohingya Camp area covering almost 22 hectares of blocks and 15.5 kilometers of roadsides.

Despite the global pandemic, this year, in celebration of Bangladesh's 50<sup>th</sup> anniversary, Bonayan in collaboration with the Ministry of Environment, Forest, and Climate Change has distributed 275,000 saplings to 12 District Forest Offices of the Bangladesh Government while adhering to Covid-19 protocols.

In 2021, Bonayan influenced the livelihoods of more than 30,000 beneficiaries through the distribution of 5 million saplings. At present, the project is operating in more than 18 districts across the country, including Dhaka, Mymensingh, Manikganj, Tangail, Rangpur, Rajshahi, Lalmonirhat, Natore, Kushtia, Jhenaidah, Meherpur, Jessore, Chittagong, Bandarban, Khagrachari, Cox's Bazar, Rangamati and Noakhali (Bhasanchar). Some of the notable projects include the afforestation site at:

- Lalon Shah Bridge, Kushtia
- Hazrat Shah Amanat International Airport, Chattogram
- Lama Alikodom highway, Bandarban
- Rohingya Camp, Ukhiya, Cox's Bazar
- Mirinja Point - Lama, Bandarban
- Kushtia - Jessore highway
- GK Canal project, Kushtia
- Jamuna Bridge
- Kushtia by-pass road

The program has a substantial impact on the socio-economic growth of the communities by enhancing the livelihood and living standards of those who benefit from it. Bonayan has the following economic and environmental effects, according to an extensive study undertaken by Nielsen Corporation:



**Economic impact:** 77% of beneficiaries earned their livelihood by tree plantation; 49% reported an increase in income; 33% of beneficiaries invested money earned from tree plantation in another business



**Ecological impact:** 97% of the intervention area witnessed ecological improvement, with the increased tree cover providing better environmental balance (supplemented by proper farming)



**Behavioral impact:** 85% increase in awareness regarding tree plantation was noticed, which emerged as the most significant change brought about by the afforestation program

As a national recognition for outstanding contribution to tree plantation, BAT Bangladesh has received the prestigious Prime Minister's National Award five times latest in 2019 announced in 2021, and the Chief Advisor's Award once in 2007. In 2021, the initiative has also been honored with 'Bangladesh Innovation Award-2021' under the category 'Best Innovation-SDG inclusion'. The program has won international recognition when BAT Bangladesh was awarded as the 'Top Green Companies in Asia' while winning the prestigious Asia Corporate Excellence and Sustainability (ACES) Awards 2021. The initiative has also been bestowed with Asia Responsible Entrepreneurship Award in 2014 under Green Leadership by Enterprise Asia, a non-governmental organization striving for the pursuit of entrepreneurship development in the Asia Region.

BAT Bangladesh's afforestation programme 'Bonayan' is committed to taking its sustainability journey forward working with the Government to achieve the Sustainable Development Goals by restoring the ecosystem, to ensure a Greener Tomorrow for all.



Our Managing Director, Mr. Shehzad Munim, Head of Legal & External Affairs, Ms. Mubina Asaf and Head of External Affairs Mr. Sheikh Shabab Ahmed with Mr. A. H. M. Khairuzzaman Liton, Mayor of Rajshahi City Corporation, inaugurating the afforestation program with Rajshahi City Corporation at Lalon Shah Park



Tree Plantation Program at Bangladesh Agricultural University



Rehana Begum



### A CASE STUDY ON BONAYAN

Rehana Begum, born in the 1970s, is an old Bonayan beneficiary who lives in the Lama hills since the 1990s. Her husband was a local farmer who died perhaps ten to twelve years ago. Rehana has a son and three daughters. She was only in her twenties when her husband died, leaving her to struggle alone with their family. They had been impoverished even while her husband was alive, and his death meant that the family's sole earner was no longer there. Rehana had aspired to educate all of her children. However, financial difficulties prevented her eldest daughter from attending school. Not being able to read or write for herself, Rehana's future was bleak and unknown.

Rehana's life in the hills precluded her from earning a lot of money. She earned a pittance laboring on other people's land in order to provide for her children's survival. The task was strenuous, but the compensation was little. Rehana had given up all hope of ever having a prosperous future. This is when she learned about the Bonayan initiative. Eager to improve her family's future, Rehana became a Bonayan beneficiary and began collecting saplings from the project via her neighbors who were also beneficiaries.

Rehana has been collecting Bonayan seedlings for over a decade. Her sole source of income is from the sale of wood, fruit, and trees. She has been able to maintain her family and raise all four of her children on her own with this money. Her three younger children are all capable of reading and writing and have had the opportunity to attend school. Rehana's daughters are now all married and have their own homes. Now, Rehana serves as a role model for others in the neighborhood, inspiring a few individuals to plant trees to create a greener tomorrow.



BGB Head Quarter, sapling handover



Sapling Handover to GOC, 9 Infantry Division, Savar



Sapling handover to Coast Guard Bangladesh



Regional Leaf Manager Dewan Aminul Islam Nasim handing over a symbolic sapling to Bir Bahadur Ushwe Sing, Honorable minister, Chattogram Hill Tracts Affairs



Sapling handover to Dhaka South City Corporation



Sapling handover to NAVANA Group



Sapling Plantation by Alhaj Zafar Alam, MP, Cox's Bazar 1



Saplings handover to BGB, Sylhet Battalion

2021 not only marked the 41st year of Bonayan, but also the 50th year of Bangladesh's independence and the 100th birth centenary of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. To mark the auspicious occasions, BAT Bangladesh reached out to the Forest Department of the Ministry of Environment, Forest and Climate Change and collaboratively initiated a national afforestation campaign across 12 districts in Bangladesh. Under the able guidance and supervision of the Chief Conservator of Forest and the Deputy Conservator of Forest, we were able to roll out the distribution of 275,000 saplings across DC and Forest offices in the following districts: Kushtia, Jhainadah, Meherpur, Rajshahi, Rangpur, Lalmonirhat, Mymensingh, Tangail, Manikgonj, Rangamati, Khagrachari & Cox's Bazar.



Dhaka



Cox's Bazar



Jhainadah



Khagrachari



Kushtia





Lalmonirhat



Manikganj



Meherpur



Mymensingh



Rajshahi



Rangamati



Rangpur



Tangail

### TOWARDS A BRIGHTER TOMORROW

During the early 2010s, the life of the inhabitants in the remote Chattogram Hill Tracts would come to a halt at night since they had no access to power. That is when BAT Bangladesh's renewable energy initiative 'Deepto' was implemented. In an effort to alleviate or at least mitigate the effects of this serious problem, Deepto had installed free-of-charge Solar Home Systems in the Chittagong Hill Tracts since 2011.

Across 25 villages in Bandarban, Khagrachhari, and Rangamati districts, a total of 2591 solar-powered home systems were installed. When kerosene-fueled lamps were the primary source of light in these locations, the lives of around 15000 people would have had to wait until morning and end at sundown. Now, Deepto's electricity has enabled women to engage in income-generating industries like weaving, handicraft production, knitwear, as well as turmeric processing.

Nielson Corporation's survey found that 94 percent of respondents mentioned that solar power is helping them cook at night, 77.1 percent said that women feel safer at home, 60.6 percent said that women can now go outside their homes at night, and 20.1 percent said that women can now engage in income-generating work at night. Students no longer had to study under hazardous kerosene lamps, due to the solar power units that were installed.

They've been able to put in more study time and do better academically as a result of the initiative. Additionally, families have saved money they would have otherwise spent on kerosene. By relieving the country's national power grid of nonrenewable sources of energy, BAT Bangladesh's renewable energy effort 'Deepto' is helping the government meet its SDG targets of "Decent Work & Economic Growth" (#8) and "Climate Action" (#13).

In 2021, a 2.61 KW Solar panel system has been installed to power a water filtration plant that provides safe drinking water to the general public of the remote St. Martin's Island, where the national grid is unavailable. Furthermore, on the International Day of Light, BAT Bangladesh commemorated ten years of Deepto's glorious journey of illuminating lives.

'Asia Responsive Entrepreneurship Award-2018' and 'Centenary Award 2014' from the Metropolitan Chambers of Commerce and Industries have recognized Deepto's efforts to bring solar power to impoverished communities in the hilly regions. By lowering its dependence on fossil fuels and boosting the use of renewable energy sources, Deepto aims to develop a self-reliant Bangladesh. BAT Bangladesh's renewable energy project 'Deepto' is dedicated to guaranteeing future exploration and sustainable deployment of renewable energy sources in agriculture and other sectors, in support of the government's Sustainable Development Goals (SDG).





Dummong Marma



### HELPING BENEFICIARIES OVERCOME THE ODDS: A CASE STUDY

Dummong Marma, 51, recounts fondly how he has witnessed the metamorphosis of his beloved Monglapara since the days there was no electricity.

Even as a young adult, Dummong became acutely aware of living in darkness without electricity. He observed how life came to a halt each day at sunset and hence people were required to report to work early in the morning. As daylight dimmed after 5 pm, household members had to complete their cooking before dusk or else risk making food in the darkness.

Dummong's neighbourhood received its first glint of development when Deepto's solar panels were installed. Gradually, the pattern of life that people had been forced to follow for long began to witness a perceptible shift. Instead of spending Tk 350–400 per month on kerosene lamps, people now have access to safe and highly-efficient lighting. Today, people can work longer hours, youngsters can learn under the light of electric lamps, and senior citizens can create handicrafts at night.

Thus, Deepto has fostered a unique two-pronged benefit: both earnings and savings!

**WATER & WASTE**

BAT Bangladesh has been facilitating wastewater recycling through several initiatives. The primary goal of reusing recycled water is to reduce overall water withdrawn, enhance efficiency in water use and also reduce the cost of acquiring fresh water. To move one step ahead in the water recycling journey we have ETP upgradation with MBBR (Moving Bed Bioreactor) technology and a new Sewage Treatment Plant (STP) installed. 105m<sup>3</sup> of water is saved daily through sustainable investments and activities.

The fight for safety and security is a universal one, and health safety is the primary focus. BAT Bangladesh’s Safe Drinking Water Initiative ‘Probaho’, which was launched 12 years ago, has been tireless in its pursuit of ensuring everyone has access to clean water that is free of arsenic and other contaminants. Probaho proudly supports the ambition of the Bangladesh Government to accomplish Sustainable Development Goals (SDGs) No. 3 (Good Health & Wellbeing) and No. 10 (Reduced Inequalities) to ensure that 100 percent of the population uses safely managed drinking water services by 2030.

Due to arsenic pollution, millions of people in Bangladesh had a severe water shortage. In response to this immediate need, BAT Bangladesh began a flagship ESG project ‘Probaho’ in 2009 to provide rural people at risk of arsenic with clean drinking water. BAT Bangladesh marked its 110<sup>th</sup> anniversary in 2021 by completing the installation of its 110<sup>th</sup> water purification facility. As a result of this project, more than 273,000 people in 20 districts of Bangladesh now have access to 560,000 litres of clean drinking water each day. When it came to finding safe drinking water, many of these folks had little choice but to travel long distances in order to do so.

**BIO DIVERSITY & AFFORESTATION**

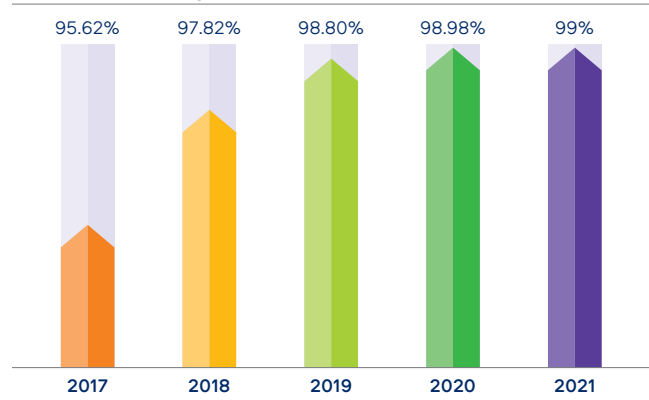
BAT Bangladesh proudly upholds its history of working with farmers around the world, with advanced agricultural knowledge, skills and practices. BAT Bangladesh works directly with 33,608 farmers, sharing best-in-class sustainable agricultural practices to build capacity for our farming communities. Farmers have been equipped with a web-based messaging platform called Bondhusheba which allows BAT Bangladesh to communicate with contracted farmers on time to provide required information on Weather, Good Agricultural Practices (GAP), Sustainable Agriculture & Farmers Livelihood, Crop Planning etc. through SMS. Shikor, a farmers’ community club and training facility space has been created by BAT Bangladesh which is aimed at improving the overall

**Zero waste to Landfill mindset**

In order to reduce the soil and groundwater contamination done by BATB, the organization is opting for 99% waste recycling and zero waste to landfill. Vermicomposting plants have been introduced at DF and GLTP to convert organic waste to fertilizer. The organization is also acting actively to eliminate the use of unnecessary single use plastic. First ever OPM (Project Terra) was arranged in the whole company to address need of cultural change towards use of plastic. This was done organization-wide drive to eliminate unnecessary single use plastic. In order to do so, plastic water bottles were replaced with glass bottles and one-time cutlery were replaced by paper cutlery in 2021. Additionally, plastic decorations were forgone for ecofriendly and natural decoration.

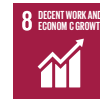
As we work towards the future, our dedication towards fulfilling the SDGs and our rich legacy of 12 years provide us the inspiration as well as the platform to move forth with pride and purpose, to ensure a safer today and tomorrow for all.

**Waste Recycling Ratio**



livelihood of the agricultural community. Furthermore, to ensure compliance in all aspects of farmer’s sustainability, farm monitoring and data collection has been digitalized to create the Farmers Sustainability Management (FSM) platform. Another initiative towards agricultural sustainability is Green Manuring with Dhaincha as an effective approach to the enrichment of soil health and fertility in a bio-friendly manner. Apart from guiding the farmers through sustainable agriculture, BAT Bangladesh also acknowledges the importance and impact of biodiversity to maintain the balance of the ecosystem where we operate in. Considering this, we have established 119 biodiversity corners with the help of our registered farmers.

# SOCIAL



*As a responsible corporate citizen, BAT Bangladesh is renowned for its ESG impact on the society. Our numerous social initiatives have not only addressed community needs but have created benchmarks which act as an inspiration for others. The transition from CSR to ESG has enabled us to widen the scope of our initiatives and support the government across multiple SDGs. We wish to continue this journey in future to achieve a better tomorrow for all.*

**Ahmed Raihan Ahsanullah**  
Senior Sustainability Affairs Manager

## OVERVIEW

At BATB, we are a people-driven, people-led and people-oriented business and thus have a vital role to fulfill in society, which we do so through managing our Social initiatives with prudence and responsibility.

## HUMAN RIGHTS

In this regard, we remain comprehensively engaged in the socio-economic development of the country. Our Social initiatives are anchored on a few major pillars comprising upholding farmers' rights, enhancing livelihoods, creating job opportunities, ensuring high-quality health and safety standards and ensuring better social/civic facilities. Furthermore, yet another major pillar of our approach to Social initiatives comprises upholding human rights that takes precedence in ensuring no violations throughout our operations, activated by our strong policies and robust protocols. With over 1,500 people direct employed and about 50,000 indirectly associated with our operations, including farmers, distributors and local suppliers, we are committed to ensuring an inclusive, supportive and collaborative culture that benefits everyone.

Yet another major prioritized area comprises women empowerment. We encourage the active participation of women across our organization, focusing on nurturing a workplace that is free of discrimination and bias and is one that instead promotes inclusivity and equality. Thus, women are at various divisions, right from the field to the factory and head office and we make provision via all support mechanisms to ensure that they remain at work and are able to freely pursue their careers and ambitions.

Besides, taking women empowerment a notch ahead, we also conceptualized the Inspirit program that goes beyond just the diversity agenda to enable women to realize their

full potential. In fact, initiatives taken here also include our farm women who are constantly trained on skills and capacity building. These include trainings on mushroom cultivation to not only enhance barn (tobacco curing structure/chamber) utilization, but also create additional income with marginal effort. Further, through Nokshi, we provide training on handicrafts-making, thus transforming farm women into trained craftspeople recognized for their intricate skills.

## FARMERS' LIVELIHOOD

We remain committed to extending all support to our contracted farmers in enhancing their livelihoods, ensuring food security and building resilience. Thus, we operate well-structured programs to meet these key objectives. For instance, we encourage our farmers to cultivate short duration varieties of rice and vegetables to be able to plant three crops a year, thereby increasing their income and overall farm productivity. Moreover, we also train our farmers on Integrated Farm Management Components (IFMC) to maximize farm efficiency and yield and optimize labor. Mushroom cultivation in tobacco curing is one of key highlights that helps maximize the utilization of curing barns, while generating additional income for our farmers.

We are proud that many carefully structured programs have been put into place for our farming communities to facilitate them to not only realize their own rights, but also help build resilience in the rural society. We also stand against any breaches; for instance we have a strict stance on child labor.

In addition, for our farm communities, we have introduced 'Bondhusheba', a web-based messaging platform that broadcasts useful information regarding prevention of child



Training and development for digitalizing farming community



labour, promotion of schooling among children, protecting health and safety of farm communities, ensuring workers' rights in the farm, etc.. Besides, a major training facility, Shikor, also comprising a farmer's club, was established by the Company to ensure that farmers have a collective and unified voice for key issues. In addition, Shikor also makes provisions for trainings on skill development for enhancing farm productivity and hence household income.

Moreover, Bat Bangladesh also emphasis on the fight for health safety for our farmers. Our safe drinking water Initiative 'Probaho', which was launched 12 years ago, has been tireless in its pursuit of ensuring everyone has access to clean water that is free of arsenic and other contaminants. Probaho proudly supports the ambition of the Bangladesh Government to accomplish Sustainable Development Goals (SDGs) No. 3 (Good Health & Wellbeing) and No. 10 (Reduced Inequalities) to ensure that 100 percent of the population uses safely managed drinking water services by 2030.

Due to arsenic pollution, millions of people in Bangladesh had a severe water shortage. In response to this immediate need, BAT Bangladesh began a flagship ESG project 'Probaho' in 2009 to provide rural people at risk of arsenic with clean drinking water. BAT Bangladesh marked its 110<sup>th</sup> anniversary in 2021 by completing the installation of its 110<sup>th</sup> water purification facility. As a result of this project, more than

270,000 people in 20 districts of Bangladesh now have access to 560,000 litres of clean drinking water each day. When it came to finding safe drinking water, many of these folks had little choice but to travel long distances in order to do so.

When asked if they had experienced arsenic poisoning or other waterborne ailments prior to the installation of filtration systems, 32% of those polled in intervention zones admitted to having done so. As a result of Probaho plant installation, the percentage has now dropped to just 0.3 percent. In-depth studies carried out by the Nielsen Corporation reveal that 99.8% of beneficiaries have access to safe drinking water at all times of the year and that 98.7% are confident enough to drink directly from the plant.

BAT Bangladesh's safe drinking water effort is now expanding outside of the country's historically arsenic-prone regions. As a result, it has broadened its scope to include areas where safe drinking water is in short supply. Salinity-prone locations like Shatkhira, distant areas of Chattogram's hill tracts, and the islands of Saint Martin's are presently being installed with water filtration plants.

Successful public-private partnership is a cornerstone of Probaho's vision of a safer future for present and forthcoming generations. Probaho has collaborated with Bangladesh Police, the Border Guard Bangladesh, the Rajshahi City Corporation, and other organizations

over the past few years to deliver safe drinking water to communities.

In 2021, Probaho has Installed a water filtration plant at Padma park in collaboration with Rajshahi City Corporation (RCC) to provide visitors safe drinking water for free. The initiative expanded the horizon and established the 1st water filtration plant at St. Martin island in collaboration with Bangladesh Border Guard (BGB). Furthermore, A multi-fold filtration plant has been established in Langipara, Bandarban to address the water problems of people living in remote hilly areas. For better governance, the initiative

has established a call center platform to connect with the beneficiaries on a daily basis.

Probaho has been awarded the internationally acclaimed 'Asia Responsible Entrepreneurship Award-2018' and locally eminent 'Centenary Award 2014' from the Metropolitan Chambers of Commerce and Industries.

As we work towards the future, our dedication towards fulfilling the SDGs and our rich legacy of 12 years provide us the inspiration as well as the platform to move forth with pride and purpose, to ensure a safer today and tomorrow for all.



Celebrating 12 years of Probaho



Probaho plant inauguration in Bandarban



Mahmuda Sultana



### HELPING BENEFICIARIES, OVERCOMING THE ODDS: A CASE STUDY

Mahmuda Sultana is a homemaker living within a short distance from the Probaho facility in Piarpur, Daulatpur. A mother in her mid-thirties, she earlier had to endure great hardship due to the lack of potable water.

A couple of years ago, the majority of tube-wells in Mahmuda's neighborhood were designated unusable due to the presence of arsenic contamination in the water. However, because of their helplessness, people had no choice but to collect contaminated water from tube-wells. Mahmuda's 11-year-old daughter battled water-borne infections since childhood.

Probaho has rescued Mahmuda and people like her from the adversity. After the Probaho facility was established in her region, residents finally had access to safe drinking water from the plant. She observed that the prevalence of water-borne ailments such as diarrhea and typhoid declined considerably. Further, she now has ample time to devote to assisting her daughter with her schoolwork.

This apart, she is a seamstress and has now become capable to complete her orders on schedule. She believes that this transformation would not have been possible without Probaho's presence in her life. Today, Mahmuda's household is fully and confidently reliant on Probaho water!

# LEAF SUSTAINABILITY INITIATIVES



*We engage in 100% leaf procurement from domestic sources and hence contribute to direct local employment creation. Today, as part of our sustainable supply chain initiatives, we remain committed to fostering prosperous livelihoods for our contracted farmers and continue to work with them in increasing yields and productivity, which eventually drives better incomes, while enable us to secure the tobacco leaf supply chain.*

**Mr. Sazzad Hossain**  
Head of Leaf Operations



## AFFORESTATION WITH PALMYRA PALM (TAAL) AS A FOCUS AFFORESTATION

In the process of supporting the Government agenda in mind, BATB introduced Palm plantation in 2021 under ESG initiatives. It plays the role of income/profit generating component for the farmers and environmental protection at the same time by saving from natural calamities like thunder. Besides, it has additional benefits like:

- Palm leaves are used for making hats and boxes.
- Palm branch is used for making baskets and rope.
- Palm Trunk is used for making boats, furniture, and house construction.
- Palm fruit is a delicious fruit. When palm fruit is not ripe, people can eat it and make it to dessert. When

Palm fruit is ripe, people can make it to jelly and food

- Palm root is used for curing disease. It is Khmer traditional medicine for malaria.

Under the banner of afforestation, 11 leaf operational locations (likely Kushtia, Jhenidah, Meherpur, Khagrachari, Bandarban, Cox's Bazar, Manikganj, Rangpur) adopted palmyra raising, and over 10,000 saplings are provided to 1,000+ stakeholders and covered an area of 20+ kilometers at free of cost. Over a short span of time, palm plantation has received a significant popularity. BATB is trying its best to popularize it more and establish a better supply chain process to improve the farmers' income and thereby be a part of the largest private-sector afforestation program in Bangladesh.



Palmyra Palm Plantation







**NEW HYBRID VARIETY INCLUSION IN THE PORTFOLIO**

As part of the continuous improvement journey and for productivity increase through multilocation trials we are incorporating another elite hybrid in our portfolio. We conducted 72 nos. multilocation trials and fine-tuned agronomic packages in the last three years. Inclusion of this

variety facilitates us to increase 33 % vertical expansion & BDT 0.12 mln additional farm income which gives great mileage to execute our ESG agenda under the social pillar for a better tomorrow.



High yielding variety Cultivar Souza Cruz- 4501



**BIO- RATIONAL APPROACH**

Agriculture contributes 15% to the national GDP and the Government has been working towards its sustainable development goals and empowering farmers to benefit from Good Agricultural Practices since its inception. The biorational approach is an ecofriendly strategy that focuses to protect crops from pests & diseases using organic methods.

BAT Bangladesh has been working relentlessly with the Department of Agricultural Extension (DAE) of the Ministry of Agriculture & other organizations to educate farmers on bio-rational approaches. Currently, we have full package bio solutions for major pests and diseases. Through using these bio approaches we are reducing dependency on chemical pesticides which have long-term effects on the environment & the human body. These organic components very much target specific & eco-friendly in



IPM Approaches in Seedbed

nature which does not harm our beneficial insects and diseases. Currently, we are using Bird perch, Pheromone trap, Trichoderma, SNPV, Bio-clean as bioagents against major pests and diseases.

These bio-agents will help us to create a sustainable and green future for all and together we will be able to reach our Sustainable Development Goals for a Better Tomorrow.



**EXPANSION OF MORINGA CULTIVATION- A NEW ERA IN BIO MEDICINAL APPROACH**

BATB Leaf Operations is driving different ESG initiatives, and “Expansion of Moringa Cultivation” is one of them. Considering the multipurpose usage of the plant BATB initiated this program in 2020 and to date, we have distributed more than 150K saplings free of cost among the farming community ensuring 8 hectares of land under the Moringa plantation. This year we will distribute another 100K saplings and will continue it in the future as well.

is renowned for its leaf usage in different forms. Moringa leaves hold a market value of USD 6 Billion globally per annum where 40% is used for human consumption (vegetable, fast food, cosmetics, energy booster, dried powder as tea & anti-aging) and 60% as silage. Considering the huge export opportunity, BAT Bangladesh trying to popularize Moringa cultivation among farmers, establish a supply chain process, contribute to improving the farmers’ income and thereby socio-economic development of the country.

In BD, Moringa is grown mainly for fruits but worldwide it



Moringa Nursery and Planted Block



**RIVERSIDE PROTECTION CAMPAIGN – A SUSTAINABLE APPROACH**

BATB Leaf Operations is driving different Sustainability initiatives to contribute to farmers’ socio-economic development, and the “Riverside Protection Campaign” is one of them. The purpose of this program is to restrict riverside tobacco cultivation, conserve water sources, utilize cultivable land efficiently, and make sustainable our leaf operation in the future. Riverside Campaign encompasses the restriction of tobacco cultivation in the riverside buffer zone, maintaining 50 feet distance from the water source, and replacing this area with the Company-

provided free vegetable seed, i.e. Groundnut, long bean, Khaiysha, pumpkin. In a nutshell, Riverside Campaign is about creating awareness among farmers to protect the riverside and the start of a new era where riverside farmers will cultivate vegetables from their own responsibility.

BATB, as a responsible organization, took the lead from 2019 to protect the riverside as awareness among people engaging Govt. Stakeholders, BGB, Army, DAE, Other Tobacco Companies & farming communities.

We had surveyed 258 nos. of Buffer Zone farmers and distributed 1250 Kgs of vegetable seeds. For implementing this initiative, we had successfully completed 61 nos. of meetings & campaigns. Out of this total no, we conducted 33 no. of group meetings, 28 nos. of Campaign. Considering

the diverse challenge, BAT Bangladesh emphasizes on Riverside Protection Campaign among the farming community & contributes to the improvement of farmers' income and thereby socio-economic development of the country.



Vegetation buffer along the Riverbank



**NOKSHI - A WOMEN ENTREPRENEURSHIP VENTURE**

Nokshi is a new initiative of BATB that was launched in February 2021 as a pilot in partnership with Rangpur Women Chamber of Commerce and Industry. The primary objective of the project is to enhance capacity of women in farming for them to generate additional family income through micro-entrepreneurship. Today, as many as 30 women have been selected from the Rangpur leaf region. A comprehensive training program has been designed by

expert trainers of the Chamber and as many as 10 sessions were conducted on block, tie-dye, Ambrose and hand paint during the year. After successful completion of the first batch at Rangpur, training for another two batches was conducted at Rangpur and Lalmonirhat in December 2021. Already, 22 women from the first batch have started their own production.



Women training session under the Project Nakshi





**MECHANIZATION - THE MODERN WAY OF AGRICULTURE**

Agricultural mechanization has become mandatory as the labor crisis is increasing day by day. Bangladesh Govt. has also worked for Agriculture 4.0, aiming for mechanization and technology inclusion in agriculture. Aligning with the Govt. agenda, a mechanical ridge maker with a fertilizer applicator has been introduced by BAT Bangladesh, and 135 ridge makers have been distributed among the farming community for their popularity. Total 13,838 ha mechanized ridge making along with fertilizer application was done in 2021. So, one-third of the labor cost per ha was saved for ridging and fertilization. As a result, the farmer's COP is reduced by BDT. 4-5 per kg of tobacco production. It has also reduced dependency on human labor. Farmers can also be able to make the ridge and apply fertilizer within a very short time that helps to interconnect the next crop. It also improves the uniformity of operations like ridge making and fertilizer application and improves the quality of crop production. The fertilizer applicator ensures uniform application of fertilizer, and the excess application of fertilizer is also prevented, and farmers can avoid extra costs for excess fertilizer application. Moreover, soil

health is sustained for the uniform application of fertilizer. Again, the rain gun irrigation and fog irrigation system for tobacco seedbeds have been introduced as a pilot project. It is also very much promising to reduce the overall consumption of water and the irrigation cost of farmers. The Drip irrigation and Sprinkler irrigation system have been introduced for irrigation at tobacco fields. In 2021, a total of 2 ha drip irrigation and sprinkler irrigation had been conducted at hill tracts and riverside areas of Bangladesh as a water-saving approach. The inter-cultivator for an inter-cultural operation like weeding, spading, and re-earthing up has also been under popularization in different areas. It is also reducing the number of laborers involved in the inter-cultural operation and thereby reducing the cost of farmers. In 2021, for the first time, 2 Combine harvesters had been distributed to popularize the mechanical harvest of paddy. It has covered 172 acres, and 384 farmers were directly benefited by reducing 10% of the cost of paddy harvest. This is also aligned with Govt. agenda to popularize mechanization in paddy harvesting.



Local fit Farm Mechanization





**GLTP – DEMONSTRATING AGILITY AGAINST CONSTRAINTS**

Our GLTP (Green Leaf Threshing Plant) consists of two production lines capable to support even increased demand.

Despite the COVID-19 pandemic, GLTP delivered strong business results in terms of OEE, productivity, yield and energy consumption. All safety and hygiene measures were implemented to protect worker health and safety, which ensured continuous operations. Further, rolling

out IWS was the key focus of GLTP in 2020, and benefits of this initiative started to accrue during the year under review. In addition, the team took bold steps to cater to new customer requirements through boosting exports. Besides, reinforcement of IWS drumbeats, zero-loss mindset and 100% people involvement embedded into the system enabled GLTP to deliver a record-breaking performance in 2021.



GLTP: IWS Phase-1 Certified in 2021



## ALTERNATE FURROW IRRIGATION (AFI)

AFI is a scientifically proven irrigation method. The technology was developed by Bangladesh Agricultural Research Institute (BARI) recommended for any row crops, which helps 30-35% of irrigation water savings having no impact on quality & yield.

AFI is done by flowing water into one furrow and keeping

the adjacent next furrow without irrigation same time. Water should fill up to 2/3<sup>rd</sup> ridge height of the furrow during irrigation. On the next irrigation, the alternate furrow is irrigated, and the previous one is kept without irrigation. This ensures that the plants get sufficient water and circumvent excess water application.

### Highlights:

- Bangladesh Agricultural Research Institute (BARI) recommends the AFI method for row crops;
- Collaboration with GLAD for quantifying water measurement and savings;
- BD Leaf Team implemented AFI for the 1<sup>st</sup> time in the 2021 crop;
- Out of 3-6 irrigations, farmers were advised to apply AFI only for 1<sup>st</sup> & 2<sup>nd</sup> Irrigation;
- No impact on yield & quality

### Achievement:

- 37% of Contracted ha. coverage
- 13000+ farmers Covered
- 400+ Field demonstration
- 2 + mln m<sup>3</sup> water saved in 2021
- Overall water saved 82 m<sup>3</sup>/ha



Water efficient Alternate Furrow Irrigation (AFI)



**CULTIVATION OF “QUINOA- A SOURCE FOR ENRICHING NUTRITION” FOR THE FIRST TIME IN BANGLADESH**

BATB Leaf Operations is driving different ESG initiatives, and “Cultivation of Quinoa” is one of them. Quinoa (*Chenopodium quinoa* Wild.) belongs to the family Amaranthaceae, which is first originated in northwestern South America. Quinoa is a whole grain seed that is rich in protein, dietary fiber, vitamin E, B, antioxidants, zinc, magnesium, etc., which is a pathfinder for cancer, heart, and diabetes patient. Considering the future demand & market opportunity as a differentiated diet, Quinoa

cultivation was introduced in 2021 at the sandy loam soil of Lalmonirhat in 70 Decimals land for the first time in Bangladesh. Finally, 294 kg of Quinoa was delivered in 2021, which is a new arena for the agricultural sector of Bangladesh as well as BAT Bangladesh. In 2022, BATB Rangpur Leaf team is driving to produce Quinoa in 50 decimals of land to have a diversified footprint in the agricultural sector of Bangladesh for a better tomorrow.



Crop Diversification: Quinoa Trial Plot



**VEGETABLE PROJECTS WITH CLUSTER SEEDBEDS**

Agriculture is one of the prime economical backbones of a nation, that contributes 15 percent of the national GDP. Among all crops, a large demand for vegetables is dependent on 2.63% of the total land. (BBS, 2015). Considering the facts, ESG (Environment Social & Governance) initiatives regarding the importance of vegetable cultivation played a role in the enhancement of agricultural return within the existing land ensuring maximization utilization of land and meeting the nutritional demands. In feeding ESG requirements, BAT Bangladesh

took a project of distributing vegetable seeds likely Red Amaranthus, spinach, yard long bean, sweet gourd, bottle gourd, mallow, Cauliflower with an amount of 334 Kg that includes 103 ha vegetable production. This project was initiated in Kushtia, Rangpur, and Chattagram hill areas with a no of 13,000 farmers. This turned out to be an average of 3675 taka return for each farmer cultivating it within the tobacco cluster seedbed (resetting/unused). Cluster seedbed is the practice of organizing seedling production on a cooperative basis. In addition, in conversation with



Crop Diversification: Quinoa Trial Plot

more farmers, we came to know that it needs very little effort within the existing land and has a higher germination rate (85% tested by the agronomy team). Moreover, vegetables comprise essential nutrients and vitamins such as A, C, niacin, riboflavin, and thiamin and minerals such as calcium and iron and contribute to dietary fiber necessary for digestion and health and are essential for

maintaining health curing nutritional disorders. Despite being an agriculture-dependent country, the average per capita vegetable intake is 56 gm where the recommended intake should be 250 gm per day (FAO, 2015). Considering such benefit this project can be considered as a successful one and with such small effort, vegetable cultivation is a solution to long term problems.



Crop Diversification: Quinoa Trial Plot



**MUSHROOM CULTIVATION – AS A TOOL FOR WOMEN EMPOWERMENT INITIATIVE IN LEAF OPS**

New milestone commenced to empower farm women through implementing Mushroom cultivation inside curing barn during the non-tobacco season (May - December). This initiative has empowered farm women economically by generating additional farm income & creating mushroom entrepreneur. We have been arranged training season for progressive farm women to give them a new outlook of mushroom cultivation as a profitable venture. This training was arranged at Khaghrachari with for 30 farm women. Already 15 farm women producing mushroom from last year. Apart from Khaghrachari, in Kushtia 60 farmer got training by the resource personnel and 10 farmers have been doing mushroom cultivation in their curing barn in off season. The mushroom cultivation have started playing a role in the improvement of their socio-economic status in the farming community. Farmers are collecting mother mushroom seed from Mushroom development center (MDI centres) and

other established farms, and they are converting the mother seed to sub – mother and then spawn. A barn of 16x12 square feet around 300 – 350 mushroom spawns (spawn size 1 kg) can be cultivated, and around 800 g mushroom can be harvested from a single spawn in a life cycle of 75-80 days. Total 280 kg mushroom can be harvested from a single barn in 3 months which market value is around BDT 70,000 (BDT 250/Kg) and per month BDT 20,000 extra income help the farmers to uplift their livelihood. Farmer consume it to meet their family nutritional needs and also sell it from their farm to the neighbors and whole seller. Some of farmer bring it in next level by processing fresh mushroom to dry mushroom for long time preservation. They also process it as powder form to use as medicinal purpose. This is really a great initiative to empower & encourage farm women being independant & helping us to achieve our ESG goals.



Mushroom Cultivation: Engaging farm women in income generating activities



# SUSTAINABLE MODEL FOR SUGARCANE CULTIVATION

Historically, sugarcane was a vital industrial crop grown in Bangladesh, playing an important role in country's economy. However, in the recent years, there has been a decline in performance. The sugar output reached its lowest point in 2021 due to a sharp decline in various sections of the sugarcane value chain resulting in the suspension of operations at six sugar mills because of the inability of farmers to supply sugarcane. According to Bangladesh Sugar and Food Industries Corporation (BSFIC), only 9 out of its 15 mills are operational currently along with a 45% decrease in land area, thus exposing the country to a major deficit of the key consumer commodity. Although investments are being sought to revive and modernise this struggling industry, the most immediate need is to ensure sustainable quality sugarcane supply.

Amid this dire situation, BATB has stepped forward to support the revival of the sugar industry, as part of our

commitment towards contributing to Bangladesh's SDGs. With primary focus on capacity & capability building amongst the sugarcane farmers, BATB aims to make the industry self-sustainable by harnessing our longstanding experience in the agriculture sector.

With the abovementioned agenda in mind, BATB and BSFIC have taken collaborative approach to improve sugarcane productivity (yield per hectare) ensuring economically viable and sustainable sugarcane cultivation. This venture started with a workshop in presence of the Honourable Secretary - Ministry of Industries, Chairman- BSFIC, and representatives from Bangladesh Sugar Crop Research Institute (BSRI), Sugar mills and BATB. BATB proposed a sustainable model based on in-depth analysis and future prospects. The model would be piloted in 30 hectares, across 5 different mills zones: Mubarakganj, Joypurhat, North Bengal, Carew & Co. and Natore.



Workshop and Seminar on Sustainable Model for Sugarcane Cultivation



Site selection, seed sowing and tube irrigation



Mechanization, fertilization and BondhuSheba Platform

The pilot model will work aiming to increase the yield of sugarcane from 19 metric tonne/acre to >35 metric tonne/acre through implementation of Good Agricultural Practices (GAP), thereby ensuring sustainable sugarcane cultivation. To fulfill these objectives, targeted farmer meetings & seminars on GAP, field visits by BATB and BSFIC representatives at each stage of crop cycle are being conducted along with quarterly update to the BATB senior leaders and Secretary - Ministry of Industries. Apart from suitable site selection, disease free-high yielding sugarcane setts (certified seeds) are prerequisite for healthy cane production which were supplied across all mills by BSRI and BSFIC. BATB ensured continuous support of GAP and technical resource deployment, crop inputs, capability enhancement along with project funding as per

the Terms of Reference (TOR). Moreover, BATB enabled its well-established real-time communication channel, BondhuSheba with farmers to provide on-time updates on crop cycle activities, weather forecasts and other priorities.

Despite a compromised timeline due to late startup of the project, the project team's focused drive and commitment delivered positive outcome with ~85% germination rate and satisfactory growth of the plants. Starting from land selection to mechanization and proper fertilizer regime deployment to GAP implementation, the project is progressing as per plan. Thus, BATB continues to support the government's priority to revive the sugarcane industry and thereby contributing to the economic advancement for achieving the SDGs of Bangladesh.



*Employee safety emerged as our top priority during the COVID-19 pandemic. Keeping our employees safe, productive and engaged, while also ensuring continuity of business, was a balance that we strived to achieve during the challenging period of the lockdown months.*

**Ms. Sadia Zahin**  
EHS Manager

**HEALTH AND SAFETY**

BAT Bangladesh is fully committed to ensure safety and health of its people who are associated with our operations, as well as minimise impact on the environment, i.e.: air, water, waste, soil and all sorts of natural resources etc., so that sustainable operations can be ensured. Since BATB is a responsible organization, major initiatives such as AVC installation, 11KV additional line installation, energy efficient motors usage, condensation free steam supply system installation, generator run hour reduction, ELESOL installation for electrical lines, RO plant installation, zero waste to landfill etc have been done for reducing energy consumption, increasing water recycling and proper disposal and recycling of waste materials which are vital to ensure sustainable operations. For developing

proper cultural mindset, communications and awareness programs based on environment and sustainability for managers, employees and contractors are done throughout the year. Also, by integrating IWS EHS Pillar way of works all the relevant personnel are aligned with the process of continuous improvement in a zero-loss mindset. Moreover, EHS based various trainings are arranged focusing on safe work practices on the production floor, in warehouses, in transportation management and in offices.

**EHS POLICY FRAMEWORK**

The policy of EHS consists of two key statements – Environmental Policy Statement and Health & Safety Policy Statement. These statements are amalgamations of declarations of the Company’s commitment to all key



Maintenance work @ Dhaka Factory, BAT Bangladesh following all safety measures of EH&S



Reverse Osmosis Plant @ Dhaka Factory



Reverse Osmosis (RO) System



Celebrating World Water Day



Waste segregation and carrying

environmental priorities – agriculture, manufacturing & distribution and health and safety for end-to-end supply chain. Risk assessment, Environmental Aspect Impact Analysis, adhering to the legal register and planning EHS Management Programs and Contingency plans are also key activities performed by BATB EHS. BATB EHS' promise of Safety and Sustainable sits on three pillars. Each pillar has its own key focuses and enablers strengthened by the ETHOS in practice.

### INITIATIVES DURING PANDEMIC

Employee safety emerged as our top priority during the COVID-19 pandemic. Keeping our employees safe, productive and engaged, while also ensuring continuity of business, was a balance that we strived to achieve during the challenging period of the lockdown months. One of the effective ways in which we did so was by activating

work-from-home (WFH), providing all our employees who could stay at home to do their work with robust and secure technology tools with activation of virtual platforms so that they could collaborate with each other, keep the lines of communication open and complete assigned tasks on time.

Following government instruction, additional transportation facilities for the employees were provided who were mandatory for factory operations during nationwide lockdown tenure. We provided family care pack, mask, sanitization materials to the personnel associated with our operations. Moreover, to ensure sustainable operations, we helped employees to get registered and vaccinated to fight against pandemic. Thus, through this crucial initiative in workplace, we were able to ensure a "business as usual" through ensuring continuous operations as much as possible, while providing job security to all our employees.



Ensured sanitization booth at every entrance of the Company



Awareness training to the vendors



Awareness Session at Leaf Depot



Hand Wash Facility at Leaf Depot



Temperature Checking at entrance of Leaf Depot



Temperature checking at the entrance of Dhaka Factory, BAT Bangladesh



Training session maintaining EHS standard during COVID

### OUR GOALS OF EHS

- Protect the environment and prevent any hazards by adopting manufacturing process, minimize pollutants, and eliminating occupational health and safety hazards.
- Engage the necessary workforce on all worksite in EHS matters through effective participation.
- Ensure the execution of the principals of safety, health and environmental care in the Company's people and processes on continuous basis for enhancing EHS culture
- Continually work on cost effective technologies interventions to minimize the risk to humans, property and reduce adverse environmental impact through adoption of elimination, substitution reduction, recycling, reuse and recovery at source.
- Comply with all legal and other compliance obligations concerning environment, health and safety.



*As part of our holistic human resource strategy, BAT Bangladesh has been at the forefront of cutting-edge people practices that help propel engagement and retention. We are focused on the safety, contentment and wellbeing of our employees through our various impact-driven welfare programs.*

**Mr. Mehedi Arif Mozzamel**  
Head of Operations Human Resources

**PEOPLE AND CULTURE**

BAT Bangladesh has been consistently recognised as one of the most preferred employers in the country. The organization, committed to pioneering best practices in employee welfare, has successfully infused a culture where every employee passionately contributes to the betterment of his/her colleague, the Company and the country.

**FOOD AND HEALTH SERVICES**

Some of BAT Bangladesh’s initiatives to ensure the sustained welfare of its employees include:



Catering to proper nourishment and hygiene of employees by providing them with food that is healthy and nutritious, as well as running effective campaigns on hygiene



A full-time ambulance is kept on standby for any emergency support



Every common and emergency medical issue that may arise are given top priority, for which a full-time doctor and a pharmacist are always available on-premise



Hospital tests and admission costs are fully borne by the Company



Regular health test services and checkups are conducted on organisation premises

**WORK-LIFE INTEGRATION**

**Family Day**

We arrange a day-long event called “Family Day” comprising a fun-filled outing for employees and their families in a vibrant location. Past events comprised activities for everyone, including fun rides for children, such as merry-go-round and mini train rides and musical shows, snacks corners, games corner and mehedi corners for elders. Arrangements were made for family sketches and family portraits too. Even amid the pandemic, on Family Day 2021, BAT Bangladesh organised an online programme for all employees, including their families, keeping all entertaining cultural elements as an intrinsic part of the program. The organisation also recognised the contribution of employees who completed their service tenure and retired from the organisation during the year.

**Annual picnic**

We organise an “Annual Picnic” where all employees can have a day off for enjoyment and take part in myriad sports and indoor games. A business session is also held so that employees have a better understanding regarding the future of the business and the organisation.

**Kid’s carnival**

Kid’s carnival, a half-day event, was also held via an online programme in 2021. All employees and their families enjoyed the program. The elements of the programme for children was also telecast live from the microsite, thus creating a new approach to digital employee engagement.

**Religious gatherings**

Eid e-Milad-un-Nabi and Annual Iftar during the month of Ramadan were some of the annual celebrations observed by the organisation on factory premises, in adherence to all health and safety measures and protocols.

**BAT Bangladesh Changemakers League**

BAT Bangladesh Changemakers League, an inter-department football tournament was held to keep employees and managers engaged not only on the field but also enhance inter-department bonding and team spirit. For the first time, Leaf department and Savar factory were part of this tournament.

**EDUCATIONAL SUPPORT**

BAT Bangladesh provides scholarships to highly meritorious children of employees who have achieved exemplary results in S.S.C/O Levels and H.S.C/A Levels examinations. A total of 75 children were awarded scholarships based on their results in 2021. The scholarship continues till their graduation to encourage students to continue uninterrupted with their education.



Football teams posing for the group photo of Changemakers League



Mr. Shehzad Munim (Managing Director, BAT Bangladesh) giving his opening speech at the inauguration of Kids Carnival



Login direction to attend online ceremony of Kids Carnival



Unveiling the trophy of Changemakers League 2021

# TRAINING AND DEVELOPMENT



*Our people strategy centers around building an inclusive organisational culture that attracts, engages and retains talent. Our human resources strategy is governed by comprehensive policy frameworks that are aligned to that of BATB and revised to ensure compliance to local regulations and market practices. Our competitive edge is underpinned by the attitudes and competencies of our team, and we place strategic emphasis on creating a rewarding, fulfilling and dynamic work environment in which they can thrive.*

**Mr. Muhammad Shafiul Munir**

IWS Lead & Operations Skills Development Manager



Head of Manufacturing Mr. Hasanain Ishtiaq facilitating Apprenticeship Academy

## ORGANISATIONAL TRAINING ASSESSMENT

Assessment is carried out to understand the types of training required to be incorporated in annual training plan. Planning is done by determining competency/skill gaps of employees. After the training needs are analysed, training material is developed by our in-house subject matter experts, with emphasis on delivering the best training experience to our people. Training content is digitally prepared by our experienced technical experts

to aid employees with better understating of real-life challenges and learn easily from various problem-solving techniques. Post training evaluation is mandatory to assess effectiveness. To build future-fit people, training plan and training contents are reviewed on a frequent basis. The year 2021 was one of reaching new milestones in our learning and development agenda. New learning platforms were created for both management and shopfloor employees.



**ORGANISATIONAL DEVELOPMENT STRATEGY THROUGH OUR VARIOUS PROGRAMS AND INITIATIVES**

**Ignite Ops**

The campaign “Ignite Ops” was designed to bring a step-change in the learning culture and further enhance managerial capability through integrated learning. Ignite Ops is a theme-based learning campaign that includes training in supply network design, sustainability, leaf supply ecosystem, manufacturing, innovation, product life-cycle management, etc. Other programs like Uplift and Intensify are used for onboarding new recruits in management positions to equip them with both business and operational knowledge and smoothen the transition process for them.

**Component Level Training**

Component Level Training was initially launched for shopfloor employees, with a plan to educate and help them develop component-level inspection standards for their individual equipment. In continuation to its effectiveness, it has now been made available to managers as well.

**New recruitment**

The Company witnessed the biggest recruitment drive of shopfloor employees in 2021. Our talented and enthusiastic pool of fresh graduates from various renowned educational

and vocational institutions underwent a rigorous recruitment procedure which included written, viva and practical assessments. Already, around 163 new recruits have been appointed in the Company.

**Apprentice Academy**

In another major initiative of the year, Apprentice Academy was launched in January 2021 for 143 new apprentices. The curriculum included training for technical upskilling, customised sessions on machines and equipment, hands-on activities for developing process knowledge and soft-skill sessions to encourage the spirit of teamworking, etc. We monitor and assess performance of our apprentices and assist them to continuously build and transform their skills.

**Integrated Work System (IWS)**

Our people development framework is powered by our Integrated Work System (IWS) under the “Learn-Do-Teach” approach. IWS is an organisational capability-building strategy aimed at achieving and sustaining breakthrough business results through 100% ownership and zero-loss mindset. Standardised process, trained manpower and effective forums for various rewards and recognitions drives continuous improvement at the Company and helps build the organisation of the future.



Inaguration of Apprentice Academy



Practical Session of Component Level Training for Managers



Recognition for Ignite OPS top learners

# BATTLE OF MINDS



*18 years of exemplifying the spirit of “Anything is Possible”, living true to the theme of the 2021 Battle of Minds.*

**Mr. Saad Jashim**  
Head of Human Resources

BAT Bangladesh’s flagship business competition, Battle of Minds (BoM), began in 2004 as a beacon of hope and dreams envisioned to unite the brightest minds of the nation. Over the years, BoM has emerged as one of the most prestigious corporate talent platforms of the country, with thousands of ambitious young undergraduate students who have received extensive grooming across the seasons, landed jobs and done very well in both development and corporate sector, including in leading FMCGs, banks, telcos, etc. We are proud to employ 130+ people whose talents were discovered through BoM editions.

Our homegrown passion project has been adopted worldwide across the BAT Group in 20+ participating countries. The year 2021 marked the 18<sup>th</sup> year of BoM in Bangladesh, and opened doors to not only undergraduate students, but this time, also young startups. Thus, BoM has evolved into a corporate accelerator, supported by BTomorrow Ventures, the corporate venture capital arm of BAT Group. However, this was just the start of surprises, exemplifying the 2021 edition’s theme - ‘Anything Is Possible’.

Keeping the theme as the anchor, we revealed exciting new challenges this year. Calling radical minds to rise with their innovative ideas on four sustainability-centered challenges solving social and environmental issues: Farming, Energy, Waste and Culture.

### GETTING THE SHOW ON THE VIRTUAL ROAD

The 2021 journey began with virtual roadshows held across 18 universities, engaging over 1,800 students. To encourage participation from young startups, we hosted our first-ever startup edition roadshow, inviting maestros of the field, Mr. Ahmed Fahad, Senior Vice President of Pathao, and Mr. Jamil M Akbar, co-founder of iFarmer Limited.

Virtual roadshows allowed us to seamlessly interact with and break down the 2021 challenges to all participants. To place each challenge in the spotlight, we hosted the “Changemakers’ Summit”, featuring both local and international industry experts. Our distinguished guests were the likes of Dr. Md Abdur Rauf, Additional Secretary – Ministry of Agriculture, who spoke on the farming challenges, and Mr. Solaiman Alam, Chief Strategy



Champions of Battle of Minds 2021 Lifting Trophy



Champion Press Release Post



### Champions presenting Virtually

Officer, Grameenphone who spoke on the context of culture challenges. There were also other speakers too, from academics to corporate executives. Wrapping up the exciting roadshow, we received 2,500+ registrations which were distilled down to 284 pitches, the highest-ever among all the BoM editions.

### FIRST-EVER WEEK-LONG BOOTCAMP

From 284 pitches, we shortlisted 80 impactful ideas, advancing teams of 3 into the “Bootcamp” round. Unlike any other year, we hosted a week-long virtual bootcamp in 2021, where we created a unique experience for each participant. Throughout the week, they participated in a plethora of pre-work challenges, reflecting the year’s theme via our customised portal.

To ensure continuous engagement, we also created “Participants’ Spotlight”, leveraging user-generated content to gain traction on social media. Within a week, we saw our social media reach increase 10-fold. We also created a virtual networking hub for the participants incorporating spatial chat technology.

Upon completing of pre-work challenges, participants took part in an exciting day-long bootcamp where we invited distinguished experts to host panel discussions, following up with an exhilarating themed virtual Escape Room for all participants, and ending the day with ‘Dragon’s Den’, a Startup Simulation Round.

### A RIVETING CONCLUSION

From the bootcamp, the teams were shortlisted into the “Top 12-Semi-Finalist” teams, who were each assigned

mentors and got the unique opportunity to engage with prominent experts like Ms. Sonia Bashir Kabir, Founder of SBK Tech Ventures. Upon speaking to the mentors, they were able to further fine-tune and refine their ideas for enhanced preparedness for the semi-finals round. Thus, we got our “Top 5”, whose groundbreaking ideas and unparalleled resilience to see through the rigour of the various stages led them to the “Grand Finale”.

In the riveting grand finale, the teams presented their sustainable ideas bolstered by financial backing and prototype testing. Mr. M.A Mannan, Minister of Planning, Government of Bangladesh, graced the virtual event and stressed upon the importance of talent platforms like Battle of Minds, to groom next-generation minds in preparing them as future professionals.

Finally, beating four other teams, “Team Fan Club” from the Institute of Business Administration was crowned champions of the 18<sup>th</sup> edition of Battle of Minds. This team of trailblazers pitched mixing plastic waste with sand to create eco-friendly bricks that lowers the carbon footprint load of the harmful briquetting process currently in use. After winning the local round, the team set off to paint the global stage green and red, by participating against 25 other countries.

### OUR BACKSTAGE STARS

Empowerment is one of the ETHOS lived at BAT Bangladesh every day. For this year’s biggest talent competition, BoM was helmed by an energised and empowered all-female team! Although limited by COVID-19 restrictions, the young team ensured that they stayed true to the theme of “Anything Is Possible”!

# I CHOOSE TO CREATE OPPORTUNITIES

FOR WOMEN AND MEN, EQUALLY, REGARDLESS OF GENDER, TO GROW AND DEVELOP INTO LEADERS OF TOMORROW!

#CHOOSE TO CHALLENGE



# I PLEDGE TO ROLE MODEL INCLUSIVE BEHAVIOR

BY TRULY LISTENING TO ALL PERSPECTIVES AND CREATE AN ENVIRONMENT WHERE EVERYONE FEELS WELCOME!

#CHOOSE TO CHALLENGE



# I CHOOSE TO CREATE OPPORTUNITIES

FOR ENERGIZED HIGH POTENTIAL FEMALE TALENT AND EMPOWER THEM TO GROW INTO SENIOR, SUCCESSFUL BUSINESS LEADERS!

#CHOOSE TO CHALLENGE



# I CHOOSE TO ATTRACT AND RETAIN

FEMALE TALENTS FROM STEM BACKGROUNDS AND ENSURE THAT THEY GROW IN THEIR CAREERS TO REACH THEIR HIGHEST POTENTIAL!

#CHOOSE TO CHALLENGE



A GLANCE AT THE PLEDGES MADE BY OUR LEADERSHIP TEAM ON WOMEN'S DAY

HERE AT BAT, OUR EFFORTS ARE CONSCIOUSLY CHANNELLED TOWARDS NURTURING AN ENVIRONMENT THAT WELCOMES, RESPECTS, AND HEARS EVERY INDIVIDUAL.

# EMPOWERING OUR WOMEN TOWARDS A BETTER TOMORROW



Women's day celebration 2022 at BAT Bangladesh

At BATB, our purpose is enshrined in our commitment to build "A Better Tomorrow". Unquestionably, this journey starts with our approach that is built on both inclusion and equality. Thus, the fundamental belief that we hold is that female empowerment at our Company is not words on paper but a philosophy that we practice and live every day. Hence, in this quest, we strive to identify initiatives, events and programs that fete the role of women not just in our Company but also in the broader society, while also ensuring that our women employees get the right platform, exposure and opportunities to succeed in their

chosen careers. We also believe that work-life balance has given way to work-life integration, which is crucial for our women employees and hence foster policies that enable both women and men in our Company to avail of benefits that go well beyond the statutory norms.

Overall, our longstanding commitment to women empowerment has translated in BATB emerging as the most female-friendly organisation in Bangladesh with a substantial number of females working across various divisions and roles in the Company and hence enriching our sense of diversity and inclusion.



Inclusion & Diversity: Friendly and cooperative working environment

Some of the major women empowerment programs at BATB are discussed below.

**Progressive Women Policy**

BATB's recognition as the most female-friendly organisation originates from our informed and targetted actions facilitating women employees with not just a healthy work environment, but also enabling initiatives

that allow them to advance in their career while balancing their personal life and commitments. One such initiative that embodies this spirit is our Progressive Women Policy. BATB is proud to be the first Company in Bangladesh to offer a 9-month maternity leave. Further extending support to parents, the Company also has in place a warm and welcoming day-care facility, 'Angel's Nest', where young children of our employees can learn and play under professional care.



Inside of "Angel's Nest"

**Supernova: Grooming women in STEM** (Science, Technology, Engineering, Math) In our endeavour to engender an environment that allows equal opportunities for individuals to excel in their career regardless of gender, BATB has embraced initiatives that enhance collaboration and bring positive change in the working environment

for women across the country, thus making a tangible difference in their lives. One such exciting initiative is represented by our focus on grooming young women pursuing careers in Science, Technology, Engineering, Math (STEM) subjects.



Team Supernova 2021

It is habitual to attach gender labels to professions and declare women unfit to pursue certain professions. Over time, this has led to low representation of women in these

fields. One such career path that has historically been devoid of women is STEM. Women have been systematically tracked away from pursuing their dreams in STEM.



Team Supernova 2021

**Supernova: Daylong Training conducted by the Female leaders of BATB Operations team**

With a view to overcome the typical gender bias against conventional STEM careers, BATB has extended support to young women to excel in their selected STEM careers. Our endeavour is to create role models who are proof

that women with drive and resilience can ace careers, even those deemed unconventional for them. We are one of the few organisations in the country to have sound female representation at the top; in fact, as many as 50% of BATB's Operations Leadership team consists of highly capable women who have broken the glass ceiling and have achieved their aspirations despite the odds.



Supernova: Practical Induction in Factory

As a harbinger of hope in gender parity and inclusivity, BATB resolved to take on the challenging responsibility of leading young women to take control of their lives fiercely and passionately, pursuing their desired career, while still being respectful of their environment. Thus, with a spirit to groom young talent and make their path to success easier, BATB launched Supernova in March 2021, comprising an exclusive program to groom female talent pursuing careers in STEM. The platform is designed to equip aspiring graduates with the confidence and knowhow to

challenge societal stereotypes and continue to remain on their chosen path despite any adversity.

Each of our Supernova is paired with female mentors working in leading positions in the Operations Function of the Company. Throughout the year, our Supernovas will get the opportunity to learn from the very best, getting hands-on insights into the real-world environment, thus getting better equipped to create their own future as bold, strong and unstoppable shining stars!



Women Leadership: Company EH&S Manager Sadia Zahin briefing to her team





**FEMALE LEADERSHIP ROLE MODELS**

Shattering gender bias and boundaries is something that is exemplified by women at BATB. They have truly proved to be role models to others and shown that passion, persistence, determination and hard work is the route to success.

At BATB, we take pride in the fact that Ms. Mubina Asaf, Head of Legal and External Affairs, has received the prestigious “Inspiring Woman Leader” award at the 6th Inspiring Women Award event held virtually at Women in Leadership Fest in March 2021. Being the first female to lead the Head of Legal and External Affairs function of BAT Bangladesh in its 111 years of operations in the country, Ms. Asaf has been instrumental to the success of the Company and is an inspiration for young female managers working in the organisation. Under her exemplary leadership, BATB has garnered tremendous recognition for successfully embedding the principles of Environmental, Social and Governance (ESG) across every facet of the organisation.

“This award is really special for me. Speaking from my own experience, women must be very confident and independent to fulfil their dreams,” Mubina Asaf said upon receiving the Inspiring Women Award 2021.

**CONTRIBUTING TO THE SDGS**



Having built a robust organisational foundation of women role models across numerous functions, BATB now looks beyond this realm to give back to society by enabling women across the country to access the right infrastructure and knowhow necessary for success, thereby

aligning with the Government’s ambition of achieving the UN Sustainable Development Goals (SDGs), especially SDG #5: ‘Gender Equality’.

From our factory to our corporate office to our contracted farms even in the most remote areas of the country, BATB’s female employees are representative of what empowered women can achieve. Leading the path for a world of equality and diversity with more than 14% of leadership roles being held by women and over 50% women staff in our chemical lab, we are proud of contributing to women realising their dreams and advancing their careers. Enthused by the success, by 2025, BATB aims to have over 31% female within the Company’s management roles and thus remain at the forefront of diversity and inclusion by pioneering industry-leading practices.

As a pride-enhancing endorsement, BATB emerged as the only Company in Bangladesh to be certified by the prestigious Global Equality Standard (GES) seal in

2021, thus strongly validating our diversity and inclusion initiatives and practices. GES is Ernst & Young’s flagship global Diversity & Inclusion certification program based on eight pillars that benchmark organisational diversity. Comprising a competency framework, it considers local demographic data, legislation, regulations, cultural norms as well as local priorities to identify companies that truly and holistically help drive progress in D&I across regions. The overall process includes a global documentation review, country deep-dives, leader interviews and even employee focus groups.



Empowered

## WALKING THE TALK: BATB'S DIVERSITY & INCLUSION AGENDA



“At BATB I’ve thrived to work hard and learn more about my inner capabilities and having that self-belief is leading me to rise each day”



“In BAT Bangladesh I’ve worked in many diverse roles which enhanced my capabilities to work with different people under any circumstances and taught me to say yes for any challenges.”



“Self believe is what is leading to the rising success of us, knowing our inner capabilities are making us keep our heads up high.”



“To me ‘Inclusion & Empowerment at BAT’ means understand your own value and perform accordingly with confidence.”



“In BAT Bangladesh, we strive towards common goals, but our individualism is a core strength. Our differences are celebrated, and it is what opens up the environment to perform at the best of our abilities.”



“Define success on your own terms. There is no limit to what we can achieve as long as we work for it and take the lead.”



**NADIRA ZANNAT**  
Asst. Manager Risk &  
Investigation

“At BATB i’ve learned that working fearlessly with Passion will lead me to success and empowerment”



**ASHREEN MRIDHA**  
Brand Manager – Premium

“Managing a portfolio that has been historically led by males is highly rewarding and empowering. I am part of a team that values opinions from all members regardless of gender. We must continue driving this inclusion in all layers of our workplace and ensure adequate representation especially on the tables where decisions are made.”



**DYUTY AURONEE**  
Talent Manager

“I’d love to encourage all the girls of my contemporary generation to take ownership of their existence in the universe and strive for excellence in wherever they belong by injecting value as a resource, not as a female.”



**ATOSHI RAHMAN**  
External Communication  
Manager

“The inclusive and diverse work culture at BATB allowed me to grow as an individual. My experience here has shaped up my mindset and empowered me to take up challenges and understand my true potential’



**MAISHA MALIHA YUSUF**  
Commercial Finance Asst.  
Manager - MKT

“Inclusion in BATB goes beyond gender identities and focuses on accommodating diverse viewpoints. This empowers us to take responsibility of our own deliverables and ensures that we all have a part to play in achieving our company goals and vision together.”



**SADIA ZAHIN**  
EHS Manager

“Starting from being a production manager and now leading our environmental sustainability agendas, I have been able to build on my strengths while taking exciting challenges in different roles and areas of Operations.”



“An included and empowered team is behind every success story in BAT. People coming from all different backgrounds with different values and diverse mindsets can only move mountains when they feel included and trusted to do wonders”



“BAT Bangladesh makes a genuine effort to ensure that it doesn’t only end at having a diverse workforce but that the diverse members have an active role to play in the bigger picture. It takes dedication to create value on such an individual level.”



“I can see my thoughts being equally taken into account while taking crucial business-related decisions. I am treated as an individual employee and not as a woman.”



“BAT Bangladesh has been driving a very well balanced and structured system to give space for growth and development to individuals irrespective of gender, age and grade. The Company focuses on developing and empowering an individual as per their line of interest and key areas of improvement to give them a holistic growth.”



“Since I’ve joined BAT Bangladesh, I’ve worked across different geographies with diverse functional teams in different roles. The agile and supportive environment encouraged and practiced here has allowed me to learn, progress and grow, and make a contribution that is valued.” Samiha Ashreen.”



“In my neighborhood, people are still in disbelief that a girl from my community are working in an MNC like BAT Bangladesh. For me this is the appropriate example of empowerment.”

## BATB D&I FACTS

BATB has 170+ female employees and this number has doubled over the last 5 years. This includes around 40 females working on the shopfloor.



01

Gender balance is reflected in 21% women at the management level (G34+). The ambition is to exceed 31% by 2025.



02

BATB welcomed the first-ever Bangladeshi Female Finance Director, Ms. Amun Mustafiz, as one of its top management team members in 2021.



03

42% (60) of all hires in 2021 have been female. 60% of our Global Graduate hires and 55% of our mid-career recruits are also females. Furthermore, 'Rapid Start' is an inclusion program for MCRs, anchored by our Leadership Team members.



04

Battle of Minds, Xceed and Xccelerate comprise platforms to groom and make the transition smoother for young minds, with a special focus on talent from diverse backgrounds.



06

Supernova is the first-of-its-kind mentoring platform for aspiring females in STEM subjects, mentored by Operations Leadership Team. We have achieved 40% conversion so far.



05

Today, 1 out of 5 front-liners is a female. Different enablers such as transportation, infrastructures in distribution houses, separate changing and resting facilities on the shopfloor make the workspace more conducive for them.



07

A permanent female employee is entitled to maternity leave for 180 calendar days with full pay and benefit and this is also applicable for parents who adopt, which is a bold step in the industry.



08

In a pioneering initiative, BATB has brought unique considerations to TM&D & Leaf Field roles. Along with 6 months of paid maternity benefit, up to 3 months' additional maternity/adoption leave can be availed (unpaid and optional).



09

Paternity leave comprises 7 days. BATB's daycare facility, Angel's Nest is open to not only new mothers, but also new fathers, thus comprising a step-change in inclusion and empowerment.



10

Flexi-working has been introduced to accommodate the diverse needs of employees (parents/non-parents). Furthermore, work-from-home is encouraged on Sundays.



11

We have collaborated with LifeSpring for mental wellbeing, while also conducting activities for women's health, such as fitness initiatives (every Wednesday) and football games.



12

We organise skill-building sessions, such as Women-In-Leadership that ensures comprehensive grooming for female employees in mid to junior roles.



13

'Be the Change' Fellowship Program grooms young employees as inclusive, well-rounded leaders who live our ESG values every day.



14

# GOVERNANCE



*We remain focused on and committed to upholding sound governance practices to protect the long-term interests of our shareholders and create enduring value for our firm and for all stakeholders. We are committed to high standards of Governance that are consistent with regulatory expectations and evolving best practices, and align with our strategy and risk management.*

**Md Azizur Rahman**

Head of Public Affairs & Company Secretary

## FOCUSED ON APPLIED GOVERNANCE

At BATB, as an integral part of our ethical and professional business conduct, the Company's Compliance Department is mandated with the responsibility of ensuring organisation-wide compliance with all legal and regulatory requirements and industry best practices. Furthermore, as an independent unit within the Company, the Compliance team also serves as the second line of defense in mitigating regulatory risk. Today, as a responsible business enterprise committed to Bangladesh's sustainable growth, we continue to focus on inculcating the compliance culture at all levels across the Company.

We have always believed that good governance is a collective responsibility that goes above and beyond the letter of the legal and regulatory requirements. It is in fact the foundation for financial integrity, sustainable performance and investor confidence. It is a strong and highly effective risk management tool and, at the same time, paves the way for the Company to harness opportunities in a sustainable and responsible way. Accordingly, the Company has an unwavering commitment to embracing the highest standards of governance and conducts its affairs with utmost honesty, integrity and diligence, being mindful of its obligations to the broader society.

Tone at the top and a culture that embody our values prevails across the Company. Indeed, our corporate governance framework has withstood the test of time for over a century. In fact, the true value of our continued adoption of good governance practices was most evident during the coronavirus pandemic that created untold business disruption, yet enabled us to keep our organisation steady, even while ensuring that we continue to meet our obligations to national development, including our contributions to the exchequer.

Keeping up with the times, our solid governance framework has been regularly reviewed and updated to be in line with the evolving regulations and best practice, to guide the Board, Board Committees, Management and staff in performing their stewardship roles. Our governance framework is inflexible on rules and protocols, yet is flexible to incorporate the learnings and insights of the times, thus making it truly agile, dynamic and responsive. This explains well our longstanding heritage of over 111 years in Bangladesh.

Our governance framework is underpinned by principles of leadership, integrity, effectiveness, accountability, transparency, candidness, sustainability and shareholder/stakeholder engagement. These principles guide the Company's Management in all its decisions relating to Board oversight, delegation of authority, division of responsibilities, resource allocation, risk management, compliance, performance appraisal and compensation, related party transactions, and financial reporting. Being an institution that takes corporate governance very seriously, our organisation has been bestowed with many international and national awards and accolades over the years that has enabled us to emerge as amongst the most awarded Company in the country, which eventually bears testimony to our commitment to good corporate governance.

## GOVERNANCE IN ACTION

We have long believed that to establish benchmark Environment and Social initiatives, prudent and proper Governance practices cannot be ignored. In fact, it needs to be integrated with the other two facets to create a solid triumvirate that facilitates sufficient stewardship of a business that is focused on sustainable shareholder and stakeholder value creation. Thus at BATB, it is foundational for us to place proper attention towards establishing good governance practices. One of the key components of

BATB's success has been a relentless drive for excellence with respect to compliance and governance. In fact, the quality of our governance practices have enabled us to proudly set a benchmark for excellence in governance that is reflected through the many recognitions and awards received every year.

Some of the notable awards the Company has been conferred with comprises the 'Highest Tax-payer' award, ICSB Corporate Governance Award, ICMAB Award, ICAB Award for Best Presented Annual Report, SAFA etc. BATB was also the proud recipient of the prestigious 'President's Award for Industrial Development 2018' and 'Excellence in Supply Chain Collaboration and Partnering Award' at the Bangladesh Supply Chain Excellence Awards held in 2020.

At BATB, with a view to facilitate proper governance, a robust governance mechanism and structure have been created. The Board, Board Committees, Management and Management Committees with well-defined roles and responsibilities, greater accountability and clear reporting lines form the bedrock of our governance structure. The Board and Board Committees are responsible for setting strategy, defining risk appetite and exercising oversight, while the Management and Management Committees are responsible for executing strategy and driving performance. Responsibility and accountability for conducting operations and assuming risk under the purview of the Management lies with the strategic business units and support functions.

## KEY ELEMENTS OF OUR GOOD GOVERNANCE



**Effective board practices**



**Well-defined shareholders' rights**



**Effective internal control navigator**



**Transparent disclosure**



**Board commitment**

### OUR TIME-TESTED GOVERNANCE FRAMEWORK

Our overarching approach to corporate governance is aimed at strengthening the strategic planning framework for achieving long and short-term objectives on a sustainable basis. We promulgate the true value proposition of sustainability that can be expected by our stakeholders through engagement with our Company. Hence, we are committed to maintaining the highest standards of governance across our business and ensuring that our behaviour and conduct is consistent with the Company's core values and ethos.

Notably, good governance principles adopted at BAT Bangladesh stimulate internal stakeholders to perform with higher accountability and transparency with effective risk mitigation, coupled with proper internal control systems to realise the sustainability objectives and outcomes of the Company. In this regard, our Standards of Business Conduct (SoBC) guides us through well-defined policy articulation that has endured the test of time.

At BATB, we strongly believe that sustainable value creation is bolstered by a robust governance regime that enables us to facilitate and nurture an enduring alliance between the Board, shareholders, employees and other stakeholders. The Company has always upheld the core principles of

governance, which have been at the centre of its two-tier governance framework: with the Board of Directors and the Committees of the Board at the apex level, and with the Management structure at the operational level, which is the Leadership Team (the Top Management).

Our governance philosophy is our enabler to mutually beneficial business relationships, business integrity and transparency and long-term value creation. Our governance framework extends beyond legal prerequisites to embrace voluntary codes and international best practices. In fact, we see our governance practices as reinforcing our competitive advantage through enhanced accountability, effective risk management, clear performance management, greater transparency, and effective leadership.

### ADHERENCE TO BUSINESS ETHICS AT ALL TIMES

BATB emphasises on high standards of business integrity through its Standards of Business Conduct (SoBC).

The Company's SoBC underlines its commitment to good governance and is an integral part of our corporate governance framework. Being a listed Company on the Dhaka and Chittagong Stock Exchanges, BATB complies with all the necessary directives issued by Bangladesh

Securities and Exchange Commission (BSEC), while meeting all the listing requirements as well.

Yet another key regulatory alignment is manifest in our Sustainable Tobacco Program (STP). In fact, our waste management capabilities, and hence alignment to environmental norms, have been significantly augmented by our revamped STP, which is also representational of our focus on achieving future sustainability.

Furthermore, corporate compliance to various laws, rules and regulations is one of the core fundamentals of good governance. Compliance helps build trust among the Board members, shareholders, customers, creditors and other stakeholders, including regulators. A culture of authenticity and adherence to integrity is practiced by the Board, which comprises a critical competence of the Company. At every Annual General Meeting (AGM), shareholders validate their support to the Board. BATB provides accurate and periodic reporting of issues/events and certifications, wherever necessary. Furthermore, the Company’s Management team always embraces the highest levels of compliance with all the related legal and regulatory issues, which helps to ensure the practice of the highest levels of governance throughout the Company throughout the years.

In compliance with the monitoring processes of regulatory bodies, the Company provides a complete set of financial statements and relevant documents to the Bangladesh Securities and Exchange Commission (BSEC), Stock Exchanges, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC) and all other relevant Government bodies and authorities. Moreover, the Company takes up many tasks for conducting awareness sessions on existing and proposed laws for enforcing compliance throughout the organisation. Overall, BAT Bangladesh strives to remain a fully compliant Company, both in letter and in spirit.

In effect, BATB holds the view that effective governance is a continuous and ongoing process that has been embedded as an integral part of the Company, enabling it to attain its goals and objectives over the short-, medium- and long-term. Being a licensed and fully compliant business entity, the Company upholds the essence of transparency and accountability to society through its effective governance management. Hence, the Company drives best practices in governance across all functions, helping superintendent the business professionally, effectively, responsibly, transparently, ethically and in a regulatory-compliant way.

**RESPONSIBLE MARKETING**

At BATB, we are an enterprise that represents the coming together of various strengths that have enabled us to create a formidable business that is rooted in governance, accountability and sustainable value creation.

As one of the most respectable companies in the country, we always abide by all the rules and regulations of the country. Alongside adhering to the laws of the government set for the industry with respect to marketing, BAT Bangladesh also follows its own International Marketing Principles (IMC). These initiatives are a true reflection of how ESG is embedded at the heart of our Company. We, through our employees, leave no stone unturned in ensuring excellence in sustainable business practices. It is the combined effort of all functions across the business, which is the key towards BATB’s legacy success in driving its ESG agenda forward.

Today, as we look forward to creating a better tomorrow for all, we will continue on our journey as the development partner of the government in achieving the SDGs through model public-private partnerships. Our benchmark ESG practices will continue to remain at the core as we strive to prioritise the social and economic needs and expectations of our nation.



**Business Ethics**

**Our approach**

Ethical values from the basis of our culture. Our delivery with integrity program diverse a consistent approach to managing key risks including bribery and corruption. We are clear to our people, partners and suppliers that our ethical standards must not be compromised.

**Our goals and ambitions**

**Each year**

We strive 100% adherence to our Standards of Business Conduct (SoBC)

**Our 2021 Highlights:**

- 100% employees completed our SoBC training and compliance sign off procedure ahead of the Group’s timeline that made us 1<sup>st</sup> in the APME
- Conducted a detailed review of our SoBC and Suppliers Code of Conduct to ensure they remain at the forefront of best practices and
- Launched the new SoBC e-induction for 100% of new joiners in management roles.



**Regulation and Policy for Engagement**

We are committed to engaging with external stakeholders with transparency, openness and integrity. We support regulation based on robust evidence and through research that respects legal rights and livelihoods and delivers on the intended policy aims, while recognizing unintended consequences.

**Each year**

We strive 100% adherence to our Standards of Business Conduct (SoBC)

- Contributed to engage transparently regarding key regulatory issues and maintained the standards of the Code of Corporate Governance and regulations of the regulatory bodies.



**ACCOLADES OF  
OUR CORPORATE  
EXCELLENCE**



# STAKEHOLDER ENGAGEMENT FRAMEWORK



We have identified four focus areas in our stakeholder engagement which we believe encompass our sustainability in operations. By focusing on these, we augment the positive impact we have in society through our core business activities, operations and our investment in our communities, while simultaneously working to minimize potential risk factors.



# ABOUT OUR INTEGRATED REPORT

*British American Tobacco Bangladesh (BATB) is proud to present its Integrated Annual Report for the year ended 31st December 2021. The report provides information on the Company’s financial and non-financial performance through its value creation journey, described most visibly in the six capitals that are at the heart of our integrated reporting practice.*

## OUR APPROACH TO REPORTING

Our Integrated Report 2021 aims to provide a balanced, concise and accurate reflection of the corporate strategy, performance, opportunities and outlook from the lens of financial, economic, social, environmental and governance parameters. Our Report articulates how we have leveraged our six capitals to achieve our strategic objectives and informs readers of the progress we achieved during period from 1st January 2021 to 31st December 2021.

Our primary aim is to advance sustainable value creation for all our stakeholders through our six capitals – financial, manufactured, human, intellectual, social & relationship and natural – that form the heart of our Integrated Report. We adopt a cohesive approach to transform our unique inputs into value-added outputs that generate positive outcomes for our stakeholders. We not only measure these outcomes through predefined metrics but also examine the impact we create on the SDGs that is crucial for meeting the broader goals of society.

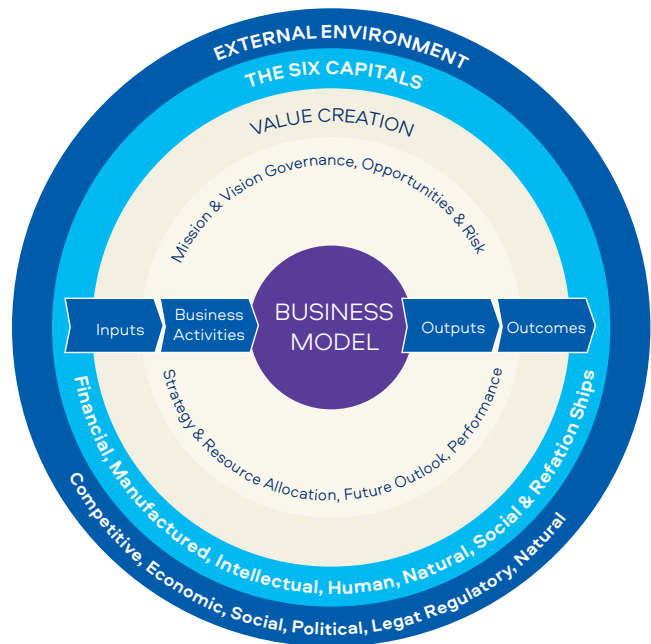
## MATERIALITY AND OUR MATERIAL MATTERS

We apply the principle of materiality in assessing the information included in our Integrated Report. This report focuses particularly on those issues, opportunities and challenges that impact materially on our capital and the Company’s ability to be a sustainable business that consistently creates, protects, and minimizes the erosion of value for stakeholders.

Identifying our material matters is a groupwide responsibility and requires input from all business units and divisions, an assessment of the risks and opportunities in our operating environment, and input and feedback received from all our stakeholders. Our material matters influence our long-term corporate strategy, give shape to the evolution of our business model, and help draw out our short, medium, and long-term targets.

Identifying issues and their potential impact is a collaborative effort. Our Board and Leadership Team

(Top Management) take input from employees and other stakeholders and frame material matters as part of our business planning process. These material matters are assessed on a continuous basis to ensure that our strategy remains relevant in a rapidly changing operating environment. This has particularly been the case during the COVID-19 pandemic.



## INTERNAL CONTROL FRAMEWORK AND ASSESSMENT

The Board of Directors, together with the support of the Audit Committee, is responsible for the Company’s system of internal control designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss. We apply a combined assurance model, which seeks to optimize the assurance obtained from the management as well as internal and external assurance providers while fostering a strong ethical surveillance mechanism to facilitate compliance. Through the risk management process approved by the Board,

management identifies key risks and implements the necessary internal controls to safeguard against the risks for ensuring sustainable business growth. The internal control process is monitored and evaluated under the direction of internal audit, while external audit teams cover key controls and accounting matters in the course of their audits. Other levels of external assurance are obtained as and when required.

The Board and Audit Committee assessed the effectiveness of controls for the year ended on 31st December 2021 as satisfactory, primarily through the process of management self-assessment, including formal confirmation from the executive management. It also considered reports from internal audits, external audits and other assurance providers. The consolidated financial statements show our financial position, results of operations, and cash flows as of and for the period in a way that is accurate in all material aspects.



Fig: Fundamental Scope of Integrated Report

### OUR REPORTING FRAMEWORK SUITE

Our Integrated Report is guided by the principles and requirements of the International <IR> Framework, IFRS and amendments thereto. Some of the other laws, regulatory frameworks, standards, and guidelines we have followed in compiling this Integrated Report include:

#### Financial Reporting

- The Companies Act 1994 including amendment in 2020
- International Financial Reporting Standards (IFRS)
- Regulatory Requirements (BSEC, DSE, CSE) and other applicable laws
- The Sarbanes-Oxley Act of 2002

#### Governance, Compliance and Risk Reporting

- BSEC Corporate Governance Code 2018
- Listings Requirements of Dhaka and Chittagong Stock Exchange
- The Standards issued by Institute of Chartered Secretaries of Bangladesh
- Company Policies

#### Sustainability Reporting

- United Nations (UN) Sustainable Development Goals
- Company CSR terms of Reference

### BOARD OF DIRECTORS' STATEMENT ON INTEGRATED ANNUAL REPORT

The Board is ultimately responsible for ensuring the integrity of BATB's integrated reporting. The Board gave attention to the management's evaluation of the effectiveness of the disclosure controls and procedures. We believe the Company has designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS). Notwithstanding the material weaknesses, we confirm that the 2021 Integrated Report addresses all material issues and matters that affect the Company's ability to preserve and create value and fairly represents its integrated performance. The Board confirms that the Company is fully compliant according to the requirements of the laws, regulations, and company policies as applicable for public listed company.

The Board of Directors discharges their responsibility by:

- Acknowledging that reasonable care has been taken in the preparation and presentation of this Integrated Annual Report to preserve its integrity
- Concurring that the Integrated Annual Report has been presented in accordance with the International Integrated Reporting Council's International Integrated Reporting Framework 2021
- Believes that, to the best of our knowledge and belief, the Integrated Annual Report addresses all material issues and fairly presents the integrated performance of the Company and its impacts.

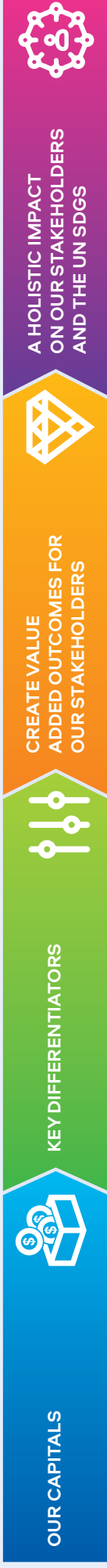
Signed for and on behalf of the Board



#### **Md Azizur Rahman FCS**

Head of Public Affairs & Company Secretary

# INTEGRATED MODEL IN BUSINESS



## OUR CAPITALS

**Financial Capital**

- Debt Financing
- Increased ROE & EPS
- Property, plant and equipment acquisition
- Sound Credit Rating
- Financial Assets and Investments

**Intellectual Capitals**

- Strong reputation with a legacy of spanning over 110 years
- Committed, passionate and obligatory approach to National Development
- Robust IT systems and technologies with strong and dependable MIS
- Consistent adoption of new software and technology
- Ongoing training on IT and its safe and responsible use

**Manufactured Capital**

- Harmonizing operational process for enhancing efficiency through automation and digitalization
- Integrated Work System
- Zero Loss approach and mindset
- Training Shop floor Employees on con
- Enhancing Warehouse capacity
- 4,15,846 total man hour hands on training for workers
- Enhancing warehouse capacity
- Optimizing manufacturing capacity

**Human Capital**

- Attracting and recruiting best talent
- Fostering a rewarding and inspiring workplace culture
- Diversity and inclusion focus
- Alignment with ethics and values and ensuring holistic compliance

**Social & Relationship Capital**

- Focused on fostering a conducive business environment for shared growth and development
- Focus on aligning with common beliefs and principals
- Strong citizenship initiatives that help drive societal prosperity and sustainability

**Natural Capital**

- Zero waste mindset and approach to manufacturing
- Focused on recycling and reusing waste, eliminating carbon emission and working towards a paperless office
- Emphasis on use of renewable energy for offsetting conventional energy consumption

## KEY DIFFERENTIATORS

**Strategic Pillars**

- Empathy and care-driven employee relations
- Smart IT digitalization
- Governance and compliance with rigorous alignment
- Lean and agile organization
- Focus on sustainable growth

**Material Matters**

- Business alignment with government priorities
- World class standards
- Environmental stewardship
- Upholding social and societal responsibility
- Ethics, transparency, and integrity in day-to-day conduct

**Key risk factors**

- COVID 19 pandemic
- Geopolitical developments
- Illicit tobacco market
- Adverse and sudden regulations changes
- Loss of key manpower

**Major opportunities**

- Recovering economic environment
- Growth returning across product categories and segments

**Challenges**

- Re-emergence of COVID variants
- Rising inflation
- Deteriorating geopolitical landscape
- Tightening fire and industrial safety norms

## CREATE VALUE ADDED OUTCOMES FOR OUR STAKEHOLDERS

**Financial Capital**

- Net asset value increased by 8.21%
- Contribution to National Exchange BDT 29,708 crore
- Production volume increase
- Increased net revenue

**Intellectual Capital**

- Process improvements anchored on efficiency enhancement and waste elimination
- Strategic expansion of product basket
- Resource capacity strengthening through training and development
- Continued use of modern IT tools and system across the organization

**Manufactured Capital**

- Established manufacturing processes
- Skilled use of resources that help in optimization and ensure industrial safety
- Strong logical network

**Human Capital**

- Best place to work certification
- High focus on diversity and inclusion with 42% of new recruits being female
- 20% of frontline managers are female
- 22% of leadership team comprises of women
- Established HR practices that enable the evolution of futurized workforce

**Social and relationship Capital**

- Multi-decade relationship with stakeholders
- Award winning and high impact CSR programs
- Foundation driven approach to foster a better, more focused and durable impact

**Natural Capital**

- Committed to reducing carbon emission and contribute to the goals of climate protocol
- Positive action for the climate through many programs in manufacturing, logistics etc.
- Awareness on responsible use of natural resources

**Stakeholders**

- Employees
- Society
- Government/Regulators
- Business partners

## SUSTAINABLE DEVELOPMENT GOALS

# ENGAGING WITH OUR STAKEHOLDERS

At BATB, our aim is to be a credible partner in creating sustainable shared value. Meaningful partnerships and engagements with relevant stakeholders enable the fulfillment of our strategic objectives. In this regard, our approach to stakeholder engagement is rooted in transparency, while being focused on delivering on our promises and co-developing sustainable solutions with our stakeholders.

The role we play in the regions in which we operate is conducted bearing our sustainability approach in mind. As the world prepares for transitioning to a lower-carbon economy, we understand and support the need for a just transition process in minimizing the adverse impacts on our stakeholders.

We have a broad range of stakeholders associated with us, often with competing interests and expectations, who we impact, and in turn, impact us. We recognize that trust is a key element, and we aim to build and maintain trust among our stakeholders through open dialogue, providing regular feedback and delivering on our commitments. We endeavor to meet our obligations by being responsive and solutions focused. We identify, assess and monitor stakeholders' expectations together with significant issues that could have a bearing on our operations and strategy. We track and provide regular feedback on our commitments and the issues that stakeholders raise through forums that are now progressively being held both offline and online.

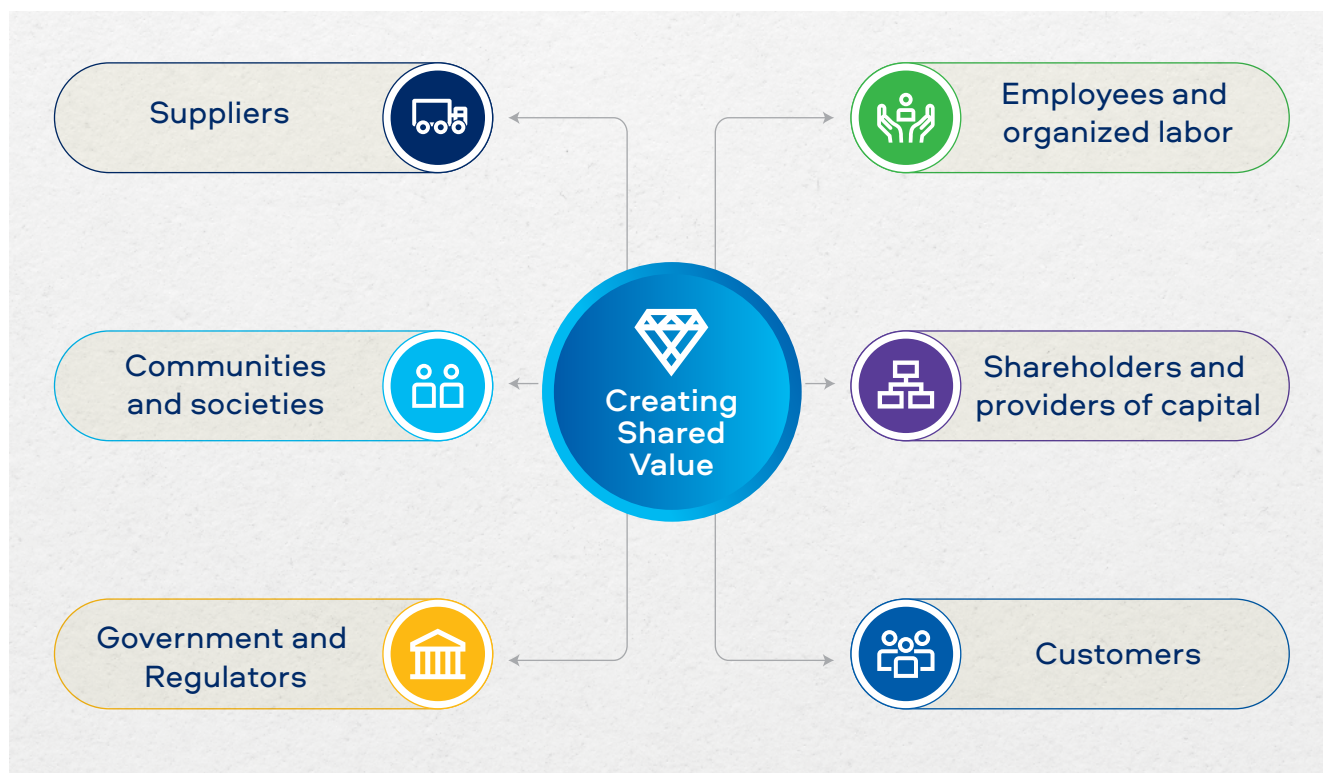


Fig: Shared value creation at BATB

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and solutions focused. We identify, assess and monitor stakeholders' expectations together with significant issues that could have a bearing on our operations and strategy. We track and provide regular feedback on our commitments and the issues that stakeholders raise through forums that are now progressively being held both offline and online.

Key: **HIGH** **MID**

 Stakeholders: <b>Customers</b> <span style="float: right;">Frequency of engagement : <b>HIGH</b></span>		
WHY WE ENGAGE	MATERIAL MATTERS	OUR RESPONSE
<p>Our customers are core to our business. Being customer-centric means being responsive to their needs and expectations, delivering exceptional service and improving the overall customer experience.</p>	<ul style="list-style-type: none"> <li>• Environmental impact of our processes, sustainability and circular economy.</li> <li>• Consistent and predictable delivery of high-quality products</li> <li>• Competitive pricing</li> <li>• Strategic direction</li> </ul>	<ul style="list-style-type: none"> <li>• Ensured business is conducted with ease and adapting to new ways of working.</li> <li>• Efficient delivery of products during challenging times.</li> <li>• Maintained constructive and transparent engagements understanding customer needs and meeting their expectations.</li> <li>• Worked with customers on the development of sustainable products.</li> <li>• Improved our customer experience and offerings with enhanced online and digital applications.</li> <li>• Strengthened our climate change targets and ambition.</li> <li>• Refreshed our Purpose and set our path to sustainable business operation.</li> </ul>

 Stakeholders: <b>Shareholders and providers of capital</b> <span style="float: right;">Frequency of engagement : <b>HIGH</b></span>		
WHY WE ENGAGE	MATERIAL MATTERS	OUR RESPONSE
<p>To make consistent and clear communication, promoting our investment case, strategy and strategic objections enables informed decision-making and manages expectations.</p>	<ul style="list-style-type: none"> <li>• Safety and reliability of operations.</li> <li>• Balance sheet management and ability to service debt.</li> <li>• Timing of the resumption of dividend payment.</li> <li>• Financial impact of future environmental and compliance targets.</li> <li>• Capacity and ability to manage capital projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintained our sustainability and ensured our future operation.</li> <li>• Safety remained a core value and top priority.</li> <li>• Strengthened our balance sheet through additional selling off non-core assets and disciplined capital allocation.</li> <li>• Committed to reintroducing dividend payouts as soon as possible.</li> <li>• Continued entrenching our Enterprise Risk Management process.</li> <li>• Benchmarked and structured sustainability CAPEX.</li> </ul>





Stakeholders:

## Communities and societies

Frequency of engagement :

MID

WHY WE ENGAGE	MATERIAL MATTERS	OUR RESPONSE
<p>Business sustainability is dependent on the relationship we build with the communities and societies in which we operate and the contribution we make to societal upliftment.</p>	<ul style="list-style-type: none"> <li>• Strategic direction including our environmental impact.</li> <li>• Contributing to improving community quality of life including support to limit the spread of COVID-19.</li> <li>• Enabling sustainable economic transformation.</li> <li>• Our corporate social investment approach and criteria for funding community projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened our climate change targets and ambition.</li> <li>• Established the Centre for Shared Value Management.</li> <li>• Implemented measures to contain the spread of COVID-19.</li> <li>• Continued with a multi-pronged approach to social investment.</li> </ul>



Stakeholders:

## Governments and regulators

Frequency of engagement :

HIGH

WHY WE ENGAGE	MATERIAL MATTERS	OUR RESPONSE
<p>Business sustainability is dependent on the relationship we build with the communities and societies in which we operate and the contribution we make to societal upliftment.</p> <p>Engaging with governments and regulators presents opportunities to enhance our relationships, secure our license to operate, advance mutually beneficial key commercial objectives and contribute to national policy formulation.</p>	<ul style="list-style-type: none"> <li>• 158 mm Case with National Board of revenue</li> <li>• Compliance with relevant legislation.</li> <li>• Operate safe and stable facilities in an environmentally compliant manner.</li> <li>• Play an active role in responding to the COVID-19 pandemic.</li> <li>• Support national, provincial and local agendas.</li> </ul>	<ul style="list-style-type: none"> <li>• Complied with applicable legislation, including environmental obligations.</li> <li>• Safety and reliability of operations.</li> <li>• Strengthened our climate change targets and ambition.</li> <li>• Supported country-specific priorities including containing the spread of COVID-19.</li> <li>• Constructively minimized impacts of restructuring on employment.</li> </ul>

# HUMAN CAPITAL



*What helps BATB stand out is the quality of our Human Capital. We have strived over the years to ensure that our employees are empowered, inspired and driven to be high performers who not only believe in adding value to the organization but also grow as individual professionals. Our strategically designed processes and inclusive culture of leadership welcome and nurture diverse talents to become the best version of themselves. Indeed, our people are our biggest asset and our best brand.*

**SAAD JASHIM**  
Head of Human Resources

## WHAT IS OUR HUMAN CAPITAL?

Our employees comprise our human capital. Most of them are professionally qualified and contribute a wealth of intellectual capital to our expertise and integrity. We invest significant financial capital in building our human and intellectual capital to attract and retain these high-caliber employees that are the backbone of our Company. They are passionate and committed to quality and operational excellence, which is key to creating and maintaining sustainable value.

## WHY IS THIS CAPITAL IMPORTANT?

We are a 'people business' and BAT Bangladesh's employees are our ambassadors who are instrumental in delivering exceptional value to our customer and stakeholder value. The past two years have been particularly challenging as we grappled with the impacts of the global pandemic on lives and livelihoods. We employ resilience, flexibility and commitment in adapting to the challenges created by the past lockdowns. The pandemic also provided opportunities to showcase the Company's ability to be innovative in our customer value proposition and it allowed us to identify key talented individuals and potential leaders.

## HOW WE CREATE AND PRESERVE VALUE USING HUMAN CAPITAL

- Ensured ongoing pathbreaking employee benefit programmes, including six-months maternity & seven-working-days paternity leave etc. (without pay as required)
- Focused on inclusion, diversity and fair treatment of all employees
- Emerged as the only Company in Bangladesh to be certified by the prominent Global Equality Standard seal

### SDGs Supported:



## THE YEAR 2021 AT A GLANCE

BAT Bangladesh has been a pioneer in fostering a high-performance and inclusive culture where our employees thrive and emerge as the best version of themselves. From attracting the best people to developing talent with global capabilities, our Company has always been at the forefront of creating and adopting best-in-class people practices.

2021 has been a great year for us. Although the continued effects of the COVID-19 pandemic threw multiple challenges our way, we rose to the occasion and found ways to make this year one of the best we have had, despite the challenging circumstances. At Human Resources, we underwent a massive talent brand transformation to align with our new and refreshed mission of building A Better Tomorrow. Our new employee value proposition, 'Be The Change' now reflects our core message and purpose for our people.

2021 was also the year in which we achieved rapid strides in our overall diversity and inclusion agenda. BAT Bangladesh emerged as the only Company in the country to be certified with the Global Equality Standard (GES) seal. As one of the leading employers of Bangladesh, this accreditation is one we wear with pride while we continue our initiatives to create an inclusive and meritocratic workplace.

BAT Bangladesh is a key source of talent for BAT Group and 2021 was no different, as 11 of our high performers joined different business units dispersed across 9 countries. Currently, we have over 50 such employees working across the globe representing our talent strength.

Thus, at a glance, 2021 has been the year during which we further bolstered our employer brand while demonstrating unparalleled focus in pioneering some of the industry-leading best practices to ensure sustainable growth.

## OVERVIEW

At BAT Bangladesh, our dynamic and agile team of talented employees represents our principal asset in enabling us to strive toward sustainable business growth. Strategic talent acquisition is the critical starting point for us in creating a differentiating factor in a competitive market. Thus, to ensure long-term sustainability, BATB emphasizes merit and skill-based recruitment. Our ability to attract high-quality talent is further reinforced by best-in-class approaches to talent development and retention. Excellence in such people practices across all domains of HR competence has led to BAT Bangladesh becoming 'Top Employer' of the country for the third time in a row in 2021, as certified by the Top Employer Institute.

Our focus on fostering a conducive and collaborative culture stems from recognizing human capital as a fundamental tool in our growth agenda. The primary way in which we instill this culture amongst our employees is by providing them with a multi-disciplinary environment and programs that allow for both stretch and reward. These programs empower our employees with relevant skills and experiences to thrive in their careers while taking the organization to newer heights.

With our organizational ethos acting as the guiding principle, our holistic Human Resources strategy is centered around the following four pillars: Fit for Purpose Organization Design, Culture and Leadership Behavior, Talent with Winning Capabilities, and Diversity & Inclusion. The pillars provide structure in ensuring that everyone at BAT Bangladesh is working towards the collective goal of building a high-performing organization rooted in forward-thinking and sustainability.



Fig: Human Recourses Strategy Pillars

## FIT FOR PURPOSE ORGANIZATION DESIGN

### Future-fit organization structure

With sustainable growth at the front and center of our culture, BAT Bangladesh's organizational design follows a lean and future-fit structure. Our human capital is demarcated across functions and grades as shown in the table below:

Category	Number of employees	%	Male	Female
<b>Top Management</b>	9	1%	7	2
Senior employees	57	3%	50	7
Mid-level employees	201	12%	164	37
Junior employees	358	22%	274	84
Shopfloor employees	1,018	62%	976	42
Total	1,643	100%	1,471	172

At BATB, we constantly strove to transform and remain future-fit. A part of this involves rethinking digital transformation, which was facilitated by the establishment of the 'Digital Business Solutions' function. Furthermore, with the relentless drive of our teams, we successfully inaugurated BATB's second factory in Savar in the year 2021, reaching new milestones in manufacturing.

### COMPETITIVE EMPLOYEE BENEFITS AND PROPOSITIONS

#### Compensation and benefits

BAT Bangladesh recognizes the need for competitive remuneration policies and hence these have been crafted to align with individual qualifications, skills, performance and contribution, ensuring a tangible differentiating factor vs. organizations competing for the same talent pool.

#### Rewards and recognition

BAT Bangladesh has a well-structured rewards and recognition program that places special attention on employees' efforts, conduct and performance. Annual incentive schemes reward creditable short-term business outcomes and represent rewards for teamwork and collective achievement of predefined objectives to which each individual has made a contribution.

#### Comprehensive performance management programs

BAT Bangladesh has a comprehensive performance management system that determines employees' annual performance against business targets on an annual basis. A rigorous system as such is vital for the Company as it is a significant tool to identify performers and provide a chance for those not performing against their potential to course correct and demonstrate improvement.

#### Refreshed policies

**Maternity policy:** BAT Bangladesh helps employees manage their family and work-life balance during the exciting yet demanding first year of parenthood.

Our maternity policy enables working mothers at our Company to avail six months of fully paid maternity leave with a return-to-work guarantee and even flexible work opportunities in the form of fortnightly off. Additionally, mothers in geographically dispersed roles and continuous shift operations can access three additional months of unpaid and optional leave. Notably, these policies go beyond Bangladesh's labour laws. The benefits also extend to parents who adopt children (primary caregiver only), representing yet another milestone initiative in our HR practices.

**Medical benefit policy:** BAT Bangladesh's medical benefit policies follow global benchmarks, with scope to claim expenses by all employees covering local and overseas treatment based on their needs. In the most recent revision of this policy, there is larger scope for employees across grades to even claim consultation fees, medication and medical tests.

**Education assistance policy:** BAT Bangladesh encourages employees to undertake professional or educational courses external to the Company, provided that either the course is beneficial to the Company in enhancing the employees' performance in his/her job or is relevant to the employee's career development.

### CULTURE & LEADERSHIP BEHAVIOR

#### Learning & development

At BAT Bangladesh, our employees follow the 70:20:10 learning model which is an agile approach to acquiring knowledge and skills. The model enables 70% of the learning to come from on-the-job experience, 20% from peer-to-peer interactions and 10% from formal learning. As a part of the 10% component, our employees engage in functional, technical and leadership training to enhance their day-to-day activities. Additionally, practical and hands-on training is conducted to advance the skills and abilities of our shopfloor staff. To ensure rounded learning, we bring in subject matter specialists and frontline experts, at times roped in from overseas.



Fig: Learning & Development time

### EMPLOYEE WELLBEING IN THE SPOTLIGHT

At BAT Bangladesh, holistic employee wellbeing plays a pivotal role for us in championing a positive workplace environment. In 2021, we chose to focus on two of the key facets of employee wellness- mental and physical wellbeing, especially amid the pandemic. We also celebrated World Mental Health Day with seminars and unwinding musical sessions and organized an exciting month-long intra-BATB football tournament, The Changemakers' League.

### YOUR VOICE 2021

Your Voice is BAT's biennial global employee opinion survey, carried out to aid continuous improvement and assess how well-positioned we are against other comparable companies so we can improve our focus on our resources and efforts to deliver a high-performing work environment. In 2021, BAT Bangladesh delivered outstanding results in the survey, thereby validating our relentless efforts in creating a conducive workplace culture.

### IWS – GLOBAL ORGANIZATION PILLAR

At BAT Bangladesh, we drive operational excellence by harnessing the integrated work systems (IWS) way of work. This disruptive system allows us to deliver breakthrough business results by elevating productivity. Out of the 10 distinct pillars of IWS, Human Capital is centered around the Global Organization Pillar (ORG). In 2021, we formulated a mega communication campaign under the ORG pillar- "We Race As One". Set in the backdrop theme of Formula 1, BAT Bangladesh came together as one team and created unprecedented history by breaking all operational records.

### OUR TALENT MANAGEMENT INITIATIVES

Our ambition is to build the strongest next-generation of leaders to successfully lead our business now and in the future. To achieve this, we ensure sound career opportunities to people who have the right capabilities and share the same passion, enthusiasm and energy to succeed, despite the odds.

**High Performance**

**Leadership Capability**

**Focus on Critical Experiences**

**Build own Development Plan**

We believe that our talents deserve to know where they stand in terms of performance, potential and career at any point in time. Thus, the overall objective of our Career Principles and Approach platform is to provide simple, clear and practical guidance on developing a long-term career at BAT Bangladesh and how it fits into the overall talent management approach. Notably, the global principles apply to all functions and managers at BAT Bangladesh and are the starting point and anchor during the career-

planning process.

The role of functions is to provide practical and functionally-specific resources and capability frameworks to help create, tailor and navigate a robust career pathway at BATB. We strongly encourage our people to take control of their careers by understanding the global framework and how it can help them to shape and achieve their own career/professional goals.



Fig: Talent Development & Management

**TALENT WITH WINNING CAPABILITIES**



Fig: Talent recruitment overview

**CAMPUS-TO-CORPORATE INITIATIVES**

**XCEED campus ambassador program**

Seeded in 2019, the XCEED Campus Ambassador Program is a platform that is rooted in facilitating campus engagement and maintaining ongoing relationships with universities that represents a dynamic talent hub for BAT Bangladesh. Engaged as talent ‘ambassadors’ across their respective universities, these primarily second and third year students also undergo multiple coaching sessions which further support their skill development journey.

In 2021, our diverse group of virtual XCEEDs comprised individuals from the top 19 universities in Bangladesh. Each XCEED played a critical role in bridging the organization to its respective campuses. Recognizing their efforts, 5 individuals from the recent graduating batches of XCEEDs joined BAT Bangladesh family in 2021, while others are also in the pipeline.

**XCELERATE internship program**

Our XCELERATE internship program comprises a 3-month long platform designed to welcome talented final-year

students into the organisation to give them exposure to experiences of working in a dynamic multinational organisation. With abundant learning opportunities, BAT Bangladesh ensures that interns work on interesting projects that hone their skills. From our most recent batch of XCELERATE interns, two interns have joined BAT Bangladesh family as front-liners, while others are in the talent pipeline.

**Supernova**

This year we successfully launched Supernova, the first-of-its-kind unique student mentoring network to groom young female leaders studying science, technology, engineering, and mathematics (STEM) subjects. Welcoming our first batch of 17 bold Supernovas, we conceived a comprehensive program for them to learn the ropes of the corporate world and acclimatize them to the organization’s culture. We brought in female leaders from within the BAT family to conduct sessions with them and encourage them to be bolder versions of themselves. From this dynamic batch, 4 have already joined BAT Bangladesh in Operations, while others are in the pipeline.



### Battle of Minds

Battle of Minds (BoM) is BAT Bangladesh's flagship business competition. Now adopted in 20+ countries within the BAT Group, this homespun passion project locally completed 18 successful years in 2021. Since its inception in 2004, it has evolved into a significant platform for university students to get a ringside view of the real corporate world.

In 2021, for the first time ever, the competition opened up to include not only current university students but also graduates and startups, thus raising the scope for innovation and stakes in finding the young leaders of tomorrow. Focusing on sustainability, the year's challenges centered around solving global issues in such mega themes as farming, culture, energy and waste. After battling it out in the local championships, our winners participated alongside 25 countries from across the globe.

### CROSS-INDUSTRY CAPABILITIES

At BAT Bangladesh, we believe that our strengths originate from acquiring the best and brightest in the country. As we develop our organization across multiple fronts, we require experienced professionals to bring forth their unique perspectives and know-how to achieve further milestones. In 2021, we leveraged our strong talent brand to inject a diverse set of cross-industry capabilities into the organization. We brought in 20 professionals as mid-to senior-level employees in various functions who are currently leading from the front to achieve remarkable milestones.

### OUR TALENT IN THE GLOBAL ARENA

Transfer of knowledge and sharing our expertise freely with BAT Group companies globally has become an intrinsic reflection of our culture and indicative of the quality of our resources. It also represents that we have come full cycle – from inviting international peers to now sharing our own unique best practices with Group companies located all over the world.



As a Company intent on achieving progress every day with a relentless emphasis on pursuing business excellence through global benchmarking, 2 of our Leadership Team members in the core functions – Marketing & Operations are expatriates representing two different nationalities.

Furthermore, we understand that there is strong merit in exposing our people to global operational diversity, which enables them to inculcate both multidimensional insights and diversified experiences.

### BE THE CHANGE FELLOWSHIP

Aligning with our revamped talent brand 'Be The Change', in 2021, we launched our 14-day Fellowship Program. This immersive experience was designed to connect young leaders to wider communities to drive purposeful initiatives contributing to the SDGs.

Our first batch of emerging leaders comprised 6 of our Global Graduates who embarked on a unique journey of learning and giving back. From becoming aware of grassroots innovation in farming practices to teaching basic literacy, the experience brought out the best in our fellows who came out of the program as well-rounded, humble individuals with purpose.

### DIVERSITY & INCLUSION

The year 2021 has been one of focusing on our gender diversity agenda. From launching the first-of-its-kind campus initiative Supernova to relaunching Symmetry, our internal women's network, BAT Bangladesh has achieved mentionable strides in ensuring improved gender diversity in the organization. We are leading a big push for equality within our four walls.

Beyond gender diversity, we also brought in 20 experienced cross-industry hires whom we celebrated as Champions of Change to ensure inclusion in the new workplace. Furthermore, exemplifying the feisty spirit of gender diversity, BAT Bangladesh welcomed the first-ever Bangladeshi female Finance Director, Ms. Amun Mustafiz, as one of its top management team members during the year.



Fig: Learning & Development

Our relentless drive to champion diversity and inclusion was recognized this year, as BAT Bangladesh became the only Company in the country to be certified with the Global Equality Standard (GES) seal, indicative of the right direction we are heading towards.

**PAVING THE WAY FORWARD**

As we close an amazing year, we look forward to doing more in the next. In the path forward, we see further opportunities for us to foster sustainable development. In 2022, we plan on:

- Continuing the drive in our journey towards becoming the most diverse organization in the country, setting new benchmarks as we have always done
- Developing talent at a faster rate to meet the ever-growing demands of our business and accelerate the export of talent

- Directing our focus on attracting and developing more females in STEM so as to become the number one platform where they build their careers
- Partnering with universities to embed the right contemporary skills needed in the corporate world, at a rate faster than the net migration of high caliber students, which impacts all sectors

As a fast-developing economy, we need to increase the pace at which we develop talent. The country needs high-quality talent to meet its increasing demand in a very competitive global economy and this is a challenge that needs strategic partnership across academia and industry to ensure that together we develop the human capital of the country. As an organization, we have taken pride in spearheading such initiatives and we will accelerate our efforts in the coming years.



# MANUFACTURED CAPITAL



*At BAT Bangladesh, our production assets, machinery, equipment and plants that utilized to achieve our production target and objective are considered as our manufactured capital. The management of these assets is a key business imperative and considered an essential element in achieving manufacturing excellence and stable operational performance.*

**HASNAIN ISHTIAQ**  
Head of Manufacturing

## WHAT IS OUR MANUFACTURED CAPITAL?

This capital consists of our production assets, warehousing infrastructure and facilities that enable us to conduct our business. We invest financial capital in these assets to expand our brands to deliver on our brand-specific value propositions. We also deploy these capital resources to create environments, systems and processes conducive to constant improvement, enabling our people to meet their full potential, ensuring alignment to environmental norms while minimising our carbon footprint and making continuous advancements in our workflows and manufacturing techniques and processes.

## WHY IS THIS CAPITAL IMPORTANT?

Our manufactured and infrastructure capital enable us to build a high-quality organisation. Our goal is to serve our customers in a responsible and ethical way and build value for the society and the nation. We continue to invest in our assets for growth and optimise how we use these assets to provide an appropriate return on investment and create and preserve stakeholder value.

## HOW WE CREATE AND PRESERVE VALUE USING MANUFACTURED CAPITAL

- In a major contribution to our manufactured capital we established a new state-of-the-art factory at Savar, Dhaka
- We implemented several initiatives in augmenting production processes and supply chain that resulted in efficiency improvement
- We utilised ways to lower traditional energy consumption and enhance non-conventional energy use
- We ensured strong cost discipline

### SDGs Supported:



### OVERVIEW

At BAT Bangladesh, our production assets, machinery, equipment and plants that are utilized to achieve our production targets and objectives are considered as our manufactured capital. The management of these assets is a key business imperative and considered an essential element in achieving manufacturing excellence and stable operational performance.

At the Company, we invest in various new ways of working for bettering effectiveness and integrated production control, which ensures continuous augmentation of the supply chain, manufacturing excellence, cost-efficient operations and people development.

### OUTCOMES AND PERFORMANCE PREVIEW

The year 2021 had been an exceptional year for BAT Bangladesh as it brought with it the ever-highest volume demand. The global pandemic continued and generated uncertainties and challenges. Yet, we were able to successfully navigate through the adversity and deliver in the fastest growing FMC market in BAT Group. The Operations team showcased its indomitable spirit and the team embarked on a transformational journey, breaking numerous production records in the process in a sustainable manner by keeping 'Integrated Work System (IWS)' practices at the core. IWS is a way of work that enables the optimization of factory performance and efficiency.

### GROWTH OF MANUFACTURED CAPITAL AND ACCOUNTABILITY FOR SUSTAINABLE BUSINESS OPERATIONS

The factory carried out the highest shopfloor recruitment to bring in new talent and "Apprentice Academy" was introduced to establish the pipeline of shopfloor talent to fuel our ambition to be a future-fit organization. Thousands of man-hours worth of capability-building sessions have been conducted to enable our workforce to progress towards IWS Phase-2 accreditation. Furthermore, as OEM support was limited due to the ongoing travel restrictions due to the pandemic, in-house capability was developed to execute multiple machine relocation projects and remote platforms were used for virtual support when required.

Furthermore, in order to meet export quality criteria, machines were upgraded. Subsequently, structural changes were triggered on the factory floor to segregate the export zone. A series of cleaning mechanisms was initiated to strengthen pest and hygiene management. A dedicated team was also created to focus on the quality measures of our export journey. In order to operate as a

leading organisation exporting premium quality products, external benchmarking was carried out to ensure global standard implementation.

### OUR MANUFACTURED CAPITAL WITH THE SDGS

Keeping ESG at the centre of our operations, the manufacturing team embraced multiple initiatives to enable BAT Bangladesh's journey towards carbon neutrality by 2030. Active Voltage Conditioning (AVC) unit has been set up in the Dhaka factory to reduce power flickers and the 11 kV line extension has lowered the requirement for generator runs – both initiatives eventually leading to lower carbon emission.

Additionally, the team created a predictive model by incorporating historical data and live weather forecasts for arresting flickers. Also, a collaborative relationship was built with DESCO to manage power disruptions more efficiently. To increase the factory's water recycling, reverse osmosis (RO) plant was also installed in the factory. Overall, in 2021, Dhaka factory recorded the lowest-ever energy index and water usage index.

To encourage workers and employees it is essential to protect the well-being of all and hence multiple safety initiatives were carried out amid ongoing efforts to assure that overall operations and business processes are safe and productive. BAT Bangladesh has consistently been aware of safety and security and it was the top priority amid the peak of the pandemic. Despite COVID-19, a lot of changes and a new setup were introduced. Such initiatives led to automation and improved precautionary steps.

Appropriate security systems play a critical role in safeguarding the assets of the factory and warehouse. Consequently, DF security systems have been installed and the overall security systems were upgraded. This ensured preventive measures for circumventing any hazards resulting from emergency situations inside the factory and warehouse.

Fire hazards pose a severe threat to the warehouse and manufacturing plant. An up-gradation and expansion of the fire-fighting system were carried out with state-of-the-art equipment and preventive measures within the warehouse. This resulted in improved firefighting capabilities in the event of any untoward incidents and hence boosted industrial safety standards. Additionally, we have also upgraded our fire suppression systems to enhance preparedness in the face of any emergencies by enabling quicker and safer evacuation in the transformer room.



**ENHANCED THE EFFECTIVENESS OF OUR MANUFACTURED CAPITAL**

Throughout the year under review, multiple projects were conducted, various machines were installed and different systems were upgraded to enhance the overall manufacturing infrastructure. Capability has been developed to carry out parallel maintenance of our modules to further enhance the overall efficiency of the factory. The factory footprint has been changed to optimize the overall layout and efficiently transfer machines out to the Savar factory.

2021 will be marked in history as BAT Bangladesh established the newest factory in the BAT Group to cater to the fastest growing FMC market in Bangladesh. The factory, located in Savar, went live in September 2021 and has already started setting new benchmarks in terms of performance. Along with capacity injection, the next phase of land development will be continued and infrastructure will be expanded to augment warehouse capacity. Furthermore, the launch of this factory has unlocked new dimensions in exporting tobacco to the Group. Hence, this process can find government favour to diversify the export basket and earn much needed foreign exchange for the country.

# INTELLECTUAL CAPITAL



*As data and immaterial assets are at the core of digital technology, intellectual capital is rapidly gaining more importance over physical assets in most of the businesses. BAT Bangladesh is on the similar track of digital transformation for a better tomorrow while focusing even more on its intellectual capital.*

**SK. HASIBUL KARIM**  
Head of DBS Services

## WHAT IS OUR INTELLECTUAL CAPITAL?

Offering our customers value for money and superior product is at the heart of our intellectual capital. Internally, our intellectual capital is reinforced by our technology, systems and processes that facilitate the day-to-day business. Focus areas include deployment of appropriate and effective technology, process methodologies, data-driven insights, sector leading policies and processes, excellent corporate governance and quality qualifications of our people. Our technology-led systems, processes and employee development all focus on delivering value and successful outcomes.

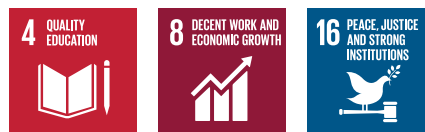
## WHY IS THIS CAPITAL IMPORTANT?

As a large organisation committed to fostering a conducive business environment, BAT Bangladesh's intellectual capital, particularly as manifested through operational, customer and stakeholder excellence, is what enables the delivery of our strategy. Structural and operational support, at brand and site level as well as centrally, enables effective and efficient development and refinement of the intellectual capital capability of the Company. Further, cooperation between our various divisions is a differentiator that supports data-driven and research-led improvements. All of this is supported by a sector leading, robust policy and governance framework incorporating judicious rules, policies, practices and processes.

## HOW WE CREATE AND PRESERVE VALUE USING INTELLECTUAL CAPITAL

- Research and implement best practices, especially as part of a multinational group
- Focused on adhering to all internal policies and processes and remaining flexible in terms of selective refinement
- Strategic creation of the Digital Business Solutions (DBS) function to harness digital tech and data insights
- Robust governance practices that have been endorsed through awards by both national and international bodies

### SDGs Supported:



## OVERVIEW

Over the past decade or so, the world has witnessed a boom in digital technologies which are transforming the way we work and live in this increasingly interconnected digital era. Truly, technology is at the centre of the world today, with it fuelling much change.

The fast-paced technological evolution is the pedestal of the Fourth Industrial Revolution, or 4IR. It is not just transforming manufacturing, but is disrupting even established businesses. And this pace of change has only been accelerated by the COVID-19 pandemic. Today, diversified emergence of frontier technologies is evident across different sectors; yet, in general, the most common feature is that these are changing our way of communication, our analysis or problem-solving, our service modality and how we do business. The most discussed technologies include the Internet of Things (IoT), Blockchain, Artificial Intelligence (AI), Big Data and Cloud Computing, while all of these feed into the big buzzword of “Digital Technology”.

Aligned with the fast-paced change, at BAT Bangladesh, we are cultivating a culture of thoughtful employees – people who understand the local and global operating context and enable the development of innovative processes and solutions. This constitutes the heart of our Intellectual Capital. Broadly, this capital includes certain

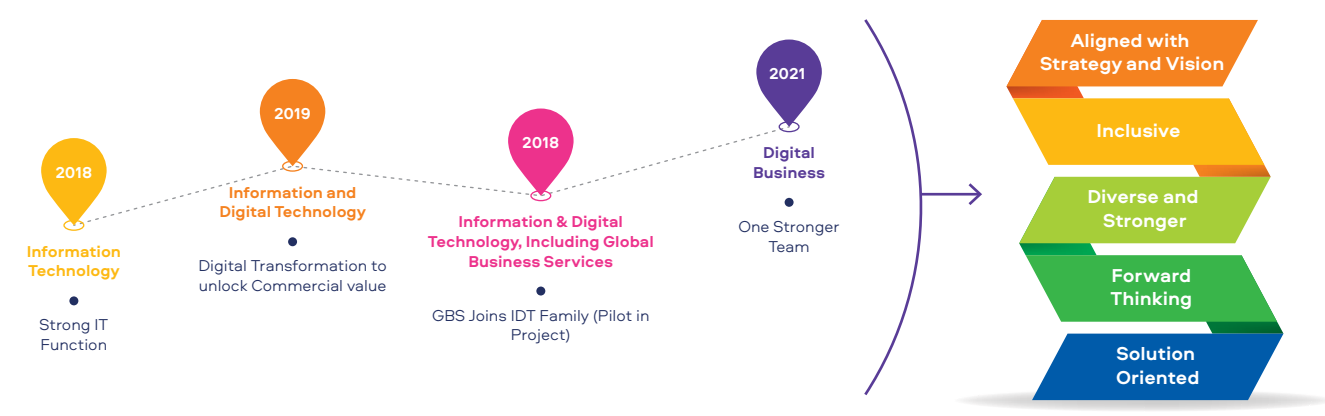
key intangible assets, such as our IDT assets, production techniques, product copyrights and various licenses that secure our right to operate as a legally established business in Bangladesh. This capital is primarily stewarded by our ‘Legal and External Affairs’, ‘Marketing’, ‘Operations’ and ‘IDT’ teams.

As data and intangible assets are at the core of digital technology, intellectual capital is rapidly gaining precedence over physical assets in most businesses. BAT Bangladesh is on a similar track of digital transformation, focused on A Better Tomorrow and thus embracing several initiatives to advance towards this vision and purpose.

## DBS TEAM ESTABLISHMENT

In 2021, BATB introduced “Digital Business Solutions” (DBS) replaced of IDT to accelerate the transformation and management of our intellectual capital in a sustainable and comprehensive way. The team is mandated to focus on business enablement through simplification, automation and data-driven analytics by providing efficient, stable and secured data platforms. Three wings of this department has been constituted to steward business process enablement through appropriate partnering with Marketing, Operations and Corporate functions. The fourth unit deals with establishing the right data and tech-support infrastructure across the organization. Moreover, a new wing of data analytics is in the pipeline.

## Accelerating a Better Tomorrow



## KEY STRATEGY OF DBS

BAT ensures that consumers and customers are at the heart of its business. Hence, the overall business strategy is pivoted around consumers and customers being supported by the appropriate brand portfolio and productivity growth, while lowering operating costs through higher efficiency to progressively facilitate higher value creation for shareholders.

Being aligned with the broader business objectives DBS contributes through the following ways:

- Connected Consumers - Integrated CRM for better consumer insights.
- Trade Excellence - Trade platform enhancement and modernization for improved decision-making

OUR TRANSFORMATION ENGINE



- Fit for Purpose Enterprise - Simplification and automation for achieving higher efficiency
- Digital DNA - Drive digital
- Efficient, Stable and Secure Business Solutions - Ensuring smooth running of the core in a secured and compliant manner

**i) Connected Consumers**

In this domain, our focus remains on having our consumers and customers connected and informed about our overall portfolio, maintaining the necessary data security and privacy. Data being the key asset for the business, the following initiatives were undertaken for improving analytics.

- Enterprise Data Platform (EDP) - is a central data repository where all customer, sales, marketing, consumer, research and intelligence data is unified, along with data that includes the benefits of cross functional analytics for better insights, predictive analytics to ensure future readiness and data-driven decision-making. It acts as a single hub of all data and automated reporting and dashboard.
- Geospatial Intelligence - With location-based intelligence becoming extremely crucial for demographic profiling, understanding consumer behaviour, access to and leveraging geospatial intelligence empowers us with more actionable insights in a wide variety of activities, ranging from cluster reprioritization and campaign planning to partnering expansion and beyond. In this vein, we are exploring various platforms that could support the business with these requirements available at their fingertips via a self-service approach.

**ii) Trade Excellence**

With Trade Marketing owning the key responsibility of BATB’s sales operations and distribution, DBS team focuses a special spotlight on this team with the below-mentioned activities:

- PRISM tech Stack up-gradation: Core operations of the Trade Team is supported digitally by a locally developed system, “PRISM.” Since its incorporation in 2014, PRISM has grown to become an integral part of the process and a robust and colossal system that provides end-to-end solutions to the team. Over time, it is indeed a prudent step to take the system to even newer heights through technical upgradation, thus making the system more scalable, user-friendly and future-proof.
- New B2B2C platform – Exploring new frontiers and opportunities for securing and expanding our periphery of business, Shopoth, our B2B2C venture under the umbrella of Agami Limited has witnessed the launch of a revamped website and the introduction of a multi-lingual iOS and Android mobile app for consumers for the very first time. In addition, continuous upgradation and improvement to the existing backend ERP system is a regular activity undertaken by the team.

Supply Network Operation – Enables real-time tracking system of manufacturing and distribution, as well as exploring opportunities for efficiency, while introducing ancillary revenue streams through asset sweating.

**iii) Fit for Purpose Enterprise**

Our objective is to bring in future-fit technologies across the business to achieve a simplified and efficient way of working for achieving higher productivity. Some of the key highlights in this regard comprise:

- Launch of Project Auctus (Savar Factory) to meet projected demand. Savar is a state-of-the-art factory with a vision of digitally-enabled faster, simpler and stronger processes
- Introduction of paperless and automation journey in the factory and across different arenas via simplification of processes, while ensuring alignment with the green agenda

- Established a highly secure cloud-based network for applications with flexible, scalable and secured infrastructure and services
- Incorporation of the customized and compliant financial system - SAP
- Intricated Production Monitoring System enabling improving machine-to-machine performance and overall process efficiency
- Digital ecosystem through introducing digital visitor management and digital board solutions comprising Digital Board Meeting Management to ensure efficiency and confidentiality
- Digital platforms for meetings, virtual tours and remote working: BATB led and conducted virtual AGM with its own digital AGM platform, thus upholding shareholders' rights, especially e-voting, comments, virtual speech, etc. Our Board & Management conducted the meeting through Microsoft Teams. Virtual tours were conducted for our renovated Head Office and new factory in Savar. Digital operations enabled the smooth functioning of day-to-day processes for employees while working remotely and complying with strict COVID-19 protocols.

#### iv) Digital DNA

Digital DNA facilitates driving a digital mindset across the organization. Some of the key initiatives here include:

- Citizen Developer Program that enable employees with skills to create their own digital solutions to compliment processes which are repetitive in nature
- Metaverse – Early stages of exploring the next working environment for collaboration and productivity via remote and hybrid engagement models

#### v) Efficient, Stable and secured tech

BATB's infrastructure framework oversees risk-prone areas, including acquiring copyrights and brand name licenses to circumvent any potential prosecution. Further, information with regards to security and support of these frameworks are additionally assured by reputed third-parties, which thus improves the overall foundation and creates a virtuous, fortified and self-sustaining cycle. To further foster our intellectual capital, we embrace global benchmarking, especially with regards to infrastructure maintenance and security, which includes:

- Maintaining contemporariness of infrastructure—both hardware and software
- Ensuring appropriate access controls through:
  - Strong authentication mechanisms
  - Accessibility control via applications and data
  - Restricted use of removable media devices that thwart data theft and other malpractices

- Analysis and reporting of suspicious/malicious activities
- Antivirus and cybersecurity – Regular updates and testing
- Service continuity/disaster recovery – Periodic testing and updates
- Well-established end-user support and service desk

#### ORCHESTRATION THROUGH JUDICIOUS PLANNING AND BUDGETING

The DBS budget is broadly segregated into two components:

- Investment in projects that facilitate business enablement through technology to yield process and cost efficiency and provide a better end-user experience
- “Keeping the lights on”, which ensures that fundamental infrastructure is in place and basic requirements are operating seamlessly

In the year 2021, capital expenditure (CAPEX) was around 45% of the department's operating cost (OPEX), as compared to 33% in 2020. The trend of CAPEX vs. OPEX has demonstrated a consistent increase, which reflects timely investments in technology up-gradation and modernization, a journey that should facilitate our progressive shift towards a digital and data and analytics-driven Company.

#### OUR JOURNEY IN 2021

Despite COVID-19, 2021 had been an eventful year with a number of achievements:

- Savar Factory went live, thus enabling the business to achieve higher productivity
- New Head Office, thus ensuring a better workplace
- Internal HR ChatBot that facilitated virtual agent support
- New demand forecasting platform
- Introduction of a Citizen Development program designed to help BATB enthusiasts to become citizen developers and create their own low-code/no-code applications

#### 2022 AND BEYOND – OUR BLUEPRINT

As the transformation journey continues, BATB will focus on increasingly becoming a cloud-native, digital and data-analytics-driven Company to have a better and sustainable future to generate more value for the shareholders. The adoption of contemporary, flexible and internet-based technology would clearly require more focus on protecting our Intellectual Capital. Henceforth, while the emphasis on generating value through digitalization continues, shielding IC becomes further important. DBS team will continue to deliver on these agendas going forward.

# NATURAL CAPITAL



*By adopting technology for fool-proof solutions, FGD for top loss areas and issues and ESG Loss analysis, the Company can carry about robust compliance checks and in-depth analysis of top losses.*

**SADIA ZAHIN**  
EHS Manager

## WHAT IS OUR NATURAL CAPITAL?

We rely on natural resources, such as land, energy and water for our operations and we are mindful that we need to preserve them by mitigating potentially negative environmental impacts through responsible use. Our offering includes awareness of our natural heritage to instill a deep respect for the environment amongst our employees and the wider community.

## WHY IS THIS CAPITAL IMPORTANT?

Central to our sustainability approach is consideration of how our activities may impact on future generations. We are also aware of the growing concern around global climate change and decarbonization journey towards net-zero emissions. The Company continues to educate its people and other stakeholders about these environmental issues and we lead by example through responsible corporate behaviour.

## HOW WE CREATE AND PRESERVE VALUE USING NATURAL CAPITAL

- Uncompromised adherence to policies and processes, including EHS policy, that are articulated to maintain environmental and ecological goals and considerations
- Targets have been consistently achieved for reduction in water consumption, electricity use and scope 1 and 2 emissions
- Environmental awareness has been integrated into our training programs, especially for our shopfloor workers
- Focused initiatives have been directed towards achieving zero waste-to-landfill
- Celebration of all major days, including World Environment Day, etc.

### SDGs Supported:





## OVERVIEW

As the frontrunner in Environmental, Social and Governance (ESG) practices in Bangladesh, BAT Bangladesh has been at the forefront of sustainable business since its inception. The Environment, Health and Safety (EHS) team at BATB acts as the main enablers of workplace safety and environmental sustainability. EHS strives to achieve sustainability throughout BATB's channel- from seed to smoke. Divided into three parts, Factory EHS, Leaf & PSC EHS and TM&D SSC EHS, the team ensures the health and safety of BATB's stakeholders as well as the Company's impact on the environment.

## KEY GOALS IN AUGMENTING OUR NATURAL CAPITAL

- Protect the environment and prevent any hazards by adopting manufacturing process, minimize pollutants and eliminating occupational health and safety hazards
- Engage the necessary workforce on all worksites in EHS matters through effective participation
- Instill the principals of safety, health and environmental care in our people and improve our processes on a continuous basis for enhancing the EHS culture
- Continually work on cost effective technological interventions to minimize the risk to humans, property and reduce adverse environmental impact through adoption of elimination, substitution reduction, recycling, reuse and recovery at source
- Comply with all legal and other compliance obligations concerning environment, health and safety

## POLICY FRAMEWORK

The policy of EHS consists of two key statements – The environmental Policy Statement and Health & Safety Policy Statement. These statements are amalgamations of declarations of the Company's commitment to all key environmental priorities – agriculture, manufacturing & distribution and health and safety for end-to-end supply chain. Risk assessment and environmental aspect impact analysis, adhering to the legal register and planning EHS Management Programs and Contingency plans, are also key activities performed by BATB EHS.

BATB EHS' promise of Safety and Sustainable sits on three pillars. Each pillar has its own key focuses and enablers strengthened by the ETHOS in practice.

By adopting technology for fool-proof solutions, FGD for top loss areas and issues and ESG loss analysis, the Company can carry out robust compliance checks and in-depth analysis of top losses. The guidance of NEBOSH, ISO 14001 and SAFEX (for digital reporting) paired with EHS Masterclasses gives the Company the right mix of the capability to keep the organisation safe and sustainable. LT sponsorship, OPM on cultural elements and organization-wide communication plans allow for the organization

to build a zero-tolerance policy and encourages each individual to take ownership, rather than simply being aware.

Thus, EHS also integrates campaigns and training sessions in its policy to ensure the steady and sustained growth of our people. 'EHS Awareness Week' is a testament to the continuous effort put in by the team to communicate safe work practices on the production floor, warehouses and offices. Such awareness programs encompass office safety, road safety, fire safety, electrical safety, manual handling and ergonomics and several other aspects.

In 2021, the Global Leaf EHS Compliance Assessment, held in November has been a noteworthy achievement. At the end of a successful assessment review, BATB Leaf operations and GLT were declared successfully compliant. The adherence to best practices was also recognized. Furthermore, the Compliance Review Team also recognized a motivated EH&S team that takes interest in the function and organization's improvement and the tendency for EH&S ownership. The ownership of EH&S by senior leadership and clear communication of EHS codes across the organization were also noted by the compliance review team.

In addition to that, EHS attempts to reduce the impact the company leaves on the environment. It ensures that all sites of BATB maintain best practices in terms of water stewardship, responsible news of non-renewable resources, reducing and recycling waste, reducing harmful emissions, eliminating single use plastic items and so on.

The EHS Steering Committee, led by the Head of Operations, is the supreme authority for any major decisions taken regarding any EHS plans, policies, guidelines, procedures and financial sanctions and approval of any EHS expenditure.

## GOING GREEN FOR "A BETTER TOMORROW"

BATB has set several targets to be achieved in order to deliver in accordance to its commitment to sustainability for all. By 2025, the Company aims to ensure 30% water recycling across sites. Ensuring zero waste to landfills at all manufacturing sites, eliminating the use of all unnecessary single use plastics and achieving Alliance for Water Stewardship certification for all manufacturing sites are also goals set for the same year.

2025 targets also include achieving 35% reduction in water withdrawn and 50% reduction in carbon emission for Scope 1 and Scope 2 emissions, compared to 2017. In addition, by 2030, the Company wishes to achieve carbon neutrality for Scope 1 and Scope 2 and 100% renewable electricity in operations sites. The Company's long-term goals include achieving carbon neutrality for Scope 1, 2 and 3 by 2050. This demonstrates the Company's relentless efforts to deliver on its promise of sustainability and adherence to the commitment made to stakeholders.

**ALIGNMENT WITH SUSTAINABILITY**

In its effort to build A Better Tomorrow, BATB has maximized its contributions to the Sustainable Development Goals. The Goals are often aligned with many of BAT's ESG agendas. For instance, SDG #13, Climate Action, is being addressed by the Company's efforts to achieve carbon neutrality, improve processes for farmers to ensure better yield and less impact on the environment, water and waste recycling efforts, water stewardship, adopting sources of renewable energy for electricity and so on. These efforts address BAT's ESG agendas of climate change, biodiversity & afforestation and water.

BATB has always put the well-being of all life on the land which makes the Company perfectly aligned with SDG #15. By ensuring responsible use of terrestrial land, attempting to stop and reverse the effects of deforestation with projects like Bonayan, eliminating waste-to-landfill and so on, BATB fulfills SDG #15 as well as the ESG agenda of water and biodiversity & afforestation.

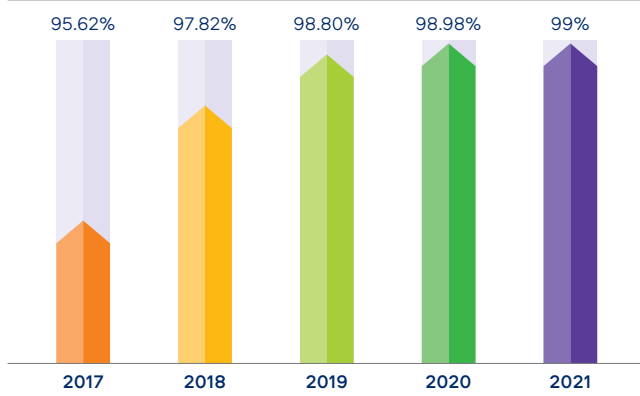
BATB's efforts to ensure sustainability have been recognized by numerous awards throughout the years, with Probaho and Bonayan being especially prominent. BATB is constantly exploring new initiatives that are feasible and able to benefit employees, society and the community at large.

**PAVING THE WAY TOWARD CARBON NEUTRALITY**

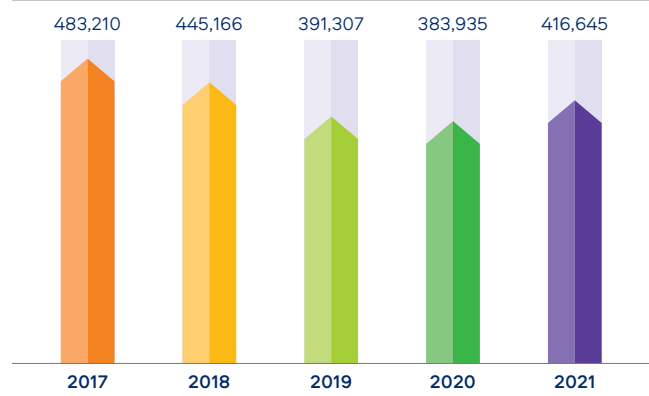
One of the most ambitious initiatives taken by BAT is to reduce 50% Scope 1 and Scope 2 carbon emissions by 2025, against the 2017 baseline.

Major initiatives to reduce direct energy consumption and carbon reductions comprise AVC installation, energy-efficient motors installation, condensation-free steam supply system installation, generator run hour reduction, ELESOL installation for electrical lines, installation of energy-efficient chillers, using economizer for boiler and so on.

**Waste Recycling Ratio**



**Energy Use (GJ)**



**EFFICIENT WATER CONSUMPTION**

While ensuring water management on-site, BATB aims to work for addressing water-related issues at the community level with equal importance. With this aim, BAT Bangladesh's Dhaka factory and GLT plant appeared for assessment for Alliance for Water Stewardship Core Certification in 2021. The Company has also planned for this assessment for the Savar factory in 2023.

This assessment examines BATB's best practices and the extent of good water governance, along with the Company's engagement with stakeholders to ensure it is facilitating collective growth within the community. With sustainable development goals being addressed by AWS, BATB's certification would only expand its positive contribution to the goals.

For increasing water recycling, thus reducing water withdrawn from the ground, RO plant was established in the Dhaka factory to ensuring proper recycling. With these

initiatives, water withdrawal has been reduced to 20.9% vs. 2017 levels. Also, we ensured 18% water recycling in overall Bangladesh during 2021.

**WORLD WATER DAY CELEBRATION AT BAT BANGLADESH**

To ensure awareness around water usage, water recycling and providing safe drinking water among everyone, BAT Bangladesh celebrated World Water Day on 22 March 2021. The day was crafted with different activities, including awareness communication from the leadership team, different games, knowledge-sharing activities, etc. The winners received exciting prizes from the senior managers. Also, gift hampers of 'Probaho' were distributed among employees. The objective of the program was to establish a culture where people could know the importance of safe drinking water, initiatives which are taken by BAT Bangladesh, and building awareness among everyone about water recycling and increasing re-use of water, which is at the core of the ESG water agenda of the BAT Group.

## WORLD ENVIRONMENT DAY CELEBRATION AT BAT BANGLADESH

BAT Bangladesh always looks for opportunities to promote afforestation and environmental conservation. Amid the peak of COVID in 2021, to celebrate World Environment Day, BAT Bangladesh arranged an online event for drawing assurance from all employees as a pledge. For each pledge, the team planted a tree on behalf of that individual. BAT management from all over the world participated in the pledge. This initiative resulted in the planting of 220 trees where pledges from 21 countries were received.

## ZERO WASTE-TO-LANDFILL MINDSET

In order to reduce soil and groundwater contamination, the organization has opted for 99% waste recycling and zero waste-to-landfill. Thus, vermicomposting plants have been introduced at DF and GLTP to convert organic waste into fertilizer.

The organization is also proactive in eliminating the use of unnecessary single-use plastic. Thus, the first-ever OPM (Project Terra) was arranged to address the need for enforcing a cultural change towards the use of plastic. This was done via an organization-wide drive to eliminate unnecessary single-use plastic. Furthermore, in order to ensure actionable initiatives, plastic water bottles were replaced by glass bottles and one-time cutlery was replaced by paper cutlery during the year. Additionally, plastic decorations were forgone for eco-friendly and natural decoration resources.

We are driving the overall waste management agenda in Operations through the below-mentioned initiatives :

- Strong tobacco waste DMS in both manufacturing and GLTP factory
- Wrapping material waste DMS gathering pace
- Global TW DMS and Regional WM waste DMS owners are from Bangladesh, enabling faster access to benchmarks
- Drive for reduction of plastic waste, which started from Q2 2021
- Proper segregation at source, storage in designated locations and effective recycling

As part of our emphasis on repurposing waste to not only extend its useful life but also ensure we curb despoiling nature through ad-hoc landfills we embrace the following recycling initiatives:

- Metallic wastes are sent to local foundry shops for recycling into metallic gear and other components
- Filter tow waste changeovers for use in bed mattress
- General paper waste that is utilized for pulping and onward reuse
- Wooden scraps are converted into wooden blocks

- Tow boards changeover to CBC (corrugated box carton) for multipurpose reuse
- Plastic ties changeover to mats, holders and shades

## OUR CONCERNS

BATB always strives to enhance the livelihood of its farmers. It continually provides farmers with best practices and innovative ways to manage their crops to increase yield, eliminate waste and augment the overall efficiency of their plot. One such example is the successful implementation of Alternate Furrow Irrigation (AFI).

The unprecedented onslaught of the COVID-19 pandemic resulted in BATB taking a massive hit in its route-to-market chain and sales. Yet, with an unrelenting effort from our people, the business impacts were soon recovered. However, the organization also paid close attention to the well-being of others in the value chain during this tough time.

Thus, all necessary precautions were taken to minimize the spread of COVID and identify any active cases immediately. Mass awareness campaigns were held organization-wide to ensure all individuals are aware of the dos and don'ts during the pandemic. Daily temperature checks and an exponential increase in handwashing facilities were introduced as basic steps to control the outbreak within BATB.

MBBS doctors were deployed on-site and a cost-free 24/7 teledoctor, Amader Doctor, was introduced for all field force agents. By doing so, BATB expanded the number of people who had immediate access to healthcare services at the time of the crisis. The factories were also covered by 24/7 ambulance support and oxygen and pulse oximeter support. Centralized cooking facility under hygiene supervision was introduced at all TM&D offices to ensure access to clean, safe and healthy food.

Employees were given family care packages that included personal and home sanitation and hygiene products in order to keep individuals as well as their families safe.

For all individuals who could work remotely due to their nature of work, facilities were moved to a hybridized work-from-home system in order to minimize exposure to the virus. For those who were still working on-site, physical demarcation at factories and warehouses helped ensure social distancing. Face masks were ensured for all management, employees, field forces and farmers. Frequent touch-points, such as tires of vehicles, factory floors and compound walls, were all cleaned and sanitized on a frequent basis.

The EH&S team remained dedicated to ensuring the safety of all individuals at BATB. Several processes were transformed amid the pandemic to adhere to the needs of the time, yet enabling the Company to deliver stellar outcomes, which will be now carried forward into practice in 2022 too.

# SOCIAL & RELATIONSHIP CAPITAL



*We are committed to engaging in corporate responsibility and sustainability initiatives that support our communities and help us develop trusted relationships with our stakeholders. Proactive engagement with our stakeholders and investments in social impact initiatives, including those aligned with the United Nations Sustainable Development Goals, advance our position as a leading corporate citizen and create shared value for BAT Bangladesh.*

**SHEIKH SHABAB AHMED**  
Head of External Affairs

## WHAT IS OUR SOCIAL & RELATIONSHIP CAPITAL?

This capital incorporates our relationships with the communities in which we operate and that we serve as well as other key stakeholders who benefit from or impact on our work. Transparency, responsiveness and open dialogue characterises our stakeholder relationship management approach. BAT Bangladesh also embeds corporate citizenship by giving back to the broader society through three major programs- Bonayan, Deepto and Probaho and various other outreach projects within our areas of operation as well as by instilling a culture of respect, diversity and inclusion in all aspects of our work.

## WHY IS THIS CAPITAL IMPORTANT?

We recognise the impact of our business actions on our key stakeholders and ensure that their input forms an integral part of our strategy development and implementation in our sustainable stakeholder value creation processes. We also participate in activities that support and sustain communities in those areas where we operate and have a presence. Our citizenship programs focus largely on positive outcomes through fulfilling the fundamental needs of society and also via local employment and procurement opportunities in areas in which we operate. In terms of our sustainability goals we align with the SDGs, focusing on inclusive and equitable growth and development for all.

## HOW WE CREATE AND PRESERVE VALUE USING SOCIAL & RELATIONSHIP CAPITAL

- Activated several initiatives to instill Covid-safe behaviour and practices in our focus on keeping everyone safe and in good health
- Ensured best-in-class safety practices and safety equipment/gear to foster an injury-free environment
- Advanced several initiatives and programs with regards to community development/uplift

### SDGs Supported:



**OVERVIEW:**

At BAT Bangladesh, with 111 years of sustained business operations in Bangladesh, Social Capital is an integral part of our cohesive existence. Our social capital is related to the promise of service to the nation, the ecosystem, the formal and informal entities and institutions associated with us, as well as the relationships with and between employees, communities and other stakeholders.

In our endeavour to conduct our business mindfully and purposefully, we consciously take charge of our social accountability and respect the law where we operate and regard human dignity with utmost sincerity.

**SAFETY – PURSUING ZERO HARM**

The loss of one life is one too many. We want to ensure that all our employees and our service providers can return to their loved ones at home safely every day.

**OUR SAFETY INITIATIVES**

- Leveraged our Environment, Health & Safety program, focusing on pre-task risk assessments, lifesaving rules and critical controls, while diligently adhering to the management of change protocols
- Created an understanding and associated work environment, working to mitigate risk and potential adverse outcomes, underpinned by committed leadership
- Implemented and refined critical risk controls for logistical processes
- Provided well-being support to employees in response to the pandemic
- Maintained preventative and COVID-safe workplace protocols

What we continue to do

- Emphasizing the importance of the first level of assurance and confirming that verification systems operate, as designed
- Creating a culture that encourages reporting, feedback and lessons learned on all incidents
- Further advancing human-centric safety norms as a leadership imperative
- Effectively implementing, monitoring and evaluating controls, including maintaining operational discipline

**FUELING A COVID-FREE ENVIRONMENT**

COVID-19 uncertainty continues across the world, with new waves of the virus affecting many countries, in particular those where vaccination rates are still low. We constantly assess various scenarios that could potentially threaten operational and business continuity and partner

with and support our stakeholders in an effort to flatten the infection rate curve.

Our COVID-19 framework guides our responses as well as work to reduce our risk exposure. We continue to prioritize the health and safety of our employees, ringfence communities and customers while ensuring that effective business continuity plans are in place so that we can operate and meet the needs of our customers at all times.

In 2021, we launched an integrated response to COVID-19 that prioritized activities to ensure the stability and safety of all our operational facilities, continuity of service providers and secure working-from-home arrangements. We also established a Group-wide COVID-19 response team, representing a number of functions, and mandated it to oversee and coordinate our various undertakings in support of our many stakeholders.

**EMPLOYEES AND ORGANIZED LABOUR**

Through various controls, we aim to provide a safe work environment and mitigate the risk of the spread of the virus in our offices and facilities. We continue to encourage those employees who can work from home to do so and closely monitor the number of employees present at our operational sites, where special hygiene measures are in place and work schedules are designed to support social distancing. Through various campaigns. Furthermore, we encourage employees to make use of the well-being and medical support services we offer.

We have several COVID-19 workplace risk assessments. These are implemented in line with the hierarchy of controls, policies and procedures prescribed in terms of relevant regulations. Using enabling technologies, we implement 'contact tracing' across all operations when a positive case is identified. This allows for an effective and speedy response to infections among our people. Special measures are in place to support our vulnerable employees, who may carry a higher COVID-19 risk. We provided regular up-to-date information to the trade union regarding our plans and control measures. 5 dedicated doctors were appointed to deal with COVID patients of the company through online and offline consultation and emergency support. In the peak time of the COVID, we ensured a separate transport medium for carrying our staff and workers to decrease the contraction risk.

BAT Bangladesh endorses the benefits of COVID-19 vaccinations and encourages employees to be vaccinated. Furthermore, we recognize the voluntary and prioritized basis on which vaccines are being administered. We issue regular communications to employees to create awareness of the booking details and hotline so that individuals who are registered on the government's Electronic Vaccination Data System can schedule their vaccinations.

Under the employee volunteering programme, in BAT Bangladesh, we ensure employees take part in wellbeing initiatives such as inter and intra-company cricket & football match, recreational activities and celebrating occasions in festive modes. Our Ethos that enables us to raise as one is the spirit to build our career with integrity and future orientation.

**COMMUNITIES AND SOCIETIES**

Our approach to community development is premised on our recognition that our impact goes beyond the workplace and that our long-term sustainability is linked with that of our communities – hence our approach to community development is underpinned by our care philosophy, which is about using resources appropriately in responding to community needs, identifying key partnership opportunities and streamlining our efforts to ensure tangible and sustainable impact.

We recognize our duty to support those in need across our operating geographies and fenceline communities, most especially where socio-economic disparities are significant, and communities are vulnerable. This relates particularly to the rural areas. BAT Bangladesh has demonstrated, through integrated COVID-19 response initiatives, that our contributions have an impact in stemming the tide of COVID-19 through supporting national and local strategies to combat the effect of the pandemic.

We made numerous donations in support of those at the frontline of the fight against the virus and to resource quarantine and medical facilities in and around our communities. For instance, we continued with the production of hand sanitizer by partnering with “Prerona Foundation” to distribute sanitizers and personal protective equipment (PPE) donated to staff and their families, communities, governments and other beneficiaries.

**FOCUSING ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MATTERS**

Aligned with the needs of our stakeholders, ESG matters remained a major focus for the Board and the Leadership Team as reflected in the adoption of BATB’s new purpose “Building A Better Tomorrow!” as well as the development of the new strategy. We continued to benchmark our ESG performance. We are fully committed to implementing measures to improve our ESG performance and we focus on:

- Regular engagement with key stakeholders
- Tracking delivery on stakeholder commitments
- Reputation management programme
- Social investment programmes
- Customer and supplier relationship management
- Diversity, employment equity, skills development and social development plans

Our strategy is also keenly focused on addressing risks to society from our operating activities by managing our direct and indirect impacts. We do this by implementing a robust stakeholder engagement strategy that responds to community needs; creating opportunities for employment, local vendors, the procurement of goods and services, and directing tangible development benefits to communities.

**CREATING A SUSTAINABLE IMPACT**

Our approach to Corporate Social Responsibility has based on a simple principle that awareness leads to empowerment. In its numerous compositions, awareness equips and inspires us to make better decisions. With integrity and empathy, we also actively seek opportunities to contribute to the well-being of the communities we operate within. Whether it’s public health, environmental sustainability, or the UN’s Sustainable Development Goals, we at BAT Bangladesh have found that progress requires to be focused on cooperating with the government and inclusive initiatives that bring in civil society and the private sector to collaborate with the Public-Private Partnership.



In this quest, the Company has a shared vision in terms of the dissemination of best practices that enables everyone within its ecosystem, including stakeholders, retailers, farmers and farm communities, to embrace and have a path towards being ecologically sensitive and aware. Our flagship CSR programs

In this quest, the Company has a shared vision in terms of the dissemination of best practices that enables everyone within its ecosystem, including stakeholders, retailers, farmers and farm communities, to embrace and have a path towards being ecologically sensitive and aware. Our flagship CSR programs

BAT Bangladesh has remained deeply engaged in various activities, supporting and contributing to the preservation and sustenance of the climate and precious resources, including energy, paper, water, etc.

### ECO-FRIENDLY LOGISTICS

BAT Bangladesh has achieved demonstrable environmental sustainability through its focus on green logistics that aim

to ensure that our inward and outward transportation adheres to our green and environment-friendly distribution principles, thereby optimizing fuel consumption and contributing to the minimization of our corporate carbon footprint. Taking our robust green initiatives forward, the Company has also implemented such forward-looking practices as rainwater harvesting, bio-pest management through neem plantation, prismatic skylight glass installation for maximizing daylight utilization, etc.

### OUR NEW HEAD OFFICE

BAT Bangladesh acknowledges the right of our employees, clients and communities to work in an environment conducive to sustainable development. We committed ourselves to a high standard of environmental protection through the design and construction of our new BAT Bangladesh Head Office building in Dhaka. The design approach embraced the use of green initiatives where they made perfect business sense as part of sustainable design thinking and solutions. Through a holistic approach by the architect and engineers, green initiatives were incorporated into the design.

# FINANCIAL CAPITAL



*The sustenance of sound credit ratings, and the Company’s ability to manage its costs and expenses, make a significant contribution to our sustainability agenda. Further, our robust financial management strategies expand our ability to create sustainable value for our shareowners, as well as enable us to retain our proud position as the largest corporate tax-payer in Bangladesh.”*

**AMUN MUSTAFIZ**  
Finance Director

## WHAT IS OUR FINANCIAL CAPITAL?

Our financial capital includes cash, investments, debt and equity resources. We use a combination of these financial resources in our business operations to ensure financial sustainability. Financial capital is used as part of our daily business operations to ensure we achieve the Company’s strategic financial expectations. When using our capital resources, we engage with stakeholders, consider our material matters and balance the capital trade-offs with other capitals that are impacted. This process culminates in sustainable value creation and preservation.

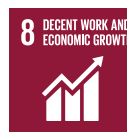
## WHY IS THIS CAPITAL IMPORTANT?

We use cash generated by our business activities as well as funding, both debt and equity, to finance business growth organically and through strategic investments to support the Company’s short, medium and long-term sustainability and growth plans. We provide our shareholders with a return on their investments through regular dividend payments.

## HOW WE CREATE VALUE USING FINANCIAL CAPITAL

- Contributed Tk 29,078 crore to the state exchequer in 2021
- Announced dividend of Tk 27.50 per share for shareholders for the year
- Sustained health liquidity levels
- Maintained a strong and sustainable balance sheet
- Continued with sustainable cost and capital expenditure containment

### SDGs Supported:





## OVERVIEW

At BATB, our financial capital comprises the financial capabilities required to sustain and responsibly expand our operations. As an essential part of our financial capital strategies, we embrace long-term thinking and allocate capital optimally to maximize returns.

## INCOME STATEMENT

BDT (crore)	2021	2020	2019	2018	2017
Gross turnover	33,934	28,108	26,985	23,312	20,414
Supplementary Duty, Vat & HDSC	26,451	22,079	21,303	17,848	15,218
Net turnover	7,483	6,029	5,682	5,464	5,196
Gross profit	4,006	2,950	2,685	2,754	2,478
Profit before tax	2,990	2,109	1,740	1,931	1,676
Profit after tax	1,497	1,089	925	1,001	783

On a granular analysis, net turnover increased by 24% in 2021, driven by volume growth and portfolio initiatives to upgrade packing. Even though major growth was achieved in volume and turnover, BATB effectively managed to ensure significant control over operating expenses over the year, resulting in the achievement of 37.5% higher profit after tax (PAT), as compared to the previous year. Despite the increase in the cost of sales by 13%, the gross profit margin increased by 500 basis points on the back of various efficiency measures and productivity initiatives are

## FINANCIAL PERFORMANCE

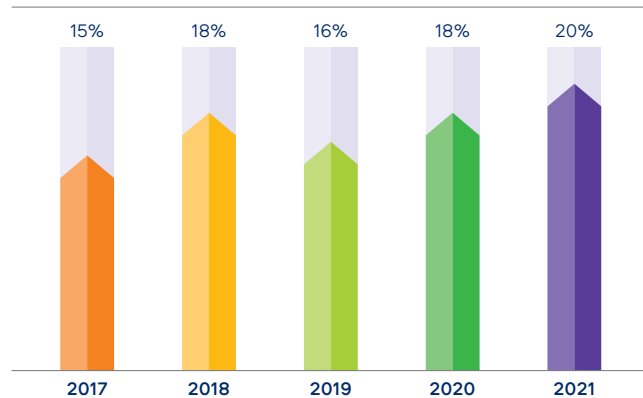
The financial performance of the Company is measured in terms of various financial metrics, which include operating profit, return on capital employed, cash flow generation, gearing and liquidity. Key operating and financial information for the year 2021, along with the preceding four years' information, is presented below:

taken across the organization.

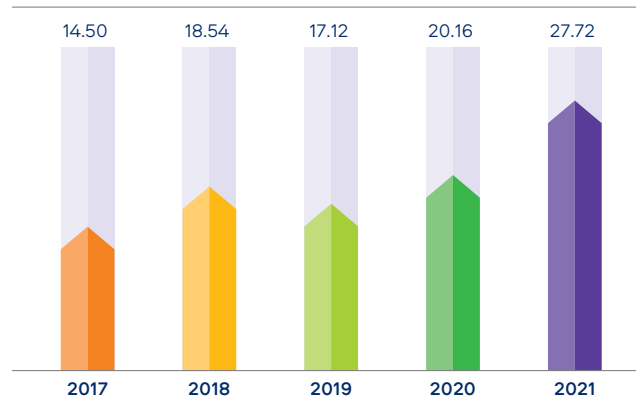
Year-on-year net finance expenses increased due to short-term borrowings availed for working capital, capital expenditure management and increased leased warehouses to support volume growth due to the commissioning of the Savar factory.

Current tax expense is in line with profit growth and EPS for the full year stands at BDT 27.72.

### Net Profit Ratio



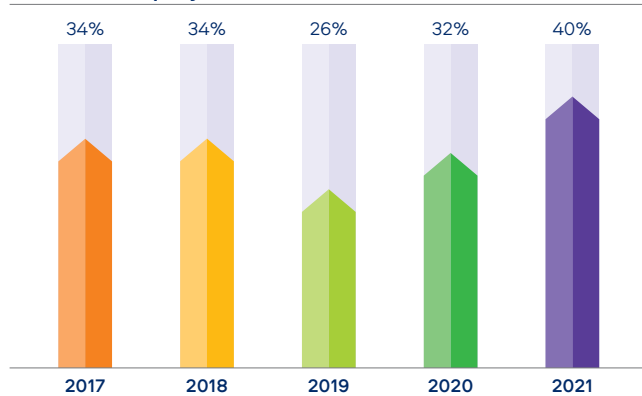
### EPS



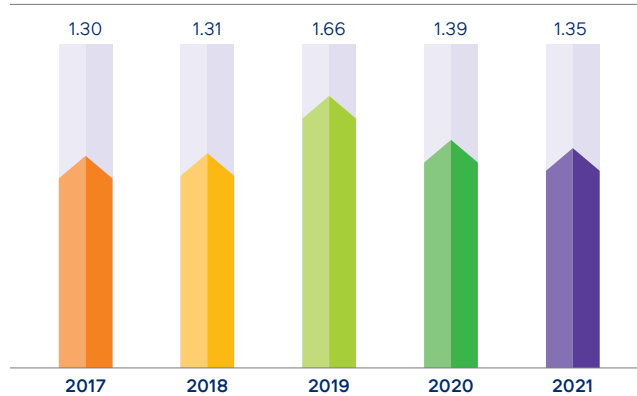
## FINANCIAL POSITION

BDT (crore)	2021	2020	2019	2018	2017
Current assets	4,409	3,374	2,823	3,006	2,550
Current liability	3,278	2,419	1,701	2,292	1,960
Non-current assets	3,346	3,101	3,120	2,648	2,092
Non-current liability	798	656	662	409	370
Paid-up capital	540	180	180	60	60

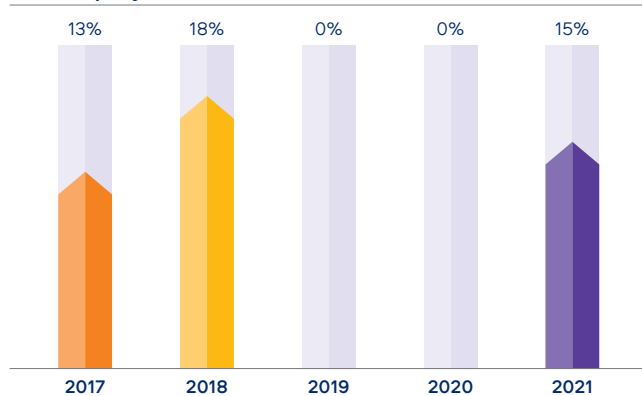
### Return on Equity



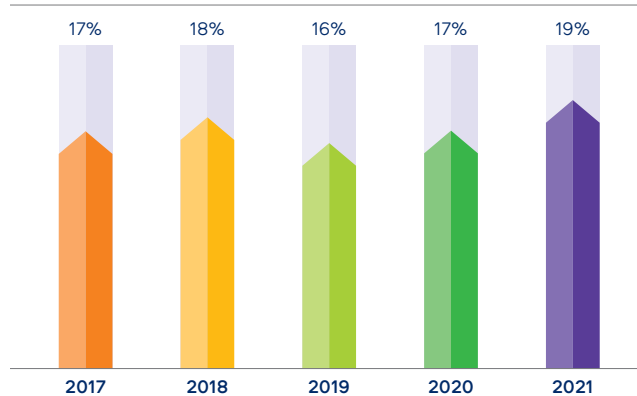
### Current Ratio



### Debt Equity Ratio



### Return On Asset



## CASH POSITION

BDT (crore)	2021	2020	2019	2018	2017
Cash flow from operating activities	795	1502	1559	893	973
Cash flow from investing activities	(530)	(140)	(319)	(688)	(799)
Cash flow from financing activities	(712)	(1314)	(786)	78	510
Borrowings	560	-	-	518	306

Overall cash position in 2021 moderated year-on-year due to higher Supplementary Duty, Value Added Tax and Income Tax payments. Additionally, to support the activation of the second factory at Savar, higher capital expenditure was required to be made.

## DIVIDEND

The Board of Directors has recommended a cumulative dividend for the year ended 31 December 2021, i.e., BDT 2750 per share as cash. The dividend is subject to final

approval by shareholders at the Company's 49th Annual General Meeting on 30th March 2022.

## TAXATION

The effective tax rate increased from 48.38% in 2020 to 49.74% in 2021. The current tax increase is in line with the increase in profit before tax. The deferred tax has declined from last year due to a higher deferred tax asset base in 2021 and actuarial valuation movement.

# CELEBRATING OUR AWARDS

We are recognised for how we do business. We do not target awards or measure our success based on them. However, we acknowledge the recognition of our efforts. We value this as a confirmation of our strategy and continued focus on doing what is in the best interest for A Better Tomorrow.





For remarkable contribution in the Industrial Development of the country, BAT Bangladesh wins the prestigious **President's Award for the Industrial Development 2019**. The Chairman of BAT Bangladesh Mr. Golam Mainuddin and Managing Director Mr. Shehzad Munim received the award from the Hon'ble Minister of Industry, Mr. Nurul Majid Mahmud Humayun and Minister of Planning Mr. M. A. Mannan.

BAT Bangladesh recognized as the Highest Income Taxpayer of the country under the category of Manufacturing (Others). Managing Director of BAT Bangladesh, Mr. Shehzad Munim & Head of External Affairs Mr. Sheikh Shabab Ahmed received the award from the Chairman of National Board of Revenue (NBR) Mr. Abu Hena Md. Rahmatul Muneem.



The Large Taxpayers Unit (LTU)- VAT of National Board of Revenue (NBR) has been awarded BAT Bangladesh as the Highest Taxpayer of the country for the fiscal year 2020-21. Managing Director of BAT Bangladesh Mr. Shehzad Munim and Head of External Affairs Mr. Sheikh Shabab Ahmed received the award from Commissioner of LTU-VAT Wahida Rahman Chowdhury.

BAT Bangladesh has been recognized as one of the **Top Taxpayers** of the country in the fiscal year 2020-21 by the **Large Taxpayer Unit (LTU)** of the **National Board of Revenue (NBR)**. Governor of Bangladesh Bank, Mr. Fazle Kabir handed over the **Recognition** to BAT Bangladesh Chairman Mr. Golam Mainuddin and Head of External Affairs Mr. Sheikh Shabab Ahmed.

**OUR CELEBRATION**



For the 3<sup>rd</sup> time BAT Bangladesh wins “**Top Employer Award**”. Our Managing Director Mr. Shehzad Munim holding the trophy along with the Leadership team of BAT Bangladesh.

BAT Bangladesh awarded by south Asian Federation of Accountants (SAFA) for the **Best Presenting Annual Report 2020** in Manufacturing Category. Mr. Abdur Razzaque, Sr. Company Security Manager and Mr. Shabab Zaman, Sr. Corporate Finance Manager represented BAT Bangladesh in the ceremony and received the award.



BAT Bangladesh has achieved the 1<sup>st</sup> position at 21<sup>st</sup> Institute of Chartered Accountants of Bangladesh (ICAB) National Award for the **Best Presenting Annual Report 2020**. Mr. Shehzad Munim, Managing Director of BAT Bangladesh & Ms. Amun Mustafiz, Finance Director of BAT Bangladesh, receiving the award from the Hon'ble Minister of Commerce Mr. Tipu Munshi.

BAT Bangladesh earns the distinction of being the first company in the country to receive the prestigious **Social Caring Pledge (SCP) Awards 2021** in the categories of **Green Excellence** and **ESG Investment Excellence** by **The Social Enterprise Research Academy (SERA)**.

**OUR CELEBRATION**



The Institute of Cost and Management Accountants of Bangladesh (ICMAB) has honored BAT Bangladesh with the **ICMAB Best Corporate Award 2020 (Gold)** under MNC Manufacturing Category. Independent Director Mr. K H Masud Siddiqui, Head of Public affairs & Company Secretary Mr. Md. Azizur Rahman FCS and Head of Manufacturing Mr. Hasnain Ishtiaq received the award from the Hon'ble Minister of Commerce Mr. Tipu Munshi.

BAT Bangladesh has been honored with the 1<sup>st</sup> Position at the 8<sup>th</sup> **Institute of Chartered Secretaries of Bangladesh (ICSB) National Award for Corporate Governance Excellence 2020**. Managing Director of BAT Bangladesh Mr. Shehzad Munim, Independent Director Mr. K H Masud Siddiqui and Head of Legal & External Affairs Ms. Mubina Asaf, received the award from the Hon'ble Minister of Commerce Mr. Tipu Munshi and the Chairman of Bangladesh Securities & Exchange Commission (BSEC) Mr. Shibli Rubayat Ul Islam.





BAT Bangladesh has received the **Bangladesh Innovation Award-2021** for **Bonayan** because of its continued efforts over the past 41 years on conduction afforestation activities in the country.

BAT Bangladesh wins the prestigious **Asia Corporate Excellence & Sustainability Awards 2021** as one of the **Top Green companies in Asia**. From the left, Mr. Charles Kyalo (Head of Operations, BAT Bangladesh), Ms. Sadia Zahin (EHS Manager, BAT Bangladesh), Mr. Ahmed Raihan Ahsanullah (Senior Sustainability Affairs Manager, BAT Bangladesh) and Head of Legal & External Affairs Ms. Mubina Asaf posing with the trophy.

# EVENT HIGHLIGHTS 2021



1 Billion Production Celebration



OUR CELEBRATION



3rd time in a row, BAT Bangladesh wins Top Employer Award. Our Managing Director Mr. Shehzad Munim holding the trophy along with the Leadership Team of BAT Bangladesh



BATB Rockerz Unplugged, First ever global concert by our In-house Rockstars



BAT Bangladesh Celebrating the spirit of women empowerment



Inauguration ceremony of Savar Factory of BAT Bangladesh



Seeding sustainable practices at the inaugural of Savar Factory of BAT Bangladesh



Inauguration Ceremony of we race as one 2021

OUR CELEBRATION



Ensuring Security Bat Bangladesh organised fire induction on regular Basis



Employee welfare: women football team of BATB



Unveiling the trophy of Changemakers League 2021



Awarding Ceremony of Uplift



Kick off Session of Component Level Training for Managers



Module-16 Producing highest ever daily output from any Module



সেরা বার্ষিক প্রতিবেদনে বেশি আইসিএবি পুরস্কার পেয়ে বিএটি বাংলাদেশ

১৩ ডিসেম্বর ১৩টি আইসিএবি-এর বাংলাদেশ বিভাগে, এটিসিএবি কর্তৃক সেরা সেরা প্রতিবেদন প্রকাশ করা হয়েছে। এটিসিএবি কর্তৃক সেরা প্রতিবেদন প্রকাশ করা হয়েছে। এটিসিএবি কর্তৃক সেরা প্রতিবেদন প্রকাশ করা হয়েছে।



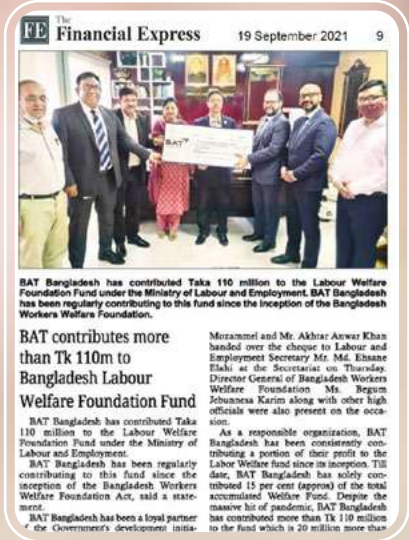
**THE BUSINESS STANDARD**  
**Amun Mustafiz joins BAT Bangladesh as first ever Bangladeshi female finance director**  
 Amun Mustafiz has joined BAT Bangladesh Leadership team as finance director, making her the first-ever Bangladeshi female in that position in the company's history.



**বিজনেস বাংলাদেশ** ২৯ সেপ্টেম্বর ২০২১  
**ইএসজিতে অনন্য অবদানের জন্য বিএটি বাংলাদেশের এসিইএস অ্যাওয়ার্ড ২০২১ বিজয়**  
 দেশের প্রথম কোম্পানি হিসেবে বিএটি বাংলাদেশের এসিইএস অ্যাওয়ার্ড ২০২১ বিজয়। এটিসিএবি কর্তৃক সেরা প্রতিবেদন প্রকাশ করা হয়েছে।



**বিএটি বাংলাদেশ**  
 ম্যানুস্কাচারিং ক্যাটাগরিতে বেশ কয়েকগুণেট অ্যাওয়ার্ড ২০১৯ হিসেবে স্বর্ণপদক পেয়েছে বিএটি বাংলাদেশ। দ্য ইনস্টিটিউট অব কন্স্ট্রাক্শন ম্যানেজমেন্ট অ্যাকাডেমি অফ বাংলাদেশ (আইসিএমএবি) বিভিন্ন ক্যাটাগরিতে এ পুরস্কার দিয়ে থাকে। সম্প্রতি রাজধানীতে হোটেল রয়াজডিন নু ওয়াটার পার্ভেনে বাণিজ্যমন্ত্রী



**The Financial Express** 19 September 2021 9  
**BAT Bangladesh has contributed Taka 110 million to the Labour Welfare Foundation Fund under the Ministry of Labour and Employment. BAT Bangladesh has been regularly contributing to this fund since the inception of the Bangladesh Workers Welfare Foundation.**  
**BAT contributes more than Tk 110m to Bangladesh Labour Welfare Foundation Fund**  
 BAT Bangladesh has contributed Taka 110 million to the Labour Welfare Foundation Fund under the Ministry of Labour and Employment. BAT Bangladesh has been regularly contributing to this fund since the inception of the Bangladesh Workers Welfare Foundation Act, said a statement.  
 BAT Bangladesh has been a loyal partner of the Government's development initiative.



**The Financial Express** 13 December 2021 9  
**BAT again honoured as the highest taxpayer**  
 The Large Taxpayers Unit- VAT of National Board of Revenue (NBR) has honoured BAT Bangladesh as the highest taxpayer for the Fiscal Year 2020-21. BAT Bangladesh received this prestigious award at a ceremony held at Dhaka Regency Hotel in the capital on Sunday, said a statement.  
 Commissioner of LTV-VAT Ms. Wahida Rahman Chowdhury handed over the awards to the highest taxpaying companies. The accolade was received by Mr. Shehzad Munim, Managing Director and Mr. Sheikh Shabbab Ahmed, Head of External Affairs of BAT Bangladesh.  
 In Fiscal year 2020-21, BAT Bangladesh deposited around BDT 250 billion to the national exchequer as Value Added Tax (VAT) and supplementary duty (SD). VAT is the

**BATB in Media**



# BD set to introduce law on 'Intellectual Property Rights'

AA Correspondent

The State Minister of Cultural Affairs K M Khalid MP said, the government is working to have an age-appropriate law with regard to intellectual property rights so that intellectual property holders can be established and protected.

He said this while speaking on a webinar titled "Intellectual Property (IP) & SMEs" organized by the Intellectual Property Association of Bangladesh (IPAB) recently. While speaking on the forum, MP K M Khalid ardently appreciated organizers for arranging such a participatory session amid the tough situation of Corona pandemic. He also assured IPAB of his wholehearted support in form of fund.



## সাফা অ্যাওয়ার্ড পেলো বিএটি বাংলাদেশ

Share price: ১০৬০.০০ | ১৫:০০:০০ | ১৫/০৪/২০২১



সাফা অ্যাওয়ার্ড পেলো বিএটি বাংলাদেশ  
সাফা অ্যাওয়ার্ড-২০২০ এ সেরা বার্ষিক প্রতিবেদন বিভাগে আবারও পুরস্কৃত হলো বিএটি বাংলাদেশ।  
ম্যানেজারিং ডিরেক্টরে সমন্বিত প্রথম রানার আপ স্থান অধিকার করায় বিএটি বাংলাদেশকে এ সম্মাননা দেওয়া হয়েছে।

গত পুরস্কার (৯ ফেব্রুয়ারি) ইনসিটিটিউট অফ চার্টার্ড অ্যাকাউন্ট্যান্টস অফ বাংলাদেশ ইনসিটিটিউট অফ চার্টার্ড অ্যাকাউন্ট্যান্টস অফ বাংলাদেশের

## ENGLISH

### BAT Bangladesh named among top taxpayers

Profess the English Desk



National Board of Revenue (NBR) has honoured BAT Bangladesh as one of the top taxpayers of the country for the tax year 2020-21.

The company was recognised for being the highest income taxpayers under the "Manufacturing - Others" category.

BAT Bangladesh received this prestigious award at a ceremony held at Officers' Club in the capital on 14 November.

Finance minister AHM Mustafa Kamal was present as the chief guest at the ceremony.

NBR chairman Abu Hena Md Rahmatul Munem and Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) chairman Md Jasim Uddin, among others, were present.

BAT Bangladesh's managing director Sherhad Munim and head of external affairs Sheikh Shabab Ahmed received the award.

In tax year 2020-21 BAT Bangladesh deposited around Tk 9 billion income tax. On top of income tax, the company deposits around Tk 220 billion to the national exchequer as Value Added Tax (VAT) and Supplementary Duty (SD), says a press release.

Total around Tk 260 billion has been deposited to the national exchequer which accounts to around 10 per cent of the total internal revenue of the government, the press release adds.

While receiving the accolade, Sherhad Munim said, "NBR is encouraging compliant companies who are following best practices in corporate governance and reporting."

## The Business Post

22 December 2021

16

### BAT Bangladesh wins ICSB National Award

Staff Correspondent

The Institute of Chartered Secretaries of Bangladesh (ICSB) has honoured BAT Bangladesh with the 8th ICSB National Award for Corporate Governance Excellence for the year 2020 in Manufacturing Category.

BAT Bangladesh received this prestigious award at a ceremony held at the Radisson Blu Dhaka Water Garden in the capital recently, said a media release on Tuesday.

Commerce Minister Tipu Munshi was present as the chief guest at the ceremony.

The award was received by the Managing Director of BAT Bangladesh, Sherhad Munim, Head of Legal and

External Affairs of BAT Bangladesh Mubina Ahsan and one of the directors of the company K M Masud Siddiqui.

ICSB National Award is given every year to encourage and promote governing excellence and motivate organisations and the corporate leaders to make further improvements in governance.

Commenting on the achievement, Sherhad Munim said, "We feel honoured to receive such a prestigious recognition. At BAT Bangladesh, we strive to ensure best governance practices in every step of our business. We believe this award from ICSB will further motivate us to continuously ensure corporate governance and be a benchmark for others to follow."



High officials of BAT Bangladesh receives ICSB National Award from Commerce Minister Tipu Munshi recently. - Courtesy Photo

## Financial Express

4 October 2021

9

### Sheikh Shabab Ahmed joins BAT Leadership Team



Sheikh Shabab Ahmed

BAT Bangladesh welcomes Sheikh Shabab Ahmed, into the Leadership Team as Head of External Affairs - making him one of the youngest leaders within the corporate sector.

During his 16 years at BAT Bangladesh, he has served in several management and leadership roles in BAT Bangladesh including a role as the Global Regulatory Engagement Manager at BAT's Global Headquarters in London.

Administration (IBA), University of Dhaka. He is also an alumni of St Joseph High School, Dhaka and Notre Dame College, Dhaka.

In a message, Mr. Sheikh Shabab shared: "I am honored to be part of the BAT Bangladesh Leadership Team, which is recognized as an important development partner of the

## THE BUSINESS STANDARD

SATURDAY, NOVEMBER 06, 2021

### BAT Bangladesh awarded first position for 'The President's Award for Industrial Development 2019'

The Honorable President of Bangladesh H E Abdul Hamid was virtually present during the handover of the "President's Award for Industrial Development 2019", given under six categories, for notable contributions towards the national economy



BAT Bangladesh awarded with the first position for 'The President's Award for Industrial Development 2019'

BAT Bangladesh has been awarded the first position for the prestigious "President's Award for Industrial Development 2019 under Large Industry Category" on Thursday, 4 November 2021 at Osmani Smriti Milonayoton in the capital, states a press release.

## NEWS Business

### Numayer joins leadership team of BAT



Numayer has joined the leadership team of BAT Bangladesh as a member of the External Affairs team. He will be responsible for managing the company's external relations and public affairs. Numayer has over 10 years of experience in the corporate sector, having worked for several multinational companies. He holds a Bachelor's degree in Business Administration from the University of Dhaka. Numayer is a member of the Institute of Cost Accountants of Bangladesh (ICAB) and the Institute of Chartered Accountants of Bangladesh (ICAB). He is also a member of the Bangladesh Chamber of Commerce and Industry (BCCI). Numayer is a passionate professional and a team player. He is committed to achieving the company's goals and contributing to the growth of the organization. He is also a member of the Bangladesh Chamber of Commerce and Industry (BCCI). Numayer is a passionate professional and a team player. He is committed to achieving the company's goals and contributing to the growth of the organization.





দৈনিক  
**জন্মকণ্ঠ** ১৯ মে মঙ্গলবার ২০২১ ১১  
**রাজশাহীর বড়কুঠিতে  
বসল নিরাপদ  
খাবার পানির প্লান্ট**

খাদ্য নিরাপত্তা, রাজশাহী। রাজশাহীর ময়মনে বিদ্যমান কেউল পানিপ্লান্ট। যেখানে প্রতিদিন প্রায় ১০ লাখ লিটার পানি সরবরাহ করে। রাজশাহীর বড়কুঠিতে বসল নিরাপদ খাবার পানির প্লান্ট।

আগামীতে ময়মনের বিদ্যমান কেউল পানিপ্লান্ট থেকে সরাসরি পানি সরবরাহ করা হবে।

পানিপ্লান্টটি ১০ লাখ লিটার পানি সরবরাহ করে।

১০ লাখ লিটার পানি সরবরাহ করে।

**নয়া দিগন্ত**  
২৭ জানুয়ারি ২০২১

**TOP EMPLOYER 2021**

তৃতীয়বার 'টপ এমপ্লয়ার অ্যাওয়ার্ড' পেলে বিএটি বাংলাদেশ।

দৈনিক পূর্বকোণ ১৩ মে মঙ্গলবার ২০২১ ৩  
**ফের শীর্ষ করদাতা প্রতিষ্ঠানের  
তালিকায় বিএটি বাংলাদেশ**

২০২০-২১ কর বছরে দেশের অন্যতম সর্বোচ্চ আয়ের করদাতা প্রতিষ্ঠান হিসেবে বিএটি বাংলাদেশ।

বিএটি বাংলাদেশের বাংলাদেশ পরিচালক শেহজাদ মুন্সি এবং বেসে আর রহমানের প্রেরণে দেশের অন্যতম সর্বোচ্চ আয়ের করদাতা প্রতিষ্ঠান হিসেবে বিএটি বাংলাদেশ।

**daily sun** 17 May 2021 B4  
**Deepto installs solar home systems in off-grid areas of CHT**  
*It celebrates 10th founding anniversary*

Deepto has installed solar home systems in the off-grid areas of the Chittagong Hill Tracts on the occasion of the International Day of Light on Sunday.

The solar home systems were provided free of cost to these marginalized communities, who experienced electricity in their lives for the very first time.

A total of 250 solar home systems were installed across 25 villages of Bandarban, Khagrachhari and Rangamati districts.

The initiative generated numerous benefits including the empowerment of women through several income generating activities as well as such as sewing classes, making handicrafts, knitting, processing fish etc.

After the installation of the Deepto units, the debts were reduced of electricity usage among the poor people which were caused due to their poverty.

Deepto has installed them to study longer hours and read in abundance. Moreover, facilities have also benefited from the extra cash which would otherwise has been spent on buying kerosene.

Thus, Deepto has played an active role in improving the living standards of these marginalized people by uplifting their social and economic conditions. Since its inception, Deepto has provided access to electricity through solar power to more than 15,000 beneficiaries.

Mohammed Akbar, Additional Secretary and the Chairman of Bandarban and Khagrachhari Energy Development Authority (KEDA), said, "Deepto also works for the development and expansion of renewable energy in our country. We are happy to know that Deepto has completed its ten years of existence in the renewable energy sector and has brought electricity to the people in remote hill areas."

The project has been awarded the International Entrepreneurship Award 2019 for delivering solar power to the poverty stricken communities in the hill areas.

**Dhaka Tribune**  
**Team IBA wins Battle of Minds 2021**

**CHAMPION**

They beat four other teams that made their way to the finals

Team Fan Club from Institute of Business Administration (IBA), Dhaka University were crowned champions of the 18th annual "Battle of Minds" competition on Sunday.

They beat four other teams that made their way to the finals, said a press release.

Team Stay Our Name from Bangladesh University of Engineering and Technology (BUET) and Team ANS from Islamic University of Technology (IUT) were declared first and second runners up respectively.

More than 800 teams battled it out for a chance to represent Bangladesh on the global platform, to further compete with 25 participating countries.

The global winning team will receive up to \$50,000 in seed funding to fuel their entrepreneurial dreams.

Planning Minister MA Mansur attended the virtual award ceremony as chief guest, speaking of and to the young minds of the country stressing on the importance of talent platforms like this to groom the new generation and get them ready as professionals.

**THE BUSINESS STANDARD**  
**Bonayan receives Bangladesh Innovation Award-2021**

The affirmative project of British American Tobacco Bangladesh received the award in a virtual award ceremony organized by Bangladesh Brand Forum.

"Bonayan" has received the "Bangladesh Innovation Award 2021" for its sustained efforts over the past 40 years on production affirmative activities in the country and its support towards achieving SDG 4.

The affirmative project of British American Tobacco Bangladesh received the award in a virtual award ceremony organized by Bangladesh Brand Forum, said a press release issued by Bonayan on Wednesday.

Since its inception in 1980, "Bonayan" has distributed more than 10 crore leaflets of



**সমন্বিত আলো**  
স্থানীয়ভাবে বিদ্যমান বিএটি'র প্রচেষ্টা

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১১০-তম বার্ষিকী পূর্তি উপলক্ষে ১০ ফেব্রুয়ারি ২০২১ সালে ১১০ জনের অধিক অংশীদারগণের উপস্থিতিতে ১১০-তম বার্ষিকী উদ্‌যাপন অনুষ্ঠিত হয়েছে।

এই উপলক্ষে প্রধান অতিথি হিসেবে অংশগ্রহণ করেছেন প্রধানমন্ত্রীর কার্যালয় থেকে সিনিয়র সচিব।

১১০-তম বার্ষিকী উপলক্ষে ১১০ জনের অধিক অংশীদারগণের উপস্থিতিতে ১১০-তম বার্ষিকী উদ্‌যাপন অনুষ্ঠিত হয়েছে।

১১০-তম বার্ষিকী উপলক্ষে ১১০ জনের অধিক অংশীদারগণের উপস্থিতিতে ১১০-তম বার্ষিকী উদ্‌যাপন অনুষ্ঠিত হয়েছে।

**THE BUSINESS STANDARD**

10 October 2021, Wed am  
Last modified: 10 October 2021, 10:52 pm

**Sheikh Shabab Ahmed joins as head of External Affairs of BAT Bangladesh leadership team**

He is one of the youngest leaders with the corporate sector

Sheikh Shabab Ahmed, Head of External Affairs of BAT Bangladesh

**THE BUSINESS STANDARD**

MONDAY, DECEMBER 13, 2021

**BAT Bangladesh honoured as "highest taxpayer"**

Sheikh Mumin said that a healthy relationship between taxpayers and tax collectors will take the country forward

Photo Courtesy

The Large Taxpayers Unit (LTU) and Value Added Tax (VAT) of National Board of Revenue (NBR) has honoured BAT Bangladesh as the highest taxpayer for the fiscal year 2020-21.

BAT Bangladesh received the award at a ceremony held in Dhaka Regency hotel on Sunday (12 December), said a press release.

Commissioner of LTU-VAT Wahida Rahman Chowdhury handed over the awards to the companies.

The accolade was received by Sheikh Mumin, managing director and Sheikh Shabab Ahmed, head of External Affairs of BAT Bangladesh.

While receiving the award, Sheikh Mumin said that a healthy relationship between taxpayers and tax collectors will take the country forward.

**THE BUSINESS STANDARD**

17 May 2021 11

**Deepto: A pioneer in introducing electricity in Ctg Hill Tracts**

DEEPTO

DEEPTO

DEEPTO

**বার্তা ২৪**

আইসিএমএবি 'বেস্ট কর্পোরেট অ্যাওয়ার্ড' পেলে বিএটি বাংলাদেশ

১০ ফেব্রুয়ারি ২০২১

১০ ফেব্রুয়ারি ২০২১

মানুষকেসংগঠিত স্বাচ্ছন্দ্যবোধে 'বেস্ট কর্পোরেট অ্যাওয়ার্ড ২০২১' হিসেবে 'বেস্ট পাবলিক' শ্রেণিতে বিএটি বাংলাদেশ।

সংগঠিত রাজধানীতে ১০ ফেব্রুয়ারি ২০২১ সালে অনুষ্ঠিত হয়েছে এই পুরস্কার প্রদান করা হয়। অনুষ্ঠানে প্রধান অতিথি হিসেবে উপস্থিত ছিলেন বঙ্গবন্ধু স্মৃতি ট্রাস্ট।

বিএটি বাংলাদেশের প্রধান অতিথি হিসেবে উপস্থিত ছিলেন বাংলাদেশ সরকারের সিনিয়র অফিসার।

বিএটি বাংলাদেশের প্রধান অতিথি হিসেবে উপস্থিত ছিলেন বাংলাদেশ সরকারের সিনিয়র অফিসার।

বিএটি বাংলাদেশের প্রধান অতিথি হিসেবে উপস্থিত ছিলেন বাংলাদেশ সরকারের সিনিয়র অফিসার।

**n tv online**

১৬ ফেব্রুয়ারি, ২০২১, ১১:০০  
আগস্টে: ১৬ ফেব্রুয়ারি, ২০২১, ১১:০০

**রাজশাহীতে স্থাপিত হলো নিরাপদ পানির প্ল্যান্ট 'প্রবাহ'**

১৬ ফেব্রুয়ারি, ২০২১, ১১:০০  
আগস্টে: ১৬ ফেব্রুয়ারি, ২০২১, ১১:০০

**THE BUSINESS STANDARD**

14 August 2021 7

**BOM Bootcamp 2021 launched**

EVENT - DHAKA

**TBS REPORT**

Stepping into the 18th edition, Battle of Minds 2021 launched their highly anticipated Bootcamp round on 5 August.

Due to the Covid-19 pandemic, the event was held through a virtual platform, said a media statement.

As part of the event, the top 240 participants were invited for a unique daylong Bootcamp that include panel discussions with top entrepreneurs and experts, Q&A grooming sessions, and a one-of-a-kind escape room chal-

**daily sun**

28 February 2021 83

১০ ফেব্রুয়ারি ২০২১

রাজশাহী নগরীর পদ্মা পার্কে আজ সুবর্ণোৎসব 'প্রবাহ' প্রকল্পের প্রায় উদ্বোধন করেন সিটি কর্পোরেশনের মেয়র এএইচএম খায়রুলকামার লিটন। ছবি: এনটিভি

রাজশাহীতে প্রথমবারের মতো 'প্রবাহ' ও রাজশাহী সিটি কর্পোরেশনের যৌথ উদ্যোগে স্থাপিত হলো নিরাপদ খাবার পানির প্ল্যান্ট 'প্রবাহ'। আজ সুবর্ণোৎসবের নগরীর পদ্মা পার্কে 'প্রবাহ' প্রকল্পের একটি প্ল্যান্ট উদ্বোধন করেন রাজশাহী সিটি কর্পোরেশনের মেয়র এএইচএম খায়রুলকামার লিটন।

এ সময় আরও উপস্থিত ছিলেন বিএটি বাংলাদেশের ব্যবস্থাপনা পরিচালক শেহজাদ মুনীম, রাজশাহী শহরের ১২ নম্বর ওয়ার্ড কাউন্সিলর ও ১ নম্বর প্যানেল মেয়র শরীফুল ইসলাম বাবু, পরিবেশ অধিদপ্তরের কর্মকর্তা সৈয়দ মাহমুদুল ইসলাম, বিএটি বাংলাদেশের হেড অব লিগ্যাল অ্যান্ড এন্ডোর্সাল অ্যাফেয়ার্স মুবিনা আসাদ এবং হেড অব এন্ডোর্সাল অ্যাফেয়ার্স শেখ শাবাব আহমেদ।



**Rahman Rahman Huq**  
Chartered Accountants  
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Dhaka 1212  
Bangladesh

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Email dhaka@kpmg.com  
Internet www.kpmg.com/bd

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of British American Tobacco Bangladesh Company Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of British American Tobacco Bangladesh Company Limited ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note 44.1 (b) to the financial statements, related to a Show Cause Notice issued by Large Tax-payer Unit - VAT dated 24 September 2020 following a High Court judgment claiming unpaid Value Added Tax and Supplementary Duties of BDT 24,371 million for low segment brands from 1 June 2017 to 6 June 2018. The Company has filed an appeal against this ruling with the Appellate Division of the Supreme Court and obtained a stay on the matter. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Inventories:

See Note 10 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Company has significant volume of inventory (31 December 2021: BDT 34 billion; 31 December 2020: BDT 24 billion) across multiple product lines, held at its plants and at various warehouses and third-party locations throughout the country.</p> <p>The storage and distribution of inventories across different locations increases the susceptibility to loss, misappropriation and erroneous counting. Hence, existence and completeness of inventories has been considered as a key audit matter.</p>	<p>We have evaluated design and implementation of key controls around management of inventories and tested operating effectiveness thereof.</p> <p>We have attended and observed management count and performed physical verification in selected locations to check the existence and completeness of inventory reported. We have reconciled physical count data to year end quantities reported.</p>

#### 2. Litigation and contingent liabilities in relation to indirect tax

See Note 44.1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Company has various indirect tax related claims and legal actions arising in the normal course of business. The potential amounts in question are significant. Determining whether there is a liability, and if so, the amount thereof, is inherently subjective. This renders claims and legal actions as a key audit matter.</p>	<p>Our audit procedures included, on all such significant claims and litigations:</p> <ul style="list-style-type: none"> <li>- Review of the Company's correspondence with the tax authorities, court verdicts obtained to date and management's assessment of the merits of each such matter.</li> <li>- Obtaining formal confirmations from the Company's external legal counsel.</li> <li>- Assessment of adequacy of disclosures.</li> </ul>

### Other Information

“Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor’s report thereon. Of the components of the Annual Report, we obtained the Directors’ Report and the Statement of Corporate Governance prior to the date of this auditor’s report. The remaining components of the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining components of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.”

### Other matter

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 10 February 2021.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the (consolidated) financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

The engagement partner on the audit resulting in this independent auditor's report is Adeeb H. Khan.



**Adeeb H. Khan**, Senior Partner, Enrolment number: 652  
**Rahman Rahman Huq**, Chartered Accountants  
Firm Registration Number: N/A

Dhaka, 09 Feb 2022  
DVC: 2208020652AS753892





British American Tobacco Bangladesh Company Limited

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

	Notes	In thousands of BDT	
		31 December 2021	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	31,504,309	29,571,253
Right of use (ROU) assets	9	1,960,283	1,440,480
<b>Total non-current assets</b>		<b>33,464,592</b>	<b>31,011,733</b>
<b>Current assets</b>			
Inventories	10	34,425,100	23,780,680
Trade and other receivables	11	2,768,918	141,439
Advances, deposits and prepayments	12	5,490,291	3,940,328
Cash and cash equivalents	13	1,406,979	5,873,085
<b>Total current assets</b>		<b>44,091,288</b>	<b>33,735,532</b>
<b>Total assets</b>		<b>77,555,880</b>	<b>64,747,265</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	5,400,000	1,800,000
Capital reserve	15	64,896	64,896
Retained earnings	16	31,325,878	32,134,819
<b>Total equity attributable to owners of the Company</b>		<b>36,790,774</b>	<b>33,999,715</b>
<b>Non-current liabilities</b>			
Net defined benefit plans	17	155,931	61,442
Deferred tax	18	5,990,682	5,184,594
Lease liabilities	9.3	1,842,192	1,312,345
<b>Total non-current liabilities</b>		<b>7,988,805</b>	<b>6,558,381</b>
<b>Current liabilities</b>			
Short term bank loans	19	5,600,000	-
Trade and other payables	20	18,530,880	17,798,121
Unclaimed Dividend	34	61,603	75,165
Lease liabilities	9.3	374,383	310,914
Current tax liabilities	21	7,485,580	5,384,973
Provisions	22	723,855	619,996
<b>Total current liabilities</b>		<b>32,776,301</b>	<b>24,189,169</b>
<b>Total liabilities</b>		<b>40,765,106</b>	<b>30,747,550</b>
<b>Total equity and liabilities</b>		<b>77,555,880</b>	<b>64,747,265</b>

The notes on pages 10 to 50 are an integral part of these financial statements.

  
Golam Mainuddin  
Chairman

  
Amun Mustafiz  
Finance Director

  
Shehzad Munim  
Managing Director

  
A.K.M. Aftab Ul Islam FCA  
Director

  
Md. Azizur Rahman FCS  
Company Secretary

As per our report on the same date.

  
Auditor

Dhaka, 09 February 2022



**Adeb H. Khan**, Senior Partner, Enrolment number: 652  
**Rahman Rahman Huq**, Chartered Accountants, KPMG in Bangladesh  
Firm Registration Number: N/A  
DVC: 2208020652AS753892

British American Tobacco Bangladesh Company Limited

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	In thousands of BDT	
		2021	2020
Gross revenue		339,340,424	281,080,652
Supplementary duty and VAT		(264,512,863)	(220,790,025)
<b>Net revenue from contracts with customers</b>	23	<b>74,827,561</b>	<b>60,290,627</b>
Cost of sales	24	(34,770,586)	(30,792,689)
<b>Gross profit</b>		<b>40,056,975</b>	<b>29,497,938</b>
Operating expenses	25	(8,352,624)	(7,274,351)
<b>Operating profit</b>		<b>31,704,351</b>	<b>22,223,587</b>
Net finance income/(expenses)	26	(334,328)	(75,003)
Non-operating income/(expenses)	27	105,436	51,628
<b>Profit before contribution to WPPF</b>		<b>31,475,459</b>	<b>22,200,212</b>
Contribution to WPPF		(1,573,773)	(1,110,013)
<b>Profit before tax</b>		<b>29,901,686</b>	<b>21,090,199</b>
Current tax	28	(14,102,215)	(9,204,416)
Deferred tax	29	(830,942)	(998,948)
<b>Income tax expense</b>		<b>(14,933,157)</b>	<b>(10,203,364)</b>
<b>Profit for the year</b>		<b>14,968,529</b>	<b>10,886,835</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</b>			
Remeasurement loss on defined benefit plans	30	(52,324)	(153,477)
Deferred tax impact on defined benefit plans	30	24,854	72,902
<b>Other comprehensive loss for the year, net of tax</b>		<b>(27,470)</b>	<b>(80,575)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>14,941,059</b>	<b>10,806,260</b>
<i>In BDT</i>			
<b>Earnings per share</b>	31	<b>27.72</b>	<b>20.16</b>

The notes on pages 10 to 50 are an integral part of these financial statements.

  
**Golam Mainuddin**  
 Chairman

  
**Shehzad Munim**  
 Managing Director

  
**A.K.M. Aftab UI Islam FCA**  
 Director

  
**Amun Mustafiz**  
 Finance Director

  
**Md. Azizur Rahman FCS**  
 Company Secretary

As per our report on the same date.

  
 Auditor

**Adeb H. Khan**, Senior Partner, Enrolment number: 652  
**Rahman Rahman Huq**, Chartered Accountants, KPMG in Bangladesh  
 Firm Registration Number: N/A  
 DVC: 2208020652AS753892

Dhaka, 09 February 2022



British American Tobacco Bangladesh Company Limited

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

In thousands of BDT

	Attributable to owners of the Company			
	Share capital	Capital reserve	Retained earnings	Total equity
<b>Balance at 1 January 2020</b>	<b>1,800,000</b>	<b>64,896</b>	<b>33,928,559</b>	<b>35,793,455</b>
Profit for the year	-	-	10,886,835	10,886,835
Other comprehensive income for the year	-	-	(80,575)	(80,575)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>10,806,260</b>	<b>10,806,260</b>
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Final cash dividend 2019	-	-	(7,200,000)	(7,200,000)
Interim cash dividend 2020	-	-	(5,400,000)	(5,400,000)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>(12,600,000)</b>	<b>(12,600,000)</b>
<b>Balance at 31 December 2020</b>	<b>1,800,000</b>	<b>64,896</b>	<b>32,134,819</b>	<b>33,999,715</b>
<b>Balance at 1 January 2021</b>	<b>1,800,000</b>	<b>64,896</b>	<b>32,134,819</b>	<b>33,999,715</b>
Profit for the year	-	-	14,968,529	14,968,529
Other comprehensive income for the year	-	-	(27,470)	(27,470)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>14,941,059</b>	<b>14,941,059</b>
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Final cash dividend 2020	-	-	(5,400,000)	(5,400,000)
Final stock dividend 2020	3,600,000	-	(3,600,000)	-
Interim dividend 2021	-	-	(6,750,000)	(6,750,000)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>(15,750,000)</b>	<b>(12,150,000)</b>
<b>Balance at 31 December 2021</b>	<b>5,400,000</b>	<b>64,896</b>	<b>31,325,878</b>	<b>36,790,774</b>

The notes on pages 10 to 50 are an integral part of these financial statements.

## British American Tobacco Bangladesh Company Limited

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2021

	In thousands of BDT	
	2021	2020
<b>Operating activities</b>		
Collection from distributors, leaf export and others	336,832,012	283,585,735
Payment for costs and expenses	(43,432,775)	(31,571,857)
Supplementary duty and VAT paid	(273,305,493)	(229,248,683)
<b>Cash generated from operating activities</b>	<b>20,093,744</b>	<b>22,765,195</b>
Income tax paid	(12,001,609)	(7,842,378)
Interest received/(paid)	(139,598)	96,728
<b>Net cash flows from operating activities</b>	<b>7,952,537</b>	<b>15,019,545</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(5,344,780)	(1,435,199)
Proceeds from sale of property, plant and equipment	42,886	39,480
<b>Net cash flows used in investing activities</b>	<b>(5,301,894)</b>	<b>(1,395,719)</b>
<b>Financing activities</b>		
Net proceeds from short term loan	5,600,000	-
Lease movement	(564,984)	(568,398)
Dividend paid	(12,163,562)	(12,574,659)
<b>Net cash flows used in financing activities</b>	<b>(7,128,546)</b>	<b>(13,143,057)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>(4,477,903)</b>	<b>480,769</b>
<b>Cash and cash equivalents at 1 January</b>	<b>5,873,085</b>	<b>5,393,764</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>11,797</b>	<b>(1,448)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>1,406,979</b>	<b>5,873,085</b>

The notes on pages 10 to 50 are an integral part of these financial statements.

## British American Tobacco Bangladesh Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

**1 Corporate information****1.1 Company profile**

British American Tobacco Bangladesh Company Limited (the “Company” or “BATB”) is a public limited company incorporated in Bangladesh and its shares are quoted in Dhaka and Chittagong Stock Exchanges. The address of the Company’s registered office is New D.O.H.S. Road, Mohakhali, Dhaka-1206, Bangladesh.

The immediate parent company of BATB is Raleigh Investment Co. Ltd. and the ultimate parent company of BATB is B.A.T plc.

**1.2 Nature of business**

The Company manufactures tobacco product and market brands including Benson & Hedges, John Player Gold Leaf, Capstan, Star, Royals, Lucky Strike, Derby, Pilot and Hollywood. The Company has its head office in Dhaka and the cigarette factories in Dhaka and Savar, a green leaf threshing plant in Kushtia, a green leaf redrying plant in Manikganj and a number of leaf and sales offices throughout the country.

**2 Basis of preparation****2.1 Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 2020 and other applicable laws and regulations in Bangladesh. Cash flows from operating activities are prepared under direct method as prescribed by the Securities and Exchange Rules 2020.

The financial statements have been prepared on a historical cost basis, except for financial assets and contingent consideration that have been measured at fair value where applicable. The financial statements provide comparative information in respect of the previous period and have been prepared on going concern basis.

**2.2 Date of authorisation**

The financial statements were authorised for issue by the Board of Directors on 09 February 2022 for publication.

**2.3 Reporting period**

The financial period of the Company covers one year from 1 January to 31 December and is followed consistently.

**3 Functional and presentation currency**

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is both functional and presentational currency of the Company. The amounts in these financial statements have been rounded off to the nearest thousand BDT (000) unless otherwise indicated. Because of these rounding off, in some instance the total may not match the sum of individual balances.

**4 Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**Judgements:** In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

The Company has recognised Right-of-use assets as per IFRS 16 which required management to make important judgements in determination of lease terms. For details, please see Note 9.1 to these financial statements.

**Estimates & Assumptions:** Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key estimates and assumptions used in preparation of these financial statements are :

1. Applicable tax rate for Income Year 2021 will be declared by Finance Act 2021. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (45%) and surcharge (2.5%) will be applicable for Income Year 2021 as well.

2. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary to measure defined benefit obligations as at 31 December 2021.
3. Key measurements about the likelihood and magnitude of outflow of resources have been used to recognise and measure provisions and contingencies.

In particular, information about significant areas of estimates and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in these financial statements are stated in the following notes:

Note 8	Property, plant and equipment
Note 9	Lease
Note 10	Inventories
Note 11	Trade and other receivables
Note 17	Net defined benefit plans
Note 18	Deferred tax
Note 21	Current tax liabilities
Note 22	Provisions
Note 43	Commitments
Note 44	Contingencies

## **5 Basis of measurement**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for inventory, trade receivables and contingent consideration that have been measured at fair value. The financial statements provide comparative information in respect of the previous period.

## **6 Significant accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the current and following pages:

- A. Current versus non-current classification
- B. Property, plant and equipment
- C. Financial instruments
- D. Share capital
- E. Impairment
- F. Lease
- G. Inventories
- H. Employee benefits
- I. Provisions
- J. Contingencies
- K. Revenue from contracts with customers
- L. Income tax expense
- M. Foreign currency transactions
- N. Finance income and expenses
- O. Earnings per share (EPS)
- P. Statement of cash flows
- Q. Dividends and capital management
- R. Materiality and aggregation
- S. Events after the reporting period

**A. Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period;
- All other liabilities are classified as non-current;
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**B. Property, plant and equipment*****(i) Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Buildings constructed by the Company on leasehold land are capitalised and included under the category of leasehold property.

***(ii) Subsequent costs***

Subsequent to initial recognition, cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other repair and maintenance expenses are charged in the statement of profit or loss and other comprehensive income as they are incurred.

***(iii) Depreciation***

All items of property, plant and equipment have been depreciated on straight line basis. Depreciation on additions are charged from the month of acquisition. On disposal of an asset, depreciation is charged up to the month prior to the disposal. No depreciation is charged for land and assets under construction. The Company is following this policy consistently from past years.

The estimated useful lives and the rates of residual value of property, plant and equipment for the current and comparative years are as follows:

Categories	Useful life in years		Residual value	
	2021	2020	2021	2020
Freehold building - Manufacturing	50	50	1%	1%
Freehold building - Non Manufacturing	40	40	1%	1%
Leasehold building	Maximum 40 years, depreciation rates based on a case by case basis	Maximum 40 years, depreciation rates based	0%	0%
Plant and machinery	5 / 10 / 20	5 / 10 / 20	0% / 1%	0% / 1%
Laboratory equipment	10	10	0%	0%
Office equipment	5/10	5/10	0%	0%
Furniture and fixtures	3/5/10	3/5/10	0%	0%
Vehicles	4/5	4/5	1%	1%
IT equipment	3/5	3/5	0%	0%

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate. No significant adjustment in respect of items of property, plant and equipment was done in the twelve-month period ended 31 December 2021.

**(iv) Assets under construction**

Assets under construction represent the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use at reporting date and these are stated at cost, net of accumulated impairment losses, if any.

**(v) Impairment**

The carrying amount of the entity's non-financial assets, other than inventories and deferred tax assets (considered as disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

An impairment loss is recognised through the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is calculated as the present value of estimated future cash flows, that will be generated by the use of that asset, discounted at an appropriate rate.

Impairment indicators comprise:

- reduced earnings compared to expected future outcome;
- material negative development trends in the sector or the economy in which the Company operates;
- damage to the asset or changed use of asset;

**(vi) Retirement and disposals**

An asset is derecognised on disposal or when no further economic benefits are expected from its use. Gain or loss on disposal of an asset is determined as the difference of net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income/expense in the statement of profit or loss and other comprehensive income.

**(vii) Leases**

On 1<sup>st</sup> January 2019, IFRS 16 has been adopted and all leasing arrangements except those having less than 12 months of useful life or underlying asset values of less than BDT 425,000 when new, have been capitalised as "Right of Use" (ROU) assets with a corresponding financial liability on the statement of financial position.

Leased assets are capitalised from the start date of the lease agreement at the present value of the future leased payments, based on the rate of interest entered in the asset master data. Low value (less than BDT 425,000) or short term leases (less than 12months) have been excluded from the recognition requirements and expensed in operating profit as rental costs. Lease reassessment and lease modification to increase/decrease the value of an asset depending on a change in scope of lease agreement can be made if necessary.



The asset is written off on a straight-line basis over the tenure of the lease agreements. Hence, the useful life of any lease assets depends on the number of periods the assets can be used. The useful life of such assets are dependent on individual agreement and can vary from one agreement to another.

### **C. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise deposits, trade and other receivables, cash and cash equivalents, trade and other payables, intercompany payables, share capital and interest-bearing borrowings.

#### **(i) Financial assets**

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company's financial assets comprise trade and other receivables, deposits and cash and cash equivalents.

#### **a) Trade and other receivables**

Trade and other receivables consist of unpaid bills receivable from customers and other parties. Trade and other receivables are recognised initially at original invoice amount and subsequently measured at the remaining amount less expected credit loss at the year end, which is made at the discretion of the management.

#### **b) Deposits**

Deposits are measured at payment value which are expected to be recovered after completion a certain period or purpose.

#### **c) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks and fixed deposits receipt which are held and available for use by the Company without any restriction, except for the dividend account. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### **d) Advances and prepayments**

After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or inventory etc.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges for the period.

#### **(ii) Financial liabilities**

The Company initially recognises financial liabilities in its statement of financial position when the Company becomes a party to the contractual provisions of the liability. The Company recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company's financial liabilities comprise trade and other payables.

#### **a) Trade and other payables**

Trade and other payables are recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits. Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

*(iii) Offsetting a financial asset and a financial liability*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**D. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

**E. Impairment**

*i) Recognition*

Financial assets not carried at fair value through profit or loss and receivables are assessed at each reporting date to determine whether there is objective evidence that any particular asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The carrying value of the non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

*ii) Calculation of recoverable amount*

The recoverable amount of asset is the greater of its net selling price or its value in use. The latter is determined by discounting the estimated future cash flows to a present value using a discount rate which reflects the current market assessment of the time value of money and risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

*iii) Reversal of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**F. Lease**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*i) Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received.

**ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Interest-bearing loans and borrowings.

**iii) Short-term leases and leases of low-value assets**

The Company not applying the recognition and measurement requirements of IFRS 16 to short-term leases (leases of less than 12 months maximum duration). It also not applying the recognition and measurement requirements of IFRS 16 to leases for which the underlying asset is of low value (i.e. less than USD 5,000 when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**G. Inventories**

Raw materials and finished goods inventories are measured at the lower of cost and net realisable value. Spare parts are valued at cost.

The cost of inventories, except goods in transit, is measured based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Leaf inventory represents processed leaf. Hence, leaf inventory cost and leaf consumption cost include price paid to farmer for the green leaf purchased and all the overhead and input services incurred in converting the green leaf into processed leaf. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Material in transit represents the cost incurred up to the date of the statement of financial position for the items that were not received till to the date of reporting. Inventory losses and abnormal losses are recognised as expenses.

**H. Employee benefits****(i) Short-term benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(ii) Defined benefits plans****a) Management Gratuity Scheme**

The Company operates an unfunded gratuity scheme for the management employees who joined the Company up to February 2013. Members of this scheme become eligible to receive gratuity on completion of five years of continuous services with the Company.

**b) Management Pension Fund**

The Company operates a funded pension scheme for the management employees who joined the Company from 1 January 1987 to 31 August 2007. Members of this fund become eligible to receive pension on completion of five years of continuous service with the Company. The fund is managed by a Board of Trustees.

Present value of defined benefit obligation and the fair value of the plan assets were determined by professional actuary for both the funds. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost and mutually compatible actuarial assumptions about demographic and financial variables were used. The difference between fair value of the plan assets and present value of obligation is recognised as a liability or an asset in the statement of financial position. In respect of any actuarial gains or losses arising from actuarial valuation, it is fully recognised in the other comprehensive income.

***(iii) Defined contributions plan***

***a) Management Gratuity Scheme***

The Company operates a funded gratuity scheme for the management employees who joined the Company from 1 March 2013 and onwards. The Company contributes 15% of basic salary as contribution to the fund for the management employees from the date of joining. The fund is managed by a Board of Trustees. Members of this fund become eligible to receive gratuity on completion of five years of continuous services with the Company. During the year the funded gratuity scheme was merged with defined benefit plans.

***b) Employee Gratuity Scheme***

The Company operates funded gratuity scheme for the non-management employees whereby the Company contributes 15% of basic salary as contribution to the fund for the non management employees from the date of joining. The Fund is managed by a Board of Trustees. Members of this fund become eligible to receive gratuity on completion of five years of continuous services with the Company.

***c) Provident Fund***

The Company operates a provident fund for all the employees irrespective of date of joining the Company. Members, on confirmation, in regular employment of the Company, are required by the Company to join the provident fund to which members contribute 10% of their basic salaries and the Company makes a matching contribution. The Fund is managed by a Board of Trustees. Members become eligible to receive the Company's contribution on completion of five years of continuous services with the Company.

The Company recognises the contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for those contributions. The legal and constructive obligation is limited to this amount and it agrees to the fund contribution.

***d) Worker's Profit Participation Fund***

The Company operates fund for workers as "Workers' Profit Participation Fund" and 5% of the profit before charging such expense has been transferred to this fund as per section 234 of Bangladesh Labour Act 2006 (amended in 2013).

The Company recognises a contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for the contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

**I. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provisions are reversed.

**J. Contingencies**

***Contingent liability***

Contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Company discloses contingent liability in the financial statements. A provision is recognised in the period in which the recognition criteria of provision is met.

## Contingent asset

Contingent asset is a possible asset that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

## K. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT), Supplementary Duty (SD), Export Duty and Health Surcharge. Gross turnover comprises domestic sales of cigarettes, export of leaf and finished goods and includes SD, VAT, Export Duty (for Leaf till 30<sup>th</sup> June 2019) and Health Surcharge paid to the Government of Bangladesh.

The Company's typical performance obligations include the following:

Performance obligation	When performance obligation is typically satisfied	When payment is typically due	How stand alone selling price is typically estimated
<b>Domestic sales:</b> Distributor	Point in time at factory/ warehouse gate	At the beginning of the contract	As per regulator approved prices
Duty free	Point in time at factory gate	Within 30 days of delivery	As per regulator approved prices
<b>Export sales:</b> Related parties and external parties	Point in time; Free on board as issued by ICC**	a) At the beginning of the contract and;  b) for certain transactions at the date of bill of lading	As per agreed price  As per agreed price

'The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of domestic sales to distributors, the Company considers the effects of variable consideration payable to the customer.

The Company has variable considerations included in the contracts with customers which are netted off against the revenue to determine the transaction price. The variable considerations are pre-determined. The effect of variable considerations on revenue is only from contracts with domestic customers.

'The Company estimates variable consideration using either the 'expected value' method or the 'most likely amount' method, based on whichever better predicts the amount of consideration to which the entity is entitled. The entity applies the selected method consistently throughout the contract and for similar types of contracts.

## L. Income tax expense

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. Income tax expense comprises current and deferred tax. It is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any. Current tax assets/liabilities are offset if certain criteria are met. It is measured using tax rates enacted or substantively enacted at the reporting period. The applicable tax rate for the Company is currently 45% corporate tax and 2.5% surcharge on income.

### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

'- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- '- Temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will; and
- '- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

#### **M. Foreign currency transactions**

Transactions in foreign currencies are translated to Bangladesh Taka at the exchange rate prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of statement of financial position. Foreign currency differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transactions.

#### **N. Finance income and expenses**

Finance income comprises interest on financial deposits with banks. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income. Finance costs comprise interest expense on overdraft, borrowings from bank and lease interest.

#### **O. Earnings per share (EPS)**

The Company presents its basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares at the reporting date.

#### **P. Statement of cash flows**

Cash flows from operating activities have been presented under direct method as per IAS 7: Statement of Cash Flows.

#### **Q. Dividends and capital management**

Final dividend distribution to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid. The Company may issue bonus share as a part of stock dividend in any financial year, subject to approval from the board and Company's shareholders at the Annual General Meeting.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

#### **R. Materiality and aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

#### **S. Events after the reporting period**

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

The Company has adequate resources to continue in operation for the foreseeable future. For this reason management continues to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient funds and attributable credit facilities to meet the present requirements of its existing business.

## 7 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. However, this is not an exhaustive list of all the standards issued, the following are the standards which according to the assessment of the Company is most likely to be applicable.

### A. Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

### B. Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

### C. Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company is currently assessing the impact the amendments will have on current practice.

### D. IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

### E. Deferred tax related to assets and liabilities arising from a single transactions (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of the equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Company accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome of the amendments, except that the deferred tax impacts are presented net in the statement of financial position. There will be no impact on retained earnings on adoption of the amendments.

**F. Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

**G. Definition of Accounting Estimates - Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.



8 Property, plant and equipment

See accounting policy in Notes 6A and 6B

In thousands of BDT

	Freehold building	Freehold land	Furniture and fixtures	IT equipment	Laboratory equipment	Leasehold building	Office equipment	Plant and machinery	Vehicles	Assets under construction (AUC)	Total
<b>Cost</b>											
Balance as at 1 January 2020	2,259,082	1,526,496	371,509	447,339	337,978	872,456	1,055,757	24,680,778	1,273,134	7,746,358	40,570,886
Additions	2,708,704	-	49,330	40,773	54,000	243,585	64,874	1,016,633	113,809	1,547,662	5,839,369
Disposals/transfers	(12,458)	-	(8,847)	(96,353)	(7,041)	-	(27,876)	(71,909)	(135,033)	(4,117,313)	(4,476,830)
<b>Balance as at 31 December 2020</b>	<b>4,955,327</b>	<b>1,526,496</b>	<b>411,992</b>	<b>391,759</b>	<b>384,937</b>	<b>1,116,041</b>	<b>1,092,754</b>	<b>25,625,501</b>	<b>1,251,911</b>	<b>5,176,707</b>	<b>41,933,426</b>
Balance as at 1 January 2021	4,955,327	1,526,496	411,992	391,759	384,937	1,116,041	1,092,754	25,625,501	1,251,911	5,176,707	41,933,426
Additions	596,417	-	158,720	128,586	66,749	373,668	81,452	4,309,883	146,893	3,145,646	8,671,714
Disposals/transfers	-	-	(14,414)	(27,901)	(7,717)	(9,488)	(6,077)	(201,779)	(141,012)	(4,779,376)	(5,187,764)
<b>Balance as at 31 December 2021</b>	<b>5,551,744</b>	<b>1,526,496</b>	<b>556,298</b>	<b>492,444</b>	<b>443,968</b>	<b>1,143,921</b>	<b>1,168,129</b>	<b>29,733,605</b>	<b>1,257,792</b>	<b>3,542,977</b>	<b>45,417,376</b>
<b>Accumulated depreciation</b>											
Balance as at 1 January 2020	246,719	-	262,040	350,089	188,910	199,437	494,426	8,587,762	709,538	-	11,038,921
Depreciation for the year	64,314	-	30,100	57,423	25,235	31,390	182,267	1,069,938	199,091	-	1,659,758
Disposals/transfers	(6,983)	-	(8,515)	(96,304)	(7,040)	-	(27,853)	(56,320)	(133,491)	-	(336,506)
<b>Balance as at 31 December 2020</b>	<b>304,050</b>	<b>-</b>	<b>283,625</b>	<b>311,207</b>	<b>207,105</b>	<b>230,828</b>	<b>648,841</b>	<b>9,601,380</b>	<b>775,137</b>	<b>-</b>	<b>12,362,173</b>
Balance as at 1 January 2021	304,050	-	283,625	311,207	207,105	230,828	648,841	9,601,380	775,137	-	12,362,173
Depreciation for the year	109,874	-	46,116	63,823	30,288	53,612	176,602	1,222,057	188,597	-	1,890,969
Disposals/transfers	-	-	(12,041)	(27,860)	(7,717)	(1,782)	(5,536)	(145,363)	(139,776)	-	(340,075)
<b>Balance as at 31 December 2021</b>	<b>413,924</b>	<b>-</b>	<b>317,700</b>	<b>347,170</b>	<b>229,676</b>	<b>282,658</b>	<b>819,907</b>	<b>10,678,074</b>	<b>823,958</b>	<b>-</b>	<b>13,913,067</b>
<b>Net book value</b>											
As at 31 December 2020	4,651,277	1,526,496	128,367	80,552	177,832	885,213	443,914	16,024,121	476,774	5,176,707	29,571,253
As at 31 December 2021	5,137,820	1,526,496	238,598	145,274	214,292	861,263	348,222	19,055,531	433,834	3,542,977	31,504,309

8.1 Allocation of depreciation (excluding ROU assets)

	In thousands of BDT	
	For the year ended 31 December	2020
Manufacturing overhead	1,329,520	1,142,699
Operating expenses	258,193	224,891
Charge to leaf	303,256	292,169
	<b>1,890,969</b>	<b>1,659,758</b>

8.2 Assets under construction

Included in property, plant and equipment as at 31 December 2021 was relating to expenditure for Plant and Machinery, Office equipment, Freehold building and Leasehold Building in the course of construction.

8.3 Disposals of property, plant and equipment

See note no. 271 for details

## 9 Schedule of lease

See accounting policy in Notes 6F

The Company has leases for warehouse, forklift, office and rented apartment which have been capitalised and accounted for in accordance with IFRS 16: Leases. Information related to right-of-use asset and lease liability are depicted below:

### 9.1 ROU assets

	Rented apartment	Forklift	Office	Warehouse	Total
<b>Cost</b>					
<b>Balance as at 1 January 2020</b>	46,330	32,440	79,639	2,004,280	2,162,689
Additions/modifications	45,148	85,285	38,840	248,879	418,152
Disposals	(22,458)	-	(11,821)	(418,628)	(452,907)
<b>Balance as at 31 December 2020</b>	<b>69,021</b>	<b>117,725</b>	<b>106,658</b>	<b>1,834,531</b>	<b>2,127,934</b>
<b>Balance as at 1 January 2021</b>	69,021	117,725	106,658	1,834,531	2,127,934
Additions/modifications	12,898	169,860	17,969	775,469	976,196
Disposals	(15,293)	(3,467)	(5,152)	(224,200)	(248,113)
<b>Balance as at 31 December 2021</b>	<b>66,625</b>	<b>284,117</b>	<b>119,475</b>	<b>2,385,799</b>	<b>2,856,017</b>
<b>Accumulated depreciation</b>					
<b>Balance as at 1 January 2020</b>	26,961	5,114	19,299	439,092	490,466
Depreciation for the year	20,803	14,787	21,419	391,720	448,728
Disposals/modifications	(20,805)	-	(11,821)	(219,114)	(251,740)
<b>Balance as at 31 December 2020</b>	<b>26,959</b>	<b>19,901</b>	<b>28,897</b>	<b>611,698</b>	<b>687,455</b>
<b>Balance as at 1 January 2021</b>	26,959	19,901	28,897	611,698	687,455
Depreciation for the year	20,851	23,199	23,416	376,301	443,767
Disposals/modifications	(13,777)	(3,467)	(5,152)	(213,091)	(235,487)
<b>Balance as at 31 December 2021</b>	<b>34,033</b>	<b>39,632</b>	<b>47,161</b>	<b>774,908</b>	<b>895,734</b>
<b>Net book value</b>					
<b>As at 31 December 2020</b>	<b>42,062</b>	<b>97,824</b>	<b>77,761</b>	<b>1,222,832</b>	<b>1,440,480</b>
<b>As at 31 December 2021</b>	<b>32,592</b>	<b>244,485</b>	<b>72,315</b>	<b>1,610,891</b>	<b>1,960,283</b>

### (II) Lease Liabilities

In thousands of BDT

### 9.2 Allocation of depreciation (ROU assets)

	For the year ended 31 December	
	2021	2020
Manufacturing overhead	115,093	115,549
Operating expenses	85,373	105,693
Charge to leaf	243,300	227,486
	<b>443,767</b>	<b>448,728</b>

### 9.3 Lease liabilities

#### Non-current

Lease liabilities	2,479,789	1,767,551
Interest liabilities	(637,597)	(455,207)
	<b>1,842,192</b>	<b>1,312,345</b>

#### Current

Lease liabilities	576,885	449,766
Interest liabilities	(202,502)	(138,852)
	<b>374,383</b>	<b>310,914</b>

<b>Total lease liabilities</b>	<b>2,216,575</b>	<b>1,623,258</b>
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Notes	For the year ended 31 December	
	2021	2020
<b>11 Trade and other receivables</b>		
See accounting policy in Note 6(C) (i) (a)		
Trade receivables	2,496,376	4,130
Expected credit loss	(2,497)	(4)
<b>Net trade receivables</b>	<b>2,493,879</b>	<b>4,126</b>
Intercompany receivables	243,006	128,512
Sundry receivables	32,033	8,801
	<b>2,768,918</b>	<b>141,439</b>
	For the year ended 31 December	
	2021	2020
<b>12 Advances, deposits and prepayments</b>		
See accounting policy in Note 6(C) (i) (d)		
<b>Advances</b>		
Advance to suppliers	3,107,392	1,131,645
Supplementary duty and VAT	2,234,881	2,766,841
Advance to employees	23,385	15,492
	<b>5,365,658</b>	<b>3,913,978</b>
<b>Security deposit</b>	11,700	24,336
	<b>11,700</b>	<b>24,336</b>
<b>Prepayments</b>		
Insurance	112,933	2,014
	<b>112,933</b>	<b>2,014</b>
	<b>5,490,291</b>	<b>3,940,328</b>
<b>13 Cash and cash equivalents</b>		
See accounting policy in Note 6(C) (i) (c)		
Cash in hand	781	2,155
	781	2,155
Cash at bank		
Dividend account	61,603	75,165
Foreign currency accounts	1,153,086	616,730
Current accounts	(250,337)	1,898,486
Fixed deposit receipt (FDR)		
Local	-	1,200,000
Foreign	422,475	1,394,572
Short term deposit (STD)	19,371	685,977
	1,406,198	5,870,930
	<b>1,406,979</b>	<b>5,873,085</b>

All the above balances are held with scheduled and nationalised banks. Cash at banks earns interest at floating rates based on daily bank deposit rates.

## For the year ended 31 December

2021

2020

**13.1 Restricted cash balance**

Dividend account is used only to pay dividends to the shareholders. The balance of this account moves with dividend transactions only.

**13.2 Banking facility arrangements**

Short term running funded facilities available with the banks amount to BDT 17,021 million. Facilities are renewable on annual basis.

**13.3 Reconciliation of net operating cash flow**

<b>Profit after tax</b>	<b>14,968,529</b>	<b>10,886,835</b>
<b>Adjustment for:</b>		
Depreciation and impairment	2,334,735	2,108,486
(Gain)/loss of sale of assets	25,427	(16,470)
Other adjustments	15,255,688	10,279,815
	<b>32,584,379</b>	<b>23,258,666</b>
<b>Changes in:</b>		
(Increase)/decrease in inventories	(10,644,419)	(7,242,796)
(Increase)/decrease in trade receivables and others	(2,627,479)	2,468,477
(Increase)/decrease in advances, deposits and prepayments	(149,844)	(542,700)
Increase/(decrease) in trade payables and others	732,758	5,457,415
Increase/(decrease) in net defined benefit plans	94,490	(890,175)
Increase/(decrease) in provisions	103,859	256,306
Income tax & interest payments	(12,141,207)	(7,745,650)
<b>Net cash generated from operating activities</b>	<b>7,952,537</b>	<b>15,019,545</b>

**14 Share capital**

See accounting policy in Note 6D.

**Authorised:**

60,000,000 ordinary shares of BDT 10 each	600,000,000	600,000,000
480,000,000 ordinary shares of BDT 10 each	4,800,000,000	4,800,000,000
	<b>5,400,000,000</b>	<b>5,400,000,000</b>

**Issued, subscribed and fully paid up:**

Issued for cash:

3 ordinary shares of BDT 10 each	30	30
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Issued for consideration other than cash:

59,999,997 ordinary shares of BDT 10 each	599,999,970	599,999,970
120,000,000 bonus shares of BDT 10 each	1,200,000,000	1,200,000,000
360,000,000 bonus shares of BDT 10 each	3,600,000,000	-
	<b>5,400,000,000</b>	<b>1,800,000,000</b>

#### 14.1 Shareholding position

See accounting policy in Note 6D.

Name of shareholder	31 December 2021			31 December 2020		
	No. of shares	Value (BDT)	Percentage	No. of shares	Value (BDT)	Percentage
Raleigh Investment Co. Ltd., UK	393,708,222	3,937,082,220	72.91%	131,236,074	1,312,360,740	72.91%
Investment Corporation of Bangladesh	30,231,537	302,315,370	5.60%	10,996,609	109,966,090	6.11%
Sadharaan Bima Corporation Bangladesh	15,285,423	152,854,230	2.83%	5,083,991	50,839,910	2.82%
Bangladesh Development Bank Limited	1,807,502	18,075,020	0.33%	605,688	6,056,880	0.34%
Government of Bangladesh	3,481,416	34,814,160	0.64%	1,160,472	11,604,720	0.64%
Others	95,485,900	954,859,000	17.68%	30,917,166	309,171,660	17.18%
	<b>540,000,000</b>	<b>5,400,000,000</b>	<b>100%</b>	<b>180,000,000</b>	<b>1,800,000,000</b>	<b>100%</b>

#### 14.2 Share distribution schedule

A distribution schedule of the shares at the reporting date is given below following the requirement of listing regulations:

Shareholder's range	31 December 2021			31 December 2020		
	Number of shareholders	Total number of shares	Percentage of holding	Number of shareholders	Total number of shares	Percentage of holding
Less than 501 shares	54,968	5,064,942	0.94%	13,786	1,354,340	0.75%
501 to 5,000 shares	9,716	14,376,243	2.66%	2,209	2,886,106	1.60%
5,001 to 10,000 shares	631	4,523,479	0.84%	121	864,131	0.48%
10,001 to 20,000 shares	315	4,461,929	0.83%	66	941,221	0.52%
20,001 to 30,000 shares	95	2,352,739	0.44%	28	699,710	0.39%
30,001 to 40,000 shares	40	1,397,384	0.26%	8	289,070	0.16%
40,001 to 50,000 shares	34	1,559,997	0.29%	8	369,799	0.21%
50,001 to 100,000 shares	67	4,712,779	0.87%	23	1,594,139	0.89%
100,001 to 1,000,000 shares	63	18,140,843	3.36%	26	8,549,758	4.75%
Over 1,000,000 shares	16	483,409,665	89.52%	8	162,451,726	90.25%
	<b>65,945</b>	<b>540,000,000</b>	<b>100%</b>	<b>16,283</b>	<b>180,000,000</b>	<b>100%</b>

#### 15 Capital reserve

Capital reserve represents non-remittable reserve of BDT 64.9 million which is 90% of the cumulative post tax profit on disposal of property, plant and equipment as historically defined and directed by Bangladesh Bank. The requirement to create such special reserve on profit from sale of property, plant and equipment has been withdrawn since 1993.

		For the year ended 31 December	
		2021	2020
<b>16</b>	<b>Retained earnings</b>		
	Balance as at 1 January	32,134,819	33,928,559
	Total comprehensive income for the year:		
	Profit for the year	14,968,529	10,886,835
	Other comprehensive income	(27,470)	(80,575)
		<b>47,075,878</b>	<b>44,734,819</b>
	Dividends during the year:		
	Final stock dividend for 2020	(3,600,000)	-
	Final cash dividend for 2020/2019	(5,400,000)	(7,200,000)
	Interim cash dividend 2021/2020	(6,750,000)	(5,400,000)
	<b>Balance as at 31 December</b>	<b>31,325,878</b>	<b>32,134,819</b>

**17 Net defined benefit plans**

See accounting policy in Note 6H.

		In thousands of BDT			
Notes	Gratuity fund	Pension fund	Total		
<b>31 December 2021</b>					
	Defined benefit obligation	17.1	(1,447,003)	(15,007)	(1,462,010)
	Fair value of plan assets	17.2	1,292,343	13,736	1,306,079
	<b>Net surplus/(deficit)</b>		<b>(154,660)</b>	<b>(1,271)</b>	<b>(155,931)</b>
<b>31 December 2020</b>					
	Defined benefit obligation	17.1	(1,230,743)	(15,277)	(1,246,020)
	Fair value of plan assets	17.2	1,169,301	15,277	1,184,578
	<b>Net surplus/(deficit)</b>		<b>(61,442)</b>	<b>-</b>	<b>(61,442)</b>
<b>17.1</b>	<b>Movement in defined benefit obligation</b>				
	<b>Defined benefit obligation at 1 January 2020</b>		1,110,119	13,661	1,123,780
	Pre 2013		951,089	-	951,089
	Post 2013		159,031	-	159,031
	Current service cost		90,797	-	90,797
	Interest cost		85,703	1,150	86,853
	Past service cost - plan amendments		-	-	-
	Benefit paid by the fund		(4,589)	(1,764)	(6,354)
	Benefit paid directly by the Company		(168,790)	-	(168,790)
	Actuarial (gain)/loss		117,503	2,231	119,734
	<b>Defined benefit obligation at 31 December 2020</b>		<b>1,230,743</b>	<b>15,277</b>	<b>1,246,020</b>
	<b>Defined benefit obligation at 1 January 2021</b>		1,230,743	15,277	1,246,020
	Current service cost		115,866	-	115,866
	Interest cost		82,770	1,048	83,818
	Past service cost - plan amendments		-	-	-
	Benefit paid by the fund		(60,993)	(1,591)	(62,584)
	Benefit paid directly by the Company		-	-	-
	Actuarial (gain)/loss		78,618	273	78,891
	<b>Defined benefit obligation at 31 December 2021</b>		<b>1,447,003</b>	<b>15,007</b>	<b>1,462,010</b>
<b>17.2</b>	<b>Movement in the fair value of plan assets</b>				
	<b>Fair value of plan assets at 1 January 2020</b>		<b>159,031</b>	<b>13,133</b>	<b>172,164</b>
	Pre 2013		-	-	-
	Post 2013		159,031	-	-
	Employer's contribution		964,709	3,861	968,570

	Gratuity fund	Pension fund	Total
Interest Income on plan assets	82,838	1,103	83,941
Expected return on plan assets	-	-	-
Benefits paid by the plan	<b>(4,589)</b>	<b>(1,764)</b>	<b>(6,354)</b>
Actuarial gain/(loss)	<b>(32,688)</b>	<b>(1,055)</b>	<b>(33,743)</b>
<b>Fair value of plan assets at 31 December 2020</b>	<b>1,169,301</b>	<b>15,277</b>	<b>1,184,578</b>
<b>Fair value of plan assets at 1 January 2021</b>	1,169,301	15,277	1,184,578
Employer's contribution	85,638	-	85,638
Interest Income on plan assets	71,103	777	71,879
Expected return on plan assets	-	-	-
Benefits paid by the plan	(60,993)	(1,591)	(62,584)
Actuarial gain/(loss)	27,294	(727)	26,567
<b>Fair value of plan assets at 31 December 2021</b>	<b>1,292,343</b>	<b>13,736</b>	<b>1,306,079</b>
<b>17.3 Defined benefit plan charge to profit or loss and other comprehensive income</b>			
<b>For the year ended 31 December 2021</b>			
<b>Profit or loss</b>			
Current service costs	115,865	-	115,865
Interest accrued on benefit obligation	11,667	271	11,938
Settlement cost	-	-	-
Expected return on plan assets	-	-	-
<b>Net benefit expense/(income)</b>	<b>11,667</b>	<b>271</b>	<b>11,938</b>
	<b>127,532</b>	<b>271</b>	<b>127,803</b>
<b>For the year ended 31 December 2020</b>			
<b>Profit or loss</b>			
Current service costs	90,797	-	90,797
Interest accrued on benefit obligation	2,864	48	2,912
Settlement cost	-	-	-
Expected return on plan assets	-	-	-
<b>Net benefit expense/(income)</b>	<b>2,864</b>	<b>48</b>	<b>2,912</b>
	<b>93,662</b>	<b>48</b>	<b>93,709</b>

**17.4 Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date.

	31-Dec-2021		31-Dec-2020	
	Gratuity fund	Pension fund	Gratuity fund	Pension fund
Discount rate	7.0%	7.0%	7.0%	7.0%
Salary escalation rate (Basic pay)	10.50%	N/A	10.50%	N/A
<b>Mortality rate (In service)*</b>				
Ages 20-35	15%	N/A	15%	N/A
Ages 36-45	10%	N/A	10%	N/A
Ages 46-58	5%	N/A	5%	N/A

\*As there are no published mortality tables in Bangladesh and hence the actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table on the mortality experience of assured lives in India, which the actuary believes to give a reasonable approximation.



**18 Deferred tax**

See accounting policy in Note 6L(ii).

**18.1 Deferred tax asset**

	In thousands of BDT		
	Carrying amount at reporting date	Tax Base	Taxable/ (deductible) temporary difference
<b>31 December 2021</b>			
Provision for inventories	(285,451)	-	(285,451)
Provision for gratuity	(155,932)	-	(155,932)
<b>Net temporary difference</b>	<b>(441,383)</b>	-	<b>(441,383)</b>
<b>Applicable tax rate</b>			<b>47.5%</b>
<b>Deferred tax asset</b>			<b>(209,657)</b>

	In thousands of BDT		
	Carrying amount at reporting date	Tax Base	Taxable/ (deductible) temporary difference
<b>31 December 2020</b>			
Provision for inventories	(256,897)	-	(256,897)
Provision for gratuity	(61,442)	-	(61,442)
<b>Net temporary difference</b>	<b>(318,339)</b>	-	<b>(318,339)</b>
<b>Applicable tax rate</b>			<b>47.5%</b>
<b>Deferred tax Asset</b>			<b>(151,211)</b>

**18.2 Deferred tax liabilities**

	In thousands of BDT		
	Carrying amount at reporting date	Tax Base	Taxable/ (deductible) temporary difference
<b>31 December 2021</b>			
Property, plant and equipment excluding land.	26,252,241	12,942,604	13,309,637
Net, right of use assets	(256,291)	-	(256,291)
<b>Net temporary difference</b>	<b>25,995,950</b>	<b>12,942,604</b>	<b>13,053,346</b>
<b>Applicable tax rate</b>			<b>47.5%</b>
<b>Deferred tax liabilities</b>			<b>6,200,339</b>

	In thousands of BDT		
	Carrying amount at reporting date	Tax Base	Taxable/ (deductible) temporary difference
<b>31 December 2020</b>			
Property, plant and equipment excluding land.	22,665,854	11,249,801	11,416,053
Net, right of use assets	(182,778)	-	(182,778)
<b>Net temporary difference</b>	<b>22,483,075</b>	<b>11,249,801</b>	<b>11,233,274</b>
<b>Applicable tax rate</b>			<b>47.5%</b>
<b>Deferred tax liabilities</b>			<b>5,335,805</b>

	Note	31 December			
		2021	2020		
<b>18.3</b>	<b>Deferred tax liabilities, net</b>				
	Deferred tax asset	(209,657)	(151,211)		
	Deferred tax liabilities / (asset) (ROU Assets)	(121,738)	(86,820)		
	Deferred tax liabilities (other than ROU assets)	6,322,078	5,422,625		
	<b>Net deferred tax liabilities</b>	<b>5,990,682</b>	<b>5,184,594</b>		
<b>19</b>	<b>Short term bank loans</b>				
	Standard Chartered Bank	2,000,000	-		
	HSBC	2,800,000	-		
	Commercial Bank of Ceylon PLC	800,000	-		
		<b>5,600,000</b>	<b>-</b>		
<b>19.1</b>	<b>Terms and repayment</b>				
		In thousands of BDT			
		2021		2020	
		Loan limit	Loan outstanding	Loan limit	Loan outstanding
	Standard Chartered Bank	7,400,000	2,000,000	-	-
	HSBC	4,300,000	2,800,000	-	-
	Commercial Bank of Ceylon PLC	1,136,000	800,000	-	-
		<b>12,836,000</b>	<b>5,600,000</b>	<b>-</b>	<b>-</b>
<b>20</b>	<b>Trade and other payables</b>				
	See accounting policy in Note 6C (ii) (a)				
	Trade payables			3,831,760	4,472,814
	Intercompany payables			9,301,730	6,979,871
	Workers' Profit Participation Fund (WPPF)			994,321	1,110,014
	Wages and other benefits			599,015	429,686
	Accrued expenses			3,493,701	4,566,659
	Sundry payables			310,353	239,077
				<b>18,530,880</b>	<b>17,798,121</b>
<b>21</b>	<b>Current tax liabilities</b>				
	See accounting policy in Note 6L(i).				
	Balance at 1 January			5,384,973	4,022,936
	Provision made during the year			14,102,215	9,204,416
				19,487,188	13,227,351
	Advance payment of corporate tax			(12,001,608)	(7,842,378)
	<b>Balance at 31 December</b>			<b>7,485,580</b>	<b>5,384,973</b>
<b>22</b>	<b>Provisions</b>				
	See accounting policy in Note 6I.				
	Provision for expenses			723,855	619,996
				<b>723,855</b>	<b>619,996</b>

In thousands of BDT

**23 Revenue from contracts with customers**

See accounting policy in Note 6K.

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Note	For the year ended 31 December	
	2021	2020
Quantity in million sticks	63,000	52,543
Gross revenue from domestic sale	336,601,052	278,058,956
Supplementary duty and VAT	(264,512,863)	(220,790,025)
<b>Revenue from domestic sale, net</b>	<b>72,088,189</b>	<b>57,268,931</b>
Quantity in million sticks	15.97	312.77
Gross revenue from finished goods export	14,890	274,046
<b>Revenue from export of finished goods, net</b>	<b>14,890</b>	<b>274,046</b>
Quantity in million kgs	10.40	11.92
Gross revenue from tobacco leaf export	2,724,482	2,747,650
<b>Revenue from leaf export, net</b>	<b>2,724,482</b>	<b>2,747,650</b>
<b>Total revenue from contracts with customers, net</b>	<b>74,827,561</b>	<b>60,290,627</b>
<b>Net revenue from domestic sale</b>		
External customer	72,088,189	57,268,931
Related party sale	-	-
	<b>72,088,189</b>	<b>57,268,931</b>
<b>Net revenue from export of finished goods</b>		
External customer	-	-
Related party sale	14,890	274,046
	<b>14,890</b>	<b>274,046</b>
<b>Net revenue from leaf export</b>		
External customer	1,586,735	1,438,207
Related party sale	1,137,747	1,309,443
	<b>2,724,482</b>	<b>2,747,650</b>
<b>Total revenue from contracts with customers, net</b>	<b>74,827,561</b>	<b>60,290,627</b>

In thousands of BDT

**24 Cost of sales**

Note	For the year ended 31 December	
	2021	2020
Opening stock of raw materials	10,141,588	11,553,533
Purchase of raw materials	27,929,298	23,108,491
<b>Raw materials available</b>	<b>38,070,886</b>	<b>34,662,024</b>
Closing stock of raw materials	(10,008,727)	(10,141,588)
<b>Raw materials consumption</b>	<b>28,062,159</b>	<b>24,520,436</b>
Opening work in process	69,237	46,970
Closing work in process	(79,612)	(69,237)
	28,051,784	24,498,169
Manufacturing overhead	7,381,787	7,053,239
<b>Total cost of goods manufactured</b>	<b>35,433,571</b>	<b>31,551,408</b>
Opening stock of finished goods	2,199,237	789,897
Closing stock of finished goods	(3,700,337)	(2,199,237)
<b>Total cost of goods sold excluding royalty</b>	<b>33,932,471</b>	<b>30,142,069</b>
Royalty	838,115	650,620
<b>Total cost of sales</b>	<b>34,770,586</b>	<b>30,792,689</b>

In thousands of BDT

	Note	For the year ended 31 December		
		2021	2020	
<b>24.1</b>	<b>Manufacturing overhead</b>			
	Salaries and wages	1,531,565	1,778,073	
	Utilities	642,994	409,558	
	Rent and services	565,618	543,883	
	Repairs and maintenance	462,405	480,841	
	Depreciation	8.1 & 9.2	1,444,613	1,258,248
	Travelling and training	139,589	124,225	
	Printing and stationary	39,979	22,103	
	Security and safety	163,851	180,623	
	Distribution cost	1,741,604	1,415,739	
	Insurance	71,767	64,935	
	Research and development	27,245	5,881	
	Spares consumption	133,475	181,078	
	COVID 19 expenses	144,583	263,038	
	Other expenses	272,500	325,014	
		<b>7,381,787</b>	<b>7,053,239</b>	
<b>25</b>	<b>Operating expenses</b>			
	Salaries	1,330,717	1,092,839	
	Utilities	75,532	39,814	
	Rent and services	312,655	191,826	
	Repairs and maintenance	397,029	140,517	
	Depreciation	8.1 & 9.2	343,566	330,584
	Travelling and training	199,611	151,669	
	Printing and stationery	40,861	23,588	
	Security and safety	63,464	69,521	
	Distribution Cost	100,361	93,931	
	Insurance	9,510	9,272	
	Trade support expenditure	1,046,530	859,606	
	Social responsibility	125,913	169,153	
	Legal, secretarial and professional fee	156,338	200,205	
	Interim audit and audit related services	800	800	
	Audit fee	1,300	1,100	
	Information technology	1,205,445	869,412	
	Technical and advisory fee	1,174,557	1,138,313	
	Market research & operational expenditure	1,447,075	1,430,554	
	COVID 19 expenses	14,377	195,588	
	Other expenses	306,983	266,059	
		<b>8,352,624</b>	<b>7,274,351</b>	
<b>26</b>	<b>Net finance income/(expenses)</b>			
	See accounting policy in Note 6N.			
	Finance income	37,472	251,503	
	Finance costs			
	Debt and borrowing	(177,070)	(154,775)	
	Lease liabilities	(194,730)	(171,731)	
		<b>(334,328)</b>	<b>(75,003)</b>	

In thousands of BDT

	Note	For the year ended 31 December	
		2021	2020
<b>27</b>			
<b>Non-operating income/(expenses)</b>			
Profit/(loss) on disposal of property, plant and equipment	271	(25,427)	16,470
Other income		130,863	35,158
		<b>105,436</b>	<b>51,628</b>

**27.1 Property, plant and equipment disposed off during the year**

In thousands of BDT

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit/(loss)	Purchaser/written off
<b>For the year ended 31 December 2021</b>						
Furniture and fixtures	(14,414)	12,041	(2,372)	19	(2,354)	Written off
Laboratory equipment	(7,717)	7,717	-	18	18	Written off
IT equipment	(27,901)	27,860	(42)	573	531	Written off
Leasehold building	(244,975)	237,270	(7,706)	24	(7,682)	Written off
Office equipment	(6,077)	5,536	(541)	79	(462)	Written off
Plant and machinery	(201,779)	145,363	(56,416)	464	(55,952)	Written off
Vehicles	(141,012)	139,776	(1,236)	41,710	40,474	Employees of the Company
	<b>(643,876)</b>	<b>575,563</b>	<b>(68,313)</b>	<b>42,886</b>	<b>(25,427)</b>	
<b>For the year ended 31 December 2020</b>						
Freehold building	(12,458)	6,983	(5,475)	74	(5,401)	Written off
Furniture and fixtures	(8,847)	8,515	(331)	53	(279)	Written off
IT equipment	(96,353)	96,304	(49)	546	497	Written off
Laboratory equipment	(7,041)	7,040	(1)	42	41	Written off
Office equipment	(27,876)	27,853	(23)	167	143	Written off
Plant and machinery	(71,909)	56,320	(15,590)	430	(15,160)	Written off
Vehicles	(135,033)	133,491	(1,541)	38,169	36,628	Employees of the Company
	<b>(359,517)</b>	<b>336,506</b>	<b>(23,010)</b>	<b>39,480</b>	<b>16,470</b>	

In thousands of BDT

	Note	For the year ended 31 December	
		2021	2020
<b>28</b>			
<b>Income tax expenses</b>			
<b>Current income tax:</b>			
Current income tax charge	21	14,102,215	9,204,416
<b>Deferred tax:</b>			
Deferred tax (income)/expense relating to origination and reversal of temporary differences	29	830,942	998,948
<b>Income tax expense reported in the statement of profit or loss</b>		<b>14,933,157</b>	<b>10,203,364</b>

**28.1 Reconciliation of effective tax rate**

In thousands of BDT

	For the year ended 31 December			
	%	2021	%	2020
<b>Profit before tax</b>		<b>29,901,686</b>		<b>21,090,199</b>
Current tax expense	47.16%	14,102,215	43.64%	9,204,416
Deferred tax expense	2.78%	830,942	4.74%	998,948
<b>Total tax expense</b>	<b>49.94%</b>	<b>14,933,157</b>	<b>48.38%</b>	<b>10,203,363</b>
Expected income tax using applicable tax rate	47.50%	14,203,301	47.50%	10,017,844

In thousands of BDT

		Note	For the year ended 31 December	
			2021	2020
Prior year adjustment	0.00%	-	-1.07%	(224,851)
Tax on non deductible expenses	-0.34%	(101,086)	-2.79%	(588,577)
<b>Effective current tax</b>	<b>47.16%</b>	<b>14,102,215</b>	<b>43.64%</b>	<b>9,204,416</b>
<b>Effective deferred tax</b>	<b>2.78%</b>	<b>830,942</b>	<b>4.74%</b>	<b>998,948</b>
	<b>49.94%</b>	<b>14,933,157</b>	<b>48.38%</b>	<b>10,203,364</b>

In thousands of BDT

	Note	For the year ended 31 December	
		2021	2020
<b>29 Deferred tax (expense)/income</b>			
Deferred tax liabilities at the beginning of the year	18	5,184,594	4,258,548
Deferred tax liabilities at the end of the year	18	5,990,682	5,184,594
		<b>(806,088)</b>	<b>(926,046)</b>
Deferred tax attributable to actuarial loss recognised directly in equity		<b>(24,854)</b>	<b>(72,902)</b>
Deferred tax (expense)/income recognised directly in profit		<b>(830,942)</b>	<b>(998,948)</b>
<b>30 Other comprehensive income</b>			
Actuarial gain/(loss) on defined benefit plans - Gratuity fund		(51,324)	(150,191)
Actuarial gain/(loss) on defined benefit plans - Pension fund		(1,000)	(3,286)
		<b>(52,324)</b>	<b>(153,477)</b>
Less: deferred tax on actuarial gain/(loss) on defined benefit plans @ 47.5%		24,854	72,902
<b>Net actuarial gain/(loss) on defined benefit plans charged to OCI</b>		<b>(27,470)</b>	<b>(80,575)</b>

**31 Earnings per share**

**31.1 Basic earnings per share**

Earnings Per Share (EPS) is calculated in accordance with the International Accounting Standard (IAS) 33: Earnings Per Share. The composition of EPS is given below:

In thousands of BDT

	Note	For the year ended 31 December	
		2021	2020
Total profit attributable to shareholders		14,968,529	10,886,835
Weighted average number of shares outstanding		540,000	540,000
<b>Earning per share in BDT</b>		<b>27.72</b>	<b>20.16</b>

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. The weighted average number of shares is calculated by assuming that the shares have always been in issue. This means that they have been issued at the start of the year presented as the comparative figures.

**31.2 Diluted earnings per share**

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.

In thousands of BDT

	Note	For the year ended 31 December	
		2021	2020
<b>32 Net operating cash flows per share (NOCFPS)</b>			
Net cash flow from operating activities		7,952,537	15,019,545
Weighted average number of shares outstanding		540,000	540,000
<b>Net operating cash flows per share in BDT</b>		<b>14.73</b>	<b>27.81</b>

In thousands of BDT

	Note	For the year ended 31 December	
		2021	2020
<b>33</b>	<b>Net asset value (NAV) per share</b>		
	Net asset value	36,790,774	33,999,715
	Weighted average number of shares outstanding	540,000	540,000
	<b>NAV per share in BDT</b>	<b>68.13</b>	<b>62.96</b>
<b>34</b>	<b>Dividend paid</b>		
	Opening unclaimed dividend	75,165	49,824
	Dividend paid:		
	Cash dividend paid for 2020	5,400,000	7,200,000
	Interim dividend paid for 2021	6,750,000	5,400,000
		12,225,165	12,649,824
	Closing unclaimed dividend	61,603	75,165
	<b>Dividend paid</b>	<b>12,163,562</b>	<b>12,574,658</b>

The Company declared interim dividend in 2021 for the period January till September of 2021.

**34.1 Ageing analysis of unclaimed dividend**

	Prior to				In thousands of BDT	
	2019	2019	2020	2021	Total	
Unclaimed dividend at 1 January 2021	45,742	3,817	25,606	-	75,165	
Unclaimed dividend returned post 31 Dec	1,574	9,447	-	-	11,021	
Transfer to CMSF*	(43,790)	-	-	-	(43,790)	
<b>Unclaimed dividend at 31 December 2021</b>	<b>3,526</b>	<b>13,264</b>	<b>19,365</b>	<b>25,448</b>	<b>61,603</b>	

\*Capital Market Stabilisation Fund

In thousands of BDT

	Note	For the year ended 31 December	
		2021	2020
<b>35</b>	<b>Remittances of foreign currency</b>		
	Technical and advisory fee (T&A)	6,833	-
	Royalty	-	4,376
	Dividend	67,347	75,286
		<b>74,180</b>	<b>79,662</b>

T&A Fees consists of T&A fee for the year 2018. Royalty in 2020 consists of Royalty amount payable to BAT Holdings Ltd for Benson & Hedges & Pall Mall for 2017.

All these fees are remitted after obtaining approval from Bangladesh Investment Development Authority (BIDA). All of the above remittances represent the net amount after deduction of withholding tax as per law.

In thousands of BDT

	For the year ended 31 December	
	2021	2020
<b>36</b>	<b>Value of imports on Cost, Insurance and Freight (CIF) basis</b>	
	Raw and packing materials	5,871,926
	Spares and others	1,882,068
	Capital goods	1,504,672
		<b>9,258,666</b>
		<b>5,831,489</b>

In thousands of BDT

**37 Total export earnings**

	For the year ended 31 December	
	2021	2020
Export of leaf	32,026	32,284
Export of finished goods	175	3,220
Re-export of wrapping materials	136	-
	<b>32,337</b>	<b>35,504</b>

**38 Capacity**

The Company works on continuous operation basis and given the current installed machine configurations and planned expansions, there is sufficient capacity to meet forecast future demand in a variety of specification (e.g. Filter) and packaging (e.g. Hinge Lid, Shell and Slide) configurations. The Directors regularly review the production capability of the Company and are satisfied that the current and future capacities are adequate. Plans are in place to meet any anticipated future demand.

Actual production of cigarettes (in million sticks)	<b>66,223</b>	<b>55,637</b>
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**39 Segment reporting**

The Company is domiciled in Bangladesh. The gross revenue from cigarettes is BDT 336,601 million (2020: BDT 278,059 million). The Company does not have any non current assets that are located outside Bangladesh.

Gross cigarette revenue arising from transactions with a single external customer represented BDT 53,030 million (2020: BDT 43,317 million) of the Company's total revenue.

The Company is a primarily engaged in the manufacturing and sale of cigarettes in Bangladesh and this forms the focus of the Company's internal reporting system. While the Company has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the chief operating decision maker. Therefore, it is not possible to segment the Company's results by brand without a high degree of estimation.

Apart from cigarette manufacturing, the Company exports leaf outside Bangladesh, which contributes less than 10% of gross and net turnover. The break up of cigarette and export sales have been provided in Note 23.

**40 Consumption of imported and local raw materials**

	For the year ended 31 December			
	2021		2020	
	Wrapping material	Leaf	Wrapping material	Leaf
<b>Imported:</b>				
Opening	1,644,210	217,945	986,560	407,078
Purchases	6,122,270	1,185,673	5,956,020	1,032,120
Consumption	(6,216,147)	(938,932)	(5,332,880)	(1,221,332)
Adjustment	-	-	34,510	79
<b>Closing (a)</b>	<b>1,550,333</b>	<b>464,686</b>	<b>1,644,210</b>	<b>217,945</b>
<b>Domestic:</b>				
Opening	21,637	8,257,796	110,222	10,096,644
Purchases	7,911,979	12,709,376	6,368,987	9,773,630
Consumption	(7,919,563)	(10,848,692)	(6,387,335)	(9,135,708)
Export	-	(2,138,826)	-	(2,443,181)
Adjustment	-	-	(70,236)	(33,588)
<b>Closing (b)</b>	<b>14,053</b>	<b>7,979,654</b>	<b>21,637</b>	<b>8,257,796</b>
<b>Closing stock (a+b)</b>	<b>1,564,386</b>	<b>8,444,340</b>	<b>1,665,848</b>	<b>8,475,741</b>



## Financial instruments - Fair values and risk management

### A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes	Carrying amount						Fair value			Total		
	Held-for-trading	Designated at fair value	Fair value hedging instruments	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total amount	Level 1		Level 2	Level 3
<b>In thousands of BDT</b>												
<b>31 December 2021</b>												
<b>Financial assets measured at fair value</b>												
11	-	-	-	-	2,768,918	-	-	2,768,918	-	-	-	2,768,918
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	<b>2,768,918</b>	-	-	<b>2,768,918</b>	-	-	-	<b>2,768,918</b>
<b>Financial assets not measured at fair value</b>												
12	-	-	-	-	11,700	-	-	11,700	-	-	-	11,700
13	-	-	-	-	1,406,198	-	-	1,406,198	-	-	-	1,406,198
	-	-	-	-	<b>1,417,898</b>	-	-	<b>1,417,898</b>	-	-	-	<b>1,417,898</b>
<b>Financial liabilities not measured at fair value</b>												
19	-	-	-	-	-	-	-	5,600,000	-	-	-	5,600,000
20	-	-	-	-	-	-	-	18,530,880	-	-	-	18,530,880
	-	-	-	-	-	-	-	<b>24,130,880</b>	-	-	-	<b>24,130,880</b>

Notes	Carrying amount							Fair value				
	Held-for-trading	Designated at fair value	Fair value hedging instruments	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total amount	Level 1	Level 2	Level 3	Total
<b>31 December 2020</b>												
<b>Financial assets measured at fair value</b>												
11	-	-	-	-	141,439	-	-	141,439	-	-	-	141,439
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	<b>141,439</b>	-	-	<b>141,439</b>	-	-	-	<b>141,439</b>
<b>Financial assets not measured at fair value</b>												
12	-	-	-	-	24,336	-	-	24,336	-	-	-	24,336
13	-	-	-	-	5,870,930	-	-	5,870,930	-	-	-	5,870,930
	-	-	-	-	<b>5,895,266</b>	-	-	<b>5,895,266</b>	-	-	-	<b>5,895,266</b>
<b>Financial liabilities not measured at fair value</b>												
19	-	-	-	-	-	-	-	-	-	-	-	-
20	-	-	-	-	-	-	17,798,121	17,798,121	-	-	-	17,798,121
	-	-	-	-	-	-	<b>17,798,121</b>	<b>17,798,121</b>	-	-	-	<b>17,798,121</b>

**B. Financial risk management**

The Company has exposures to the following risks from its use of financial instruments:

- I) Credit risk
- II) Liquidity risk
- III) Market risk

The Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. This note presents information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

**i) Credit risk**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other parties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. The Company's exposure to credit risk on receivables is mainly influenced by customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The letters of credit are considered as integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

In thousands of BDT						
Trade receivables						
Days past due						
Current	<30 days	30-90 days	90- 180 days	181 days to 365 days	>365 days	
<b>31 December 2021</b>						
Expected credit loss rate	0.10%	0.12%	0.14%	0.16%	0.18%	0.20%
Estimated total gross	2,496,376	-	-	-	-	-
Carrying amount at default						
<b>Expected credit loss</b>	<b>2,496</b>	-	-	-	-	-
Trade receivables						
Days past due						
Current	<30 days	30-90 days	90- 180 days	181 days to 365 days	>365 days	
<b>31 December 2020</b>						
Expected credit loss rate	0.10%	0.12%	0.14%	0.16%	0.18%	0.20%
Estimated total gross	4,130	-	-	-	-	-
Carrying amount at default						
<b>Expected credit loss</b>	<b>4</b>	-	-	-	-	-

**a) Exposure to credit risk**

The carrying amount of the remaining financial assets represents the balancing credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of BDT		
Note	For the year ended 31 December	
	2021	2020
Advances, deposits and prepayments	11,700	24,336
Cash at bank	1,406,198	5,870,930
	<b>1,417,898</b>	<b>5,895,266</b>

**b) Ageing of trade and other receivables**

At 31 December, the ageing of trade and other receivables that were not impaired were as follows:

In thousands of BDT		
For the year ended 31 December		
	2021	2020
Past due 30 days or below	254,751	136,994
Past due 31-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	20,288	4,445
	<b>275,039</b>	<b>141,439</b>

**ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

Note	Carrying amount	Total	Contractual cash flows					More than 5 years
			6 months or less	6 - 12 months	1 - 2 years	2 - 5 years		
<b>31 December 2021</b>								
20	18,530,880	18,530,880	9,229,150	-	9,301,730	-	-	
19	5,600,000	5,600,000	-	-	-	-	-	
	<b>24,130,880</b>	<b>24,130,880</b>	<b>9,229,150</b>	<b>-</b>	<b>9,301,730</b>	<b>-</b>	<b>-</b>	

In thousands of BDT

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Note	Carrying amount	Total	Contractual cash flows					More than 5 years
			6 months or less	6 - 12 months	1 - 2 years	2 - 5 years		
<b>31 December 2020</b>								
20	17,798,121	17,798,121	13,141,842	1,279,138	3,360,381	16,760	-	
19	-	-	-	-	-	-	-	
	<b>17,798,121</b>	<b>17,798,121</b>	<b>13,141,842</b>	<b>1,279,138</b>	<b>3,360,381</b>	<b>16,760</b>	<b>-</b>	

In thousands of BDT

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

**III) Market risk**

Market risk is the risk that any changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

**a) Currency risk/foreign exchange rate risk**

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United State Dollar (USD), Euro (EUR) and British Pound (GBP). Foreign exchange risk arises from future commercial transactions of recognized assets and liabilities. Management complies with the treasury policy to manage foreign exchange risk against their functional currency.

**i) Exposure to currency risk**

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	In thousands of BDT		
	USD	GBP	EUR
<b>31 December 2021</b>			
<b>Foreign currency denominated assets</b>			
Cash at bank	4,921	-	-
Trade receivables	-	-	-
Intercompany receivables	992	10	-
	<b>5,913</b>	<b>10</b>	<b>-</b>
<b>Foreign currency denominated liabilities</b>			
Trade payables	6,830	20	300
Intercompany payables	8,055	50,220	30
	<b>14,885</b>	<b>50,240</b>	<b>330</b>
<b>Net exposure</b>	<b>(8,972)</b>	<b>(50,230)</b>	<b>(330)</b>
			In thousands of BDT
<b>31 December 2020</b>	USD	GBP	EUR
<b>Foreign currency denominated assets</b>			
Cash at bank	23,784	-	-
Trade receivables	-	-	-
Intercompany receivable	127	18	-
	<b>23,911</b>	<b>18</b>	<b>-</b>
<b>Foreign currency denominated liabilities</b>			
Trade payables	13,304	-	1
Intercompany payables	9,171	37,354	230
	<b>22,475</b>	<b>37,354</b>	<b>231</b>
<b>Net exposure</b>	<b>1,435</b>	<b>(37,336)</b>	<b>(231)</b>

The following significant exchange rates have been applied against BDT:

	Average rate		Year-end spot rate	
	2021	2020	2021	2020
USD 1	85.07	85.11	85.85	84.95
GBP 1	117.02	111.72	117.22	117.54
EUR 1	100.6	99.76	98.66	106.86

**ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures****Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Taka, as indicated below, against the USD, EUR and GBP at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecasted sales and purchases.

	In thousands of BDT	
	Strengthening profit or (loss)	Weakening profit or (loss)
<b>31 December 2021</b>		
USD (5 percent movement)	38,513	(38,513)
GBP (5 percent movement)	294,399	(294,399)
EUR (5 percent movement)	1,630	(1,630)
	<b>334,542</b>	<b>(334,542)</b>

	In thousands of BDT	
	Strengthening profit or (loss)	Weakening profit or (loss)
<b>31 December 2020</b>		
USD (5 percent movement)	(6,096)	6,096
GBP (5 percent movement)	219,419	(219,419)
EUR (5 percent movement)	1,233	(1,233)
	<b>214,556</b>	<b>(214,556)</b>

**b) Interest rate risk**

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. At present the Company has no borrowings which is subject to interest rate risk.

**Interest rate used to determine amortised cost for IFRS 16: Leases:**

	2021	2020
Lease liabilities	<b>10%</b>	<b>10%</b>

**42 Related party disclosures**

**i) Transactions with key management personnel**

Key management personnel compensation comprised the following:

	In thousands of BDT	
	For the year ended 31 December	
	2021	2020
Meeting attendance fee	132	99
Meeting expense	6,770	6,098
Remuneration	87,684	82,573
Retirement benefit scheme	5,604	6,107
Medical and welfare	97	44
Housing	17,225	18,000
	<b>117,512</b>	<b>112,921</b>

**ii) Other related party transactions**

The Company carried out a number of transactions with related parties in the normal course of business on arms length basis. The name of these related parties, nature of transactions and their total value have been set in accordance with the provisions of IAS 24: Related party disclosures.

	Relationship	In thousands of BDT			
		Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2021	2020	2021	2020
<b>Income</b>					
<b>a. Leaf, Cigarette export and sale of goods</b>					
BAT (GLP) Limited	BAT Group company	672,085	1,176,778	(46,642)	467
PTCL	BAT Group company	456,987	130,980	144,690	114,167

In thousands of BDT

	Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2021	2020	2021	2020
BAT (Singapore) PTE LTD	BAT Group company	26,492	274,409	11,602	-
Ceylon Tobacco Company PLC	BAT Group company	-	1,354	-	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	8,675	-	-	-
Central Manufacturing Company PTE Ltd	BAT Group company	-	(31)	-	-
		<b>1,164,239</b>	<b>1,583,489</b>	<b>109,650</b>	<b>114,634</b>
<b>b. Other fee</b>					
Other fee received/to be received from:					
BAT (GLP) Limited	BAT Group company	3,017	-	3,017	-
BAT Holdings Limited	Holding company	19,217	-	19,217	-
BAT INVESTMENTS LTD	Holding company	-	-	1,101	1,101
British-American Tobacco Polska S.A	BAT Group company	-	-	-	1,266
BAT Japan	BAT Group company	35,495	8,853	14,798	-
British American Tobacco Exports Ltd	BAT Group company	4,364	-	4,364	-
Solomon Islands Tobacco Co. Ltd.	BAT Group company	6,186	-	1,633	-
BAT MARKETING (S) PTE LTD	BAT Group company	1,175	-	-	-
BAT DENMARK A/S (HOP A/S)	BAT Group company	-	1,480	1,480	1,480
PT Bentoel Internasional Investama	BAT Group company	2,699	-	-	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	10,688	-	-	-
VINA-BAT JV HCMC Branch	BAT Group company	3,095	12,958	4,822	1,727
CTBAT International Co. Limited	BAT Group company	2,266	-	2,266	-
BAT AsPac Service Centre Sdn Bhd	BAT Group company	8,673	-	8,673	-
Nicoventures Trading Limited	BAT Group company	27,032	-	27,032	-
		<b>123,907</b>	<b>23,290</b>	<b>88,404</b>	<b>5,574</b>
<b>Total related party income and balance receivables</b>		<b>1,288,146</b>	<b>1,606,780</b>	<b>198,054</b>	<b>120,208</b>
<b>Expenses</b>					
<b>c. Procurement of services</b>					
Procurement of information technology, product and other services:					
BASS GSD limited	BAT Group company	1,290,485	801,185	(2,182,989)	(962,155)

In thousands of BDT

		Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2021	2020	2021	2020
	<b>Relationship</b>				
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group company	-	1,034	(2,469)	(2,469)
BAT GERMANY GMBH	BAT Group company	-	-	(327)	(1,703)
BAT (Hamburg International) GmbH	BAT Group company	-	3,731	-	(6,308)
BAT Holdings Limited	Holding company	-	23,909	(27,469)	(27,469)
BAT Asia-Pacific Region Limited	BAT Group company	-	-	-	(79,542)
BAT AsPac Service Centre Sdn Bhd	BAT Group company	248,665	376,012	(573,413)	(646,630)
BAT GSD (KL) Sdn Bhd	BAT Group company	-	327	(3,151)	(3,151)
BAT Investments LTD	Holding company	24,822	2,627	(27,449)	(2,627)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	10,592	2,345	-	(14,121)
BAT KOREA MANUFACTURING LTD	BAT Group company	12,713	4,176	-	(4,176)
British American Tobacco Tutun	BAT Group company	-	-	(47,053)	(47,053)
BAT Pecci Dohanygyar KFT	BAT Group company	17,436	-	(17,436)	-
PTCL	BAT Group company	85,326	-	-	-
BAT Japan	BAT Group company	-	10,094	(10,094)	(10,094)
		<b>1,690,038</b>	<b>1,225,440</b>	<b>(2,891,850)</b>	<b>(1,807,498)</b>
<b>d. Purchase of leaf &amp; goods</b>					
Purchase of leaf and wrapping materials from:					
BAT Singapore (Private) limited	BAT Group company	8,633	193,544	(1,108)	15,785
BAT (GLP) Limited	BAT Group company	464,644	549,021	1,327	8,303
PTCL	BAT Group company	1,221	3,169	-	(3,169)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	47,961	139,702	(46,106)	1,855
British American Tobacco Western Europe	BAT Group company	32,409	24,111	-	(10,201)
BAT KOREA MANUFACTURING LTD	BAT Group company	18,336	5,985	(23,290)	(4,955)
		<b>573,204</b>	<b>915,532</b>	<b>(69,177)</b>	<b>7,618</b>
<b>e. Royalty</b>					
Royalty paid/payable to:					
BAT Holdings Limited	Holding company	838,115	650,620	(2,913,444)	(2,075,329)
		<b>838,115</b>	<b>650,620</b>	<b>(2,913,444)</b>	<b>(2,075,329)</b>



In thousands of BDT

	Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2021	2020	2021	2020
<b>f. Technical and advisory fee</b>					
Payment of fees for technical and advisory support services to:					
BAT Investments Ltd	BAT Group company	1,174,557	1,138,313	(3,326,870)	(3,071,068)
		<b>1,174,557</b>	<b>1,138,313</b>	<b>(3,326,870)</b>	<b>(3,071,068)</b>
<b>g. Purchase of equipment</b>					
Purchase of equipment from:					
BAT Singapore (Private) limited	BAT Group company	-	-	-	(15,785)
BAT MARKETING (S) PTE LTD	BAT Group company	-	4,484	-	(4,484)
BAT Pecs Dohanygyar KFT	BAT Group company	80,653	245	(80,653)	-
BAT Germany GMBH	BAT Group company	-	-	-	(2,013)
BRITISH AMERICAN TOBACCO CHILE	BAT Group company	-	-	(69)	(69)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	186,705	-	11,321	-
PTCL	BAT Group company	79,705	-	-	-
British American Tobacco Kenya Ltd	BAT Group company	-	94	(166)	(166)
BAT Nigeria Ltd	BAT Group company	-	-	(516)	(516)
BAT Romania Investment	BAT Group company	-	-	(1,093)	(1,093)
British American Tobacco Tutun	BAT Group company	-	891	(986)	(986)
BAT KOREA MANUFACTURING LTD	BAT Group company	199,817	-	16,905	-
British American Tobacco Mexico	BAT Group company	-	-	(181)	(181)
		546,881	5,714	(55,437)	(25,292)
<b>Total related party expenses and outstanding balances</b>		<b>4,822,794</b>	<b>3,935,619</b>	<b>(9,256,778)</b>	<b>(6,971,568)</b>

In thousands of BDT

	2021	2020
<b>43 Commitments</b>		
<b>43.1 Capital expenditure</b>		
Authorised but not provided for	<b>3,653,775</b>	<b>923,461</b>
<b>44 Contingencies</b>		

Contingent liabilities of the Company that relate to issue of letter of credit and bank guarantee to third parties as listed below:

	In thousands of BDT	
	2021	2020
<b>Letter of credit</b>		
Citibank, N.A.	815,043	935,264
Commercial Bank of Ceylon PLC	-	250,576
The Hongkong and Shanghai Banking Corporation Limited	1,037,316	462,125
Standard Chartered Bank	1,375,160	860,463
	<b>3,227,520</b>	<b>2,508,428</b>
<b>Bank Guarantee</b>		
Standard Chartered Bank	94,696	41,045
Commercial Bank of Ceylon PLC	127,965	140,600
Eastern Bank Ltd.	13,514	13,514
Citibank, N.A.	2,000	2,000
	<b>238,174</b>	<b>197,159</b>

#### 44.1 Litigation

The Company has various claims and legal actions arising in the ordinary course of business. Management believes that there is a strong defence against each of these claims and legal actions and is not expected to have a material impact on Company's financial statements. Such claims and legal actions include the following:

- a) NBR had made three VAT demands, totalling BDT 19,240 million against BATB by re-positioning Bristol and Pilot brands in the mid-price segment as opposed to the low segment. The NBR alleged that Pilot and Bristol should be priced in the mid-tier segment. BATB challenged the legality of these demands by way of filing two writ petitions. Judgment was given by the High Court on 30 March 2016 ordering BATB to pay the demands, except the amount corresponding to the fiscal year of 2009 to 2010. Two Appeals were filed on 12 April 2016 in respect of the judgment of the High Court dated 30 March 2016 and stay obtained for the full amount pending hearing of the application to admit the appeals. The applications for admission of appeals were granted on 13 November 2017. In early July 2018, the Supreme Court of Bangladesh finished the hearing of the appeals, and on 25 July 2018, the Court ruled in BATB's favour. On 25 March 2020, the Government had filed review petitions against the judgment passed by the Appellate Division of the Supreme Court of Bangladesh.

The review petitions were subsequently heard on 9 December 2021 and the Appellate Division of the Supreme Court of Bangladesh was pleased to dismiss the review petitions. As a result, the claims/demands of NBR have ceased to exist.

- b) In January 2019, a competitor filed a writ petition against Government and NBR by which it challenged the failure of Government to implement the closing budget speech of the Hon'ble Finance Minister dated 27<sup>th</sup> June 2018 and reserving low segment for local brands and further challenged the legality of a 2018 Special Order of NBR. BATB was initially not party to the writ petition, subsequently it became a party through an addition of party application. Upon hearing on multiple occasions, the High Court (HC) passed the judgment in the matter on 21<sup>st</sup> September 2020. Through its judgment, the HC did not find any merit in the argument of the competitor in relation to discriminatory rates and therefore discharged the Rule. However, the Court declared the retrospective application of the Special Order dated 7<sup>th</sup> June 2018 illegal and held that any shortfall of revenue under a 2017 Special Order may be recovered from any party or manufacturer during the period of 1<sup>st</sup> June 2017 to 6<sup>th</sup> June 2018.

Subsequently, the LTU-VAT issued a Show Cause Notice dated 24<sup>th</sup> September 2020 following the High Court judgment claiming unpaid VAT & SD of BDT 24,371 million from 1<sup>st</sup> June 2017 to 6<sup>th</sup> June 2018. BATB appealed against the HC Judgment before the Appellate Division and obtained an order of stay. Since High Court judgment is stayed, the LTU proceedings is stayed.

**45 Other disclosures****45.1 Number of employees**

The number of regular permanent employees receiving remuneration of Tk. 36,000 or above per annum at reporting date was as follows:

	In thousands of BDT	
	31 December	
	2021	2020
Number of employees	1,643	1,445

In addition, there was a varying number of seasonal and temporary workers working throughout the year, as required.

**45.2 Comparatives and rearrangement**

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current financial statements

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged and reclassified whenever considered necessary to conform to current year's presentation.

**46 Covid 19**

The COVID-19 pandemic has developed rapidly from 2020, with significant number of cases. Measures taken at a country level to contain virus have affected economic activity. Management has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for the people such as mandatory use of social distancing, working from home, securing the seed to smoke supply chain that are essential to the Company's production and market process.

At this stage, the impact on its business and results has been positive. As the Company operates in the tobacco sector, it has seen increased demand for its products. Management will continue to follow the various government policies and advice and, in parallel, ensure the operations in the best and safest way without jeopardising the health of the Company's people and stakeholders.

**47 Significant deviations**

During 2021 Earning per share (EPS) increased due to higher profit after tax driven by growth in volume as compared to 31 December 2020. Net operating cash flow per share (NOCFPS) decreased due to higher corporate tax payments, leaf purchase and higher finished goods inventory compared to 31 December 2020.

**48 Events after reporting period**

The Board of Directors of the Company recommended BDT 15 per share as cash dividend for the year ended 31 Dec 2021 at the board meeting held on 9 February 2022. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company. The financial statements for the year ended 31 December 2021 do not include the effect of the cash dividend which will be accounted for in the period when shareholders' right to receive payment is established.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

# ANNUAL REPORT REVIEW CHECKLIST

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<b>1</b>	<b>Corporate Objectives, Values &amp; Structure</b>	
	Clarity and presentation:	
	Vision and Mission	18
	Overall strategic objectives	18, 19, 21
	Core values and code of conduct/ethical principles	20
	Profile of the Company	149
	Director's profiles and their representation on Board of other companies & Organization Chart	34, 105, 119
	Management Report/ Commentary and analysis including Director's Report / Chairman's Review/ CEO's Review etc	99, 64, 59
	A general review of the performance of the company	63, 76
	Description of the performance of the various activities / products / segments of the company and its group companies during the period under review. (Weightage to be given for pictorial / graphical / tabular presentations used for this purpose)	63
	A brief summary of the Business and other Risks facing the organization and steps taken to effectively manage such risks	123
	A general review of the future prospects/outlook.	75
	Information on how the company contributed to its responsibilities towards the staff (including health & safety)	194
	Information on company's contribution to the national exchequer & to the economy	11, 14
<b>2</b>	<b>Sustainability Reporting</b>	
	Social Responsibility Initiatives ( CSR)	160, 161, 168, 171, 174
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	Disclosure of adequate and properly worded accounting policies relevant to assets, liabilities, Income and expenditure in line with best reporting standards	62, 131
	Any Specific accounting policies	131
	Changes in accounting policies/Changes in accounting estimates	131
<b>4</b>	<b>Segment Information</b>	
	Comprehensive segment related information bifurcating Segment revenue, segment results and segment capital employed	63
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	Segment analysis	63
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	Turnover	63
	Operating profit	63
	Carrying amount of Net Segment assets	63

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	Comprehensive related party disclosures	71
	Disclosures of Remuneration & Facilities provided to Directors & CEO	126
	Statement of Financial Position / Balance Sheet and relevant schedules	62, 262
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	Statement of Changes in Equity / Reserves & Surplus Schedule	161, 162
	Disclosure of Types of Share Capital	
	Statement of Cash Flow	264
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<b>6</b>	<b>Information about Corporate Governance</b>	
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	Communication To Shareholders & Stakeholders	128
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	Description of the Risk Management Framework	147
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<b>8</b>	<b>Stakeholders Information</b>	
	Distribution of shareholding (Number of shares as well as category wise, e.g Promoter group, FII etc)	154
	Shares held by Directors/Executives and relatives of Directors/Executives	154
<b>9</b>	<b>Graphical/ Pictorial Data</b>	
	Earnings per Share	62
	Stock Performance	154
	Horizontal/Vertical Analysis including following.	
	Operating Performance (Income Statement) (2.5 Marks)	155
	Total Revenue	155
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SL No.	Particulars	Page No
<b>10</b>	<b>Statement of Financial Position (Balance Sheet)</b>	
	Shareholders Fund	154
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<b>11</b>	<b>Profitability/Dividends/ Performance and Liquidity Ratios</b>	
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<b>12</b>	<b>Statement of Value Added and Its Distribution</b>	
	Government as Taxes	156
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	Market share information of the Company's product/services	156
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<b>13</b>	<b>Additional Disclosures</b>	
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# INTEGRATED REPORTING CHECKLIST

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<b>1.0</b>	<b>Elements of an Integrated Report</b>		
<b>1.1</b>	<b>Organisational overview and external environment</b>		
	An integrated report should disclose the main activities of the organisation and the environment of which it operates.	Business Model, PESTEL, Notes to the Financial Statements	23, 26, 210
	An integrated report should identify the organisation's mission and vision, and provides essential context by identifying matters such as:		
	The organisation's: • culture, ethics and values	Vision, Mission and ETHOS	18-20
	• ownership and operating structure including size of the organisation, location of its operations)	Pattern of Shareholding	79
	• principal activities and markets	Business Model, Highlights 2021, Notes to the Financial Statements	23, 30, 210
	• competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry)	Industry Overview	22
	• position within the Our Value Creation Process	Our Value Creation Process	212
	• Key quantitative information		
	e.g. The number of employees, revenue and number of countries in which the organisation operates highlighting, in particular, significant changes from prior periods	Highlights 2021, Horizontal and Vertical Analysis, Human Capital, Financial Capital,	30, 216, 238
	• Significant factors affecting the external environment and the organisation's response (include aspects of the legal, commercial, social, environmental and political context that affect the organisation's ability to create value in the short, medium or long term)	Industry Overview, PESTEL & Statement on Risk Management & Internal Control - 2021	22, 26, 147
	Eg:		
	• The legitimate needs and interests of key stakeholders	Social Capital	234
	• Macro and micro economic conditions, such as economic stability, globalization, and industry trends	Chairman's Statement, Managing Director's Overview, Industry Overview, PESTEL, Highlights 2021, Statement on Risk Management & Internal Control - 2021	59, 95, 23, 22, 147
	• Market forces, such as the relative strengths and weaknesses of competitors and customer demand	Industry Overview, PESTEL	22, 26
	• The speed and effect of technological change	PESTEL - Technological, Strategy and Resource Allocation - Intellectual Capital, Statement on Risk Management & Internal Control - 2021, Highlights 2021	26, 226, 147, 30
	• Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems	PESTEL - Social	26
	• Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	PESTEL - Environmental	27
	• The legislative and regulatory environment in which the organisation operates	PESTEL - Legal	27
	• The political environment in countries where the organisation operates and other countries that may affect the ability of the organisation to implement its strategy	PESTEL - Political	27

Sl. No	Particulars	Content Reference	Page No.
<b>1.2</b>	<b>Governance</b>		
	An integrated report should show how does the organisation's governance structure support its ability to create value in the short, medium and long term.	Strategy and Resource Allocation - Our ETHOS Corporate Governance Statement	20, 100
	An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value:		
	<ul style="list-style-type: none"> <li>The organisation's leadership structure, including the skills and diversity (e.g., range of backgrounds, gender, competence and experience) of those charged with governance and whether regulatory requirements influence the design of the governance structure</li> </ul>	Board of Directors Profile 2021, Statement of Corporate Governance	34, 100
	<ul style="list-style-type: none"> <li>Mandatory and voluntary code of corporate governance adopted by the Company</li> </ul>	Director's Report - 2021, Certificate of Due Diligence by CEO & CFO, Corporate Governance Statement, Report of the Audit Committee - 2021, Report of the Nomination & Remuneration Committee - 2021, Report of the CSR Committee - 2021	63, 92, 100, 131, 137, 143
	<ul style="list-style-type: none"> <li>Code of ethical conduct adopted by the Company in relation to ethical business</li> </ul>	Corporate Governance Statement, Standards of Business Conduct	100, 152
	<ul style="list-style-type: none"> <li>Specific processes used to make strategic decisions and to establish and monitor the culture of the organisation, including its attitude to risk and mechanisms for addressing integrity and ethical issues</li> </ul>	Statement on Risk Management and Internal Control 2021	147- 151
	<ul style="list-style-type: none"> <li>Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organisation and its approach to risk management</li> </ul>	Statement on Risk Management and Internal Control 2021, Corporate Governance Statement	147, 100
	<ul style="list-style-type: none"> <li>How the organisation's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders</li> </ul>	Standards of Business Conduct, Integrated Reporting - Stakeholder Engagement Framework	152, 208
	<ul style="list-style-type: none"> <li>Whether the organisation is implementing governance practices that exceed legal requirements/ Key Policies</li> </ul>	Standards of Business Conduct	152
	<ul style="list-style-type: none"> <li>The responsibility those charged with governance take for promoting and enabling innovation</li> </ul>	Corporate Governance - CSR Committee	100, 143
	<ul style="list-style-type: none"> <li>How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organisation's use of and effects on the capitals.</li> </ul>	Report of the Nomination & Remuneration Committee - 2021	137
<b>1.3</b>	<b>Stakeholder Identification/ relationships</b>		
	An integrated report should identify its key stakeholders and provide insight into the nature and quality of the organisation's relationships with its key stakeholders, including how and to what extent the organisation understands, takes into account and responds to their legitimate needs and interest. Stakeholders are the groups or individuals that can reasonably be expected to be significantly affected by an organisation's business activities, outputs or outcomes or whose actions can reasonably be expected to significantly affect the ability of the organisation to create value	Integrated Reporting - Stakeholder Engagement Framework	208, 210
	An entity may disclose the following in their integrated reports in respect of stakeholder relationships:	Integrated Reporting - Stakeholder Engagement Framework	208
	<ul style="list-style-type: none"> <li>How the company has identified its stakeholders</li> </ul>	Integrated Reporting - Stakeholder Engagement Framework	208
	<ul style="list-style-type: none"> <li>Stakeholder engagement methodology</li> </ul>		208
	<ul style="list-style-type: none"> <li>Identification of material matters of stateholders</li> </ul>		208
	<ul style="list-style-type: none"> <li>How the Company has applied such matters.</li> </ul>		208-209



Sl. No	Particulars	Content Reference	Page No.
	<ul style="list-style-type: none"> <li>How the stakeholders are engaged in assessing impacts, implications and outlook unrespects of Company's business model.</li> </ul>		208-209
	<b>Capitals</b>		
	An integrated report needs to provide insight about the resources and the relationships used and affected by the organisation, which are referred to collectively as the capitals and how the organisation interacts with the capitals to create value over the short, medium and long term	Our Value Creation Process, Highlights 2021, Integrated Reporting, Strategy and Resource Allocation - Our ETHOS	214, 30, 210, 23, 20
	An integrated report need to identify the various forms of capitals which are essential for the success of its business operations.	Our Value Creation Process, Business Model	214, 23
	Eg:		
	Financial Capital -The pool of funds that is available to the organisation for use in the production of goods or provsion of services	Integrated Reporting -Financial Capital	238
	Manufacturing Capital -Manufactured physical objects that are available to the organisation for use in the production of goods and provision of services	Integrated Reporting - Manufactured Capital	223
	Intellectual Capital -Organisational Knowledge based intangibles	Integrated Reporting - Intellectual Capital	226
	Human Capital -People's competencises, capabilities and experience, and their motovations to innovate.	Integrated Reporting - Human Capital	216
	Social and Relationship Capital -The institutions and the relationships within and between communities, groups of stakeholders and other networks and the ability to share information to enhance individual and collective wellbeing	Integrated Reporting - Social Capital	234
	Natural Capital -All renewable and non-renewable environmental resources and processes that provide goods and services that support the past, current and future prosperity of the organisation.	Integrated Reporting - Natural Capital	228
	Note: However an entity can do its own classification of capitals based on its business activities. An entity needs to ensure that it does not overlook a capital that it uses or affects		
<b>1.4</b>	<b>Business Model</b>		
	An integrated report should describe the organisation's business mode		
	An integrated report need to describe the business model, including key:	Business Model, PESTEL, Our Value Creation Process	23, 26, 214
	<ul style="list-style-type: none"> <li>Inputs</li> </ul>	Our Value Creation Process	212
	<ul style="list-style-type: none"> <li>Business activities</li> </ul>	Our Value Creation Process	212
	<ul style="list-style-type: none"> <li>Outputs</li> </ul>	Our Value Creation Process	212
	<ul style="list-style-type: none"> <li>Outcomes</li> </ul>	Our Value Creation Process	212
	Features that can enhance the effectiveness and readability of the description of the business model include:	Our Value Creation Process	212
	<ul style="list-style-type: none"> <li>Explicit identification of the key elements of the business model</li> </ul>	Our Value Creation Process	212
	<ul style="list-style-type: none"> <li>A simple diagram highlighting key elements, supported by a clear explanation of the relevance of those elements to the organisation</li> </ul>	Our Value Creation Process	212
	<ul style="list-style-type: none"> <li>Narrative flow that is logical given the particular circumstances of the organisation</li> </ul>	Our Value Creation Process	212
	<ul style="list-style-type: none"> <li>Identification of critical stakeholder and other (e.g., raw material) dependencies and important factors affecting the external environment</li> </ul>	Our Value Creation Process, Business Model, PESTEL	212, 23, 26
	<ul style="list-style-type: none"> <li>Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues).</li> </ul>	Our Value Creation Process, Business Model, Integrated Reporting	212, 23, 210
	Inputs		
	An integrated report shows how key inputs relate to the capitals on which the organisation depends, or that provide a source of differentiation for the organisation, to the extent they are material to understanding the robustness and resilience of the business model.	Strategy and Resource Allocation - Our Value Creation Process	212
	Business activities		
	An integrated report describes key business activities. This can include:		

Sl. No	Particulars	Content Reference	Page No.
	<ul style="list-style-type: none"> <li>How the organisation differentiates itself in the market place (e.g., through product differentiation, market segmentation, delivery channels and marketing)</li> </ul>	Integrated Reporting - Stakeholder Engagement Framework	212, 208
	<ul style="list-style-type: none"> <li>How the organisation approaches the need to innovate</li> </ul>	Our ETHOS, Environment Health & Safety, Battle of Minds (BOM), Environmental, Social and Governance (ESG), Leaf Sustainability	20, 161, 184, 192, 160, 174
	<ul style="list-style-type: none"> <li>How the business model has been designed to adapt to change.</li> </ul>	Our Value Creation Process	214
	When material, an integrated report discusses the contribution made to the organisation's long term success by initiatives such as process improvement, employee training and relationships management	Strategy and Resource Allocation - Challenges and Mitigation Techniques of Human, Manufactured, Social & Natural Capital	23, 216, 222, 230, 234
	Outputs		
	An integrated report identifies an organisation's key products and services. There might be other outputs, such as by-products and waste (including emissions), that need to be discussed within the business model disclosure depending on their materiality.	Business Framework, Environmental Social and Governance (ESG)	21, 160
	Outcomes		
	An integrated report describes key outcomes, including:		
	<ul style="list-style-type: none"> <li>Both internal outcomes (e.g., employee morale, organisational reputation, revenue and cash flows) and external outcomes (e.g., customer satisfaction, tax payments, brand loyalty, and social and environmental effects)</li> </ul>	Our Value Creation Process, Strategy and Resource Allocation - Integrated Reporting	214, 23, 210
	<ul style="list-style-type: none"> <li>Both positive outcomes (i.e., those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e., those that result in a net decrease in the capitals and thereby diminish value).</li> </ul>	Strategy and Resource Allocation - Challenges and Mitigation Techniques of Human, Manufactured, Social and Relationship Capital	23, 216, 222, 230, 234
<b>1.5</b>	<b>Performance</b>		
	An integrated report needs to explain the extent to which the organisation has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?	Managing Director's Overview, Strategy and Resource Allocation - Challenges and Mitigation Techniques of Human, Manufactured, Social & Natural Capitals	95, 216, 222, 228, 232
	An integrated report should contain qualitative and quantitative information about performance that may include matters such as:		
	<ul style="list-style-type: none"> <li>Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them</li> </ul>	Financial Capital, Strategy and Resource Allocation - Integrated Reporting	238, 23, 210
	<ul style="list-style-type: none"> <li>The organisation's effects (both positive and negative) on the capitals, including material effects on capitals up and down the Our Value Creation Process</li> </ul>	Our Value Creation Process, Strategy and Resource Allocation - Challenges and Mitigation Techniques of Human, Manufacturing, Social & Natural Capital	212, 23, 216, 223, 230, 234
	<ul style="list-style-type: none"> <li>The state of key stakeholder relationships and how the organisation has responded to key stakeholders' legitimate needs and interests</li> </ul>	Social Capital, Integrated Reporting - Stakeholder Engagement Framework	234, 210, 208
	<ul style="list-style-type: none"> <li>The linkages between past and current performance, and between current performance and the organisation's outlook.</li> </ul>	Chairman's Statement, Managing Director's Overview, Strategy and Resource Allocation - Outlook of Human, Manufacturing, Social & Natural Capital	59, 95, 23, 216, 223, 234, 228

Sl. No	Particulars	Content Reference	Page No.
	KPIs that combine financial measures with other components (e.g., the ratio of greenhouse gas emissions to sales) or narrative that explains the financial implications of significant effects on other capitals and other causal relationships (e.g., expected revenue growth resulting from efforts to enhance human capital) may be used to demonstrate the connectivity of financial performance with performance regarding other capitals. In some cases, this may also include monetizing certain effects on the capitals (e.g., carbon emissions and water use).	Our Value Creation Process, Challenges and Mitigation Techniques of Human, Manufactured, Social & Natural Capital	215, 315, 223, 230, 234
	Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organisation's non-compliance with laws or regulations may significantly affect its operations.	Operating Context, PESTEL, Commitment report under Corporate Governance	22, 26, 116, 117, 118
<b>1.6</b>	<b>Risks, opportunities and internal controls</b>		
	An integrated report should explain what are the specific risks and opportunities that affect the organisation's ability to create value over the short, medium and long term, and how is the organisation dealing with them? and effectiveness of the system of internal controls	Statement on Risk Management and Internal Control 2021, Highlights 2021, Strategy and Resource Allocation - Outlook of Human, Manufactured, Intellectual, Social & Natural Capital	147, 30, 23, 216, 222, 223, 234, 230
	This can include identifying:		
	<ul style="list-style-type: none"> <li>The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two.</li> </ul>	Statement on Risk Management and Internal Control 2021, Highlights 2021, Strategy and Resource Allocation - Outlook of Human, Manufactured, Intellectual, Social & Natural Capital	147, 30, 23, 216, 222, 223, 234, 230
	<ul style="list-style-type: none"> <li>The organisation's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does.</li> </ul>	Statement on Risk Management and Internal Control 2021	147
	<ul style="list-style-type: none"> <li>The specific steps being taken to mitigate or manage key risks (e.g: Risk Management Framework, Risk Management review process and reporting structure) or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs.</li> </ul>	Statement on Risk Management and Internal Control 2021	147
	<ul style="list-style-type: none"> <li>Risk Management Report (Which includes details about risk, root cause, potential impact, response to risk, risk rating)</li> </ul>	Statement on Risk Management and Internal Control 2021	147
	<ul style="list-style-type: none"> <li>Response on the effectiveness of the internal controls and the board's responsibility for the disclosures on internal controls to safeguard stakeholder interest.</li> </ul>	Report of the Audit Committee - 2021	131- 135
<b>1.7</b>	<b>Strategy and Resource Allocation</b>		
	An integrated report should describe its strategic direction (Where does the organisation want to go and how does it intend to get there)	Financial Performance, Financial Capital, Horizontal Vertical Analysis, Our Value Creation Process, Our ETHOS	45, 97, 238, 155, 214, 20
	An integrated report needs to identify:		
	<ul style="list-style-type: none"> <li>The organisation's short, medium and long term strategic objectives</li> </ul>	Our ETHOS	20
	<ul style="list-style-type: none"> <li>The strategies it has in place, or intends to implement, to achieve those strategic objectives</li> </ul>	Financial Performance, Financial Capital, Horizontal Vertical Analysis, Our Value Creation Process	45, 97, 238, 155, 214, 20
	<ul style="list-style-type: none"> <li>How the entity has positioned in the wider market.</li> </ul>	Our Value Creation Process	213

Sl. No	Particulars	Content Reference	Page No.
	<ul style="list-style-type: none"> <li>How the long term strategies relate to current business model.</li> </ul>	Financial Performance, Financial Capital, Value Creation Process, Integrated Reporting - Stakeholder Engagement Framework	62, 45, 97, 214, 210, 208
	<ul style="list-style-type: none"> <li>The resource allocation plans it has to implement its strategy</li> </ul>	Strategy and Resource Allocation - Challenges and Mitigation Techniques of Human, Manufacturing, Social & Natural Capital	23, 216, 223, 230, 234
	<ul style="list-style-type: none"> <li>How it will measure achievements and target outcomes for the short, medium and long term.</li> </ul>	Integrated Reporting	210
	This can include describing:		
	<ul style="list-style-type: none"> <li>The linkage between the organisation's strategy and resource allocation plans, and the information covered by other Content Elements, including how its strategy and resource allocation plans:</li> </ul>	Integrated Reporting	210
	<ul style="list-style-type: none"> <li>relate to the organisation's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organisation's ability to adapt to change</li> </ul>	Our Value Creation Process Process	208-209
	<ul style="list-style-type: none"> <li>are influenced by/respond to the external environment and the identified risks and opportunities affect the capitals, and the risk management arrangements related to those capitals</li> </ul>	Strategy and Resource Allocation - Challenges and Mitigation Techniques of Human, Manufacturing, Social & Natural Capital	23, 216, 223, 230, 234
	<ul style="list-style-type: none"> <li>What differentiates the organisation to give it competitive advantage and enable it to create value, such as:</li> </ul>	Strategy and Resource Allocation - Integrated Reporting	23, 210
	<ul style="list-style-type: none"> <li>the role of innovation</li> </ul>	Our ETHOS, Our Business Framework	20, 21
	<ul style="list-style-type: none"> <li>how the organisation develops and exploits intellectual capital</li> </ul>	Integrated Reporting - Human, Intellectual, Social & Natural Capital	210, 216, 223, 234, 230
	<ul style="list-style-type: none"> <li>the extent to which environmental and social considerations have been embedded into the organisation's strategy to give it a competitive advantage</li> </ul>	Environment, Health & Safety, Battle of Minds (BOM), Environmental, Social and Governance (ESG), Farmers' Sustainability	161, 184, 192, 160, 174
	<ul style="list-style-type: none"> <li>Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans.</li> </ul>	Strategy and Resource Allocation - Challenges and Mitigation Techniques of Human, Manufacturing, Social & Natural Capital	23, 216, 223, 230, 234
<b>1.8</b>	<b>Outlook</b>		
	An integrated report should explain what challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	Message from the Chairman, Managing Director's Overview, Operating Context, PESTEL, Statement on Risk Management and Internal Control 2021, Strategy and Resource Allocation - Human, Manufactured, Intellectual, Social & Natural Capital	59, 95, 22,20, 147, 23, 216, 223, 224, 234, 230
	An integrated report should highlight anticipated changes over time and provides information on:	Strategy and Resource Allocation - Challenges and Mitigation Techniques of Human, Manufacturing, Social & Natural Capital	23, 216, 223, 230, 234

Sl. No	Particulars	Content Reference	Page No.
	<ul style="list-style-type: none"> <li>The organisation's expectations about the external environment the organisation is likely to face in the short, medium and long term</li> </ul>	Operating Context, PESTEL, Statement on Risk Management and Internal Control 2021, Strategy and Resource Allocation - Outlook of Human, Manufactured, Intellectual, Social & Natural Capital	23, 26, 147, 216, 223, 226, 234, 230
	<ul style="list-style-type: none"> <li>How that will affect the organisation</li> </ul>	Statement on Risk Management and Internal Control 2021, Strategy and Resource Allocation - Outlook of Human, Manufactured, Intellectual, Social & Natural Capital	147, 23, 216, 223, 234, 230
	<ul style="list-style-type: none"> <li>How the organisation is currently equipped to respond to the critical challenges and uncertainties that are likely to arise.</li> </ul>	Statement on Risk Management and Internal Control 2021, Strategy and Resource Allocation - Challenges and Mitigation Techniques of Human, Manufacturing, Social & Natural Capital	147, 23, 216, 223, 216, 230, 230
	The discussion of the potential implications, including implications for future financial performance may include:		
	<ul style="list-style-type: none"> <li>The external environment, and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives</li> </ul>	PESTEL, Statement on Risk Management and Internal Control 2021	26, 147
	<ul style="list-style-type: none"> <li>The availability, quality and affordability of capitals the organisation uses or affects (e.g., the continued availability of skilled labour or natural resources), including how key relationships are managed and why they are important to the organisation's ability to create value over time.</li> </ul>	Our Value Creation Process Process	214
	An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources, and sensitivity analyses. If forecasts or projections are included in reporting the organisation's outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enables evaluation of the current outlook.	Directors' Report 2021	63
	Disclosures about an organisation's outlook in an integrated report should consider the legal or regulatory requirements to which the organisation is subject.	Greetings	6
<b>1.9</b>	<b>Basis of preparation and presentation</b>		
	An integrated report should answer the question: How does the organisation determine what matters to include in the integrated report and how are such matters quantified or evaluated?	Greetings, Integrated Reporting	6, 210
	An integrated report describes its basis of preparation and presentation, including:		
	<ul style="list-style-type: none"> <li>A summary of the organisation's materiality determination process</li> </ul>	Integrated Reporting	210
	<ul style="list-style-type: none"> <li>Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters</li> </ul>	Value Creation Process	208
	<ul style="list-style-type: none"> <li>Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters.</li> </ul>	Report of the Audit Committee - 2021, Report of the Nomination & Remuneration Committee - 2021, Report of the CSR Committee - 2021	131, 137, 143
	<ul style="list-style-type: none"> <li>A description of the reporting boundary and how it has been determined</li> </ul>	Greetings	6
	Eg: Include process used for identifying the reporting boundary, geographic scope, the entities represented in the report and the nature of the information provided for each entity		

Sl. No	Particulars	Content Reference	Page No.
	<ul style="list-style-type: none"> <li>• A summary of the significant frameworks and methods used to quantify or evaluate material matters</li> </ul>	Greetings, Director's Report 2021, Management Discussion & Analysis	6, 63, 76
	(e.g., the applicable financial reporting standards used for compiling financial information, a company-defined formula for measuring customer satisfaction, or an industry based framework for evaluating risks).	Management Discussion & Analysis, Certificate of Due Diligence by CEO & CFO, Corporate Governance Statement - 2021, Independent Auditor's Report	76, 92, 100, 260
<b>2.0</b>	<b>Responsibility for an integrated report</b>		
	An integrated report should include a statement from those charged with governance that includes:	Certificate of Due Diligence by CEO & CFO, Corporate Governance Statement, Independent Auditor's Report	92, 100, 260
	<ul style="list-style-type: none"> <li>• An acknowledgement of their responsibility to ensure the integrity of the integrated report</li> </ul>	Independent Auditor's Report	260
	<ul style="list-style-type: none"> <li>• An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report</li> </ul>	Independent Auditor's Report	260
	<ul style="list-style-type: none"> <li>• Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework</li> </ul>	Independent Auditor's Report	318

# ICAB CORPORATE GOVERNANCE CHECKLIST

Sl. No	Particulars	Page Ref.
<b>BOARD OF DIRECTORS, CHAIRMAN AND CEO</b>		
1	Diversity of the Board Composition	108
2	Company's policy on appointment of directors disclosed	110
3	Adequate representation of non-executive directors i.e. one third of the board, subject to a minimum of two	114
4	At least one independent director on the board and disclosure/affirmation of the board on such director's independence	139
5	Criteria for Appointment of Independent Directors	114
6	Chairman to be independent of CEO	119
7	Responsibilities of the Chairman of the board appropriately defined and disclosed. Disclosure of independence of Non-Executive Directors	119
8	Company Secretary- Bridge between Board and Management	109, 114
9	Existence of a scheme for annual appraisal of the boards performance and disclosure of the same	114
10	Disclosure of policy on annual evaluation of the CEO by the Board	109
11	Policy for the Induction of the Directors	
12	Disclosure of policy on training (including details of the counting training program) of directors and type and nature of training courses organized for directors during the year existence of a scheme for annual appraisal of the boards performance	109
13	At least one director having through knowledge and expertise finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting	113
14	Disclosure of number of meetings of the board and participation of each directors (at least 4 meetings are required to be held)	115
15	Process of Holding Board Meetings with Minutes kept in compliance as well as books and records in compliance with Bangladesh Secretarial Standardas (BSS) as adopted by ICSB	115
16	Directors issue a report on compliance with best practices on corporate governance that is reviewed by external auditors	
17	Roles and Background of Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit & Compliance (HIAC)	119
<b>VISION/MISSION AND STRATEGY</b>		
1	Company's vision/mission statements are approved by the board and disclosed in the annual report	102
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<b>AUDIT COMMITTEES</b>		
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2	Whether the audit committee chairman is an independent Non-executive Director and Professionally Qualified	116
3	Whither it has specific terms of reference and whether it is empowered to investigate/question employees and retain external counsel	116
4	More than two thirds of the members are to be Non-Executive Directors	108
5	All members of the audit committee to be suitably qualified and at least one member to have expert knowledge of finance and accounting	114
6	Head of internal audit to have direct access to audit committee	115
7	The committee to meet at least 4 times a year and the number of meetings and attendance by individuals members disclosed in the annual report	116
8	Objectives & Activities of Audit Committee	132
9	Statement of Audit Committees review to ensure that internal controls are well conceived properly administrative and satisfactorily monitored	133

Sl. No	Particulars	Page Ref.
10	Statement to indicate audit committees role in ensuring compliance with laws, regulations and timely settlements of statutory dues	133
11	Statement of Audit Committee involvement in the review of external audit function	134
12	Ensure effective coordination of external audit function	
13	Ensure independence of external auditors	135
14	To review the external auditors findings in order to be satisfied that appropriate action is being taken	
15	Review and approve any non audit work assigned to the external auditor and ensure that such work does not compromise the independence of external auditors	134
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17	Statement on Audit committee involvement in selection of appropriate accounting policies that are in line with applicable accounting standards and annual review	132
18	Statement on Audit committee involvement in the review and recommend to the board of directors, annual and interim financial release	133
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1	Disclosure of statement of ethics and values, covering basic principles such as integrity, conflict of interest, compliance with laws and regulation etc	140
2	Dissemination/communication of the statement of ethics & business practices to all directors and employees and their acknowledgement of the same	140
3	Board's statement on its commitment to establishing high level of ethics and compliance within the organization	140
4	Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers, establishing a hot line reporting of irregularities etc	140
<b>REMUNERATION COMMITTEE</b>		
1	Disclosure of the charter (role and responsibilities) of the committee	137
2	Disclosure of the composition of the committee (majority of the committee should be nonexecutive directors, but should also include some executive directors)	117
3	Disclosure of key policies with regard to remuneration of directors, senior management and employees	126
4	Disclosure of number of meetings and work performed	137
5	Disclosure of remuneration of directors, chairman, chief executive and senior executives	138
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1	Disclosure of general description of the policies and practices codified and adopted by the company with respect Human Resource Development and Management, including succession planning, merit based recruitment, performance appraisal system, promotion and reward and motivation, training and development, grievance management and counseling	104, 112, 126
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1	Disclosure of general description of the company's policies and practices relating to social and environmental responsibility of the entity	228
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**British American Tobacco Bangladesh Company Limited**  
New D.O.H.S. Road, Mohakhali, Dhaka -1206

**PROXY FORM**

I/We.....  
of.....  
Being a Member of British American Tobacco Bangladesh Company Limited, do hereby appoint

a) Mr./Mrs.....  
of.....

b) Mr./Mrs.....  
of.....

either of them may, in writing, appoint anyone to act as my proxy at the 49<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, 30<sup>th</sup> March 2022 and at any adjournment thereof

As witness my/our hand this ..... day of ..... 2022.



.....  
(Signature of Proxy)

.....  
(Signature of Share Holder)

Folio / BO ID No.  -

No. of Shares held.....

**Notes:**

1. A member entitled to attend and vote in the AGM may appoint a Proxy to attend and vote on his/her behalf.
2. The Proxy Form, duly filed and stamped must be deposited at the Registered Office of the Company, by 10.30 a.m of 27<sup>th</sup> March 2022.
3. Signature of the Member(s) must be in accordance with the Specimen Signature recorded with the Company.



**British American Tobacco Bangladesh Company Limited**  
New D.O.H.S. Road, Mohakhali, Dhaka -1206

**ATTENDANCE SLIP**

I/We do hereby record my/our attendance at the 49<sup>th</sup> Annual General Meeting (AGM) of the Company being held on Wednesday, 30<sup>th</sup> March 2022 at 10.30 a.m at Virtual Platform.

Name of the Shares Holder(s)/Proxy:.....

Folio / BO ID No.  -

No. of Shares held.....

.....  
Signature of Shares Holder(s)/Proxy

**Note:** Please present this attendance slip on or before 10:30 a.m on the AGM date.

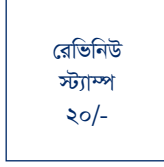


## ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেড

নিউ ডিওএইচএস রোড, মহাখালী, ঢাকা-১২০৯, বাংলাদেশ

### প্রতিনিধিপত্র

আমি/আমরা .....  
ঠিকানা .....  
ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেড- এর সদস্য হিসেবে  
ক. জনাব/বেগম .....  
ঠিকানা .....  
খ. জনাব/বেগম .....  
ঠিকানা .....  
কে বা তাদের যেকোনো একজন আমার/আমাদের প্রতিনিধি হিসেবে আমার/আমাদের অনুপস্থিতিতে বুধবার, ৩০ মার্চ ২০২২ তারিখ অনুষ্ঠিতব্য কোম্পানির ৪৯তম বার্ষিক সাধারণ সভায় এবং তার মূলতবি ঘোষিত সভায় উপস্থিত হওয়া ও ভোটদানের জন্য নিযুক্ত করলাম।



(প্রতিনিধির স্বাক্ষর)

(শেয়ার হোল্ডারের স্বাক্ষর)

ফোলিও/বিও নম্বর :  -

শেয়ার সংখ্যা .....

### দ্রষ্টব্য:

- অনিবার্য কারণবশতও, কোনো সদস্য তার অনুপস্থিতিতে মনোনীত প্রতিনিধিকে তার পক্ষ থেকে ভোট প্রদানের জন্য পাঠাতে পারবেন।
- প্রতিনিধিপত্র সঠিকভাবে পূরণ ও স্ট্যাম্প সংযুক্ত করে কোম্পানির নিবন্ধিত অফিসে ২৭ মার্চ ২০২২ সকাল ১০:৩০ মিনিটের মধ্যে জমা দিতে হবে।
- কোম্পানির নথিভুক্ত নমুনা স্বাক্ষর ও সদস্যের স্বাক্ষর একই হতে হবে।



## ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেড

নিউ ডিওএইচএস রোড, মহাখালী, ঢাকা-১২০৯, বাংলাদেশ

### উপস্থিতিপত্র

আমি/আমরা আগামী ৩০ মার্চ ২০২২ রোজ বুধবার সকাল ১০:৩০ মিনিটে ভার্সুয়াল প্ল্যাটফর্মে-এ অনুষ্ঠিতব্য কোম্পানির ৪৯তম বার্ষিক সাধারণ সভায় আমার/আমাদের উপস্থিতি লিপিবদ্ধ করছি।

শেয়ার হোল্ডার/প্রতিনিধির নাম: .....

ফোলিও/বিও নম্বর :  -

শেয়ার সংখ্যা .....

(শেয়ার হোল্ডারের স্বাক্ষর)

দ্রষ্টব্য ১: অনুগ্রহপূর্বক, এজিএম-এর দিন সকাল ১০.৩০ মিনিটে বা তার আগে রেজিস্ট্রেশন কাউন্টারে এই উপস্থিতিপত্রটি দেখাবেন।





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