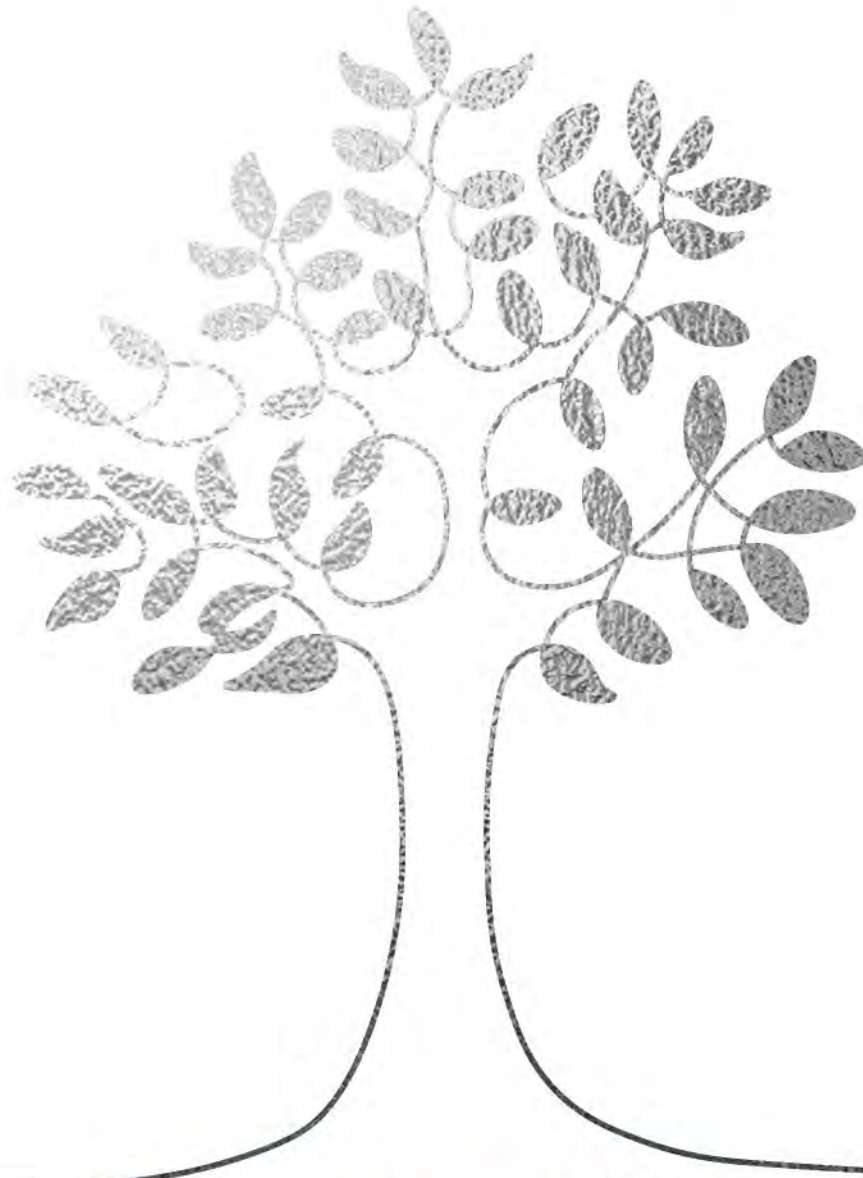


# Integrated Annual Report 2022

British American Tobacco Bangladesh Company Limited



**SUSTAINABLE DEVELOPMENT**  
for a better tomorrow









## Sustainable Development for a Better Tomorrow

### 112 YEARS OF MOVING FORWARD TO A BETTER FUTURE FOR ALL!

BAT Bangladesh has been an integral part of Bangladesh's development journey for the last 112 years. The Company understands that shared value creation is essential to a brighter future.

We prioritise sustainability in all our endeavours and believe our efforts must help society as the nation's sustainable development partner.

In this regard, while our focus is on creating impact on the Sustainable Development Goals (SDGs), our Environment, Social, and Governance (ESG) programs also support in-depth community outreach, responsible stewardship, and influence in developing a better society.

Our award-winning afforestation initiative under Bonayan promotes climate action, green cover, and employment, while our safe drinking water program under Probaho provides filtered water to rural communities. Our Deepto solar electrification program has provided clean, renewable energy to hundreds of communities in far-flung areas.

As one of Bangladesh's top listed companies and a major taxpayer, we emphasise on compliance and governance excellence. Further, our people-friendly programs have made us a top employer in Bangladesh.

Going forward, we re-dedicated ourselves to steering our Company's efforts toward the national goals for the 2030 SDGs journey and then to the magnificent Vision 2041 for building a smart and developed society with a brighter future for all!





**BAT**  
BANGLADESH



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# WELCOME!

The Board of Directors of British American Tobacco Bangladesh Limited is privileged 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 2022. This Report has been prepared in accordance with the International Integrated Reporting Framework that is under the auspices of the IFRS Foundation. Thus, we have aligned our reportage and analysis to universally accepted international corporate disclosure standards that has benefitted us through the cycle of integrated thinking and reporting.





# ABOUT THIS REPORT



SUSTAINABILITY is at the forefront of our Company's evolved strategy and this is reflected in the various reporting and content elements of this Annual Report.

As we mark over 112 years of continuous operations in Bangladesh, we are acutely aware that our journey is far from complete. Even as we continue to advance our sustainability agenda, we are setting our sights on the next 112 years and beyond, evolving our strategy and material focus areas to our sustainability agenda, thus aligning closely to the government's goals and objectives in transforming Bangladesh.

As we execute on our evolved sustainability strategy, this Annual Report mirrors our progress in adopting global best practices in corporate governance, talent management, livelihood development, social citizenship and climate action. We nurture a world-class talent pool, adopting award-winning practices in workforce development and transformation that have come to be distinguished in Bangladesh's corporate sector. Across our Report, reference has been made our focus on achieving future carbon neutrality in Scope 1 and 2 GHG emissions across our GLTP (Green Leaf Threshing Plant), factory operations, logistics and distribution network. The year was also one of successful operations of our new Savar Factory that has achieved success in implementing best-in-class practices, enabling us to consolidate our overall operational footprint.

We are committed to Bangladesh's economic progress and through our indisputable socio-economic impacts we will continue to play our role in our "A Better Tomorrow" journey, leaving no one behind.

## REPORT PROFILE

The purpose of this Report is to provide a balanced, coherent and accurate reflection of our strategy, operations, governance practices, ESG progress, financial stewardship, and regulatory compliance initiatives and also presents our expectations of the future. Though the Report has been developed and presented to serve the information requirements of shareholders and investors, the Report also contains applicable information to suit a much broader readership comprising our various other stakeholders.

The Report encompasses the operations of BAT Bangladesh with disclosures relevant to the period of the 2022 financial year from 1 January 2022 to 31 December 2022.

## INTEGRATED THINKING-REPORTING CYCLE

Adopting the Integrated Reporting Framework and Integrated Thinking Principles have not only enabled us to advance our communication standards, but have also enabled us to plan and execute initiatives that have been a force for financial stability and sustainable development.

With sustainability at the front and centre of our evolved strategy, the rotation of integrated reporting-thinking has helped promote a more cohesive and cogent approach in our realm of "performance communication". It has also enabled us to view the factors that materially affect our ability to create value over time, while also enhancing our accountability and stewardship of our six capitals. Truly, integrated thinking has improved our decision-making abilities and actions that have enabled us to view value creation through the prisms of the short-term, medium-term and long-term.

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 accuracy. Other levels of external assurance are obtained as and when required from the relevant Government authorities, regulators and professional bodies.

Our corporate governance framework is the mainstay of this report, signifying our collective commitment in accomplishing performance with integrity and ethics through the lens of our decision-making processes and effective management systems, guided by our Board and Leadership team.

## COMBINED ASSURANCE

We adopt a combined assurance model to ensure the integrity of the information provided in this Report.

- The Management, led by the Company's Managing Director and other members of the Leadership, identify the material issues faced by BATB and implement suitable internal controls to address these risks and safeguard operations, in line with the Board-approved policies and procedures.
- The Internal Audit team monitors and assesses this



**BAT BANGLADESH**


process, while the External Audit team evaluates the integrity of financial reporting and internal controls.

Assurance on the Company’s financial statements have been provided by the Company’s Independent Auditors, M/s KPMG Rahman Rahman Huq, Chartered Accountants. M/s Al-Muqtadir Associates, Chartered Secretaries, have assessed 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 in a professional capacity.

**INFORMATION ASSURANCE**

While five qualitative “Cs” have been taken into cognisance in the production of both text and visual elements of this Report, aligned with the evolving reporting requirements, we have added a sixth “C”, which is “Cogency”.

-  **COGENCY:** Analysis and synthesis of information to ensure understandability and comprehension that is a key objective 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 providers.

**MATERIALITY**

We use the materiality principle to determine what information should be included in our Integrated Report. This study focuses on the challenges, opportunities and our perception of the outlook that collectively have an influence on how we manage our six capitals to unlock

potential to be a sustainable Company that continually produces and preserves value creation for all stakeholders while minimising any erosion.

Determining our material concerns is a collective task that requires input from all business units, an evaluation of the risks and opportunities in our operating environment, and input and feedback obtained from our stakeholders. Our material matters, as outlined on the following pages, have an impact on our corporate strategy, informing the development of our business model, long-term business plans, and short, medium and long-term goals.

**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



BAT Bangladesh is one of Bangladesh's most valuable corporate entity in existence for the last 112+ years in the country. As the largest individual tax contributor to the Government exchequer, together with a strong presence in the rural agri-economy, the Company's socio-economic impacts have been widespread and largescale.

## A HISTORY OF VALUE CREATION

British American Tobacco Bangladesh (BAT Bangladesh) began its journey in 1910 when it was incepted as Imperial Tobacco and has a long and prolific history. In 1972, it changed its name to Bangladesh Tobacco Company, and in 1998, it adopted the brand name of British American Tobacco Bangladesh (BATB or BAT Bangladesh) to better correspond to the other operating companies of the UK-headquartered British American Tobacco Group.

## A HISTORY OF VALUE SUSTAINMENT

BAT Bangladesh has a long and proud history of supporting lives and livelihoods across both its value chain and through its many multifaceted citizenship initiatives. With sustainability at its core, the Company has sought sustainable value creation as the most effective approach to enrich its stakeholders, strengthen bonds with them, and accomplish the shared goal of collective prosperity.

Our strong business fundamentals, skilled employees, multi-category portfolio, extensive distribution network, and longstanding relationships with registered farmers are the reasons underlining the Company's continued success. These have played a positive role in driving the Company's strategic aspirations, including the most vital objective of unified value creation.

We strive to foster an identity that respects employees and their diversity; values shareholders and their expectations; respects farmer members and their innovation capabilities; and shows solidarity with the community and their social transformation agendas. Thus, at the Company, we consider sustainable growth to not just be a business imperative but a shared goal of the organization, its people, the community, and indeed the nation.

## OUR BELIEFS

BAT Bangladesh is a domestically incorporated, publicly traded organisation of Bangladesh that recognises the value of upholding both societal obligations and providing services with the highest levels of integrity. Our strategy is anchored on responsibility and, wherever we operate, we try to do business responsibly and in the spirit of compliance and conformance.

With a momentous history dating back over 112 years, we are setting out on a transformational path with the specific goal of creating A Better Tomorrow for all of our stakeholders.

## OUR EVOLVED STRATEGY

BAT understands the necessity for an updated business strategy aligned to an evolving environment that will assure sustained delivery of excellence, today and well into the future.

BAT Group thus adopted a new vision and purpose in proactive response to the changing landscape, stimulating a shared journey that assures A Better Tomorrow for everyone. BAT has revealed a new corporate logo and brand design that are in line with the new purpose and represents the next adventure. Drawing inspiration from the groundswell of innovation that has come to define BAT's evolved purpose, BAT Bangladesh has also embraced a new vision and commitment enshrined in its ambition to facilitate a transformational journey for all its stakeholders.

## SECURING A BETTER TOMORROW FOR OUR STAKEHOLDERS

Our goal has always been to make the transformational process of growing with the society easier. We are proud of our history and have taken rapid strides in our growth-oriented manifesto to create A Better Tomorrow for all our stakeholders. This manifesto is built on our core value of embracing best practices in everything we do.

At the core of our evolved purpose is to bring sustainability to the front and center of all our actions and initiatives through our time-tested ESG practices that will enable us to further our quest in building a better Bangladesh.

## STAKEHOLDER IMPACT



### CONSUMERS

By responsibly offering enjoyable choices to our adult consumers 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.

P R E M I U M

## 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.

H I G H



*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.





M E D I U M



**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 2 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.

L O W



**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..



**British American Tobacco Bangladesh Company Limited**  
New D.O.H.S. Road, Mohakhali, Dhaka -1206

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

Notice is hereby given that an Extraordinary General Meeting (EGM) of British American Tobacco Bangladesh Company Limited will be held on Wednesday, 29<sup>th</sup> March 2023 at 10:30 am via a digital platform to transact the following business:

**AGENDA**

To amend Article 77 of the Articles of Association of the Company and to pass the following, with or without modification(s), as Special Resolution, subject to approval of the Shareholders.

**Proposed Special Resolution**

Resolved that Article 77 of the Articles of Association of the Company be and is hereby amended and substituted to read as follows:

**“Article 77: Unless and until otherwise determined by the Company in General Meeting the number of Directors shall not be less than five nor more than fifteen.”**

The Company Secretary is hereby authorised to take all such actions necessary to give effect to the above amendment in the Articles of Association of the Company.

By order of the Board

A handwritten signature in black ink, appearing to read 'Md. Azizur Rahman', written over a horizontal line.

**Md. Azizur Rahman FCS**  
Company Secretary

7<sup>th</sup> March 2023

**NOTES:**

- The Shareholders whose names appear in the Members' Register and/or Depository Register on the Record Date, i.e., Thursday, 2<sup>nd</sup> March 2023 shall be eligible to attend the virtual EGM of the Company;
- The link for the virtual EGM 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 Shareholder may appoint a proxy to attend and vote in his/her place by filling out a proxy form as attached. The proxy form, duly completed and stamped, must be deposited at the office of the Company 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 authorise such person as it thinks fit, to act as its representative at any meeting of the Company;



**British American Tobacco Bangladesh Company Limited**  
New D.O.H.S. Road, Mohakhali, Dhaka -1206

## NOTICE OF THE 50<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 50<sup>th</sup> Annual General Meeting (AGM) of British American Tobacco Bangladesh Company Limited will be held on Wednesday, 29<sup>th</sup> March 2023 at 11 am via a digital platform to transact the following business:

### AGENDAS

1. To receive, consider and adopt the Directors and the Auditor's Report and the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> December 2022.
2. To declare Dividend for the year ended 31<sup>st</sup> December 2022.
3. To elect or re-elect Directors of the Company.
4. To appoint Statutory Auditors and to fix their remuneration.
5. To appoint Corporate Governance & Compliance Auditors and to fix their remuneration..

By order of the Board

**Md. Azizur Rahman FCS**  
Company Secretary

7<sup>th</sup> March 2023

### NOTES:

- The members whose names appear in the Members' Register and/or Depository Register on the Record Date, i.e. Thursday, 2<sup>nd</sup> March 2023 shall be eligible to attend the 50<sup>th</sup> AGM (virtual meeting) of the Company and shall be entitled to receive the Dividend to be approved at the 50<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;
- 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 29<sup>th</sup> March 2023 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 Members 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 2022 is also available on the Investor Relations Section of the Company's website: [www.batbangladesh.com](http://www.batbangladesh.com)

# CORPORATE INFORMATION

## COMPOSITION OF THE BOARD

Mr. Golam Mainuddin	Chairman
Mr. Shehzad Munim	Managing Director
Mr. K. H. Masud Siddiqui	Independent Director
Mr. A. K. M. Aftab UI Islam FCA	Independent Director
Ms. Zakia Sultana	Non-Executive Director
Mr. Mohammad Salahuddin	Non-Executive Director
Mr. Md. Shirajun Noor Chowdhury	Non-Executive Director
Mr. Md. Abul Hossain	Non-Executive Director
Mr. Stuart Kidd	Non-Executive Director
Ms. Amun Mustafiz	Finance Director
Mr. Md. Azizur Rahman FCS	Company Secretary

## BOARD COMMITTEES

### BOARD NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

### BOARD AUDIT COMMITTEE

Mr. A. K. M. Aftab UI Islam FCA	Chairman
Ms. Zakia Sultana	Member
Mr. Mohammad Salahuddin	Member
Mr. Md. Shirajun Noor Chowdhury	Member
Mr. Md. Abul Hossain	Member
Mr. Stuart Kidd	Member
Mr. Md. Azizur Rahman FCS	Secretary

### BOARD CSR COMMITTEE

Ms. Zakia Sultana	Chairman
Mr. Mohammad Salahuddin	Member
Mr. A. K. M. Aftab UI Islam FCA	Member
Mr. K. H. Masud Siddiqui	Member
Mr. Md. Shirajun Noor Chowdhury	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

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

## 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](mailto:bangladesh@bat.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

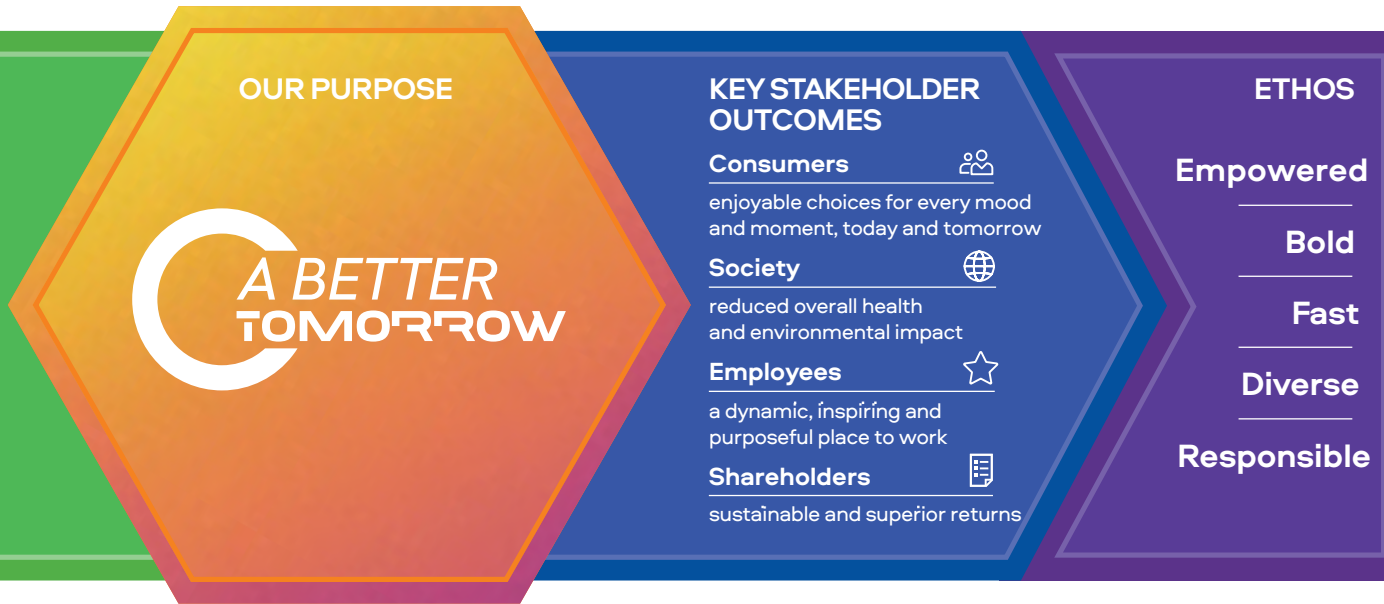
### Inspirational foresights

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**  
By responsibly offering enjoyable and stimulating choices for every mood and every moment, today and tomorrow
-  **Society**  
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**  
By creating a dynamic, inspiring and purposeful place to work
-  **Shareholders**  
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.

Our very own “ETHOS,” an evolution of our Guiding Principles, which directs behavior across the whole BAT Group, serves as a primary driver of our Ethical Standard. We are fostering an ethos that is adaptable to ongoing change, embraces a learning culture. BAT Bangladesh makes sure that its business behavior always complies with the highest ethical standards with the aid of our “Standards of Business Conduct” (SoBC), which are themselves upheld in accordance with our ETHOS. Responsible and trustworthy behavior are the cornerstones of our ETHOS and SoBC.

 <b>BOLD</b>	Dreaming big and developing innovative ideas	Making tough decisions quickly and proudly, while standing accountable for them	Being resilient & fearless
 <b>FAST</b>	Setting a clear direction and moving fast to achieve them	Keeping it simple, and focusing on outcomes	Learning quickly and always sharing knowledge
 <b>EMPOWERED</b>	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
 <b>DIVERSE</b>	Value different perspectives	Build on each other's ideas, knowledge and experiences	Challenge ourselves to be open-minded, recognizing unintended bias
 <b>RESPONSIBLE</b>	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



# OUR BUSINESS FRAMEWORK



Our approach enables us to deliver growth today while driving the investment necessary to deliver on our transformation agenda. We are clear that while combustible tobacco products will remain at the core of our Company for the foreseeable future, we recognise that long-term sustainability will be based on consumer desire for reduced-risk alternatives.

BAT Bangladesh manufactures world-class, regulatory-compliant tobacco products to satisfy the diverse preferences of its adult consumers. Our integrated ‘crop-to-consumer’ value chain not only allows us to assure rigorous quality control and operational excellence, but also to generate value at each intermediate step of network.

Our fundamental pillars, as described hereunder, underpin our crop-to-consumer model:

- Accentuated focus on climate action and EHS
- Emphasis on social actions that drive positive livelihood outcomes and other benefits
- Attention to governance and responsible institutional stewardship



## CROP



Responsible production



Integrated value chain



Sustainable stewardship



Empowering livelihoods



Best-in-class agro practices



## CONSUMER



Economically Impactful



Strong Regulatory Compliance



World-class Products



Profit with a Purpose



Culture of Innovation



Diverse Choices

# OVERALL STRATEGIC OBJECTIVES



At BAT Bangladesh, we know that the purpose underlying our overall strategic objectives will not only enable us to enlarge our impact, but also create sustainable value over the long-term. In this regard, we focus on bolstering our foundations with a view to ensure longevity, sustenance and continued impact.

Our overall strategic objectives are described below.



## DEMONSTRATED PERFORMANCE RECORD

BAT Bangladesh has a proven performance track record and has consistently delivered strong shareholder and stakeholder returns. We directly associate our performance to our value generation objectives and hence take all strategic decisions from the purview of this lens. Furthermore, a strong balance sheet has ensured a more robust financial position over the years, hence enabling us to continue to meet our strategic value creation targets and objectives.



## STRONG HUMAN RESOURCE PRACTICES

Our highly-skilled employees and our focus on propagating the best-in-class learning, development and grooming opportunities have made us the top employer of choice in Bangladesh, with our strong employee value propositions strongly resonating with competent aspiring candidates. We will continue to focus on building on our strategic human resource objectives with a view to ensure that we are ready for the future through workforce transformation.



## ROBUST BUSINESS FUNDAMENTALS

At the business level, we have a number of strategic competitive levers that support our endeavours in multiyear value creation. These comprise a multi-category portfolio catering to the choice of our adult consumers, extensive distribution network, and longstanding relationships with our member tobacco farmers. These collectively help us build resilience, and our strong business fundamentals have had a huge impact in the delivery of our company's strategic aspirations despite extraneous circumstances.



## INTERNATIONAL PARENTAGE

BAT Bangladesh leverages on the expertise and capabilities of its parent entity. BAT's presence in over 180 countries has enabled it to build a deeper understanding of market insights. These global capabilities have strengthened the Company's resilience to external headwinds and deliver on its growth ambitions over the long-term. In addition, the Company has also played a huge role in contributing to the BAT group through talent transfers, sharing of best practices, etc. Thus, the affiliation with a large global entity has enabled us to build on our strategic long-range objective in value creation.



## COMMITMENT TO SUSTAINABLE VALUE CREATION

BAT Bangladesh's holistic sustainability strategy outlines action plans for progressively eliminating the Company's environmental impact and producing value-accretive results. BAT Bangladesh is dedicated to attaining excellence in environmental management, as well as supporting livelihoods and developing communities through robust citizenship programs and initiatives. In addition, we have pledged net-zero carbon emissions by 2050, in line with our commitments in industry decarbonization and climate action. Meanwhile, as a corporation, we ensure that our ethical values are never compromised in the pursuit of profit.

In summary, we believe that our overall strategic objectives in the realm of a demonstrated performance record, strong human resource policies, robust business fundamentals, international parentage, and commitment to sustainable value creation will continue to bolster our position as one of the most impactful Company of Bangladesh.



# INDUSTRY OVERVIEW



Bangladesh is the 8th largest tobacco market in the world in terms of production. One of the key characteristics of the industry is a large illicit tobacco market that undermines the Government's public health objectives and leads to major exchequer loss. As Bangladesh's largest legally-established tobacco Company, we are committed to liaise with the Government on surveillance and law enforcement, thereby contributing to meeting its expectations from the industry.

Even in an unbalanced operating climate, we have prioritised responsibility, opting to maintain our high consumer standards. In other words, harm reduction has been the cornerstone of our sustainability approach. In addition, we promote product innovation to encourage responsible consumption behaviours. Moreover, we comply with all mandatory regulations on product labeling, such as pictorial health warnings, product marketing, advertising and sponsorships, etc.

## OPERATING CONDITIONS

In Bangladesh, consumption of legal cigarettes produced by legally-licensed businesses has been surpassed by the unregulated and untaxed black market. The current status of the legal tobacco industry is a result of the expanding price gap between legal and illicit goods since regular excise-driven price rises have led to price distortions for legal products. This has destabilized the government's public health and revenue goals and consistent surveillance, detection and law enforcement is necessary to curb the black market.

## ECONOMIC ENVIRONMENT

Just like the rest of the world, Bangladesh's economy was impacted by the aftershocks of the COVID-19 pandemic and the Russia-Ukraine war. Thus, a

sluggish macroeconomic environment, selective price adjustments, disruptions to distribution, and pressure on disposable income in the hands of consumers impacted the country's tobacco market in 2022. The Company addressed these concerns through a proactive strategy and timely action.

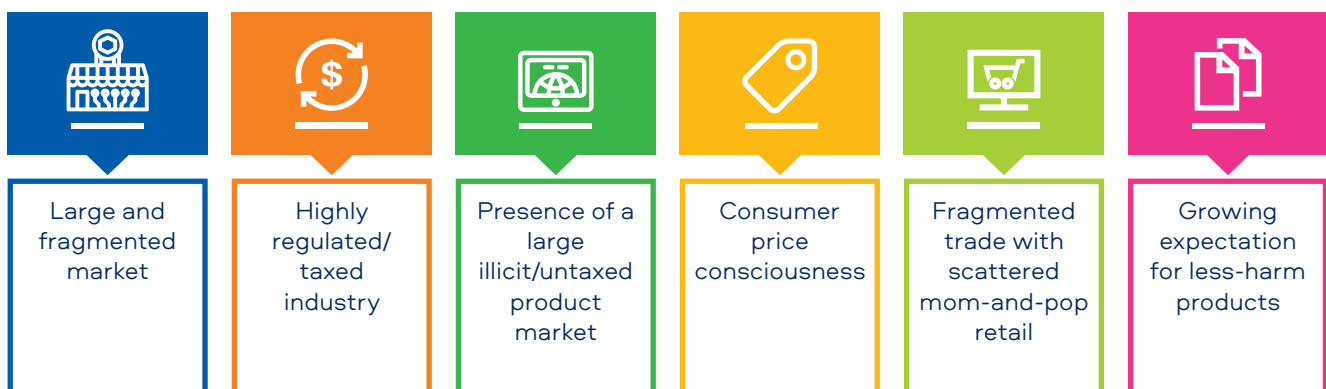
## EXPORT OPPORTUNITIES

Cigarettes are exported to various countries from Bangladesh, including China and the Maldives. Tobacco green leaf is also exported to Belgium, Spain, Belarus, Lithuania, Georgia, the Netherlands, Turkey, the United Arab Emirates, Dominican Republic, Jordan, Italy, Poland, Germany, the United Kingdom, United States, Chile, 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 industry in the country, with regulations encompassing almost all facets of the business, including product labeling (through statutory graphical health warnings), marketing and distribution, advertising and sponsorships, etc.

## KEY FACETS OF OUR OPERATING LANDSCAPE



# BUSINESS MODEL



At BAT Bangladesh, our business model incorporates our system of producing value, which consists of changing inputs through our core business operations (“crop-to-consumer” model) into outputs and sustainable outcomes that realize our organization’s strategic goals. The Company’s business model is agile, resilient and flexible in the sense that it delivers and derives value propositions to and from stakeholders, thus resulting in a continuous, sustainable, circular loop of value sustention.

## OUR STAKEHOLDER RELATIONSHIPS

We employ 1,526 people directly and 50,000 people indirectly as our registered farmers, distributors, local suppliers, and our last-mile distribution ecosystem comprises over 13 lac retail outlets. Thus, we have a huge cascading flow on society, with especially a huge value impact on the rural regions of the country.

### OUR IMPACT

We take pride that BAT Bangladesh is one of the most preferred employers in Bangladesh, a visible demonstration of the Company’s excellent employee value propositions. We have always believed that it is our people who bring diverse ideas and perspectives to their work every day, which stimulates innovation and charges our organisation with positive energy while making us a great place to work. Thus, it was a major source of pride and fulfillment that the Company was certified as a “Top Employer 2023” by the Top Employer Institute, the only Company in Bangladesh to have this unique distinction of being a top employer for the fourth year in a row.

As part of our longstanding human resource management framework, we promote a culture of personal ownership, responsibility and accountability and value our employees’ multifarious skills and talents, while also contributing to developing them. 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 of the country and also other group companies in different locations around the world.

We also create a major impact on the development of the nation itself and hence its citizens through our exchequer contributions. We contributed around BDT 29,530 crore as various taxes and duties in 2022, against a contribution of BDT 29,078 crore in 2021, thus representing a net contribution of BDT 451.36 crore in 2022.

## OUR SOURCING PRACTICES

We do not own any tobacco farms, but have developed strong multi-decade relationships with our contracted farmers. We offer extensive agronomy support that go well beyond just tobacco cultivation interventions. We offer a holistic range of services and solutions that contribute to farm income enhancement, while also sharing insights on the latest farm techniques and practices that help enrich farm economics and enable us to create stronger bonds with them. Overall, the Company’s Leaf function comprises around 33,680 registered farmers within various village communities around the country.

### OUR IMPACT

We have adopted the Sustainable Tobacco Programme (STP) policy, thereby implementing best practices in the areas of agronomy, leaf depot operations, leaf processing operations, environmental management, human rights, and occupational health and safety requirements for our leaf operations.







## OUR PRODUCTION INITIATIVES

We operate state-of-the-art manufacturing facilities in Bangladesh across two locations – Dhaka Factory and Savar Factory in a single consolidated operational footprint. Tobacco manufacturing is a large-scale operation and we work diligently to ensure that our costs are competitive and that we use our resources as effectively and consciously as possible.

### OUR IMPACT

Our nimble, adaptable and resilient supply chain meets the requirements on our operational facilities with responsibility and responsiveness. In order to fulfill market demand and enhance the quality and export potential of our goods, our production facilities must be balanced and modernized and, as a result, frequent investment is required in upgrading equipment and machinery.

In addition, the Company's expertise in ensuring that leaf and goods are at the right place at the right time and in the correct quantity is a daunting logistical feat. Yet, our business model enables us to combine resources from across a largescale to maximise efficiency and ensure sustainable production and operations.

## OUR DISTRIBUTION CHANNEL

Our well-established distribution network is a critical enabler of our growth strategy, allowing us to roll out products to meet market demand and launch innovation swiftly across the country.

### OUR IMPACT

Our route-to-market network, comprising our links with our retailers, wholesalers, distributors, and logistical service providers, is regularly evaluated. In order to achieve complete regulatory compliance, we are continually implementing best practices in sustainability among our distributors and wider channel partners.

## MARKETING AND DISTRIBUTION

We have a large portfolio comprising brands such as 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 adult consumers. As a responsible Company we always implement our marketing and distribution strategies in alignment with the relevant laws and regulations of the country.

### OUR IMPACT

We continuously review our route-to-market, including our relationship 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 AT BATB

We make investment in R&D to deliver innovation that satisfies or anticipates diverse adult consumer preferences and generates sustainable growth for the business. We also research, develop and test new products to meet evolving adult consumer choices.

### OUR IMPACT

As adult consumer preferences and technology evolve rapidly, we rely on our specialist innovation team, growing innovation capabilities and a world-class R&D laboratory to stay ahead of the curve. Specifically targeted investments in new ventures, R&D projects, manufacturing, supply chain, process, warehousing, digital business solutions (DBS) and logistical services converge to play a role in our short-term success and the long-term development of our organisation.

# PESTEL FRAMEWORK



The term PESTEL, which stands for “Political, Economic, Social, Technical, Environmental, and Legal,” enables us to do a thorough review of our organization through the lens of these six primary components, hence allowing responsible stewardship. The COVID-19 pandemic aftershocks and now the war in Europe have exerted a significant effect on our working environment, compelling us to refocus our value drivers in light of the PESTEL framework.

## P

### POLITICAL LANDSCAPE

Tobacco in Bangladesh has remained a state subject with stringent Government controls regulating labelling, pricing and distribution. Tobacco is a heavily taxed and regulated industry.

#### OUR RESPONSE

While we recognize public health concerns, we operate responsibly by providing our adult customers with choices. We also advocate balanced and principles-based laws and continue to emphasize on the detrimental qualities of illegal products on public health and loss of exchequer revenue that the black market causes to the national treasury.

## E

### ECONOMIC LANDSCAPE

The COVID-19 pandemic, the major geopolitical tension in Europe and a decelerating global economy have created an impact on Bangladesh’s economy, resulting in inflation-driven steep hike in commodity prices, slowing external (exports-imports) trade, depressed domestic consumption with rural stress, and acute price pressure on the average consumer. Further, post-COVID pent-up demand has also been exhausted, thus further having a negative impact on consumption.

#### OUR RESPONSE

While our business is directly linked with the economy, we sought to create opportunity pathways through our fundamental strengths such as a large and well-segmented portfolio, brands across price points, etc.. We also focused on the affordability aspects of our products.

## S

### SOCIAL LANDSCAPE

The social taboo associated with tobacco consumption is slowly fading.

#### OUR RESPONSE

We provide adult consumers with a choice through our legally established and regulatory compliant products. Furthermore, we consistently engage in innovation to enhance this sense of choice for our consumers. We are also clear in our focus on less-risky products over the future.





# T

## TECHNOLOGICAL LANDSCAPE

While manufacturing and processing are well-established in our industry, the prospect of technology obsolescence is low. Yet, technology plays a significant part in testing, new product development, etc.

### OUR RESPONSE

We continue to make long-term investment in research and development in order to provide innovation that fulfills the different interests of adult consumers. With our extensive knowledge of behavior, we also help the regulatory-compliant launches of both new products and variants of current products. Furthermore, we have invested in state-of-the-art equipment at our new Savar Factory that enhances our technological edge.

# E

## ENVIRONMENTAL LANDSCAPE

The COVID pandemic has significantly contributed to the inclusion of climate change in popular debate. For Bangladesh, climate action is a must as the country has a fragile ecosystem and is situated in a vulnerable topography.

### OUR RESPONSE

We endorse the government's 2030 SDG goals and create and measure our impact on the basis of the tenets enshrined in the SDGs. As a Company devoted to climate action and improving its carbon footprint, we have accomplished impressive results so far, including 98% waste recycling, widespread use of renewable solar power in our operations (which partially offsets grid-based electricity), and concentrated attempts to attain 100% water recycling by 2022. In line with BAT group, we are also actively assessing further reducing Scope 1 and 2 emissions in our bid to achieve the ultimate future goal of net-zero carbon emissions.

# L

## LEGAL LANDSCAPE

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

### OUR RESPONSE

BATB's Ethos, Standards of Business Conduct (SoBC), and a variety of well-established rules, processes, practices and standards guide our operations and assure compliance with the law. As a good corporate citizen, we have always increased our efforts in society, which is most evident in our position as the country's top corporate taxpayer, contributing around BDT 29,530 crore in taxes in 2022, or around 8% of the Government's total tax collection. In addition, we maintain positive relationships with tax authorities and regulators as part of our external affairs strategy.

# OUR MATERIAL INFORMATION



The evaluation of our material themes helps the Company to identify and comprehend the challenges that might have a short, medium, or long-term influence on our capacity to generate value. These concerns include both variables that might have a direct impact on our financial performance and our ESG goals. The material issues listed below were determined based on a thorough mapping of stakeholder concerns to business-critical elements based on our strategic goals, risk appetite, and corporate governance. Developing material concerns are regularly evaluated and their status is managed and reported accordingly.

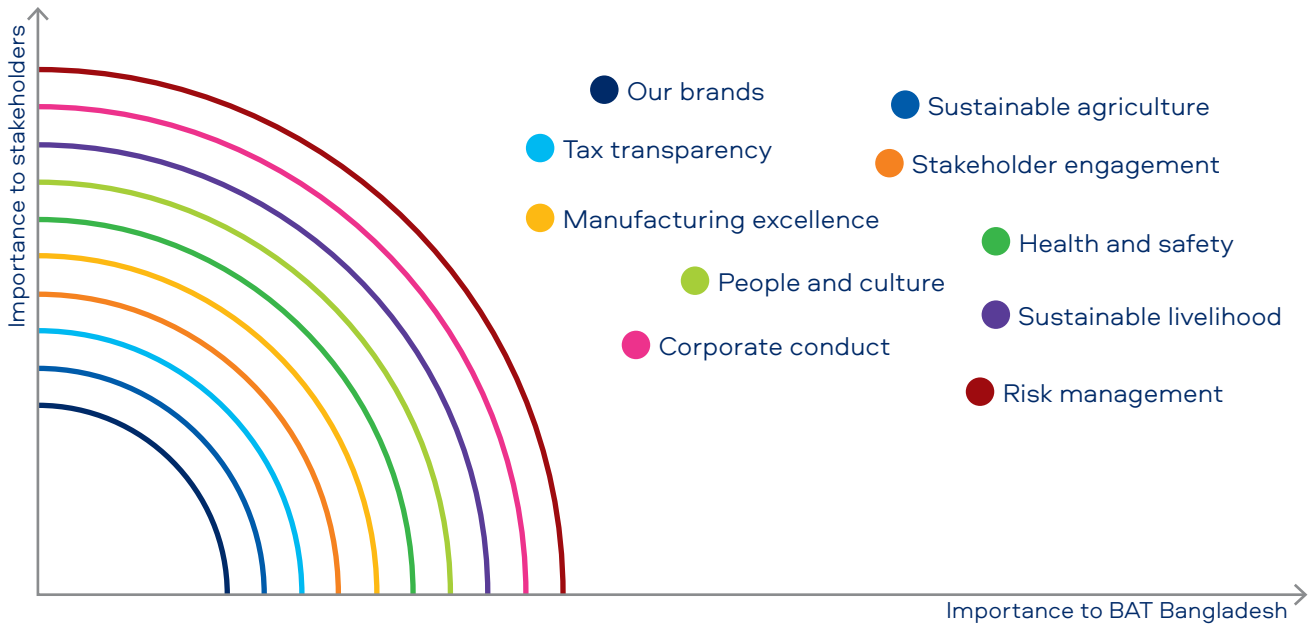
## MATERIALITY AT BATB

Sustainability is incorporated into each and every element of our operations. It is central to our business strategy, which seeks to generate and distribute sustainable value to all of our stakeholders. In addition, our strategic planning process and approach to the long-term are based on our stakeholder materiality matrix and are fully co-opted with the Sustainable Development Goals (SDGs). Moreover, our core emphasis areas, or material matters, mirror our business's value chain and account for the essential interests and expectations of all our stakeholders.

As an added layer of protection, the materiality assessment included into our management procedures assures that we report on any material factors affecting our capacity to produce value. Material stakeholder issues identified through ongoing stakeholder engagement, significant topics raised during Board and management committee discussions, and the results of the Company's risk management process, serve as the basis for the materiality analysis and, by extension, for meeting our stakeholders' interests and expectations.

## OUR MAJOR MATERIAL MATTERS

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



**OTHER MATERIAL MATTERS**

 <p><b>Our Brands</b> Our brands are focused on consumers' needs, which are the fundamentals of our business.</p>	 <p><b>Agriculture Best Practices</b> We are ensuring the sustainability of our farm community by introducing the GAP.</p>
 <p><b>Tax transparency</b> As a highest taxpayer (paid 29,530 core in 2022), 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> Stakeholders' consultation and views are considered always to operate our business.</p>
 <p><b>Manufacturing excellence</b> Our world-class factory &amp; technology is a state-of-the-art which makes our manufacturing excellence</p>	 <p><b>Health &amp; safety</b> 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> People &amp; culture are one of the core assets of the Company, which makes us difference</p>	 <p><b>Sustainable livelihood</b> Our ESG initiatives facilitate sustainable livelihoods for our farmers &amp; our communities.</p>
 <p><b>Corporate conduct</b> Our Standard of Business Conduct leads our business, applying best governance &amp; practices.</p>	 <p><b>Risk management</b> Risk management addresses the operational risks that ensure internal control &amp; governance.</p>



# HIGHLIGHTS 2022



CONTRIBUTION  
TO NATIONAL  
EXCHEQUER

SHAREHOLDERS

EMPLOYEES &  
ASSOCIATES

BDT  
**29,530**  
CRORE (AROUND)  
Contributed during 2022

**84,971+**

EMPLOYEES  
**1,526**

FARMERS  
**40,466**

RETAILERS  
**1.3 MN**  
APPROX.

PROUDLY SUPPORTING  
9 SUSTAINABLE  
DEVELOPMENT  
GOALS





**TOP EMPLOYER**

**LEAF EXPORT**

**CORPORATE SOCIAL RESPONSIBILITY**

**4**  
**TIMES**  
IN A ROW

BDT  
**558**  
CRORE

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



**99%**  
**WASTE RECYCLED IN 2022**  
**11,884 TONS**

**PROBAHO**  
**117 PLANTS**  
Beneficiaries comprising  
2,85,000+ people



**REDUCE WATER CONSUMPTION**  
**45,000** M<sup>3</sup>

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



# COMPOSITION OF THE BOARD

## STANDING FROM LEFT

**Stuart Kidd**  
Non-Executive Director

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

**Zakia Sultana**  
Non-Executive Director

**Mr. Mohammad Salahuddin**  
Non-Executive Director

## SITTING FROM LEFT

**Mr. Golam Mainuddin**  
Chairman

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





#### STANDING FROM LEFT

**Ms. Amun Mustafiz**  
Finance Director

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

**Mr. Shirajun Noor Chowdhury**  
Non-Executive Director

#### SITTING FROM LEFT

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

**Mr. Shehzad Munim**  
Managing Director

# DIRECTOR'S PROFILE



**Mr. Golam Mainuddin**  
Chairman

## NATIONALITY

Bangladeshi

## DATE OF APPOINTMENT TO BOARD

1986

## EDUCATIONAL BACKGROUND

Master of Science, Dhaka University

## MEMBERSHIP OF BOARD COMMITTEE

Member, Nomination and Remuneration Committee (NRC)

## ACHIEVEMENTS

- **“Lifetime Achievement Award”** by the Asia’s Best Employer Brand Awards organization.
- **Commercially Important Person (CIP)** by the Government of Bangladesh (Since 2010).

From August 2008 till the present, Mr. Golam Mainuddin has served as the company’s chairman. Even though Mr. Mainuddin has a Master’s in Science, he spent 28 years working in the agro-based industry before transitioning to corporate management, where he has been employed for more than 20 years. He began his career in obscurity, working at Duncan Brothers as the tea garden manager before joining BAT Bangladesh.

## 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, Advanced Chemical Industries (ACI) Bangladesh
- Director, Infrastructure Investment Facilitation Company (IIFC)
- Vice-President, Metropolitan Chambers of Commerce and Industries (MCCI)
- Vice-Chairman, Bangladesh Cigarette Manufacturer’s Association





**Mr. Shehzad Munim**  
Managing Director

#### NATIONALITY

Bangladeshi

#### DATE OF APPOINTMENT TO BAT BANGLADESH

August 1997

#### EDUCATIONAL BACKGROUND

Bachelor of Business Administration (IBA), University of Dhaka

#### MEMBERSHIP

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

#### CAREER EXPERIENCE

In 1997, Mr. Shehzad Munim started working for BAT Bangladesh as a territory officer. Prior to accepting responsibilities in BAT New Zealand as Group Brand Manager in 2003 and then taking over the post of Head of Brand Marketing in 2005, he worked in a variety of marketing capacities within BAT Bangladesh.

He worked in Sydney, Australia, as a manager for product and packaging innovation in 2006. After that, he was promoted to Head of Marketing and sent back to Bangladesh as Head of Brand. He assumed the position of Area Head of Marketing for South Asia in 2010.

Thereafter, Shehzad Munim was appointed as the Managing Director of BAT Bangladesh on 1st October 2013 and holds the distinction of being the first Bangladeshi to take up the prestigious role over the company's rich history of 112 years in the country.

With his visionary leadership abilities to ensure sustainable value creation and to increase the company's contribution to the nation's economic development to achieve the SDGs, in line with the government's vision, he has made a significant contribution to raising the organization to its next level within a short period of time.

#### OTHER RESPONSIBILITIES

He currently serves as the British Business Group Board of Trustees' Treasurer.

He oversaw various national and international programs and activities to develop the Foreign Investors Chambers of Commerce & Industries (FICCI) while serving as its former president in Dhaka. BAT Bangladesh flourished significantly under his leadership, both nationally and internationally.



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

**DATE OF APPOINTMENT TO BOARD**

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 Management (with distinction), Victoria University, Australia
- Super MATT course, University of Bradford, United Kingdom
- Short course in Top Management (MATT-2) in Singapore
- Course on Strengthening of BCS Admin Cadre Officials, Duke University, USA

**MEMBERSHIP OF BOARD COMMITTEE**

- Chairman, 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.

**INTERNATIONAL TRAININGS**

She participated in various conferences, workshops, and trainings in 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.

**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 a Secretary of the
- 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, Ministry of Rural Development and Cooperatives, Ministry of Environment and Forests, Ministry of Finance and Ministry of Health and Family Welfare



**Mr. Mohammad  
Salahuddin**  
Non-Executive Director

#### DATE OF APPOINTMENT TO BOARD

25<sup>th</sup> January 2023

#### EDUCATIONAL BACKGROUND

- Master's in philosophy- University of Dhaka

#### INTERNATIONAL TRAININGS

- Transforming Criminal Justice- UK
- Good Governance- India

#### EDUCATIONAL BACKGROUND

- Master's in philosophy- University of Dhaka

#### MEMBERSHIP

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

On April 25, 1994, Mr. Mohammad Salahuddin enlisted in the 13th batch of the Bangladesh Civil Service (BCS). Throughout his lengthy and brilliant career, he held a variety of government jobs in both the ministry and field administration. At the University of Dhaka, Mr. Mohammad Salahuddin earned his master's degree in philosophy. He formerly held a number of important posts in the Prime Minister's Office, the Ministry of Industries, the Power Division, and other places.

#### CAREER HIGHLIGHTS

Since December 8, 2022, Mr. Salahuddin has held the position of Secretary for the Prime Minister's Office. In

1994, he began working for the Divisional Commissioner's office in Khulna as an Assistant Commissioner. Mr. Mohammad Salahuddin's previous roles before his current one included:

- Private Secretary to the Hon'ble Prime Minister of the People's Republic of Bangladesh.
- Director General of Prime Minister's Office.
- Deputy Commissioner and District Magistrate of Dhaka and Panchagarh District.
- Upazilla Nirbahi Officer in Natore and Gaibandha.
- Assistant Commissioner (Land) at Gazipur and Tangail.



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

**DATE OF APPOINTMENT TO BOARD**

October 2010

**EDUCATIONAL BACKGROUND**

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

**MEMBERSHIP**

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

**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 a 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 UI Islam FCA**  
Independent Director

#### DATE OF APPOINTMENT TO BOARD

October 2019

#### EDUCATIONAL BACKGROUND

- B.com in Commerce
- LLB
- Chartered Accountant

#### MEMBERSHIP OF BOARD COMMITTEE

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

With 40 years of field experience in the Private sector, Mr. A. K. M. Aftab UI Islam is keen to play dominant role to create an enabling environment for the promotion of Trade Commerce & Industry specially the Information Technology in Bangladesh. He started his career with NCR corporation, US based Multination IT Company and headed this organization more than 15 years.

#### CAREER HIGHLIGHTS

- Currently, Mr. Aftab is serving as a Director of the Board of the Directors of Bangladesh Bank.
- Chairman, IOE (Bangladesh) Ltd in 1996
- President, Bangladesh Computer Samity (BCS).
- He was elected as the President of Dhaka Chamber of Commerce and Industry (DCCI)
- Mr. Aftab was also elected as President of the American Chamber of Commerce in Bangladesh (AmCham) thrice.
- Member of the Board of Directors of International Chamber of Commerce (ICC).
- Former Board member of Chittagong Stock Exchange (CSE)
- Former Chairman of the Small and Medium Enterprise (SME) Foundation
- Former Country Director SAREC- South Asian Regional Energy Coalition
- Member of Governing Body in Institute of Business Administration (IBA), Dhaka University



**Mr. Shirajun Noor Chowdhury**  
Non-Executive Director

**DATE OF APPOINTMENT TO BAT BANGLADESH**

12<sup>th</sup> May 2022

**EDUCATIONAL BACKGROUND**

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

**INTERNATIONAL TRAININGS**

- Graduated in Business - University of Dhaka
- Master’s in Financial Management- University of Ulster, United Kingdom

**MEMBERSHIP**

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

He began his career working as an Assistant Commissioner and Magistrate (Class 1) in two districts. When he was moved to central Ministry of Finance, his responsibility includes leading sectoral policy development, planning, preparing and coordinating overall national budget, and draft policy papers to support the vulnerable people due to inflation, climate change and unemployment. He was seconded from the Ministry of Finance to a major project: Deepening Medium-Term Budget Framework and Strengthening Financial Accountability to advice on financial management across government. Currently he is working as Additional Secretary in the Ministry of Finance. He always looking forward to exploring critical questions around the rationale for government intervention and ways in which government can deal with market challenges by engaging political masters that eventually will help accelerate sustainable growth.

**OTHER RESPONSIBILITIES**

In addition to his present duties, Mr. Noor additionally performs the following roles:

- Member, Viva Board, Bangladesh Civil Service Recruitment Committee, Public Service Commission (PSC), Bangladesh.
- Member, Board Directors, Bangladesh Institute of Capital Market (BICM)
- Reviewer, International Budget Partnership (IBP), Center on Budget and Policy Priorities, Washington, DC, USA.
- Member, Public Finance Foundation (PFF), Bangladesh.
- Member, Bangladesh Civil Service Administration Association, Bangladesh.
- Member, Board of Directors, Bangladesh Heart Foundation, Dhaka.



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

#### DATE OF APPOINTMENT TO BOARD

2019

#### EDUCATIONAL BACKGROUND

- B.Sc (Hon's) and M.Sc degree in Statistics, Jahangirnagar University

#### MEMBERSHIP OF BOARD COMMITTEE

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

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 in 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 Co. Ltd. (BATBC), 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 perform his professional duties, Mr. Hossain is actively involved in different philanthropic activities of various national, social, cultural, religious and volunteer organizations.

#### OTHER RESPONSIBILITIES

Mr. Md. Abul 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



**Mr. Stuart Kidd**  
Non-Executive Director

**DATE OF APPOINTMENT TO BOARD**

25<sup>th</sup> January 2023

**EDUCATIONAL BACKGROUND**

- Bachelor of Commerce - Auckland University 1997
- Chartered Accountant (Chartered Accountants Australia & New Zealand)

**MEMBERSHIP**

- Member, Audit Committee
- BAT Global Finance Leadership Team
- BAT Asia Pacific and Middle East (APME) Leadership Team

**CAREER HIGHLIGHTS**

Prior to joining BAT Australia as an internal auditor in 2001, Mr. Kidd started his career in 2000 as a senior external auditor for EY Australia. In 2003, he began working at BAT New Zealand as a strategic project manager. In 2004, he was promoted to commercial finance manager. After serving as the finance controller for BAT Vietnam for a brief period in 2008, Mr. Kidd joined the group headquarters' mergers and acquisitions division in the UK the following year. After then, he advanced to the position of Finance Director at BAT International (Zug, Switzerland).

In 2015, Mr. Kidd was appointed the Finance Director for the North Asia Area with a base in Tokyo after moving back

to the Asia Pacific region in 2012 as the Regional Business Development Manager. He returned to the regional office as the regional head of finance in 2020.

Mr. Kidd currently sits on the board of directors of Ceylon Tobacco Company (Sri Lanka) and Vinataba/ BAT PMD JV (Vietnam).

He has considerable expertise and experience in financial accounting, internal control governance, financial planning and delivery, tax and treasury, business restructuring, and many more. He graduated with a Bachelor of Commerce in 1997 from Auckland University. He is a chartered accountant and a member of the Institute of Chartered Accountants in Australia and New Zealand.





**Ms. Amun Mustafiz**  
Finance Director

#### NATIONALITY

Bangladeshi

#### DATE OF APPOINTMENT AS FD TO BAT BANGLADESH

1<sup>st</sup> September 2021

#### EDUCATIONAL BACKGROUND

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

#### INTERNATIONAL TRAININGS

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

#### MEMBERSHIP

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

Ms. Mustafiz is a well experienced senior Finance Executive with international experience obtained her Bachelor in Business Administration (BBA) from IBA, Dhaka University, Bangladesh (2005), as Class Valedictorian. She completed her A' Levels and O' Levels under London University. She was the part of consolidating most of the BAT duty free business across the world into one legal entity. When global travel retail significantly impacted by Covid, she drove to ensure a sustainable and profitable business by optimising total cost base, ensuring due diligence in resource allocation as an integral part of the business and exploring opportunities across the GTR business to win the recovery..

#### CAREER HIGHLIGHTS

Ms. Mustafiz, Finance Director of BAT Bangladesh, Worked in BAT for 18 years across multiples roles in finance in

Bangladesh and in Japan, Sri Lanka and Hong Kong. Prior to her current role she was:

- 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, BAT Bangladesh
- Trade Marketing Finance Manager, BAT Bangladesh
- Compliance Manager, BAT Bangladesh



**Mr. Md. Azizur Rahman FCS**  
Head of Public Affairs & Company Secretary

**YEAR OF JOINING AT BATB**

2002

**EDUCATIONAL BACKGROUND**

- Masters in Accounting, Dhaka University
- Qualified Chartered Secretary & Fellow Member of Institute of Chartered Secretaries of Bangladesh (ICSB)

**MEMBERSHIP OF BOARD COMMITTEE**

*(SECRETARY OF DIFFERENT COMMITTEES)*

- Audit Committee
- CSR Committee
- NRC Committee
- 6 (Six) Trust Funds of the Company

Mr. Rahman has more than 21 years of working experience in BAT Bangladesh. He is the longest serving and one of the most successful Company Secretary of BAT Bangladesh. After joining the management of BAT Bangladesh, he has been engaged numerous cross-functional assignments and public affairs for the company business.

**OTHER RESPONSIBILITIES**

- Director General of Intellectual Property Association of Bangladesh (IPAB)
- Ex-senior Vice President Of ICSB
- Chairman of Standing IP Committee of FBCCI

- Working with various national and international organisations for addressing IPR issues in Bangladesh
- Chairman of the International Relation Committee of ICSB
- Honorary CEO of a Welfare Foundation
- Council member of ICSB since 2013
- He has been delivered lectures on corporate governance, Intellectual property rights, national budget overview and corporate affairs in different professional bodies as a keynote speaker.



# PERFORMANCE 2022



NET TURNOVER

**8,423**  
Crore

GROSS PROFIT

**4,423**  
Crore



RETURN  
ON EQUITY

**43.40%**

RETURN  
ON ASSET

**21.42%**



PROFIT  
BEFORE TAX

**3,499**  
Crore

PROFIT  
AFTER TAX

**1,787**  
Crore





# LEADERSHIP TEAM

## STANDING FROM LEFT

**Mr. Charles Kyalo**  
Head of Operations

**Mr. Numayer Alam**  
Head of Trade & Planning

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

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

**Mr. Sarzil Sarwar**  
Head of Digital Business Solution (DBS)

## SITTING FROM LEFT

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

**Ms. Amun Mustafiz**  
Finance Director

**Mr. Jeremy Hackett**  
Head of Brand and SP&I

**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 (IBA), University of Dhaka

**Membership**

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

## CAREER EXPERIENCE

In 1997, Mr. Shehzad Munim started working for BAT Bangladesh as a territory officer. Prior to accepting responsibilities in BAT New Zealand as Group Brand Manager in 2003 and then taking over the post of Head of Brand Marketing in 2005, he worked in a variety of marketing capacities within BAT Bangladesh.

He worked in Sydney, Australia, as a manager for product and packaging innovation in 2006. After that, he was promoted to Head of Marketing and sent back to Bangladesh as Head of Brand. He assumed the position of Area Head of Marketing for South Asia in 2010.

Thereafter, Shehzad Munim was appointed as the Managing Director of BAT Bangladesh on 1st October 2013 and holds the distinction of being the first Bangladeshi to take up the prestigious role over the company's rich history of 110 years in the country.

With his visionary leadership abilities to ensure sustainable value creation and to increase the company's contribution to the nation's economic development to achieve the SDGs, in line with the government's vision, he has made a significant contribution to raising the organization to its next level within a short period of time.

## OTHER RESPONSIBILITIES

He currently serves as the British Business Group Board of Trustees' Treasurer.

He oversaw various national and international programs and activities to develop the Foreign Investors Chambers of Commerce & Industries (FICCI) while serving as its former president in Dhaka. BAT Bangladesh flourished significantly under his leadership, both nationally and internationally.



**Ms. Amun Mustafiz**  
Finance Director

**Nationality**  
Bangladeshi

**Date of Appointment as FD at BAT Bangladesh**  
1st September 2021

**Educational Background**

- Fellow of the Chartered Association of Certified Accountants
- Bachelor’s in Business Administration (BBA) from IBA, Dhaka University

**Membership**

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

Ms. Mustafiz, is a Fellow of the Chartered Association of Certified Accountants. She graduated with a Bachelor of Business Administration (BBA) from IBA, Dhaka University, Bangladesh in 2005.

She is a senior finance professional with a diverse experience of working in different countries in Asia and across different areas of finance specifically audit, compliance, and commercial finance. This is her third appointment as Head of finance.

**INTERNATIONAL TRAININGS:**

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

**CAREER EXPERIENCE**

Ms. Mustafiz, BAT Bangladesh’s finance director, spent 18 years in BAT in a variety of financial capacities in Bangladesh, Japan, Sri Lanka, and Hong Kong. Before taking on her current position, she was:

- 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
- Finance Controller, British American Tobacco Bangladesh
- Marketing Finance Manager, British American Tobacco Bangladesh
- Internal Audit Manager, BAT Bangladesh
- Trade Marketing Finance Manager, BAT Bangladesh
- Compliance Manager, BAT Bangladesh



**Mr. Charles Kyalo**  
Head of Operations

#### Nationality

Kenyan

#### Date of Appointment at BAT Bangladesh

July 2020

#### Educational Background

- Bsc (Hons') Mechanical Engineering, University of Nairobi

#### Membership

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

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 actively leads operations' strategic planning, new product introductions, strategic projects planning and execution, and building strong talent pipeline while ensuring prudent cost management to deliver value. 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

**Nationality**  
Bangladeshi

**Date of Appointment  
at BAT Bangladesh**  
May 2013

- Educational Background**
- Bachelor of Law (LLB), Dhaka University
  - Master of Law (LLM), Dhaka University

- Membership**
- BAT Bangladesh Leadership Team
  - BAT Asia Pacific and Middle East (APME) LEX Leadership Team

Ms. Asaf has over 28 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. Saad Jashim

Head of Head of Human Resources

#### Nationality

Bangladeshi

#### Date of Appointment at BAT Bangladesh

February 2006

#### Educational Background

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

#### Membership

- BAT Bangladesh Leadership Team
- BAT Asia Pacific and Middle East (APME) HR Leadership Team
- Bangladesh Employers' Federation (BEF)

Mr. Saad has been with BAT for over 17 year delivering great results over the years. 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 in Asia Pacific region while also driving the Regional Employee Engagement process. Since 2016, he has been also 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 Solution (DBS)

**Nationality**  
Bangladeshi

**Date of Appointment at 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) Information & Digital Technology Leadership team
- BAT IDT Diversity and Inclusion (D&I) Leadership team

Mr. Sarzil Sarwar is a seasoned ICT professional with 16 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.

**CURRENT EXTERNAL APPOINTMENTS**

He serves on the Judging Committee of Global PMO Awards and is an active member in the local startup community with Bangladesh Angels, Robi r-Venture & American Alumni Association.

**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. - 2016-2018
- Head of Group Strategic PMO, Axiata Group Berhad - 2014-2016
- VP Transformation Office, Robi Axiata Ltd. - 2012-2014
- Head of Strategy & PMO, Asiacell - 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



**Mr. Jeremy Hackett**  
Head of Brand and SP&I

#### Nationality

Kiwi, New Zealand

#### Date of Appointment at BAT Bangladesh

1st October 2021

#### Educational Background

- Bachelor of Commerce: Marketing Management & Management

#### Membership

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

Mr. Hackett, Head of Brands & Strategy, BAT Bangladesh, has more than 13-year Career in BAT across multiples roles in Papua New Guinea, Fiji, Australia, and New Zealand. He is bold, hardworking and has excellent communication skill 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 at BAT Bangladesh**  
2006

**Educational Background**

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

**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

**ASSOCIATION**

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





**Mr. Numayer Alam**  
Head of Trade & Planning

#### Nationality

Bangladeshi

#### Date of Appointment at BAT Bangladesh

2004

#### Educational Background

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

#### Membership

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

Mr. Numayer has 19 years of working experience in BAT with 5 years of leadership role experience in Marketing & Sales of Bangladesh & East Asia Area (Vietnam, Cambodia) Business. His key strengths are in areas of portfolio & brand management, strategic planning & insights, trade marketing strategy & sales operation, commercial delivery management, leading large team, talent development, crisis management and so on. Mr. Numayer took over the Bangladesh Head of Trade & Planning role in 2022 and has delivered a record year on Sales & Revenue. In last one year, he has taken several strategic initiatives to strengthen the Trade Marketing capabilities and accelerated the growth journey of Bangladesh business. Before his current role, Mr. Numayer has led the BAT East Asia Area (Vietnam & Cambodia) Trade/Brand functions for nearly 5 years (Aug 2017- Dec 2022) and delivered year-on-year volume & market share growth. His major strategic interventions to the East Asia Area business were Route to Market Expansion, Brand Portfolio Reset and Local Talent Development & Acceleration.

#### CAREER EXPERIENCE

- Head of Trade & Planning – BAT Bangladesh, 2022 – current
- 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



BAT Bangladesh has been practicing sustainable development for a better tomorrow, which is something that we believe in very deeply. Sustainability is vital to our long-term business and is engrained in our character as a purpose-driven, principled, and ethical organisation. Upholding our moral code and defending our values is our people whose dedication, perseverance, tenacity and resolve has been truly remarkable as the Company faces prevalent challenges to fulfill the Company's objectives and ESG promises to build a better tomorrow for all.







# MESSAGE FROM THE CHAIRMAN

## Dear Esteemed Shareholders,

Year 2022 has been one of strategic progress defined by strong execution and continued adaptability.

In keeping with our ethos of creating a better tomorrow, our people have worked tirelessly to produce excellent results for all of our stakeholders. Their efforts have contributed to BAT Bangladesh's contribution to the national exchequer of BDT 29,530 crore in 2022. The Company's Board of Directors has recommended a final cash dividend of 100% (along with a 100% interim Cash Dividend declaration based on 3<sup>rd</sup> quarter financial statements) for the year 2022, reflecting our commitment to meeting shareholder expectations.

As an organisation at the vanguard of sustainable value creation, we are immensely proud of our journey as a responsible partner committed to shared progress and believe our measure of true success is our ability to serve the expectations and hopes of the future.

## PURPOSEFUL TODAY FOR AN IMPACTFUL TOMORROW

As much as the aftershocks of the pandemic and now the unfortunate war in Ukraine with Russia continued to impact the operating landscape in 2022, BAT Bangladesh maintained flexibility in business adaptation for continued value creation.

The unique challenges we faced during the year and the enthusiasm and resolve with which our teams managed the complexity have made BAT Bangladesh an agile, resilient, and stronger organisation. The year's success was driven by the entrepreneurial spirit and collective diligence of our passionate and unified team members and business partners who rallied behind the Company's strategy to achieve performance despite adversity.

In this context, I am pleased that we accomplished great strides in delivering the Company's objectives and ESG strategy, therefore maintaining our status as one of Bangladesh's distinguished and high-impact organisation.

During the year we further reinforced our commitment to sustainability by focusing on reducing the health impact of the business and promoting environmental, social, and governance excellence. One of our major areas of focus in this regard is our mission of scientifically substantiated and reduced-risk products and believe this progressive transformation will result in a better tomorrow for our customers, shareholders, regulators, business partners, co-workers and society at large.

## DETERMINED TODAY FOR A STRONGER TOMORROW

BAT Bangladesh has been on its sustainability journey for a long. Thus, sustainability and ESG principles are ingrained in our DNA and are a core part of our long-term business strategy. We continue to invest in our sustainability agenda, launching a holistic and bold ESG strategy, which, among other goals, sets a framework for achieving reduction in scope 1 and 2 carbon emissions to predefined targets over the plan period.

Our sustainability strategy also has a clear focus on ESG priorities, including addressing climate change, achieving excellence in environmental management, delivering a positive social impact, and ensuring robust corporate governance.

We are a committed organisation that recognises the environmental effect of our business operations and are thus dedicated to mitigating that impact across our entire supply chain. Our environmental management methods are governed by local laws and regulations as well as the Company's Environmental, Health and Safety Policy, which seeks to apply the best international standards and practices to all elements of our activities. This strategy is backed by an Environment, Health, and Safety (EHS) management system that is benchmarked to international standards.

One of the major drivers of our sustainable value creation is our focus on corporate governance. We believe that strong governance is crucial to both the provision of long-term value and the preservation of an ethical Company culture. We are dedicated to doing business in a manner that promotes ethics and righteousness, which includes adhering to all legal requirements and regulations and honoring all applicable norms and regulations.

BAT Bangladesh's commitment to delivering with integrity underpins the Company's decision-making, strategic initiatives, and operations, ensuring that the highest standards of transparency, integrity and accountability are maintained at all times. This involves strict adherence to the Company SoBC policy and regulations around whistleblowing, bribery and corruption and fraud.

Thus, we continue to pursue excellence and seek new and innovative methods to minimise our resource consumption, conserve the natural environment, enhance the lives of farmers and communities, uphold strong corporate governance standards, and continue to contribute meaningfully to the nation.

### **FOCUSED TODAY FOR A BETTER TOMORROW**

At BAT Bangladesh, resilience and sustainability go hand-in-hand. Our sustainability values reflect the way in which we steward the organisation towards not only fostering a culture of contribution to socio-economic growth but also planting a path to cultivating societal resilience. This need is acute in Bangladesh to bolster growth buoyancy in the face of continued global and domestic challenges that buffet the national economy.

In this effort, we align our progress on and contribution to the Sustainable Development Goals (SDGs) that express Bangladesh's 2030 objectives. With the SDGs as our guiding light, enhancing our commitment to broader societal investment is a vital component of our sustainability approach and key to a better tomorrow.

BAT Bangladesh has a long and proud history of supporting livelihoods through both our corporate social initiatives and value chain. We are excited that our award-winning community plantation effort, Bonayan, has contributed to afforestation and hence climate action. We are also involved in addressing border social needs through our two other major programs. One focuses on widening access to clean drinking water in arsenic-prone regions, coastal belts like as the Satkhira district and isolated communities under our Probaho project. The other is our Deepto program which has installed solar home systems free of cost across the country which has helped empower the people of villages to earn their livelihood after dark. After the successful implementation of this project, Deepto in partnership with SolShare, Better Tomorrow Ventures, and Rajshahi City Corporation, initiated a pilot project that was targeted at electric 3-wheelers in Rajshahi. The objective was to get vehicles charged by electricity generated from solar energy and net metering. The pilot project was launched in February 2022 with an opening ceremony at the Rajshahi City Corporation office.

### **PASSIONATE TODAY FOR AN ILLUSTRIOUS TOMORROW**

I continue to be enthused by the team's ability, dedication and collective focus on shareholder value. As the challenges and complexity in the operating environment rose, we placed a strategic emphasis on keeping our people energised and motivated through professional upskilling and creative engagement platforms. Additionally, the Management Committee enhanced involvement throughout the organisation, therefore preserving morale and friendship.

I am pleased to inform that we were bestowed with a number of awards and accolades, by a wide number of reputable institutions, both nationally and globally with a number of outstanding awards and recognitions, such as Top Employer Award from Top Employers Institute for consecutive four years, Highest Taxpayer Recognition by National Board of Revenue (NBR), Best Corporate Award by ICAB, ICMAB, SAFA, Asia Corporate Excellence and Sustainability (ACES) Award, etc. The encouragement and inspiration of external accolades and recognition have always driven us to pursue our mission while keeping the interests of our stakeholders in mind. This demonstrates that we are making progress on the correct path toward integrating our operations with public policy goals and creating value for all.

### **A HEARTFELT THANKS**

On behalf of the Board of Directors and the Company, it's my pleasure to acknowledge with gratitude the support and cooperation that we have received from all categories of employees, various government agencies, and the leaders of private sectors in discharging our responsibilities while achieving our targets.

I would like to express my deepest appreciation and gratitude to our honourable Directors who have made significant contributions to the strategic policy with their wisdom, guidance and experience that helped the management across the company to achieve the business targets.

I'd also want to express my gratitude to our Company's senior management and all categories of employee for their fortitude and accountability during a year of uncertainty. I also appreciate the management style, actions taken, and motivation offered by our Managing Director to marshal resources, align them to the company vision and lead by example.

I would like to express my sincere thanks to BATB employees for their untiring efforts, dedication to the company and devotion to their duty.

I am confident the company will continue its success with the support from all its stakeholders.

Sincerely,



**Golam Mainuddin**

Chairman, British American Tobacco Bangladesh  
8<sup>th</sup> February 2023





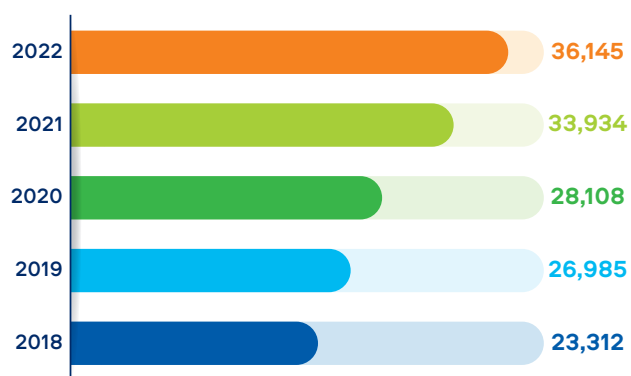
# FINANCIAL HIGHLIGHTS

In BDT Crores, unless otherwise stated

Particulars	2022	2021	2020	2019	2018
Turnover	36,145	33,934	28,108	26,985	23,312
Operating Profit before Interest and Tax	4,423	4,005	2,949	2,684	2,754
Profit Before Tax	3,499	2,990	2,109	1,740	1,931
Profit After Tax	1,787	1,496	1,088	942	1,001
Paid up Capital	540	540	180	180	60
Number of Ordinary Shares Outstanding	54	54	18	18	6
Capital reserve	6.49	6.49	6.49	6.49	6.49
Shareholders Equity	4,118	3,679	3,399	3,579	2,952
Property, Plant & Equipments	3,857	3,346	3,101	3,120	2,648
Total Current Assets	4,485	4,409	3,373	2,822	3,005
Dividend Per Share (%)	200%	275%	600%	400%	500%
Earning Per Share (Tk)	33.10	27.72	20.16	17.12	18.54
Contribution to Exchequer (in BDT Cr)	29,530	29,078	24,250	22,630	19,133
Price Earnings Ratio (Times)	15.65	22.93	19.52	18.88	21.22
Net Asset Per Share including Revaluation Reserve	76.27	68.13	62.96	66.28	54.68
Net Asset Per Share except Revaluation Reserve	76.27	68.13	62.96	66.28	54.68
Net cash from Operating Activities	2,702	795	1,502	1,559	893
Net Operating cash flow Per share (NOCFPS)	50.04	14.72	27.81	28.87	16.54
Market Value Per Share at year end (Tk)	518.7	635.6	1,180.8	969.9	3,541.7
Return on Asset(%)	21.42%	19.30%	17.00%	16.00%	18.00%
Debt Equity Ratio (%)	0.00%	15.00%	0.00%	0.00%	18.00%
Number of Ordinary Shareholders	84,971	65,945	16,283	19,315	2,419
Number of Employees	1,526	1,643	1,445	1,426	1,453

## Turnover

In BDT Crore



Turnover  
BDT  
**36,145**  
Crore

# DIRECTORS' REPORT

Dear Shareholders,

It is a great pleasure and a sense of privilege for the Board of Directors to present the Directors' Report and the Audited Financial Statements along with the Auditor's Report for the year ended 31st December 2022. As a Company devoted to transparency in investor communication, the Directors' Report will enable our shareholders and other readers to get a sound insight into our business and performance for the year 2022 and our forward outlook.

## STRATEGIC PILLARS OF OUR BUSINESS

Despite macroeconomic challenges, in 2022 we have delivered expected volume growth and financial results. We had started the year with positive momentum, but the path became challenging once the war broke out between Russia and Ukraine. The war weakened the global economy through significant disruptions in trade, food, and fuel price shocks, all of which are contributing to high inflation and subsequent tightening in global financing conditions. In the face of adversity, we have anchored on the foundations of sustainability and remained resilient, which has paved the pathway to deliver yet another year and continue sustainably across our business. We acted responsibly across our business operation with continued support from our management, field forces, retailers, farmers, and community through benchmark measures and innovations. The business context remained extremely challenging, as the consumer markets remained deeply polarised on account of the rising inflationary pressure. However, as a responsible corporate citizen, the Company amplified consumers and regulatory advocacy in the interests of public health, urging the government to pursue balanced, evidence-based, sensible regulations. We remain confident that a better tomorrow will emerge out of our actions and will set

the platform for us to generate even higher shareholders' value, including for the national exchequer.

## COMPANY PERFORMANCE

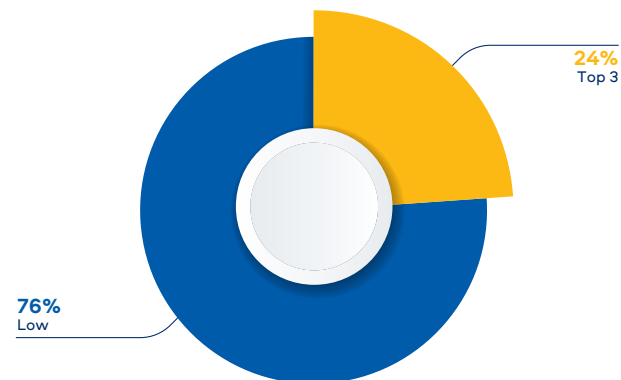
The Company (BAT Bangladesh or BATB) achieved volume growth in 2022 despite being in a challenging business environment due to macroeconomic headwinds. Focused sales & distribution drive through curated Trade Marketing & Distribution execution in the markets throughout the year and launches brands focusing consumers need, and agile portfolio interventions supported in this journey.

The high and middle segments faced various challenges to sustain their position with the overall economic instability throughout 2022 vs 2021. On the other hand, the low segment has grown in 2022 vs 2021, facilitated by accelerated down-trading from the high and middle segments to low segment brands, convenient price points, and the favourable price index post-June 2022 fiscal budget. As a result, overall low volume contribution is increasing within the portfolio. The down trading trend is not a good sign for increasing government revenue from the tobacco sector; therefore, the right price and tax policy should be an effective solution to address the challenges.

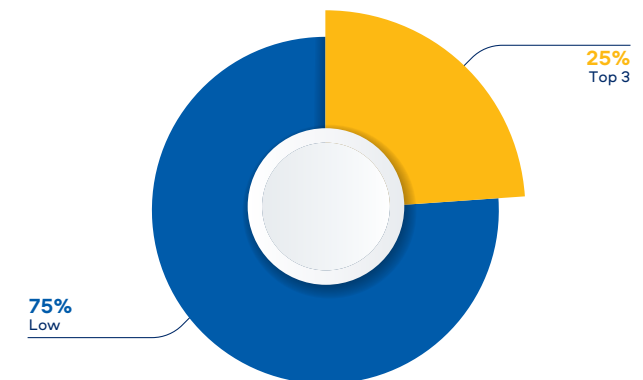
From previous years' experiences, it is important to mention, the price increase in the Low segment always triggers the consumers to shift to cheaper/duty-evaded illicit cigarettes rather than reducing consumption. In 2022, estimated illicit cigarette sales did not grow further mainly due to continued market initiatives against illicit trade from Govt. Law enforcement agencies. These anti-illicit trade initiatives from Govt. bodies need to continue to sustain the performance of the legal cigarette industry and reduce any potential revenue loss for Govt.

## BAT'S SEGMENT WISE VOLUME CONTRIBUTION IS GIVEN BELOW

Jan-Dec Volume Contribution 2022 Percentage

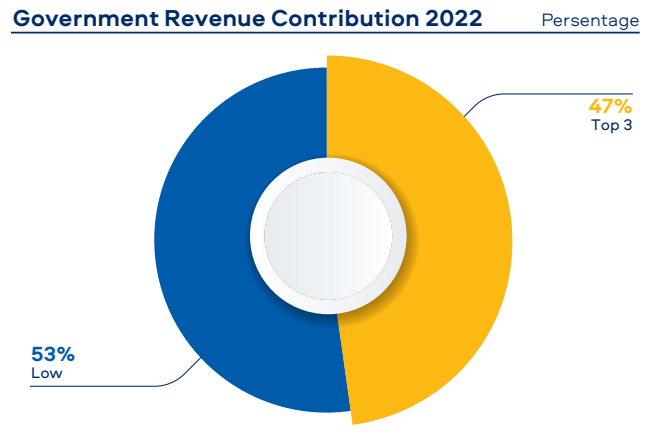
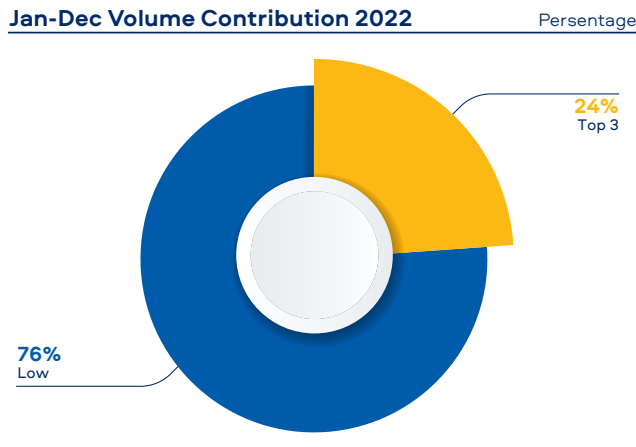


Jan-Dec Volume Contribution 2021 Percentage





**THE FOLLOWING CHART ALSO SHOWS BAT'S SEGMENT-WISE VOLUME CONTRIBUTION AND CORRESPONDING REVENUE CONTRIBUTIONS IN 2022**



Like the previous year, BATB continued its strong revenue contribution to the government exchequer in 2022. In the full year 2022, revenue contributions were similar to 2021.

**BATB's segment-wise performance overview is provided below:**

- **Benson & Hedges:** The volume growth of Benson & Hedges is as per plan during the year sustaining consecutive price increase year on year.
- **John Player Gold Leaf:** The volume of John Player Gold Leaf declined by 30% in 2022 as the brand appears to be not being able to absorb the price increase as proposed in the national budget 2022-23.
- **Star:** Since the price increase in June 2022 national budget, Star has been experiencing volume growth due to consumer switch-out from John Player Gold Leaf and Royals. As a result, Star has experienced volume growth in 2022 vs. 2021.
- **Low brands segment:** The majority of BATB's volume is contributed by Low segment brands (Royals, Derby, Hollywood, and Pilot) and the Company is committed to maintaining consumers' preferred quality and progressive needs across the segment. Continued focus over the right product quality along with wider sales & distribution across all channels despite the challenging business environment has been a key attribute for the overall growth in 2022 vs 2021.

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

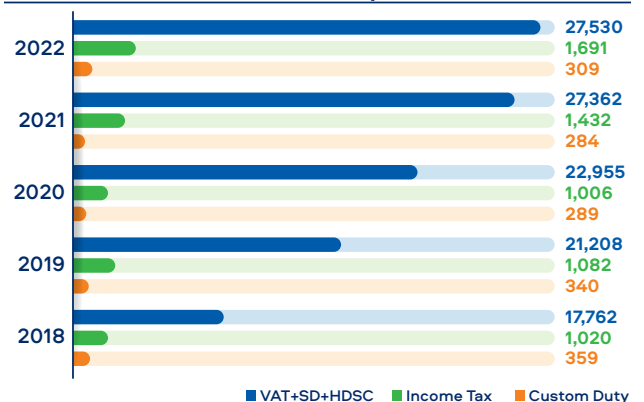
In 2022, the Company contributed BDT 29,434 crore to the Government exchequer as Value Added Tax (VAT), Supplementary Duty (SD), Health Development Surcharge (HDSC), Corporate Tax and Custom Duty. This represents an increase of BDT 1490 crores over the last year. Going forward, the Company aims to support the Government's proposals that enables 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 market players. Since this is a matured industry, it must not be stretched too far without considering the market dynamics and its ability to absorb price elasticity and avoid growth of illicit and smuggled cigarettes.

The Company recognizes 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 cigarette industry.

While listed companies in all other sectors enjoy a preferential corporate tax rate, there is a higher tax rate applicable for cigarette companies. We strongly feel that by targeting the corporate tax structure of a listed manufacturer, it will appear to be 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 on cigarettes in the upcoming National Budget. Cigarette is already highly taxed (in the form of Supplementary 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 for reducing the Corporate Tax in the upcoming National Budget.

**Contribution to National Exchequer**



### MANUFACTURING FOOTPRINT OPTIMIZATION

The outstanding year of 2022 followed up with a challenge stabilizing the 1 factory 2 site operating model across BAT Bangladesh. The operations team took over the mammoth responsibility of optimizing 2 sites footprints. The team has embarked on a journey of huge amount of machine transfers from the Dhaka factory site to the new factory site at Savar location. Side by side Savar factory footprint was updated with cascaded machines to make BAT Bangladesh 2023 supply ready. While all this footprint optimization was ongoing, the new sites also move on towards a world standard manning structure.

BAT Bangladesh also continued its dedication to becoming carbon neutral by 2030 and has taken several initiatives to reach this objective in 2022. The Company has implemented a central monitoring system (CMS), which has enabled the prediction of equipment failures and the monitoring of energy consumption trends. This digital platform has reduced manual labor by at least 4 hours and improved energy efficiency. To further improve sustainability, a Reverse Osmosis (RO) plant was installed in the Savar site in 2022, to increase water recycling. The results of these efforts are evident in the low energy and water usage index recorded by both the Dhaka and Savar sites in 2022. BAT Bangladesh is committed to creating a sustainable future and these initiatives demonstrate our dedication to this goal.

Moving forward with our goal of 1 factory 2 site operation, reducing & sustaining tobacco wastage was truly a challenge for BAT Bangladesh in 2022. Process waste reduction has been a key driver in terms of reducing tobacco wastage and sustaining the results. The focus was brought to the development and adherence of basic IWS standards. Along with that, several TWRI (Tobacco Waste Reduction Initiatives) like VCS (Velocity Control System), CDR (Cyclone Dust Recovery) and DRF (Dust Recovery Fan) are linked to the journey of process waste reduction across BAT Bangladesh. With the commitment to delivering benchmark results in reducing process waste to accelerate the journey towards IWS phase 2, as well as leverage in the cost of sales through wastage reduction, BAT Bangladesh Operations was able to deliver the lowest-ever tobacco wastage in 2022.

While the factory was going through a massive change in terms of footprint optimization with a world standard structure, BAT Bangladesh demonstrated the highest-ever OEE delivery in history with the best-ever quality product to consumers. This is a ground-breaking achievement obtained in 2022, which will be a key milestone for BAT Bangladesh for years to come to ensure sustainability at the core of delivery.

### COST OF GOODS SOLD & PROFIT MARGINS

The overall cost of goods sold increased during the year mainly due to higher cost of imports for currency

devaluation, higher inflation, and increased volume. However, despite the increase in costs we managed to contain the year-on-year growth to 15% by taking various efficiency measures and cost savings initiatives across a wide array of spectrums.

### SUSTAINABILITY

Sustainability has been central to BAT Bangladesh for decades. As a responsible Company, we always believed that every business has a key role to play in helping society progress toward economic growth, environmental protection, and social development.

Since its inception, the Company has been a proud partner of the nation in its sustainable development journey. Today, we are accelerating progress across our environmental, social, and governance (ESG) priorities to create a sustainable enterprise of the future.

Our Sustainable Agenda is integral to BAT Group's strategy, which BAT Bangladesh has subsequently adapted and is actively working towards. With the actions taken, the Company supports the Government by contributing towards 8 out of the 17 UN's Sustainable Development Goals (SDGs).

#### Few of the key ESG targets are as follows:

- Achieving carbon neutrality
  - Scope 1 & 2: 100% by 2030
  - Scope 3: 100% by 2050
- 50% renewable energy in operation sites by 2030
- 90% of waste recycled by 2025
- Reduce water withdrawal by 35% by 2025
- Increase the amount of water recycled to 30% by 2025
- 100% manufacturing sites to be alliance for water stewardship certified by 2025
- Waste to Landfill <1% by 2025
- 100% of total packaging to be reusable, recyclable, or compostable by 2025.

### 2022 ACHIEVEMENTS

BAT Bangladesh invests its resources (capex) year after year to fund its carbon neutrality journey and renewable energy ambitions. Despite volume growth in 2022, BAT Bangladesh reduced its energy consumption by around 14% compared to the baseline year across its key sites. Various approaches also paved the way towards reduced water withdrawal by around 21% from 2017. Additionally, in 2022 itself, we ensured around 31% of water recycling ratio. Multifaceted energy-efficient critical projects like automation and digitization in consumption tracking were also implemented. The Company also achieved around 99% waste-recycle ratio and has succeeded in fully removing unnecessary single-use plastics from its factory.





## FLAGSHIP ESG INITIATIVES

BAT Bangladesh is one of the pioneers in the country in the ESG space. Its journey started more than 4 decades ago with its afforestation programme 'Bonayan' in the 1980s in collaboration with the Forest Department of Bangladesh Government. With a progressive year-on-year increase in distribution, Bonayan now provides around 5 million saplings annually and has provided over 120 million saplings till date. Today, BAT Bangladesh's afforestation platform is the largest private sector-driven afforestation programme of the country. In 2022 it increased its footprint in 4 new districts and now has coverage in around 22 districts nationally. The Company is committed to continuing with this programme to support the Government's national targets of increasing forest coverage, as well as increasing the tree-covered area. To support the Govt.'s initiatives in the Rohingya Refugees Rehabilitation Project area, the Company has undertaken an afforestation programme in those areas where the trees were destroyed due to the influx of Rohingya Refugees.

The Company's water filtration plant 'Probaho' is also operating in around 22 districts. Probaho was designed as a response to the pressing need for the severe scarcity of safe drinking water due to excessive arsenic contamination. With a 584,500-beneficiary base, it provides around 570000+ liters of safe drinking water daily. In 2022, it established seven new plants, bringing the total number of Probaho plants to 172. The majority of the newly established plants are in Satkhira to address the salinity-prone zone. Probaho also introduced a self-sustaining model in Satkhira. With this model, Probaho aims to cover the plant operating cost on its own, enhance beneficiaries' ownership and create employment opportunities.

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. In 2022, Deepto enhanced its scope and ventured into a new horizon by partnering with SolShare and Better Tomorrow Ventures. It piloted a renewable energy initiative in Rajshahi in 2020 focusing on charging three-wheelers through solar panels installed in rooftop garages, and substituting lead batteries with lithium-ion batteries. This resulted in 12,323.17 kWh of solar electricity generated by the solar panels of which around 12 MWh of clean energy have been fed into the national grid. Furthermore, Carbon emissions were reduced by 8,733 kgCO<sub>2</sub> while simultaneously increasing the 3-wheeler divers' income by 26.5%.

## GOOD AGRICULTURAL PRACTICES:

In addition to the flagship CSR projects, BAT Bangladesh has built an effective partnership with its farmers for agricultural sustainability through the implementation

of good agricultural practices of national and global standards. Company's Leaf Department relentlessly work with around 40,000 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 which benefit the communities through multiple facets. Green manuring, Integrated Pest Management (IPM), Alternate Furrow Irrigation (AFI), riverine buffer protection, and affordable farm mechanization are a few among many initiatives driven by the Leaf Department of BAT Bangladesh for agricultural sustainability.

BAT Bangladesh, as a responsible corporate, embraced the opportunities to work for uplifting farmers' livelihoods and thereby fulfilling the agricultural sustainability agenda, in collaboration with the Integrated Farm Management Components (IFMC) project of Department of Agriculture Extension of Govt. of Bangladesh.

Overall, we are leading with purpose and transforming our business with the purpose of building A Better Tomorrow.

## WINNING ORGANISATION

2022 was an exemplary year for BAT Bangladesh, driven by the tireless exertions and indefatigable commitment of our dynamic team of talented employees who represent our principal asset in striving towards sustainable business growth. The employees of BAT Bangladesh manifested a steadfast devotion to their work, consistently striving to deliver optimal outcomes. Their unwavering dedication was palpable in their approach to their tasks, working ceaselessly to meet targets and surpass expectations. This, in turn, facilitated the growth and success of the company, enabling it to scale new heights.

BAT Bangladesh keeps on focusing on fostering a high-performing & inclusive culture, designed to allow employees to thrive. From ensuring ample learning & growth opportunities to re-energizing employees by developing their inner leader, BAT Bangladesh has always been the frontrunner in creating & adopting best-in-class people practices. BAT Bangladesh's employee value proposition, 'Be The Change' reflects our core message & purpose for our people. Furthermore, the transfer of knowledge and sharing of our expertise freely within BAT Group companies globally have 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 2022, 13 of our high performers joined different business units dispersed across 9 countries. Currently, we have 51 such employees working across the globe representing our talent strength.

Human capital is the major tool in our growth; thus we sustained our efforts in attracting the best talent pool with our unique campus-to-corporate initiatives. We

## BAT BANGLADESH

continued campus engagement with our ambassador program- XCEED, welcomed talented final-year students as XCELERATE interns & inaugurated our exclusive platform – Supernova, to pave the path for females in STEM. Navigating the uncertainties of the pandemic, we successfully closed off the 19th edition of our flagship business competition – Battle of Minds (BoM). This year as we were slowly transitioning back to more face-to-face interactions, and with that came new challenges & greater opportunities for growth. This year's theme "Own the Unknown" was especially relevant in today's fast-paced business world. 2022 was a year of many firsts for BoM, we did daylong carnivals called STEM connect, which enabled STEM students from different universities to network and learn under one roof for the first time. Similar to last year, we hosted a week-long boot camp this year where we created a unique experience for the participants. Throughout the week, they participated in a multitude of challenges reflecting this year's theme where the participants had to create a strategic roadmap for a new start-up Shopoth. The participants created a strategic roadmap for Shopoth to increase its sales. With over 3,500 students engaged, 1,063 registrations and 20 universities involved, the 20th year of BoM brought together thousands of changemakers.

In 2022, overall, we welcomed 159 new recruits. Beyond the campus, we also focused on injecting future-fit capabilities by welcoming 14 cross-industry professionals from 9 companies.

BAT Bangladesh shows steadfast devotion to people practices across all domains of HR practices. This has led to BAT Bangladesh becoming 'Top Employer' of the country for the fourth time in a row in 2022, as certified by the Top Employer Institute. 2022 was also the year in which we achieved strides in our overall Diversity and Inclusion agenda.

To summarize, 2022 was a remarkable year for BAT Bangladesh in terms of celebrating our people who are the key driving factor for our exemplary performance.

## ENVIRONMENT, HEALTH AND SAFETY

BAT Bangladesh is one of the pioneers of driving sustainability practices in the country and the organization is keen to maintain a safe working environment, foster safe behaviors, and ensure a positive impact on the environment throughout its business.

BAT Bangladesh is fully committed to ensuring the safety of the people who are associated with our operations, as well as minimizing impact on the environment; air, water, waste, soil, and natural resources to ensure a sustainable business. Being a responsible organization, major initiatives such as Automatic Voltage Controllers installation, water-efficient HVAC (Heating Ventilation, and Air Conditioning systems) energy efficient motors usage, condensate-free steam supply system installation, generator run-hour reduction, Reverse Osmosis plant installation, on-site solar power generation, and ensuring zero waste to landfill 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 a 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 a world-class way of working all the relevant personnel are aligned and fully involved in the process of continuous improvement in a zero-loss mindset. Moreover, health and safety focused various training are arranged based on safe work practices on the production floor, in warehouses, in transportation management, and in offices.

In its effort to build A Better Tomorrow, BATB has maximized its contributions to Sustainable Development Goals. The Goals are often aligned with many of BAT's ESG agendas. For instance, 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 on climate change, biodiversity, afforestation, and water stewardship.

Similarly, clean water and sanitation, have always been the priority and BAT Bangladesh is addressing the need for clean water and sanitation internally and externally through the Alliance of Water Stewardship (AWS) program. BATB's Dhaka Factory and Green Leaf Threshing Plant became the first in Bangladesh to achieve AWS core certification.

BATB has always put the well-being of all life on the land top priority which makes the Company perfectly aligned with Sustainability Development Goals. By ensuring responsible use of terrestrial land, big efforts to stop and reverse the effects of deforestation with projects like BONAYAN, eliminating waste-to-landfill, and so on, BATB fulfills the ESG goals on Water and Biodiversity & Afforestation.

## 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 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 in 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, CSR Committee).

We believe that the Company Board includes core competencies considered relevant in the context of



BAT Bangladesh. All our Directors have followed all 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. Shehzad Munim**  
Managing Director
- **Mr. A.K.M Aftab UI Islam FCA**  
Independent Director
- **Mr. K. H. Masud Siddiqui**  
Independent Director
- **Mr. Mohammad Salahuddin**  
(Appointed on 25th January 2023)  
Non-Executive Director
- **Ms. Zakia Sultana**  
Non-Executive Director
- **Mr. Shirajun Noor Chowdhury**  
(Appointed on 15th May 2022)  
Non-Executive Director
- **Mr. Md. Abul Hossain**  
Non-Executive Director
- **Mr. Stuart Kidd**  
(Appointed on 25th January 2023)  
Non-Executive Director
- **Ms. Amun Mustafiz**  
Finance Director

Mr. M. Tofazzel Hossain Miah and Mr. KM Ali Azam resigned from the Board with effect from 8th December 2022 and 3rd November 2022 respectively. The Board of Directors would like to place on record the excellent contributions and support of Mr. M. Tofazzel Hossain Miah and Mr. KM Ali Azam towards the improvement of the Company's business, good governance, and in taking keen initiatives in different challenges during their tenure as Directors of the Board.

### DIRECTORS PROPOSED FOR RE-ELECTION

Out of the 10 (ten) directors on the Board, Mr. Masud Siddiqui and Mr. Aftab UI Islam FCA, who were appointed as Independent Directors and already confirmed at the 50<sup>th</sup> AGM, would not retire by rotation. Mr. Shirajun Noor Chowdhury, Mr. Mohammad Salahuddin, and Mr. Stuart Kidd, who were appointed to the Board as Non-Executive Directors after the last Annual General Meeting will retire at the upcoming AGM. Mr. Md. Abul Hossain, 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 51st Annual General Meeting to be held in 2024.

### BOARD COMMITTEES:

There are currently three functional 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 established an Audit Committee as per code 5.1(a) of the codes of corporate governance (CG) of BSEC. As required, the Report of the Audit Committee is included in this Annual Report. In 2022, the Committee comprised of Mr. A.K.M Aftab UI Islam FCA, (Chairman of the Committee), Mr. KH Masud Siddiqui, Ms. Zakia Sultana, Mr. Mohammad Salahuddin, Mr. Shirajun Noor Chowdhury, Mr. Abul Hossain and Stuart Kidd. All the members of the Committee are Non-Executive Directors and the Chairman of the Audit Committee is an Independent Director. The Audit Committee met four times during the year 2022. 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 actions 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**

The Board has constituted a Nomination & Remuneration Committee (NRC) pursuant to code 6.1(a) of the codes of corporate governance of Bangladesh Securities & Exchange Commission (BSEC). 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 2022. Other members of NRC are Mr. Golam Mainuddin and Mr. A.K.M Aftab Ul 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 three times during the year 2022. 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 comprises of six Directors, of which, a Non-Executive Director is the Chairman. The constituents of the Committee are Ms. Zakia Sultana (Chairman, appointed on 18th January 2023), Mr. Tofazzel Hossain Miah (Chairman, resigned effective from 8th December 2022), Mr. A.K.M Aftab Ul Islam FCA, Mr. Mohammad Salahuddin Mr. Shirajun Noor Chowdhury, Mr. Abul Hossain and Mr Shehzad Munim. The CSR initiatives are part of the sustainability agenda of the Company. The purpose of the Board CSR Committee is to ensure the long-term sustainability of the Company's aspirations and management of the Company's CSR creativities. 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 two times in 2022. The initiatives are aligned with the SDGs, and we are contributing to fulfilling the government's commitment. Moreover, in 2022 the Committee took a number of sustainability initiatives focusing on Environment, Society 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 the declaration of the final cash dividend of 100% (BDT 10 per share, total BDT 540 crore) for 2022, to be approved at the ensuing 50th Annual General Meeting. The Board of Directors also declared interim dividend 100% (BDT 10 per share, total BDT 540 crore) on 31st October 2022 based on audited 3rd quarter financial statements as on 30th September 2022. As a result, the total cash dividend including interim dividend for 2022 would be 200% (BDT 1,080 crore).

**DIVIDEND DISTRIBUTION 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 two main factors. The first is whether to pay dividends to shareholders, and the second is whether to keep profits to reinvest them in the company's further development. The topline statement of the policy is that the Board of Directors proposes a cash pay-out of more than 50% of the company's after-tax profit every year. The dividend is to be recommended and approved as per applicable laws 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 the entitled dividend.

**PROCESS OF DISTRIBUTION OF CASH DIVIDEND:**

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

**THE PROCEDURE OF STOCK DIVIDEND DISTRIBUTION:**

The stock dividend will be credited within 30 (thirty) days of approval, subject to regulatory clearance.

**PROCESS FOR SETTLING UNPAID DIVIDENDS:**

Unpaid or unclaimed cash dividends for less than three years from the declaration date shall be paid to shareholders upon application and disbursed within the time period specified. In case of the cash and stock dividend for more than three years of the declaration date shall be settled as per the instructions of the BSEC or other regulatory authority from time to time.

**TAX MATTERS:**

Tax will be deducted at the 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 analyse the financial statements as such to ensure that. 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 & SYSTEM OF INTERNAL CONTROL

As with other co-existing entities, the BATB business is also exposed to diverse risks that arise both from internal as well as 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 not known 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 that 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 performances.

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

In light of the global economic crisis caused by the Russia-Ukraine war and other challenges, the Company adjusted its business strategies to adapt to global realities. The Company maintains a function-specific Company Risks Register in order to assess and mitigate internal and external risk factors affecting business operations. The cross-functional senior managers with the responsibilities of the process owners, as well as the Company's head of functions, identified and stringently reviewed the Risks Register. The Finance Director presented the Risks Register to the Audit Committee at its quarterly meeting for review and approval. The matters also discussed under the section on the internal control framework as outlined in the Statement on Risk Management and Internal Control of this Annual Report. Furthermore, in order to maintain a sustainable business, the Company tests the Business Continuity Plan (BCP) under 18 categories on a regular basis.

### RELATED PARTY TRANSACTIONS :

Transactions with related parties are made on 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 on page 301 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 the preparation and presentation of the financial statements for the year ended 31st December 2022 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 the preparation of the Financial Statements and 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 the 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 CG Code, the Directors further confirm that:

- The CEO and CFO 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 CEO and CFO 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 CEO and CFO 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 is fraudulent, illegal, or in violation of the Company's code of conduct.

### MATERIAL INFORMATION:

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

In January 2019, a competitor filed a writ petition against the Government and NBR by which it initially challenged the failure of the Government to implement the closing budget speech of the Hon'ble Finance Minister dated 27 June 2018 and reserving low segments for local brands. Thereafter, the competitor instead challenged the exclusion of protection given to local brands of cigarettes manufactured by local manufacturers and sought a direction to continue the protection so granted to the local manufacturers of cigarettes in pursuance of a 2017 Special Order. The competitor further challenged the legality of a 2018 Special Order of NBR through which

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the said protection was revoked. BATB was initially not a party to the writ petition, subsequently, it became a party through the addition of party application. Upon hearing on multiple occasions, the High Court (HC) passed judgment on the matter on 21 September 2020. By holding the prospective portion of the 2018 Special Order legal, the court did not allow the discriminatory regime to continue. However, by holding illegal the retrospective portion of the 2018 Special Order, the Court revived the discriminatory regime for only one year, that is from 01 June 2017 to 06 June 2018 and held that any shortfall of revenue under the 2017 Special Order may be recovered from any party or manufacturer during the period of 01 June 2017 to 06 June 2018.

Subsequently, the LTU-VAT issued a Show Cause Notice dated 24 September 2020 following the High Court judgment claiming unpaid VAT & SD of BDT 24,371 million from 01 June 2017 to 06 June 2018. BATB appealed against the HC Judgment before the Appellate Division and obtained an order of stay. Since the High Court judgment is stayed, the LTU proceeding shall also be deemed to have been stayed.

### OTHER REGULATORY DISCLOSURES:

Pursuant to the BSEC Notification on 'Code of Corporate Governance' (CG) dated 3rd 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 of the financial statements;
- All transactions with related parties have been made on a commercial basis and the details of the related party and transactions have been disclosed under note 42 of the financial statements;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been followed in the preparation of the financial statements and 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;
- Following its Initial Public Offering (IPO), the Company has made no further public offerings, rights issues, or other instruments.
- 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;
- Extraordinary gain or loss has been recognized in the financial statements of the Company in page 265 of the Annual Report;

- No significant variations have occurred between quarterly and final financial results of the Company during 2022;
- During the year, the Company has paid a total amount of BDT 8.25 crore as Board meeting attendance fees including remuneration of executive directors. 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 2022;
- During 2022, a total of 8 (eight) 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 72 of this Report;
- Shareholding pattern of the Company as on 31st December 2022 are shown in Annexure-1 to this report; and
- Directors' profiles have been included in the Annual Report (page 34) as per BSEC Guidelines.
- Declaration or Certification by the CEO and the CFO as required BSEC Code (condition No. 3(3) & Annexure-A) disclosed under 'Certificate of Due Diligence' on page 86 in the Annual Report.
- The report as well as certificate regarding compliance conditions of the BSEC Code as required (condition No.9, Annexure-B & C) disclosed on page 87 in the annual report.

### CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Board of Directors of BAT Bangladesh acknowledges that the Company, being a listed business entity, it 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 toward 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 stronger diligence to business, all operations being apparent and inviting 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 of 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 3rd June 2018. The Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2022. Further, a Certificate of Compliance is 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 31st December 2022 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 they believe that the Financial Statements reflect fairly the form and substance of all transactions carried out during the year under review and reasonably correctly 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 50th Annual General Meeting. They have expressed their willingness to be reappointed for the year 2023. 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 2023 and continuation up to the next AGM at a fee of Tk. 15,00,000 (Taka fifteen lac) plus VAT 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 49th Annual General Meeting (AGM) had appointed M/s. Al-Muqtadir Associates, Chartered Secretaries as the Compliance Auditor of the Company for the year 2022.

Because M/s. Al-Muqtadir Associates, Chartered Secretaries, had been working as the Company's Compliance Auditor for many years, the Board of Directors, based on an audit committee review, recommended to the shareholders in the 50th AGM the appointment of Mohammad Sanullah & Associates, Chartered Secretaries, as the Company's Compliance Auditor for the year 2023 in place of M/s. Al-Muqtadir Associates.

## CREDIT RATING

Pursuant to the Credit Rating Rules 2022, this is to inform you that British American Tobacco Bangladesh Company Limited has been awarded the following credit rating by Credit Rating Information and Services Limited (CRISL) based on the audited financial statements for the year ended 31st December 2022:

Long Term	Short Term	Outlook
AAA	ST-1	Stable

## INDUSTRY OUTLOOK & FUTURE PROSPECTS

The tobacco industry in Bangladesh is a significant contributor to the economy, employing a large number of people, particularly in rural areas, through tobacco cultivation, production, trade, and distribution. Every year, the government raises cigarette prices and taxes through the national budget, putting it ahead of the tobacco industry in terms of value. Moreover, the Ministry of Agriculture also increase the price of tobacco leaf taking consideration of increase the cost of production every year. Tobacco consumption is decreasing as a result of the health warning, and smokers are shifting to new categories of products, such as vaping and from Biri to filter cigarettes, to reduce health risk. As a result, despite a decrease in the total number of smokers, female smokers' instances are showing an upward trend in Bangladesh.

Bangladesh has significant opportunities to export tobacco leaf, combustible cigarettes and nicotine extract considering cost competitiveness and product quality. As a result, after ready-made garments, this industry may establish an export market throughout the world for earning foreign currency by exporting the products from Bangladesh.

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A niche market is creating demand for new categories of tobacco products, including vaping, in Bangladesh. Moreover, 100% export-oriented tobacco factories may further develop to cater to the export opportunities for combustible cigarettes and nicotine extract.

### BUSINESS COMMITMENTS FOR SUSTAINABLE GROWTH

BATB is a legally established Company and one of Bangladesh's most valuable corporate entities. Given its position as the largest individual tax contributor to Government tax revenue and a significant value injector to the rural economy, the Company's socio-economic impacts are undeniable, and over the last 112+ years, the Company has played a transformative role in supporting the nation's economic progress. BATB has always valued goodwill and will continue to treasure its cherished connection with the Government of Bangladesh and valued shareholders and other company stakeholders.

BATB contributed BDT 29,434 crore to the Government treasury in the form of Supplemental Duty, Value-Added Tax, Income Tax, Customs Duty, and other taxes in 2022, demonstrating its expanded contribution to gross exchequer collection.

Meanwhile, BATB has also established a soundtrack record of excellence in shareholder value creation. The Company's financial position is robust and provides a cushion against any future operating environment challenges.

In large part, the Company's resiliency has been built due to its highly skilled workers, multi-product portfolio, extensive distribution network, and longstanding partnerships with contracted tobacco farmers. Despite unpredictability and volatility in the prevailing operating environment, our sound business fundamentals have enabled the Company to achieve its strategic goals.

BATB's comprehensive sustainability strategy outlines action plans for decreasing the environmental effect of the business with clear Scope 1, 2 and 3 reduction targets in the larger planned agenda of achieving carbon neutrality by 2030. Thus, the Company is devoted to attaining excellence in environmental management and supporting livelihoods and communities while adopting industry-leading corporate governance norms. Meanwhile, as a corporate, we are highly conscious of our ethical standards and maintain rigidity at all times in their adoption.

Considering strong foundations built over time, the Board of Directors of BATB is convinced that the Company has the essential capabilities, expertise, and resources to move forward with confidence and amplify impact and value creation.

### MANAGEMENT DISCLAIMER FOR IT SECURITY

BAT Bangladesh has been using some applications software packages for its day-to-day activities. To the best

of knowledge, these software packages are fully immune and tested against any external hacking. The Cyber Security platform is being periodically checked by the inhouse Information & Digital Technology Specialist Team.

### AWARDS & RECOGNITION

As a result of our responsible corporate stewardship, exceptional value creation focus and full-strength emphasis on governance and compliance in 2022, we have been recognised by a wide number of reputable institutions, both nationally and globally with a number of outstanding awards and recognitions. The following honors were bestowed to the Company in 2022:

- Top Employer Award from Top Employers Institute for consecutive four years
- Highest Taxpayer Recognition by National Board of Revenue (NBR)
- LTU Award Recognition by the National Board of Revenue (NBR)
- ICAB National Awards for Best Presented Annual Report & Governance
- ICAB National Awards for Corporate Governance
- ICAB National Awards for Integrated Report
- SAFA Award for Best Presented Annual Report
- ICMAB Best Corporate Award
- Asia Corporate Excellence and Sustainability (ACES) Award, 2022

Details of these awards are mentioned in the 'Achievements' section of this Annual Report.

### EXPECTATIONS IN 2023 AND BEYOND

Our faith in the team's capacity to achieve results in tough circumstances were only bolstered by the outstanding operational and financial success in 2022.

As the year progressed, the Company accorded top priority to protecting its employees' health and happiness without sacrificing the Company's ability to meet its goals. Despite the macroeconomic headwinds, we have deep faith in the team's ability to overcome obstacles and fulfill their promise to all our stakeholders. We remain optimistic about Bangladesh's long-term prospects and the economy's potential for growth over the medium and long-term.

BAT Bangladesh has always been a people-centered and socially responsible organisation. Being a Company close to the market, it aspires to provide consumers' preferred quality products to its customers. With a high innovation capacity and ability to meet adult consumers' choices and tastes, the Company will continue to focus on sustainable growth, going forward.

As a Company rooted in responsibility, we are committed to sound Environmental, Social and Governance ("ESG") practices. Sustainability has always been ingrained





in our DNA and in 2022 we reaffirmed our sustainability commitment by launching a holistic and bold ESG strategy, which, among other goals, sets a target for achieving carbon neutrality across our operations by 2030. In 2022, we fast-tracked this ambition through projects that shall contribute in many ways, including reducing emissions, optimising wastage, lowering our water and energy consumption, and reducing our waste-to-landfill, amongst others. This demonstrates the collective efforts of the entire organisation and cross-functional innovation and truly makes us believe that we can achieve anything we set out to do.

We commend the Government's proactive efforts to curtail the growth of the illicit cigarettes market in the country, which over the future years will no doubt lead to an increase in Government revenue. As one of Bangladesh's most valuable listed companies, we remain committed to emulating global best practices in governance, sustainability, corporate citizenship and value creation.

Looking ahead in 2023 and beyond, BATB desires to go ahead with the same zeal that it had started with 112+ years ago, continuing its focus on the fundamentals, including being the number one locally listed Company in turnover terms, partnering with the national exchequer for enhanced value creation, and in operating as a socially-aware enterprise close to our communities.

The Company's initiatives for 2023 will surely bring about a positive change across the nation with various initiatives directed towards poverty alleviation, gender equality, human development and welfare, partnership in green cultivation practices, prevention of arsenic contamination, forest preservation, and extending sustainable modern energy to off-grid areas while also contributing to progressive transport electrification in the country.

These initiatives will truly facilitate a better tomorrow.

**Golam Mainuddin**  
Chairman

8<sup>th</sup> February 2023

## ACKNOWLEDGEMENTS

BATB's end-of-year performance of 2022 reflects a strong degree of resolve in resilience to continue undaunted on the path of sustainable value creation amid adversity. Our performance for the year also clearly exhibits the commitment and determination of the Board, Management, and employees.

Thus, the shining success of the year is more than an homage to the Company's customers but also hundreds of employees, business partners, contracted farmers and other stakeholders securely working in the background to ensure operational seamlessness and harmony.

As a satisfactory year comes to a close, the Board of Directors of BATB would like to express its sincere gratitude and appreciation to the Government of Bangladesh, in particular 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. We also extend our thanks to the National Board of Revenue, Bangladesh Investment Development Authority, Bangladesh Securities & Exchange Commission, and the Stock Exchanges.

The Board would also like to proffer its warmest gratefulness to the management and employees for being the backbone of BATB during the year and over the years. It was their unrelenting commitment, dedication and diligence throughout the year that led the Company to achieve solid all-round performance in 2022 that will always be remembered in times to come.

We are proud of you all and look forward to your continued support as we stride ahead to take BATB forward as a leading Company in Bangladesh.

On behalf of the Board of Directors,

**Shehzad Munim**  
Managing Director

# MANAGEMENT DISCUSSION & ANALYSIS 2022

## (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) has 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 detail of the significant accounting policies is available in Note 6 of the financial statement.

## (B) CHANGES IN ACCOUNTING POLICIES AND ESTIMATION

In 2022, there was no major change in accounting policies and estimations except for some amendments and interpretations applied. However, this do not have any material impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

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

Financial results (BDT crore)	2022	2021	2020	2019	2018
Gross Turnover	36,145	33,934	28,108	26,985	23,312
Supplementary duty, VAT, HDSC	(27,722)	(26,451)	(22,079)	(21,303)	(17,848)
Net Turnover	8,423	7,483	6,029	5,682	5,464
Cost of Goods Sold	(3,999)	(3,477)	(3,079)	(2,997)	(2,710)
Gross Profit	4,423	4,006	2,950	2,685	2,754
Operating Expense	(868)	(835)	(727)	(808)	(672)
Operating Profit	3,555	3,170	2,222	1,877	2,082
Profit before Tax	3,499	2,990	2,109	1,740	1,931
Tax	(1,712)	(1,493)	(1,020)	(816)	(930)
Profit after Tax	1,787	1,497	1,089	925	1,001
EPS in BDT	33.10	27.72	20.16	17.12	18.54
Operational results	2022	2021	2020	2019	2018
Share Capital (BDT cr.)	540	540	180	180	60
No. of Employees	1,526	1,643	1,445	1,426	1,453
Total Contribution to the National Exchequer (BDT cr.)	29,530	29,078	24,250	22,630	19,133

The Company's gross turnover for the year 2022 increased by 7% to BDT 36,145 crore. The growth was primarily driven by higher volume and decline in illicit trade. The Supplementary duty and VAT contribution from BATB increased by 5% for the year 2022 and resulting in 13% increase in net turnover for the year.

Higher production volume compared to last year, along with an incremental material cost globally and impact from currency devaluation have led to an 15% increased cost of goods sold for the year. Despite 13% higher turnover the operating expenses remained under control with 4% growth compared to last year. The profit after tax for the year is BDT 1,787 crore, 19% increase.



## CASHFLOW MOVEMENT

Cashflow (BDT crore)	2022	2021	2020	2019	2018
Cash generated from operating activities	4,076	2,009	2,276	2,482	1,789
Income Tax paid	(1,352)	(1,200)	(784)	(892)	(843)
Net Interest (paid)/received	(21)	(14)	10	(31)	(45)
Net cash flows from operating activities	2,702	795	1,502	1,559	901
Net cash flows used in investing activities	(606)	(530)	(139)	(319)	(688)
Net cash flows used in financing activities	(1,765)	(713)	(1,314)	(786)	78
Net Increase in cash and cash equivalents	331	(448)	48	455	291
Cash and cash equivalents at 01 January	141	587	539	83	(208)
Cash and cash equivalents at 31 December	491	141	587	539	83

Overall cash position in 2022 increased year on year due higher collection from sales and realization of credit from 2021 year end. 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 100% (BDT 10 per share) final cash dividend for the year ended 31 December 2022, to be approved at the ensuing 50th Annual General Meeting. With this recommendation of proposed final cash dividend, the summary of the total dividend in 2022 is represented below:

Operational results	2022	2021	2020	2019	2018
Profit after tax (BDT Cr)	1,787	1,497	1,089	925	1,001
Earnings per share (BDT)	33.10	27.72	20.16	17.12	18.54
Interim & final cash dividend (BDT Cr)	1,080	1,485	1,080	720	300
Stock dividend ratio	-	-	1:2	-	1:2
Number of shares	540,000,000	540,000,000	180,000,000	180,000,000	60,000,000
Cash dividend per share	20	27.50	60	40	50
P/E Ratio (as of record date)	15.65	23	58.57	56.64	191.02
Dividend Yield (as of record date)	4%	4%	5%	4%	1%
Cash and cash equivalents at 31 December	491	141	587	539	83

## (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 GLOBE GLOBAL ECONOMY

### Global Economy

The global economy shows signs of recovery in 2022 (5.9%) amidst the pandemic after hitting its lowest point in 2021 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 advance 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 demands 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 economy and restore it to its previous state.

### Bangladesh Economy

In 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

## BAT BANGLADESH

from second half) and resumption of work on national projects. With the current base 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 is to graduate from LDC status by 2026 which runs the risk of losing access to free markets and increased cost of borrowing. However, initiatives are taken to counter that scenario through FTA's with certain economies. Bangladesh has also regained its position as the 2<sup>nd</sup> highest apparel exporter in the world which was lost to Vietnam in 2020. Inflation is also on the rise owing to rise in global oil prices.

International ties with Japan and China will remain stable due to Bangladesh's increased participation in infrastructure development projects in the coming year. Under its "Look East" policy, the Bangladeshi government will seek to reduce its economic and financing dependence on India. Bangladesh will continue to maintain strong relations with countries in the Middle East, particularly Saudi Arabia and the UAE, as these are leading sources of workers' remittances.

For 2022, the focus and priorities would be to build on the growth delivered in 2021 and continue to work on reviving the economy, reducing unemployment, restoring consumption, and managing disruptions in the supply chain. Tackling the contemporary economic especially high level of inflammation has put huge pressure to keep the business model sustain itself. On the other hand, depreciation of the US Dollar in the ongoing conflict between Russia and Ukraine has added another layer of geopolitical uncertainty to the global economic outlook, as concerns mount over the potential impact of the crisis on international trade and investment flows.

### (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



**Golam Mainuddin**  
Chairman

8<sup>th</sup> February 2023

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 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 110 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





## Annexure-1

# 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/CEO/CS/CFO/Audit Head and their spouses and minor children	nil	nil
iii) Executives (HOD)	nil	nil
iv) Shareholders, who hold 10% or more:		
v) Other Shareholders, who hold less than 10%		
• Investment Corporation of Bangladesh	30,539,217	5.66%
• Sadharan Bima Corporation	15,285,423	2.83%
• Bangladesh Development Bank Limited	1,807,863	0.33%
• President People's Republic of Bangladesh	3,481,416	0.64%
• Others	95,177,859	17.63%

## BOARD MEETINGS

The Board of Directors met ten times during the year 2022. The Company Secretary and Chief Financial Officer (Finance Director) were present in the Board meetings. The attendance by each Director is mentioned below:

Present Directors' Name	No. of Attendance
Mr. Golam Mainuddin	8
Mr. Shehzad Munim	8
Mr. A.K.M Aftab ul Islam	8
Mr. K.H. Masud Siddiqui	8
Mr. Mohammad Salahuddin (Appointed on 25 <sup>th</sup> January 2023)	-
Mr. M. Tofazzel Hossian Miah (Resigned on 8 <sup>th</sup> December 2022)	7
Mr. K.H. Ali Azam (Resigned on 3 <sup>rd</sup> November 2022)	7
Ms. Zakia Sultana	8
Mr. Shirajun Noor Chowdhury (Appointed on 12 <sup>th</sup> May 2022)	5
Ms. Mahmuda Khatun (Resigned on 12 <sup>th</sup> May 2022)	4
Mr. Md. Abul Hossain	8
Mr. Stuart Kidd (Appointed on 25 <sup>th</sup> January 2023)	
Ms. Amun Mustafiz	8

# BSEC CORPORATE GOVERNANCE COMPLIANCE CHECK LIST

## 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 BATB Board is comprised of 10 Directors. (Page 65)
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 BATB Board, namely: Mr. A.K.M Aftab Ul Islam and Mr. K.H. Masud Siddiqui. (Page 65)
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 the Company's any sponsor or Director or nominated Director or Shareholder of the company or any of its associates, sister concerns, subsidiary and parents or holding entities who holds 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 TREC (Trading Right Entitlement Certificate) holder, Director or officer of any Stock Exchange	Complied	DO
1.2 (b) (vi)	Independent Director is not a shareholder, Director excepting 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
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 10 & 65)
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) A.K.M Aftab Ul Islam & Mr. K.H. Masud Siddiqui are in first term of office.



Condition No	Title	Status	Remarks
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 38 & 39)
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 Tk. 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 Tk. 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 5th 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 experience. (Page 38 & 39)
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 38 & 39)
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 102 & 103)
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 104)
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 104)
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 104)
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.	Complied	In practice.

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Condition No	Title	Status	Remarks
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 60)
1.5 (ii)	Segment-wise or product-wise performance	Complied	The Directors' report complies with the guideline. (Page 60)
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 60)
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 72 & 290)
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 68, 72 & 232)
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' (Page 74). A statement of all related party transactions are disclosed under Notes (No. 40) to the Financial Statements.
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'. (Page 68)
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 72 & 232)
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 68)
1.5 (x)	A statement of remuneration paid to the directors including independent directors	Complied	Mentioned at 'Other Regulatory Disclosures'. (Page 68)
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 86)
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 117)
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 'Going Concern' in the Directors Report. (Page 66)





Condition No	Title	Status	Remarks
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 "Growth Pillar". (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 60)
1.5 (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	Complied	Stated in Annexure - 1 of the Directors' Report which complies with the guideline. (Page 75)
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 293)
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. (Page 66 & 294)
1.5 (xxii)	The total number of Board meetings held during the year and attendance by each director;		The Board of Directors met eight (8) times during the year 2022. (Page 68)
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, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children do not hold any shares of the Company. Stated in Annexure- 2. (Page 85)
	(c) Executives	Complied	The Executives (Leadership Team) of the Company do not hold any shares. Stated in Annexure- 2. (Page 85)
	(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 73)
1.5 (xxiv) (a)	A brief resume of the director	Complied	Stated in the profile of Directors in the Annual Report. (Page 34 & 44)
	(b) Nature of his or her expertise in specific functional areas	Complied	Stated in the profile of Directors in the Annual Report. (Page 34 & 44)
	(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 34 & 44)
1.5 (xxv) (a)	(a) Accounting policies and estimation for preparation of financial statements	Complied	The Directors Report complies with the guideline. (Page 72 & 114)
	(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 72 & 232)
	(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 72)
	(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 72 & 232)

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Condition No	Title	Status	Remarks
	(e) Briefly explain the financial and economic scenario of the country and the globe	Complied	The Directors Report complies with the guideline. (Page 73)
	(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 74)
	(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 74)
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 74)
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 at page no 120 of the Annual Report
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 Maintain 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). (Page 110)
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 set for Chairman of the Board, other members of the Board and Chief Executive Officer of the company based on the recommendation of the Nomination and Remuneration Committee (NRC). (Page 66-71)
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 behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	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 BATB.
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	
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	
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	
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	
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 appointed MD, CFO, CS and Head of Internal Audit. (Page 113)
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, CFO, CS and Head of Internal Audit are four different individuals. (Page 113)



Condition No	Title	Status	Remarks
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
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, CFO, CS and HIAC are clearly defined which have been approved by Board as per requirement of BSEC notification. (Page 113)
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 113)
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 113)
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	In Practice (Page 113)
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	In Practice (Page 113)
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 Annexure-3. (Page 113)
4 (i)	There shall be an Audit Committee as a sub-committee of the Board.	Complied	Already in place. (Page 68)
4 (ii)	There shall be a Nomination and Remuneration Committee as a sub-committee of the Board.	Complied	Already in place. (Page 68)
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 of Audit Committee is available. (Page 111)
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 Audit Committee duly discharged its responsibilities. (Page 111)
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 111)
5.2 (a)	The Audit Committee shall be composed of at least 3 (three) members	Complied	The Audit Committee is comprised of 7 (Seven) members. (Page 111)
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 Directors and which includes one Independent Director. (Page 111)
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 'financially literate' and they have 'related financial management experience' as per codes of BSEC. The membes have also given their declarations. (Page 125 % 127)

**BAT BANGLADESH**

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	Complied	In Practice
5.2 (e)	The Company Secretary shall act as the secretary of the Committee	Complied	In Practice. (Page 126)
5.2 (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director	Complied	In practice. (Page 126)
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 Ul Islam FCS has been appointed as Chairman of Audit Committee who is an Independent Director.
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.	Complied	In practice. (Page 125)
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	In practice.
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 126)
5.5 (a)	Oversee the financial reporting process	Complied	In practice. (Page 125)
5.5 (b)	Monitor choice of accounting policies and principles	Complied	In practice. (Page 125)
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 126)
5.5 (d)	Oversee hiring and performance of external auditors	Complied	In practice. (Page 114)
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 114)
5.5 (f)	Review along with the management, the annual financial statements before submission to the Board for approval	Complied	In practice. (Page 125)
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 126)
5.5 (h)	Review the adequacy of internal audit function	Complied	In practice. (Page 126)
5.5 (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	Complied	In practice. (Page 126)
5.5 (j)	Review statement of all related party transactions submitted by the management	Complied	In practice. (Page 74)
5.5 (k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	Complied	In practice. (Page 127)
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 23)





Condition No	Title	Status	Remarks
5.5 (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission	Complied	There was no IPO/RPO/Rights Issue in 2022 or in recent past. Stated in the Directors' Report under 'Other Regulatory Disclosures'. (Page 68)
5.6 (a) (i)	The Audit Committee shall report on its activities to the Board	Complied	In practice. (Page 125 - 127)
5.6 (a) (ii) (a)	Report on conflicts of interests	Complied	In practice. (Page 126)
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 126)
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	
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.	None	
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 129)
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 129)
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 129)
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 130)
6.2 (b)	All members of the Committee shall be non-executive directors	Complied	In practice (Page 131)
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 130)
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee	Complied	In practice. (Page 130)
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	Complied	In practice
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

<b>Condition No</b>	<b>Title</b>	<b>Status</b>	<b>Remarks</b>
6.2 (g)	The company secretary shall act as the secretary of the Committee	Complied	In practice. (Page 129)
6.2 (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director.	Complied	In practice. (Page 131)
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 130, 131)
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 selected by the Board who is an Independent Director. (Page 131)
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	Complied	In practice. (Page 131)
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 129-131)
6.4 (a)	The NRC shall conduct at least one meeting in a financial year	Complied	In practice. (Page 131)
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 129 & 131)
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 131)
6.5 (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	Complied	In practice. (Page 130 & 131)
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 130)
6.5 (b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks	Complied	In practice. (Page 130)
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 130)
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 102- 104)
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 130)
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 130)
6.5 (b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies	Complied	In practice. (Page 112)



Condition No	Title	Status	Remarks
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 129- 131)
7.1	Statutory auditors not be engaged in the following services:	Complied	As declared by the auditor
7.1 (i)	Appraisal or valuation services or fairness opinions	Complied	In practice
7.1 (ii)	Financial information systems design and implementation	Complied	In practice
7.1 (iii)	Book-keeping or other services related to the accounting records or financial statements	Complied	In practice
7.1 (iv)	Broker-dealer services	Complied	In practice
7.1 (v)	Actuarial services	Complied	In practice
7.1 (vi)	Internal audit services or special audit services	Complied	In practice
7.1 (vii)	Any service that the Audit Committee determines	Complied	In practice
7.1 (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1)	Complied	In practice
7.1 (ix)	Any other service that creates conflict of interest	Complied	In practice
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	In practice
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 145)
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 87)
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.
9.3	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not	Complied	Detailed status given at Annexure - C and published in the Report. (Page 86)

# CERTIFICATE OF DUE DILIGENCE BY CEO & CFO

(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 2022 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<sup>st</sup> December 2022 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  
8<sup>th</sup> February 2023





# CERTIFICATE OF COMPLIANCE

## **Al-Muqtadir Associates**

Chartered Secretaries & Consultants

efforts umpteenth : प्रयास अरहीत

Business Office :  
House #412, Apartment 8  
Road: 08, Block: D  
Bashundhara R/A, Dhaka-1229  
Bangladesh

Phone: 01730 340 340  
e-mail: muqtadir@muqtadirbd.com  
g-mail: akamuqtadir@gmail.com  
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 I(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 2022. 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 in view of the remarks and comments as presented 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 2022.

### **Al-Muqtadir Associates**

Chartered Secretaries & Consultants



Dhaka, February 08, 2023

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

# MANAGING DIRECTOR'S OVERVIEW

## Dear Shareholders,

2022 was yet another stellar year for Bangladesh as well as our Company. As we step into the 112<sup>th</sup> 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.

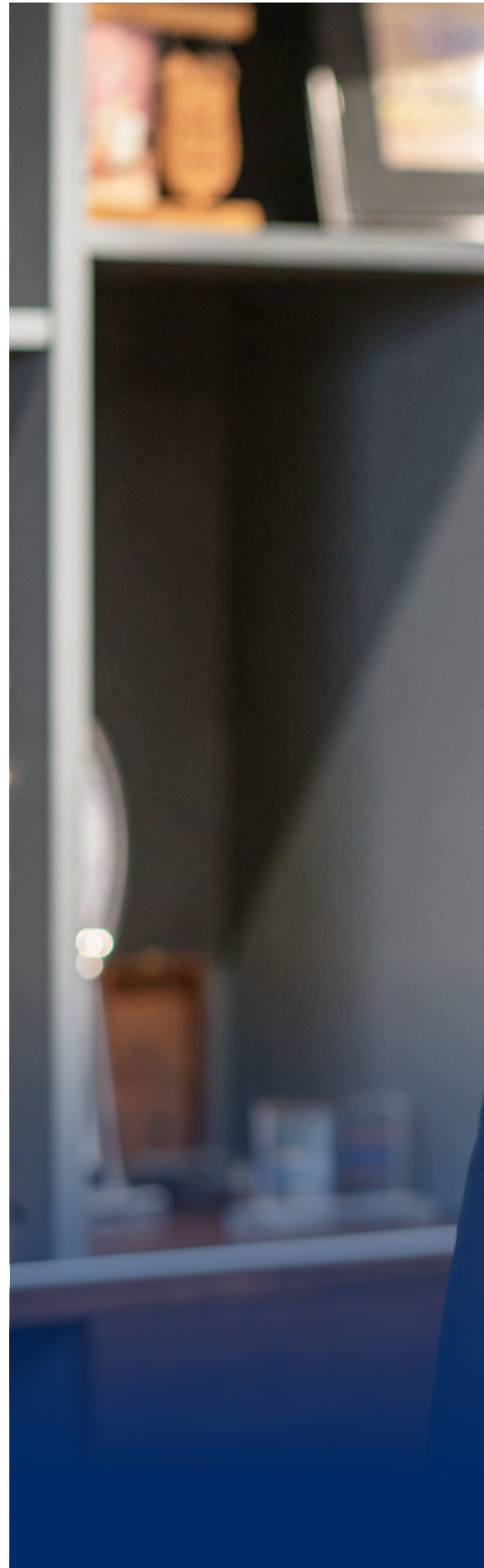
With around 1.35 million families depending on the continuous operations of BAT Bangladesh, we found inspiration to continue our benchmark practices keeping the Environment, Social & Governance (ESG) framework at the front and center of everything we do.

In doing so, we have registered one of the best years in our illustrious history and that translates to a meaningful contribution of around BDT 29,530 crores to the National Exchequer, making BAT Bangladesh the proud leaders 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 2022 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 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 120 million saplings in 43 years. Moreover, we celebrated the installation of the 117<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 585,000 litres of clean drinking water to over 283,000 beneficiaries in 20 districts.

There was a time when our third flagship initiatives 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





*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.*



## BAT BANGLADESH

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 in 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 techsavvy 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 similar fashion does not seem too far-fetched at this point in time. As Bangladesh marches into its 51st year of independence, the world is merely beginning to comprehend the fruits of the 4th 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.



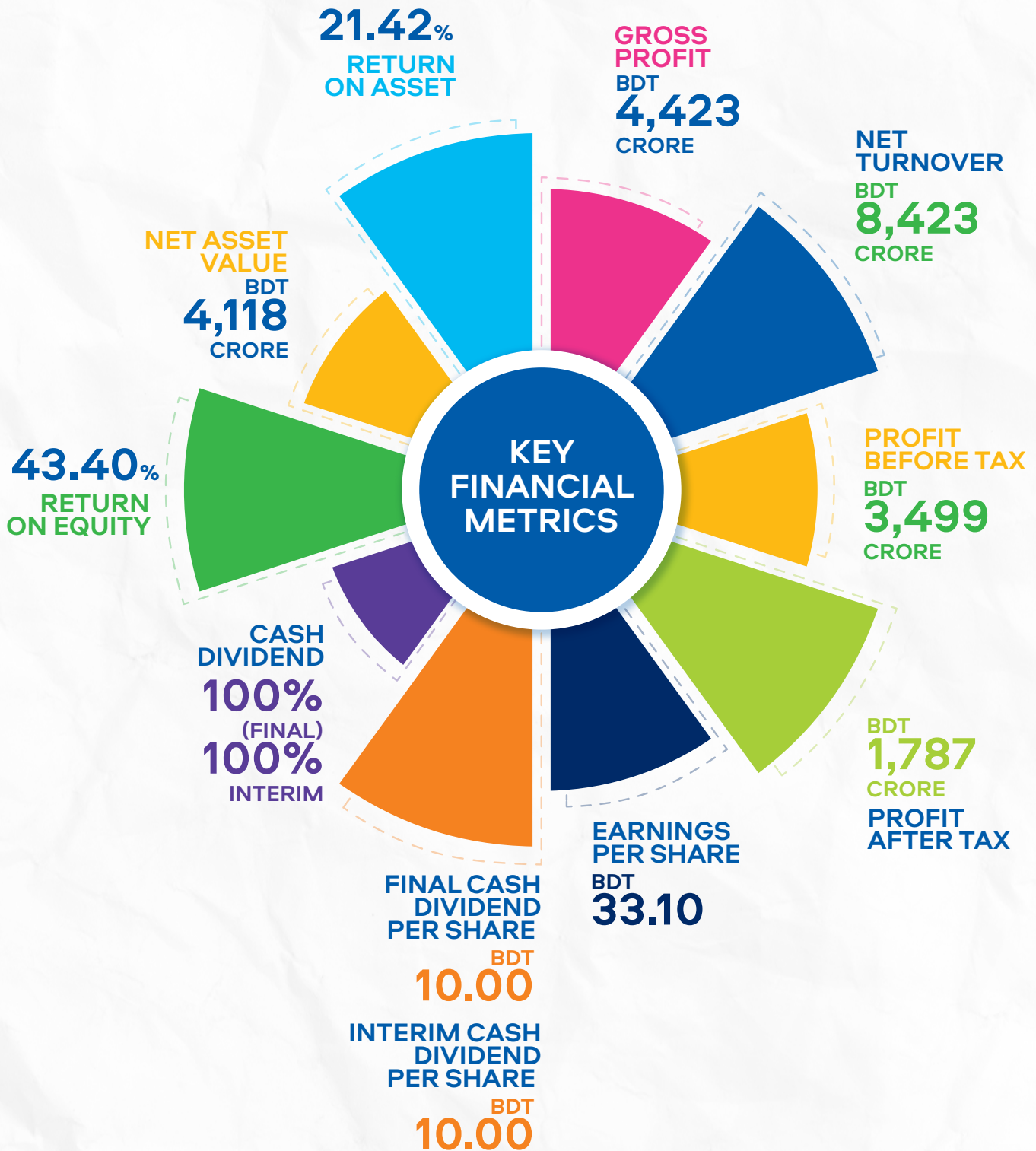
**Mr. Shehzad Munim**  
Managing Director  
British American Tobacco Bangladesh

8<sup>th</sup> February 2023





# KEY FINANCIAL METRICS





We had a successful year in 2022 and produced a great set of financial results, further strengthening our foundations for the future.







# FINANCE DIRECTOR'S REVIEW

## Dear Shareholders,

2022 has been another year where company navigated through challenges, this time driven by the global and local economic headwinds and delivered very strong results. This was possible due to comprehensive business strategy, continuous forward planning, and agility in navigating through different challenges throughout the year, strong financial foundations and the unwavering resilience of our people who have chartered the path for another year of sustainable performance.

## EXTERNAL ENVIRONMENT

The surge in demand following COVID-19 and the conflict between Russia and Ukraine have led to further supply chain bottlenecks and huge inflationary pressures due to rising cost of base materials, energy, and fertilizer. The macro-economic environment was aggravated by the unprecedented devaluation of BDT against USD, increasing cost of doing business significantly. All these have also stretched consumer affordability to a large extent.

## DRIVING TOP LINE GROWTH

In the face of this challenging backdrop, we delivered a robust set of results that reflect our unwavering commitment to deliver sustainable growth for our stakeholders. The government authorities' rigorous enforcement has prevented the illicit tobacco market from expanding during the year fuelling the growth of the legal tobacco industry. Our strategic focus was to ensure that we capture opportunities in the market and grow revenue while optimising costs. By responding to evolving consumer preferences via a well-balanced and agile portfolio and trade strategy, we have been able to grow volume from our combustible business across most segments. The volume growth coupled with government mandated price increase of ~3% (average of portfolio) has resulted in 5.4% growth in revenue from cigarettes.

Additionally, we have been able to significantly accelerate our leaf export business by doubling the revenue and overall, total revenue has increased by 6.5%.

We have also remained steadfast in our pledge to contribute positively to the wider economy, and we are proud to have delivered an incremental BDT 1,490 crore to the national exchequer during 2022. With that, net revenue has increased by BDT 940 crore.

## SUSTAINABLE BOTTOM LINE GROWTH

With delivering top line growth, we have also recognized the importance of managing costs effectively in the current situation to grow bottom line and deliver incremental value to shareholders.

We have embedded a cost consciousness culture across all levels of the organisation and taken several savings initiatives to optimise total cost base and increase by only 4%. This has resulted in 10% growth in profit after tax from operations. On top of this, due to the current FX crisis, we have negotiated heavily to get one-off international IT costs waiver resulting in a strong 19% growth in profit after tax for 2022. This has been an extra-ordinary delivery by the company despite the macro-economic challenges.

## EFFECTIVE CASHFLOW STRATEGY

We have ensured healthy balance sheet position across all key indicators. Key focus has been ensuring adequate cash during this high inflationary period. Our effective cash strategy has resulted in cash conversion ratio of 150% and reflected our continued efforts to optimize and improve our cashflow. We have carefully balanced our investment activities with our cash inflows and outflows, ensuring that we have sufficient liquidity to meet our obligations and have increased cash balance by BDT 350 crore.

Additionally, we have continuously monitored and ensure utilisation our export proceeds to net off import payments and this has helped us to minimize the impact of exchange rate fluctuations on our cashflow and increase profitability.

## FOCUS ON DIVIDENDS

Developing sustainable value growth for our shareholders remains one of our primary areas of focus. Consequently, we have announced a final cash dividend of BDT 10 per share, pending approval from our shareholders at the 50<sup>th</sup> annual general meeting. Along with the interim dividend of BDT 10 per share, this brings the year's earnings per share to BDT 20.

## A BETTER TOMORROW

We commence 2023 with utmost confidence in our capability to deliver another round of robust results, supported by our strong financial position and perseverance of our workforce displayed in 2022. We remain steadfast in our pledge of delivering "A Better Tomorrow" for our shareholders, staff, consumers, trade partners, and in spearheading the nation's ESG quest.

*Amun Mustafiz*

**Amun Mustafiz**  
Finance Director

8<sup>th</sup> February 2023



## REFORESTATION AT ROHINGYA CAMP

250000+ **Bonayan saplings** planted since 2018. This is our land, and hence it is our duty to restore the balance. We are proud to contribute and be a partner in this reforestation campaign led by RRRC, ISGG & EETWG. Our commitment continues...



 Kutupalong Rohingya Camp, Ukhiya, Cox's Bazar





# STATEMENT OF CORPORATE GOVERNANCE



British American Tobacco Bangladesh is fully devoted to adopting good corporate governance practices and adhering to the highest business standards. As a values-driven organization, the Company has always worked to build trust with shareholders, employees, customers, suppliers and other stakeholders through the application of sound governance principles such as integrity, equality, transparency, fairness, disclosure, accountability and commitment to values. The Company nurtures a culture in which high ethical standards, individual accountability and transparent disclosure are ingrained in all of its business activities and shared by its Board of Directors, management and employees. The Company has put in place robust mechanisms and procedures to ensure that its Board is well-informed and well-equipped to carry out its overall responsibilities and provide the management with a cohesive strategic direction required to produce long-term shareholder value.

At British American Tobacco Bangladesh, we are committed to robust corporate governance practices and maintaining the highest standards of business conduct. As a Company that prioritizes stakeholder value, we have consistently emphasised on building trust with our shareholders, employees, customers, suppliers, and other stakeholders.

Our commitment to best-in-class corporate governance principles, including integrity, equality, transparency, fairness, disclosure and accountability, and a steadfast dedication to our ETHOS values, has been unwavering. In this regard, we prioritize a culture of ethical excellence, personal responsibility, and open communication in all of our business endeavors. This mindset is embraced by our Board of Directors, management team, and the staff at every level.

With our governance framework in full force, we have made conscious effort to further strengthen our responsible stewardship strategy in 2022, with the aim of ensuring robust leadership to drive us towards delivering on our governance commitments, including tax compliance, gender diversity, Board representation, etc. We are also cultivating a top-down approach focused on accountability, empowerment and agility in conforming to norms and regulations, the roles and responsibilities of the Board, EHS Steering Committee, etc.

Thus, with clear direction and strong leadership from the top, we are able to effectively execute our governance initiatives and integrate regulatory considerations into our governance and business outcomes. At BAT Bangladesh,

we have put in place mechanisms and procedures to ensure that the Company's Board is well-informed and well-equipped to carry out its overall responsibilities and provide the management with the strategic guidance and direction required to produce long-term shareholder and stakeholder value. Since its inception, the organisation has operated on the basis of performance with conformance, while practicing regulatory-compliant business tenets and prioritizing sustainable value for all of its stakeholders and actively supporting sustainable business practices across the value chain.

The Company creates value via equitable, inclusive, transparent and collaborative stakeholder processes. It regularly interacts and engages with stakeholders to understand their needs and implement relevant solutions. From its founding, the Company has instilled in all its operational processes the IWS principles and habits. These not only make operations more efficient, but also aid in resource optimization, resulting in natural resource conservation. This goes a long way in meeting our climate and E&S (environmental and social) risk governance agendas.

Governance of our human resources is a critical priority that enables us to build-out our competitive advantage in our endeavour to attract and retain the best talent. In this regard, the Company strives to be the employer of choice by promoting a safe, healthy and contented workplace while also working towards improving its Environmental, Social and Governance (ESG) performance as well as its commitment to the Sustainable Development Goals.

## 1.0 PHILOSOPHY OF GOVERNANCE

Effective Corporate Governance practices constitute the strong foundation on which successful commercial enterprises are built to last. Corporate governance is based on the principles of integrity, transparency, accountability and commitment to values.

The Company's views are not only to comply with the statutory requirements in letter and spirit, but also to aim at implementing the best practices, keeping in view the overall interests of all stakeholders. The Company considers corporate governance as a critical tool to enhance trust of its customers, employees, investors, government and the community at large and achieve its goal of maximizing value for its stakeholders.

Thus, 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.

Furthermore, ethical dealings, transparency, integrity, fairness, disclosure and accountability are the key thrusts of the workings of the Company. Added to this, we believe that the concept of corporate governance is founded upon the core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness. The Company has always given its best efforts to uphold and nurture these core values across all operational aspects.

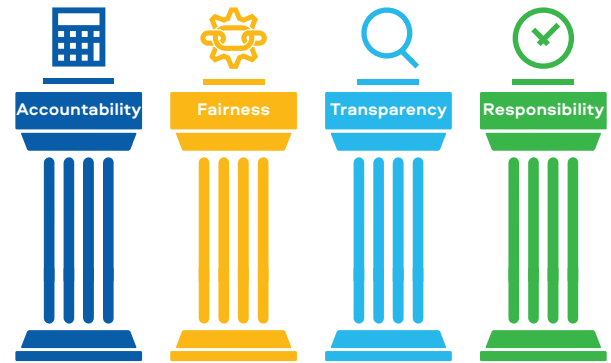
BATB continuously follows the precise procedures of corporate governance for ensuring and protecting the rights of its shareholders by means of transparency, integrity, accountability, trusteeship and checks at different levels of the management of the Company.

The Board of Directors of the Company has placed relentless emphasis on the stronger manifestation of governance in the Company.

Truly, our approach to governance is based on a robust foundation and framework of ethical values and the highest levels of professionalism, proficiency and competence, 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 as an integral part of the business.

### The four pillars of good corporate governance



The four fundamental pillars of good governance, viz. Accountability, Fairness, Transparency and Responsibility are integrated into our Company's DNA. As a responsible public-facing entity, the Company is austere and highly transparent in maintaining the highest levels of integrity and accountability practices aligned to global standards. Further, fairness, fidelity and competence are embedded both in our leadership and management levels, which have been reflected in the business practices of the Company over the years.

At BAT Bangladesh, we firmly believe that long-term value creation is supported by a robust governance framework that allows us to foster and cultivate a long-term alliance and strong co-working model between the Board, shareholders, co-workers and other stakeholders of the Company.

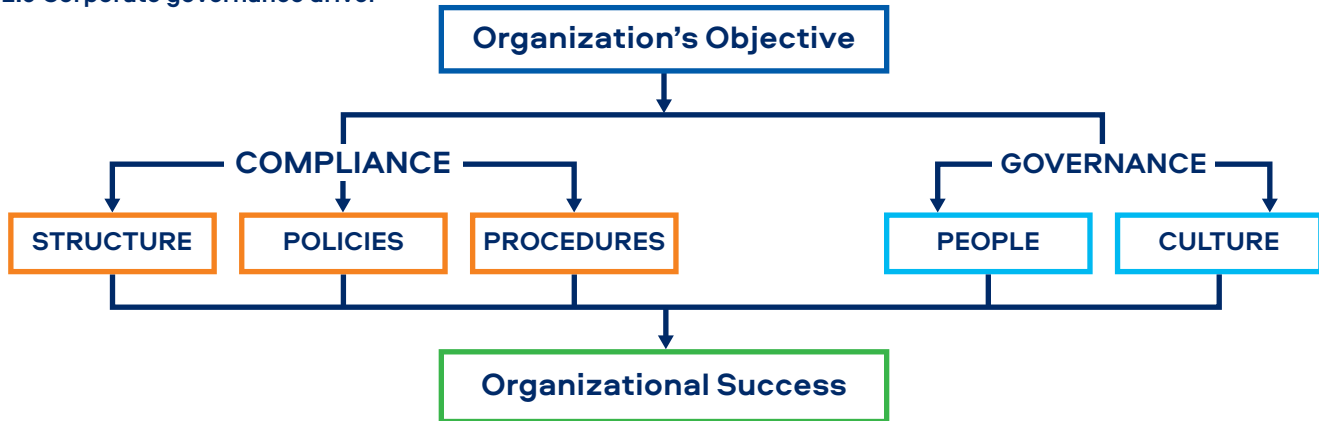
BATB has always preserved the key corporate governance principles that have been at the heart of its two-tier governance framework, with the Board of Directors and the Board Committees at the apex level, and with the Management structure at the operational level, which is the leadership team or the top management.

Our governance framework enables us to build mutually beneficial commercial relationships, maintain corporate integrity and transparency, and create long-term value. Going much beyond regulatory mandates, our governance architecture incorporates voluntary norms and international best practices.

Truly, we see governance as a reinforcement of our competitive edge indicated in improved accountability, better risk management, transparent performance management, and effective leadership.



## 2.0 Corporate governance driver



The core areas of BAT Bangladesh emphasize the Company's effective corporate governance strategy, as demonstrated in the diagram. The Company's governance model is rigorously aligned to its expressed vision, mission, values and objectives. The Company's Board of Directors is responsible for promulgating proper governance, which includes setting out the Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the Company, and informing shareholders on governance stewardship outcomes.

The sustainment of strong corporate governance standards is the topmost priority of the Board. Hence, it is united in its efforts to implement and promote sound governance in order to support efficient and effective management in order to generate long-term shareholder value within the determined risk tolerance levels.

Furthermore, with a view to exercising clarity about the Directors' responsibilities towards shareholders, corporate governance is a dynamic everyday practice at the Company that helps it to remain focused on its business objectives and create a culture of openness, transparency and accountability. Keeping this in mind, clear structures and ownership, supported by well-comprehended policies and procedures to guide the activities of the Company's management, have been instituted and institutionalized across the Company.

Our corporate governance culture is anchored on:

- Specialist leadership
- Strong risk management culture
- Effective internal controls
- Prudent financial practices
- Accountability toward shareholders

BAT Bangladesh is dedicated to updating its corporate governance rules and procedures on a continuous basis to guarantee openness in its activities and the delivery of the highest ethical standards and quality of disclosures to its stakeholders. This assures long-term success and sustainability, as well as building confidence with shareholders and other stakeholders, a critical pillar of our Company.

In addition to establishing the highest standards of governance, BAT Bangladesh also embraces best governance practices across all its activities and across the business spectrum, including operations, quality,

marketing, sales, human resources, customer service and stakeholder relations. The independent role of the Board of Directors, the segregated and independent role of the Chairman and Chief Executive Officer, demarcated roles of the Company Secretary, Chief Financial Officer and different Board Committees enable BAT Bangladesh to achieve excellence in corporate governance.

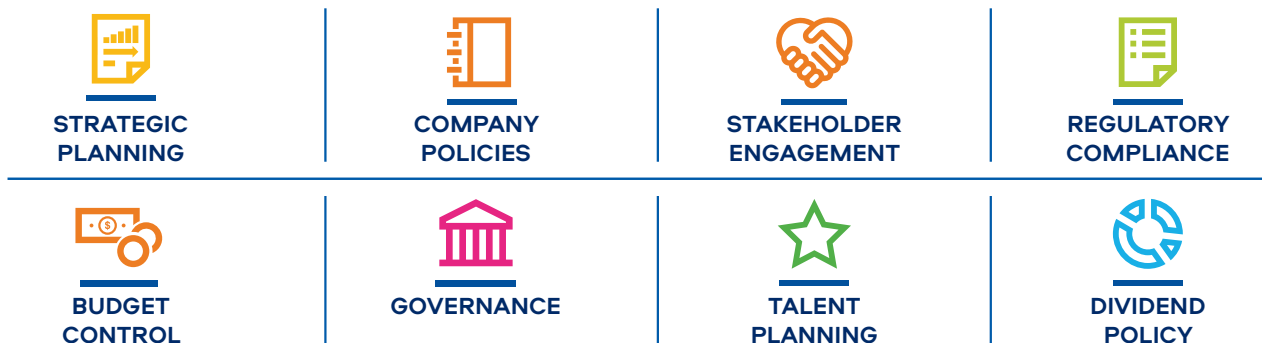
### 2.0 GOVERNANCE COMPLIANCE REQUIREMENTS

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. Independent role of the Directors, the Chairman's role separated and independent from the Chief Executive Officer, distinct roles of the Company Secretary, Chief Financial Officer 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 the 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.

**FOCUS AREAS OF CORPORATE GOVERNANCE**



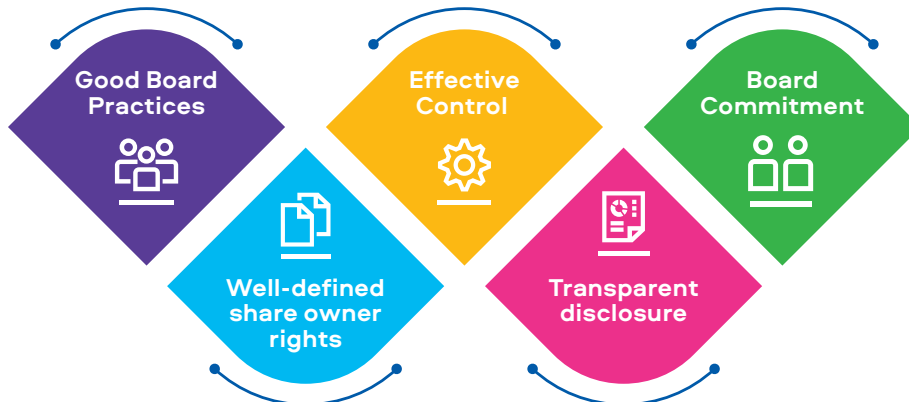
**2.1 CORPORATE GOVERNANCE OUTLINE**

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 a benchmark in corporate Bangladesh.

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 26th 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 (SoBC), 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 and we adhere to them in both letter and spirit. We always emphasize on the four pillars of our governance strategy to maintain good governance standards across the Company.

**Key Elements of Good Corporate Governance at BAT Bangladesh**



The following key focus areas facilitate corporate governance practices at our Company:

- Effective Board Management
- Proper functioning of Board sub-committees
- Standards of Business Conduct
- Ensure internal control system effectiveness
- Periodically review risk management
- Authority delegation for operational management
- Strategic planning
- Periodic review of Company policies
- Engagement and consultation with stakeholders
- Regulatory compliance
- Budget control
- Talent planning

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.

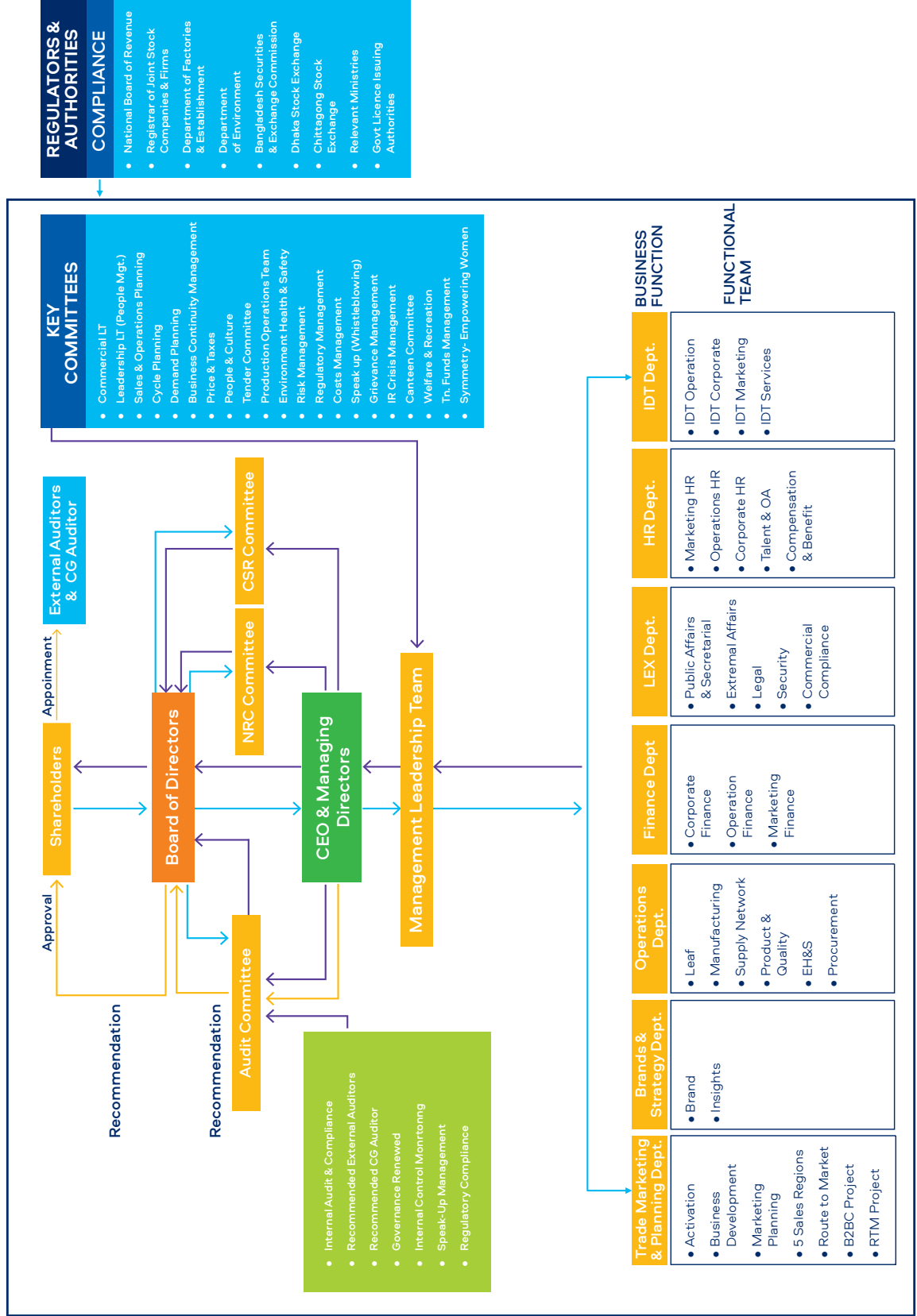
All employees of the Company, including the Board of Directors, remain in compliance with the laws of the land and the Company’s policies, guidelines and Standards of Business Conduct. Since it is expected that all employees shall live up to the Standards of Business Conduct, they are, accordingly, required 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 is outlined as follows:





# CORPORATE GOVERNANCE OUTLINE

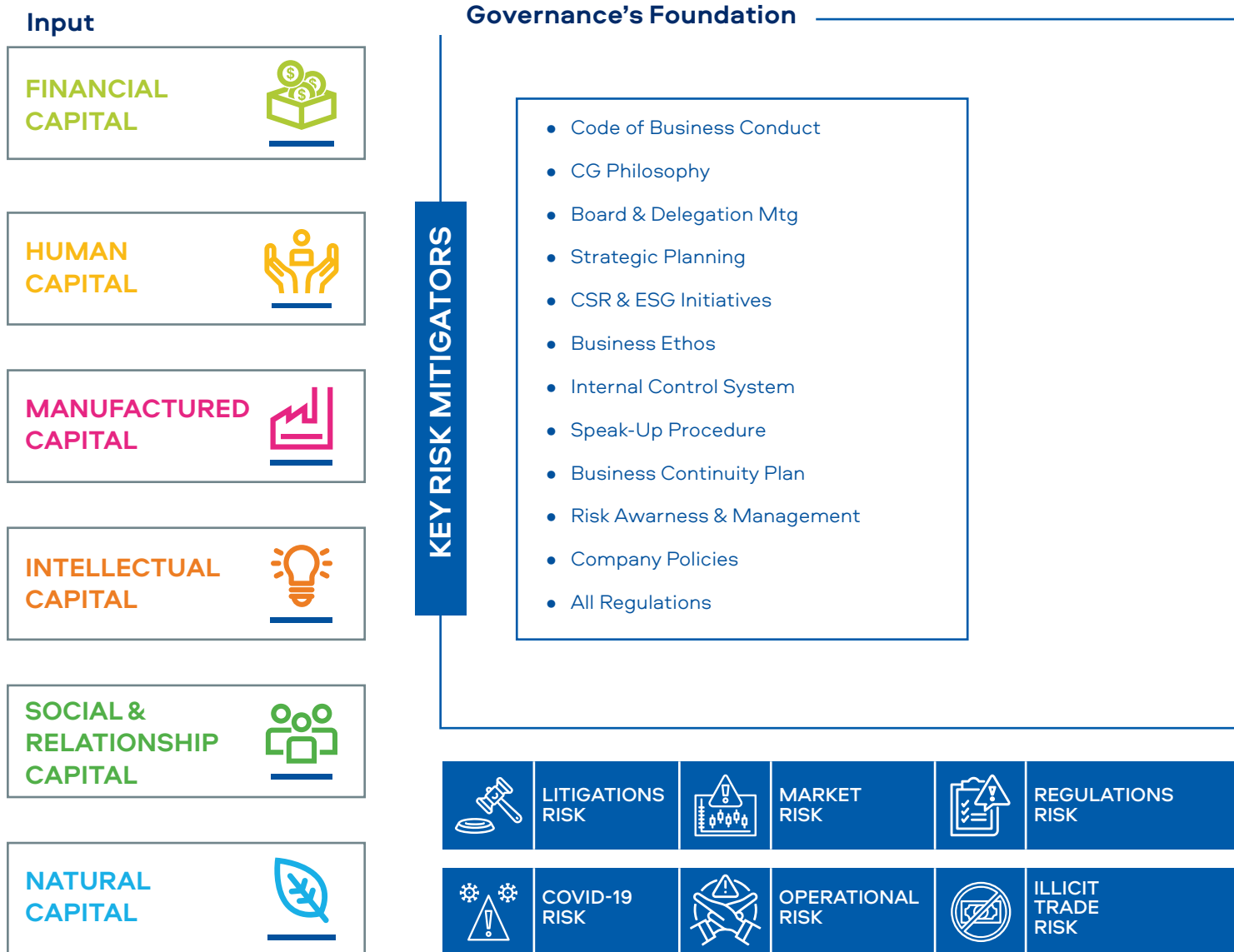


## 2.2 CORPORATE COMPLIANCE

Corporate compliance with various laws, rules and regulations is one of the core fundamentals for good governance. Compliance helps build trust among 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 material issues/events and certifications, wherever necessary. Furthermore, the Company’s management team always embraces the highest levels of compliance

# VALUE CREATION UNDER CORPORATE GOVERNANCE FRAMEWORK

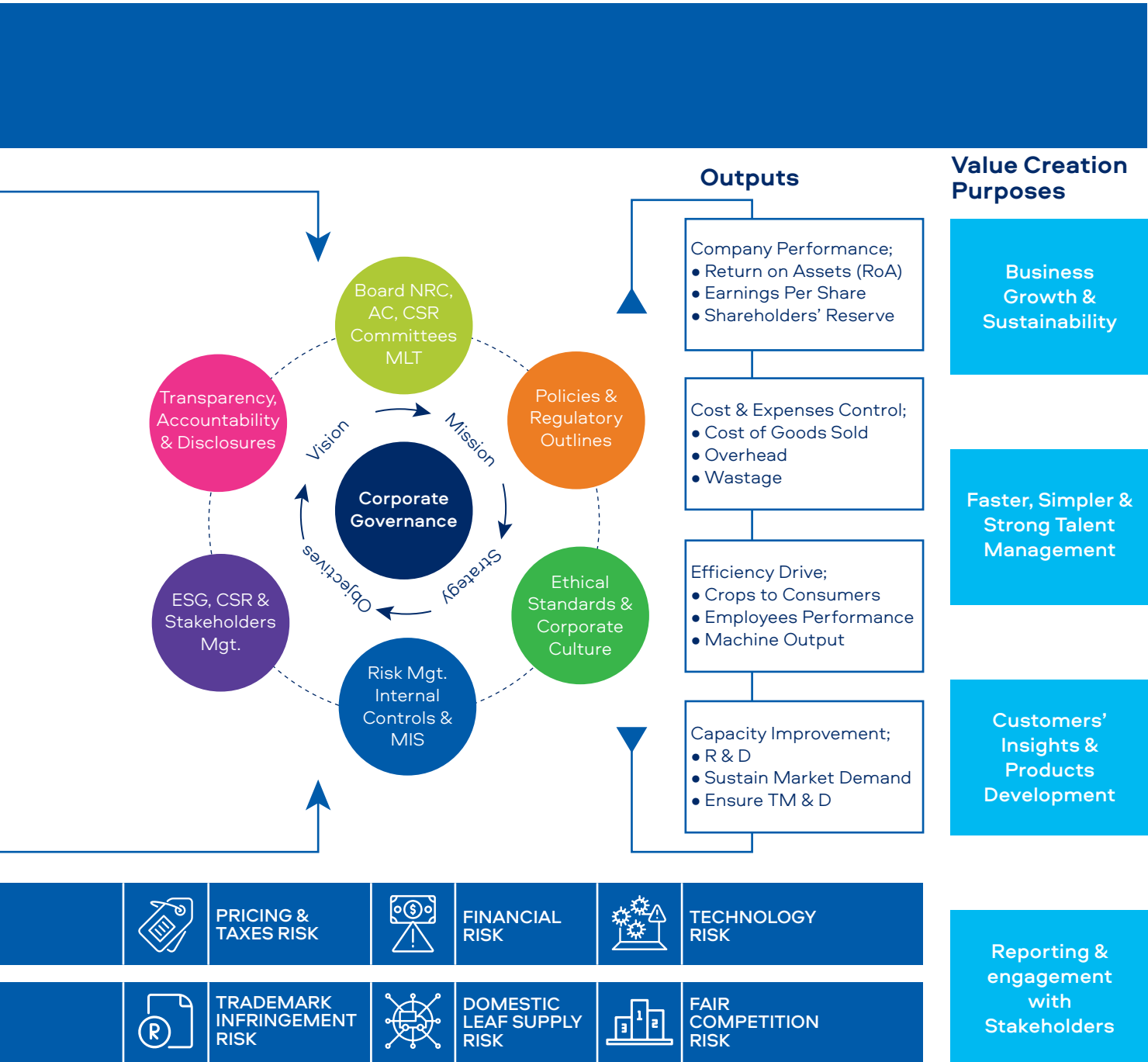




with all the related legal and regulatory issues, which helps to ensure the sustainment of the highest levels of corporate governance practice.

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 in the true spirit of compliance.



## 2.3 MAINTAINING GOVERNANCE IN CHALLENGING SITUATIONS

The current Ukrainian situation has presented the Board with a complicated new reality, and the Board strives to adapt the governance model that has ably led the Board and management over the years. While the Board’s job is primarily one of supervision, in a crisis situation like this, the Board’s capacity to stay aware of new developing realities is critical to steering the organization to safer shores while simultaneously satisfying the diverse expectations of stakeholders.

## 3.0 BOARD OF DIRECTORS

The Board of Directors is the apex authority of the Company that is 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 best long-term 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 10 professionals, among whom eight are Non-Executive Directors, including two Independent Directors. 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 the 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:

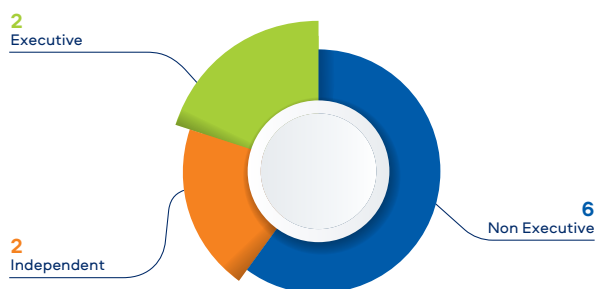
Name	Board	Audit Committee	NRC Committee	CSR Committee
<b>Mr. Golam Mainuddin</b> Non-Executive Director, Chairman to the Board, Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Chairman		Member	
<b>Mr. M. Tofazzel Hossain Miah</b> Non-Executive Director, Representing Government’s shareholding (Resigned on 8 <sup>th</sup> December 2022)	Member	Member		Chairman
<b>Mr. K M Ali Azam</b> Non-Executive Director, Representing Government’s shareholding (Resigned on 3 <sup>rd</sup> November 2022)	Member	Member		Member
<b>Mr. K.H. Masud Siddiqui</b> Independent Director, Chairman to the NRC	Member	Member	Chairman	
<b>Ms. Zakia Sultana</b> Non-Executive Director, Representing Government’s shareholding	Member	Member		Member
<b>Mr. Shirajun Noor Chowdhury</b> Non-Executive director, Representing Government’s shareholding (Appointed on 12 <sup>th</sup> May 2022)	Member	Member		Member
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Independent Director, Chairman of Audit Committee	Member	Chairman	Member	Member
<b>Ms. Mahmuda Khatun</b> Non-Executive Director, Representing Government’s shareholding (Resigned on 12 <sup>th</sup> May 2022)	Member	Member		Member



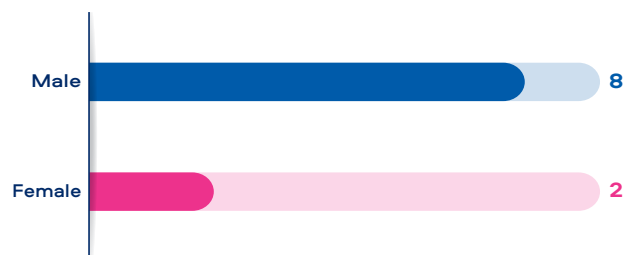


Name	Board	Audit Committee	NRC Committee	CSR Committee
<b>Mr. Md. Abul Hossain</b> Non-Executive Director, Representing ICB	Member	Member		Member
<b>Mr. Shehzad Munim</b> Managing Director, Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Member			Member
<b>Ms. Amun Mostafiz</b> Finance Director, Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Member			
<b>Mr. Azizur Rahman FCS</b> Company Secretary	Secretary	Secretary	Secretary	Secretary

### Membership diversity of the Board



### Gender diversity 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 him/her learn how to best 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, procedures 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 facilitate the entire induction programme and provide an overview of the Company's memorandum and Articles of Association together with compliance requirements for the new Board member.

### 3.2 BOARD'S INDEPENDENCE AND CONFLICTS

It is important that the Non-Executive Directors are considered to be independent. Each year, the Board conducts a thorough review of the Non-Executive Directors and their related or connected persons', relevant relationships referencing the criteria set out in the governance of BAT Bangladesh, which is derived from the relevant best practice guidelines around the globe.

We attach special importance to avoiding conflicts of interest between shareholders and Directors. The Board ensures that there are effective procedures in place to avoid conflicts of interest among Board members. A Director must, without delay, report any conflict of interest or potential conflict of interest to the Chair and to the other Directors. The Director in question must provide all relevant information to the Board so that the Board can decide whether a reported (potential) conflict of interest of a Director qualifies as a conflict of interest within the meaning of the relevant laws.

A Director may not take part in the decision-making process of the Board in respect of any situation in which he or she has a conflict of interest. We consider the procedures that BAT Bangladesh has put in place to deal with conflicts of interest to operate effectively.

### 3.3 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 accentuate its commitment to high standards of ethical behavior:

- Setting down standards of expected behavior through the formulation and communication of a Code of Conduct.
- Implementing 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.

**BAT BANGLADESH**

- 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 establishment and empowerment of an operationally independent internal audit team with reporting responsibilities to the Audit Committee.

**3.4 POLICY ON APPOINTMENT OF BOARD OF DIRECTORS**

The Board of Directors of BAT Bangladesh is comprised of an appropriate mix of skills, experience and personal

attributes that allow them - individually and collectively - to discharge their responsibilities:

**Nominated Non-Executive Directors:** Senior government officials are nominated by the relevant ministries to represent government shareholding and the senior management nominated by the Sponsor.

**Non-Executive Independent Directors:** Recommendation received from various sources for highly capable and seasoned professionals who fulfill all the required criteria for appointment as set by the Corporate Governance Code of the BSEC.



The Managing Director of the Investment Corporation of Bangladesh was also nominated as a Non-Executive Director to the Board against its shareholding. The sponsor shareholder (Raleigh Investment Company Limited) also nominated its representative to the Board. The NRC identified and recommended to the Board the professionals for considering Independent Directors 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 is appointed by the Board for a specific tenure of time, maximum of 5 years, by the recommendation of the NRC. The re-appointment of

the Managing Director for another term of 5 years shall require shareholders' consent by the 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 is confirmed at the AGM after every 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 Companies Act, and the Articles of Association of the Company.

**3.5 RETIREMENT AND RE-ELECTION OF DIRECTORS**

As per the Companies Act and BAT Bangladesh's Articles of Association, one-third of the Directors are required to retire from the Board every year in the Annual General



Meeting (AGM), comprising those who have been in office the longest since their last election. A retiring Director shall be eligible for re-election.

However, as per the governance code of BSEC, Independent Directors are appointed for a tenure of 3 (three) years with a renewal option for another term of 3 (three) years.

Independent Directors are appointed by the Board and this appointment needs to be ratified by the shareholders at the AGM. The following Non-Executive Directors will retire from the Board in the upcoming Annual general meeting:

**3.7 THE FUNCTIONS OF THE BOARD MAY BE SEGREGATED INTO FOUR CATEGORIES AS SPECIFIED BELOW:**



**STRUCTURAL**

- Board composition and diversity
- Board competencies and skills
- Policies and goal setting
- Director recruitment and orientation
- Board evaluation



**STRATEGIC**

- Formulation & implementation of strategy
- Leadership pool development
- MD & CEO selection & compensation
- Succession planning



**GOVERNANCE**

- Company's performance
- Risk and crisis management
- Compliance
- Governance



**PROCESS FOR BOARD FUNCTIONING**

- Board meetings & preparation
- Managing the quality of conversation
- Interaction with the management

The Board, executive and other functionaries have distinctly demarcated roles in achieving corporate goals, improved performance and enhanced shareholders' value. It firmly believes that the success of the Company hinges on the credible corporate governance practices embraced by it. Taking this into consideration, the Board of Directors set out its strategic focus and supervises the business and the related affairs of the Company. The Board also formulates the strategic objectives and policy framework for the Company.

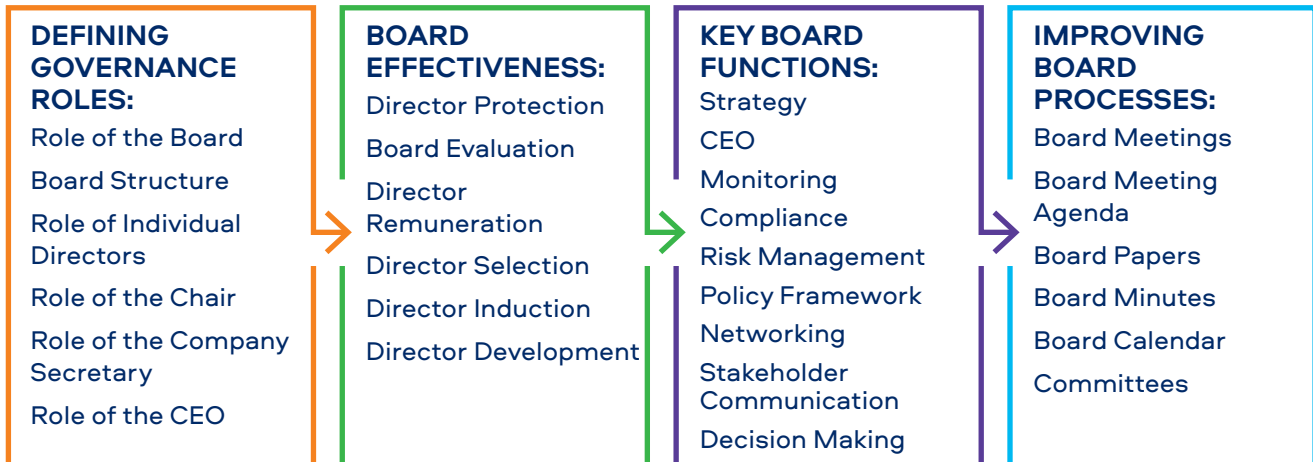
**3.6 TERMS OF REFERENCE OF THE BOARD**

The Board, from time-to-time reviews 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 Chief Executive

Officer of the Company. The Code of Conduct articulates prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with society, employees, customers and suppliers; and independence. The overall Board's responsibilities are outlined below:

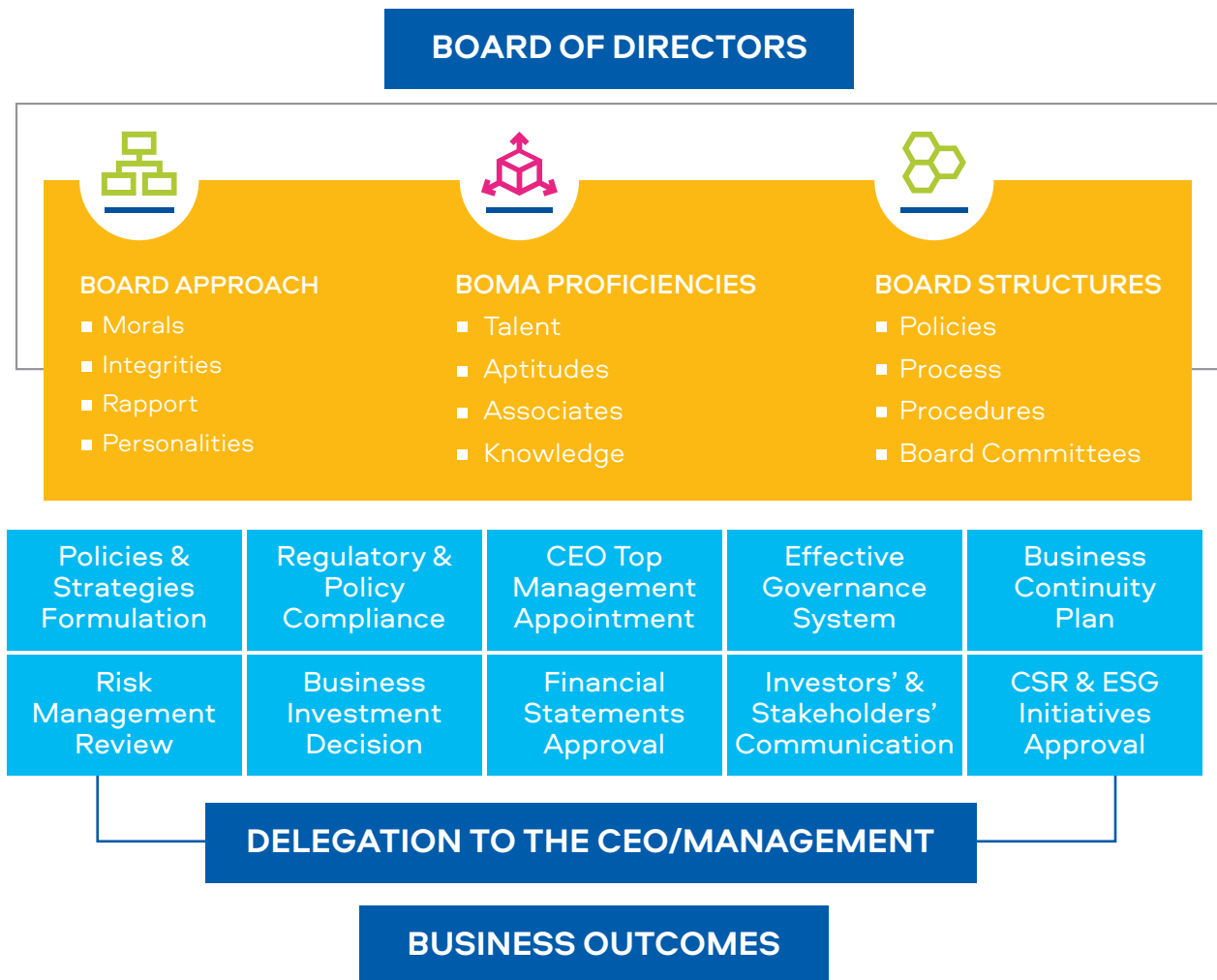
- **Strategies:** Approved long-term strategies and, accordingly, set goals and direction for the Company.
- **Policies:** Approved the Company policies to operate the business by the employees within the framework.
- **Risk assessment:** Review the Company's risk response mechanisms and confirm the 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.

**BOARD BEHAVIOURAL DYNAMICS®**



### 3.8 PRINCIPAL RESPONSIBILITIES OF THE BOARD

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



The role and responsibilities of the Board are categorised as follows:







### 3.9 BOARD'S DECISION-MAKING PROCESS

- 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
- Appointment of top management and expatriate officials

### 3.10 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 of the Board's performance.
- Approval of business strategy and policies.
- Approval of proposals on business and capital expenditure.
- Determination of capital structure.
- Approval and monitoring of financial reporting.
- Oversight of risk management, internal controls and compliance systems
- Recommendations regarding external auditors, their terms of appointment and determination of remuneration
- Review and approval of financial statements.
- Review and approval of HR activities.
- Review and approval of CSR and ESG initiatives.
- Review and monitoring of internal control and governance.

- Oversight of succession planning for the CEO, 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 requirements under the BSEC Corporate Governance Code.

#### 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 the creation of sustainable and trusted Company.

### 3.11 KEY ACTIVITIES OF THE BOARD IN 2022

In 2022, amid the tail effects of the COVID-19 pandemic, the Board focused on employee health and safety and conducting Company operations in accordance with regulations, while ensuring government revenue growth and shareholder value generation. The table below depicts the breakdown of the Board's major topics examined in 2022, in addition to the usual business agenda:

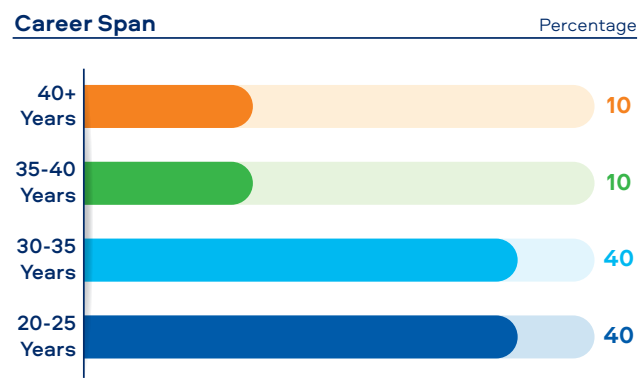
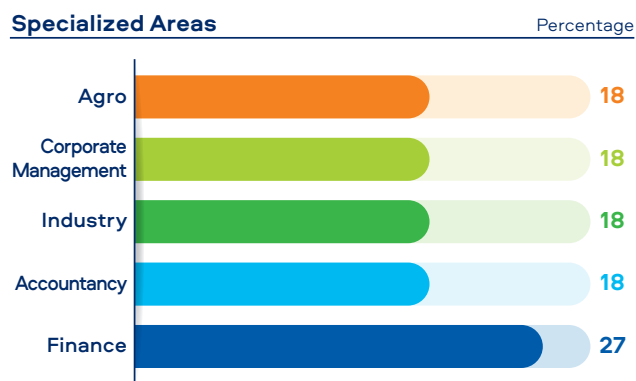
Quarter	Focus points
Q1 of 2022	<ul style="list-style-type: none"> <li>• Approval of Directors' Report, Audit Committee Report NRC Report &amp; CSR Committee Report</li> <li>• Amendment of the Standard of Business Conduct</li> <li>• Approval of Corporate Bonus 2022 &amp; Salary Revision 2022</li> <li>• Recommendation for appointment of External &amp; Corporate Governance Auditors along with their fees</li> <li>• Conducting 50<sup>th</sup> Annual General Meeting</li> <li>• Approval of capital expenditure for the Savar factory</li> <li>• Approved capital expenditure for 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>

Quarter	Focus points
Q2 of 2022	<ul style="list-style-type: none"> <li>Consider Q1 Financial Statements 2022</li> <li>Amendment of procurement Policy</li> <li>Amendment 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 2022	<ul style="list-style-type: none"> <li>Consider Q2 Financial Statements 2022</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 2022	<ul style="list-style-type: none"> <li>Consider Q3 Financial Statement 2022</li> <li>Approved Interim Cash Dividend 2022</li> </ul>

### 3.12 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 Ul 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.



### 3.13 CHAIRMAN OF THE BOARD

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

### 3.14 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.

### 3.15 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

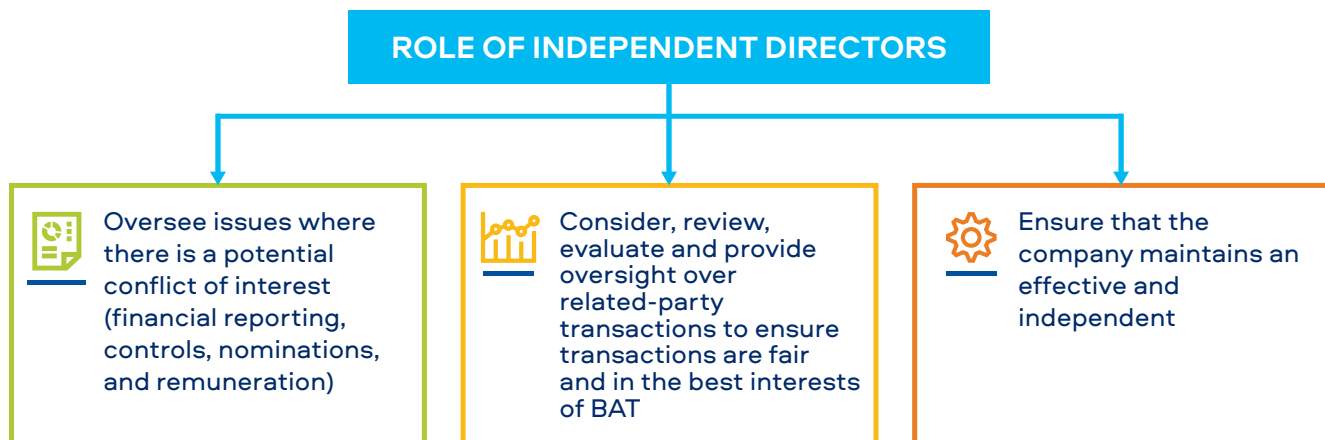


Bank. The Independent Directors are appointed by the Board of Directors and approved by the shareholders at the Annual General Meeting. As per terms of the CGC, Independent Directors are appointed for a tenure of three years. However, such tenure of office of the Independent Directors may be extended 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.

### 3.16 ROLE OF INDEPENDENT DIRECTORS:

Independent Directors bring invaluable independent judgment and counsel to the Board. In addition to performing the roles of Directors, Independent Directors perform other roles as well.



### 3.17 REQUIRED NUMBER OF INDEPENDENT DIRECTORS ON THE BOARD AND THEIR INDEPENDENCE

As per the Corporate Governance Code (CGC) of Bangladesh Securities and Exchange Commission (BSEC), at least one-fifth of the total Directors of the Board shall be Independent Directors. Thus, in compliance with the guideline, two (2) Directors out of the total ten (10) Directors are independent, having no share or interest in BAT Bangladesh. The independence of the respective Independent Directors is confirmed during the selection and appointment of the Directors and they remain committed to continuing with such independence throughout their tenure.

### 3.18 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 the requirement of the Companies 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 Managing Director, leads the Company's management; developing and implementing strategic plans and Company policies and maintaining dialogue with stakeholders to achieve organizational success.

### 3.19 ROLES AND RESPONSIBILITIES OF THE MANAGING DIRECTOR

- The Managing Director is responsible for driving business operations, leading the development and execution of the Company's long-term strategies with a view to creating shareholder value;
- The Managing Director's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short-term plans;
- The Managing Director acts as a direct liaison between the Board and the Management of the Company, and communicates to the Board on behalf of the Management;
- The Managing Director is responsible for building and maintaining an effective executive team and assuming full accountability to the Board for all Company operations; and
- The Managing Director also communicates on behalf of the Company to the employees, Government authorities, other stakeholders and the public at large. He also communicates with shareholders and the BSEC along with the stock exchanges, through the Company Secretary.

### 3.20 ANNUAL EVALUATION OF THE MANAGING DIRECTOR (CEO) BY THE BOARD

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

## BAT BANGLADESH

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

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

### 3.21 NON-EXECUTIVE DIRECTOR'S INDEPENDENCE

All Non-Executive Directors are nominated by their respective institutions, except for the Independent Directors. All 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 in 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 management for the development of the Company.

The NRC periodically reviews the level of independence as well as the performance attributes of Non-Executive Directors, including Independent Directors.

### 3.22 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 and express their analysis of the performance of the Company. The Company takes constructive suggestions and feedback from the Annual General Meeting and tries to implement it for the qualitative improvement 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 strong experience, 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 Corporate Governance Code, the performance of the Directors is 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 evaluate the performance of the Managing Director and Finance Director on an annual basis and also reviews quarterly business performance.

### 3.23 BOARD MEETINGS, 2022

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 8 (Eight) times in 2022. The meeting is scheduled well in advance and the notice of each Board meeting is given in writing to each Board member by the Company Secretary. However, the Company continues to hold its meetings through Microsoft Teams (online), one of the most secured digital platforms, abiding by all regulatory compliance.

### 3.24 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 are 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 is 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 2022 is as follows:

Name	Board	Audit Committee	NRC Committee	CSR Committee	AGM
<b>Mr. Golam Mainuddin</b> Non-Executive Director, Chairman of Board	8/8	-	3/3	-	1/1
	3/11	1/4	2/6	-	-
<b>Mr. M Tofazzel Hossain Miah</b> Non-Executive Director, Chairman of CSR Committee, (Resigned on 8th December 2022)	5/8	3/4	-	2/2	1/1





Name	Board	Audit Committee	NRC Committee	CSR Committee	AGM
<b>Mr. K M Ali Azam</b> Non-Executive director ((Resigned on 3rd November 2022))	6/7	4/4	-	2/2	1/1
<b>Mr. K.H. Masud Siddiqui</b> Independent Director, Chairman of NRC Committee	8/8	4/4	3/3	-	1/1
<b>Ms. Zakia Sultana</b> Non-Executive Director	8/8	4/4	-	2/2	1/1
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Independent Director, Chairman of Audit Committee	8/8	4/4	3/3	2/2	1/1
<b>Ms. Mahmuda Khatun,</b> Non-Executive Director((Resigned on 12th May 2022))	4/4	1/1	-	1/1	1/1
<b>Mr. Shirajun Noor Chowdhury</b> Non-Executive Director, Representing Government's shareholding (Appointed on 12 May 2022)	4/4	3/3	-	1/1	-

### 3.25 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),
- 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 2022. 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. 125, 129 and 133 respectively.

### 3.26 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 2022, the Audit Committee comprised of 2 Independent Directors 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 2022 through the 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.

### 3.27 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 reports to the Audit Committee. KPMG Rahman Rahman Huq, the Statutory Auditor, also attended the Audit Committee meeting in 2022.

The Audit Committee approved the annual audit plan 2022 at the beginning of the year and reviewed the plan from 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. 125 and 136 of this annual report respectively. The following tables present the meeting attendance and performance of the said Committee during the year 2022.

Name	Audit Committee	%
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Independent Director, Chairman of Audit Committee	4/4	100
<b>Mr. K. H. Masud Siddiqui</b> Independent Director, Chairman of NRC Committee	4/4	100
<b>Mr. M. Tofazzel Hossain Miah</b> Non-Executive Director, Chairman of CSR Committee, (Resigned on 8th December 2022)	3/3	100
<b>Mr. K M Ali Azam</b> Non-Executive Director (Resigned on 3rd November 2022)	3/3	100
<b>Ms. Zakia Sultana</b> Non-Executive Director	4/4	100
<b>Mr. Shirajun Noor Chowdhury</b> Non-Executive director, (Appointed on 12 May 2022)	3/3	100
<b>Ms. Mahmuda Khatun</b> Non-Executive director (Resigned on 12th May 2022)	1/1	100
<b>Mr. Md. Abul Hossain</b> Non-Executive director	4/4	100
<b>Mr. Md. Azizur Rahman FCS</b> Company Secretary	4/4	100

### 3.28 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 3 times in 2022.

#### 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 2022:

- Reviewed and approved the remuneration 2022 for the Company Management
- Reviewed Bonus pay-out ranges for 2022.
- Approved Employment's Probation & Confirmation Policy and Employment's Recruitment & Selection Policy
- Recommended the Company HR policies
- Recommended amendment of the 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.

### 3.29 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 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. Seven

(7) 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.

Name	CSR Committee	%
<b>Mr. M Tofazzel Hossain Miah</b> Non-Executive Director, Chairman of CSR Committee, (Resigned on 8th December 2022)	2/2	100
<b>Mr. K M Ali Azam</b> Non-Executive director (Resigned on 3rd November 2022)	2/2	100
<b>Ms. Zakia Sultana</b> Non-Executive Director	2/2	100
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Independent Director, Chairman of Audit Committee	2/2	100
<b>Ms. Mahmuda Khatun,</b> Non-Executive director Non-Executive director (Resigned on 12th May 2022)	1/1	100
<b>Mr. Shirajun Noor Chowdhury</b> Non-Executive director, (Appointed on 12 May 2022)	1/1	100
<b>Mr. Md. Abul Hossain</b> Non-Executive director	2/2	100
<b>Mr. Shehzad Munim</b> Managing Director	2/2	100
<b>Mr. Md. Azizur Rahman FCS</b> Company Secretary	2/2	100

Apart from them, other relevant Directors, consultants, managers and stakeholders also attended the meetings by invitation.

### 3.30 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, evaluate of Directors, senior management appointments and their succession planning, salary review, performance bonus recommendation, and HR policy review 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.

### 3.31 DIRECTORSHIP COMMITMENTS

The Directors provide disclosure 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 2022 alone, the Company disbursed the

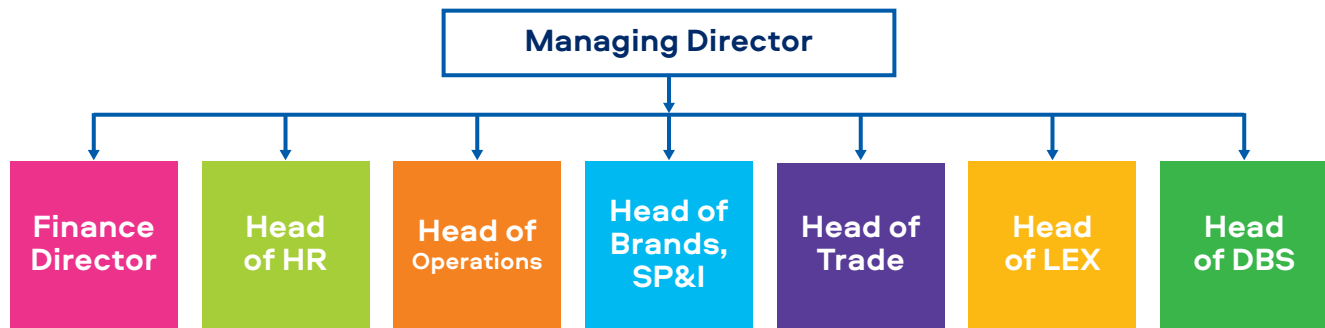


sum of BDT 29,500 crore as tax to the national exchequer. BAT Bangladesh has always valued and will continue to value its cherished relationship with the government of Bangladesh, esteemed shareholders, and other stakeholders of the Company by adhering to the highest ethical and corporate governance standards.

#### 4. LEADERSHIP TEAM

The Board 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 members get 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 on page 47 to 55.



#### 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 the management of the Company, respectively.

#### 6. ROLES AND BACKGROUND OF COMPANY SECRETARY (CS), CHIEF FINANCIAL OFFICER (CFO) AND HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC)

##### COMPANY SECRETARY (CS)

- Finalise notice to organize Board Meetings and Shareholders meetings.
- Assist the Chairman of the 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) OR CHIEF FINANCIAL OFFICER (CFO)

## BAT BANGLADESH

- 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 compliance as well as International Accounting Standards and Bangladesh 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 improvements 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.
  - CFO 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.
  - Prepare draft audit reports and conduct exit meetings to obtain management concurrence and responses.
  - Prepare final audit reports and circulate the report to the Board and auditor.
  - Conduct a 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.

## HEAD OF INTERNAL AUDIT & COMPLIANCE (HIAC)

- Prepare annual audit plans based on the results of risk analysis.
- Prepare audit programs and approaches that meet the objectives of the audit that comply with internal control design and testing.
- Ensure that a proper internal control system is in place for the smooth operations of the Company.
- Check compliance with internal and external regulations.
- Coordinate the analysis of risk in different areas of operations.

## 7. FINANCIAL REPORTING

The pillar of a successful information structure for an organization is its financial reporting practice. BAT Bangladesh possesses a robust financial reporting procedure, with all financial statements made in accordance with International/Bangladesh Financial Reporting Standards (IFRS/BFRS), the Companies Act, 1994, the Securities and Exchange Rules, 1987, 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 CFO, CEO and Audit Committee on a regular basis. Upon submission to the Group in the form of management accounts, these financial statements are then viewed by the Group Accounting and Group Finance. 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
- IDT 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
- 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 the ability of the Company to achieve its objectives set out in the Strategic Plan.
- Operational Risks consist of may impact on the achievement of the 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

report 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 the 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 prioritizing risks for further attention, grouping risks into categories to identify hot spots of risk exposure or common causes, and analyzing 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 that is appropriate, achievable and affordable, and 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.

**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 organizational needs and vision.
- Focusing projects on the benefits they exist to support, rather than simply on producing a set of deliverables.



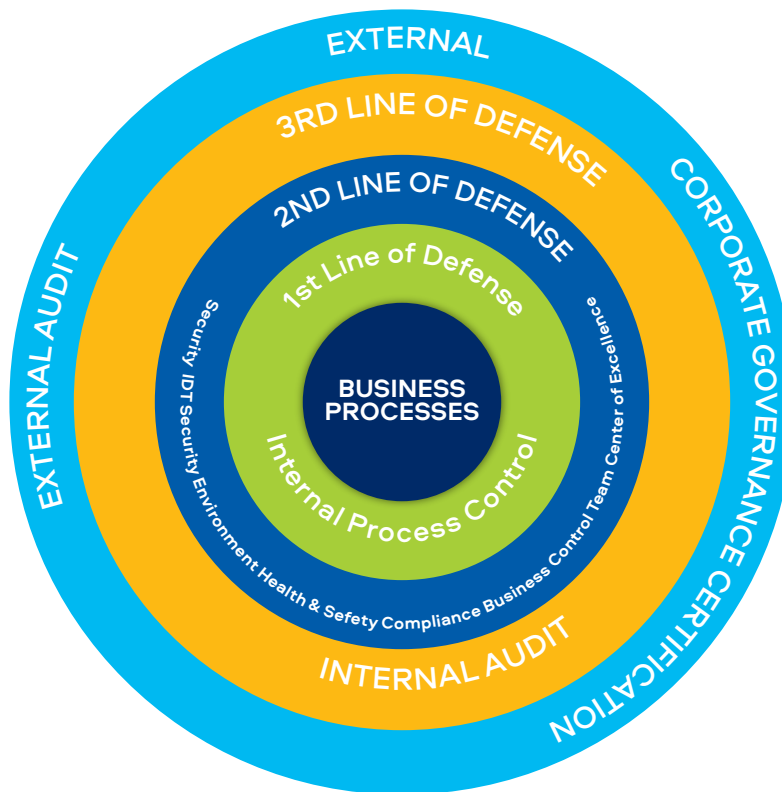
- Identifying risks at the strategic level which could have a significant effect on the overall organization and enabling these to be managed proactively.
- Enabling opportunities to be managed proactively as an inbuilt part of business processes at both strategic and tactical levels, rather than reacting 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 at 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.

**9.3 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:



**INTERNAL CONTROL ASSURANCE FRAMEWORK**

**1st Line of Defense**

Teams	Control operating system	
All Business Units	Delegation of Authority	Record Management & 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 of Defense**

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

**Internal Audit**

**3rd Line of Defense**

Teams	Assessment tools	Frequency
International Audit	International Audit	Per Global Audit Plan & 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 2022.

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 18, 22 & 147 of this annual report.

## 11. HUMAN CAPITAL

The Company's greatest strength is its workforce. As a result, the Company's primary asset is a group of committed, skilled people. The business works hard to establish a distinct, diverse culture that includes performance-based rewards, respect, and an expanding range of chances to showcase their ability. As a result, the firm is regarded as a top employer in the country. The "Top Employers" title is granted by the Top Employer Institute as a reflection of the Company's focus on best practices in human resources.

To ensure long-term viability, the Company emphasizes a skill and merit-based recruitment and selection process with a highly competitive remuneration package, adequate training and capacity development programs, career growth with succession planning, a 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 talent and talent development prioritised focus areas 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 19 years, BoM has been the flagship employer branding initiative to attract graduates. In 2019, the bar was set even higher as BoM was 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. The 2022 edition resumed its physical avatar after 2 years of the pandemic and was a roaring success with new features and functionalities.

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 program, is aimed to recruit outstanding fresh graduates and develop them as 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 balance is well-recognized by the Company. Hence, various pieces of training 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 PROGRAM

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 COUNSELLING

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

## BAT BANGLADESH

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 workplace rules. 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 opportunity in the spirit of meritocracy and are not subjected to any deprivation of work opportunities.

### 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 investment 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 at a later date. The Company Secretary is entrusted with the records management responsibility of the Company.

### 13.0 STATUTORY AUDIT

Based on the recommendation of the 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, 1987, 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 the 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 certifies 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. INDEPENDENT SCRUTINIZER TO THE 50TH AGM

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

The Board of Directors, in its meeting dated 8th February 2023 appointed Mohammad Sanallah & Associates, represented by Mr. Mohammad Sanallah FCS, as the Independent Scrutinizer for the 50th Annual General Meeting (AGM) of the Company, which will be held virtually on 29th March 2023 at 10:30am. The responsibilities of 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 50th AGM of the Company.

### 15.0 TRANSPARENT DISCLOSURE

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

- Bangladesh Accounting Standards (BAS)
- International/Bangladesh Financial Reporting Standards (IFRS/BFRS)
- Companies Act, 1994
- Securities and Exchange Rules, 1987
- BSEC directives

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.





The external auditor attends the Audit Committee meetings to review the quarterly financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and 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. Directors prepare 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 with respect to Price Sensitive Information (PSI).

## 16.0 ANNUAL GENERAL MEETING (AGM) & COMMUNICATION

Prior to the AGM, respective shareholders are given 3-weeks' notice with all necessary papers for

dissemination of information and also to ensure maximum attendance at the AGM. Quarterly and half-yearly account 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.

### Summary of AGM/EGM

Particulars	2022	2021	2020	2019	2018
Date of the AGM	30 March	28 March	22 April	28 April	17 April
EGM Date/ Agenda (MoA Clause-5 & AoA 80a amendment)	-	-	28 April	-	-
Ordinary Business Agenda	5	5	5	5	4
Special Business Agenda		1	-	-	-

## 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 the publication of the AGM notice in two widely circulated newspapers, with copies, also sent to the stock exchanges and the BSEC.

BAT Bangladesh is conducting its AGM through a secured online platform in compliance with BSEC Directive No. BSEC/CMRRCD/2009-193/08 the AGM is conducted under a 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 about 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 updates of the financial quarters and Price Sensitive Information

## BAT BANGLADESH

- 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 the 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' inquiries 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 inquiry is sent, the investor relations department upon receipt uses its best endeavors, liaising with the Registrars to ensure that the complaint or inquiry is properly attended to within the time frame stipulated below:

- I. Complaints or inquiries received by email are acknowledged by email within 24 hours of receipt and by post are responded to within two working days of receipt;
- III. 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.)
- IV. Where a complaint/inquiry 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;
- V. The same medium that was used for the initial inquiry is 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 WAYS TO RAISE ANY COMPLAINTS

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

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

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 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 corporate taxpayer in the private sector and is also listed on both the Dhaka and Chittagong Stock Exchanges. In 2022 alone, the Company disbursed the sum of BDT 29,500 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 governance.

## 19.0 SUMMARY

The Board is accountable to the shareholders and therefore exercises its best effort and judgement to ensure that the Company is sufficiently managed and constantly improved to deliver sustainable value to the stakeholders of the Company.

The Board plays an active role in the business's strategic direction and planning, either in long-term growth or delivering short-term business goals and results. The strategic planning of the Company is forward looking and encompasses a three-year action plan to address

short-term business goals and long-term economic value creation, including strategies on economic, environmental stewardship and social considerations.

Whilst the Company continued to register sound gross turnover growth, the Company also remained resilient in 2022 in terms of profit and value generation too and will continue to rely on its agility whilst adapting to the changing business environment and market sentiments to deliver resilient overall results in the future.

The Board recognises the upcoming challenges which include higher inflation cost and demand uncertainty arising from both external and internal headwinds as well as the impending climate change risk and its impact on adaptability. We will continue to work towards developing a climate-resilient business model and also work closely with the Management in managing other such risks. Further, we will also deliver on more closer engagement with all our stakeholders, thus ensuring their constant support in all that we do.

In addition, the Board and Board Committees of the Company discharged their roles and responsibilities in accordance with the Standards of Business Conduct (SoBC) and terms of reference (ToR). We are proud of this element of our business.

Eventually, BAT Bangladesh believes that successful corporate governance is a continual process that has been incorporated as an inherent part of the Company, allowing it to achieve its short, medium and long-term goals and objectives. The Company, as a fully compliant listed entity, supports the principle of openness and accountability to society by establishing an effective governance structure. As a result, the Company promotes best governance practices across all functions, assisting in the professional, effective, responsible, transparent, ethical, and regulatory-compliant stewardship of the business.

Overall, we uphold our commitment to strong corporate governance at BAT Bangladesh, safeguarding the best interests of our stakeholders and pursuing long-term value creation for all in our journey towards "A Better Tomorrow", taking everyone along the path of shared prosperity and leaving no one behind.

**Md. Azizur Rahman FCS**  
Secretary

8<sup>th</sup> February 2023

**Golam Mainuddin**  
Chairman



# AUDIT COMMITTEE

## STANDING FROM LEFT

**Mr. Stuart Kidd**  
Non-Executive Director

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

**Mr. Mohammad Salahuddin**  
Non-Executive Director

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

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

**Mr. Shirajun Noor Chowdhury**  
Non-Executive Director

**Mr. Md. Azizur Rahman FCS**  
Head of Public Affairs & Company Secretary



# REPORT OF THE AUDIT COMMITTEE

The Audit Committee of British American Tobacco Bangladesh Company Limited is a sub-committee of the Board that was formed in compliance with the Corporate Governance Regulations of the Bangladesh Securities and Exchange Commission (BSEC). The Committee is responsible for ensuring that the financial statements provide a truthful and fair assessment of the Company's condition of affairs and that a good monitoring mechanism inside the firm is in place in order to ensure effective corporate governance.

The Audit Committee's tasks and objectives are to oversee the integrity of the financial statements, business risks, business continuity plan, internal controls, compliance, whistleblowing, and audit. The following are the Audit Committee's fundamental responsibilities:

- 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.
- Fulfilment, discharge and execution of other stated responsibilities.

## REPORTING RESPONSIBILITY

According to the BSEC Code, the Audit Committee's primary responsibility is to report to the Board of Directors quarterly in consultation with the Management as per its Terms of Reference (ToR). The Audit Committee's recommendations were meticulously considered by the Board of Directors. Furthermore, reasonable matters regarding rectification to adjust the material impact on the financial condition and results of operations were taken into cognisance by the Board of Directors. As a result, the Committee had nothing to report to the BSEC in this regard. Furthermore, the Committee reports to the shareholders and general investors on the activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) during the year 2022 for the disclosure in this Annual Report.

## THE COMPOSITION OF THE COMMITTEE

The Board has formed the Audit Committee, required under condition 5 of the Corporate Governance Codes of BSEC, with some specific assignments under its Terms

of Reference. The Audit Committee comprises of the following Directors of the Company:

- **Mr. A. K. M. Aftab UI Islam FCA** (Independent Director & Chairman of the Committee)
- **Mr. K. H. Masud Siddiqui** (Member)
- **Mr. Tofazzel Hossain Miah** (Member) Resigned on 8th December 2022
- **Mr. K. M. Ali Azam** (Member) Resigned on 3rd November 2022
- **Mr. Mohammad Salahuddin** (Member) Appointed on 25th January 2023
- **Ms. Zakia Sultana** (Member)
- **Mr. Shirajun Noor Chowdhury** (Member)
- **Mr. Md. Abul Hossain** (Member)
- **Mr. Stuart Kidd** (Member) Appointed on 25th January 2023
- **Mr. Md. Azizur Rahman FCS** (Secretary)

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

## TERMS OF REFERENCE

The Terms of Reference of the Audit Committee clearly define the roles and responsibilities of the Audit Committee. The Terms of Reference are periodically reviewed and revised as required with the concurrence of the Board of Directors.

## MEETINGS

The Committee held on four (4) meetings during the year under review. The attendance of the Committee members at meetings is stated in the table on page 110.

The Head of Internal Audit & Compliance (HIAC) reported to the Audit Committee, and HIAC attended the Audit Committee Meeting (ACM) as a permanent invitee. The Finance Director, Managing Director and Management team attend the meeting as per the requirements of the meeting by invitation. 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 Board Audit Committee members' attendance for the year 2022 is as follows:

Name	Audit Committee	%
<b>Mr. A.K.M. Aftab Ul Islam FCA</b> Chairman of the Committee	4/4	100
<b>Mr. K. H. Masud Siddiqui</b> Member	4/4	100
<b>Mr. M. Tofazzel Hossain Miah</b> Member (Resigned on 8 <sup>th</sup> December 2022)	3/4	75
<b>Mr. K M Ali Azam</b> Member (Resigned on 3 <sup>rd</sup> November 2022)	3/4	75
<b>Ms. Zakia Sultana</b> Member	4/4	100
<b>Mr. Mohammad Salahuddin</b> (Member) Appointed 25 <sup>th</sup> January 2023	N/A	N/A
<b>Mr. Shirajun Noor Chowdhury</b> Member (Appointed on 12 <sup>th</sup> May 2022)	2/2	100
<b>Mr. Md. Abul Hossain</b> Member	4/4	100
<b>Mr. Stuart Kidd</b> Member (Appointed 25 <sup>th</sup> Jan 2023)	N/A	N/A
<b>Mr. Md. Azizur Rahman FCS</b> Secretary	4/4	100

## ACTIVITIES

The Committee carried out the following activities during the year 2022:

### (i) Reviewing Financial Reporting

Reviewed the quarterly financial statements ended on 31<sup>st</sup> March 2022, 30<sup>th</sup> June 2022, and 30<sup>th</sup> September 2022; and the annual financial statements for the year ended 31<sup>st</sup> December 2022 of the Company, focusing particularly on:

- Any significant changes to accounting policies.
- 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

Reviewed any related party transactions (42 note to the Financial Statements ended 31<sup>st</sup> December 2022), which had not raised any conflict of interest with the Company, including any transaction, procedure or conduct raising questions of management integrity.

### (iii) Prepare Audit Committee Reports

The Audit Committee Report was prepared in accordance with the BSEC Code and submitted to the Board of Directors on 8th February 2023, where it was approved.

### (iv) Review and Ensure Internal Control

- Reviewed the Risk Management and Corporate Governance framework adopted within the Company and were satisfied with the methodology

deployed that allowed for the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.

- Reviewed the extent of compliance with established internal policies, standards, guidelines, and procedures.
- Obtained assurance through internal and external audit that proper control has been designed and implemented prior to the commencement of major change/s within the Company.

### (v) Monitoring Internal Audit

- Sufficient resource allocation was made for the Audit team to execute the approved audit plans. Audit Committee also ensured full, free and unrestricted access to all activities, records and property for Internal Audit.
- Before approval of the internal audit plan, the plan, methodology, and resources of internal audit were reviewed.
- Ensured that appropriate actions were taken to implement the audit recommendations.
- Recommended and guided Internal Audit for any action plan or further review by the Audit Committee.
- Conducted and monitored the following Internal Audit during 2022:
  - Manufacturing Contingency Sourcing Review
  - Distributor Changeover Review
  - Leaf Buying Review
  - IT Application Review
  - Anti-Illicit Trade (AIT) Review
- Considered the quarterly Internal Audit & Compliance Report along with the status update of Internal Audit & Compliance Action plans.

### (vi) Responsibility related to External Audit

- Reviewed the hiring and performance of External Auditors and reviewed the nature and scope of audit plan, audit report, evaluation of internal controls and coordination with the External Auditor.
- Conducted meetings with the External Auditor and reviewed Audited Financial Statements, audit findings and recommendations before submitting them to the Board for approval or adoption.
- Reviewed any findings by the External Auditor arising from audits, particularly any comments or responses in Management letters, as well as assistance given by employees of the Company in order to be satisfied that appropriate action is being taken.
- Reviewed External Auditor's assessment on the Statement on Risk Management and Internal Control for inclusion in the Annual Report.





- Reviewed any matters concerning the appointment and reappointment, audit fee and resignation or dismissal of the External Auditor.
- Reviewed and evaluated factors related to the independence of the External Auditor and assisted them in preserving their independence.
- Took advice 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.

Apart from the above responsibilities, the Audit Committee also acted on other matters which were directed by the Board and which were not in conflict with the Corporate Governance Code mandated by BSEC.

#### **Governance status with the BSEC Code:**

- The Audit Committee is a sub-committee of the Board.
- The Committee assisted and reported to the Board.
- The Committee was constituted with the required members along with two Independent Directors.
- All the members are financially literate, and two of them are Fellow Chartered Accountants (accounting or related financial management background) along with more than 10 (ten) years of such experience.
- The Company Secretary performed as the Secretary of the Committee.
- The required members' presence including two Independent Directors were in place, ensuring the quorum of the meetings. The reason of absence was duly recorded in the minutes.
- The Board-appointed Independent Director was appointed as the Committee Chairman.
- The Chairman of the Audit Committee attended the Company's AGM.
- Four meetings were conducted in 2022.
- The Audit Committee's Terms of Reference were approved by the Board in accordance with the BSEC Code, and the Committee performed accordingly.
- The Committee reported as per the BSEC Code.

**Md. Azizur Rahman FCS**  
Secretary

8<sup>th</sup> February 2023

- The Audit Committee Report was approved by the Board on 8<sup>th</sup> February 2023.

#### **INDUCTION OF NEW MEMBERS**

Mr. Shirajun Noor Chowdhury was appointed as a member of ACM on 12<sup>th</sup> May 2022. Mr. Mohammad Salahuddin and Mr. Stuart Kidd were appointed as members of the ACM effective from 25<sup>th</sup> January 2023. The structured induction programme that is provided to our new Board members equips them with all of the information and support they need to be confident and productive in their roles. The goal is to help new members understand the organization's internal structure and management system, its environment, and their role in making the organisation successful. The induction programme includes the following:

- About the Company and function-wise overview.
- Audit Committee booklet, updated annual reports and price sensitive information.
- Recent meeting minutes, internal and external audit plan, company risk register, procedure of internal control, company financial policies, Standards of Business Conduct (SoBC), and the Whistleblower Policy.
- Meetings with the Chairman of the Audit Committee and other members to discuss the role and expectations.
- Meetings with internal and external auditors to discuss audit risks and plans.
- Introduction with the top Management, factory visits, discussing current audit findings and observations.
- Onboarding by the Company Secretary on legal and regulatory requirements, including ongoing litigation, the BSEC Corporate Governance Code, a relevant summary of the Listing Regulations and the Companies Act 1994, the Audit Committee ToR, along with best practices.

#### **EVALUATION OF THE COMMITTEE**

An evaluation of 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.

**A. K. M. Aftab UI Islam FCA**  
Chairman



# NRC COMMITTEE

## SITTING FROM LEFT

**Mr. Golam Mainuddin**  
Chairman

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

## STANDING FROM LEFT

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

**Mr. Md. Azizur Rahman FCS**  
Head of Public Affairs & Company Secretary





# NOMINATION & REMUNERATION COMMITTEE REPORT

The NRC guides the Management in identifying the Company's needs for personnel at all levels and in determining their selection, transfer or replacement and promotion criteria. This committee is based on the NRC Charter, which was developed primarily in compliance with the CG principles of BSEC while also incorporating other international best practices in human resources.

British American Tobacco Bangladesh Company Limited has always been passionate about human capital management and takes responsibility for developing employee potential and leveraging people skills in the organization. The Company carefully preserves its large pool of knowledgeable, experienced, disciplined, clear-thinking, and enthusiastic individuals who drive ongoing development and innovation within defined risk bounds. The business continues to benefit from them and focuses on establishing HR policies and procedures targeted at developing personnel and assuring their active participation in achieving corporate goals.

## THE COMPOSITION OF THE COMMITTEE

The Board of Directors of BATB has duly constituted a Nomination & Remuneration Committee (NRC), as per the requirements of the BSEC Codes of Corporate Governance. The NRC is a sub-committee of the Board and operates independently to ensure the rights of the Company's valuable 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 UI Islam FCA** (Member)
- **Mr. Md. Azizur Rahman FCS** (Secretary)

## PURPOSE AND AUTHORITY OF THE COMMITTEE

One of the key responsibilities of the NRC is to assist the Board in formulating policy for the formal and continued process of considering the remuneration/honorarium of Directors and top-level executives. The NRC fulfills a guiding role to the Management to help identify the Company's needs for employees at different levels and

determine their selection, transfer or replacement and promotion criteria. This report of the NRC 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 NRC has performed its duties as assigned to it by the Board which is based on the Charter of NRC formulated in accordance with the CG guidelines of BSEC as well as comprising other global best practices.

## ROLES AND RESPONSIBILITIES

NRC was set up with explicit Terms of Reference. Abiding by it, the Company follows a nomination and remuneration policy, the framework 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 & selection guidelines

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:** NRC recommends candidate(s) for Non-Executive Director(s) based on nomination by the majority shareholders, Government

shareholders and other general shareholders. The Board 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 meaningful contributions 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 appoints Independent Director/s upon nomination and recommendation of the NRC, which is then approved by shareholders at the Annual General Meeting of the Company.
- **Top-level Executives:** 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 Trade & Planning, the Head of Brands, SP&I, the Head of Procurement, the Head of Legal & External Affairs, the Head of Human Resources, the Head of Digital Business Solution (DBS), the Company Secretary, and same level/ ranked/ salaried officials of the Company.

- **Other Employees:** NRC sets a guideline to identify the Company's needs for employees at different levels and empowers the relevant management of the Company's HRD for the 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, and benefits (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 are 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. 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, and honorarium, including incidental expenses, if any.
- 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 evaluation 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 evaluation criteria.

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

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

- a) Attendance at the Board meetings and committee meetings
- b) Participation in the Board meetings and committee meetings
- c) 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 three (3) meetings during the year under review. The attendance of Committee members at meetings is stated in the table on page 110. Members of the senior management of the Company were invited to participate at the meetings as and when required. The proceedings of the NRC meetings are regularly reported to the Board. On invitation of the Committee, Managing Director, Finance Director and Head of Human Resource attended all Committee meetings during the year.

Name	NRC Committee	%
<b>Mr. K. H. Masud Siddiqui</b> Chairman of the Committee	3/3	100
<b>Mr. A.K.M. Aftab Ul Islam FCA</b> Member	3/3	100
<b>Mr. Golam Mainuddin</b> Member	3/3	100
<b>Mr. Md. Azizur Rahman FCS</b> Secretary	3/3	100

## ACTIVITY SUMMARY OF NRC DURING THE YEAR

- The NRC periodically reviewed the background of the Independent Directors, the level of their independence, as well as performance attributes of Non-Executive Directors.
- Reviewed the mix and composition of the Board and committees.
- Reviewed and approved the remuneration 2023 for the Management.
- Review bonus pay-out range for the Management.
- Approved the local specialist grade for employees of the Company.
- Mr. Shirajun Noor Chowdhury was appointed as Non-Executive Director on 12<sup>th</sup> May 2022. Mr. Mohammad Salahuddin and Mr. Stuart Kidd were appointed as Non-Executive Directors effective from 25<sup>th</sup> January 2023.
- To approve the Company HR policies. (Employment's Probation & Confirmation Policy, Employment's

**Md. Azizur Rahman FCS**  
Secretary  
8<sup>th</sup> February 2023

Recruitment & Selection Policy, Medical Claim Reimbursement, Transfer Related Expenses, Performance Management and Internal Recruitment).

- To recommend the appointment of Ms. Judith Pilli Nagery as an international assignee of the Company.
- To recommend amendment to the Medical Reimbursement Policy of the Company.

## GOVERNANCE STATUS WITH THE BSEC CODE

- The NRC is a sub-committee of the Board.
- The Committee assisted and reported to the Board in formulating HR policies.
- The Committee was constituted of the required members along with two Independent Directors.
- ToR of the NRC clearly set forth in writing covering the areas stated at condition No. 6(5)(b) of the BSEC Code.
- The Company Secretary performed as the Secretary of the Committee.
- The required members' presence, including two Independent Directors, was in place ensuring the quorum of the meetings. The reason for absence was duly recorded in the minutes.
- The Board appointed an Independent Director as the Committee Chairman.
- The Chairman of NRC attended the Company's AGM to answer the queries of shareholders.
- Three meetings were conducted in 2022.
- The NRC's ToR was approved by the Board in accordance with the BSEC Code, and the Committee performed accordingly.
- The Company disclosed the Nomination and Remuneration Policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.
- The report of NRC was approved by the Board on 8<sup>th</sup> February 2023.

**K. H. Masud Siddiqui**  
Chairman



# CSR COMMITTEE

## STANDING FROM LEFT

**Mr. Mohammad Salahuddin**  
Non-Executive Director

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

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

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

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

**Mr. Shirajun Noor Chowdhury**  
Non-Executive Director

**Mr. Md. Azizur Rahman FCS**  
Head of Public Affairs & Company Secretary



# REPORT OF THE CSR COMMITTEE

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 continuing 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:

- **Ms. Zakia Sultana** (Chairman of the Committee)
- **Mr. A. K. M. Aftab UI Islam FCA** (Member)
- **Mr. Mohammad Salahuddin** (Member)
- **Mr. Shirajun Noor Chowdhury** (Member)
- **Mr. Md. Abul Hossain** (Member)
- **Ms. Mahmuda Khatun** (Member)
- **Mr. Shehzad Munim** (Member)
- **Mr. K M Ali Azam** (Member)
- **Mr. Md. Azizur Rahman FCS** (Secretary)

The Head of Legal and External Affairs and the Sustainability 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

is subject 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 2022 is as follows:

Name	CSR Committee	%
<b>Ms. Zakia Sultana</b> Chairman of the Committee	2/2	100
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Member	2/2	100
<b>Mr. Mohammad Salahuddin</b> (Member) Joined 25 Jan 2023	N/A	N/A
<b>Mr. Shirajun Noor Chowdhury</b> Member (Joined on 12th May 2022)	1/2	50
<b>Mr. Md. Abul Hossain</b> Member	2/2	100
<b>Mr. Md. Azizur Rahman FCS</b> Secretary	2/2	100
<b>Mr. KM Ali Azam</b> Member	2/2	100
<b>Ms. Mahmuda Khatun</b> Member	1/2	50
<b>Mr. Shehzad Munim</b> Member	2/2	50

## 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**

Bonayan, the country's largest private sector-driven afforestation programme, started its journey back in 1980 responding to the call for promoting mass plantation by the Bangladesh Forest Department. The project has stepped into its glorious 42nd year in 2022, at a steadfast pace. Bonayan is committed to maintain the balance of biodiversity across different regions of the country, the program has so far distributed 120 million fruit, forestry, and medicinal plant saplings free of cost to farmers and stakeholders over 22 districts. Every year around 5 million fruit, forestry, and medicinal plant saplings are produced in 20 nurseries across the country.

With the strong aim of ensuring a Greener Tomorrow for all, 80% of the distributed saplings were to farmers and the rest to local stakeholders in order to increase afforestation and improve livelihoods. Bonayan recognizes the vital role of biodiversity in sustaining the ecosystems where we work. Hence, Bonayan has initiated 119 biodiversity corners across the country, to raise awareness and conserve rare and endangered indigenous medicinal plant species.

At present, the project is operating in more than 22 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

In this year's COP27, the discussion revolved around how we can adapt, mitigate and finance initiatives targeted at reversing climate change

We believe in public-private partnerships and through this program, we are proud to encourage government organizations and other and private companies to also work towards the governments vision in line with the SDGs.

We have worked with numerous government bodies and private organizations such as:

- Ministry of Environment Forest & Climate change
- 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)

Bonayan recognizes the vital role of biodiversity in sustaining the ecosystems where we work. Hence, Bonayan's biodiversity corners across the country raise awareness and conserve rare and endangered indigenous medicinal plant species.

### **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 13 years ago, has been tirelessly 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.

Healthy living relies on access to clean water. Keeping such a crucial goal of sustainable development and sharp focus, the Government of Bangladesh is toiling hard to ensure access to safe drinking water for 100% of the population by the year 2030.

Inspired by the same spirit Probaho started its journey back in 2009. Thus far Probaho has installed 117 water filtration plants across 22 districts of the country supplying over 585,000 liters to provide safe drinking water for over 285,000 people every day.

It is worth noting that, exploring new filtration technology in salinity-prone zones, the acute shortage of safe drinking water issue in the saline coastal areas of the country specially in Shatkhira has been addressed. Keeping in line with the Government's initiatives, Probaho is working to ensure a future fit and a sustainable clean water supply. Probaho established 4 new filtration plants





in Shyamnagar & Assasuni upazila of Satkhira district. Probaho also initiated a self-sustaining model in 2022 which aims to cover the plant operating cost by its own, enhances beneficiaries' ownership and creates employment opportunities.

To ensure a secure future for present and future generation, our dedication towards fulfilling the SDGs and our rich legacy of 13 years provide us the inspiration as well as the platform to move forth with pride and purpose.

### 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.

'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 of "Decent Work & Economic Growth" (#8) and "Climate Action" (#13).

**Md. Azizur Rahman FCS**

Secretary

8<sup>th</sup> February 2023

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.

Our future plan includes from scaling up a self-sustaining model to upscaling water distribution model with updated filtration technology. In 2022, BATB has explored a model in collaboration with the Government and Prerona Foundation. The upcoming action plans include livelihood upliftment trainings and initiatives for the most deserving beneficiaries and skill development for the women and youth.

In an attempt to broaden the scope of Deepto, BAT Bangladesh, in partnership with SolShare and Better Tomorrow Ventures, piloted a renewable energy initiative in Rajshahi in 2020. The pilot focused on charging three-wheelers through solar panels installed in rooftop garages and net metering which enabled the drivers to not only have access to clean electricity but at the same time increase their income. Furthermore, we also explore Lithium-ion batteries instead of lead batteries in these three-wheelers to minimize the environmental and health impact caused by the batteries. This resulted in 12,323.17 kWh of solar electricity generated by the solar panels of which 12 MWh of clean energy have been fed into the national grid. Furthermore, Carbon emissions were reduced by 8,733 kgCO<sub>2</sub> while simultaneously increasing the 3-wheeler divers' income by 26.5%.

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.

**Ms. Zakia Sultana**

Chairman

# 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 1ST 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 2ND 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 3RD 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.

## FOUR PHASE RISK MANAGEMENT PROCESS



- 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

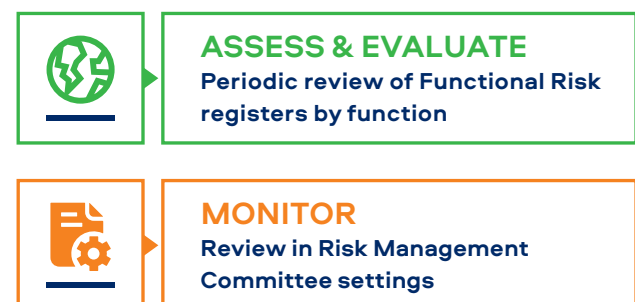
Management operates a Risk Management Team comprised of senior managers from all functions of the Company and led by the Finance Director. It meets formally at least twice a year to:

- 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



**(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 the 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 2022**

**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 is 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 9th February 2022.



# SUSTAINABLE INITIATIVES FOR A BETTER TOMORROW



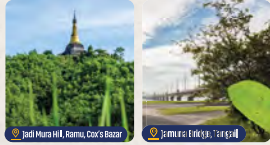
For A Greener Tomorrow

**120 Million**  
Saplings Distributed

Milestone Projects



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.



**18+** Districts Coverage



**30,000+**  
Beneficiaries

“I have been collecting saplings from Bonayan for over a decade now. I have managed to sustain my family and single-handedly raise all four of my children with the money from selling the wood & fruit.”

Beneficiary Story



- Rehana Begum  
Lama, Bandarban

Supporting SDGs



Scan QR code to learn more:  
Follow us:

[facebook.com/bonayan1980](https://facebook.com/bonayan1980)



For A Safer Tomorrow

**585,000+** Litres  
Safe Drinking Water

Project Areas



Probaho, the safe drinking water initiative was launched in 2009 with an aim to ensure good health and wellbeing among remote communities. Till date, this initiative has established 117 water filtration plants across the country.



**117**  
Filtration Plants



**283,000+**  
Beneficiaries

“Drinking water without going through hours of boiling was never an option due to its contaminated nature. This scenario has completely changed with Probaho's installation. The water from the plant is of such high quality that we can directly drink it from the plant.”

Beneficiary Story



- Madina Khatun  
Jhenaidah

Supporting SDGs



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For A Brighter Tomorrow

**2,591 Units**  
Solar Home Systems

Project Areas



Deepto, the renewable energy initiative was launched in 2011 to make the first access to electricity a reality for the off-grid Chattogram Hill Tracts communities.



Districts Coverage  
- Bandarban  
- Rangamati  
- Khagrachari



**15,000+**  
Beneficiaries

“At night, you can hear the sound of children studying in the small houses in hill tract areas. Nowadays, they are attaining better results in exams than before. I sincerely believe that Deepto is playing a big role in this regard.”

Beneficiary Story



- Usoching Marma  
Monglappa, Bandarban

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[facebook.com/deepto2011](https://facebook.com/deepto2011)



# STANDARDS OF BUSINESS CONDUCT (SoBC)

When it comes to conducting business, high ethical standards are maintained by BAT Bangladesh in all facets of commercial conduct.

The Company's Standard of Business Conduct (SoBC) is an approach that takes into account both international and regional norms. Compliance with SoBC is necessary to preserve our business activities' honesty, which means that SoBC itself articulates our primary reason for existence.

The core ESG capabilities of the Governance of the Company are reflected in the SoBC. The policy must always adhere by all members of the Company, including the Board of Directors, along with all other employees and third-party suppliers. This must be done while complying with all applicable laws and regulations that the operations of our company regulate. Responsible and trustworthy behaviour are the cornerstones of our SoBC.

The following are the overarching principles that constitute our SoBC and which we must uphold at all times:

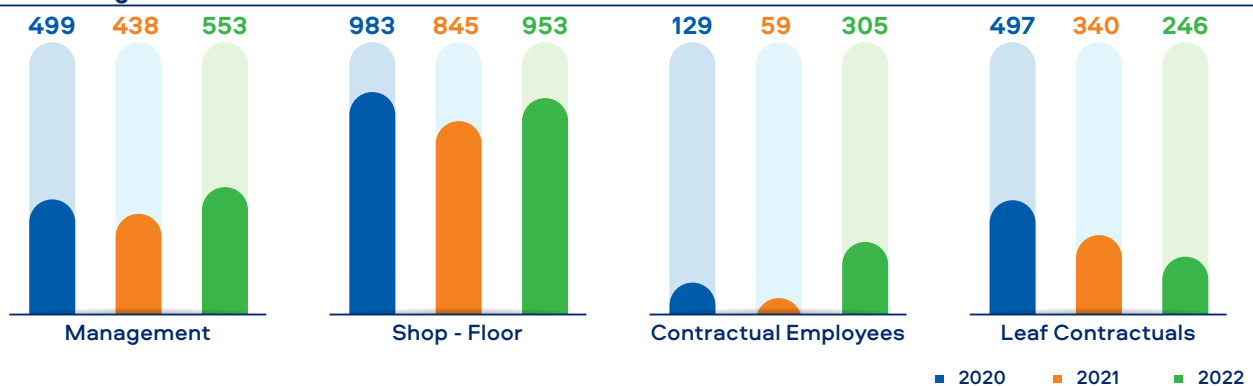
- Ensure that employees' decisions and judgments are legal and uphold high ethical standards.
- Ensure the satisfaction of the Company's stakeholders.
- Provide assistance to employees who are required to make challenging choices while on the job.
- Establish the company's values and norms so that it is seen as a good corporate neighbour.
- Six chapters and fifteen policies safeguard the company's ethics. To strengthen the SoBC further this year, the Company added three new policies and nineteen new clauses to the overall document.

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

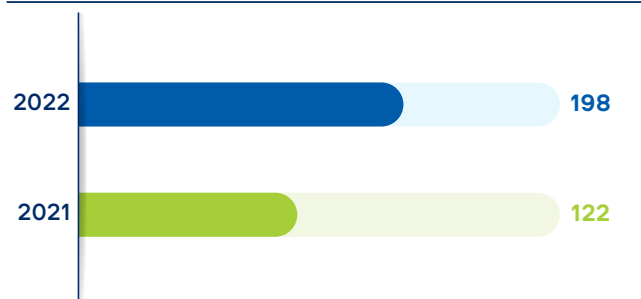
The Graph shows the number of trainings held at SoBC awareness session

## SoBC Training



The graph shows the SoBC on boarding session for the new joiners.

## New Joiners Session





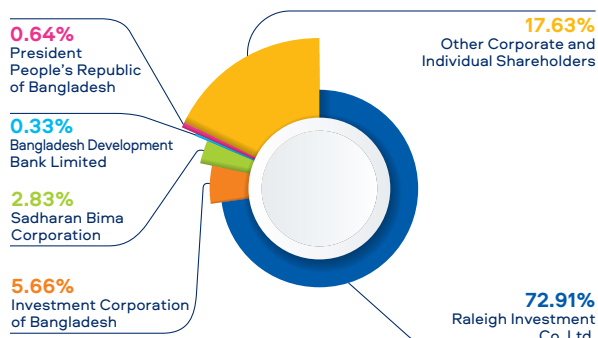


**THERE ARE FIFTEEN POLICIES THAT PROTECT THE COMPANY'S GOOD CORPORATE PRACTICES.**

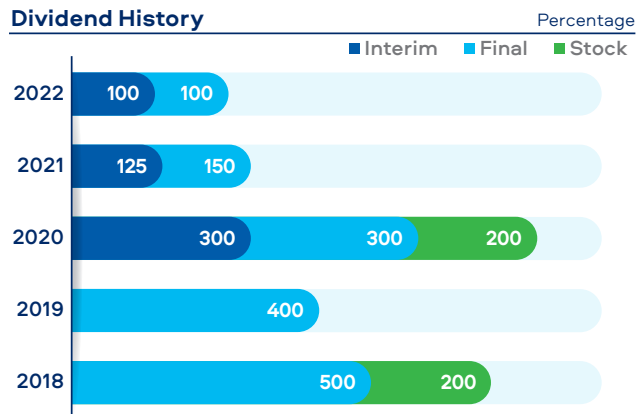
 <b>SPEAK UP</b>	 <b>CONFLICTS OF INTEREST</b>	 <b>BRIBERY &amp; CORRUPTION</b>	 <b>ENTERTAINMENT AND GIFTS</b>
<p>In terms of exposing any malpractice or wrongdoing</p>	<p>Mostly declarations of any known relatives who work as suppliers of the Company or in the Company directly</p>	<p>A due diligence 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 2022



## Dividend History



## MONTH-WISE SHAREHOLDING UPDATE

Month	Sponsor	Govt	Institute	Foreign	Public
January	72.91%	0.64%	11.94%	8.10%	6.41%
February	72.91%	0.64%	12.03%	7.94%	6.48%
March	72.91%	0.64%	12.21%	7.94%	6.30%
April	72.91%	0.64%	12.28%	7.88%	6.29%
May	72.91%	0.64%	12.32%	7.84%	6.29%
June	72.91%	0.64%	12.30%	7.73%	6.42%
July	72.91%	0.64%	12.37%	7.59%	6.49%
August	72.91%	0.64%	12.55%	6.93%	6.97%
September	72.91%	0.64%	12.62%	6.55%	7.28%
October	72.91%	0.64%	12.73%	6.52%	7.20%
November	72.91%	0.64%	12.73%	6.50%	7.22%
December	72.91%	0.64%	12.73%	6.50%	7.22%

## DIVIDEND INFORMATION

Year	Dividend Type	Declared Dividend	Record Date	Payment Date
2022	Final	Cash 100%	2-Mar-2022	-
	Interim	Cash 100%	21-Nov-2022	20-Dec-2022
2021	Final	Cash 150%	3-Mar-2022	21-Apr-2022
	Interim	Cash 125%	16-Nov-2021	2-Dec-2021
2020	Final	Cash 300%	3-Mar-2021	18-Apr-2021
		Stock 200%		
	Interim	Cash 300%	11-Nov-2020	30-Nov-2020
2019	Final	Cash 400%	12-Mar-2020	14-May-2020
2018	Final	Cash 500%	4-Apr-2019	16-May-2019
		Stock 200%		



## SHARE PERFORMANCE

Month	Dhaka Stock Exchange			Chittagong Stock Exchange		
	High (BDT)	Low (BDT)	Close (BDT)	High (BDT)	Low (BDT)	Close (BDT)
January	672.50	645.90	649.2	672.30	646.90	652.00
February	672.40	607.80	614.1	674.40	605.90	608.60
March	613.80	566.70	584.5	612.40	568.30	583.50
April*	589.40	574.10	581.7	589.00	572.70	579.80
May	583.80	530.60	550.7	585.60	529.40	546.90
June	570.30	541.40	543.5	571.00	538.90	543.60
July	541.80	514.50	527.7	544.90	514.30	527.80
August	530.10	518.70	519	529.40	520.30	522.20
September	523.40	518.70	518.7	523.70	519.10	519.10
October	518.70	518.70	518.7	519.10	519.10	519.10
November	518.70	518.70	518.7	519.10	519.10	519.10
December	518.70	518.70	518.7	519.10	519.10	519.10

\* Adjustment after bonus share distribution

## SHARE TREND

In 2022, the total market capitalization of the Company decreased by 18.39% to 280 billion, compared to an increase by 61.48% reaching 343 billion in 2021.

### Share Price Movement 2022



## 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);

[Atiqur\\_Rahman@bat.com](mailto:Atiqur_Rahman@bat.com)

[Md\\_Azizur\\_Rahman@bat.com](mailto:Md_Azizur_Rahman@bat.com);



**AGM  
HELPLINE**

Md Atiqur Rahman

Marufa Ferdous

Md. Kamrul Hassan

Zia Uddin Shaheen

Tel: +880248811279-83, Ext – 394

Hotline: +8801313701925; +8801755532753  
+8801701752998;

Fax: +880 2 8714819

Email: [batbshareoffice@bat.com](mailto:batbshareoffice@bat.com)  
[atiqur\\_rahman@bat.com](mailto:atiqur_rahman@bat.com)

# HORIZONTAL & VERTICAL ANALYSIS

Horizontal	2022	2021	2020	2019	2018
<b>Statement of profit or loss and other comprehensive income</b>					
Net revenue from contracts with customers	13%	24%	6%	4%	5%
Gross profit	10%	36%	10%	-3%	11%
Operating profit	12%	43%	18%	-10%	17%
Profit before tax	17%	42%	21%	-10%	15%
Profit for the year	19%	38%	18%	-8%	28%
Earnings per share	19%	37%	18%	-8%	28%
<b>Statement of financial position</b>					
Total non-current assets	15%	8%	-1%	18%	27%
Total current assets	2%	31%	20%	-6%	18%
<b>Total assets</b>	<b>8%</b>	<b>20%</b>	<b>9%</b>	<b>5%</b>	<b>22%</b>
Share capital	0%	200%	0%	200%	0%
Retained earnings	14%	-3%	-5%	18%	29%
<b>Total equity attributable to owners of the Company</b>	<b>12%</b>	<b>8%</b>	<b>-5%</b>	<b>21%</b>	<b>28%</b>
Total non-current liabilities	19%	22%	-1%	62%	10%
Total current liabilities	0%	35%	42%	-26%	17%
Total liabilities	4%	33%	30%	-13%	16%
<b>Total equity and liabilities</b>	<b>8%</b>	<b>20%</b>	<b>9%</b>	<b>5%</b>	<b>22%</b>

Vertical	2022	2021	2020	2019	2018
<b>Statement of profit or loss and other comprehensive income</b>					
Net revenue from contracts with customers	100%	100%	100%	100%	100%
Gross profit	53%	54%	49%	47%	50%
Operating profit	42%	42%	37%	33%	38%
Profit before tax	42%	40%	35%	31%	35%
Profit for the year	21%	20%	18%	16%	18%
<b>Statement of financial position</b>					
Total non-current assets	46%	43%	48%	53%	47%
Total current assets	54%	57%	52%	47%	53%
<b>Total assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Share capital	6%	7%	3%	3%	1%
Retained earnings	43%	40%	50%	57%	51%
<b>Total equity attributable to owners of the Company</b>	<b>49%</b>	<b>47%</b>	<b>53%</b>	<b>60%</b>	<b>52%</b>
Total non-current liabilities	11%	10%	10%	11%	7%
Total current liabilities	39%	42%	37%	29%	41%
Total liabilities	51%	53%	47%	40%	48%
<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	2022		2021	
	Amount	%	Amount	%
Gross Turnover	361,455,328		339,340,424	
Less Purchase of materials & service	49,238,553		35,112,343	
Value added	312,216,775	100%	304,228,081	100%
<b>Applications</b>				
Government	293,861,312	94.12%	290,776,940	95.58%
Employee benefits	3,429,357	1.10%	2,862,281	0.94%
Shareholders dividend	13,500,000	4.32%	15,750,000	5.18%
Depreciation	2,642,292	0.85%	2,334,735	0.77%
Reserves and Surplus	(1,216,186)	-0.39%	(7,495,876)	-2.46%
<b>Total</b>	<b>312,216,775</b>	<b>100%</b>	<b>304,228,081</b>	<b>100%</b>

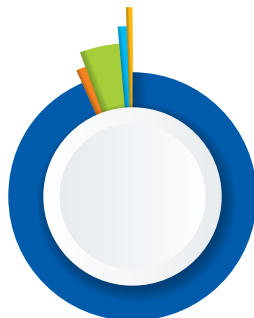
## VALUE ADDED STATEMENT 2022

Percentage

0.85%  
Depreciation

4.32%  
Shareholders  
Dividend

1.10%  
Employee  
Benefits



-0.39%  
Reserves and  
Surplus

94.12%  
Government

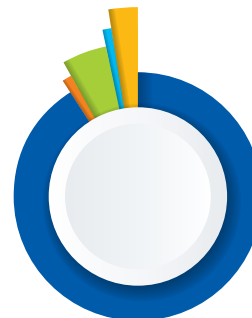
## VALUE ADDED STATEMENT 2021

Percentage

0.77%  
Depreciation

5.18%  
Shareholders  
Dividend

0.94%  
Employee  
Benefits

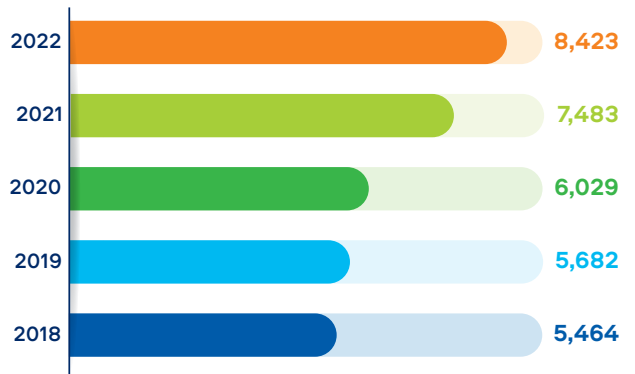


-2.46%  
Reserves and  
Surplus

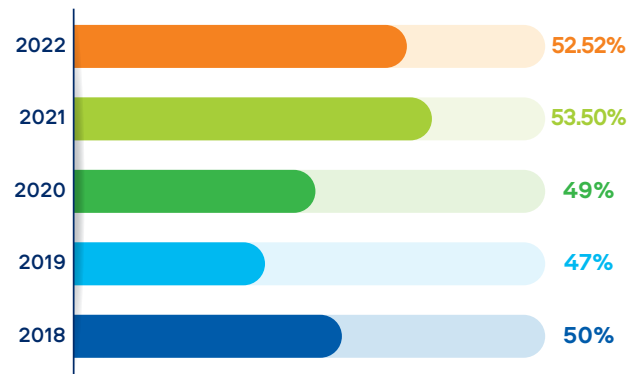
95.58%  
Government

# KEY PERFORMANCE INDICATORS

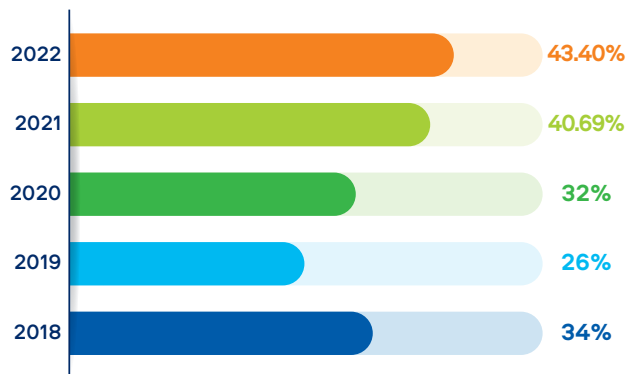
**Net Turnover** In BDT Crore



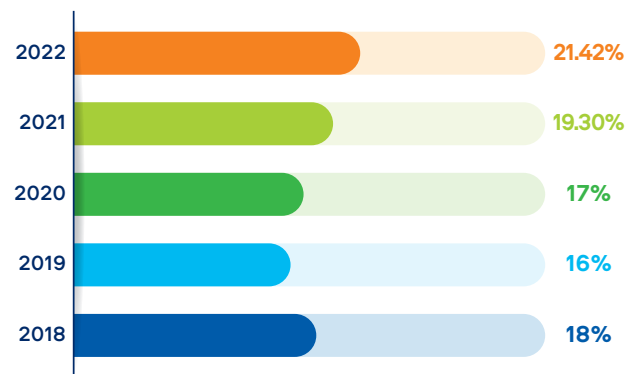
**Gross Profit Ratio**



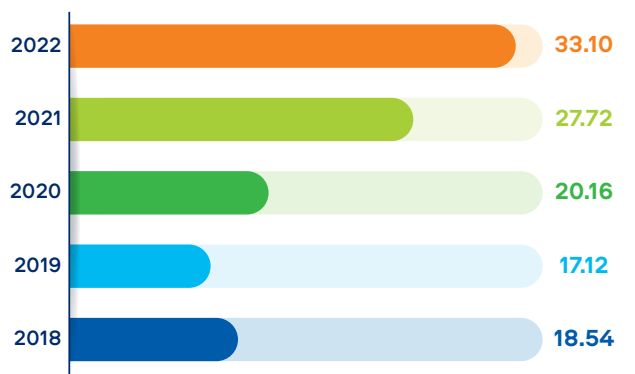
**Return on Equity**



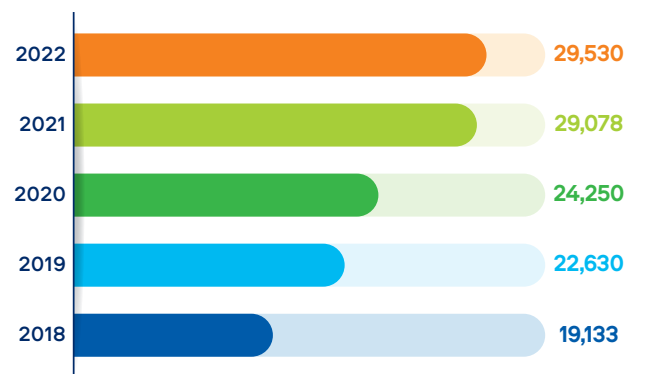
**Return on Asset**



**EPS**



**Contribution to Exchequer** In BDT Crore

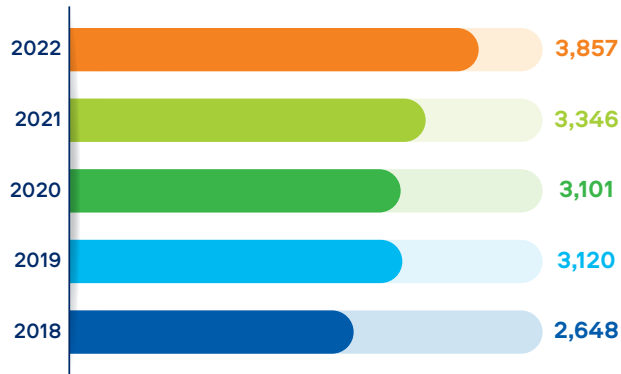




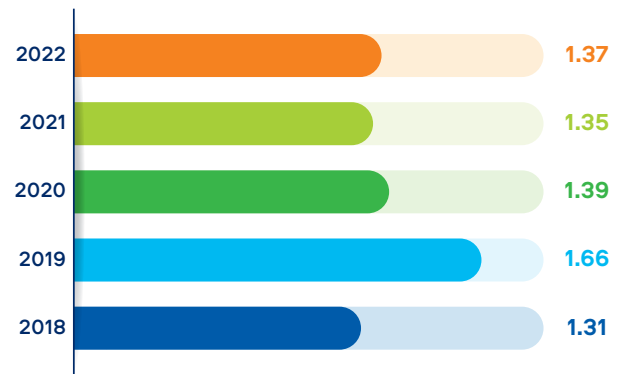
# KEY PERFORMANCE INDICATORS

## Property Plant & Equipment

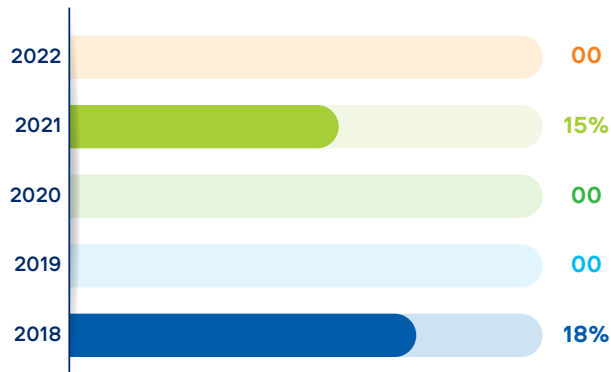
In BDT Crore



## Current Ratio

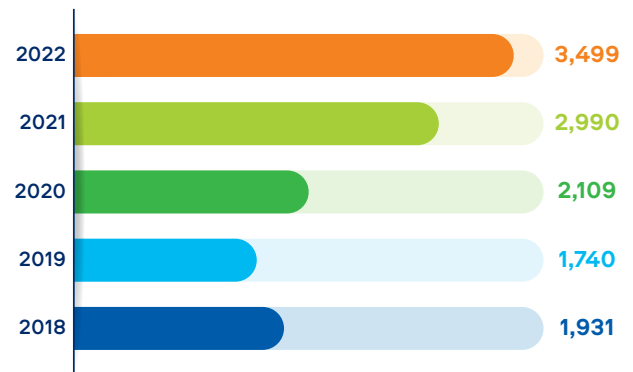


## Debt Equity Ratio



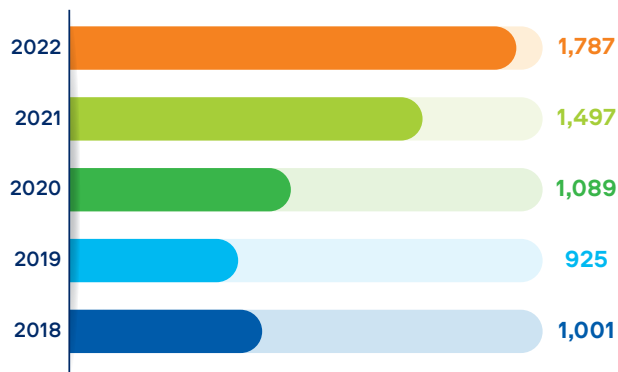
## Profit Before Tax

In BDT Crore



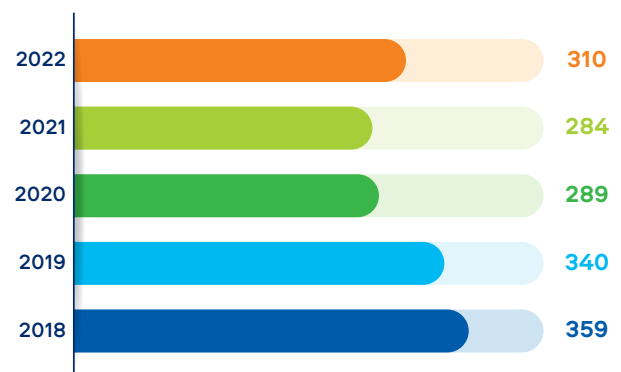
## Profit After Tax

In BDT Crore



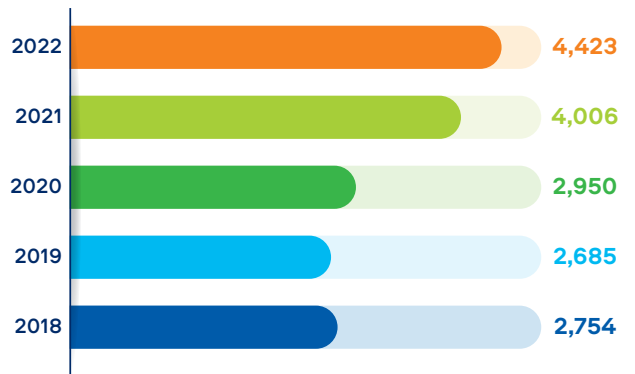
## Custom Duty

In BDT Crore

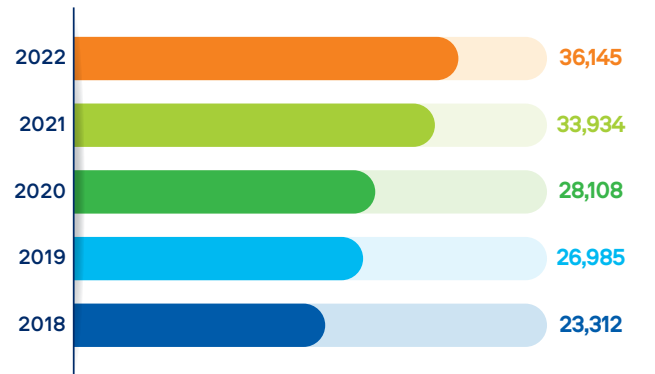


# KEY PERFORMANCE INDICATORS

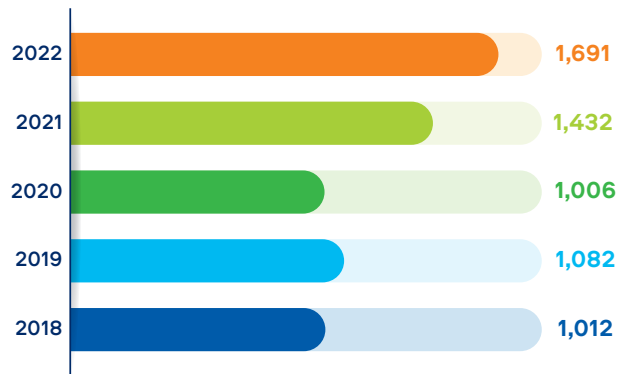
**Gross Profit** In BDT Crore



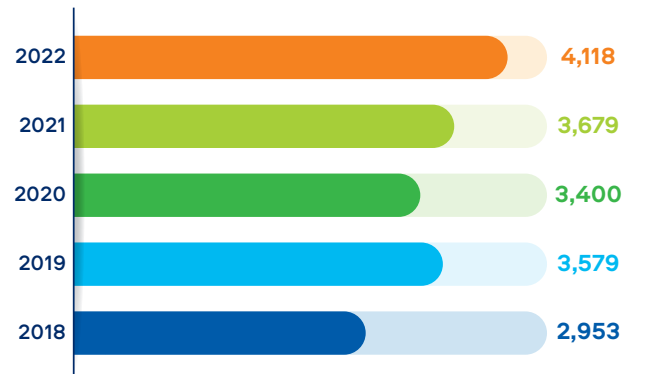
**Gross Turnover** In BDT Crore



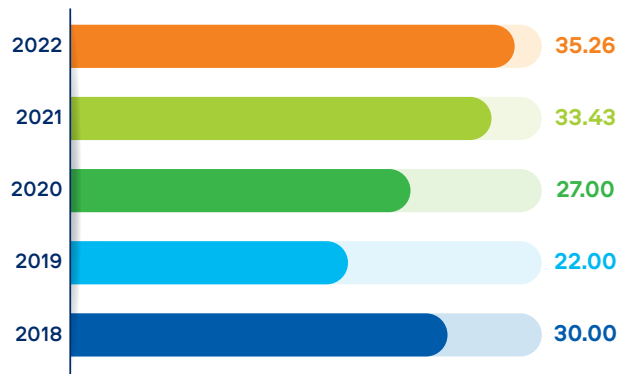
**Income Tax** In BDT Crore



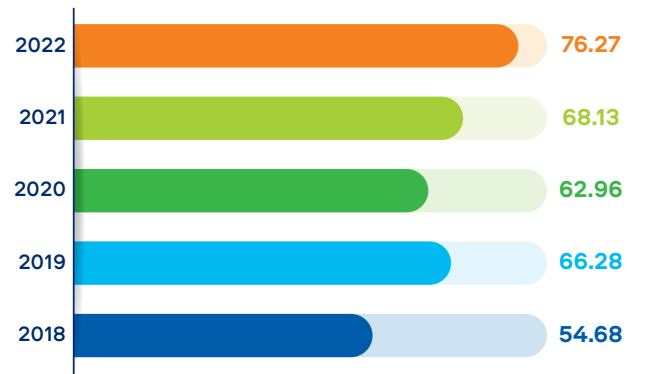
**Net Asset Value** In BDT Crore



**Return on Capital Employed**



**Net Asset Per Share Excluding Revaluation Reserve** In BDT Crore



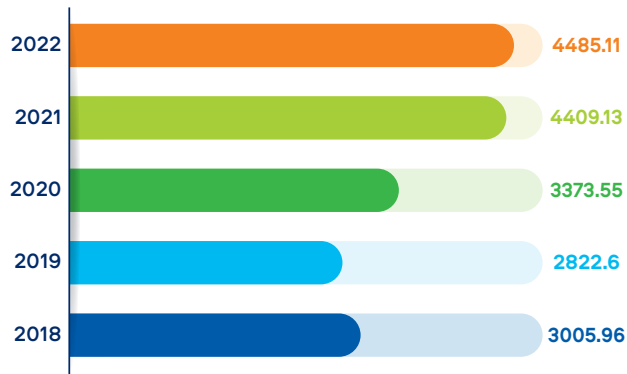




# KEY PERFORMANCE INDICATORS

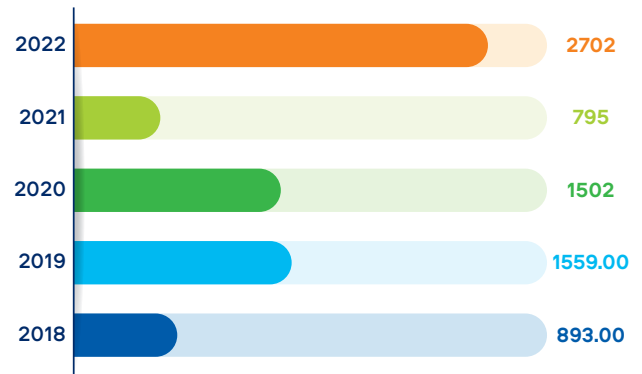
## Net Current Asset

In BDT Crore

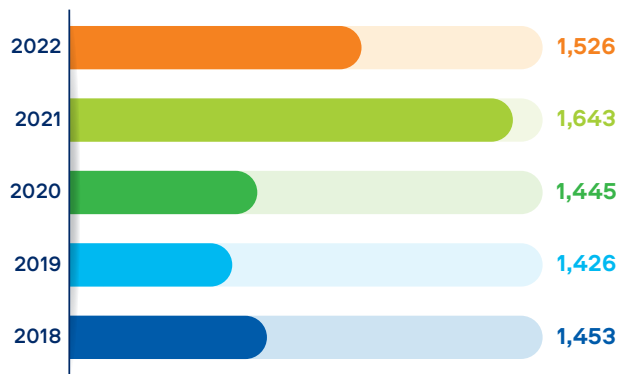


## Net Cash from Operating Activities

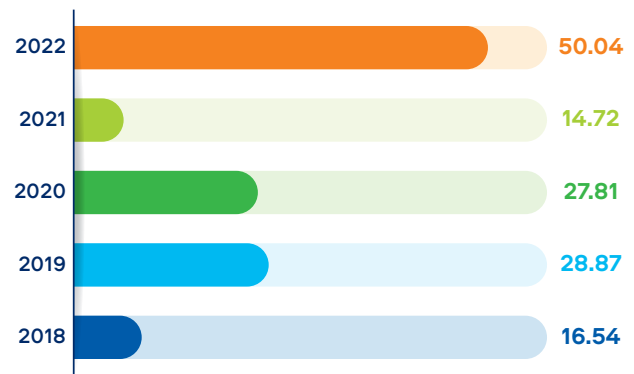
In BDT Crore



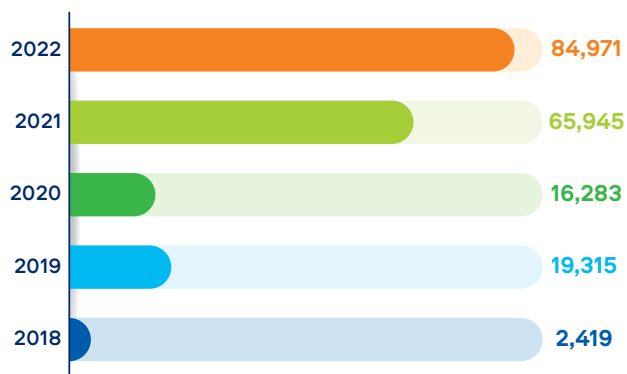
## Number of Employees



## Net Operating cash flow Per share (NOCFPS)

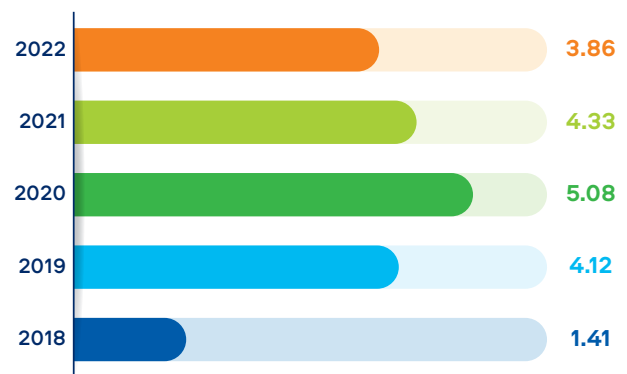


## Number of Ordinary Shareholders



## Dividend Yield

Percentage



# ESG REMAINS AT THE FRONT & CENTER OF OUR BUSINESS



By analyzing our material themes, the Company is better able to recognize and understand any obstacles that could affect our ability to create value in the short, medium, or long term. These worries encompass both elements that could directly affect our financial performance and our ESG objectives.

British American Tobacco Bangladesh (BATB) is committed to upholding the highest standards of responsible corporate behavior and making positive contributions to the sustainability of its business and the communities in which it operates. Environmental, Social, and Governance (ESG) is a key focus area for British American Tobacco Bangladesh, and we are continuously working to embed ESG principles into our business operations. We have a comprehensive and integrated

approach to ESG that focuses on enhancing long-term value creation and strengthening its commitment to sustainable development. This includes initiatives related to environmental, social, and governance (ESG) initiatives across its operations, supply chain, and relationships with employees, customers, and communities. We are proud to be a part of the global effort to reduce our environmental footprint and promote a sustainable future.

E	S	G
<b>EXCELLENCE IN ENVIRONMENTAL MANAGEMENT</b>	<b>DELIVERING A POSITIVE SOCIAL IMPACT</b>	<b>ROBUST CORPORATE GOVERNANCE</b>
Climate change	Human rights	Business ethics
Water	Farmer livelihoods	Responsible marketing
Waste	Health and safety	
Bio Diversity & Afforestation	People and culture	

With well defined goals for 2025,2030 and 2050, BAT as a Group has mapped out its journey for A Better Tomorrow and BAT Bangladesh is dedicated to adapt these goals, by promoting sustainable and responsible business practices, and keeping ESG initiatives at the forefront

of our operations. We are committed to reducing our environmental impact, promoting public health, and conducting business with integrity and transparency. We believe that ESG is not only the right thing to do, but it is also essential for the long-term success of any business.



# ENVIRONMENT



**Mr. Shehzad Munim**  
Managing Director



*Our strategy outlines our purpose, which is to develop our company for a sustainable future in order to build A Better Tomorrow™. Adopting ESG, which is currently at the forefront and core of all our operations, is a crucial part of that transition. With a crop-to-consumer business model since Bangladesh's inception, we have consistently prioritized environmental measures that have helped us forge closer bonds with our clients, staff, shareholders, and the general public.*

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 started its afforestation journey back in 1980 responding to the call for promoting mass plantation by the Bangladesh Forest Department. The project has stepped into its glorious 42nd year in 2022, at a steadfast pace. In order to maintain the balance of biodiversity across different regions of the country, the program has so far distributed 120 million fruit, forestry, and medicinal plant saplings free of cost to farmers and stakeholders over 22 districts. Every year around 5 million fruit, forestry, and medicinal plant saplings are produced in 20 nurseries across the country. The objective of the program has always been to raise awareness through impact about the importance of a greener environment. Bonayan's vision aligns with the government's roadmap to achieving United Nation's Sustainable Development Goals (SDGs) # 13 (Climate Action) and # 15 (Life on Land). Especially, the two targets set for SDG 15 include enhancing forest area as a proportion of total land area of Bangladesh to 18% and to increase the area of tree-covered land to 25% in relation to the total land area of Bangladesh by 2030.



■ BAT Bangladesh received the most prestigious award Prime Minister National Award 2019 for Afforestation at Kushtia Bypass Road

## BAT BANGLADESH

At present, the project is operating in more than 22 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

In this year's COP27, the discussion revolved around how we can adapt, mitigate and finance initiatives targeted at reversing climate change. In recent times, the frequency and the impact left by natural disasters has increased in Bangladesh. Deforestation can be linked back to one of the reasons that has contributed to this. Some of the devastating impacts of these natural disasters can be mitigated with appropriate actions taken to curb the rate of deforestation. Forests and trees provide environmental services ranging from increasing water quality, reducing soil erosion, creating micro-climatic conditions that maintain (or in some cases improve) productivity. The sustainable management of forests can also strengthen social resilience, by offering a diversification of revenue sources and product supplies and building the capacity of local and national institutions. Forest and tree management could provide a low-cost approach to enhancing resilience of local landscapes to climate change but needs to balance production,

livelihood, adaptation and mitigation goals. We believe in public-private partnerships and through this program, we are proud to encourage government organizations and other and private companies to also work towards the governments vision in line with the SDGs. We have worked with numerous government bodies and private organizations such as: Ministry of Environment Forest & Climate change 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) Reporting is another key part of encouragement. We have recently published our ESG report that highlights the impact and reach of our afforestation program and how it has changed the lives of people. The impact assessment conducted on Bonayan beneficiaries also help to strengthen such claims and share our learning gained from 42 years of experience with others. This helps to showcase the importance of such initiatives and encourages others to not only be our partner in the journey but also to take their own initiatives. One such impactful partnership is the work that Bonayan has done with the RRRC. In 2018, the Refugee Relief and Repatriation Commissioner (RRRC) of Bangladesh launched a reforestation program, which was supported by Bonayan as the sole private-sector enterprise. Since then, we have planted 250,000+ saplings in the area, covering almost 23 hectares of blocks and 16.5 kilometers of roadsides. In 2022, we have renewed the MoU with RRRC for afforestation at Rohingya camp for next 3 years. So, by supporting other organizations, we can inspire others to invest in the restoration.



■ Bonayan has been renewed the MoU with RRRC for next 3 years for afforestation at Rohinya Camp, Ukhiya, Cox's Bazar



■ Afforestation Block at Kutupalong Rohingya Camp





# BONAYAN JOURNEY 2022



■ Bonayan sapling handover to Bangladesh Navy at Naval HQ



■ Bonayan sapling distribution to Dhaka Cantonment Board



■ Bonayan sapling handover to Khulna Metropolitan Police



■ Celebrated World Environment Day by Plant A Tree challenge at BAT Bangladesh Head Office





■ Bonayan sapling plantation by Mr. Shaimum Sarwar Kamal MP, Cox's Bazar



■ Bonayan sapling distribution by Mr. Md. Nurul Amin MP, Chandpur 2



■ Bonayan sapling plantation by Mr. Kujendra Lal Tripura MP, Khagrachari



■ Bonayan sapling distribution by Mr. Bir Bahadur U Shei Ching MP, Bandarban



■ Bonayan sapling distribution by Mr. A. Gaffar Khan, Additional Secretary (DG-DAM), MoAat Rangpur





■ Bonayan sapling plantation by Mr. Talukder Abdul Khaleque, Mayor, Khulna City Corporation



■ Bonayan sapling handover to BGB, Khagrachari



■ Bonayan sapling distribution by UNO, Matiranga, Khagrachari



■ Bonayan sapling distribution to celebrate World Environment Day at Kushtia



■ Bonayan sapling distribution to celebrate World Environment Day at Chechua, Kushtia



## A CASE STUDY ON BONAYAN

Mayalake, a unique afforestation block located in Alikadam, Bandarban is surrounded by green hills and a magnificent lake. The founder of Mayalake is Mongkainu Marma, the Headman of Alikadam Upazila, who is close to 40 years old. He has been a beneficiary of Bonayan for the last 10 years. Mongkainu Marma is a very brave person who grew up in hilly areas and is always attracted by the beauty of the hills. With his dream and social responsibility as a public representative, 10 years ago with the help of Bonayan he started shaping of his dream by planting 8000 forestry saplings in Mayalake. Success comes from this great hobby! This afforestation block of Mongkainu Marma expanded with a period of time. Nurturing his dream little by little every year & with the support and advice from Bonayan, now there are 40,000 plants of forestry, fruits and medicinal in 50 acres. Today Mayalake is not only a name of dream but also a story of success. The unique lake located in the block blossomed the beauty of Bonayan. Today Mongkainu is one of the most successful entrepreneurs of Alikadam Upazila. He has a son and a daughter who are studying right now. Already he has sold 5,000 trees as timber from this afforestation block. These earnings not only increased his socio-economic status but also helped his son and daughter to have a better future. He is thinking of educating his children's with higher education with the money from the sale of the rest of the trees. He believes from his heart that his afforestation block will protect the environment of the hills and inspire many more people to involve in afforestation activities. He is very thankful to Bonayan for being a shadow on his way to fulfill his dreams and become the pathfinder towards the better tomorrow.



## PAVING THE WAY TOWARD A BRIGHTER TOMORROW

In 2011, Deepto, BAT Bangladesh's renewable energy initiative, sparked a ray of light in the lives of people living in the remote communities in Chattogram hill tracts through its solar home system project. Across 25 villages in Bandarban, Khagrachhari, and Rangamati districts, a total of 2591 solar-powered home systems were installed free of cost. 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. Fast-forward a decade and the lives of people in these remote hilly areas have been transformed by the light of solar power. Today, very simple yet crucial activities like doing household chores and studying or even income-generating activities like sewing are being done at ease after dark. Modern electricity-run devices, from using an electric fan, mobile phones, etc. are now also in the grip of the people living in these areas. But the biggest success of this initiative is reflected in the economic upliftment of these people who no longer needed support from Deepto because they were able to afford electricity from the national grid.



■ Renewable Energy Initiative Bandarban, Khagrachori & Rangamati District





In an attempt to broaden the scope of Deepto, BAT Bangladesh, in partnership with SolShare and Better Tomorrow Ventures, piloted a renewable energy initiative in Rajshahi in 2020. The pilot focused on charging three-wheelers through solar panels installed in rooftop garages and net metering which enabled the drivers to not only have access to clean electricity but at the same time increase their income. Furthermore, we also explore Lithium-ion batteries instead of lead batteries in these three-wheelers to minimize the environmental and health impact caused by the batteries. This resulted in

12,323.17 kWh of solar electricity generated by the solar panels of which 12 MWh of clean energy have been fed into the national grid. Furthermore, Carbon emissions were reduced by 8,733 kgCO<sub>2</sub> while simultaneously increasing the 3-wheeler drivers' income by 26.5%. In the coming days, Deepto will not only play a crucial part in our journey towards achieving net zero carbon emission in all our operations by 2050 but also help us in supporting the national agenda of the Bangladesh Government in terms of renewable energy targets through SDGs.



■ Smart renewable energy project has been initiated at Rajshahi in collaboration with Rajshahi City Corporation, Better Tomorrow Venture & Solshare

## WATER & WASTE

BAT Bangladesh has supported wastewater recycling through a number of projects. Reusing recycled water has three main objectives: it lowers overall water withdrawal, improves water use efficiency, and lowers the cost of purchasing fresh water. We have upgraded our ETP with moving bed bioreactor (MBBR) technology and erected a new sewage treatment plant (STP) in order to advance the water recycling process. Every day, sustainable investments and activities help conserve 105m<sup>3</sup> of water.

The pursuit of safety and security is a global endeavor and promoting health safety is of utmost importance.

BAT Bangladesh's 'Probaho' initiative, launched 12 years ago, has been unwavering in its efforts to ensure access to clean water that is free from arsenic and other contaminants. The initiative takes pride in supporting the Bangladesh government's Sustainable Development Goals (SDGs) No. 3 (Good Health & Wellbeing) and No. 10 (Reduced Inequalities) by striving to provide 100% of the population with safely managed drinking water services by 2030.

Millions of people in Bangladesh suffered from severe water shortages due to arsenic contamination. To address this pressing issue, BAT Bangladesh launched a



## BAT BANGLADESH

flagship ESG project called ‘Probaho’ in 2009 to provide clean drinking water to at-risk rural communities. To commemorate its 112th anniversary in 2022, BAT Bangladesh completed the installation of its 117th water purification facility. Thanks to this initiative, over 283,000 individuals in 22 districts of Bangladesh now have daily access to 585,000 litres of pure drinking water, which has significantly reduced the need for them to travel long distances to find safe drinking water.

### BIODIVERSITY & AFFORESTATION

Bonayan recognizes the vital role of biodiversity in sustaining the ecosystems where we work. Hence, Bonayan has initiated 119 biodiversity corners across



■ Inauguration of Biodiversity corner at Police Training Center, Tangail

the country, to raise awareness and conserve rare and endangered indigenous medicinal plant species. Afforestation initiatives like Bonayan play a significant role in the socio-economic development of communities by improving livelihoods and living standards. The majority of the earning members from the communities in Bonayan intervention areas are farmers. In addition, some of the people in the Bonayan intervention areas are engaged in small businesses and are working as agricultural day labourer in other’s land, some are also earning a livelihood as non-agricultural day labourer. Beneficiaries of Bonayan are involved with 3 kinds of afforestation which are social afforestation, commercial afforestation and individual afforestation.



■ Biodiversity corner at Police Training Center, Tangail



■ Biodiversity corner at Alikadam, Bandarban



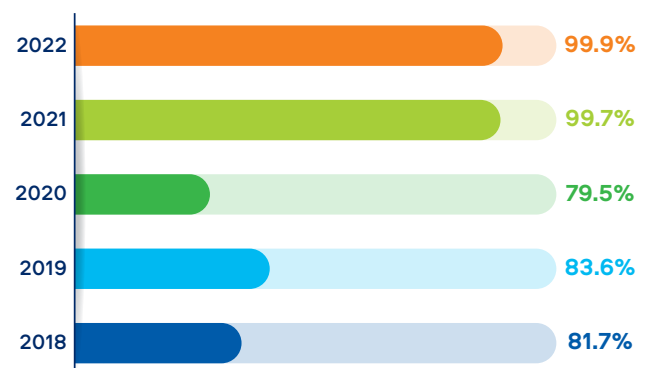
■ Biodiversity corner at Alikadam, Bandarban

### ZERO WASTE TO LANDFILL MINDSET

BATB is committed to reducing soil and groundwater contamination by adopting waste recycling practices that aim for 99% recycling and zero waste to landfill. In order to convert organic waste into fertilizer, vermicomposting plants have been set up at DF and GLTP. The organization has also taken measures to eliminate unnecessary single-use plastic, such as organizing the first-ever OPM (Project Terra) throughout the company to promote a cultural shift towards reducing plastic usage. To this end, plastic water bottles were replaced with glass bottles, and one-time cutlery was replaced with paper cutlery in 2022. In addition, the organization has opted for eco-friendly and natural decorations instead of plastic decorations. As we move forward, our commitment to achieving SDGs and our 112-year legacy

serves as a source of inspiration and a platform for us to continue working with pride and purpose to ensure a safer today and tomorrow for all.

#### Waste Recycling





# SOCIAL



**Ahmed Raihan Ahsanullah**  
Senior Sustainability Affairs Manager



*BAT Bangladesh is committed to being a socially responsible corporate, and our efforts to make a positive impact through ESG initiatives are widely recognized. By moving from a focus on corporate social responsibility to a broader emphasis on environmental, social, and governance factors, we have been able to expand the reach of our programs and help the government achieve progress toward multiple SDGs. We are proud of the impact we have made so far and remain committed to pursuing this path in the future, in order to create a better tomorrow for all.*



## OVERVIEW

BAT Bangladesh recognizes the importance of putting people first in all aspects of our business. As a company that is led and driven by our people, we believe that we have a critical role to play in our society, and we approach our social initiatives with the same level of prudence and responsibility as we do our core business operations.

## HUMAN RIGHTS

Our commitment to the socio-economic development of the country is evident through our comprehensive engagement in various social initiatives. These initiatives are focused on several major pillars, such as promoting farmers' rights, improving livelihoods, generating job opportunities, ensuring high-quality health and safety standards, and providing better social and civic facilities. Moreover, we prioritize upholding human rights by implementing strong policies and robust protocols that prevent any violations throughout our operations. With more than 1,500 employees and approximately 50,000 people indirectly associated with our operations, including farmers, distributors, and local suppliers, we strive to foster an inclusive, supportive, and collaborative culture that benefits everyone.

Women's empowerment is a significant area of focus for us. We promote the active involvement of women throughout our organization, striving to create a workplace that is free from discrimination and prejudice and instead fosters inclusivity and equality. We ensure that women are represented in various divisions, from the field to the factory and head office, and we provide support mechanisms to help them stay at work and pursue their careers and aspirations without hindrance.

Moreover, we have taken a step further in empowering women with the conception of the Inspirit program, which aims to support women in realizing their full

potential beyond just diversity initiatives. The program also includes our female farmers, who receive training in skill development and capacity building. These training sessions cover various topics such as mushroom cultivation, which not only enhances the use of tobacco curing structures but also creates additional income with minimal effort. In addition, our 'Nokshi' initiative provides training in handicraft-making, transforming female farmers into skilled craftspeople recognized for their intricate abilities.

## FARMERS' LIVELIHOOD

Our dedication to improving the livelihoods of our contracted farmers, securing food sources, and fostering resilience remains steadfast. We have implemented well-designed programs to achieve these essential goals. Our approach involves promoting the cultivation of short-duration varieties of rice and vegetables, enabling farmers to plant three crops annually, which boosts their income and enhances overall farm productivity. Furthermore, we provide training on Integrated Farm Management Components (IFMC) to our farmers to increase farm efficiency and yield while optimizing labor. An excellent example of this is our mushroom cultivation in tobacco curing, which not only maximizes the use of curing barns but also generates additional income for our farmers.

We take pride in the implementation of well-planned programs for our farming communities, aimed at promoting their rights and enhancing resilience in rural areas. Additionally, we maintain a strict stance against any violation of human rights, such as the use of child labor in our operations.

We have implemented several initiatives to support our farming communities. For instance, we have introduced a web-based messaging platform called "Bondhusheba" that shares useful information on topics such as





■ Training & development for improving farmers' livelihood

preventing child labor, promoting education for children, ensuring health and safety, and protecting workers' rights on farms. Additionally, we have established a training facility called "Shikor," which includes a farmer's club and provides training on skill development to enhance farm productivity and household income. Through "Shikor," farmers have a collective voice to address key issues affecting their communities.

Safe drinking water is essential for good health. Keeping such a crucial goal of sustainable development and sharp focus, the government of Bangladesh is toiling hard to ensure access to safe drinking water for 100 percent of the population by the year 2030. Inspired by the same spirit Probaho started its journey back in 2009. Thus far Probaho has installed 117 water filtration plants across 22 districts of the country supplying over 585,000 liters to provide safe drinking water for over 285,000 people every day.



■ Probaho Plant inauguration at Police Training Center, Tangail





It is worth noting that there is acute shortage of safe drinking water in the saline coastal areas of the country Specially in shatkhira. Keeping in line with the government's initiatives to ensure safe drinking water in the coastal areas, Probaho is working to ensure a future fit and a sustainable clean water supply. Probaho established 4 new filtration plants in Shyamnagar & Assasuni upazila of Satkhira district. Probaho also initiated a self-sustaining

model in 2022 which aims to cover the plant operating cost by its own, enhances beneficiaries' ownership and creates employment opportunities. To ensure a secure future for present and future generations Probaho is committed to work in hand in hand with the government to achieve the sustainable development goals. This glorious journey of 13 years inspires us to ensure a safer tomorrow for all.



■ Locals from Sundarban collecting safe drinking water from Munshiganj, Shyamnagar, Satkhira



■ 4 new Probaho plants have been installed at Shyamnagar and Assasuni upazila at Satkhira



■ Beneficiaries collecting safe drinking water from Probaho plant at Munshiganj, Shyamnagar, Satkhira

## A CASE STUDY ON PROBAHO



Interview given by Subrata Mondal, a fisherman. He will be around 65 years old. My house is located in Munshiganj village on the coast of the Sundarbans, surrounded by the Bay of Bengal in the south of Bangladesh. As the water of the Bay of Bengal is salty, the water of the tube well is not pure or suitable for drinking here. We are dependent on pond water rather than rainwater. Due to the evolution of the weather, due to the lack of rain, I am suffering from various deadly diseases like jaundice, dysentery, cholera by drinking the water of the pond. On May 25, 2009, a severe cyclonic storm Aila flooded the area. Many people have died due to various diseases due to the lack of clean drinking water in the area. My elder brother Subhash Mondal died of cholera. It was not possible to take the brother to the hospital as the road was submerged due to the tidal surge. My family is now healthy after drinking this water in the hope of 'Pravah' safe drinking water project a few months ago. Since there is no arsenic and salinity in this water, I am free from various diseases and germs. As a result, the cost of buying medicines has decreased due to the illness of the family. Because of which I can save some money now. I wish that the arsenic-free flow safe drinking water project in the area is long lived.



# LEAF SUSTAINABILITY INITIATIVES



*We only purchase leaves from domestic suppliers, which directly supports local job growth. As part of our initiatives for a sustainable supply chain, we continue to work with our contracted farmers to boost yields and productivity, which eventually leads to better incomes and enables us to secure the supply chain for tobacco leaves. We remain committed to helping these farmers maintain prosperous lives.*

## AFFORDABLE FARM MECHANIZATION

The Government of Bangladesh is a supporter of agricultural development through the deployment of economical mechanization and technological integration, with the goal of transforming agriculture into a modern and profitable industry. This grand ambition can be fulfilled with the active participation of both government and commercial organizations. BAT Bangladesh, as a responsible organization, has a duty to play in accordance with government strategy and has undertaken a number of measures to promote and popularize mechanization in the farming community. BAT Bangladesh produced automated ridge-makers with fertilizer applicators a few years ago and handed 165 of them to farmers. Farmers were able to save time and money by using a mechanical ridge maker. Along with lowering overall production costs and guaranteeing optimal fertilization, this enhances crop quality.

BATB also introduced Leaf Stitching Machine (LSM) for the harvesting cycle to facilitate quicker leaf stitching and avoiding manual labor deployment. For the first year, BATB distributed 58 LSM to popularize this device among the farmer community.

Intercultural operation is fully dependent on labor. BATB agronomy team developed a locally made mini tiller for intercultural operations. This device can be used for weeding, soil spading, re-earthing up, and deep spading. This year 2,892 ha of land was covered by mini tillers for intercultural operations. As a water-saving initiative, a 2-ha drip irrigation system was implemented in the river back and sandy soil.

In 2022, two spreaders will be issued for the first time to popularize mechanical rice harvesting. Covering an area of 248 hectares, 564 farmers directly benefited, and the cost of rice rust was reduced by 10%. This is also in line with government requirements. Program to promote the mechanization of rice harvesting.



■ Local Fit Farm Mechanization



## AFFORESTATION WITH PALMYRA PALM (TAAL) AS A NATIVE SPECIES CONSERVATION

In accordance with government's direction, BAT Bangladesh introduced Palm sapling raising & plantation back in 2022 for acting as natural lightening arrestors and conserving native species. Additionally, it facilitates farmer's income generation along with retaining ecological integrity.

Under the banner of biggest private sector afforestation program in Bangladesh, 11 leaf operational locations

(Kushtia, Jhenidah, Meherpur, Khagrachari, Bandarban, Cox's Bazar, Manikganj, Rangpur) are involved in palmyra planting, and 20,000 saplings are given to 2,000+ farmers at free of cost which covered an area of 40+ kilometers. After two years of introduction, palm plantation has gained tremendous popularity in local community along with our other timber, fruits & medicinal species. BATB is pioneering in popularizing native varieties plantation in rural community that gives them additional income along with fulfilling their other requirements.



■ Raising & Plantation of Palmyra

## MUSHROOM CULTIVATION – SUSTAINABLE INITIATIVE FOR UPLIFTING FARMER LIVELIHOOD THROUGH WOMEN EMPOWERMENT IN LEAF OPERATIONS

BAT Bangladesh is always looking out for opportunities to improve farmer's livelihood. Growing mushrooms within curing barns during the non-tobacco season is a sustainable strategy to increase farmer living income. Moreover, it can empower farm women to become mushroom entrepreneurs. With the help of DAE professionals, the company organized six beneficiary training sessions on mushroom cultivation for progressive farm women. This year, 100 farm women in Kushtia and 60 in Chittagong both received training.

Additionally, these women are successfully growing mushrooms in their barn on 45 farms. Farmers previously collected mother mushroom seed from Mushroom Development Centers and multiplied the mother seed to sub-mother and subsequently commercialized them. However, this year, as a sustainable strategy, we have initiated farmer production of sub-mother to scale up farmer capability.

A total of 600 kg mushrooms can be produced from a single barn in three months, with a market value of roughly BDT 126,000 (BDT 210/Kg). This additional income transformed the farmer's livelihoods along with empowering the women of farming community. The women are more self-sufficient and contribute to the household annual income.



■ Training on Mushroom Cultivation



### WOMEN EMPOWERMENT THROUGH NOKSHI

Nokshi, a new initiative among the other income-generating projects BATB have undertaken in 2022. This was the result of the partnership of with the Rangpur Women Chamber of Commerce and Industries (RWCCI). The primary goal of this initiative was to increase farm women's ability to provide additional family income by developing small to medium-sized female entrepreneurs. Preliminary 30 women have been selected from Rangpur leaf region who are wives, daughters, sisters, or relatives of BATB's registered farmers. Their training sessions were created and carried out by RWCCI's skilled trainers.

Initially, 10 sessions have been conducted on Block, Tye-Dye, Ambush, and Hand Paint. After successfully

completing the first batch at Rangpur, training for another two batches was conducted at Rangpur and Lalmonirhat in December 2021. In 2021 the participants were 60. The last year in 2022 there were 120 farm women both at Rangpur and Lalmonirhat.

The trainings will a pivotal role to accentuate their existing skillsets and give them confidence to become entrepreneurs. They have independently started producing their crafts and are working to build up a strong supply chain with Nokshi. This projected is focused on upgrade the beneficiary technically by further hands-on product making and creating a financial baseline. This fantastic initiative for women empowerment has already been positively accepted in the farming communities, helping us attain our ESG goals towards a better tomorrow.



■ Women Training Session Under Project Nakshi: Developing Small to Medium Sized Entrepreneurs

### NEW HYBRID VARIETY INCLUSION IN THE PORTFOLIO

Vertical expansion of crop is a key strategy in delivering higher farmers yield and income in the same land. As part of the continuous improvement in productivity 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. For the first year of commercial phase a significant area is being covered by this variety which has the potential of 30 % vertical expansion & BDT 0.12 mIn/Ha additional farm income and 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 are very much target specific & eco-friendly in 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.



■ IPM Approaches in Seedbed

## ASIAN AGRI TECH HUB (AATH)

As we evolve our Group strategy, we are also evolving our Sustainability Agenda. We are moving ourselves from a business where sustainability has always been important, to one where it is front and center in all that we do. As a group we are in a place with greater emphasis on the importance of addressing climate change and environmental management. At the same time, we remain committed to delivering a positive social impact and ensuring robust corporate governance across the Group. The AATH is a strategic enabler to transform our leaf business by ensuring all social and environmental sustainability from the front.

AATH is a state of art research facility for BAT Bangladesh and for other end markets in Asia Pacific regions. The

primary objective of this research hub is to develop elite hybrid varieties which will be much more adaptable and stable in local climatic conditions. Another big priority is to provide agri technology solutions for the farming community who are facing a lot of challenges & different realities in this part of the world. All together the aim is to increase farmer's profit and direct contribution to improve their livelihood and ensure a sustainable agriculture for a better tomorrow. Currently we are continuing our tobacco breeding program in Kushtia and driving several technology project like low cost carbon efficient curing Barn (Loose Leaf Barn) technology development, Drip Irrigation project, affordable farm mechanization solution for our farmers.





Asian Agricultural Tech Hub: Developing Hybrid Facilities

**VEGETABLE CULTIVATION PROJECTS WITH CLUSTER SEEDBEDS**

According to the Bangladesh Bureau of Statistics (BBS), the agriculture sector contributed approximately 15% to the country's GDP. Among all crops, a large demand for vegetables is dependent on around 3% of the total land. To support the national demand for vegetable production and fulfilling nutrient requirement, BATB took the initiative of distributing vegetable seeds which are mainly red Amaranthus, spinach, yard long bean, sweet gourd, bottle gourd, mallow, cauliflower etc. The farmers were instructed to cultivate these in cluster seedbeds or homestead gardens as it would ensure maximum utilization of land. Cluster seedbed is the practice of

organizing seedling production on a cooperative basis, which also allows production of vegetables on the periphery.

This project was initiated in Kushtia, Rangpur, and Chattagram areas where in 2021, 334 KG of seeds were distributed to 13,000 farmers and covered 103 ha cultivation. Apart from getting the necessary nutritional requirement, the farmers were benefitted financially. In 2022, 603 KG of seeds were given out to the farmers. Expansion of this project will give mileage in mitigating the gap between vegetable consumption requirement vs the supply. In order to, increasing farmer's income and improving their health, this project is a simple yet impactful solution.



Crop Diversification: Quinoa Tria Plot





## RIVERSIDE PROTECTION CAMPAIGN – A SUSTAINABLE APPROACH

Bangladesh landscape is blessed with rivers that provide water, aids in transportation and supplies protein. To retain the quality of river water, tobacco cultivation should be restricted from 50 ft of the riverbank. Riverside campaign is a sustainability initiative taken by BAT Bangladesh that adheres to this rule and encourages farmers to cultivate other crops such as Groundnut, Felon, Khaiysha, pumpkin etc. The company provided these vegetable seeds and created awareness sessions among farmers to prevent

any tobacco cultivation in the buffer zone. This responsible approach started from year 2019 with the cooperation from Hill Tract Affairs Minister, Local Govt. Stakeholders like BGB, Army, DAE, Other Tobacco Companies, farming communities etc.

A total of 291 Buffer Zone farmers from Khagrachari, Bandarban, Lama and Naikhomchari with 62.7 Ha were covered with 1.4 MT vegetable seed which was distributed by BATB at free of cost. The campaign is appreciated by various stakeholders as it protects the valuable water source along with generating additional income for the farming community.



■ *Vegetation Buffer Along The Riverbank*

## USAGE OF RENEWABLE ENERGY FOR IRRIGATION

Bangladesh boasts a plentiful supply of solar energy, making it an optimal location for the utilization of solar power. Farmers in the country can benefit from relying on solar energy for irrigation by reducing their dependency on the national power grid.

Solar irrigation systems can save cost compared to diesel or electrically powered irrigation and extend access to remote location with limited connection to the national

power grid. Hence, enhancing profitability while being environmentally friendly.

In seedbed phase 47 units have been installed at various locations. The cost per unit is BDT 9,000. It is ensured that the units are readily available in the local market. During the seedbed phase, there is a labor avoidance of 2 labors per decimal.

During the plantation phase, the estimated cost per unit is BDT 4.26 lac, with a land coverage of 4 hectares. It operates without the need for fuel and can be utilized throughout the year for any crop.








■ *Utilization of Solar Energy for Irrigation*

**ALTERNATE FURROW IRRIGATION (AFI)**

AFI is a scientifically proven irrigation method for multiple crops. The technology was developed by Bangladesh Agricultural Research Institute (BARI) recommended for any row crops, which helps 11% of irrigation water savings while retaining the standard quality & yield.

AFI is done by flowing water into one furrow and keeping the adjacent next furrow without irrigation at the same time. Water should fill up to 2/3rd 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**

				
<b>Bangladesh Agricultural Research Institute (BARI)</b> recommends the AFI method for row crops	Collaboration with GLAD for <b>quantifying water measurement and savings;</b>	BD Leaf Team implemented <b>AFI for the 1st time in the 2021 crop</b>	Out of 3-6 irrigations, farmers were <b>advised to apply AFI only for 1st &amp; 2nd Irrigation</b>	No impact on <b>yield &amp; quality</b>

**ACHIEVEMENT**

**62%**  
of Applicable Contracted ha. coverage

**130000+**  
farmers Covered

**400+**  
Field demonstration

**2+ mln**  
m3 water saved in 2022



■ Using Alternate Furrow Irrigation to Save Water





## SUGARCANE PROJECT

The sugarcane industry has been a vital contributor to Bangladesh's economy, but in recent years it has faced significant challenges, including a sharp decline in production and the suspension of operations at six sugar mills. To address these challenges and support the sustainable growth of the industry, BATB has partnered with the Bangladesh Sugar and Food Industries Corporation (BSFIC) to improve sugarcane productivity and yield.

A workshop was held with government and industry representatives to develop a model for sustainable growth, which was piloted in five different sugar mills (Natore, Mubarakganj, Joypurhat, North Bengal, Carew & Co) over 30 acres. The goal was to increase sugarcane yield from 19 MT/acre to 40 MT/acre through the implementation of Good Agricultural Practices (GAP) by closely working with sugarcane industry. To ensure successful implementation, BATB provided regular farmer meetings, GAP seminars, and field visits, as well as disease-free sugarcane setts and ongoing technical support and resources.

Additionally, BATB is committed to using its expertise in the agriculture sector to contribute to Bangladesh's sustainable development goals and support the revival of the struggling sugar industry. By utilizing its real-time communication channel (Bondhusheba) with farmers, BATB kept 5,000+ sugarcane farmers informed about crop activities and weather forecasts, ensuring a successful pilot and long-term sustainability for the industry.

The pilot was a major success, with outcome that exceeded everyone's expectations and boosted the confidence of the farming community. A total of 30.25 acres of land were successfully cultivated, resulting in an output of around 60 metric tons per acre, and a plentiful healthy seedling that could be used to cultivate an additional 750 acres. The end of pilot phase was further appreciated by the Ministry of Industry and high officials of BSFIC.

The successful completion of the pilot project has been met with praise from key stakeholders, leading to its renewal for another growing season. This time, the initiative expands to include Thakurgaon Sugar Mill, bringing the total number of participating mills to 6. The goal of cultivating 50 acres was achieved while adhering to all the established Good Agricultural Practices.

Collaborations to deliver the project:

- BSFIC
- Natore Sugar Mill
- Mubarakganj Sugar Mill
- Joypurhat Sugar Mill
- North Bengal Sugar Mill
- Carew & Co
- Thakurgaon Sugar Mill



■ Sugarcane Field Visit by The Ministry of Industry and high officials of BSFIC



## BAT BANGLADESH

### GLTP INITIATIVES

#### Solar Panel Installation at GLTP

Energy usage and carbon emission reduction are one of the top priorities of BAT Bangladesh as well as the group. Over the last few years, BAT Bangladesh has delivered a reduction in energy intensity by 8-10% per annum through several energy saving initiative projects as a part of the greater aim of BAT Group to achieve carbon neutrality by 2030. Renewable energy sources like Solar Photovoltaic Power Plants are one the most effective means of energy savings and reduction of carbon footprint.

Currently, BAT Bangladesh has a solar power capacity of 166 KW with the potential to utilize available roof space to enhance generation. Installation of solar panels and expected renewable (solar) energy generation is a key milestone for BAT Bangladesh to achieve sustainable energy solutions for the factories. The initiative is aligned with BAT's Global energy footprint target, the

Carbon Disclosure Program (CDP) as well as Bangladesh Government's SDG by reducing CO2 emissions per year. This will reduce the overall carbon emission (scope 1 & 2) by 4.65%.



■ Solar Photovoltaic Power Plants for Enhancing Power Generation

#### Water Line Renetworking at GLTP

BAT Bangladesh has a global target of increasing overall water recycling to 30% and reduce water withdrawal by 35% within 2025. Currently we are operating at 14.7% water recycling. To meet these targets, we are re-networking our water lines to utilize RO reject water in gardening and toilet flush. As the existing water line was installed 20 years back it is impossible to track down all

the individual networks. The present network also includes inefficient old water treatment technology which requires a huge maintenance cost every year. Besides, due to many unused line branches, it's impossible to establish L3 control on water usage. To align with the group's target and to acquire the AWS gold certification, water network must be redesigned to utilize the RO reject and establish L3 control and monitoring on water usage.



■ Water Line Re-networking at GLTP





## DHAINCHA; BAT'S TOOL FOR GREEN AGRICULTURE

*Sesbania aculiata*; locally known as Dhaincha is an annual legume that is a small plant with yellow flowers and green pods, found in tropical and subtropical regions like Bangladesh. The tree is a member of the Fabaceae family, and is useful to improve soil fertility. It is also used as a source of fuel, food, and building materials and a valuable agricultural resource, providing food and timber for farmers.

Dhaincha can be used as an alternative fuel and green manure. It is also used as a green manure in temperate regions in such a manner that helps improve cropping intensity. Considered as a green manure, Dhaincha has a high protein content, high C:N ratio and promotes the growth of aerobically productive microorganisms. It also contains high levels of organic matter, which helps improve soil fertility, soil texture and promote plant growth.

Additionally, Dhaincha can suppress weed growth and improve soil moisture retention. Notable to mention that BAT Bangladesh has a mandate to engage farmers to use Dhaincha plant both as a source of alternate fuel and green manure. As a result, the practice of green manuring through Dhaincha crushing, the overall soil fertility and cropping intensity has greatly improved in farmlands. Moreover, green manuring helps to add nitrogen, phosphate, potash and sulphate proportionately. Hence Dhaincha as a green manure not only increases yield, but also reduces chemical fertilizer cost.

BAT Bangladesh has bought 3,55,660 KGs of Dhaincha seed in 2023 and opt to distribute these at free of cost to the to ensure sustainable agriculture. Previously in 2022 total 1,80,000 KGs of Dhaincha seed had been purchased and distributed for same noble cause that we have continued doing for farmers to attain the green manuring and alternative fuel initiatives over a decade.



■ Cultivation of *Sesbania Aculiata* (Dhaincha)

# HEALTH & SAFETY



**Mr. Swad Us Sami**  
Sustainability Manager



*In order to achieve sustainable operations, BAT Bangladesh is totally committed to safeguarding the safety of everyone involved in our operations as well as limiting the influence on the environment, including air, water, waste, soil, and all other types of natural resources.*

BAT Bangladesh is one of the pioneers of driving sustainability practices in the country and the organization is keen to maintain a safe working environment, foster safe behaviors, and ensure a positive impact on the environment throughout its business.

BAT Bangladesh is fully committed to ensuring the safety of the people who are associated with our operations, as well as minimizing the impact on the environment, i.e.: air, water, waste, soil, and all sorts of natural resources, etc., so that sustainable operations can be ensured. Being 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 a 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 a world-class way of working all the relevant personnel are aligned and fully involved in the process of continuous improvement in a zero-loss mindset. Moreover, EHS-based various training are arranged focusing on safe work practices on the production floor, in warehouses, in transportation management, and offices.

## EHS 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 the 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 policy framework is a dynamic practice that is subjected to review with the current sustainability focus area like green mobility, environmental goals, etc.

BATB’s commitment to Safety and Sustainability sits on three pillars. Each pillar has its key focuses and enablers strengthened by the ETHOS in practice.

By adopting technology for fool-proof solutions, Focusing on top priority 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 organization safe and sustainable. Leadership sponsorship, Focused discussion on cultural elements and organization-wide communication plans allow for the organization to build a zero-tolerance policy and encourages everyone to take ownership, rather than simply being aware.



■ Maintenance work @ Dhaka Factory, BAT Bangladesh following all safety measures of EH&S





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 2022, the Global EHS Compliance Assessment, held in October has been a noteworthy achievement. At the end of a successful assessment review, BATB Dhaka Factory Operations were declared compliant in every aspect. The adherence to best practices was also recognized and appreciated globally. 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.

### 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.

Similarly, SDG #6 clean water and sanitation, has always been the priority and BATB Bangladesh is addressing the need of clean water and sanitation internally and externally through Alliance of Water Stewardship program.

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

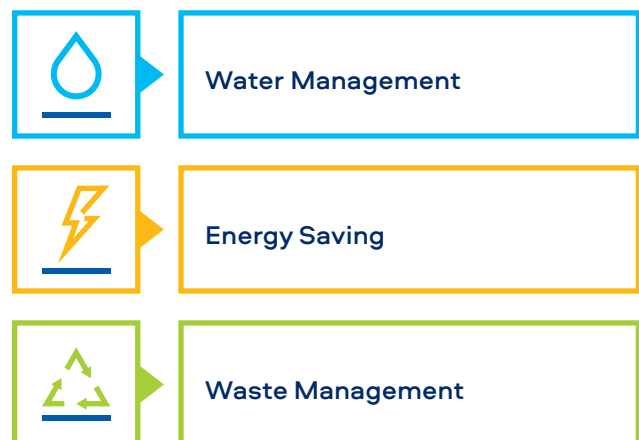
projects like Bonayan, eliminating waste-to-landfill and so on, BATB fulfills SDG #15 as well as the ESG agenda of water and biodiversity & afforestation.

### OUR GOALS OF EHS

- Protect the environment and instrument preventive measures against any hazards by adopting manufacturing process, minimize pollutants, and eliminating occupational health and safety risks
- 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.

### ENVIRONMENTAL SUSTAINABILITY

In an ever-evolving world, BAT recognizes the need for a business model that will ensure sustainable delivery of excellence, today and tomorrow. Responding to this intrinsic need, the BAT Group has embraced a new vision and purpose, espoused in a journey that promises A Better Tomorrow™ for all. Drawing inspiration from BAT's refreshed purpose, BAT Bangladesh has also embraced a new vision and commitment, enshrined in its ambition to facilitate a transformational journey for all stakeholders. This vision centers around our ESG priorities – priorities that guide how we deliver against our purpose and put sustainability front and center. Outlined below are the priority areas that form the core of our Sustainability Agenda. Our key focus for environmental sustainability evolves around Water Management, Energy Saving, Waste Management.



### PAVING THE WAY TOWARD CARBON NEUTRALITY

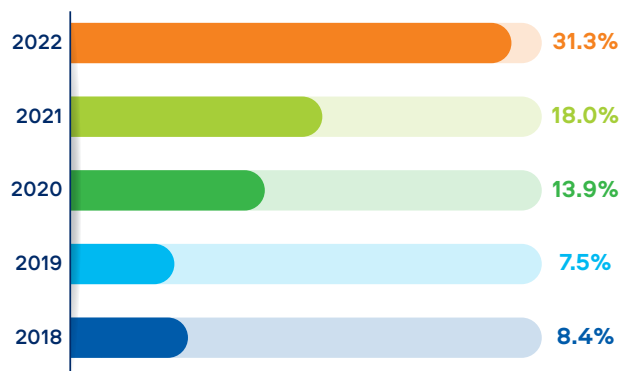
One of the most ambitious initiatives taken by BAT is to reduce 50% Scope 1 and Scope 2 carbon emissions by 2025, against the 2020 baseline.

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.

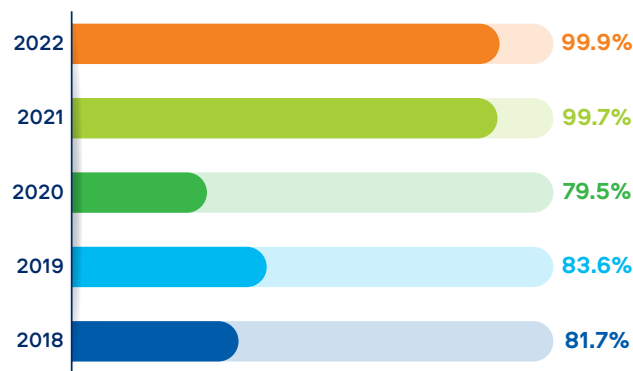
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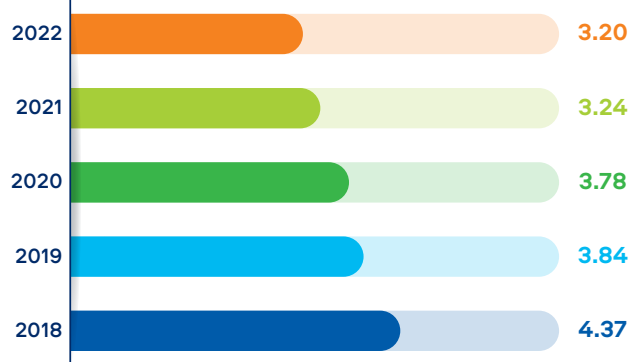
#### Water Recycled and Reused



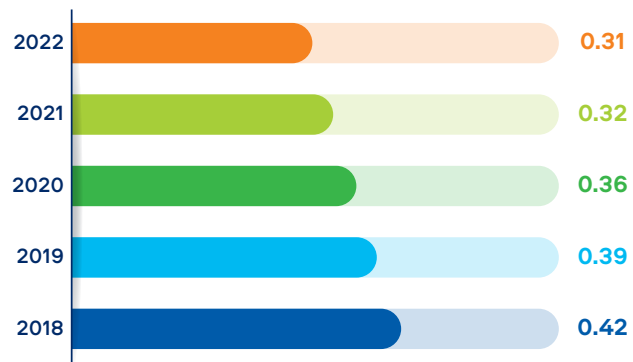
#### Waste Recycling



#### Energy Intensity (GJ/MCE)



#### CO<sub>2</sub> Emission Intensity (tCO<sub>2</sub>e/MCE)



### WATER STEWARDSHIP

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 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.

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.

Water stewardship is the use of water that is socially and culturally equitable, environmentally sustainable, and economically beneficial; achieved through a stakeholder-



inclusive process that includes both site and catchment-based actions. The adoption of the AWS Standard BAT Bangladesh created a positive impact on diverse local stakeholders in the value chain. The company worked hand in hand with all its stakeholders in an open and transparent manner by raising awareness and sharing best practices to foster good water governance, identify shared water challenges, set mitigation plans and sustain water availability in its catchments. By ensuring all the standards, BAT Bangladesh acquired Alliance for Water Stewardship (AWS) core certification at the beginning of 2022 for its Dhaka Factory and Green Leaf Threshing Plant, Kushtia making it the first Company in the country to receive this prestigious recognition.

### 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 achieved Alliance for Water Stewardship Core Certification in 2022. 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 ensure proper recycling. With these initiatives, water withdrawal has been reduced to 19% vs. 2017 levels. Also, we ensured 31.3% water recycling in overall Bangladesh during 2022.



■ AWS Certification 2022: GLT Plant



■ AWS Certification 2022: Dhaka Factory



## BAT BANGLADESH

### EXCELLENCE IN WASTE MANAGEMENT

Our waste management approach always emphasizes on Reducing, Reusing and Recycling. We are being responsible and identifying innovative approaches for recycling every waste possible. We are driving the overall waste management agenda in Operations through the below-mentioned initiatives:

- Strong tobacco waste management system in both manufacturing and GLTP factory
- Center of Excellence for Wrapping material waste tracking
- Global Tobacco Waste management and Regional Wrapping material waste management system owners are from Bangladesh, enabling faster access to group benchmarks
- Drive for reduction of plastic waste
- 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 pallets are reused for WM transportation
- Wooden scraps are recycled into wooden blocks to craft small household items and furniture
- Tow boards changeover to CBC (corrugated box carton) for multipurpose reuse
- Plastic waste is being reduced by eliminating unnecessary single use plastic
- Plastic ties changeover to mats, holders, and shades, small plastic chips to manufacture plastic boxes and other utensils
- Bobbin cores are reused for maximum 3 times
- C48 cartons are reused for maximum 4 times
- Biodegradable kitchen, garden and unusable tobacco waste are recycled into compost and fertilizer

Through all the initiative BAT Bangladesh has secured 99% waste recycling.

### ZERO WASTE-TO-LANDFILL

In it's ambition to reduce soil and groundwater contamination, the organization has achieved for 99% waste recycling and zero waste-to-landfill. Initiatives like, 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 focused grouped discussion (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.

### LEED CERTIFICATED BUILDING, BAT BANGLADESH HEAD OFFICE

Leadership in Energy and Environmental Design (LEED) is a green building rating system that is renowned globally. The LEED certification provides a framework for healthy, highly efficient, and cost saving green building. It is the world leading green building project and performance management system. It delivers a comprehensive framework for green building design, construction, operations, and performance. It needs to be mentioned that LEED certified buildings and structures come with health benefits too. Owing to the influence of green through cleaner air, access to daylight and eco-friendly paints and finishes, employees stay motivated and happy. Good indoor environmental air quality can reduce absenteeism and work hours affected by asthma, respiratory allergies, depression, and stress, and leads to and self-reported improvements in productivity.

In May 2022, British American Tobacco Bangladesh Head Office got LEED certified in gold category under "Interior Design and Construction: Commercial Interiors." During the COVID-19 pandemic when situation compelled everyone to work from home, BATB took the initiative to renovate the Head Office, situated at the Heart of Dhaka City in Mohakhali DOHS. In this era of global warming,



■ LEED Certified in Gold Category Under "Interior Design and Construction: Commercial Interiors."





where every unit of carbon emission matters, architects and engineers spent relentless hours to maximize the use of natural light to reduce electricity consumption. Besides, energy efficient appliances and occupancy sensors were a game changer in energy optimization. Incorporation of Reverse Osmosis reduced the freshwater consumption as low as realistically possible. Needless to say, the integration of air flow and green in the design boosts the morale of the employees, largely increasing productivity towards a greener tomorrow.

### GLOBAL RECYCLING DAY CELEBRATION AT BAT BANGLADESH

To ensure awareness around and to let everyone know our Recycling Story, BAT Bangladesh has a unique celebration on the event of Global Recycling Day on 18th March 2022. The day was crafted with different activities, including awareness communication from the leadership team, physical demonstration of the recycled wastes, knowledge-sharing activities, quiz for sharing innovative and cost-effective recycling ideas etc.

The winners received exciting prizes from the senior managers. Also, gift hampers of 'Organic fertilizer made from our food waste with seeds for plantation' were distributed among employees. The objective of the program was to establish a culture where people could know the importance of waste recycling, initiatives which are taken by BAT Bangladesh, and building awareness among everyone about waste recycling and increasing re-use of materials, which is at the core of the ESG agenda of the BAT Group.

### WORLD ENVIRONMENT DAY CELEBRATION AT BAT BANGLADESH

BAT Bangladesh showcased its ESG initiatives by creating an ESG Experience zone for the Regional Strategic Unit and its employees to mark the occasion of World Environment Day 2022. A tent setup was organized to ensure the proper ambiance and highlight the ESG initiatives to the guests. There were digital kiosks for showcasing the BATB best practices and podiums for physical demonstrations so that everyone can have a hands-on experience of the ESG activities and the impact we are creating in returns.

Moreover, BATB Bangladesh has taken a remarkable initiative to launch series of challenges under the umbrella of "SAVE ONLY ONE EARTH CHALLENGE" to transform the sustainable behavior from everyone's core. This resultant in,

- **2000+ Samplings distributed in HO and SF:** This plantation is ensuring 50 tons of carbon capturing annually
- **35 Kg+ food waste reduced per day:** Creating regular awareness through food waste statistics board
- **Segregated waste bins for HO:** Taking initial step of waste management by segregating at source
- **72% less printing on Paper Free Day:** 8 out of the box initiatives were identified & are in process of implementation



■ Regional Strategic Unit, in the occasion of world environment day during the visit of BAT Bangladesh

## OCCUPATIONAL HEALTH & SAFETY BEST PRACTICES

Employee safety is always the top priority for BAT Bangladesh. Workplace Safety and Health includes legal requirements, certification, and registration, monitoring and surveillance, incident reporting and root cause analysis to close the action OTIF to ensure an accident-free work environment. BAT Bangladesh upholds the healthy working environment by confirming proper air, dust, and noise level wherever possible and brings in innovative engineering controls to sustain the appropriate level. If there's any deviation, they maintain a standard PPE matrix to ensure employee healthy wellbeing.

The company conduct annual health check for relevant employees following Occupational Health and Safety guideline. BAT Bangladesh is focused on ensuring the workforce is protected and workers get home safely each day. All employees are empowered to actively play a role in upholding the organization's workplace safety program.

## VEHICLE & DRIVING SAFETY

Road safety is a sustainable development challenge for the Asia-Pacific region, especially for Bangladesh. Amid the rising number of accidents, the country has observed National Road Safety Day on Saturday (October 22nd, 2022) under the theme "Follow the law on the road, return safely home".

According to the Bangladesh Road Transport Authority (BRTA), the government has set goals to reduce road accidents by 25% by 2025 and 50% by 2030 as per the sustainable development goals (SDGs). In alignment

with the government's vision, the country's leading multinational organization BAT Bangladesh hosted 'Road Safety Workshop October 2022'. The primary objective of the workshop was to create a collaborative platform where we can showcase our best practices, discuss our shared challenges and unite together as we work towards common goal of eliminating accidents and serious injuries from road networks. A total of 25 participants from multinational corporations and local businesses.

## 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). BATB has also completed Humans Rights impact assessment for Leaf Operations in 2022 to strengthen its commitment to ensure farmer livelihood and Zero Forced Labor.

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.

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



■ Road Safety Workshop 2022: "Follow The Law on The Road, Return Safely Home"





# PEOPLE & CULTURE



**Mr. Mehedi Arif Mozzamel**  
Head of Operations Human Resources



*At BATB, we are working relentlessly to ensure employee safety, welfare and wellbeing through various well-structured programs and activities*

## BUILDING A BETTER TOMORROW WITH NEXTGEN STEM LEADERS

At BAT Bangladesh, our principal asset is the quality of our talent, who are the catalysts driving the Company's sustainable business growth. Building a future-fit organization with benchmark factory operations starts with tapping into the nation's Next Generation talent with winning capabilities.

This year we kicked off the second season of Supernova in April of 2022 to mentor aspiring female talent, thereby continuing to build the robust network of young female leaders studying science, technology, engineering, and mathematics (STEM). To groom our 20 bold Supernovas, we created a comprehensive learning plan with interventions from prominent female leaders of the company.



■ Second Season of Supernova, April 2022

In the spirit of identifying talent, the Company conducted two networking connects, one focusing on STEM students and the other zooming into students studying in the field of agriculture & sciences. Both STEM Connect and Agri Connect brought together students from 17+ universities across the country for a day-long event filled with engaging learning & networking opportunities.

Furthermore, BAT Bangladesh strives to not just become the greatest operation in the BAT Group but also contribute to building skilled manpower in the macroeconomic context of the country. To achieve this ambitious vision, we decided to augment our capability building journey with our Apprentice Academy – a 2-year long structured apprenticeship program to groom diploma engineers for a smooth transition into permanency.





■ New talent platform “ELEVATE” launch to create corporate ready agriculturalists

### WORKPLACE WELLBEING TAKING CENTER-STAGE

With over 1500 direct employees and over 50,000 indirect employees (as farmers, distributors & local suppliers), BAT Bangladesh has always recognized the need to invest in the wellbeing of its own people to build an engaged and energized team.

Workplace wellbeing is crucial as it directly impacts and affects employee health and happiness which in turn impacts productivity. Fostering a positive culture with the right facilities and interventions can result in a motivated workforce which benefits the organization as a whole. At BAT Bangladesh, we focus on multiple facets of wellbeing, from physical to social and even financial.



■ Basket Ball Tournament: Champion Team of BATB Ballers



■ Female Football Tournament: BATB Olympiad



■ We Race as One 2022





In terms of physical wellbeing, all sites where our employees work – Dhaka, Savar & Kushtia have 24-hour dispensary facility to support the shift operations of our factories. Equipped with qualified doctors and pharmacists, all our employees get free access to these dispensaries. This is bolstered further by our medical claim policies whereby employees get reimbursed for out-of-pocket medical expenses. Furthermore, we also consult with nutritionists to provide healthy canteen meals to all employees and provide ergonomic desk setups in all our offices across regions.

To add to this, every year we zoom in on physical & mental wellbeing by organizing the BAT Bangladesh Olympiad which composes of multiple sporting events – including our intra BAT football tournament – The Changemakers’ League. These events allow the entire organization to channel the spirit of teamwork and get a break from work to play different kinds of sports.

2022 was also the year of focusing on financial wellbeing, in June we organized a company-wide initiative to educate employees on financial literacy. A young demography, unaware of investment opportunities showed interest and it resulted in over 250 employees tuning in to the 3-part session for both management and non-management.

**DRIVING AN ENERGIZED & INCLUSIVE CULTURE**

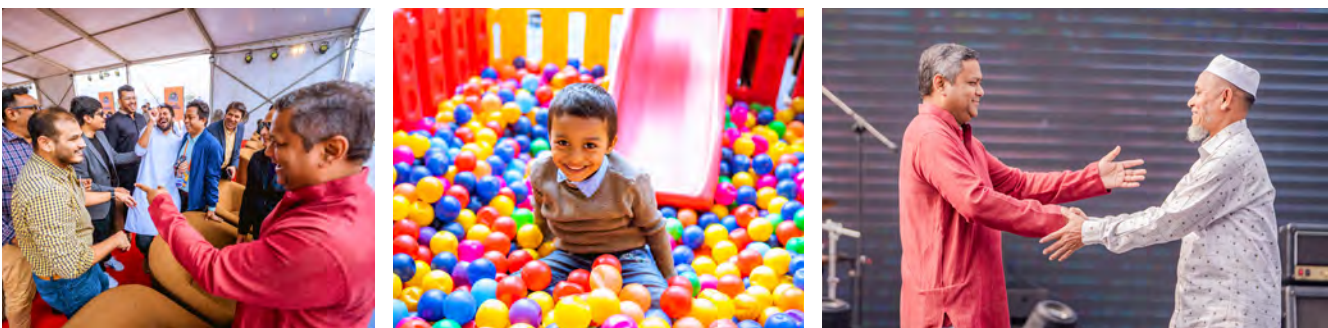
Injecting energy into an organization to drive performance comes from celebrating individuals’ achievements and their families’ contribution. For the greater part of the year, the employees stationed in the factory competed to break all records with the second season of We Race As One.

To ensure that employees received enough capability building interventions, the technical training team ensured apt learning interventions



To keep employees engaged, we hosted the Kid’s Carnival, Eid-E-Milad-Un-Nabi and Annual Iftar as we do every year. And, after 2 years of the pandemic-induced virtual modality, we closed of 2022 with an in-person Family Day on the grandest scale - 1337, from our team of 1500+, joined in with their families to celebrate the essence of one big BAT family with over 5000 people. Keeping in line with BAT Bangladesh’s talent brand’s value proposition, we integrated ‘Be The Change’ across the event. For

our employees’ children, we created the Carnival of Changemakers and kept them creatively engaged throughout the day with activities like painting, reading and so on. We also curated an arcade to inject energy with group activities like Human Foosball, Jenga, Bowling & more. Every element of the event was consciously designed to promote the sense of inclusion and celebrate our diverse team.



■ Family Day

# TRAINING & DEVELOPMENT



**Mr. Muhammad Shafiul Munir**  
IWS Lead & Operations Skills  
Development Manager



*BATB's training center is an organisational focal point of excellence for promoting constant learning and development*

BAT Bangladesh is actively working on finding out the skill and knowledge gaps of both shopfloor and management. Based on the gaps, continuous training sessions, workshops have been arranged to minimize these gaps. With the inclusion of Savar Factory, BAT Bangladesh is working to develop the skills and parallelly holding various capability loss training sessions every day in both the factories.

## APPRENTICE ACADEMY

2022 is an era in achieving new goals and new ideas in capability building as well as digitalization. One of the biggest achievements of 2022 is 'Apprentice Academy'. In 2021-2022, we have recruited in total of 300 Apprentice. 290 apprentices are still doing their apprenticeship program. Among these 290, 90 apprentices have become permanent & have completed their graduation at the end of January-2023. The key point to highlight of Apprentice Academy is, they have received Trainings of Technical level 1 as well as 'Lean Manufacturing Concepts' related trainings during their apprenticeship journey. Their activity has been tracked in daily basis. Bi yearly examination has taken place for the apprentice to assess their capability after completing the trainings. They are getting on job

trainings and apprentice academy is continuously looking into their capability development. The IWS trainings have brought a new era of this apprentice academy. It will help us in their future career.

## TRAINING FACILITIES

We have organized 3 types of technical trainings:

- Modularized Training
- Loss Linked Training
- Component Level Training

In 2022, We have analyzed core/major losses in manufacturing on technical level and implemented loss linked trainings, technical level 1-3 trainings, component level trainings. We have also increased our training facility at Savar Factory as well. Besides, technical training, we have focused on IWS related trainings to the shopfloor employees and basic technical level training to the apprentices as well. However, as we are moving towards the digitalization transformation process, Operations Excellence center starts arranging Ops tomorrow based on the digital capability related losses: RPA, Power BI, Power Query.



■ Apprentice half yearly exam



■ Apprentice basic operative technical training





Loss Linked training is established based on the specific losses in machines. It helps the trainees to improve and to focus on where and why the losses occur so that they can come up with a solution instantly. The contents of the trainings have been developed with high expertise. Component Level training has been started from 2021. We have 7 dedicated expert trainers for this training. Every week we organize this training for the shopfloor employees. After every session, exams have been taken to evaluate them. We are also focused on Subject Matter Expert (SME) trainings. This is one kind of trainings in

which trainers have been trained to develop their skills in the particular subject to become an expert.

Post Participants feedback form is another digitalized platform for keeping the records of all trainings and feedbacks of the trainings. It is another example of our paperless digitalization journey.

65 training sessions had been planned for shopfloor employees in 2022 on behalf of training center. 45 sessions are executed throughout this whole year.



■ Component level training on Pneumatic

## SELF – DIRECTED LEARNING ZONE

Self-directed Learning is one of the greatest achievements for training center this year. It indicates our digital transformation journey of BAT Bangladesh. It's a core example for training center to become a paperless learning point for all the shopfloor employees. They may learn and expand their technical knowledge by watching videos by using headphones and tabs, reading pdfs through tabs whenever they want to learn. Learning point is a website where employees may log in by their IDs and avail all kind of study materials including leadership, IWS, Technical/functional etc. We have incorporated this learning zone both for DF & SF at training center. This year we are planning to incorporate this Self – directed learning zone at the Manufacturing Factory floor and GLT as well.

The learning zone is mainly developed based on the 'Learning Point' (LP) app. The employees can easily access by logging into this app and get all the learning materials into it.

Last but not the least, Skill matrix is another online tool where everyone can assess themselves in Technical, IWS and leadership criteria. We have 500+ shopfloor employees in manufacturing. We have successfully completed their self-assessment through skill matrix and validated their results with their line managers. By doing this, we have been able to find the skill gaps of individuals and plan the training according to the losses which accelerates our business needs and helps to achieve the current CBN.



■ Self – Directed Learning Zone



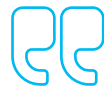
■ Self – Directed Learning Zone - SF



# 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 dreams envisioned to unite the brightest minds of the nation.*

## 19 YEARS OF GLORY

BAT Bangladesh's flagship business competition, Battle of Minds (BoM) began in 2004 as a beacon of dreams envisioned to unite the brightest minds of the nation. Over the years, Battle of Minds has been one of the most prestigious talent platforms in the country, taken part in by thousands of ambitious undergraduate students who have received extensive grooming across the seasons, landed jobs and done very well in both development and corporate sector, including leading FMCGs, Banks, Telecommunications, etc. BAT Bangladesh is proud to employ 150+ talents who have come up from Battle of Minds.

This homegrown passion project has been adopted worldwide in BAT group across 20+ participating countries. The 19 years of glory of the Battle of Minds competition is a testament to its success in fostering the intellectual growth of students and its impact on their future careers. It remains a leader in academic excellence, providing students with opportunities to challenge themselves and to grow their skills. Since 2021 BoM opened doors to not only undergraduate students like every time but also young startups. This meant that

BoM had essentially evolved into a corporate accelerator supported by BTomorrow ventures, the corporate venture capital arm of BAT Group.

This year as we were slowly transitioning back to the more face-to-face interactions, and with that came new challenges & greater opportunities for growth. This year's theme "Own the Unknown" was especially relevant in today's fast-paced business world, where companies are constantly faced with new and challenging circumstances. It was a call to action for participants to demonstrate their ability to adapt and find innovative solutions, even in the face of the unknown.

Keeping with the theme, we began revealing the exciting challenges with opportunities to gain hands-on experience and to demonstrate their ability to "Own the Unknown." Calling brilliant minds to rise with their innovative ideas on 3 ESG-centered challenges solving issues regarding Circular economy, Workplace Digitization & Blockchain.

## PAINTING THE CAMPUSES ORANGE

With covid restrictions being lifted in 2022, it was our chance to paint the campuses orange and reconnect with



■ Battle of Minds 2022 Participants "OWN THE UNKNOWN"



■ Battle of Minds 2022 Participants "OWN THE UNKNOWN"



■ *Champion Team of Battle of Minds 2022 Lifting Trophy*

the beaming minds of the country. This year's journey comprised of a mix of both physical & virtual roadshows across 20 universities, actively engaging with more than 3500 students. To encourage young graduates to participate we hosted panel discussions with alums of their universities. Through these interactive sessions we were able to connect on a wider level and learn about the real-life experiences that would help pave their journey ahead.

Through the virtual Roadshows we were able to reach far out universities, and this ensured our footprint across the country. The roadshows allowed us to dynamically interact with and break down the 2022 challenges to all potential participants. Keeping the theme in mind we also had interactive games which helped break the ice with the students and eventually became the talk of the campuses.

### FIRST OF MANY: ENGINEERS' EXPO, CAMPUS CARNIVALS ETC.

2022 was all about Owning the Unknown and the year of many firsts. We had launched the very first Campus Carnival in North South University, where we engaged with more than 1500 students through exciting games and challenges. The day long carnival as well as Alumni sessions catering to business & STEM graduates, helped give a much more personalized & relatable experience for both faculties.

Battle Of Minds is not just a competition for business graduates but for anyone who has the aptness challenges and for problem solving. With that in mind we wanted to take engineering graduates through a unique journey, showcasing the innovative solutions that drives our business, be it regarding Predictive maintenance or IA driven solutions. The objective of this day-long session was to help the graduates understand the relevance of their education in the corporate world & inspire them with the innovation that drives our organization.

Wrapping up our exhilarating roadshows, we received 1063 team registrations which boiled down to a staggering 387 pitches, breaking all global records for the second time.

### WORKING WITH A REAL-LIFE START-UP

From 387, we shortlisted 100 impactful ideas advancing these teams of 3 into the Bootcamp round. Similar to last year, we hosted a week-long bootcamp this year where



■ *Battle of Minds 2022 Participants "OWN THE UNKNOWN"*

we created a unique experience for the participants. To kick-start the bootcamp rounds the participants took part in the exciting day-long bootcamp event where we invited distinguished experts to host panel discussions, following up with an exhilarating themed activity. Through the panel discussions the students got a glimpse of how a start-up operates. The participants got the opportunity to candidly converse & network with BAT managers through Nano-panels. Another highlight of the first day of booth-camp was the energizers that evoked a spirit of competitiveness amongst the participants and the life-size maze was the perfect way to own the unknown during this event.

Throughout the week, they participated in a multitude of challenges reflecting this year's theme where the participants had to create a strategic roadmap for a new start-up like Shopoth to creating an activation plan to increase Shopoth's sales.

Only the top 12 teams made it to the third and final round of the boot-camp from where the finalists would be determined. During this round the objective was to get the participants to bring their ideas to life! To make things even more interesting we opened a virtual marketplace from where the teams could strategize and buy Shopoth's merchandise to later sell during their activation campaigns.

### AN ENTHRALLING CONCLUSION

And thus, we got our Top 5, whose pioneering ideas & unwavering passion led them to the Grand Finale. In the enthralling grand finale, the teams presented their sustainable ideas fortified by KM Khalid, State Minister of Planning, Government of Bangladesh. He graced the event with his presence and stressed upon the importance of talent platforms like Battle of Minds to groom next generation minds in preparing them as professionals. Beating four other teams, Team Drogo from the Institute of Business Administration was crowned champions of the 19th edition of Battle of Minds. Team Drogo's idea was centered around the Environmental Challenge to create biodegradable sanitary napkins using recycled cotton from textile waste & bamboo fiber. This team of changemakers represented Bangladesh in the Global Finale amongst 25 other countries and proudly hoisted the runners up trophy and became eligible to claim initial seed funding of £25,000 to turn their idea.



# WOMEN EMPOWERMENT

Our journey to build “A Better Tomorrow” starts with our approach built on both inclusion and equality. In this journey, female empowerment is a practice we live every day. Our commitment to achieve gender equity in our workplace is a standing priority which is reflected in our talent strategy. These strategies not only include a journey of having equal gender footing in terms of numbers but also ensure equity for women to succeed in their careers.

Among many other initiative the noteworthy one is how we celebrated International women’s day around the company through a weeklong campaign. Among many events in the weeklong celebration there were pledges by leadership team members, musical performance by a female led band, poetry recitation by a female shopfloor employee and a large networking session by all 150+ female employees of the company. Here are some glimpses from the weeklong events:







## PROGRESSIVE WOMEN POLICY

We walk the talk on our commitment towards being the most female friendly organization by the presence of our progressive policies that allows female employees with having a healthy work environment. These policies include our maternity policy which enables working mothers at our company to avail six-months (6) of fully paid maternity leave with a return-to-work guarantee, and even flexible work opportunity in the form of fortnightly day-offs. Additionally, mothers in geographically dispersed roles and continuous shift operations can access three (total 9 months) additional months of unpaid and optional

leave. Notably, these policies go beyond Bangladesh's labour laws. Additionally, week-long paternity leave is also applicable. To ensure equality these policies are applicable to all female management and shopfloor employees. These policy benefits also extend to parents who adopt children (primary caregiver only), representing yet another milestone initiative.

Complementing our progressive policies, we have our very own 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: Our pursuit of grooming young women in STEM (Science, Technology, Engineering, Math) leaps to its second year in flying colours. As the first batch graduates with a batch size of 17, we move on to our second batch of supernovas with 20 more bright young minds. This program is enabling equal opportunities for

individuals to excel in their career regardless of gender, thus making a tangible difference in their lives. In 2022, we scaled up the program by including students from background in agriculture and computer science.

In this program, students were given exposure to end to end business practices. This included on the floor

## BAT BANGLADESH

sessions, classroom sessions and mentoring. There were sessions of important skills like emotional intelligence, effective communications, CV writing and a lot more. These extensive sessions were distributed into a yearlong program that ensured their sustainable improvement and

effective networking among themselves and the mentors.

In a nutshell, during the second year, Supernova have grown itself along with the STEM women who enrolled in it.



■ Team Supernova

## BATB D&I FACTS

1. BATB has **190+ female employees** and this number has doubled over the last 5 years. This includes around **40 females** working on the shopfloor.
2. Gender balance is reflected in **23% women at the management level**. The ambition is to exceed 31% by 2025.
3. Due to our concerted efforts, **44% (71) of all hires in 2022 have been female**. 50% of our Global Graduate hires are also females.
4. **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.
5. **Supernova** is the first-of-its-kind mentoring platform for aspiring females in STEM subjects, mentored by Operations Leadership Team.
6. 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.
7. 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.
8. 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).
9. 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. **'Be the Change' Fellowship Program** grooms young employees as inclusive, well-rounded leaders who live our ESG values every day.





# MANUFACTURING EXCELLENCE



**Hasnain Ishtiaq**  
Head of Manufacturing



*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.*

## OVERVIEW

Overall, 2022 was a great year for manufacturing with 77.7% OEE with a 2% increase, 40% Customer complaint reduction, 10% leaf waste reduction, 147 production records broken and fastest 1 billion productions in history of BAT Bangladesh. Throughout the year under review, multiple projects were conducted, various machines were installed and relocated, and different systems were upgraded to enhance the overall manufacturing infrastructure. But the biggest milestone for 2022 was beginning the operations of BAT Savar factory, which will not only contribute to the rising domestic consumer

demand but also support to meet export demands.

## ONE YEAR OF SAVAR FACTORY

In 2022 we started production in Savar factory to serve the upcoming export demand and to meet the capacity for growing domestic demand. We started the operations of an autonomous PMD with capacity upgradation and expanded the SMD unit with acquisition of major production and ancillary equipment's. During covid in manufacturing we faced significant challenges regarding availability of skilled OEM technicians. But in 2022, through fast recruitment and required training we also fulfilled that gap.



■ Celebration of the 1<sup>st</sup> Anniversary of Savar Factory



**BAT BANGLADESH**

We are working towards building a paperless factory with digitalization at its core to support the company's sustainability goals. To support this vision, we introduced

many energy efficient equipment's and processes such as 35% energy efficient technology with the vacuum system.



■ We Race as One Celebration 2022



■ Manufacturing Team in Comms Day 2022



■ We Race as One Celebration 2022



■ We Race as One Celebration 2022

Manufacturing recognizes how digital transformation is a key emancipator for sustainability, to save the planet for a better tomorrow. Digitized and paperless manufacturing units are gaining more and more importance now-a-days as it can significantly reduce CO2 emission. Understanding

the need, in manufacturing we rolled out major projects that enabled our processes to be more optimized and our manufacturing units to progress towards a paperless future. Just through digitalization efforts we have saved 900 trees/per year and 330-man hour/day.



■ Reviewing KPIs in the Autonomous Maintenance (AM) Board.



Machine monitoring from a center point: Previously controlling and monitoring the machines were a complete manual process. Required quality data was being captured in google sheets and transferred to relevant teams in big paper format reports. Firstly in 2022 in PMD, we initiated a digital platform that enables our PMD team to control and monitor the machine from CenterPoint. This system also enabled us to collect and store all our system data in a central data management system. Now our equipment owners can check quality data directly from their tabs at the click of their fingertip.

Digitalized DDS: Similarly, in our SMD floors relevant data for DDS was being captured initially in manual papers and then in digital forms. However, even after introducing digital forms there wasn't any software alignment, for

data crunching and visualization. So, during DDS the information had to be manually updated in the DDS board. So, the team strategized a fully automated sustainable solution called LIM. Currently, Morning DDS and reviewing KPIs are both conducted in LIM.

**WATER WITHDRAWN REDUCTION**

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 reduce the cost of using 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.



**400**  
Family's  
Equivalent Water  
Saved Annually

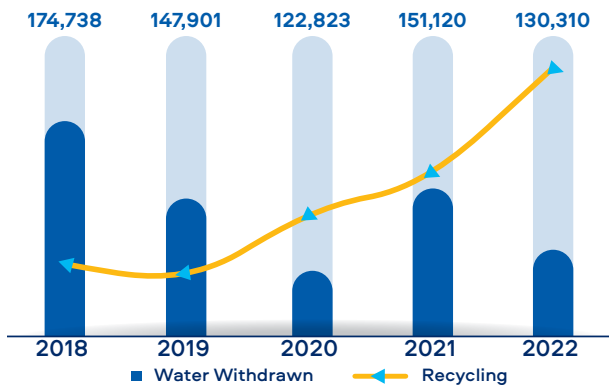


**14**  
Olympic Pool  
equivalent  
water recycled



**Zero**  
Water discharge  
to environment

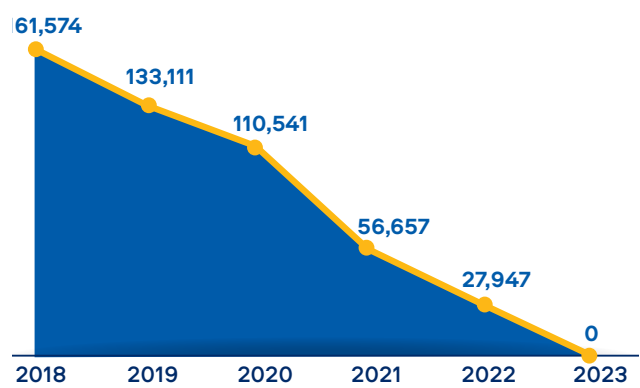
If we consider 2017 as baseline, then within 2022 fresh water has been saved in which is equivalent to around 400 family's annual water consumption. And also, our recycle water amount is equivalent to 14 Olympic pools.



If we consider 2017 as baseline, then within 2022 fresh water has been saved in which is equivalent to around 400 family's annual water consumption. And also, our recycle water amount is equivalent to 14 Olympic pools.

**ZERO WATER DISCHARGE**

BAT Bangladesh has started our zero-water discharge journey from November 2022, and we are projecting that from January 2023 water discharge to government channel would become null.



Water discharge is decreasing from 2017 and we are projecting that it would come down to null in 2023.

Shifting the culture of any organization takes time, effort, and commitment. But it begins with clear, visible changes in behavior. In 2022 we set a strategic vision to reduce the cultural losses and started working on the HPO principles. We believe the guiding principle of a good cultural practice in any institution which has respect and trust amongst co-workers. Keeping these believe at our core we started off on a cultural transformation journey of leadership, Diversity-Inclusion and Work life balance. High performing people and high performing culture is the core of any business. And in 2022 we made significant improvement to ensure that.

# LABORATORY EXCELLENCE



Our world-class analytical laboratory at BATB, which is operated in compliance with international standards, supports our goals in research and development and demonstrates our commitment to seeking benchmark innovation

Amongst the BAT Group, we have a world-standard laboratory that is equipped with the latest technology through state-of-the-art equipment, a diverse and empowered team comprising 50% women participation,

international-standard processes that are directly supervised by our global R&D and a track record of zero accidents, showcasing 100% EH&S awareness and compliance.



## SOME OF THE KEY FEATURES OF OUR ANALYTICAL LABORATORY INCLUDE THE FOLLOWING

- Excellence in Chemical Management System, certified by Bureau Veritas
- Outstanding performance in fire and health safety, which is also certified by Bureau Veritas
- Electrical SLDs, comprising the latest safety standards, that helps to prevent electrical overload in our sophisticated lab equipment



## OUR LABORATORY HAS ALSO SUCCESSFULLY UNDERGONE SUCH AUDITS AS

- EH&S Audit by Regional and Global Assessors (achieved compliance, as per EH&S standards)
- Asian Collaborative Study (annual cross-check with cross-country Government labs and other industries)
- Yearly GAT Crosscheck (compatibility checks with all BAT labs by Global Analytical Team)
- TRM Sample Cross Check (tobacco reference material is tested on a daily basis)



### Latest Technology

State-of-the-art machines



### Diverse and Empowered Team

50% female employment in chemical lab



### World Standard Process

Processes directly supervised by Global R&D



### No Accident in 25 years

100% EH&S compliance and awareness





**BUREAU  
VERITAS**



### EXCELLENCE IN CHEMICAL

Management System Certified by BUREAU VERITAS



### OUTSTANDING PERFORMANCE IN FIRE AND HEALTH SAFETY

Certified by BUREAU VERITAS

## EH&S Audit By Regional and Global Assessors

ACHIEVED COMPLIANT AS PER ENVIRONMENT, HEALTH AND SAFETY STANDARDS

# EH&S



**GLOBAL BENCHMARKS  
AUDITS**



### Asian Collaborative Study

Yearly Cross check with Cross Country Government Labs & Other Industries



### Yearly GAT Cross Check

Compatibility checks with all BAT Labs by Global Analytical Team (GAT)

# GOVERNANCE



*Our commitment to compliance with high standards of governance helps build trust among the board members, shareholders, customers, and other stakeholders. The board practices a culture of authenticity and aligns with a strategic risk management system, which is essential to the company's critical competence.*

## 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, the Compliance team, as an independent unit within the company, serves as the second line of defence in mitigating regulatory risk. Today, as a responsible business enterprise committed to Bangladesh's sustainable growth, we continue to focus on inculcating a compliance culture at all levels across the company.

The Board guarantees that the organisation and its activities are always in compliance with governmental rules, regulations, and standards by addressing governance, corporate social responsibility (CSR), and corporate ethics difficulties and issues.

BAT CSR progress in Bangladesh has been greatly aided by the country's track record of corporate social responsibility. Successful implementation of ESG principles has occurred during the past few years. Our current position in community development and economic contribution to Bangladesh are both substantial. When it comes to monitoring our projects, our CSR Committee is at the forefront, and its members are meticulous in their approach to problems. We pride ourselves on having a CSR Committee that is comprised of experts in a wide range of development fields. The Board of Directors has delegated authority for the Company's strategy and ongoing actions to the CSR Committee so that it may have the greatest possible influence on society. Our regular reports help us gauge the success of these efforts and determine how we can best allocate resources to meet the needs of the communities we serve.

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 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 sustainably and responsibly. Accordingly, the company has an unwavering commitment to embracing the highest standards of governance and conducts its affairs with the utmost honesty, integrity, and diligence, being mindful of its obligations to the broader society.

A tone at the top and a culture that embody our values prevail across the company. Indeed, our corporate governance framework has withstood the test of time for over a century. The true value of our continued adoption of good governance practises was most evident during the coronavirus pandemic that created untold business disruption. Even now, given the current state of the economy and high level of inflammation, we have continued 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 practices and to guide the board, board committees, management, and staff in performing their stewardship roles. Our governance framework is rigid on rules and protocols yet flexible enough to incorporate the learnings and insights of the times, thus making it truly agile, dynamic, and responsive. This explains our long history in Bangladesh, which dates back over 112 years.

Our governance framework is underpinned by principles of leadership, integrity, effectiveness, accountability,



transparency, candidness, sustainability, and shareholder and stakeholder engagement. These principles guide the company's management in all its decisions relating to board oversight, a 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, which has enabled us to emerge as amongst the most awarded companies in the country, which eventually bears testimony to our commitment to good corporate governance.

## GOVERNANCE IN ACTION

We have always held that good governance practises, such as being cautious and transparent, are necessary for setting environmental and social initiative standards. To be effective, it must be combined with the other two components to form a trifecta that allows for the proper management of a company that is committed to the long-term enrichment of its shareholders and other stakeholders. Thus, at BATB, it is foundational for us to place proper attention on establishing good governance practices. One of the key components of BATB's success has been a relentless drive for excellence concerning compliance and governance. The quality of our governance practises has enabled us to proudly set a benchmark for excellence in governance that is reflected in the many recognitions and awards we receive every year.

Among the notable awards bestowed upon the company are the "Highest Taxpayer" award, the ICSB Corporate Governance Award, the ICMA Award, the ICAB Award for Best Presented Annual Report, the SAFA Award, and others. 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, 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. Under the purview of management, responsibility and accountability for conducting operations and assuming risk lies with the strategic business units and support functions.

## OUR TIME-TESTED GOVERNANCE FRAMEWORK

We are committed to maintaining the highest standards of 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 realise the sustainability objectives and outcomes of the company. In this regard, our Standards of Business Conduct (SoBC) guide 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: the board of directors and the committees of the board at the apex level, and the management structure at the operational level, which is the leadership team (the top management).

## ADHERENCE TO BUSINESS ETHICS AT ALL TIMES

BATB emphasises high standards of business integrity through its Standards of Business Conduct (SoBC).

The company's SOBC underlines its commitment to good governance and is integral to our corporate governance framework. Being a listed company on the Dhaka and Chittagong Stock Exchanges, BATB complies with all the necessary directives issued by the 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). Our waste management capabilities and alignment to environmental norms have been significantly augmented by our revamped STP, which is also representative of our focus on achieving future sustainability.

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, the National Board of Revenue (NBR), the Registrar of Joint Stock Companies and Firms (RJSC), and all other relevant government bodies and authorities. Furthermore, the company is responsible for a variety of tasks such as conducting awareness sessions on existing and proposed laws and enforcing compliance throughout the organization. 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. Through its effective governance management, the company, as a licenced and fully compliant business entity, upholds the essence of transparency and accountability to society. Hence, the company drives best practices in governance across all functions, helping supervise 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. Operating with honesty, integrity and transparency is not only the right thing to do – it is critical to our continuing success. In an organisation as diverse and multinational as BAT, it is essential that we work to a consistent set of rules and standards of behaviour across the Group.



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 concerning marketing, BAT Bangladesh also follows its own International Marketing Principles (IMC). These initiatives are a true reflection of how ESG is embedded in the heart of our company. We, through our employees, leave no stone unturned in ensuring excellence in sustainable business

practices. The combined effort of all functions across the business is the key to BATB’s legacy success in driving its ESG agenda forward.

Bangladesh’s retail universe is complicated and dynamic, with over 1.3 million stores selling cigarettes. BAT Bangladesh’s distribution network serves around 800,000 retail outlets directly through distributors employing more than 15,000 individuals, all following the Smoking and Tobacco Products Usage (Control) Act and Rules as well as our IMP.

We are increasing our market share and encouraging adults to buy our products by taking a responsible stance in advertising, so helping to reinforce restrictions on access by minors. Our IMPs (International Marketing Principles) define our approach to responsible marketing across all our product categories. They outline our dedication to maintaining ethical and sustainable product promotion in order to continue building strong brands. Our IMPs are applied consistently, even when they are stricter than applicable local laws. Our Supplier Code of Conduct also requires our suppliers, agents and third parties to comply with the IMP. BAT Bangladesh also operates in accordance with the country’s Smoking and Tobacco Products Usage (Control) Act and Rules.

Today, as we look forward to a better tomorrow for everybody, we will continue our journey as the government’s development partner in achieving the SDGs through model public-private partnerships. Our benchmark ESG practises will continue to stay at the core as we try to prioritise the social and economic requirements and aspirations of our nation.

	<b>OUR APPROACH</b>	<b>OUR GOALS AND AMBITIONS</b>	<b>OUR 2022 HIGHLIGHTS</b>
 <b>BUSINESS ETHICS</b>	<p>Ethical values form 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.</p>	<p><b>EACH YEAR</b></p> <p>We strive 100% adherence to our Standards of Business Conduct (SoBC) Our 2022 Highlights: compromised.</p>	<ul style="list-style-type: none"> <li>• 100% employees completed our ‘SoBC training and compliance sign off procedure ahead of the Group’s timeline that made us 1’ in the APME .</li> <li>• Conducted a detailed review of ‘our SoBC and Suppliers Code of Conduct to ensure they remain at the forefront of best practices and</li> <li>• Launched the new SoBC e-induction for 100% of new joiners in management roles.</li> </ul>
 <b>REGULATION AND POLICY FOR ENGAGEMENT</b>	<p>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.</p>	<p><b>EACH YEAR</b></p> <p>We strive 100% adherence to our ‘Standards of Business Conduct (SoBC)</p>	<ul style="list-style-type: none"> <li>• Contributed to engage transparently regarding key regulatory issues and maintained the standards of the Code of Corporate Governance and regulations of the regulatory bodies.</li> </ul>





# 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 31<sup>st</sup> December 2022. 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.

## ABOUT THIS REPORT

British American Tobacco Bangladesh's Integrated Report 2022 aims to provide a balanced and accurate view of our strategy, performance, opportunities and outlook in relation to material financial, economic, social and governance issues. The intent of this report is to primarily address value-creation considerations of long-term investors. Yet, it also provides appropriate information relevant to all our other key stakeholders.

We aim to preserve, create and deliver sustainable long-term value for all our stakeholders through the six Capitals. Our unique processes comprise key inputs and we produce value-added outputs and enriched outcomes by harnessing an integrated approach. Our material matters are continuously monitored as they have the potential to substantially affect our ability to create and

preserve value. This is undertaken through the triple bottom line approach of People, Planet and Profit.

## FUNDAMENTAL CONCEPT UNDERLYING OUR INTEGRATED REPORTING

Value creation lies at the heart of BATB. Our value creation process is associated with the present value of future cash flows and other concepts of value creation anchored on a wider range of capital, interactions, activities, causes and effects, and relationships. Our value creation approach is aimed at transforming our capital, each of which ultimately affects financial returns for our investors and supports creation of tangible value for all our other stakeholders. The 2022 Integrated Report aims to measure the value of our Company aggregated by the six Capitals to provide information necessary for report users to assess the performance and sustainability standards of the Company.



Reporting boundary for the Integrated Report  
(Risks, Opportunities and Outcomes)



Financial Reporting Entity  
(Control and Significant Influence)



Employees and organized labor | Shareholders and providers of capital | Customers | Governments and regulators | Communities and society | Suppliers | Media | Organized business and industry

## INTERNAL CONTROL FRAMEWORK AND ASSESSMENT

The Board of Directors of BAT Bangladesh, with the support of the Audit Committee, is ultimately 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 that seeks to optimize the assurance obtained from the management as well as internal and external assurance providers while fostering a strong ethical context and mechanisms to ensure compliance. Through the risk management process

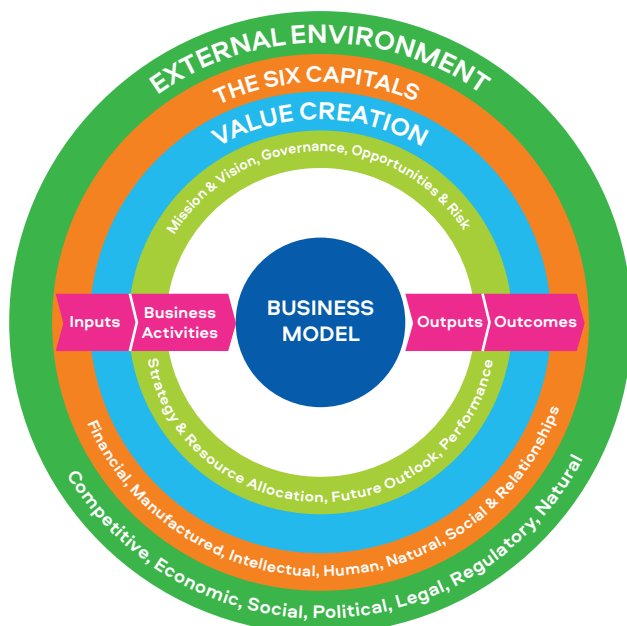


approved by the Board, the management identifies key risks and implements the necessary internal controls.

At BATB, an internal audit is in charge of monitoring and evaluating the process of validating internal controls and safeguards, while external audit teams address important controls and accounting issues throughout their audits, thus ensuring a comprehensive organisation-wide audit cover. Additional degrees of external assurance are achieved on an as-needed basis. The Board and Audit Committee rated the effectiveness of controls as satisfactory for the fiscal year ended December 31, 2022, based primarily on management self-assessment and formal confirmation from the executive management, as well as reports from internal audit, external audit, and other assurance providers. Our financial status, results of operations, and cash flows as of and for the period of the financial year under report are shown fairly in all significant aspects in the financial statements of the Company. Our reporting suite complies with the following reporting standards and frameworks:

- The International Integrated Reporting <IR> Framework (part of the IFRS Foundation)
- Bangladesh Companies Act, 1994 & 2nd Amendment (2020)
- Listings Requirements of Dhaka & Chittagong Stock Exchanges
- Corporate Governance Code, 2018
- International Financial Reporting Standards (IFRS)
- United Nations (UN) Sustainable Development Goals (SDGs)
- Sarbanes-Oxley Act of 2002

### OUR OPERATING CONTEXT:



### OUR STRATEGIC FOCUS:

In every Board and Leadership Team's meeting, the Board and LTs from the six respective functions review the corporate objectives with input from a wide range of employees, which is used for defining our medium to long term intent that comprises the basis of our material matters. Once we have set our objectives in place, we work out a collaborative business planning and budgeting process. We ask questions around budgeting and investment and initiatives required to accomplish our goals and objectives, as per the various divisional areas of the Company. We measure the initiatives achieved against the plans on an ongoing basis through integrated KPIs assigned for teams and individuals, linking performance with compensation. This ensures that the whole team is unified in its purpose of achieving common goals and everyone knows exactly what is expected of them.

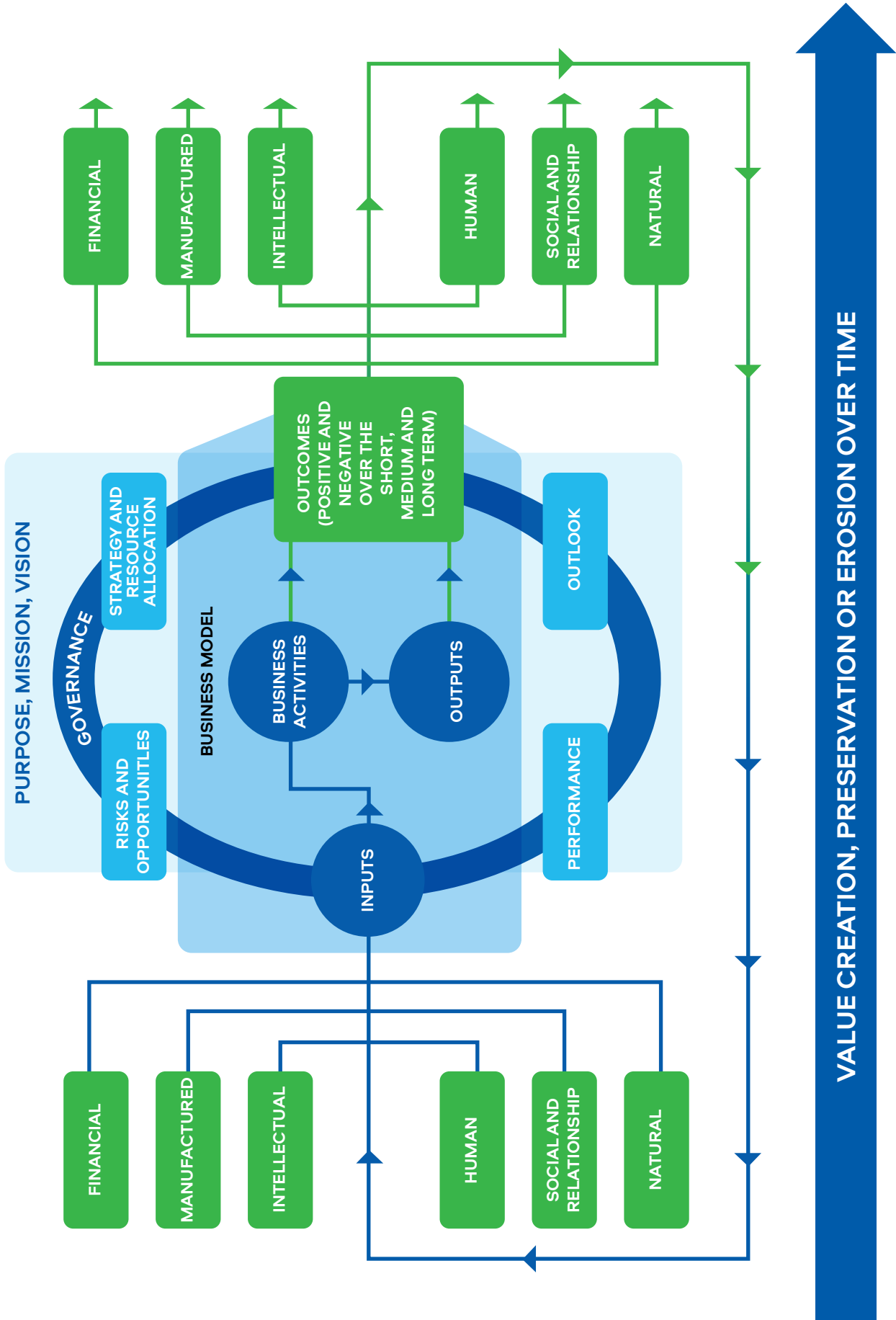
#### We focus on our business to deliver:

- A culture of empowerment and accountability
- A standardized, scalable and well-established way of working, organizational structures, and capacity to deliver in a fast-changing environment
- An operational backbone that ensures reliability and high capacity utilization levels
- An increase in throughput of total initiatives delivered on a durable basis

### OUR CORE RESOURCES AS DEFINED BY OUR SIX CAPITALS:

- Our Financial Capital consists of shareholder's equity and funds from investors and shareholders that are deployed to support our business and operational activities.
- Our Manufactured Capital consists of the business structure and operational processes, including physical and digital assets and infrastructure, products and IT systems, etc.
- Our Human Capital comprises our people and our ability to invest in their development, knowledge, skills and experience to enable effective customer service and market innovation
- Our Intellectual Capital consists of our rich research and development experience, our innovation capacity, our reputation and our strategic partnerships.
- Our Social and Relationship Capital encompasses corporate citizenship and strong stakeholder relationships based on trust and mutual benefit.
- Our Natural Capital comprises our approach to responsibly and sustainably use natural inputs in our operations, such as water, paper, energy, etc.







## INPUTS:

### 1. Financial Capital:

- Debt and equity
- Trade and other receivables
- Financial assets and investments

### 2. Manufactured Capital:

- Integrated Work System (IWS)
- Zero Loss Mentality
- Shopfloor training
- Everyday T- training
- Enhancing warehouse capacity
- Hands-on training for workers

### 3. Intellectual Capital:

- Information technology
- IT assets
- Adoption of new software
- IT training and knowledge sharing

### 4. Human Capital:

- Hiring talented employees
- Cross-industry hiring
- Rewarding work culture
- Competency building
- Diversity, equity and inclusion
- Comprehensive performance management
- Alignment with SoBC
- Gender diversity (20% of frontliner managers and 22% of Leadership Team is female)

### 5. Social and Relationship Capital:

- Key stakeholder relationships
- Building trust and constructive partnerships
- Shared norms of values and behaviors
- Reputation fostered through a multistakeholder approach

### 6. Natural Capital

- Biodiversity and eco-system preservation
- Responsible use of scarce resources
- Zero-waste mindset
- Resource circularity

## CUSTOMERS:

### WHY WE ENGAGE

Our customers are core to our business. Being customer-centric means being responsive to their needs and expectations, delivering exceptional service and improving overall customer experience.

### Issues raised:

- Lower risk products
- Availability and accessibility
- Product quality
- Competitive pricing
- Choice of brands

### Our response:

- Ensured consistent supply in meeting choice of adult consumers
- Enabled efficient product delivery
- Maintained constructive and transparent engagement, understanding customer needs and meeting their expectations
- Focused on innovation
- Strengthened our climate change targets and ambition
- Assured sustainable business operations

## SHAREHOLDERS AND PROVIDERS OF CAPITAL

### WHY WE ENGAGE

To make consistent and clear communication, promoting our investment case, strategy and strategic objections enables informed decision-making and ensures fund accessibility.

### Issues raised

- Safety and reliability of operations
- Balance sheet management and ability to service debt
- Dividend track record
- Financial impact of future compliance regulations
- Capacity and ability to manage capital projects

### Our response

- Maintained operational sustainability and viability
- People safety and career progression remained top priorities
- Strengthened our balance sheet and disciplined capital allocation
- Continued bolstering our Enterprise Risk Management processes
- Ensured sustainable cash flow for meeting debt obligations, etc.

## BAT BANGLADESH

### COMMUNITIES AND SOCIETIES

#### WHY WE ENGAGE

Business sustainability is contingent on the relationships we build with the communities and societies around which we operate and the contribution we make to societal upliftment.

#### Issues raised

- Strategic direction, including community uplift
- Continued societal support amid COVID challenges
- Enabling durable economic transformation
- Strong CSI approach toward community projects

#### Our response

- Strengthened our climate change targets and ambition
- Established the Centre for Shared Value Management
- Implemented measures to contain the spread of COVID-19
- Continued with a multi-pronged and high-impact approach to social investment

### GOVERNMENTS AND REGULATORS

#### WHY WE ENGAGE

Engaging with governments and regulators presents opportunities to enhance our relationships, secure

our license to operate, advance mutually beneficial commercial objectives, and meaningfully contribute to regulatory liaison.

#### Issues raised

- Compliance with relevant legislations
- Operate safe and stable facilities in an environmentally-compliant manner
- Play an active role in responding to ongoing societal challenges
- Support national, regional and local agendas

#### Our response

- Complied with applicable legislation, including environmental obligations
- Assured safety and reliability of operations, including worker health and wellbeing
- Strengthened our climate change targets and net-zero ambition
- Supported pressing priorities, including containment of COVID
- Ensured unbending support to human rights and dignity





# 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.

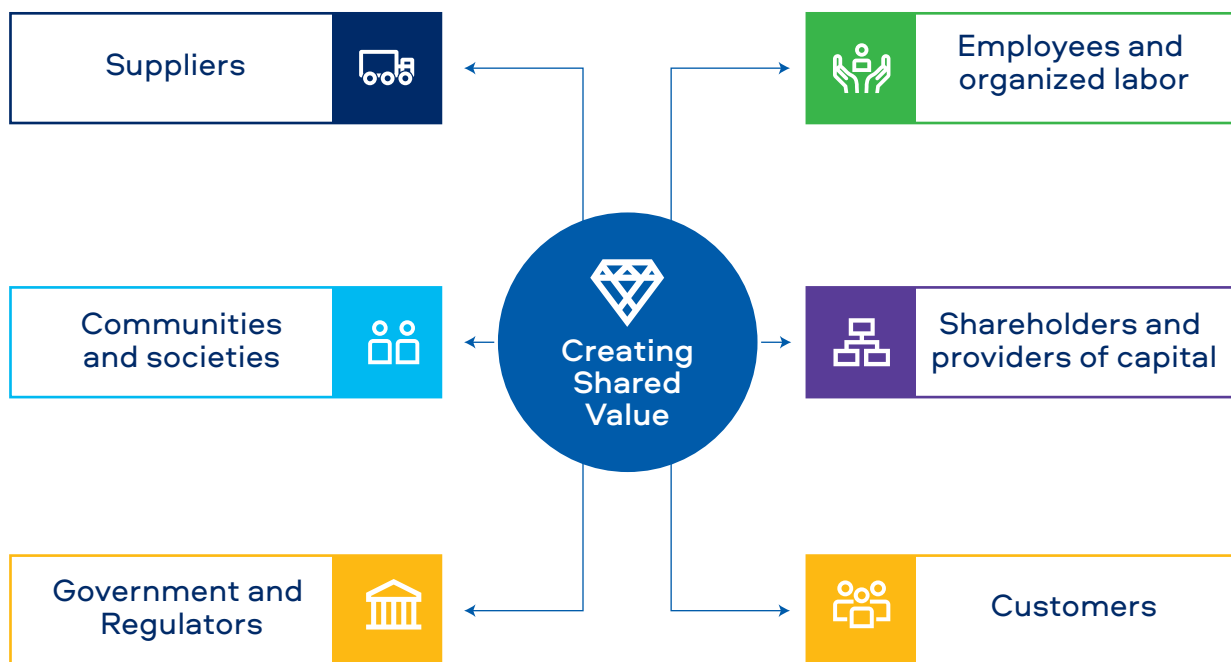


Fig: Shared value creation at BATB

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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



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



*Focused on workforce transformation and futurization through our targetted and strategic initiatives in people management.*

## BATB'S HUMAN CAPITAL AT A QUICK GLANCE





HIGHLIGHTS, 2022	STATEMENT BY OUR HEAD OF HR	PROGRESS ACHIEVED, 2022
<p>Total employees <b>1,526</b> (2021: 1,643)</p> <p>Total female employees <b>196</b> (2021: 172)</p> <p>Total learning hours <b>5,282</b> (2021: 3,548)</p>	<p>As an empowered organization, our success is rooted in inspiring our employees to be high performers while valuing their diverse strengths and perspectives. Our people are our biggest asset and their development and professional progression is our topmost priority. We are inclusive and try to bring everyone into the conversation, especially the younger generation. This mindset has helped us to achieve a high-quality human capital that not only adds value to the business but also transforms us into a high-performing team of professionals committed to accelerating the journey for A Better Tomorrow.</p> <p><b>- Saad Jashim,</b> Head of Human Resources</p>	<p><b>Progress achieved, 2022</b></p> <ul style="list-style-type: none"> <li>• Bestowed with the Top Employer award for the 4th consecutive time by the Top Employer Institute</li> <li>• Successfully catered to the staffing requirements of our new Savar Factory</li> <li>• Continued with our innovative employee learning and training programs</li> <li>• Accomplished results in sharpening our employee value proposition</li> </ul>

**OVERVIEW**

Our staff are our most valuable asset, contributing to the company’s sustainable growth.

At BAT Bangladesh, we view strategic talent acquisition as the essential starting point for developing a marked differentiation factor. To preserve our company’s long-term viability, we prioritize merit- and skill-based recruiting. Our capacity to attract top-tier talent is strengthened by industry-leading methodology to people development and retention. The Top Employer Institute has accredited BAT Bangladesh as the country’s “Top Employer” for the fourth year in a row, based on our excellence in people practices across all HR competency categories.

Our emphasis on developing a friendly and collaborative culture derives from the fact that we recognize human capital as a crucial component of our growth strategy. We foster this culture among our staff by providing them with a multidisciplinary atmosphere and programs that allow for both challenge and reward. These programs equip individuals with the necessary competencies and experiences to further their careers and propel the firm to new heights.

Our staff is the engine that powers our organization, and we are unwavering in our commitment to cultivating a

culture that is useful and congenial by encouraging and assisting them in their pursuit of excellence on the path they are on.

In 2022, we provided over 5,282 hours of learning and training for our co-workers in a variety of different areas, including process and technical knowledge, soft skills development, and leadership training. Training and development is an essential component of our employee value package. This was an increase over the previous year’s total of 3,548 hours (2021).

Furthermore, as part of our efforts to encourage cross-border exposure, we provided global transfer options and international career assignment chances to our employees throughout the course of the year.

With our Ethos acting as the guiding principle, our holistic HR strategy is centred around the following four pillars: Fit for Purpose Organization Design, Culture and Leadership Behavior, Talent with Winning Capabilities and Diversity & Inclusion. These pillars provide structure in ensuring that everyone at BAT Bangladesh is working towards the collective goal of building a high-performing organization that is built to last.

 <p><b>Fit for purpose organization design</b></p>	 <p><b>Talent with winning capabilities</b></p>	 <p><b>Culture &amp; Leadership Behavior</b></p>	 <p><b>Diversity and Inclusion</b></p>
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**FIT-FOR-PURPOSE ORGANIZATION DESIGN**

**Future-fit organization structure**

In 2022, BATB experienced several adjustments to its methods of operation. Despite all the changes, we remained

committed to maintaining a flexible and resilient workforce. Thus, notwithstanding the changes, we maintained a lean and future-proof framework in our organizational architecture. Our human capital is distributed across roles and grades as per the following:

Category	Number of employees	%	Male	Female
Top management	9	1%	7	2
Senior employees	64	4%	57	7
Mid-level employees	221	14%	178	43
Junior employees	401	26%	287	114
Shopfloor employees	831	54%	801	30
<b>Total</b>	<b>1,526</b>	<b>100%</b>	<b>1,330</b>	<b>196</b>

<p><b>5,451</b></p> <p>Hours spent on Managerial Training Sessions in 2022</p>	<p><b>55,813</b></p> <p>Hours spent on Shopfloor Training Sessions in 2022</p>	<p><b>5,282</b></p> <p>Hours spent on the GRID-online learning portal in 2022</p>
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**EMPLOYEE WELLBEING IN THE SPOTLIGHT**

The holistic well-being of our co-workers plays a crucial part in promoting a pleasant workplace culture. In 2022, we continued on our path towards mental and physical wellness and expanded upon it to include other facets of wellbeing, such as financial wellbeing.

All of our employee work locations – Dhaka, Savar and Kushtia – are equipped with 24-hour clinics to support the shift operations of our factories. All of our workers have free access to these dispensaries, staffed by trained physicians and pharmacists.

In addition, we established the BAT Olympiad, which consists of several athletic activities, such as our intra-BAT football competition, The Changemakers’ League, and a cricket tournament. We also established an intra-gender basketball tournament for the first time, BAT Ballers, as a demonstration of BAT Bangladesh’s commitment to an open and equal workplace.

At BATB, we also took concerted steps to alleviate the financial constraints that our employees faced due to inflation. These actions were taken in light of the economic volatility and inflation that have been experienced in the country.







In order to leverage the enthusiasm of our people, we also launched V Studios, the first platform of its type in Bangladesh. This platform encourages all skilled in-house artists to join cross-functional teams and take over the stage. The first episode of the first season of V



With all of its wellness efforts, BATB fosters an inclusive atmosphere among its shopfloor and management personnel. In a variety of corporate projects, shopfloor



### TALENT MANAGEMENT

Our goal is to develop the most capable leaders for the next generation to effectively run the company both



At BATB, we believe that every employee has the right to be aware of their current position with regard to performance, potential and career status. The endeavour with the career principles and approach's goal is to offer straightforward, understandable and helpful advice on



Studios comprised a musical talent competition. The most fascinating aspect is that the pulsating rhythm of music united everyone in celebration and fostered wholehearted connections between office and shopfloor employees to keep the organization engaged and connected as a whole.



personnel frequently collaborate with other co-workers. This has permitted an influx of management from the work floor, fostering equity, optimism and cohesion.



today and in the future. To do this, we make sure to offer job possibilities to those who have the necessary skills, ambition, passion and drive to succeed.



advancing an employee's career at the company while adhering to the overall personnel management strategy. The global principles are the foundation and anchor of career planning at BATB and are applicable to all departments and management.



TALENT WITH WINNING CAPABILITIES

<p><b>159</b> New Recruits in 2022</p>	<p><b>14</b> Cross-industry Hires</p>	<p><b>14</b> BATB Managers newly expatriated in 2022</p>
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CAMPUS-TO-CORPORATE INITIATIVES

**XCEED campus ambassador program**

The XCEED Campus Ambassador Program, which was launched in 2019, is a platform promoting campus engagement and sustaining partnerships with colleges that serve as a vibrant talent hub for BATB. These predominantly second- and third-year students, who serve as talent “ambassadors” within their respective colleges, also participate in many coaching sessions that help in advancing skill development.

Our diversified group of virtual XCEEDs in 2022 was made up of students from Bangladesh’s top-20 institutions. Each XCEED was crucial in connecting the group to his/her individual school. Four of the XCEEDs from our most recent graduating batches joined BAT Bangladesh in 2022 as a result of their efforts, and more are on the way.

**XCELERATE internship program**



**Battle of Minds**

The primary business competition program of BAT Bangladesh is called “Battle of Minds (BoM)”. This homegrown passion initiative has been embraced by BAT group’s 20+ participating nations. The competition’s 19 years of success is proof of how well it stimulates students’ intellectual development and has an influence on their future career pathways.

BoM continues to be a pioneer in academic quality, giving students the unmatched chance to stretch themselves

Our three-month long XCELERATE internship program is a platform created to welcome bright final-year students into the company and expose them to the experience of working in a vibrant multinational company. BATB makes sure that interns work on engaging projects that refine their skill sets while providing adequate learning opportunities.

**Supernova**

Supernova, the first-of-its-kind innovative student mentorship network that aims to develop future female leaders in the fields of science, technology, engineering, and mathematics (STEM), was established in 2021. Six of the first batch’s 17 Supernovas have already joined BATB in various operational positions.

In order to mentor ambitious female talent and further develop the strong network of young female leaders majoring in STEM subjects, we launched the second season of Supernova in April 2022. We developed a comprehensive learning plan with interventions from notable female industry executives in order to develop our 20 fearless Supernovas.



and develop their talent. Starting in 2021, BoM extended its doors to emerging entrepreneurs as well as undergraduate students. Because of BTomorrow Ventures, the corporate venture capital arm of BAT Group, BoM has virtually transformed into a corporate accelerator program.

In 2022, as we gradually shifted back to more in-person engagements, there were new challenges to overcome and more opportunities to explore. “Own the Unknown”, the year’s concept, was particularly pertinent in the fast-paced business environment of today, as businesses are frequently confronted with new and difficult situations.





Participants were encouraged to show that they could adapt and come up with creative solutions even in the face of deep uncertainty.

In keeping with the concept, we started out by describing the thrilling challenges that provided opportunity for participants to get going on how they could “Own the Unknown”. Participants had to come up with creative solutions to the three ESG-focused challenges that comprised circular economy, workplace digitization and blockchain.

### CROSS-INDUSTRY CAPABILITIES

At BAT Bangladesh, we believe that attracting the smartest and brightest people of the nation is the key source of our competitive advantage. We require seasoned individuals with specialist expertise as we build the company on many fronts in order to reach new milestones. In 2022, we made use of our solid talent brand and superior employee value propositions to bring a wide range of cross-industry competencies to the company. 14 experts who are now leading from the front were hired as mid- to senior-level workers in diverse areas.

### OUR TALENT IN THE GLOBAL ARENA

Free knowledge exchange and sharing of best practices across BAT Group firms worldwide are today seen as a fundamental aspect of our culture and a sign of the calibre of our resources. This shows that we have completed the circle, moving from inviting foreign partners to currently sharing our own distinctive best practices with Group firms spread over the globe.

We deployed 14 of our talents to various end markets in mid to senior roles as a company determined to make progress every day with a relentless emphasis on attaining business excellence through international benchmarking. Although some of them are young, talented individuals

who are raising the Bangladesh flag high in various parts of the globe, others are members of leadership teams and heads of departments who oversee large teams.

### DIVERSITY, EQUITY, INCLUSION

The concept of diversity, equity, and inclusion (DEI) continues to be an important focus in the corporate world and is one of the most significant aspects of the HR agenda at BATB. As a result of the effectiveness of our recruitment, development and promotion initiatives, the percentage of women working in management grades at the Company has grown over time. Meanwhile, ongoing efforts in women’s empowerment continue to empower our female colleagues across the organization by providing them with meaningful opportunities for involvement and networking. In this context, “empowerment” refers to the process of giving women more control over their lives and choices.

In addition to this, we made significant strides toward improving the social wellness of our workforce. Throughout the course of the year 2022, a number of wellness projects were initiated with the goal of enhancing work-life integration and the overall wellbeing of our employees. These projects included the implementation of engagement activities that encouraged employees to interact with one another and participate in the activities. This also contributed to strengthen the bonds between teams.

Thus, the constant goal in our talent strategy framework is DEI. Over time, we have made sound progress in ensuring better gender diversity within the organization by extending our ground-breaking campus project, Supernova, and introducing the first-ever co-ed competitive sports event. In addition to hiring people of both genders, we also acknowledged 14 experienced employees from different industries as “Champions of Change” to assure inclusion and inclusiveness.

**42%**

of total new recruits  
are female

**1 out of 5**

Front-liner managers  
are now female

**14%**

of our Leadership  
Team in female

### FUTURE ROADMAP

A year to remember on many counts – that was 2022. We anticipate doing more in the current year (2023). We anticipate more opportunities to promote sustainable development as we move forward. By 2023, we intend to:

- Become the most diverse, inclusive and ethical organisation in the nation.
- Continue to cultivate our talent at a quicker pace to keep up with the company’s expanding needs and hasten the export of talent.
- Concentrate on attracting and fostering more women in STEM fields, as well as extending our attention to recent graduates in agriculture so that we may become the leading platform for their professional development.

- Collaborating with universities to integrate the necessary contemporary skills into business at a pace that is reverses the outflow of highly qualified students, which has an impact across all industries.

Bangladesh’s economy is expanding at a healthy pace. The country needs to fast-track the rate at which it produces talent during this crucial period. In a highly competitive global economy, the nation requires high-calibre personnel to cater to its economic ascension. To address this challenge, academics and businesses must work together strategically to build the nation’s human capital. We as a company are delighted to lead the HR practice and people empowerment from the front, and in the future years we will truly step up our efforts to accelerate towards A Better Tomorrow.



# MANUFACTURED CAPITAL



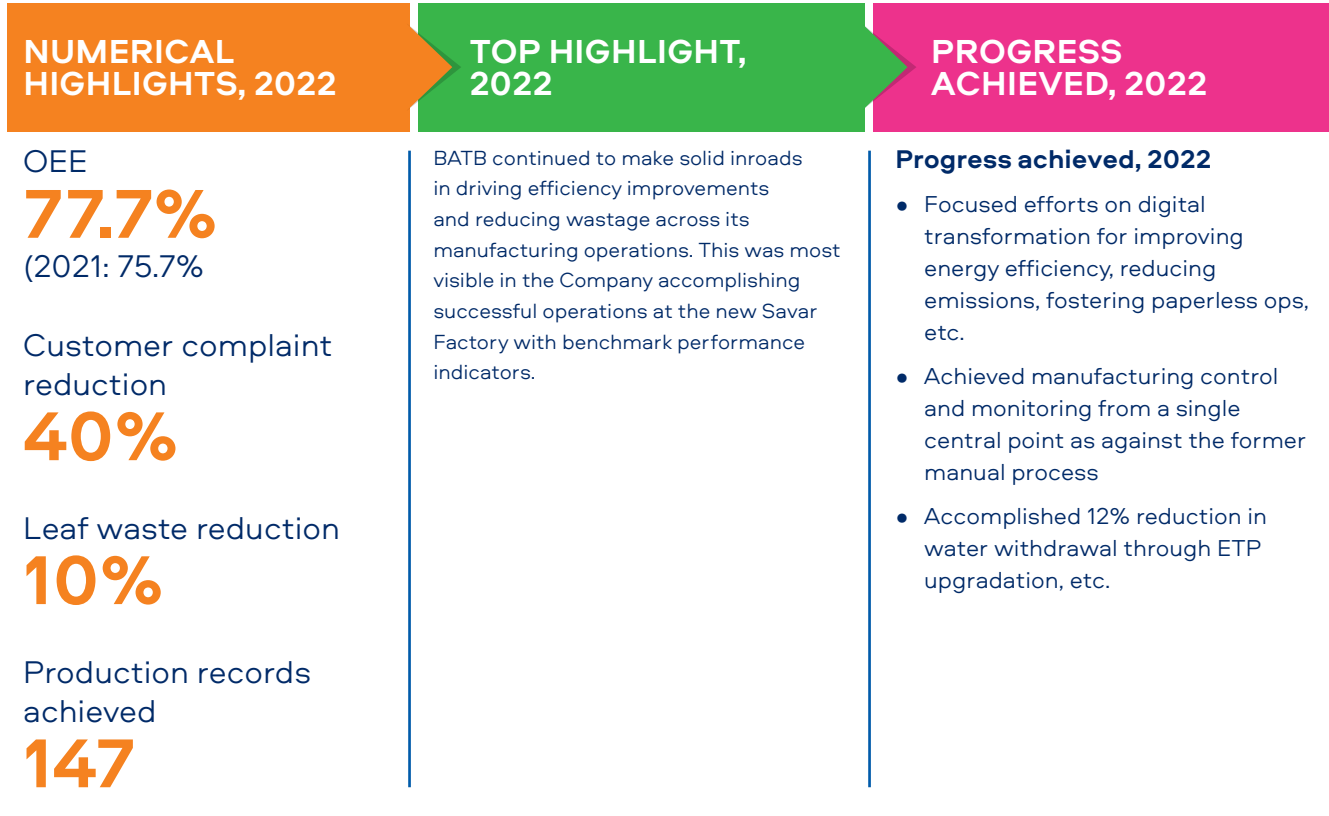
**Hasnain Ishtiaq**  
Head of Manufacturing



*Focused on operational unification of our Dhaka and Savar factories to consolidate our manufacturing footprint*

## BATB'S MANUFACTURING CAPITAL AT A QUICK GLANCE





### BATB'S MANUFACTURING CAPITAL OVERALL REVIEW

Despite the fact that BATB continued to experience increased costs and margin challenges during the course of the year 2022, our efforts to drive manufacturing excellence served us well. Because of the adoption of 'Integrated Work Systems' (IWS), significant gains in productivity have been achieved, with the Overall Equipment Effectiveness (OEE) ratio increasing from 75.7% in 2021 to 77.7% in 2022, with 147 production awards accomplished during the year.

The deployment of IWS has also led to a considerable improvement in product quality indices, while supporting optimisation in energy consumption, water use, and waste generation at the same time. In short, IWS has enabled us to foster 100% employee ownership with zero loss mindset, enabling us to achieve the following:

- Optimized operations
- High flexibility through zero setup time
- Zero quality defects and 100% compliance
- Zero unwanted incidents
- Zero non-value-added cost
- Just-in-time Inventory

Through IWS, BATB runs highly efficient operations considered as the benchmark for manufacturing and process-oriented companies in the country. The

Company's efficiency has been made possible due to the implementation of IWS. Overall efficiency of the operations in the secondary manufacturing is judged based on the output measures of Overall Equipment Effectiveness (OEE) and MTBF (Mean Time between Failures).

OEE or Overall Equipment Effectiveness measures the output of the factory. Raw materials, time, manpower and machine capability are all taken into the equation with which the final output is measured. OEE exhibits how efficient the operation was the previous day. OEE is measured module wise.

MTBF or Mean Time Between Failures indicates the average time period for which a machine runs without getting disrupted. MTBF at BATB is significantly low due to several factors, not least being a high focus and emphasis on periodic maintenance and upkeep and continuous employee training and development.

### ACHIEVING MANUFACTURING EXCELLENCE

The year marked the beginning of the journey that the Company would take as part of its IWS or Integrated Work Systems, with the intention of altering its production capabilities by means of implementation of improved processes, autonomous maintenance and staff education, learning and training. Over the course of the past few years, significant progress has been made, as seen by the widespread improvements observed across

## BAT BANGLADESH

key parameters, such as Overall Equipment Efficiency (OEE), Mean Time Between Failures (MTBF), product quality indices, and even waste management.

The IWS Phase 1 accreditation that BATB possesses has resulted in many step-changes, including higher production efficiencies, upskilling of equipment owners, and improved product quality. This certification makes BATB one of the few factories to possess IWS Phase 1 certification worldwide amongst all BAT group companies. After achieving certification for Phase 1, we moved on to Phase 2 of our IWS journey.

This phase places a greater emphasis on machine automation, training and development of machine operators, and an in-depth investigation into the finer nuances and details of production processes in order to bring about continuous improvements to the manufacturing process as a whole.

Our manufacturing team has made a concerted effort to cut down on the amount of waste generated by the tobacco producing processes. As a part of these efforts and campaigns to decrease waste, some obsolete pieces of equipment were swapped out for newer, more effective technology, and employees were encouraged to come up with innovative solutions to reduce and even reuse waste. We have a deep commitment to the principles of the circular economy, and the elimination of waste sent to landfills is the primary focus of our efforts.

In addition, we make certain that the highest possible health and safety standards are upheld at each of our three operating locations. The Environment, Health and Safety (EHS) management system is implemented across the entirety of our manufacturing facilities. This serves to guarantee that we adhere to all applicable national and international health and safety regulations. We also made investments in health and safety programs throughout our premises during the course of the year, and as a result, our workplace is now free of injuries and has a high level of knowledge and awareness regarding health and safety. This included focus on ergonomic modifications to allow safer workplace and working conditions, as well as training and awareness on safety and wellness, while it also covered a number of other aspects of our modern-day manufacturing.

As part of our strategy for achieving long-term sustainability, we are continuing to investigate various avenues which might be able to propel our technology focus and ensure more environmentally-friendly manufacturing. Through continued investments in technology and process innovation, we are continuing to enhance our efficiency in the management of waste, as well as the efficiency with which we use both water and energy.

Some of the key facets of our Manufactured Capital is indicated below:

**IWS:** BATB's IWS journey has resulted in broad-based improvement in Overall Equipment Efficiency (OEE) and product quality, as well as a reduction in the environmental footprint of its manufacturing operations. The program also included significant investment in employee upskilling, which aided in the development of internal skills and capabilities.

**Workforce safety:** BATB completed another year with no lost time and no serious injuries. We also took steps to improve the safety culture through knowledge sharing. Risk assessments were conducted in our manufacturing facilities to identify and address potential safety hazards through training sessions and guidelines over using PPE and safety equipment.

**Skills transformation:** The Savar factory conducted a large shopfloor recruitment to bring in new talent and an Apprentice Academy was launched to establish the pipeline of shopfloor talent to fuel our ambition as a future-ready organisation. Thousands of man-hours worth of capability-building sessions were conducted to enable our workforce to progress toward IWS Phase-2 accreditation.

**Sustainability:** Keeping ESG at the forefront of our operations, manufacturing took multiple initiatives to enable the journey towards carbon neutrality by 2030. Steps were taken to reduce generator runs, achieve predictive modelling for arresting flickers, forging collaborations, such as the one with DESCO to manage power disruptions, etc.

**Environmental footprint:** We continued to reduce the environmental footprint of our manufacturing operations, in line with our long-term environmental goals and ESG strategy. With the help of IWS enhancements, the Company improved its energy and water recycling efficiencies, thus contributing to circular resource economy.

## DOVETAILING WITH OUR ESG GOALS

Our goals in terms of environmental, social, and governance (ESG) are not independent from our Manufactured Capital; rather, they are intertwined and interlocked with it. As a matter of fact, we have been able to achieve our ESG goals and objectives thanks to the implementation of world-class manufacturing methods, techniques and processes that are on par with the best in the world.

Therefore, as part of our manufacturing-ESG approach, we are committed to ensuring a safe and injury-free work environment for all of our employees, which is the primary pillar and goal of our manufacturing endeavours. We do this by adhering to the highest health and safety standards.

This can only be accomplished if we maintain the highest standards in all that we do. In addition, because we place





a prioritised focus on the health and safety of our staff members, we have adopted and implemented several health and safety rules and procedures across the organisation at all of our locations. We are committed to performing training and awareness according to a complete health and safety training agenda, as this is a major enabler for a safe and secure working environment. Of course, capability building of our employees, especially on the shopfloor, is a key enabler for a safe and secure working environment.

BAT's integrated EHS guidelines and the overall Health and Safety Policy of the Company serve as the guiding principles for all health and safety-related aspects of the Company's operations. The policy complies with all applicable laws and even takes into cognisance the most advanced health and safety standards from around the world.

Additionally, the business has implemented an Environment, Health and Safety Management System that is in line with the requirements of international regulations. A cross-functional EHS steering committee, which is backed by departmental health and safety committees, is entrusted with the responsibility of ensuring that health and safety guidelines are implemented across the Company and cascaded down to various departments and categories of employees. Additionally, this committee monitors performance in

comparison to pre-determined parameters and identifies areas in which improvements can be made.

This aside, during the course of the year 2022, we continued to adhere to the pandemic safety measures while simultaneously phasing in a hybrid working structure. During this time, a number of ergonomic adjustments were made in order to enhance working conditions and make the new working paradigm more accessible as the country began to progressively reopen its doors after the pandemic and management welcomed back employees into offices.

Throughout the course of the year, we placed an increasing level of importance on the mental health of our staff members. Employees of our Company have benefited from the implementation of a number of wellness programs and initiatives that attempt to promote a better integration between their professional and personal lives. In addition, we offer regular medical check-ups for each and every employee.

### WAY FORWARD

We will continue on our IWS journey to achieve constant improvement in operational excellence. Further, we will also focus on further bolstering performance parameters at our Savar Factory, while also undertaking need-based modernisation programs at our Dhaka Factory.

# NATURAL CAPITAL

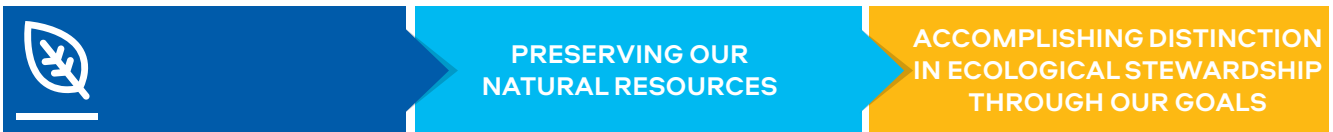


**Mr. Swad Us Sami**  
Sustainability Manager



*Devoted to the cause of optimising the use of natural inputs and ensuring resource circularity with an endeavour to give back more than we take.*

## BATB'S NATURAL CAPITAL AT A QUICK GLANCE



Through the sound management of our Natural Capital, we strive to reduce the impact of our operations on the environment through the sustainable use of natural resources and responsible waste, wastewater and emissions

With the formation of our Digital Business Solutions (DBS) team, we have made considerable strides in shifting the mindset to accept digital strategy and boost capabilities in accomplishing business transformation by training and tooling a substantial number of our personnel in automation. DBS has achieved strong results in enabling our teams to reimagine their work practices through self-developed digital solutions. We are truly aiming to create a workplace that stimulates digital adoption among workers for revolutionizing business operations and, as a consequence, ease the transition to change.

### Progress achieved, 2022

- Protect the environment and prevent any hazards by adopting superior manufacturing processes, minimizing pollutants, and eliminating occupational health and safety hazards
- Engage the necessary workforce on all worksites in EHS matters through effective participation
- Embed principles of safety, health and environmental care in the Company's culture and processes on a continuous basis
- Continually work on cost-effective technology interventions to minimise the risk to humans and property and reduce adverse environmental impact through resource elimination, substitution, reduction, recycling, reuse and recovery at source
- Comply with all legal and other compliance obligations concerning environment, health and safety



**SDG GOALS SERVED**





HIGHLIGHTS 2022	FOR US, A BETTER TOMORROW IS GREEN!	PROGRESS ACHIEVED, 2022
<p>Water recycling ratio <b>31.3%</b> (2021: 18%)</p> <p>Direct Energy Reduction <b>4%</b> (Vs 2017)</p> <p>Water Intake Reduction <b>99.9%</b> 2021: 99.7%</p>	<p>BATB has set several targets to deliver in accordance to its commitment to environmental sustainability. By 2025, the Company aims to ensure 30% water recycling across sites. Ensuring zero waste-to-landfill at all manufacturing sites, eliminating use of all unnecessary single-use plastic and achieving Alliance for Water Stewardship certification for all manufacturing sites are also goals set for the same year. 2025 targets further include 35% reduction in water withdrawn (2017 base year) and 50% carbon emission reduction for Scope 1 and 2 (2020 base year). In addition, by 2030, we wish to achieve carbon neutrality for Scope 1 and 2 emissions and ensure 50% renewable energy in use at our sites.</p>	<ul style="list-style-type: none"> <li>Accomplished water recycling ratio of 31.3%, vs. 18% in the prior year</li> <li>Strong operational practices ensured 4% decline in direct energy consumption vs 2017</li> <li>Achieved strong reduction in water withdrawn that reduced by 19% vs 2017 baseline</li> <li>Accomplished waste recycling ratio of 99.9%, vs. 99.7% in the prior year</li> </ul>

**EHS POLICY THAT GUIDES OUR ACTIONS**

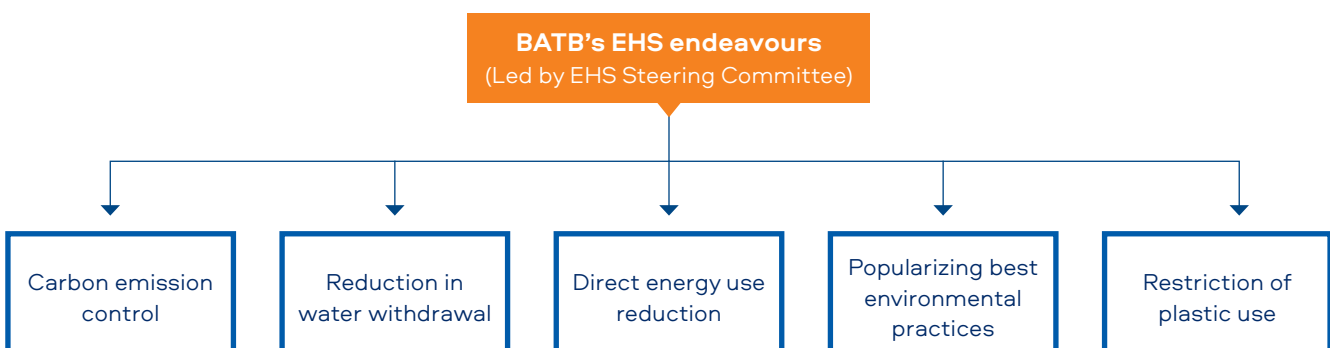
BATB’s EHS policy is composed of two important pillars: Environmental Policy Statement and the Health and Safety Policy Statement. These are affirmations of the Company’s commitment to the all-important environmental concerns, including agriculture, manufacturing and distribution, and health and safety across the supply chain. BATB’s EHS also performs critical functions such as risk assessment, environmental impact analysis, adherence to the legal register, and establishing EHS management and contingency plans. Further, the Company’s EHS assurance of safety and sustainability is supported by foundations that are bolstered by the ETHOS framework.

BATB conducts comprehensive compliance checks and engages in in-depth study of top losses by utilizing technology for ensuring future-proof solutions. FGD for top loss locations and challenges, and ESG loss analysis are also evaluated from time to time. Compliance under NEBOSH (National Examination Board in Occupational Safety and Health), ISO 14001 and SAFEX (for digital reporting), along with EHS Masterclasses, provides the

organization with the proper balance of competences to maintain safety and sustainability. LT sponsorship, emphasis on cultural factors, and organization-wide communication enable the business to establish a zero-tolerance policy towards environmental neglect and encourages each employee to take ownership rather than merely being aware.

BATB believes in delegation of responsibility and ownership. Hence, EHS incorporates campaigns and training sessions into its core strategy to assure professional development and greater awareness and environmental impact creation. ‘EHS Awareness Week’ is an acknowledgement of the team’s ongoing effort to ensure safe work practices on the factory floor, warehouses and offices.

In 2022, the Global EHS Compliance Assessment, held in October 2022, has been a noteworthy accomplishment. At the end of a successful assessment review, BATB Dhaka Factory Operations were declared compliant in every aspect. The adherence to best practices was also recognized and endorsed globally.





## BAT BANGLADESH

EHS also attempts to reduce the environmental footprint of the Company, seeking to ensure reduction and eventual net elimination of carbon emission, water withdrawal and direct energy consumption. It ensures that all sites of BATB maintain best practices in terms of water stewardship, responsible use of non-renewable resources, waste recycling and reuse, reduction in carbon emission, elimination of single-use plastic items, etc.

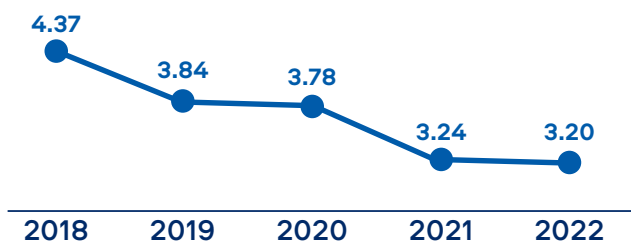
The EHS Steering Committee, led by the Head of Operations, is the apex authority for any major decisions taken regarding any EHS plans, policies, guidelines and procedures and approval of any EHS expenditure.

### OUR ALIGNMENT WITH SUSTAINABILITY

In its effort to ensure A Better Tomorrow, BATB has maximized its focus on contributing to the Sustainable Development Goals (SDGs). These 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 within its operations, improve processes for member farmers towards better crop yields and ensure agricultural practices aligned to environmental stewardship. We also emphasise on minimising our environmental footprint through improved superintendence of water and waste recycling, water stewardship and adoption of renewable energy (such as solar) by as much extent as possible. These efforts address BAT's ESG Agendas of Climate Change, Biodiversity and Afforestation, and Water.

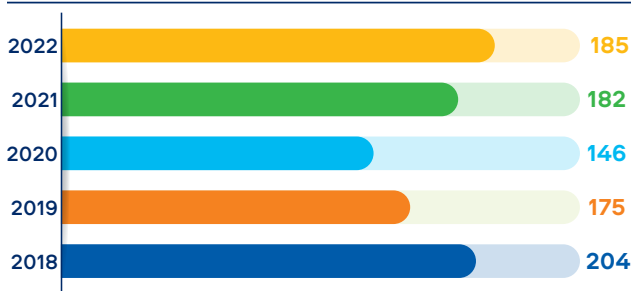
#### Energy Intensity (GJ/MCE)



### ENSURING WATER CONSUMPTION EFFICIENCY

BATB aspires to provide equal weight to alleviate water-related concerns at the community level while assuring sound water management on-site. In 2022, BAT Bangladesh's Dhaka Factory and GLT Plant got the

#### Water Withdrawn ('000 m3)



BATB has always put Goal #15, Life on Land, at the centre of its operational framework. By ensuring responsible use of land, attempting to stop and reverse the effects of deforestation through largescale projects such as Bonayan, eliminating waste-to-landfill, etc., BATB not only fulfills SDG #15, but also ESG Agenda of Water and Biodiversity and Afforestation.

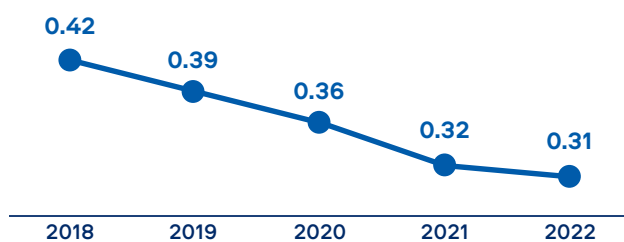
BATB's efforts to ensure sustainability have been recognized by numerous awards throughout the years, with Probaho (drinking water program) and Bonayan being bestowed with several awards and distinctions. BATB is constantly on the lookout for new initiatives that are feasible and benefit employees, society and the community at large.

### PAVING THE WAY TOWARDS CARBON NEUTRALITY

One of BATB's most ambitious goal is to cut Scope 1 and 2 carbon emissions by 50 percent by 2025 relative to the 2020 baseline in the journey towards net-zero emission.

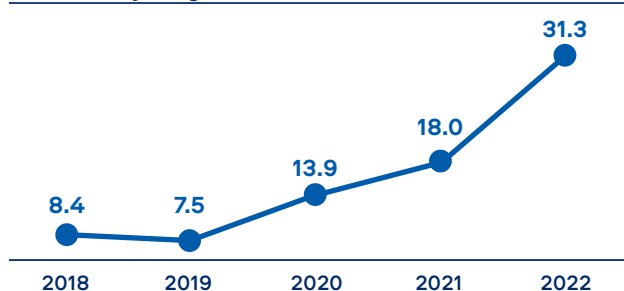
Initiatives such as AVC installation, fitting of energy-efficient motors, installation of condensation-free steam supply system, reduction of generator run time, installation of ELESOL (energy-efficient plates) for electrical lines, incorporation of energy-efficient chillers, and use of economizers for boilers are found to be important initiatives for reducing direct energy consumption and carbon emission at the Company.

#### Carbon Intensity (tCO2/MCE)



core certification for Alliance for Water Stewardship. The Company also plans to ensure evaluation for this certification for the Savar Plant too in 2023. As AWS certifies sustainable development objectives, BATB is enthused that it will accelerate positive contribution to the goals, especially in water stewardship.

#### Water Recycling Ratio (%)





In order to enhance water recycling and reduce groundwater withdrawal, the Dhaka Factory installed a RO plant to ensure effective recycling. With these actions, water withdrawal has declined by 19% compared to 2017 levels. In addition, we ensured 31.3% water recycling on average across our sites during the year.

### WORLD WATER DAY CELEBRATION

BAT Bangladesh marked World Water Day on March 22 in order to raise public awareness on water consumption, water recycling, and the provision of clean drinking water. The day was designed with a variety of activities, such as awareness sessions from the leadership team, games, knowledge-sharing exercises, etc. The top management awarded the winning staff with interesting rewards for their participation in the activities. In addition, exquisite Probaho gift baskets were provided to staff. The purpose of the program was to promote a culture in which people are aware of the significance of clean drinking water, the steps taken by BATB, and the relevance of water recycling and reuse, which is central to BAT's ESG agendas.

### SUSTAINABLE TOBACCO PROGRAMME (STP)

STP is an industry-wide standard that encompasses a wide range of areas, including human rights, environmental preservation and safety of people. Following BAT's imprint, BATB's Leaf operations strictly adhere to these standards, thus ensuring that our agri practices deliver the best performance in environmental management, including sustainable utilisation of water, soil and forests, pollution control and energy optimisation. The overarching idea behind STP is to take up consistent initiatives for measurable and meaningful change.

### WORLD ENVIRONMENT DAY CELEBRATIONS

BATB always seeks possibilities to advance reforestation and environmental conservation efforts. To commemorate World Environment Day in 2022, the Company organized an online pledge for anyone in Bangladesh wanting to participate in the event. With each donation, the team planted a tree on behalf of the donor. The global management of BAT engaged in the pledge too. The project resulted in the planting of 220 trees, for which 21 nations had made their pledges.

Furthermore, there were four challenges throughout the entire month of June:

- 2000+ Samplings distributed in HO and SF: This plantation will ensure 50 tons of carbon capturing annually
- 35 Kg+ food waste reduced per day: Creating regular awareness through food waste statistics board
- Segregated waste bins for HO: Taking initial step of waste management by segregating at source
- 72% less printing on Paper Free Day: 8 out of the box initiatives were identified & are in process of implementation

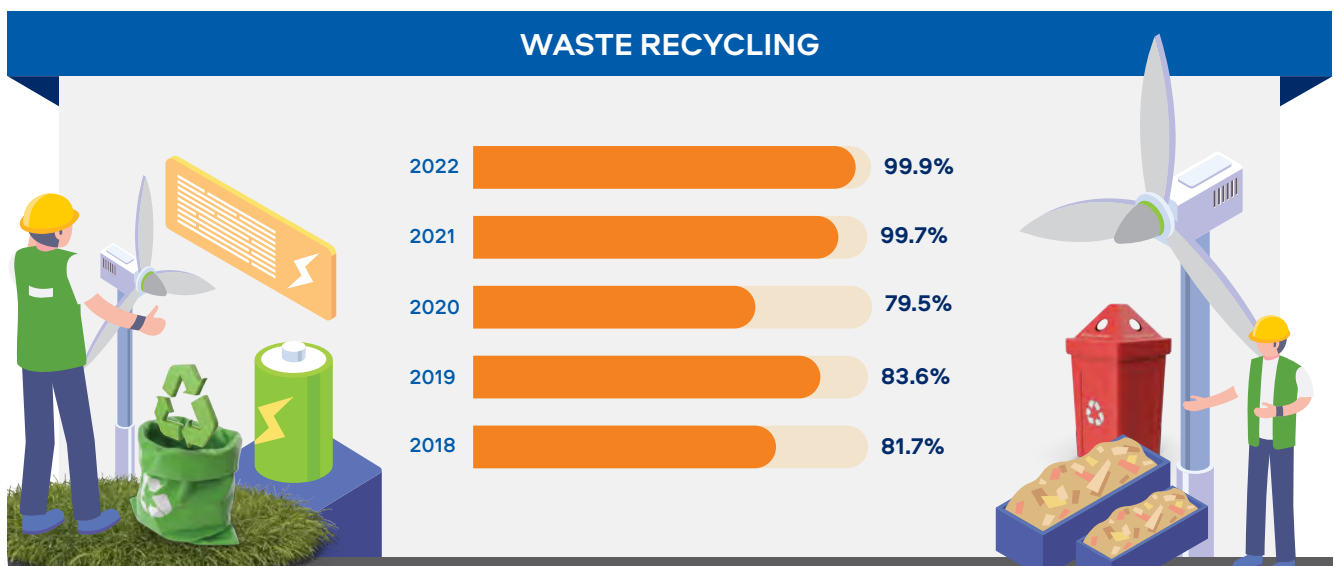
### ZERO WASTE-TO-LANDFILL

To eliminate soil and groundwater contamination, BATB recycles over 99% of its waste and ensures zero waste-to-landfill. In Dhaka Factory and GLTP, vermicomposting units have been installed to convert organic waste into fertilizer.

Also, the Company is aggressively working to moderate the usage of unneeded single-use plastic that is non-biodegradable and has a hazardous impact on the environment. The first ever OPM (Project Terra) was held across the organization to address the need for a cultural shift around plastic use. This was completed as part of an enterprise-wide effort to eliminate wasteful single-use plastic. The year 2022 continued to see the shift adopted in the prior year in the replacement of plastic water bottles with glass bottles and single-use silverware with paper silverware. In addition, plastic decorations were replaced by eco-friendly and natural resources.

The following efforts are helping drive waste management across BATB's operations:

- Strong tobacco waste management DMS in both manufacturing and GLTP
- Wrapping material waste management is catching pace
- Global TW DMS and Regional WM waste DMS owners are from Bangladesh, enabling faster access to global best practices
- Drove for the reduction of plastic waste starting from Q2 2021
- Ensured proper segregation at source, storing in designated locations, and proper recycling



## BAT BANGLADESH

As part of our emphasis on reusing waste to not only extend its usable life, but also to prevent the destruction of the environment by haphazard landfilling, we have adopted the following major recycling initiatives:

- Metallic waste is despatched to local foundry shops for recycling into useful metallic gears and other components
- Filter tow waste changeovers are used in bed mattress
- General paper waste is utilized for pulping for onward reuse
- Wooden scraps are converted into wooden blocks
- Tow boards changeover to CBC (corrugated box carton) ensure multipurpose reuse
- Plastic ties changeover to mats, holders and shades
- Kitchen waste are used for composting into fertilizers

### FUTURE ROADMAP

In the year 2023, we will continue to identify high energy usage areas across our operations and execute energy efficiency projects to drive sustainable energy optimisation. In line with this, we have already achieved progress through the installation of energy-efficient motors across our locations, while modernisation of compressors were carried out as well to ensure energy efficiency.

We also expect to continue to make progress in conversion to LED lighting solutions while continuing to identify opportunities that enable us to maximise the use of daylight to circumvent the use of electric power. Meanwhile, the daily monitoring of our energy consumption that will be accelerated during the current year has also enabled us to identify and capitalise on energy efficiency improvement opportunities through better tracking, course correction and implementation.

Furthermore, investments in more efficient technology and process improvements implemented as part of our IWS 1 journey have enabled us to continue to drive waste reduction across our operations. Special focus was placed on reducing tobacco waste, which has exhibited a consistent reduction over the years.

Going forward, we will continue to positively influence our Natural Capital through the initiatives described above as well as by ensuring closer alignment to our ESG and SDG agendas to reach our goals faster and in a more secure manner.





# INTELLECTUAL CAPITAL



**Mr. Saif Zahur Al Islam**  
Sr. Manager - DBS Services



*Devoted to process and product innovation to continue catering to adult consumers' preferred choices, while also enhancing technological sustainability.*

## BATB'S INTELLECTUAL CAPITAL AT A QUICK GLANCE



**SDG GOALS SERVED**



**TOP HIGHLIGHT  
2022**

With the formation of our Digital Business Solutions (DBS) team, we have made considerable strides in shifting the mindset to accept digital strategy and boost capabilities in accomplishing business transformation by training and tooling a substantial number of our personnel in automation. DBS has achieved strong results in enabling our teams to reimagine their work practices through self-developed digital solutions. We are truly aiming to create a workplace that stimulates digital adoption among workers for revolutionizing business operations and, as a consequence, ease the transition to change.

**PROGRESS  
ACHIEVED**

**Progress achieved, 2022**

- Establishment of a dedicated and well-equipped Digital Business Solutions wing
- Implementation of robotic process tools to automate standard manual processes
- Providing integrated and cutting-edge digital tools to our people for stimulating innovation in the workplace
- Finding solutions harnessing technology in the realm of better environmental and operational management

**EMBEDDING DIGITAL INTO THE CORE OF OUR ENTERPRISE**

In an increasingly digitized and networked world, the last decade has witnessed a proliferation of technologies that are altering the way businesses operate.

As a Company built to last, BATB is covering new ground in its crop-to-consumer model by adopting digital transformation to implement sustainable business practices. New digital transformation initiatives have been implemented to improve our approach to stakeholder interactions, augment our capabilities on the Human Capital side, expand our capacity for innovation, implement swift and sure-footed initiatives to cater to compelling business needs, build on our reputation, and co-forge strategic partnerships that bring complementary capabilities to the table.

We have invested a lot of time and effort over the years creating the groundwork that will allow us to speed up the process of modernizing our technology in order to meet the long-term requirements of the Company. Furthermore, as we restructure and streamline our business, we recognize that winning the trust of our stakeholders and society as a whole is and will continue to be a critical imperative. To accelerate credibility in contributing to the sustainable development agenda, we are harnessing our resources to develop our portfolio, meet the varied choices of our adult consumers, and focus on our net-zero carbon emission targets in line with our stated ambitions. We believe that for all this to happen, a continuous focus on the enrichment of our Intellectual Capital is vital, necessary and eventually, an undeniable imperative.

The need for digitally savvy talent has become increasingly crucial to facilitate the Company’s aspirations, goals and objectives as well as to remain competitive on the digital tech front. In this context, we have been diversifying our recruitment and training programmes to build our own home-grown pipeline of digitally-skilled experts. This is best exemplified in the fact that our online learning portal/platform under “The Grid” registered a significant increase in learning hours from 3,548 hours in 2021 to 5,282 hours in 2022.

Further, the thrust on learning and development at the Company is also evident in the fact that managerial training sessions spanned 5,451 hours in 2022, and hours invested in shopfloor training comprised 55,813 hours during the year under review. These programs have a direct correlation with the skills and competencies of our people and thus contribute to rejuvenating and refreshing our Intellectual Capital.

We expect to strongly embed a culture of learning and training across the organization in the current year (2023) and also well into the future.

**KEY MILESTONES IN OUR DIGITAL TRANSFORMATION JOURNEY**

With the establishment of our Digital Business Solutions group, we have accomplished considerable outcomes in enabling the organisation to adopt a digital mindset while also advancing our agenda in fostering digital capabilities and achieving increased levels of automation across the business. We believe upskilling and retooling are important levers in our digital transformation journey and are continuing to focus on these with an accelerated impetus.

As an integrated function, DBS has significant opportunity and scope to sustain transformation, particularly in the realm of commercial value accretion, consumer experience, digital growth and proactive business solutions. The wing implemented 80+ digital solutions, saved substantial manhours by shifting standard manual processes towards automation, simplified conventional legacy processes, and facilitated the management in adopting a futuristic view on growth.

As a key part of our Intellectual Capital and technology focus, we engage in continuous training for the safe and secure use of our technologies. In addition, our digital strategies have enhanced employee satisfaction, reduced error margins, shortened lead times, improved output quality, and accelerated future-fit readiness in numerous areas.

Going forward, as we expand the frontiers of our digital prowess, we believe safeguarding information and confidential data from security breaches and maintaining operational continuity will be prioritised pillars of our IT governance strategy.



## DIGITAL INCLUSION, PEOPLE EMPOWERMENT

To fuel the digital transformation agenda, DBS is establishing the groundwork for assuring change that creates positive outcomes as well as supports long-term value creation.

In this regard, sharing stories of transformation and change helps our workers, especially those on the shopfloor, to understand the business pathway, and why change is important, and learn about best practices in change. For example, we are deploying robotic process automation (RPA) solutions that automate regular, low-level processes to free up time for higher-value jobs and enhance the output of our teams. This was achievable only due to our business solution approach and the successful incorporation of relevant technology.

Today, we strive for operational excellence and aspire to consolidate our presence in our existing markets and create inroads into new markets. We can more clearly plan the initiatives we need to take and how they could fit into the wider picture, thanks to our rigorous analytical frameworks. Furthermore, we deploy comprehensive impact evaluation initiatives to examine the broader spectrum of technology that could generate commercial value in the future.

## DBS AS A TRANSFORMATION ENGINE

The following five pillars serve as the foundation for the DBS team's overall approach:

- **Connected customers:** Integrated tools for a better consumer experience
- **Customer Excellence:** Trade platform enhancement and modernization for improved decision-making to support the fit-for-growth journey
- **Fit-for-purpose enterprise:** Simplification and automation for achieving higher efficiency
- **Digital DNA:** Drive digitalization for a sustainable tomorrow
- **Efficient, stable and secure business solutions:** Ensuring the smooth running of the core in a secure and compliant manner

As a result of our continued efforts in modernization and digitalization, the Company was able to save around 1.79 metric tons of CO<sub>2</sub> by lowering paper consumption and establishing a strict control compliance environment through process automation. Thus, we are truly building "A Better Tomorrow" via progressive transformation from the ground up and via the constant pursuit of scientific management techniques and principles.

Our transformation agenda is reflected in other initiatives too. For instance, we shifted from need-based IT support to co-creating solutions that have held transformed the workings of specific corporate divisions. This apart, we constantly upgrade our platforms to ensure:

- Stable and continuous day-to-day operations
- Real-time business intelligence deployment for more accurate data-driven decision-making
- On-demand prescriptive analytics for ensuring better outcomes in our volume-value maximization journey
- Better mapping of our endeavours in elevating our customer and consumer experiences

- Achieving distribution excellence

We are thus supporting the journey to build "A Better Tomorrow" by addressing the vital needs of our business, such as exploring multi-category avenues and RTM expansion by finding automation opportunities to simplify processes via new digital tools and emerging technologies.

Furthermore, we are upgrading our production platforms to create a cutting-edge factory of the future. We ensure complete operational visibility through our SCADA systems embedded in all of our equipment, enabling us to remotely monitor and manage them while also leveraging predictive maintenance-based AI technologies. Besides, our track and trace system in the supply chain allows any user to trace the location and status of any goods right from the manufacturing floor to the customer using a single scan system.

With environmental preservation and ecological considerations at the heart of our business operations, we focus on meeting our goals through many initiatives including the deployment of smart meters to monitor power use across all our units on a single internet platform and using AI to monitor and optimize output of our manufacturing chillers depending on real-time demand. Furthermore, the whole factory floor is linked to a computerized temperature and humidity monitoring system, allowing us to assure product quality while reducing energy use. Our shopfloor staff management system has been completely digitalized too, resulting in enhanced process efficiency, error-free payroll and full transparency.

We conduct design thinking activities with business process owners to learn about their desired method of working, lock them into achievable elements, and assess long-term viability before adopting something new. This, in general, harnesses collective intelligence to improve corporate procedures and enables calculated risk-taking. Digitalization, in addition to fostering good governance, also encourages a culture of openness and accountability.

At BATB, we have a reverse mentorship program that connects senior executives to younger individuals who are knowledgeable and savvy about future trends, digital competence and other topics. This inter-generational learning encourages the development of our Intellectual and Human capital, which is an important part of our sustainable growth journey.

## CO-CREATING "A BETTER TOMORROW" IN 2023

We have always believed that we must foresee possibilities and manage future obstacles head-on. Finding possibilities to provide value is a critical driver of our expansion strategy. Our tools, platforms and systems, in conjunction with continuous data enrichment and consolidation initiatives supported by a strong governance practice, have together paved the way for long-term commercial success.

Thus, at BATB, we are truly investing in the future and one of the most visible examples is our focus on exploring further datafication opportunities, in which key metrics of our everyday business are translated into a structured data format to enable us to assess and identify further opportunities in operational efficiency and business enhancement.



# SOCIAL CAPITAL



**Mr. Arafat Jaigirdar**  
Senior Manager - External Relations



*Nurturing a multi-stakeholder approach that is anchored on creating and injecting sustainable benefit for all our stakeholders, especially community members.*

## BATB'S SOCIAL & RELATIONSHIP CAPITAL AT A QUICK GLANCE



SDG GOALS SERVED

**3** GOOD HEALTH AND WELL-BEING

**5** GENDER EQUALITY

**8** DECENT WORK AND ECONOMIC GROWTH

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

**10** REDUCED INEQUALITIES

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



**FOCUSED ON  
STAKEHOLDER VALUE**

**PROGRESS  
ACHIEVED, 2022**

At BAT Bangladesh, with 112 years of sustained business operations, Social & Relationship Capital is an integral part of our existence. This capital is associated with our deep-rooted promise to serve the nation’s pressing causes, the surrounding 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 endeavor to conduct our business mindfully, we consciously take charge of our social accountability and respect the law where we operate and regard human dignity and rights with utmost sincerity.

- Ensured zero harm on the shopfloor
- Focused on maintaining a COVID and ailment-free environment with an acute emphasis on promoting good health, holistic wellbeing and happiness
- Continued to regard human rights and dignity with the full attention that it deserves

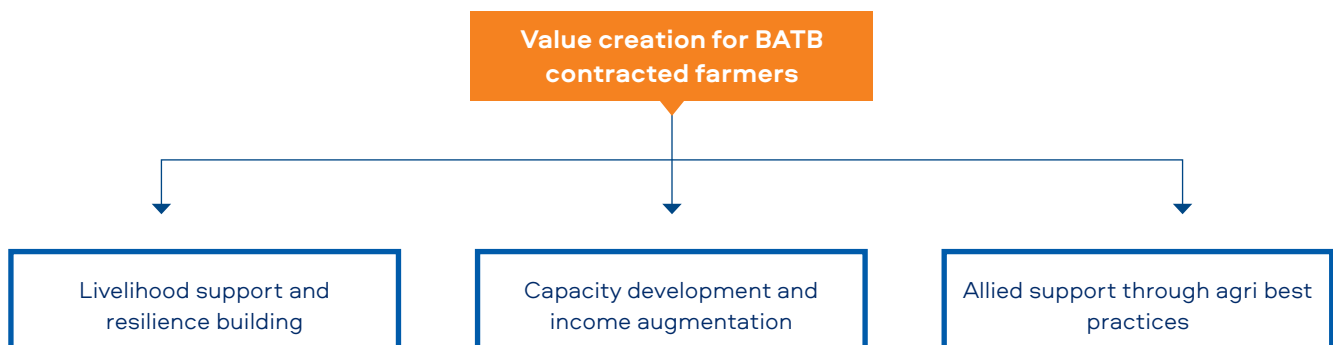
**OVERVIEW**

At BAT Bangladesh, we are devoted to the cause of driving socio-economic transformation and empowerment in rural grassroot communities through multifarious community engagement and development initiatives. This includes providing agricultural knowledge that enhances the income-generation potential of farmers, and access to infrastructure and capacity-building services to our farmer network and the wider village communities.

An important factor of our stakeholder ecosystem is our contracted farmers. We are committed to ensuring sustainable livelihood for them, ensuring steady income. They are engaged in the tobacco cultivation value chain and

we remain committed to ensuring the long-term welfare of these farmer communities. For instance, our Leaf team that is closely connected to our contracted farmers work closely with them to support in resilience-building and capacity development by providing necessary agricultural inputs and important technical knowhow that builds long-term sustainable livelihoods for our contracted farmer communities and their families.

We also strive to provide financial security by ensuring guaranteed buy-back in the most ethical and transparent way. Furthermore, we also engage with them to identify opportunities in allied cultivation and even farm waste recycling and reuse to help them diversify their income as well as save cost.



**UPHOLDING HUMAN RIGHTS**

BATB is fully cognisant and aligned to implement BAT’s stringent policies, procedures and processes to ensure zero tolerance against any human rights violations. Accordingly, BAT’s Standards of Business Conduct (SoBC),

a comprehensive reference articulating organisational guidance towards everyday conduct and decision-making, is aligned to the UN Guiding Principles on Business and Human Rights and the ILO’s Declaration on Fundamental Principles and Rights at Work.

## BAT BANGLADESH

Furthermore, BAT Supplier Code of Conduct also complements the SoBC by determining and expressing the minimum standards we expect our suppliers to adhere to and includes several conditions pertaining to human rights, including child and forced labour.

At BATB, our robust and well-articulated procedures and policies and a deep-rooted culture that respects and values the rights of all employees, business partners and the wider community helps support alignment to the SoBC.

Upholding human rights is not limited to our suppliers but extends well across the value chain. For instance, our Leaf operations are required to adhere to the requirements of the STP, which is an industry-wide best practice standard enveloping a range of areas such as human rights, environmental preservation and occupational health and safety. Furthermore, red flags for risks relating to prohibited practices are immediately reported and prompt corrective action is taken to remedy the situation.

### SAFETY – PURSUING A ZERO-HARM STRATEGY

The loss of one life is one too many. We want to ensure that all our employees and service providers return to their loved ones safely every day.

#### What we have done:

- Leveraged our environment, health and safety program, focusing on pre-task risk assessment, lifesaving rules, critical controls, and diligently adhering to the management of change protocols
- Created an aware work environment in which risk and potential outcomes are well-understood, underpinned by committed leadership
- Implemented and refined critical risk controls for logistics processes

#### What we continue to do:

- Emphasizing the importance of the first level of assurance and confirming that verification systems operate as designed
- Fostering a culture that encourages reporting, feedback and lessons learned on all incidents
- Humanizing safety as a leadership imperative
- Effectively implementing, monitoring and evaluating controls, including maintaining operational discipline

### EMPLOYEES AND ORGANISED LABOUR WELFARE

We seek to offer a safe working environment and reduce the threat of the virus spreading in our offices and facilities by implementing a variety of precautions.

We have many COVID-19 risk evaluations for the workplace. They are executed in accordance with the established hierarchy of controls, rules and procedures based on applicable legislation. When a positive case is detected, we implement “contact tracing” across all operations using enabling technologies. This facilitates an efficient and rapid response to infectious diseases.

Our workers, who may be more risk-prone, are supported by special measures. We share with them up-to-date information on our plans and control methods.

Through the employee volunteering program at BAT Bangladesh, we assure that workers participate in well-being initiatives, such as intra- and inter-Company cricket and football matches, leisure activities, and celebration of special occasions. Our Ethos, which enables us to rise as one, is the motivation to develop careers with honesty and a focus on the future.

### COMMUNITIES AND SOCIETIES

Our approach to community development is predicated on the recognition that our impact extends beyond the workplace and that our long-term sustainability is tied to that of our communities. As a result, our approach to community development is underpinned by our Care philosophy, which entails using resources appropriately in responding to community needs, identifying key partnership opportunities, and streamlining our efforts to achieve measurable and sustainable impact.

We understand our responsibility to assist individuals in need throughout our operational regions and fence-line communities, particularly in areas with considerable socio-economic gaps. This pertains specifically to rural regions. BAT Bangladesh has proved, via integrated COVID-19 response actions, that our contributions are effective in stemming the tide of COVID-19 by supporting national and local plans to counteract the pandemic's effects.

### OUR APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRINCIPLES

Aligned with the expectations of our stakeholders, ESG concerns remained a top priority for the Board and the Leadership Team, as evidenced by the approval of BATB's new mission, “Creating A Better Tomorrow”, and the formulation of a new strategy. We continued to establish ESG performance benchmarks, remaining fully dedicated to taking initiatives to enhance our ESG performance, with a particular emphasis on:

- Regular engagement with key stakeholders
- Tracking delivery on stakeholder commitments
- Reputation management programme
- Social investment programmes
- Customer and supplier relationship management

### DEI, SKILLS AND SOCIAL DEVELOPMENT

Managing our direct and indirect consequences is a core tenet of our approach to mitigating risk to the society, posed by our operations. We accomplish this by establishing a comprehensive stakeholder engagement approach that responds to community needs, generating possibilities for employment, local vendor development, local purchase of products and services, and directing concrete community development benefits.

### CREATING AN IMPACT

Our approach to Corporate Social Responsibility (CSR) is centered on the basic tenet that education leads to





empowerment. In its various forms, awareness empowers and motivates us to make better choices. At the Company, we seek opportunities to contribute to the well-being of the communities around which we operate with honesty and compassion. Whether it's public health, environmental sustainability, or the United Nations' Sustainable Development Goals, BATB has believed that progress requires collaboration and cooperation between the government, civil society and the private sector, especially embodied by the PPP model or public-private partnerships.

### COMMUNITY BENEFIT PROGRAMS

At BAT Bangladesh, we take a holistic view on community development. Our endeavour is to impact the maximum number of people through our social and societal work. In this regard, we operate three major community development programs comprising Bonayan, Deepto and Probaho.

Bonayan is our flagship CSR initiative that has benefitted countless individuals and households in sustainable agro-forestry and through other means. Further, the program has also helped expand the green cover in Bangladesh, which directly correlates to positive action for the climate.

Currently, Bonayan operates in 22+ districts of Bangladesh, 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 Bonayan projects include afforestation sites at such landmarks as:

- 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



Our second project is Probaho that provides potable drinking water to a large number of families and households. Under Probaho, we have established 117 pure water filtration plants in as many as 22 districts of the country. This community-led initiative has helped solve many ground-level challenges, such as enabled the prevention of water-borne diseases, ensured easy access to a pure source of water for meeting various domestic household requirements for water, and freeing-up time especially of women for other more productive work as they are no longer required to walk miles for water. This has also helped improve their health and safety.

The third program is Deepto that comprises our sustainable electrification initiative under solar energy. Under Deepto, 25 villages in Bandarban, Khagrachari, and Rangamati districts have been covered by a total of 2,591 solar-powered home systems that were installed free of cost. This has not only helped in ensuring better health of households through avoidance of hazardous domestic fuels such as kerosene, but has also ensured round-the-clock occupation, even post sundown with the availability of domestic power through solar. We are in the process of extending this initiative through looking at various use cases of solar installation to support the net energy metering initiative of the government, as well as to popularise a clean, safe, reliable and 24x7 source of power that could have a transformative impact on households, communities and the society.

In pursuit of the objective of creating a sustainable impact, the Company has a common vision for the institutionalisation of best practices that enable all members of its ecosystem, including stakeholders, retailers, farmers and farm communities to embrace and pursue ecological sensitivity and awareness. Thus, BAT Bangladesh has remained fully engaged in several activities, supporting and contributing to the protection and sustenance of the environment and valuable resources, such as energy, paper and water, among others.

### ECO-FRIENDLY LOGISTICS

BAT Bangladesh has achieved demonstrable environmental sustainability through its emphasis on green logistics, which aims to ensure that our incoming and outgoing transportation adheres to our green and environmentally-friendly distribution principles, thereby optimizing fuel consumption and contributing to the reduction of our carbon footprint. The Company has introduced forward-thinking methods, such as rainwater collection, bio-pest management through neem plantation, prismatic skylight glass installation for optimal daylight consumption, etc., as part of its extensive green efforts.

# FINANCIAL CAPITAL



**Amun Mustafiz**  
Finance Director



*Maintaining strong credit ratings and the Company's capacity to control costs and expenses both significantly enhance our sustainability agenda. Additionally, our effective financial management techniques increase our capacity to build long-term value for our shareholders and allow us to maintain our proud status as Bangladesh's largest corporate taxpayer.*

## OVERVIEW

Bangladesh and other south Asian countries had a considerable comeback in economic activity in the year 2022, driven by improved mobility and the easing of constraints imposed by border control. This rebound was one of the factors that led to economic recovery. Alongside the complete reopening of the economy came a revival of consumer demand, albeit one that was not uniform. On the back of an improving economic climate, British American Tobacco Bangladesh (BATB) was able to generate a satisfactory set of financial results for year 2022, including strong growth in gross revenue when compared to the same time period in the prior year.

This was not an easy accomplishment, considering the rising inflationary pressures, tightening consumption trends, and increasing pricing pressure on the average consumer, amongst other factors. In this situation, our primary focus was on preserving our liquidity and capital strengths so that we could continue to support the expansion of our business and make payments to our many different stakeholders. These stakeholders include the government in the form of tax contributions, employees in the form of salaries and other benefits, shareholders and investors in the form of dividends, farmers and other partners in the form of resource procurement costs, and so on.

We are aware that the road that lies ahead will continue to present obstacles in light of the persistent margin pressure and market volatility caused by the macroeconomic weaknesses. However, we are convinced that our robust operational initiatives and strong financial

position will enable us to handle these obstacles and remain on the path to sustained growth. In spite of the challenges in the near term, we anticipate a gradual economic recovery towards the end of 2023. Despite this, we remain committed to providing support for the government by maintaining our track record as a major contributor to government taxes and, as a result, injecting value into the wider Bangladeshi society.

## FC STATEMENT

The sustenance of sound credit ratings, and the Company's ability to manage its costs and expenses, makes a significant contribution to our sustainability agenda. Furthermore, our robust financial management strategies expand our ability to create sustainable value for our share owners, as well as enable us to retain our proud position as the largest corporate tax-payer in Bangladesh.

## FINANCIAL CAPITAL

At BATB, our financial capital comprises our financial capabilities required to sustain and grow our operations. As an essential part of our financial capital strategies, we embrace long-term thinking and allocate capital optimally to maximize returns.

## FINANCIAL PERFORMANCE:

The financial performance of the Company is measured in terms of various key financial metrics, which includes operating profit, return on capital employed, cash flow generation, gearing and liquidity. Key operating and financial information for the year 2022, along with the preceding four years' information is presented below:



## INCOME STATEMENT

(BDT CRORE)

	2022	2021	2020	2019	2018
Gross Turnover	36,145	33,934	28,108	26,985	23,312
Supplementary Duty, Vat & HDSC	27,722	26,451	22,079	21,303	17,848
Net Turnover	8,423	7,483	6,029	5,682	5,464
Gross Profit	4,423	4,006	2,950	2,685	2,754
Profit before tax	3,499	2,990	2,109	1,740	1,931
Profit after tax	1,787	1,497	1,089	925	1,001

Net turnover increased by 13% in 2022, driven by volume growth, new portfolio and portfolio initiatives to upgrade packing. Even though there has been growth in volume & turnover, BAT Bangladesh has effectively managed to ensure significant control over operating expense over the year resulting in an achievement of 19% higher profit after tax compared to previous year.

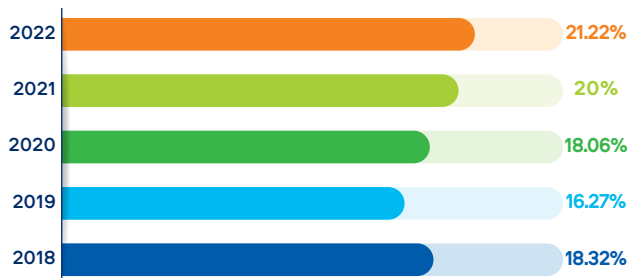
The overall cost of goods sold increased during the year mainly due to higher cost of imports for currency devaluation, higher inflation and increased volume.

However, despite the increase in costs we managed to contain the year-on-year growth to 15% by taking various efficiency measures and cost savings initiatives across a wide array of spectrums.

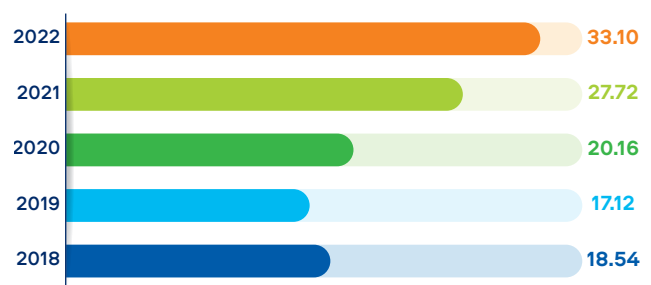
Year on year net finance expenses increased due to short term borrowings availed for working capital, capital expenditure management and increased leased warehouses to support volume growth.

Current tax expense is in line with profit growth & EPS for the full year stands at BDT 33.10.

### Net Profit Ratio



### EPS

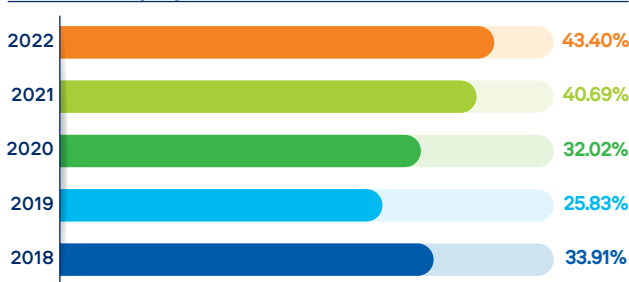


## FINANCIAL POSITION

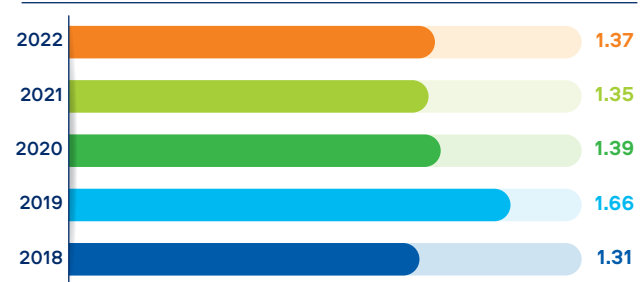
(BDT CRORE)

	2022	2021	2020	2019	2018
Current Asset	4,485	4,409	3,374	2,823	3,006
Current Liability	3,274	3,278	2,419	1,701	2,292
Non-Current Asset	3,858	3,346	3,101	3,120	2,648
Non-Current Liability	951	798	656	662	409
Paid Up Capital	540	540	180	180	60

### Return on Equity



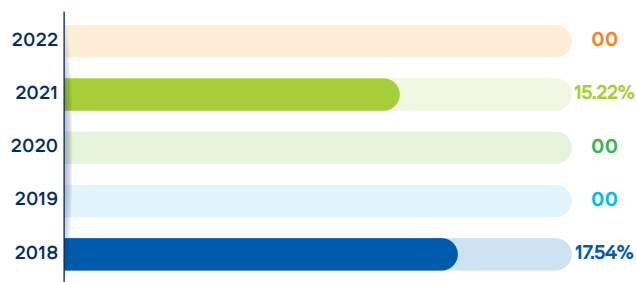
### Current Ratio



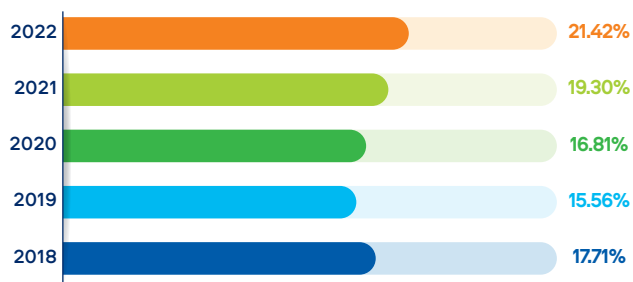


## BAT BANGLADESH

### Debt Equity Ratio



### Return on Asset



## CASH POSITION

(BDT CRORE)

	2022	2021	2020	2019	2018
Cash flow from operating	2,702	795	1502	1559	893
Cash flow from investing	(606)	(530)	(140)	(319)	(688)
Cash flow from financing	(1,765)	(712)	(1314)	(786)	78
Borrowings	0	560	-	-	518

Overall cash position in 2022 increased year on year due higher collection from sales and realization of credit from 2021 year end. Additionally, to support the activation of second factory at Savar higher capital expenditures were made.

### DIVIDEND

The Board of Directors has recommended a cumulative dividend for the year ended 31 December 2022, i.e., BDT 20.00 per share as cash. The dividend is subject to final approval by shareholders at the Company's during the 50th Annual General Meeting on 29th March 2022.

### TAXATION

The effective tax rate decreased from 49.94% in 2020 to 48.93% in 2022. The current tax increase is in line with the increase in profit before tax. Deferred tax has decreased from last year due to deferred tax asset base in 2022 and actuarial valuation movement.

### OUTLOOK AND THE ROAD AHEAD

BATB registered a sound performance in the year 2022, which in turn resulted in a healthy expansion in gross revenue that flowed into the corporate bottom-line. This was accomplished in spite of the several obstacles, such as the strain on consumers' discretionary spending as a result of high levels of inflation. Volume growth was particularly encouraged in practically every product category by making certain that the distribution of products was not disrupted and by conducting targeted reinforcement programs.

In the meantime, we were able to keep our volumes consistent by preserving our market share throughout our brand portfolio, thanks to timely portfolio interventions, particularly those that were carried out in the years prior that yielded benefits during the year in review. Thus, our unrelenting focus on achieving operational efficiencies

were led by various organization-wide projects and initiatives, with teams charged with the responsibility of coming up with imaginative and inventive ways to optimize costs, boost efficiency, and improve productivity.

Carrying out the work done in 2022, we will continue our efforts at BATB in the current year as well, with the goal of serving the interests of all of our stakeholders and, as a result, remaining on the road to sustainable and profitable growth that will create long-term value for all stakeholders involved in our journey.

It is anticipated that there would be a moderation in global economic growth in 2023, given the continuation of inflationary pressures and the tightening of monetary conditions. It is projected that Bangladesh, our home market, will similarly experience tepid development in the year. Within this framework, BATB will maintain its concentration on prospects for business expansion. The firm is committed to preserving its healthy liquidity position in order to support the development of a robust and stable balance sheet. The management of margins will continue to be a top focus area, and BATB will maintain its commitment to strategic investment in order to improve the overall organizational capabilities and propel its plan for increasing profitability and value generation for all stakeholders.

BATB has established itself as a reliable partner to the nation and has a history of strong value creation. Similar was the case in 2022, which was accomplished in spite of the challenges that occurred throughout the year.

The company's financial position is robust, offering a buffer against possible stress that could develop from the operating landscape. The debt-free balance sheet and good liquidity levels contribute to the strength of the Company's financial position, thus placing it well for 2023 and beyond.





42 **Glorious**  
**Years**



**CHANGING LIVES THROUGH**  
**SUSTAINABLE**  
**APPROACHES**

 **120 Million**  
Saplings Distributed

 **Country's Largest**  
Afforestation Programme

 **30,000+**  
People Served

WE ARE COMMITTED FOR ACHIEVING  
**SUSTAINABLE DEVELOPMENT**  
**GOALS**



For More Details **Scan Here:**  
Or **Visit Here:**

 /bonayan1980





# CELEBRATING OUR AWARDS

We are known for the way we conduct business. Achieving awards are not how we measure our performance. We do, however, appreciate that our efforts have been noticed. This is important to us because it affirms our approach and commitment to operating in the best interest for **A Better Tomorrow™**.

Asia Corporate Excellence  
and Sustainability (ACES)  
Award, 2022



ICMAB Gold Award  
Best Corporate  
Award



ICAB National  
Award for Corporate  
Governance





**Highest Taxpayer** LTU Award  
Recognition by the National  
Board of Revenue (NBR)



**Top Employer** Award from  
Top Employers Institute



**ICAB National Awards** for  
Integrated  
Report



**ICAB National Awards** for  
Best Presented  
Annual Report &  
Governance



**Highest Income Taxpayer** Recognition  
by National Board of  
Revenue (NBR)



**SAFA Award** for  
Best Presented  
Annual Report



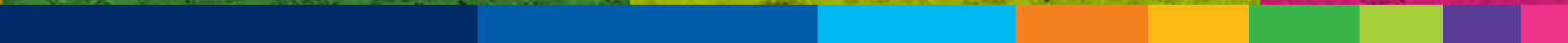
# ONE





# TEAM

## BAT BANGLADESH





# SNAPSHOTS 2022

ACES AWARD CEREMONY: ALL REPRESENTATIVES FROM WINNING COMPANIES POSED FOR A GROUP PHOTO WHILE PROUDLY HOLDING THEIR TROPHIES.



LEADING SELF: MANAGEMENT TRAINING TO EMPOWER OUR EMPLOYEE

BAT BANGLADESH'S GREEN LEAF THRESHING PLANT (GLTP) ACHIEVED ALLIANCE FOR WATER STEWARDSHIP CORE CERTIFICATION IN 2022







BAT BANGLADESH'S DHAKA FACTORY ACHIEVED ALLIANCE FOR WATER STEWARDSHIP CORE CERTIFICATION IN 2022



ESG REPORT LAUNCHING CEREMONY OF BAT BANGLADESH



CHAMPION TEAM OF BATTLE OF MINDS RECEIVING THEIR WINNING TROPHY



WINNING TEAM OF STRIKERS CRICKET LEAGUE POSED FOR GROUP PHOTO



MANAGEMENT TRAINING: ELEVATE HR

REGIONAL STRATEGIC UNIT, IN THE OCCASION OF WORLD ENVIRONMENT DAY DURING THE VISIT OF BAT BANGLADESH







FAMILY DAY CELEBRATION



CELEBRATED WORLD ENVIRONMENT DAY BY PLANT A TREE CHALLENGE AT BAT BANGLADESH HEAD OFFICE



COMPANY WIDE FIRE SECURITY TRAINING AT BAT BANGLADESH



PARTICIPANTS OF STEM CONNECT



BAT BANGLADESH WINS TOP EMPLOYER AGAIN

WINNERS OF V STUDIO







V STUDIO  
CONCERT IN BAT  
BANGLADESH  
PREMISES



CHAMPION  
TEAM OF WE  
RACE AS ONE



FATHERS DAY  
CELEBRATION



# BATB IN MEDIA

B A T B A N G L A D E S H M E D I A H I G H L I G H T 2 0 2 2

**THE BUSINESS STANDARD**  
14 April 2022 11



BAT Bangladesh receives the Alliance for Water Stewardship (AWS) Core certification, for its Dhaka Factory and Green Leaf Threading Plant as the first Company in Bangladesh to receive the prestigious recognition.

## BAT Bangladesh receives AWS Core Certification as country's first

**COMPANY - BANGLADESH**  
**THE REPORT**  
BAT Bangladesh has recently been accredited with the Alliance for Water Stewardship (AWS) Core certification, for its Dhaka Factory and Green Leaf Threading Plant, making it the first Company in Bangladesh to receive the prestigious recognition.  
In accordance with the standards, BAT Bangladesh has taken the necessary measures for responsible water management in both the Dhaka and Green Leaf Threading Plant. The goal was to optimize use of water on site and maximize water recycling facilities, and a paper statement.  
The Company has placed a key focus on water conservation and has implemented water conservation plans to reduce the pressure on groundwater withdrawal by installing the water efficient fixtures in the concerned areas. Moreover, BAT Bangladesh has

## Dhaka Tribune

6 January 2021 11

## BATB receives Green Excellence & ESG Investment Excellence awards

Tribune Desk

BAT Bangladesh earned the distinction of being the first company in the country to receive the Social Caring Pledge (SCP) Awards 2021 in the categories of "Green Excellence" and "ESG Investment Excellence".

The company has received these prestigious awards for its commitment towards environmental, social, and governance (ESG) practices, said a press release.

The Social Enterprise Research Academy (SERA) presents the SCP Awards to those business leaders and organizations that have demonstrated exceptional performance and perseverance in promoting the UN Global Compact's six core principles through their social caring attitudes. Shleelaz Munim, managing director of BATB, said: "In all our actions, we keep



ESG at the front and centre. Such widespread acknowledgment of our work constantly motivates us to collaborate with communities and stakeholders to build a better tomorrow."

BAT Bangladesh has been in operation for 110 years, and the company has taken several initiatives to educate its farming community about environment

safe drinking water free of arsenic and other impurities to over 270,000 beneficiaries from rural communities is also part of the Company's ESG initiative portfolio and so is a renewable energy project that provides solar electricity to the households of over 15,000 people in off-grid remote villages in the Chittogram hill tracts.

The Company's ambitious vision for minimizing its operational impact on the environment includes the elimination of unnecessary single-use plastic from its operational sites, zero waste to landfill initiatives, water recycling, and a drive towards achieving carbon neutrality.

BAT Bangladesh is confident in its continuous commitment to ESG, which will aid in the creation of a safe and productive environment for communities, which is imperative to build a better tomorrow.

## বিজনেস বাংলাদেশ

২ এপ্রিল ২০২২



## বিএটি বাংলাদেশের ৪৯তম ভার্সুয়াল বার্ষিক সাধারণ সভা অনুষ্ঠিত

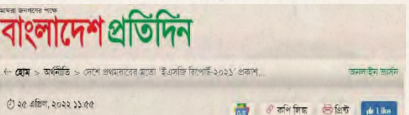
**নিজস্ব প্রতিবেদক**  
ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেড (বিএটি বাংলাদেশ) এর ৪৯তম বার্ষিক সাধারণ সভা (এজিএম) অনুষ্ঠিত হয়। দেশ ও বিদেশের বিভিন্ন অঞ্চল থেকে উদ্বোধনোপ্য সংখ্যক শেয়ারহোল্ডারদের উপস্থিতিতে মঙ্গলবার এক ভার্সুয়াল প্রাটিকর্মের মাধ্যমে এজিএম অনুষ্ঠিত হয়।  
বিএটি বাংলাদেশের চেয়ারম্যান জনাব গোলাম মইন উদ্দীন উক্ত অনুষ্ঠানে সভাপতি হিসেবে দায়িত্ব পালন করেন।  
বার্ষিক সাধারণ সভায় শেয়ারহোল্ডাররা সর্বসম্মতিক্রমে পাঁচটি গুরুত্বপূর্ণ সিদ্ধান্তে একমত পোষণ করেন। যেমন: ২০২১ সালের আর্থিক বিবরণীর অনুমোদন, পরিচালনা পর্ষদের নির্বাচন, শেয়ার প্রতি সর্বমোট ২৭.৫% নগদ লভ্যাংশ (১২.৫% অর্ধবর্ষিকালীন লভ্যাংশ) অনুমোদন, সংবিধিবদ্ধ নিরীক্ষক নিয়োগ এবং কর্পোরেট গভর্ন্যান্স অডিটরদের নিয়োগ।  
২০২১ সালে কোম্পানিটি মূল্য সংযোজন কর বা ডাট, সম্পূর্ণ গুচ্ছ এবং অন্যান্য কর হিসাবে জাতীয় কোষাগারে ২৯.০৮৬ কোটি টাকা রাজস্ব প্রদান করে, যা বিএটি বাংলাদেশকে দেশের সর্বোচ্চ করদাতার সম্মাননা প্রদান করেছে।  
অধিকন্তু, কোম্পানির নারীর ক্ষমতায়ন, টেকসই কৃষি উন্নয়ন ছাড়াও নানাবিধ প্রকল্প জাতিসংঘের টেকসই উন্নয়ন লক্ষ্যমাত্রা (এসডিজি) অর্জনে সহায়তার মাধ্যমে একটি সন্ত্রাসবিরোধী বাংলাদেশ তৈরিতে অবদান রাখছে।  
উক্ত সভায় অন্যান্যদের মধ্যে জনাব কে এম আলী আজম, অদিবাহী পরিচালক, জনাব এম, তোফাজ্জল হোসেন মিয়া, অ-নির্বাহী

## বিজনেস বাংলাদেশ

৯ জানুয়ারি ২০২২

## বিএটি বাংলাদেশের 'গ্রিন এক্সসিলেন্স' ও 'ইএসজি ইনভেস্টমেন্ট' এক্সসিলেন্স সম্মাননা অর্জন

দেশের প্রথম কোম্পানি হিসেবে গ্রিন এক্সসিলেন্স ও ইএসজি ইনভেস্টমেন্ট এক্সসিলেন্স ক্যাটাগরিতে সোশ্যাল কমিটিং (এসসিপি) পদক অর্জন করেছে বিএটি বাংলাদেশ। ইনভেস্টমেন্টাল, সোশ্যাল ও গভর্ন্যান্স (ইএসজি) চর্চায় অনন্য অবদান রাখায় কোম্পানিটি মর্যাদাপূর্ণ এই পুরস্কার লাভ করে।  
সোশ্যাল এন্টারপ্রাইজ রিসার্চ একাডেমি এমন সব বাবাসায়িক নেতা এবং সংস্থাগুলিকে এসসিপি সম্মাননা প্রদান করে যারা তাদের সামাজিক যত্নশীল মনোভাবের মাধ্যমে জাতিসংঘের গ্লোবাল কমপ্যাক্টের ইয়টি মূল নীতির প্রচারে কার্যকরী উদ্যোগ সৃষ্টি করেছে।  
এক বিবৃতিতে বিএটি বাংলাদেশের ম্যানেজিং ডিরেক্টর শেহজাদ মুনিম বলেন, "একইসাথে দুইটি ক্যাটাগরিতে এ বছর এসসিপি অ্যাওয়ার্ড জয়ী হতে পেরে ভালো লাগছে। আমাদের সকল কর্মকাণ্ডে ইএসজি বরাবরই অন্যতম প্রাধান্য। কাজের সৌকর্য হিসেবে এ বছরের বড় অ্যাওয়ার্ড সবাইকে সাথে নিয়ে এক সন্ত্রাসবিরোধী আগামী নির্মাণে আমাদের উৎসাহ যোগাবে। এ অঞ্চলে ১১০ বছর ধরে বাবসা পরিচালনা করা



## দেশে প্রথমবারের মতো 'ইএসজি রিপোর্ট-২০২১' প্রকাশ



প্রথমবারের মতো ইএসজি (এনভায়রনমেন্টাল, সোশ্যাল ও গভর্ন্যান্স) প্রতিবেদন-২০২১ প্রকাশ করেছে বিএটি বাংলাদেশ। এ উপলক্ষে সম্মতি রাজধানীর হোটেল সেনাপতিগঞ্জে একটি অনুষ্ঠানের আয়োজন করা হয়। এতে সরকারি ও বেসরকারি খাতের গণমান্য অধিবর্তা উপস্থিত ছিলেন। এই আয়োজনের মধ্য দিয়ে বাংলাদেশে ইএসজি রিপোর্ট প্রকাশের অন্যতম পথিকৃৎ বিএটি বাংলাদেশ দেশের প্রথম কোম্পানি হিসেবে ইএসজি রিপোর্ট প্রকাশের সৌভাগ্য অর্জন করে।  
বাবসায়ে টেকসই উন্নয়নের দিকে পরিচালনার মাধ্যমে একটি সন্ত্রাসবিরোধী আগামী নির্মাণে বিএটি বাংলাদেশের লক্ষ্য। কোম্পানিটি দেশের টেকসই উন্নয়ন লক্ষ্যমাত্রা (এসডিজি) অর্জনে সরকারের উন্নয়ন অর্থদানের হিসেবে কাজ করে আসছে।  
এই প্রতিবেদনে কর্তৃক নিবেদিত গ্রহণ, বর্জ্য পুনর্ব্যবহার, পানি পুনর্ব্যবহার, নবায়নযোগ্য শক্তি-সম্পর্কিত ব্যবহার এবং অর্থ ও অনেক কিছুই সমন্বয়ে বিএটি বাংলাদেশের ইএসজি লক্ষ্যমাত্রা অর্ধকৃত হয়েছে।  
কোম্পানিটি ১১১ বছর ধরে সম্বলতার সাথে বাবসা পরিচালনা করে আসছে। এছাড়াও কোম্পানির বিভিন্ন খাবার পনির প্রকল্প বা দেশব্যাপী ১১১টি পনির বিতরণকার প্রকল্পের মাধ্যমে প্রতিদিন ২ লাখ ৩৩ হাজার গ্রামীণ মানুষের খাবার পনির চাহিদা পূরণ করছে।  
ইএসজি রিপোর্ট প্রকাশ দিয়ে বিএটি বাংলাদেশের ব্যবস্থাপনা পরিচালক শেহজাদ মুনিম বলেন, "ইএসজি রিপোর্ট প্রকাশ করার মাধ্যমে আমাদের অগ্রগতি তুলে ধরতে সেরে আমরা আনন্দিত। উন্নয়নে সরকারের সঙ্গে হাতে হাত মিলিয়ে বিভিন্ন কর্মসূচির মাধ্যমে এসডিজি'র ১১টি লক্ষ্যমাত্রা অর্জনে সহায়তা করছে বিএটি বাংলাদেশ। এই ইএসজি প্রতিবেদনটি এক সন্ত্রাসবিরোধী আগামী নির্মাণে বিএটি বাংলাদেশ-এর নিবেদন প্রকৃষ্টি ও সামাজিক দায়বদ্ধতার অন্যতম সূচক।"





**পেয়ারবাজার নিউজ.কম**  
 ১৯ ডিসেম্বর, ১৪ ডিসেম্বর ২০২২, ০৯:৩৫, ১৪২১ বার, ১২৪ মন্তব্য, ১৪৪৪ বিটি

সাফা অ্যাওয়ার্ড পেয়েছে বিএটি বাংলাদেশ

পেয়ারবাজার ডেস্ক: সাবেক এশিয়ান ফেডারেশন অব অ্যাকাউন্ট্যান্টস (সোফা) অ্যাওয়ার্ড-২০২০ এ সেরা বার্ষিক প্রতিবেদন বিভাগে অবারও পুরস্কৃত হয়ে বিএটি বাংলাদেশ। ম্যানুস্ক্রিপ্টের স্বাধীনভাবে সমন্বিত প্রথম স্থান অর্জনের কারণে বিএটি বাংলাদেশকে এ সম্মাননা প্রদান করা হয়েছে।

মুদ্রার (৯ ফেব্রুয়ারি) ইন্টারনেট অফ চার্টার্ড অ্যাকাউন্ট্যান্টস অফ শ্রীলঙ্কার অয়োজনে আইসিএফআইসি'র তরফে প্রথম বার্ষিকের এক অন্তর্ভুক্ত অনুষ্ঠানের আয়োজন করা হয়। এ সময় বিএটি বাংলাদেশের সিনিয়র সিকিউরিটি ম্যানেজার মোহাম্মদ আব্দুর রাজ্জাক এবং বিএটি বাংলাদেশের সিনিয়র কর্পোরেট ফাইন্যান্স ম্যানেজার শাহজাদ জামালের হাতে সম্মাননা স্বাক্ষর তুলে দেন আইসিএফআইসি'র সভাপতি মো. শাহসান হোসেন।

**Jago news24.com**  
 জাগো নিউজ ২৪

সাফা অ্যাওয়ার্ড পেয়েছে বিএটি বাংলাদেশ

১৯ ডিসেম্বর, ১৪ ডিসেম্বর ২০২২

সাবেক এশিয়ান ফেডারেশন অব অ্যাকাউন্ট্যান্টস (সোফা) অ্যাওয়ার্ড-২০২০ এ সেরা বার্ষিক প্রতিবেদন বিভাগে অবারও পুরস্কৃত হয়ে বিএটি বাংলাদেশ। ম্যানুস্ক্রিপ্টের স্বাধীনভাবে সমন্বিত প্রথম স্থান অর্জনের কারণে বিএটি বাংলাদেশকে এ সম্মাননা দেওয়া হয়েছে।

মুদ্রার (৯ ফেব্রুয়ারি) ইন্টারনেট অফ চার্টার্ড অ্যাকাউন্ট্যান্টস অফ শ্রীলঙ্কার অয়োজনে আইসিএফআইসি'র তরফে প্রথম বার্ষিকের এক অন্তর্ভুক্ত অনুষ্ঠানের আয়োজন করা হয়। এ সময় বিএটি বাংলাদেশের সিনিয়র সিকিউরিটি ম্যানেজার মোহাম্মদ আব্দুর রাজ্জাক এবং বিএটি বাংলাদেশের সিনিয়র কর্পোরেট ফাইন্যান্স ম্যানেজার শাহজাদ জামালের হাতে সম্মাননা স্বাক্ষর তুলে দেন আইসিএফআইসি'র সভাপতি মো. শাহসান হোসেন।

**The Business Post**  
 ONLINE EDITION

**Bonayan pledges to distribute 5m saplings to protect 'Only One Earth'**

Staff Correspondent  
 08 Jun 2022 16:40:54 | Updated: 06 Jun 2022 16:45:40

Private sector-driven afforestation program Bonayan has kicked off saplings distribution across the country on the occasion of World Environment Day.

This year World Environment Day 2022 is being celebrated under the theme "Only One Earth", and on the occasion, the Government of Bangladesh inaugurated the National Tree Plantation Campaign. In alignment with this vision, Bonayan initiated the distribution of 5 million saplings across the nation, read a press release on Monday.

To conduct this afforestation drive, the project has successfully raised 5 million saplings in over 20 nurseries across the country.

Bonayan started its afforestation journey in 1980 responding to the call of promoting mass plantation by the Bangladesh Government and embarks on its 42nd-year journey in 2022. The program has so far distributed 115 million fruit, forestry, and medicinal saplings free of cost and also established 119 bio-diversity centers.

Currently, Bonayan is operating its project in more than 18 districts across the country, including Dhaka, Mymensingh, Manikganj, Tangail, Bangur, Rajshahi, Lalmonirhat, Sitore, Kishida, Jessore, Meherpur, Indore, Chittagong, Bandarban, Khagrachari, Cox's Bazar, Rangamati and Nosthali (Bhasanchar), the release added.

In line with its strong pledge to restore the ecosystem and ensure a Greener Bangladesh, Bonayan is proudly collaborating with numerous government and private organizations such as Refugee Relief and Repatriation Commissioner-RRRC, Rajshahi City Corporation, Border Guard Bangladesh-BGB, Bangladesh Agricultural University, and many more.

**IBA wins Battle of Minds 2022**



**Tribune Desk**

Battle of Minds has successfully completed its 19th edition of the most highly anticipated tal-

four other teams that made their way to the finale. Also, the team called Stranger Teams (Faiyaz Labib, Nafis Kazi and Shafkat Tameem Ahmad) from

the global platform, to further compete with 26 participating countries. The global winning team will receive a seed funding of up to kick start their entrepreneurial ventures. The finale was graced by KM Khalid, state minister of Cultural Affairs, 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. BAT Bangladesh Chairman Golam Moyn Uddin, Managing Director Shehzad Munim, Head of Human Resource Department Saad Jashim and other top officials of the organization also were present at the occasion.

**দৈনিক জনকণ্ঠ**  
 The Daily Janakantha

14-Dec-22 Page:14 Size:12 col\*inch  
 Tonality: Positive, Circulation: 290200

**আজীবন সম্মাননায় ভূষিত বিএটি বাংলাদেশের চেয়ারম্যান**

পরিবেশ সংরক্ষণে অসামান্য অবদানের জন্য বালিপাড়া ফাউন্ডেশন কর্তৃক বিএটি বাংলাদেশের চেয়ারম্যান গোলাম মুইন উদ্দীনকে 'বাংলাদেশ লাইফটাইম অ্যাচিভমেন্ট অ্যাওয়ার্ড' দেওয়া হয়েছে। সম্প্রতি রাজধানীর ইন্ডিপেন্ডেন্ট ইউনিভার্সিটি বাংলাদেশের (আইইউবি) প্রধান মিলনায়তনে অনুষ্ঠিত 'দশম বালিপাড়া ফাউন্ডেশন অ্যাওয়ার্ডস ২০২২'-

**dailyobserver**  
 30-Dec-22 Page:15 Size:20 col\*inch  
 Tonality: Positive, Circulation: 40550

**BATB keeps topping NBR honours chart**

The National Board of Revenue (NBR) Wednesday honoured British American Tobacco (BAT) Bangladesh with the highest income NBR conferred the award to BAT Bangladesh during an event in Dhaka; Finance Minister: AHM Mustafa Kamal was the chief guest. award again, and as always, we feel proud to have contributed to the development of the country's economy as we sincerely believe journey," Mainuddin said. During the aforementioned fiscal year, BAT Bangladesh contributed approximately Tk28,280





**Bangladesh Post**  
Page-05, Pos-5-6, Date: 02-12-2022

## BAT wins ICMAB Best Corporate Award again

**BP Desk**  
The Institute of Cost and Management Accountants of Bangladesh (ICMAB) has honoured BAT Bangladesh with the ICMAB Best Corporate Award 2021 (Gold) under MNC Manufacturing Category. BAT Bangladesh has won this award for six consecutive years since 2016. BAT Bangladesh has received this prestigious award in a ceremony held at InterContinental Dhaka, as the capital on Thursday, says a press release. Minister of Commerce Tipsu Mazumbar was present as the chief guest at the ceremony. The award was received by Chairperson of BAT Bangladesh

Gulam Mainuddin and Managing Director Shehad Masum. Commerce Ministry Senior Secretary Japankanti Ghosh was also present during the handover of the award. Bangladesh Securities and Exchange Commission (BSEC) Chairman Professor Shibli Ruhayyat-UL-Islam and FBCCI President Md Jashim Uddin were also present as special guests. The ICMAB National Award is given every year to recognise the invaluable contribution made by the corporate entities in different sectors of the national economy and to encourage increased competitiveness for efficiency.

**dailyobserver**  
Page 14, Size 28, 27 Dec 2022

## BATB to achieve AWS Gold Certification

**Business Desk**  
BAT Bangladesh (BATB) is expected to achieve the Amazon Web Services (AWS) Gold Certification for meeting environmental-friendly and to get the gold certification. The company has conducted a positive impact on diverse local stakeholders in the value chain through adoption of the AWS Standard. BATB has set ambitious goals towards better governance, identify shared sector challenges, set strategic plans and sustain their responsibility in its operations. BATB has set ambitious goals towards better governance, identify shared sector challenges, set strategic plans and sustain their responsibility in its operations. BATB has set ambitious goals towards better governance, identify shared sector challenges, set strategic plans and sustain their responsibility in its operations.

Water stewardship is the use of water that is socially and culturally appropriate, sustainable and economically

Environmental, Social, and Governance (ESG) goals of increasing water efficiency by 10 per cent and increasing water recycling.

BATB is committed to creating a list of corporate



**The National Board of Revenue (NBR) has awarded BAT Bangladesh as the highest income taxpayer in 'other companies' category for fiscal year 2021-22. This is the 9th successive year that the company received this prestigious recognition for its contribution to the national exchequer. Chairman of the company**

## Balipara Foundation honours Mainuddin with Lifetime Achievement Award

**TBP Desk**

Balipara Foundation has honoured BAT Bangladesh Chairman Golam Mainuddin with Lifetime Achievement Award for his outstanding contributions towards protecting and conserving the environment.

He received the award at the 10th Balipara Foundation Awards 2022 held in Dhaka on Sunday, said a press release. Saber Hossain Chowdhury, Chair of the Parliamentary Standing Committee, Ministry of Environment, Forest and Climate Change; Shyam Saran, former Foreign Secretary of India and Prime Minister's Special Envoy for Nuclear Affairs and Climate Change, and Ram Madhav, Member of the Governing Council of India Foundation, were present as the guests of honour at the event. Mainuddin has been serving BAT Bangladesh since August 2008 as the chairman with sincerity and exhibited commendable leadership. In continuation of such phenomenal leadership, he spearheaded an afforestation project in 1980 to increase the area of tree covered land across Bangladesh.

He has been instrumental since the beginning of the afforestation journey in addressing the climate crisis issues through planting trees and the socio-economic needs of the local communities. His passion is still alive and now in its 42nd year, his initiated programme has so far distributed 120 million fruits, forestry and medicinal plant saplings across 22 districts free of charge to diverse beneficiaries. In recognition of his farsighted steps to deal with a global crisis through such an innovative project



**BAT Bangladesh Chairman Golam Mainuddin (L) receives Lifetime Achievement Award at the 10th Balipara Foundation Awards 2022 held in Dhaka on Sunday**  
- Courtesy Photo

Achievement Award, said the release. In a statement, Mainuddin said, "I am really delighted to have received this lifetime award. When we rolled out our afforestation project, we had to face a lot of challenges including a lack of awareness among people about climate change and tree plantation. "We worked our way through those challenges to do something meaningful for saving the environment and empowering communities. This award

Bangladesh Lifetime Service Award, introduced by Balipara Foundation, is conferred on an individual who has been playing a significant role in conserving the environment. So far, 121 persons have been awarded by the foundation, said the release. Balipara Foundation has been relentlessly working towards creating social, economic, and environmental impacts through its different efforts that will yield impactful results in

30-Dec-22 Page:20 Size:12 col\*inch  
Tonality: Positive, Circulation: 41000



**The National Board of Revenue (NBR) has awarded BAT Bangladesh as the highest income taxpayer in 'other companies' category for fiscal year 2021-22. This is the 9th successive year that the company received this prestigious recognition for its contribution to the national exchequer. Chairman of the company**

18 February 2022, 04:51 pm  
Last modified: 18 February 2022, 04:52 pm

## Numayer Alam joins BAT Bangladesh as head of trade and planning



**Numayer Alam has been appointed to the BAT Bangladesh Leadership Team as the head of trade and planning.**

He has had a prolific career of 18 years with the BAT Group. He started his career in trade marketing department at BAT Bangladesh and prior to his secondment in BAT East Asia Area, he served as the head of strategic planning and insights in BAT Bangladesh.

In his previous role, he spent five years in the BAT East Asia Area (EAA) (Vietnam and Cambodia) in various marketing and trade leadership positions. Most recently, he has completed a successful stint as the Head of Consumer Marketing in BAT EAA.

He completed his Bachelor of Business Administration (BBA) degree from the Institute of Business Administration (IBA), University of Dhaka. He is also an alumnus of St. Joseph High School, Dhaka, and Notre Dame College, Dhaka.





# Bangladesh News

20 August 2022

5



## DU IBA team clinches Battle of Minds 2022 trophy

Bangladesh News Desk

Droga, a four-member team from Institute of Business Administration (IBA) of Dhaka University has clinched the trophy of the 19th edition of Battle of Minds (BoM) recently.

Members of the winning team were Syed Shadab Tajwar, Tasmin Sultana Nawmi and Sadid Jubayer Murshed

University became first and second runner-up respectively. More than one thousand teams from 20 universities took part in this year's competition to represent Bangladesh in global platforms alongside 26 other countries.

State Minister for Cultural Affairs KM Khalid addressed the grand finale as chief guest. BAT Bangladesh Chairman Golam Moin Uddin, Managing Director

# বার্তা২৪

সংস্করণ: ১০ জুলাই ২০২২ ১৫:২৬

## বিশ্ব পরিবেশ দিবসে ৫০ লাখ গাছের চারা বিতরণ করছে 'বনায়ন'



বিশ্ব পরিবেশ দিবস শনিবার। প্রতিবছরের মতো এবারও এই দিবসকে কেন্দ্র করে ৫০ লাখ গাছের চারা বিতরণ শুরু করেছে দেশের বেসরকারি খাতের সবচেয়ে বড় বৃক্ষরোপণ কর্মসূচি 'বনায়ন'। এই কর্মসূচির আওতায় ঢাকা, মহম্মনসিংহ, মানিকগঞ্জ, টাঙ্গাইল, রংপুর, রাজশাহী, লালমনিরহাট, নাটোর, কুষ্টিয়া, বিনাইহাট, মেহেরপুর, বশোর, চট্টগ্রাম, বাপারবাণ, ঝাংড়াছড়ি, কক্সবাজার, রাঙ্গামাটি, সোমরাখালী (ভাসানচর) এই ১৮টির বেশি জেলায় গাছ বিতরণ করা হচ্ছে।

# গ্রান্ডিকিত বাংলাদেশ

২৬ এপ্রিল ২০২২



কমলাবের মতো ইএসজি প্রতিবেদন-২০২১ প্রকাশ করেছে বিএটি বাংলাদেশ • অর্থ-বাণিজ্য ডেস্ক

## 'ইএসজি রিপোর্ট' প্রকাশ করল বিএটি বাংলাদেশ

• অর্থ-বাণিজ্য ডেস্ক

প্রথমবারের মতো ইএসজি (এনভায়রনমেন্টাল, সোশ্যাল ও গভর্ন্যান্স) প্রতিবেদন-২০২১ প্রকাশ করেছে বিএটি বাংলাদেশ। এ উপলক্ষে সম্প্রতি রাজধানীর হোটেল সোনারগাঁওয়ে একটি অনুষ্ঠানের আয়োজন করা হয়। এতে দরকারি ও বেসরকারি খাতের গণ্যমান্য অতিথিরা উপস্থিত ছিলেন।

এই আয়োজনের মধ্য দিয়ে বাংলাদেশে ইএসজি ধারণার অন্যতম পথিকৃৎ বিএটি বাংলাদেশ দেশের প্রথম কোম্পানি হিসেবে ইএসজি রিপোর্ট প্রকাশের গৌরব অর্জন করল। ব্যবসাকে টেকসই স্ববিষয়ভেদে দিকে পরিচালনার মাধ্যমে একটি সস্তাবনামের আগামী বিনির্মাণ বিএটি বাংলাদেশের লক্ষ্য। কোম্পানিটি দেশের টেকসই উন্নয়ন লক্ষ্যমাত্রা (এসডিজি) অর্জনে সরকারের উন্নয়ন অংশীদার হিসেবে কাজ করে আসছে। প্রতিষ্ঠানটি তাদের লক্ষ্যকে সামনে রেখে তাঁতাবে বিভিন্ন পদক্ষেপ গ্রহণ করছে এবং কীভাবে বৃহত্তর সম্প্রদায়ে উল্লেখযোগ্য প্রভাব রাখবে তার রূপরেখা দেওয়া হয়েছে এই প্রতিবেদনে।

# যুগান্তর

২৬ মে ২০২২ ১৩

## মির্জাপুরে নিরাপদ পানির 'প্রবাহ' প্রকল্প চালু

মির্জাপুর (টাঙ্গাইল) প্রতিনিধি

মির্জাপুরে মহেড়া ইউনিয়নে পুলিশ টেনিং সেন্টারে 'বনায়ন' প্রকল্পের উদ্যোগে জীববৈচিত্র্য সংরক্ষণ কেন্দ্র এবং নিরাপদ খাবার পানির প্রাক্ট 'প্রবাহ' উদ্বোধন করা হয়। বিশ্ব জীববৈচিত্র্য দিবস উপলক্ষে উদ্বোধনী অনুষ্ঠানে প্রধান অতিথি ছিলেন পুলিশ টেনিং সেন্টারের কমান্ড্যান্ট (ডিআইজি) মো. ময়নুল ইসলাম এনডিসি। বিশেষ অতিথি 'বনায়ন' ও 'প্রবাহ' প্রকল্পের প্রতিনিধি শেখ শাবাব আহমেদ। অতিথি ছিলেন, অতিরিক্ত ডিআইজি মো. মাহবুবুর রহমান, পুলিশ সুপার (টেনিং) আব্দুল রহিম শাহ চৌধুরী, অতিরিক্ত পুলিশ সুপার শেখ রাজিবুল হাসান প্রমুখ।

# সমকাল

৫ এপ্রিল ২০২২ ১২

## বিএটি বাংলাদেশের বার্ষিক সাধারণ সভা

বিএটি বাংলাদেশের ৪৯তম বার্ষিক সাধারণ সভা (এজিএম) সম্প্রতি অনুষ্ঠিত হয়। দেশ ও বিদেশের বিভিন্ন অঞ্চল থেকে শেয়ারহোল্ডাররা সভায় ভার্চুয়াল প্রাটফর্মের মাধ্যমে অংশগ্রহণ করেন। বিএটি বাংলাদেশের চেয়ারম্যান গোলাম মইন উদ্দীন অনুষ্ঠানে সভাপতিত্ব করেন। সভায় শেয়ারহোল্ডাররা সর্বদমন্বিতক্রমে পাঁচটি গুরুত্বপূর্ণ সিদ্ধান্তে একমত পোষণ করেন। যেমন- ২০২১ সালের আর্থিক বিবরণীর অনুমোদন, পরিচালনা পর্ষদের নির্বাচন, শেয়ারগ্রহণ প্রতি সর্বমোট ২৭৫ শতাংশ নগদ লভ্যাংশ (১২৫ শতাংশ অন্তর্বর্তীকালীন লভ্যাংশ) অনুমোদন, সংবিধিবদ্ধ নিরীক্ষক নিয়োগ এবং করপোরেট গভর্ন্যান্স অডিটরদের নিয়োগ। উপস্থিত ছিলেন অ-নির্বাহী পরিচালক কে এম আলী আজম, এম তোফাজ্জেল হোসেন মিয়া ও জাকিয়া সুলতানা, স্বতন্ত্র পরিচালক কে এইচ মাসুদ সিদ্দিকী, আফতাব উল ইসলাম প্রমুখ। সংবাদ বিজ্ঞপ্তি।

# সংবাদ

এডব্লিউএস কোর সনদ পেল বিএটি বাংলাদেশ

বিএটি কোর পরিবেশ:

১ জুলাই, ২০২২



দেশের প্রথম কোম্পানি হিসেবে অ্যালায়েন্স ফর ওয়াটার ইয়ামর্টিশপ (এডব্লিউএস) কোর সনদপত্র পেয়েছে বেসরকারি প্রতিষ্ঠান 'বিএটি বাংলাদেশ'। ঢাকা ফ্যাক্টরি এবং গ্রিন ফিল্ড প্রেসিং প্ল্যান্টের জন্য সম্প্রতি এই স্বীকৃতি দেওয়া হয়েছে।

এডব্লিউএস স্বাভাৱত মূলত পানির ব্যবহার, এর প্রভাবগুলো নিরীক্ষণ এবং টেকসই পানি ব্যবস্থাপনার প্রেক্ষাপট বৃদ্ধি ও সংশোধিতামূলক কাজের জন্য বিশ্বব্যাপী প্রয়োজ্য একটি অবকাঠামো।

# নিখুঁত পানি

বিএটি বাংলাদেশ এর এসসিপি পদক অর্জন

৫ জুলাই ২০২২



দেশের প্রথম কোম্পানি হিসেবে বিএটি বাংলাদেশ ও ইএসজি উদ্যোগের মাধ্যমে অ্যালায়েন্স ফর ওয়াটার ইয়ামর্টিশপ (এডব্লিউএস) পদক অর্জন করেছে। অ্যালায়েন্স ফর ওয়াটার ইয়ামর্টিশপ পদক অর্জন করেছে।

ইন্ডাস্ট্রিয়াল, রিসোর্স ও পাবলিক (ইএসজি) দিগ্গাজি অ্যালায়েন্স ফর ওয়াটার ইয়ামর্টিশপ পদক অর্জন করেছে।

এক বিজ্ঞপ্তিতে বিএটি বাংলাদেশের চেয়ারম্যান, বিজ্ঞপ্তি চেয়ারম্যান মাসুদ সিদ্দিকী, এম এইচ মাসুদ সিদ্দিকী ও বিএটি এডব্লিউএস কোর সনদপত্র অর্জন করেছেন। অ্যালায়েন্স ফর ওয়াটার ইয়ামর্টিশপ পদক অর্জন করেছে।

# THE BUSINESS STANDARD

WEDNESDAY, MARCH 23, 2022

## PROBAHO's pure drinking water creating hopes for rural life



World Water Day is being commemorated across the country today with the goal of raising public awareness about the importance of safe drinking water.

The presence of Arsenic contamination was first observed back in 1993. Later on, it was shown to be widespread in shallow tube wells in numerous parts of Bangladesh.

Consumption of arsenic-contaminated water resulted in significant health consequences for those exposed. Apart from arsenic contamination, the salinity of drinking water in the country's coastal regions has long been a concern. Due to the high salinity of tube well water, over 70% of coastal residents use pond water for drinking needs.

During the last 35 years, the region's water salinity has increased by 35% and continues to climb at an alarming rate each year. According to recent research by the World Bank, approximately 20% of women in coastal areas experience early miscarriages as a result of the dangerous effects of saline water, and 3% of children die prematurely. The terrible state of affairs further emphasizes the relevance of World Water Day in Bangladesh, more than in any other country.

Bangladesh government and numerous non-governmental organisations have launched a number of projects aimed at resolving the water crisis. Joining forces with this statewide initiative, 'PROBAHO' has been establishing safe water plants in an effort to alleviate the residents' clean water scarcity.



 /BATBangladeshOfficial

# SOCIAL MEDIA UPDATE 2022




**15.6K**  
FOLLOWERS



**1.43M**  
REACH



**60.87K**  
ENGAGEMENTS

 BAT Bangladesh  
15.6K likes



**HIGHEST TAX PAYER AWARD**

The National Board of Revenue (NBR) has awarded BAT Bangladesh as the highest income taxpayer in others company category for the fiscal year 2021-22.

#ABetterTomorrow  
#BATBanglaesh


 BAT Bangladesh  
15.6K likes



We aim to achieve **CARBON NEUTRAL OPERATIONS\*** Across our value chain by 2030

Shehzad Munim  
Managing Director, BAT Bangladesh

#ABetterTomorrow  
#BATBanglaesh

 BAT Bangladesh  
15.6K likes



**BAT BANGLADESH**  
**49th ANNUAL GENERAL MEETING**  
30<sup>th</sup> March, 2022

#ABetterTomorrow  
#BATBanglaesh

 BAT Bangladesh  
15.6K likes



শুরু হলো  
আরেকটি সম্ভাবনাময়  
আগামীর পথচলা


#ABetterTomorrow  
#BATBanglaesh


 BAT Bangladesh  
15.6K likes



**DHAKA FACTORY & GLTP GEARED UP TO ACHIEVE THE NEXT MILESTONE IN WATER STEWARDSHIP: AWS GOLD CERTIFICATION**

#ABetterTomorrow  
#BATBanglaesh

 BAT Bangladesh  
15.6K likes



We proudly support **8 SDGs THROUGH MULTIPLE COMMUNITY INITIATIVES**

Amun Mustafa  
Head of Process, BAT Bangladesh

#ABetterTomorrow  
#BATBanglaesh



BAT Bangladesh 15.6K likes

WE ARE CELEBRATING  
**PLANT A TREE CHALLENGE**

#ABetterTomorrow  
#BATBanglaesh

BAT Bangladesh 15.6K likes

CONGRATULATIONS!  
AMUN MUSTAFIZ & NARDIS MOSTOFA CHAITY  
ON WINNING 7<sup>th</sup> INSPIRING WOMEN AWARD

#ABetterTomorrow  
#BATBanglaesh

BAT Bangladesh 15.6K likes

BANGLADESH C-SUITE AWARDS 2022  
CEO/MD OF THE YEAR  
(FOR BUSINESS REVENUE PER ANNUM OVER 1000 CRORE)

SHERIF MULUM  
Managing Director  
BATA Retailer Bangladesh

#ABetterTomorrow  
#BATBanglaesh

BAT Bangladesh 15.6K likes

জাতিসংঘে যুক্ত হলো  
**বাংলা**  
অঙ্ক

জাতিসংঘে অঙ্গ প্রদানের মাধ্যমে ও যোগাযোগ পরিকল্পনায়  
কালো পৃষ্ঠিত রঙায় আমরা গর্বিত

#ABetterTomorrow  
#BATBanglaesh

BAT Bangladesh 15.6K likes

We are aiming for  
**NET ZERO DEFORESTATION**  
ACROSS OUR SUPPLY CHAIN

Numayer Alam  
Head of Trade & Marketing, BAT Bangladesh

#ABetterTomorrow  
#BATBanglaesh

BAT Bangladesh 15.6K likes

BATB Roccierz  
CHAMPION  
Symphony Brands in sync 2022  
WINS  
SYMPHONY - BRANDS IN SYNC

#ABetterTomorrow  
#BATBanglaesh

BAT Bangladesh 15.6K likes

Celebrating World Photography Day  
WITH THE STORIES OF A BETTER TOMORROW™  
COMING SOON...

KEEP AN EYE ON OUR FACEBOOK PAGE  
TO VIEW OUR PASSION & CREATIVITY!  
/BATBanglaeshOfficial

#ABetterTomorrow  
#BATBanglaesh

BAT Bangladesh 15.6K likes

শুরু হলো  
আরেকটি সস্তাবনাময়  
আগামীর পথচলা

#ABetterTomorrow  
#BATBanglaesh

BAT Bangladesh 15.6K likes

SDG 10:  
**REDUCED INEQUALITIES**  
Aim to reduce inequality within and among countries

10  
Fostering diverse efforts aimed towards achieving SDG 10  
ensuring women empowerment  
across the business

#ABetterTomorrow  
#BATBanglaesh



# SOCIAL MEDIA UPDATE 2022



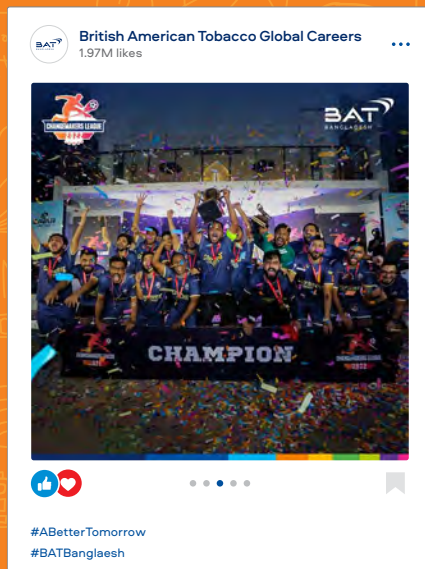
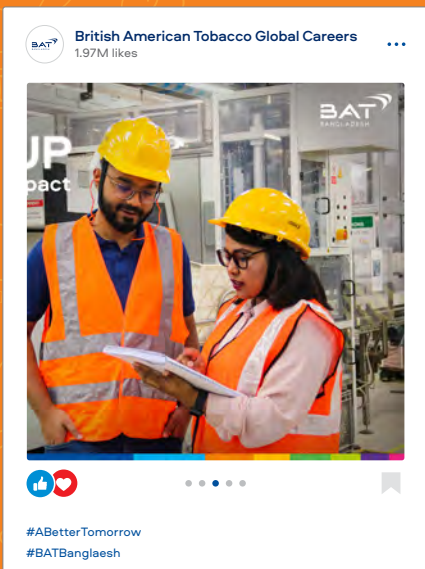
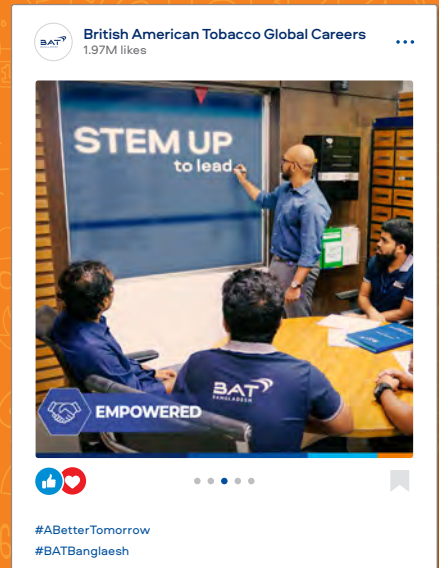
**1.97M**  
FOLLOWERS



**1.93M**  
REACH



**199.7K**  
ENGAGEMENTS





**British American Tobacco Global Careers**  
1.97M likes

**Channel Your Passion**

With our team of 80+ Empowered Agriculturalists in Leaf Operations

Be The Change

#ABetterTomorrow  
#BATBanglaesh

**British American Tobacco Global Careers**  
1.97M likes

Ready Set  
celerate

#ABetterTomorrow  
#BATBanglaesh

**British American Tobacco Global Careers**  
1.97M likes

celerate

Step 1

Test your ability by applying at BAT careers

visit: careers.bat.com

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#BATBanglaesh

**British American Tobacco Global Careers**  
1.97M likes

Xcelerate

APPLICATIONS CLOSE SOON!

#ABetterTomorrow  
#BATBanglaesh

**British American Tobacco Global Careers**  
1.97M likes

Fiecare coleg a plantat în medie 20 de copăcei

BAT GLOBAL BUSINESS SERVICES

WeCare

#ABetterTomorrow  
#BATBanglaesh

**British American Tobacco Global Careers**  
1.97M likes

BAT BANGLADESH

CEED

APPLICATIONS ARE NOW OPEN!

#ABetterTomorrow  
#BATBanglaesh

**British American Tobacco Global Careers**  
1.97M likes

BAT GLOBAL BUSINESS SERVICES

La BAT, învățăm să dăm primul ajutor.

WeCare

#ABetterTomorrow  
#BATBanglaesh

**British American Tobacco Global Careers**  
1.97M likes

BAT GLOBAL BUSINESS SERVICES

Cursuri de prim ajutor alături de Crucea Roșie.

WeCare

#ABetterTomorrow  
#BATBanglaesh

**British American Tobacco Global Careers**  
1.97M likes

BAT GLOBAL BUSINESS SERVICES

71 de colegi certificați pentru acordarea PRIMULUI ajutor

WeCare

#ABetterTomorrow  
#BATBanglaesh



f /probaho2009

# SOCIAL MEDIA UPDATE 2022



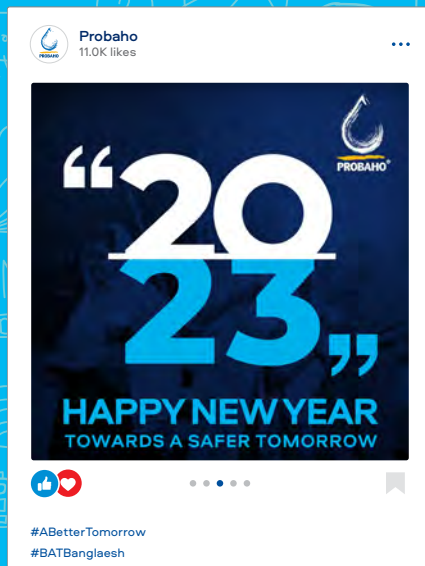
11.0K  
FOLLOWERS



67.63K  
REACH



1.04K  
ENGAGEMENTS





Probaho 11.0K likes

#ABetterTomorrow  
#BATBanglaesh

Probaho 11.0K likes

#ABetterTomorrow  
#BATBanglaesh

Probaho 11.0K likes

#ABetterTomorrow  
#BATBanglaesh

Probaho 11.0K likes

#ABetterTomorrow  
#BATBanglaesh

Probaho 11.0K likes

#ABetterTomorrow  
#BATBanglaesh

Probaho 11.0K likes

#ABetterTomorrow  
#BATBanglaesh

Probaho 11.0K likes

#ABetterTomorrow  
#BATBanglaesh

Probaho 11.0K likes

নলতা, কালীগঞ্জ, সাতক্ষীরায়  
সুবিধাজোগী: ২৫০০+  
স্থাপিত: ২০০৯

#ABetterTomorrow  
#BATBanglaesh

Probaho 11.0K likes

সখিপুর, টাঙ্গাইল  
সুবিধাজোগী: ২৫০০+  
স্থাপিত: ২০১০

#ABetterTomorrow  
#BATBanglaesh



# SOCIAL MEDIA UPDATE 2022



**4.4K**  
FOLLOWERS



**1.16K**  
REACH



**392**  
ENGAGEMENTS



Deepto 4.4K likes

**DEEPTO CELEBRATES SUSTAINABILITY DAY 2022**

#ABetterTomorrow  
#BATBanglaesh

Deepto 4.4K likes

**দূরগম পাহাড়ে আলোকিত আগামীর পথ প্রদর্শক**

#ABetterTomorrow  
#BATBanglaesh

Deepto 4.4K likes

**দীপ্ত কথা**

নারীরা নিশ্চিন্তে রাতে রান্নাবান্নার কাজ করছে

#ABetterTomorrow  
#BATBanglaesh

Deepto 4.4K likes

**দীপ্ত কথা**

গড়ে উঠছে একটি উজ্জ্বল ভবিষ্যত

#ABetterTomorrow  
#BATBanglaesh

Deepto 4.4K likes

**এক উজ্জ্বল আগামীর প্রত্যাশায় স্বাধীনতার ৫০ বছর**

#ABetterTomorrow  
#BATBanglaesh

Deepto 4.4K likes

**দীপ্ত কথা**

হাতের কাজ করে আর্থিকভাবে স্বনির্ভর হচ্ছে মানুষ

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নিজের পরিচয় মাথা উঁচু করে যাবো  
দীপ্ত এর পক্ষ থেকে সকল নারীকে জানাই  
আন্তর্জাতিক নারী দিবসের শুভেচ্ছা।

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সৌর বিদ্যুতের হোঁচলে

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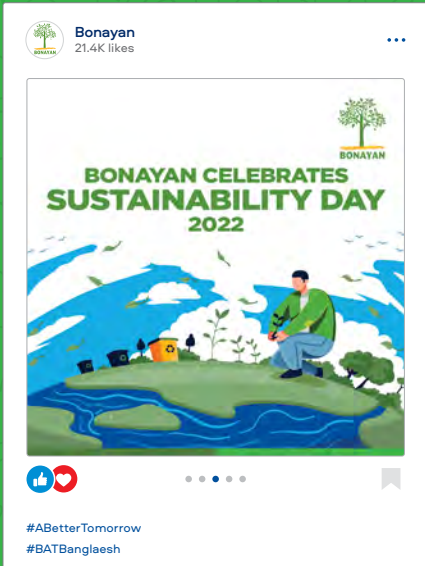
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খাগড়াছড়ি জেলা

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কুমিল্লা সদর

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বিশ্ব পরিবেশ দিবস ২০২২

চারা বিতরণ ও বৃক্ষরোপণ কর্মসূচী

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রাঙ্গু টাউনশিপ, কক্সবাজার

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চারা বিতরণ ও বৃক্ষরোপণ কর্মসূচী-২

শ্রীমান্দেবী সদর

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হাটগিরিয়া টাউনশিপ, খাগড়াছড়ি

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**Rahman Rahman Huq**  
**Chartered Accountants**  
 9 & 5 Mohakhali C/A  
 Dhaka 1212  
 Bangladesh

Telephone +880 2 2222 86450-2  
 Fax +880 2 2222 86449  
 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 2022, 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 2022, 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 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 2022: BDT 29 billion; 31 December 2021: BDT 34 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>





**Rahman Rahman Huq**  
Chartered Accountants

## 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.

### 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.



**Rahman Rahman Huq**  
Chartered Accountants

### 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.

Auditor

**Adeeb H. Khan**, Senior Partner, Enrolment number: 652  
**Rahman Rahman Huq**, Chartered Accountants, KPMG in Bangladesh  
Firm Registration Number: N/A  
Dhaka,  
DVC:



**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2022

In thousands of BDT

	Notes	31 December	
		2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	35,788,002	31,504,309
Right of use (ROU) assets	9	2,790,767	1,960,283
<b>Total non-current assets</b>		<b>38,578,769</b>	<b>33,464,592</b>
<b>Current assets</b>			
Inventories	10	28,769,599	34,425,100
Trade and other receivables	11	682,195	2,768,918
Advances, deposits and prepayments	12	10,486,985	5,490,291
Cash and cash equivalents	13	4,912,340	1,406,979
<b>Total current assets</b>		<b>44,851,119</b>	<b>44,091,288</b>
<b>Total assets</b>		<b>83,429,888</b>	<b>77,555,880</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	5,400,000	5,400,000
Capital reserve	15	64,896	64,896
Retained earnings	16	35,718,708	31,325,878
<b>Total equity attributable to owners of the Company</b>		<b>41,183,604</b>	<b>36,790,774</b>
<b>Non-current liabilities</b>			
Net defined benefit plans	17	95,175	155,931
Deferred tax	18	6,699,365	5,990,682
Lease liabilities	9.3	2,714,161	1,842,192
<b>Total non-current liabilities</b>		<b>9,508,701</b>	<b>7,988,805</b>
<b>Current liabilities</b>			
Short term bank loans	19	-	5,600,000
Trade and other payables	20	17,656,262	18,530,880
Unclaimed Dividend	34	2,203,083	61,603
Lease liabilities	9.3	470,207	374,383
Current tax liabilities	21	10,391,270	7,485,580
Provisions	22	2,016,761	723,855
<b>Total current liabilities</b>		<b>32,737,583</b>	<b>32,776,301</b>
<b>Total liabilities</b>		<b>42,246,284</b>	<b>40,765,106</b>
<b>Total equity and liabilities</b>		<b>83,429,888</b>	<b>77,555,880</b>

The notes on pages 10 to 48 are an integral part of these financial statements.

**Golam Mainuddin**  
Chairman

**Shehzad Munim**  
Managing Director

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

**Amun Mustafiz**  
Finance Director

**Md. Azizur Rahman FCS**  
Company Secretary

Dhaka, 8 February 2023

As per our report on the same date.

Auditor

**Adeeb H. Khan**, Senior Partner, Enrolment number: 652  
**Rahman Rahman Huq**, Chartered Accountants, KPMG in Bangladesh  
 Firm Registration Number: N/A  
 DVC: 2302080652AS934371



British American Tobacco Bangladesh Company Limited

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	In thousands of BDT	
		2022	2021
Gross revenue		361,455,328	339,340,424
Supplementary duty and VAT		(277,223,756)	(264,512,863)
<b>Net revenue from contracts with customers</b>	23	<b>84,231,572</b>	<b>74,827,561</b>
Cost of sales	24	(39,994,846)	(34,770,586)
<b>Gross profit</b>		<b>44,236,726</b>	<b>40,056,975</b>
Operating expenses	25	(8,678,810)	(8,352,624)
<b>Operating profit</b>		<b>35,557,916</b>	<b>31,704,351</b>
Net finance income/(expenses)	26	(505,277)	(334,328)
Non-operating income/(expenses)	27	1,782,118	105,436
<b>Profit before contribution to WPPF</b>		<b>36,834,757</b>	<b>31,475,459</b>
Contribution to WPPF		(1,841,738)	(1,573,773)
Profit before tax		<b>34,993,019</b>	<b>29,901,686</b>
Current tax	28	(16,431,144)	(14,102,215)
Deferred tax	29	(689,855)	(830,942)
<b>Income tax expense</b>		<b>(17,120,999)</b>	<b>(14,933,157)</b>
<b>Profit for the year</b>		<b>17,872,020</b>	<b>14,968,529</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 gain/(loss) on defined benefit plans	30	39,638	(52,324)
Deferred tax impact on defined benefit plans	30	(18,828)	24,854
<b>Other comprehensive loss for the year, net of tax</b>		<b>20,810</b>	<b>(27,470)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>17,892,830</b>	<b>14,941,059</b>
In BDT			
<b>Earnings per share</b>	31	<b>33.10</b>	<b>27.72</b>

The notes on pages 10 to 48 are an integral part of these financial statements.

  
**Golam Mainuddin**  
 Chairman

  
**Shehzad Munim**  
 Managing Director

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

  
**Amun Mustafiz**  
 Finance Director

  
**Md. Azizur Rahman FCS**  
 Company Secretary

Dhaka, 8 February 2023



As per our report on the same date.

  
 Auditor

**Adeeb H. Khan**, Senior Partner, Enrolment number: 652  
**Rahman Rahman Huq**, Chartered Accountants, KPMG in Bangladesh  
 Firm Registration Number: N/A  
 DVC: 2302080652AS934371

British American Tobacco Bangladesh Company Limited

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2022

In thousands of BDT

	Attributable to owners of the Company			
	Share capital	Capital reserve	Retained earnings	Total equity
<b>Balance at 1 January 2021</b>	1,800,000	64,896	32,134,819	33,999,715
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>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>3,600,000</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>
<b>Balance at 1 January 2022</b>	<b>5,400,000</b>	<b>64,896</b>	<b>31,325,878</b>	<b>36,790,774</b>
Profit for the year	-	-	17,872,020	17,872,020
Other comprehensive income for the year	-	-	20,810	20,810
<b>Total comprehensive income for the year</b>	-	-	<b>17,892,830</b>	<b>17,892,830</b>
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Final cash dividend 2021	-	-	(8,100,000)	(8,100,000)
Interim cash dividend 2022	-	-	(5,400,000)	(5,400,000)
<b>Total transactions with owners of the Company</b>	-	-	<b>(13,500,000)</b>	<b>(13,500,000)</b>
<b>Balance at 31 December 2022</b>	<b>5,400,000</b>	<b>64,896</b>	<b>35,718,708</b>	<b>41,183,604</b>

The notes on pages 10 to 48 are an integral part of these financial statements.





## British American Tobacco Bangladesh Company Limited

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2022

	In thousands of BDT	
	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Collection from distributors, leaf export and others	365,091,428	336,832,012
Payment for costs and expenses	(50,794,078)	(43,432,775)
Supplementary duty and VAT paid	(273,536,466)	(273,305,493)
<b>Cash generated from operating activities</b>	<b>40,760,884</b>	<b>20,093,744</b>
<b>Income tax paid</b>	<b>(13,525,453)</b>	<b>(12,001,609)</b>
Interest received/(paid)	(211,276)	(139,598)
<b>Net cash flows from operating activities</b>	<b>27,024,155</b>	<b>7,952,537</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(6,127,825)	(5,344,780)
Proceeds from sale of property, plant and equipment	65,368	42,886
<b>Net cash flows used in investing activities</b>	<b>(6,062,457)</b>	<b>(5,301,894)</b>
<b>Financing activities</b>		
Net proceeds from short term loan	(5,600,000)	5,600,000
Lease movement	(691,093)	(564,984)
Dividend paid	(11,358,520)	(12,163,562)
<b>Net cash flows used in financing activities</b>	<b>(17,649,613)</b>	<b>(7,128,546)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>3,312,085</b>	<b>(4,477,903)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>1,406,979</b>	<b>5,873,085</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>193,276</b>	<b>11,797</b>
<b>Cash and cash equivalents at 31 December</b>	<b>4,912,340</b>	<b>1,406,979</b>

The notes on pages 10 to 48 are an integral part of these financial statements.

# INDEX TO THE NOTES OF THE FINANCIAL STATEMENTS

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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 on the 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 products and market brands including Benson & Hedges, John Player Gold Leaf, Capstan, Star, Royals, Lucky Strike, Derby, Pilot, Flag 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 considerations 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 a going concern basis.

#### 2.2 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 8 February 2023 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 such rounding off, in some instances 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.

**Estimates and 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:

- a. Applicable tax rate for Income Year 2022 will be declared by Finance Act 2023. 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 2022 as well.
- b. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary to measure defined benefit obligations as at 31 December 2022.



- c. 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 recognised 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	
	2022	2021	2022	2021
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 on a case by case basis”	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 2022.

*(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 1st 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 12 months) 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 of 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 is not applying the recognition and measurement requirements of IFRS 16 to short-term leases (leases of less than 12 months maximum duration). It is 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 recognized 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 funded gratuity scheme for the local management employees irrespective of date of joining the Company. Members of this scheme become eligible to receive gratuity on completion of five years of continuous services with the Company. The fund is managed by a Board of Trustees.

#### 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 obligations 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 costs 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 an funded gratuity scheme for the non-management employees whereby the Company contributes 16% 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.

#### 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 provident funds for all the Management and Non-Management 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.

**(iv) Others****a) 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) and Health Surcharge for domestic sale of cigarettes. Gross turnover comprises domestic sales of cigarettes, export of leaf and finished goods and includes SD, VAT, Export Duty and Health Surcharge for domestic sales 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

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. 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."

### C. 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.

### D. 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 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	37,368	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>
Balance as at 1 January 2022	5,551,744	1,526,496	556,298	492,444	443,968	1,143,921	1,168,129	29,733,605	1,257,792	3,542,977	45,417,376
Additions	31,409	-	19,839	118,702	44,745	35,165	175,096	2,735,523	380,838	5,055,849	8,597,166
Disposals/transfers	(5,669)	-	(15,922)	(71,559)	(1,195)	(4,759)	(23,070)	(109,133)	(140,397)	(2,177,633)	(2,549,337)
<b>Balance as at 31 December 2022</b>	<b>5,577,484</b>	<b>1,526,496</b>	<b>560,215</b>	<b>539,587</b>	<b>487,518</b>	<b>1,174,327</b>	<b>1,320,155</b>	<b>32,359,995</b>	<b>1,498,233</b>	<b>6,421,193</b>	<b>51,465,205</b>
<b>Accumulated depreciation</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>
Balance as at 1 January 2022	413,924	-	317,700	347,170	229,676	282,658	819,907	10,678,074	823,958	-	13,913,067
Depreciation for the year	117,668	-	47,666	82,272	34,118	54,904	145,012	1,432,379	193,872	-	2,107,891
Disposals/transfers	(5,251)	-	(13,481)	(70,080)	(1,195)	(2,916)	(17,949)	(98,495)	(134,388)	-	(343,755)
<b>Balance as at 31 December 2022</b>	<b>526,341</b>	<b>-</b>	<b>351,885</b>	<b>359,362</b>	<b>262,599</b>	<b>334,646</b>	<b>946,970</b>	<b>12,011,958</b>	<b>883,442</b>	<b>-</b>	<b>15,677,203</b>
<b>Net book value</b>											
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
As at 31 December 2022	5,051,143	1,526,496	208,330	180,225	224,919	839,681	373,185	20,348,037	614,791	6,421,193	35,788,002

8.1 Allocation of depreciation (excluding ROU assets)

	In thousands of BDT	
	For the year ended 31 December	2021
Manufacturing overhead	1,549,898	1,329,520
Operating expenses	252,232	258,193
Charge to leaf	305,761	303,256
	<b>2,107,891</b>	<b>1,890,969</b>

8.2 Assets under construction

Property, plant and equipment as at 31 December 2022 included expenditure on 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 leases

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

In thousands of BDT

	Rented apartment	Forklift	Office	Warehouse	Total
<b>Cost</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>Balance as at 1 January 2022</b>	66,625	284,117	119,475	2,385,799	2,856,017
Additions/modifications	11,235	72,879	73,695	1,207,075	1,364,884
Disposals	-	-	-	(4,974)	(4,974)
<b>Balance as at 31 December 2022</b>	<b>77,860</b>	<b>356,996</b>	<b>193,170</b>	<b>3,587,900</b>	<b>4,215,927</b>
<b>Accumulated depreciation</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>Balance as at 1 January 2022</b>	34,033	39,632	47,161	774,908	895,734
Depreciation for the year	22,984	43,073	24,394	443,949	534,400
Disposals/modifications	-	-	-	(4,974)	(4,974)
<b>Balance as at 31 December 2022</b>	<b>57,017</b>	<b>82,705</b>	<b>71,555</b>	<b>1,213,883</b>	<b>1,425,160</b>
<b>Net book value</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>
<b>As at 31 December 2022</b>	<b>20,843</b>	<b>274,291</b>	<b>121,615</b>	<b>2,374,017</b>	<b>2,790,767</b>

In thousands of BDT

		For the year ended 31 December	
		2022	2021
<b>9.2</b>	<b>Allocation of depreciation (ROU assets)</b>		
	Manufacturing overhead	118,739	115,093
	Operating expenses	116,195	85,373
	Charge to leaf	299,467	243,300
		<b>534,401</b>	<b>443,767</b>
<b>9.3</b>	<b>Lease liabilities</b>		
	<b>Non-current</b>		
	Lease liabilities	3,762,175	2,479,789
	Interest liabilities	(1,048,014)	(637,597)
		<b>2,714,161</b>	<b>1,842,192</b>
	<b>Current</b>		
	Lease liabilities	763,998	576,885
	Interest liabilities	(293,791)	(202,502)
		<b>470,207</b>	<b>374,383</b>
	<b>Total lease liabilities</b>	<b>3,184,368</b>	<b>2,216,575</b>



In thousands of BDT

	Notes	For the year ended 31 December	
		2022	2021
<b>9.4 Lease liabilities payable</b>			
Lease liabilities payable			
Within the next 12 months		763,998	576,885
<b>Between one and two years</b>		600,266	465,983
Between two and three years		593,391	395,298
Between three and four years		580,084	402,631
Between four and five years		510,187	383,278
Beyond five years		1,478,247	832,599
		<b>4,526,173</b>	<b>3,056,674</b>
<b>Interest liabilities payable</b>			
Within the next 12 months		(293,791)	(202,502)
Between one and two years		(254,673)	(169,963)
Between two and three years		(218,051)	(142,686)
Between three and four years		(179,721)	(114,405)
Between four and five years		(141,735)	(85,400)
Beyond five years		(253,834)	(125,143)
		<b>(1,341,805)</b>	<b>(840,099)</b>
<b>10 Inventories</b>			
See accounting policy in Note 6G			
Inventories in hand	10.1	28,009,389	34,079,474
Inventories in transit	10.2	760,210	345,626
		<b>28,769,599</b>	<b>34,425,100</b>
<b>10.1 Inventories in hand</b>			
Leaf		9,802,364	8,377,904
Wrapping materials		1,434,336	1,340,617
Work in process		96,516	79,612
Finished goods		16,066,405	23,639,126
Cost of finished goods		3,347,756	3,700,337
VAT, Supplementary Duty and *HDS on finished goods		12,718,649	19,938,789
Consumable stores		609,768	642,215
		<b>28,009,389</b>	<b>34,079,474</b>
*Health development surcharge			
<b>10.2 Inventories in transit</b>			
Leaf		4,539	66,434
Wrapping materials		331,402	223,772
Consumable stores		424,269	55,420
		<b>760,210</b>	<b>345,626</b>
<b>11 Trade and other receivables</b>			
See accounting policy in Note 6(C) (i) (a)			
Trade receivables		551,956	2,496,376
Expected credit loss		(552)	(2,497)
<b>Net trade receivables</b>		<b>551,404</b>	<b>2,493,879</b>
Intercompany receivables		74,123	243,006
Sundry receivables		56,668	32,033
		<b>682,195</b>	<b>2,768,918</b>



In thousands of BDT

	Notes	For the year ended 31 December	
		2022	2021
<b>12 Advances, deposits and prepayments</b>			
See accounting policy in Note 6(C) (i) (d)			
<b>Advances</b>			
Advance to suppliers		4,560,095	3,107,392
Supplementary duty and VAT		5,767,732	2,234,881
Advance to employees		24,162	23,385
		<b>10,351,989</b>	<b>5,365,658</b>
<b>Security deposit</b>		11,700	11,700
		<b>11,700</b>	<b>11,700</b>
<b>Prepayments</b>			
Insurance		123,296	112,933
		<b>123,296</b>	<b>112,933</b>
		<b>10,486,985</b>	<b>5,490,291</b>
<b>13 Cash and cash equivalents</b>			
See accounting policy in Note 6(C) (i) (c)			
Cash in hand		6	781
		<b>6</b>	<b>781</b>
Cash at bank			
Dividend account	13.1	2,203,083	61,603
Foreign currency accounts		1,686,912	1,153,086
Current accounts		(194,345)	(250,337)
Fixed deposit receipt (FDR)		-	422,475
Local		-	-
Foreign		-	422,475
Short term deposit (STD)		1,216,684	19,371
		<b>4,912,334</b>	<b>1,406,198</b>
		<b>4,912,340</b>	<b>1,406,979</b>
All the above balances are held with scheduled and nationalised banks. Cash at bank earns interest at floating rates based on daily bank deposit rates.			
<b>13.1 Restricted cash balance</b>			
Dividend account is used only to pay dividends to the shareholders. The balance of this account moves with dividend transactions only.			
<b>13.2 Banking facility arrangements</b>			
Short term running funded facilities available with the banks amount to BDT 17,016 million. Facilities are renewable on annual basis.			
<b>13.3 Reconciliation of net operating cash flow</b>			
<b>Profit after tax</b>		<b>17,872,020</b>	<b>14,968,529</b>
<b>Adjustment for:</b>			
Depreciation and impairment		2,642,292	2,334,735
(Gain)/loss of sale of assets		(37,419)	25,427
Other adjustments		17,433,000	15,255,688
		<b>37,909,893</b>	<b>32,584,379</b>

In thousands of BDT

Notes	For the year ended 31 December	
	2022	2021
<b>Changes in:</b>		
(Increase)/decrease in inventories	5,655,501	(10,644,419)
(Increase)/decrease in trade receivables and others	2,086,723	(2,627,479)
(Increase)/decrease in advances, deposits and prepayments	(5,248,765)	(149,844)
Increase/(decrease) in trade payables and others	(874,618)	732,758
Increase/(decrease) in net defined benefit plans	(60,756)	94,490
Increase/(decrease) in provisions	1,292,906	103,859
Income tax and interest payments	(13,736,729)	(12,141,207)
<b>Net cash generated from operating activities</b>	<b>27,024,155</b>	<b>7,952,537</b>
<b>14 Share capital</b>		
See accounting policy in Note 6D.		
<b>Authorised:</b>		
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>
<b>Issued, subscribed and fully paid up:</b>		
Issued for cash:		
3 ordinary shares of BDT 10 each	30	30
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	3,600,000,000
	<b>5,400,000,000</b>	<b>5,400,000,000</b>

**14.1 Shareholding position**

See accounting policy in Note 6D.

Name of shareholder	31 December 2022			31 December 2021		
	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%	393,708,222	3,937,082,220	72.91%
Investment Corporation of Bangladesh	30,539,217	305,392,170	5.66%	30,231,537	302,315,370	5.60%
Sadharan Bima Corporation	15,285,423	152,854,230	2.83%	15,285,423	152,854,230	2.83%
Bangladesh Development Bank Limited	1,807,863	18,078,630	0.33%	1,807,502	18,075,020	0.33%
Government of Bangladesh	3,481,416	34,814,160	0.64%	3,481,416	34,814,160	0.64%
Others	95,177,859	951,778,590	17.63%	95,485,900	954,859,000	17.68%
	<b>540,000,000</b>	<b>5,400,000,000</b>	<b>100%</b>	<b>540,000,000</b>	<b>5,400,000,000</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 2022			31 December 2021		
	Number of shareholders	Total number of shares	Percentage of holding	Number of shareholders	Total number of shares	Percentage of holding
Less than 501 shares	73,027	6,901,978	1.28%	54,968	5,064,942	0.94%
501 to 5,000 shares	10,502	15,741,865	2.92%	9,716	14,376,243	2.66%
5,001 to 10,000 shares	743	5,368,651	0.99%	631	4,523,479	0.84%
10,001 to 20,000 shares	325	4,636,510	0.86%	315	4,461,929	0.83%
20,001 to 30,000 shares	97	2,360,730	0.44%	95	2,352,739	0.44%
30,001 to 40,000 shares	51	1,755,247	0.33%	40	1,397,384	0.26%
40,001 to 50,000 shares	43	1,961,314	0.36%	34	1,559,997	0.29%
50,001 to 100,000 shares	87	6,049,619	1.12%	67	4,712,779	0.87%
100,001 to 1,000,000 shares	82	21,940,227	4.06%	63	18,140,843	3.36%
Over 1,000,000 shares	14	473,283,859	87.65%	16	483,409,665	89.52%
	<b>84,971</b>	<b>540,000,000</b>	<b>100%</b>	<b>65,945</b>	<b>540,000,000</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.

## 16 Retained earnings

Balance as at 1 January  
Total comprehensive income for the year:  
Profit for the year  
Other comprehensive income

Dividends during the year:  
Final stock dividend for 2020  
Final cash dividend for 2021/2020  
Interim cash dividend 2022/2021

**Balance as at 31 December**

In thousands of BDT	
For the year ended 31 December	
2022	2021
31,325,878	32,134,819
17,872,020	14,968,529
20,810	(27,470)
<b>49,218,708</b>	<b>47,075,878</b>
-	(3,600,000)
(8,100,000)	(5,400,000)
(5,400,000)	(6,750,000)
<b>35,718,708</b>	<b>31,325,878</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 2022</b>				
Defined benefit obligation	17.1	(1,537,964)	(14,410)	(1,552,374)
Fair value of plan assets	17.2	1,442,789	14,410	1,457,199
<b>Net surplus/(deficit)</b>		<b>(95,175)</b>	<b>-</b>	<b>(95,175)</b>
<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>17.1 Movement in defined benefit obligation</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>Defined benefit obligation at 1 January 2022</b>		1,447,003	15,007	1,462,010
Current service cost		135,250	-	135,250
Interest cost		94,696	1,036	95,732
Past service cost - plan amendments		-	-	-
Benefit paid by the fund		(94,512)	(1,017)	(95,529)
Benefit paid directly by the Company		-	-	-
Actuarial (gain)/loss		(44,473)	(616)	(45,089)
<b>Defined benefit obligation at 31 December 2022</b>		<b>1,537,964</b>	<b>14,410</b>	<b>1,552,374</b>
<b>17.2 Movement in the fair value of plan assets</b>				
<b>Fair value of plan assets at 1 January 2021</b>		<b>1,169,301</b>	<b>15,277</b>	<b>1,184,578</b>
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>Fair value of plan assets at 1 January 2022</b>		1,292,343	13,736	1,306,079
Employer's contribution		150,000	1,635	151,635
Interest Income on plan assets		99,430	1,036	100,466
Expected return on plan assets		-	-	-
Benefits paid by the plan		(94,512)	(1,017)	(95,529)
Actuarial gain/(loss)		(4,472)	(980)	(5,452)
<b>Fair value of plan assets at 31 December 2022</b>		<b>1,442,789</b>	<b>14,410</b>	<b>1,457,199</b>



		In thousands of BDT		
Notes	Gratuity fund	Pension fund	Total	
<b>17.3</b>	<b>Defined benefit plan charge to profit or loss and other comprehensive income</b>			
	<b>For the year ended 31 December 2022</b>			
	<b>Profit or loss</b>			
	Current service costs	135,251	-	135,251
	Interest accrued on benefit obligation	(4,734)	-	(4,734)
	Settlement cost	-	-	-
	Expected return on plan assets	-	-	-
	<b>Net benefit expense/(income)</b>	<b>(4,734)</b>	<b>-</b>	<b>(4,734)</b>
		<b>130,517</b>	<b>-</b>	<b>130,517</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>

#### 17.4 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	31 December 2022		31 December 2021	
	Gratuity fund	Pension fund	Gratuity fund	Pension fund
Discount rate	7.75%	7.75%	7.00%	7.00%
Salary escalation rate (Basic pay)	10.50%	N/A	10.50%	N/A
Mortality rate (In service)*				
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.



BAT BANGLADESH

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 2022</b>			
Provision for inventories	(114,847)	-	(114,847)
Provision for gratuity	(95,176)	-	(95,176)
<b>Net temporary difference</b>	<b>(210,023)</b>	-	<b>(210,023)</b>
<b>Applicable tax rate</b>			<b>47.5%</b>
<b>Deferred tax asset</b>			<b>(99,761)</b>

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>

18.2 Deferred tax liabilities

In thousands of BDT

	Carrying amount at reporting date	Tax Base	Taxable/ (deductible) temporary difference
<b>31 December 2022</b>			
Property, plant and equipment excluding land.	27,529,081	12,821,531	14,707,550
Net, right of use assets	(393,601)	-	(393,601)
<b>Net temporary difference</b>	<b>27,135,480</b>	<b>12,821,531</b>	<b>14,313,949</b>
<b>Applicable tax rate</b>			<b>47.5%</b>
<b>Deferred tax liabilities</b>			<b>6,799,126</b>

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

Notes	For the year ended 31 December	
	2022	2021
<b>18.3</b>	<b>Deferred tax liabilities, net</b>	
	Deferred tax asset	(99,761) (209,657)
	Deferred tax liabilities / (asset) (ROU Assets)	(186,960) (121,738)
	Deferred tax liabilities (other than ROU assets)	6,986,086 6,322,078
	<b>Net deferred tax liabilities</b>	<b>6,699,365 5,990,682</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>20</b>	<b>Trade and other payables</b>	
	See accounting policy in Note 6C (ii) (a)	
	Trade payables	4,017,714 3,831,760
	Intercompany payables	9,850,420 9,301,730
	Workers' Profit Participation Fund (WPPF)	- 994,321
	Wages and other benefits	678,775 599,015
	Accrued expenses	2,900,278 3,493,701
	Sundry payables	209,075 310,353
		<b>17,656,262 18,530,880</b>
<b>21</b>	<b>Current tax liabilities</b>	
	See accounting policy in Note 6L(i).	
	<b>Balance at 1 January</b>	7,485,580 5,384,973
	Provision made during the year	16,431,144 14,102,215
		23,916,724 19,487,188
	Advance payment of corporate tax	(13,525,453) (12,001,608)
	<b>Balance at 31 December</b>	<b>10,391,270 7,485,580</b>
<b>22</b>	<b>Provisions</b>	
	See accounting policy in Note 6I.	
	Provision for expenses	2,016,761 723,855
		<b>2,016,761 723,855</b>
<b>23</b>	<b>Revenue from contracts with customers</b>	
	See accounting policy in Note 6K.	
	Set out below is the disaggregation of the Company's revenue from contracts with customers:	
	Quantity in million sticks	65,446 63,000
	Gross revenue from domestic sale	355,854,851 336,601,052
	Supplementary duty and VAT	(277,223,756) (264,512,863)
	<b>Revenue from domestic sale, net</b>	<b>78,631,095 72,088,189</b>
	Quantity in million sticks	13.92 15.97
	Gross revenue from finished goods export	12,390 14,890
	<b>Revenue from export of finished goods, net</b>	<b>12,390 14,890</b>
	Quantity in million kgs	16.60 10.40
	Gross revenue from tobacco leaf export	5,588,087 2,724,482
	<b>Revenue from leaf export, net</b>	<b>5,588,087 2,724,482</b>
	<b>Total revenue from contracts with customers, net</b>	<b>84,231,572 74,827,561</b>

In thousands of BDT

	Notes	For the year ended 31 December	
		2022	2021
<b>Net revenue from domestic sale</b>			
External customer		78,631,095	72,088,189
Related party sale		-	-
		<b>78,631,095</b>	<b>72,088,189</b>
<b>Net revenue from export of finished goods</b>			
External customer		-	-
Related party sale		12,390	14,890
		<b>12,390</b>	<b>14,890</b>
<b>Net revenue from leaf export</b>			
External customer		2,315,899	1,586,735
Related party sale		3,272,188	1,137,747
		<b>5,588,087</b>	<b>2,724,482</b>
<b>Total revenue from contracts with customers, net</b>		<b>84,231,572</b>	<b>74,827,561</b>
<b>24 Cost of sales</b>			
Opening stock of raw materials		10,008,727	10,141,588
Purchase of raw materials		32,249,619	27,929,298
<b>Raw materials available</b>		<b>42,258,346</b>	<b>38,070,886</b>
Closing stock of raw materials		(11,572,641)	(10,008,727)
<b>Raw materials consumption</b>		<b>30,685,705</b>	<b>28,062,159</b>
Opening work in process		79,612	69,237
Closing work in process		(96,516)	(79,612)
		30,668,801	28,051,784
Manufacturing overhead	24.1	8,021,028	7,381,787
<b>Total cost of goods manufactured</b>		<b>38,689,829</b>	<b>35,433,571</b>
Opening stock of finished goods		3,700,337	2,199,237
Closing stock of finished goods		(3,347,756)	(3,700,337)
<b>Total cost of goods sold excluding royalty</b>		<b>39,042,410</b>	<b>33,932,471</b>
Royalty		952,436	838,115
<b>Total cost of sales</b>		<b>39,994,846</b>	<b>34,770,586</b>
<b>24.1 Manufacturing overhead</b>			
Salaries and wages		1,875,375	1,531,565
Utilities		533,758	642,994
Rent and services		958,137	565,618
Repairs and maintenance		356,974	462,405
Depreciation	8.1 & 9.2	1,668,637	1,444,613
Travelling and training		78,492	139,589
Printing and stationery		30,340	39,979
Security and safety		213,907	163,851
Distribution cost		1,680,952	1,741,604
Insurance		101,563	71,767
Research and development		61,901	27,245
Spares consumption		265,042	133,475
COVID 19 expenses		-	144,583
Other expenses		195,950	272,500
		<b>8,021,028</b>	<b>7,381,787</b>





In thousands of BDT

	Notes	For the year ended 31 December	
		2022	2021
<b>25</b>	<b>Operating expenses</b>		
Salaries		1,553,982	1,330,717
Utilities		80,010	75,532
Rent and services		422,990	312,655
Repairs and maintenance		202,947	397,029
Depreciation	8.1 & 9.2	368,427	343,566
Travelling and training		163,007	199,611
Printing and stationery		32,522	40,861
Security and safety		81,674	63,464
Distribution Cost		126,490	100,361
Insurance		12,029	9,510
Trade support expenditure		679,936	1,046,530
Social responsibility		206,721	125,913
Legal, secretarial and professional fee		144,937	156,338
Interim audit and audit related services		800	800
Audit fee		1,300	1,300
Information technology		323,670	1,205,445
Technical and assistance fee		1,285,641	1,174,557
Market research & operational expenditure		2,010,426	1,447,075
COVID 19 expenses		-	14,377
Other expenses		981,301	306,983
		<b>8,678,810</b>	<b>8,352,624</b>
<b>26</b>	<b>Net finance income/(expenses)</b>		
See accounting policy in Note 6N.			
<b>Finance income</b>		58,253	37,472
<b>Finance costs</b>			
Debt and borrowing		(269,528)	(177,070)
Lease liabilities		(294,002)	(194,730)
		<b>(505,277)</b>	<b>(334,328)</b>
<b>27</b>	<b>Non-operating income/(expenses)</b>		
Profit/(loss) on disposal of property, plant and equipment	27.1	37,419	(25,427)
Other income *		1,744,699	130,863
		<b>1,782,118</b>	<b>105,436</b>

\*The current year amount pertains to partial waiver of IT service costs following agreement with vendor.

## 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 2022</b>						
Freehold building	(5,669)	5,251	(418)	88	(330)	Written off
Furniture and fixtures	(15,922)	13,481	(2,441)	248	(2,193)	Written off
Laboratory equipment	(1,195)	1,195	-	9	9	Written off
IT Equipment	(71,559)	70,080	(1,479)	896	(583)	Written off
Leasehold building	(9,733)	7,890	(1,843)	57	(1,786)	Written off
Office equipment	(23,070)	17,949	(5,121)	408	(4,713)	Written off
Plant and machinery	(109,133)	98,495	(10,638)	2,567	(8,071)	Written off
Vehicles	(140,397)	134,388	(6,009)	61,095	55,086	Employees of the Company
	<b>(376,678)</b>	<b>348,729</b>	<b>(27,949)</b>	<b>65,368</b>	<b>37,419</b>	

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>						
Freehold building	(14,414)	12,041	(2,372)	19	(2,354)	Written off
Furniture and fixtures	(7,717)	7,717	-	18	18	Written off
IT equipment	(27,901)	27,860	(42)	573	531	Written off
Laboratory equipment	(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>	

In thousands of BDT

	Note	For the year ended 31 December	
		2022	2021
<b>28 Income tax expenses</b>			
<b>Current income tax:</b>			
Current income tax charge	21	16,431,144	14,102,215
<b>Deferred tax:</b>			
Deferred tax (income)/expense relating to origination and reversal of temporary differences	29	689,855	830,942
<b>Income tax expense reported in the statement of profit or loss</b>		<b>17,120,999</b>	<b>14,933,157</b>

**28.1 Reconciliation of effective tax rate**

In thousands of BDT

	For the year ended 31 December			
	%	2022	%	2021
<b>Profit before tax</b>		<b>34,993,019</b>		<b>29,901,686</b>
Current tax expense	46.96%	16,431,144	47.16%	14,102,215
Deferred tax expense	1.97%	689,855	2.78%	830,942
<b>Total tax expense</b>	<b>48.93%</b>	<b>17,120,999</b>	<b>49.94%</b>	<b>14,933,157</b>
Expected income tax using applicable tax rate	47.50%	16,621,684	47.50%	14,203,301
Prior year adjustment	0.00%	-	0.00%	-
Tax on non deductible expenses	-0.54%	(190,540)	-0.34%	(101,086)
<b>Effective current tax</b>	<b>46.96%</b>	<b>16,431,144</b>	<b>47.16%</b>	<b>14,102,215</b>
<b>Effective deferred tax</b>	<b>1.97%</b>	<b>689,855</b>	<b>2.78%</b>	<b>830,942</b>
	<b>48.93%</b>	<b>17,120,999</b>	<b>49.94%</b>	<b>14,933,157</b>

In thousands of BDT

	Note	For the year ended 31 December	
		2022	2021
<b>29 Deferred tax (expense)/income</b>			
Deferred tax liabilities at the beginning of the year	18	5,990,682	5,184,594
Deferred tax liabilities at the end of the year	18	6,699,365	5,990,682
		<b>(708,683)</b>	<b>(806,088)</b>
Deferred tax attributable to actuarial loss recognised directly in equity		<b>18,828</b>	<b>(24,854)</b>
Deferred tax (expense)/income recognised directly in profit		<b>(689,855)</b>	<b>(830,942)</b>



In thousands of BDT

		For the year ended 31 December	
		2022	2021
<b>30</b>	<b>Other comprehensive income</b>		
	Actuarial gain/(loss) on defined benefit plans - Gratuity fund	40,002	(51,324)
	Actuarial gain/(loss) on defined benefit plans - Pension fund	(364)	(1,000)
		<b>39,638</b>	<b>(52,324)</b>
	Less: deferred tax on actuarial gain/(loss) on defined benefit plans @ 47.5%	(18,828)	24,854
	<b>Net actuarial gain/(loss) on defined benefit plans charged to OCI</b>	<b>20,810</b>	<b>(27,470)</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:

		For the year ended 31 December	
		2022	2021
	Total profit attributable to shareholders	17,872,020	14,968,529
	Weighted average number of shares outstanding	540,000	540,000
	<b>Earning per share in BDT</b>	<b>33.10</b>	<b>27.72</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.

		For the year ended 31 December	
		2022	2021
<b>32</b>	<b>Net operating cash flows per share (NOCFPS)</b>		
	Net cash flow from operating activities	27,024,155	7,952,537
	Weighted average number of shares outstanding	540,000	540,000
	<b>Net operating cash flows per share in BDT</b>	<b>50.04</b>	<b>14.73</b>
<b>33</b>	<b>Net asset value (NAV) per share</b>		
	Net asset value	41,183,604	36,790,774
	Weighted average number of shares outstanding	540,000	540,000
	<b>NAV per share in BDT</b>	<b>76.27</b>	<b>68.13</b>
<b>34</b>	<b>Dividend paid</b>		
	Opening unclaimed dividend	61,603	75,165
	Dividend paid:		
	Cash dividend paid for 2021/2020	8,100,000	5,400,000
	Interim dividend paid for 2022/2021	5,400,000	6,750,000
		13,561,603	12,225,165
	Closing unclaimed dividend	2,203,083	61,603

Notes



<b>Dividend paid</b>	<b>11,358,520</b>	<b>12,163,562</b>
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The Company declared interim dividend in 2022 for the period January till September of 2022.

**34.1 Ageing analysis of unclaimed dividend**

	Prior to				In thousands of BDT	
	2019	2019	2020	2021	2022	Total
Unclaimed dividend at 1 January 2022	3,526	13,264	19,365	25,448	-	61,603
Final Dividend 2021 Returned	-	-	-	18,421	-	18,421
Paid during the year	(212)	(966)	(1,181)	(6,277)	-	(8,636)
Transfer to CMSF*	(3,314)	-	-	-	-	(3,314)
<b>Unclaimed dividend at 31 December 2022**</b>	<b>-</b>	<b>12,298</b>	<b>18,184</b>	<b>37,592</b>	<b>2,135,009</b>	<b>2,203,083</b>

\*Capital Market Stabilisation Fund

\*\*Unclaimed dividend relating to 2022 includes BDT 2,078,291,479 of dividends yet to be repatriated to the Company's Parent Undertaking.

**35 Remittances of foreign currency**

	In thousands of BDT	
	2022	2021
Technical and advisory fee (T&A)	-	6,833
Royalty	5,068	-
Dividend	57,160	67,347
	<b>62,228</b>	<b>74,180</b>

T&A Fees in 2021 consists of T&A fee for the year 2018. Royalty in 2022 consists of Royalty amount remitted to BAT Holdings Ltd for Benson & Hedges & for 2018.

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.

**36 Value of imports on Cost, Insurance and Freight (CIF) basis**

Raw and packing materials	6,009,801	5,871,926
Spares and others	2,350,543	1,882,068
Capital goods	1,793,849	1,504,672
	<b>10,154,193</b>	<b>9,258,666</b>

**37 Total export earnings**

Export of leaf	51,727	32,026
Export of finished goods	136	175
Re-export of wrapping materials	-	136
	<b>51,863</b>	<b>32,337</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.

**For the year ended 31 December**



	2022	2021
<b>Actual production of cigarettes (in million sticks)</b>	<b>63,877</b>	<b>66,223</b>

### 39 Segment reporting

The Company is domiciled in Bangladesh. The gross revenue from domestic sale of cigarettes is BDT 355,855 million (2021: BDT 336,601 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 56,043 million (2021: BDT 53,030 million) of the Company's total revenue.

The Company is 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			
	2022		2021	
	Wrapping material	Leaf	Wrapping material	Leaf
<b>Imported:</b>				
Opening	1,550,333	464,686	1,644,210	217,945
Purchases	6,968,214	922,777	6,122,270	1,185,673
Consumption	(6,899,748)	(880,886)	(6,216,147)	(938,932)
<b>Closing (a)</b>	<b>1,618,799</b>	<b>506,577</b>	<b>1,550,333</b>	<b>464,686</b>
<b>Domestic:</b>				
Opening	14,053	7,979,654	21,637	8,257,796
Purchases	8,841,953	15,516,676	7,911,979	12,709,376
Consumption	(8,709,068)	(9,944,644)	(7,919,563)	(10,848,692)
Export	-	(4,251,359)	-	(2,138,826)
<b>Closing (b)</b>	<b>146,938</b>	<b>9,300,327</b>	<b>14,053</b>	<b>7,979,654</b>
<b>Closing stock (a+b)</b>	<b>1,765,737</b>	<b>9,806,904</b>	<b>1,564,386</b>	<b>8,444,340</b>

### 41 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				
	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 2022</b>												
<b>Financial assets measured at fair value</b>												
11	-	-	-	-	682,195	-	-	682,195	-	-	-	682,195
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	<b>682,195</b>	-	-	<b>682,195</b>	-	-	-	<b>682,195</b>
<b>Financial assets not measured at fair value</b>												
12	-	-	-	-	11,700	-	-	11,700	-	-	-	11,700
13	-	-	-	-	4,912,334	-	-	4,912,334	-	-	-	4,912,334
	-	-	-	-	<b>4,924,034</b>	-	-	<b>4,924,034</b>	-	-	-	<b>4,924,034</b>
<b>Financial liabilities not measured at fair value</b>												
19	-	-	-	-	-	-	-	-	-	-	-	-
20	-	-	-	-	-	-	17,656,262	17,656,262	-	-	-	17,656,262
	-	-	-	-	-	-	<b>17,656,262</b>	<b>17,656,262</b>	-	-	-	<b>17,656,262</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>





In thousands of BDT

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>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>

## 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	91- 180 days	181 days to 365 days	>365 days	
<b>31 December 2022</b>						
Expected credit loss rate	0.10%	0.12%	0.14%	0.16%	0.18%	0.20%
Estimated total gross	552,000	-	-	-	-	-
Carrying amount at default						
<b>Expected credit loss</b>	<b>552</b>	-	-	-	-	-

	Trade receivables					
	Days past due					
Current	<30 days	30-90 days	91- 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>	-	-	-	-	-

**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:

	Notes	31 December	
		2022	2021
Advances, deposits and prepayments	12	11,700	11,700
Cash at bank	13	4,912,334	1,406,198
		<b>4,924,034</b>	<b>1,417,898</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:

Past due 30 days or below	98,833	254,751
Past due 31-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	34,004	20,288
	<b>132,837</b>	<b>275,039</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	Contractual cash flows						In thousands of BDT
	Carrying amount	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	
<b>31 December 2022</b>							
Trade and other payables	20	17,656,262	17,656,262	7,805,842	-	9,850,420	-
Short term loans	19	-	-	-	-	-	-
		<b>17,656,262</b>	<b>17,656,262</b>	<b>7,805,842</b>	<b>-</b>	<b>9,850,420</b>	<b>-</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Note	Contractual cash flows						In thousands of BDT
	Carrying amount	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	
<b>31 December 2021</b>							
Trade and other payables	20	18,530,880	18,530,880	9,229,150	-	9,301,730	-
Short term loans	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>

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		
<b>31 December 2022</b>	<b>USD</b>	<b>GBP</b>	<b>EUR</b>
<b>Foreign currency denominated assets</b>			
Cash at bank	16,436	-	-
Trade receivables	-	-	-
Intercompany receivables	251	37	-
	<b>16,687</b>	<b>37</b>	<b>-</b>
<b>Foreign currency denominated liabilities</b>			
Trade payables	10,628	47	202
Intercompany payables	9,444	59	38
	<b>20,072</b>	<b>106</b>	<b>240</b>
<b>Net exposure</b>	<b>(3,385)</b>	<b>(69)</b>	<b>(240)</b>

	In thousands of BDT		
<b>31 December 2021</b>	<b>USD</b>	<b>GBP</b>	<b>EUR</b>
<b>Foreign currency denominated assets</b>			
Cash at bank	4,921	-	-
Trade receivables	-	-	-
Intercompany receivable	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>

The following significant exchange rates have been applied against BDT:

	Average rate		Year-end spot rate	
	2022	2021	2022	2021
USD 1	93.41	85.07	102.00	85.85
GBP 1	115.04	117.02	122.71	117.22
EUR 1	98.13	100.60	108.33	98.66

**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	
	<b>Strengthening profit or (loss)</b>	<b>Weakening profit or (loss)</b>
<b>31 December 2022</b>		
USD (5 percent movement)	17,264	(17,264)
GBP (5 percent movement)	425	(425)
EUR (5 percent movement)	1,300	(1,300)
	<b>18,988</b>	<b>(18,988)</b>



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>

**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:**

	2022	2021
<b>Lease liabilities</b>	<b>10%</b>	<b>10%</b>

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**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	
	2022	2021
Meeting attendance fee	94	132
Meeting expense	6,030	6,770
Remuneration	110,094	87,684
Retirement benefit scheme	7,303	5,604
Medical and welfare	239	97
Housing	12,000	17,225
	<b>135,760</b>	<b>117,512</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.

		In thousands of BDT			
		Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
	Relationship	2022	2021	2022	2021
<b>Income</b>					
<b>a. Leaf, Cigarette export and sale of goods</b>					
BAT (GLP) Limited	BAT Group company	2,859,901	672,085	(134,378)	(46,642)
PTCL	BAT Group company	412,287	456,987	38,069	144,690
BAT (Singapore) PTE LTD	BAT Group company	9,568	26,492	15,751	11,602
Ceylon Tobacco Company PLC	BAT Group company	2,822	-	474	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	8,675	-	-
		<b>3,284,578</b>	<b>1,164,239</b>	<b>(80,084)</b>	<b>109,650</b>

**BAT BANGLADESH**

In thousands of BDT

	Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2022	2021	2022	2021
		<b>b. Other fee</b>			
Other fee received/to be received from:					
BAT (GLP) Limited	BAT Group company	12,764	3,017	-	3,017
BAT Holdings Limited	Holding company	-	19,217	-	19,217
BAT INVESTMENTS LTD	Holding company	12,445	-	-	1,101
British-American Tobacco Polska S.A	BAT Group company	2,241	-	-	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	13,215	10,688	-	-
BAT Japan	BAT Group company	11,028	35,495	-	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 Global Travel Retail Limited	BAT Group company	18,660	-	-	-
BAT DENMARK A/S (HOP A/S)	BAT Group company	-	-	1,480	1,480
British American Tobacco Taiwan	BAT Group company	10,792	-	1,599	-
British American Tobacco Asia	BAT Group company	17,294	-	-	-
British-American Tobacco (Singapore)	BAT Group company	8,183	-	-	-
EAA Services	BAT Group company	1,879	-	1,879	-
British American Tobacco (PNG) Ltd	BAT Group company	6,619	-	6,619	-
VINA-BAT JV HCMC Branch	BAT Group company	-	3,095	1,727	4,822
BAT Co. (HK) Ltd	BAT Group company	2,945	-	2,266	-
BAT AsPac Service Centre Sdn Bhd	BAT Group company	-	8,673	-	8,673
BAT MARKETING (S) PTE LTD	BAT Group company	2,897	1,175	-	-
British American Tobacco ME DMCC	BAT Group company	2,902	-	-	-
Nicoventures Trading Limited	BAT Group company	-	27,032	-	27,032
PT Bentoel Internasional Investama	BAT Group company	-	2,699	-	-
CTBAT International Co. Limited	BAT Group company	-	2,266	-	2,266
		<b>123,864</b>	<b>123,907</b>	<b>15,570</b>	<b>88,404</b>
<b>Total related party income and balance receivables</b>		<b>3,408,442</b>	<b>1,288,146</b>	<b>(64,514)</b>	<b>198,054</b>





In thousands of BDT

	Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2022	2021	2022	2021
<b>Expenses</b>					
<b>c. Procurement of services</b>					
Procurement of information technology, product and other services:					
BASS GSD Limited*	BAT Group company	1,064,735	1,290,485	(1,016,843)	(2,182,989)
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group company	5,587	-	(8,056)	(2,469)
BAT GERMANY GMBH	BAT Group company	-	-	(327)	(327)
BAT Holdings Limited	Holding company	-	-	-	(27,469)
BAT AsPac Service Centre Sdn Bhd	BAT Group company	320,359	248,665	(715,277)	(573,413)
BAT GSD (KL) Sdn Bhd	BAT Group company	-	-	(3,151)	(3,151)
BAT Investments LTD	Holding company	3,079	24,822	(30,527)	(27,449)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	53,206	10,592	(10,962)	-
BAT MARKETING (S) PTE LTD	BAT Group company	2,311	-	-	-
PTCL	BAT Group company	3,522	85,326	(415)	-
British American Tobacco Tutun	BAT Group company	-	-	(47,053)	(47,053)
BAT (GLP) Limited	BAT Group company	103	-	(103)	-
British American Tobacco Western Europe	BAT Group company	1,270	-	(1,270)	-
BAT KOREA MANUFACTURING LTD	BAT Group company	4,485	12,713	(10,870)	-
BAT (Singapore) PTE LTD	BAT Group company	1,788	-	(1,788)	-
BAT Pecsí Dohánygyár KFT	BAT Group company	-	17,436	-	(17,436)
Souza Cruz Ltda.	BAT Group company	-	-	(1,817)	-
BAT Japan	BAT Group company	-	-	(10,094)	(10,094)
		<b>1,460,445</b>	<b>1,690,038</b>	<b>(1,858,553)</b>	<b>(2,891,850)</b>
*See note 27.					
<b>d. Purchase of leaf &amp; goods</b>					
Purchase of leaf and wrapping materials from:					
BAT Singapore (Private) limited	BAT Group company	6,402	8,633	(1,679)	(1,108)

In thousands of BDT

		Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2022	2021	2022	2021
	<b>Relationship</b>				
BAT (GLP) Limited	BAT Group company	545,456	464,644	(2,086)	1,327
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	47,907	47,961	-	(46,106)
British American Tobacco Western Europe	BAT Group company	-	32,409	-	-
BAT Korea Manufacturing Ltd	BAT Group company	-	18,336	-	(23,290)
PTCL	BAT Group company	-	1,221	-	-
		<b>599,765</b>	<b>573,204</b>	<b>(3,765)</b>	<b>(69,177)</b>
<b>e. Royalty</b>					
Royalty paid/payable to:					
BAT Holdings Limited	Holding company	952,436	838,115	(3,230,845)	(2,913,444)
		<b>952,436</b>	<b>838,115</b>	<b>(3,230,845)</b>	<b>(2,913,444)</b>
<b>f. Technical and advisory fee</b>					
Payment of fees for technical and advisory support services to:					
BAT Investments Ltd	BAT Group company	1,285,641	1,174,557	(4,612,512)	(3,326,870)
		<b>1,285,641</b>	<b>1,174,557</b>	<b>(4,612,512)</b>	<b>(3,326,870)</b>
<b>g. Purchase of equipment</b>					
Purchase of equipment from:					
BAT MARKETING (S) PTE LTD	BAT Group company	198,906	-	4,258	-
BAT Pecsí Dohánygyár KFT	BAT Group company	19,849	80,653	-	(80,653)
BRITISH AMERICAN TOBACCO CHILE	BAT Group company	-	-	(69)	(69)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	556,709	186,705	(3,332)	11,321
British American Tobacco Kenya Ltd	BAT Group company	-	-	(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	-	-	(986)	(986)
BAT (Singapore) PTE LTD	BAT Group company	4,026	-	(4,026)	-
BAT KOREA MANUFACTURING LTD	BAT Group company	-	199,817	-	16,905
British American Tobacco Mexico	BAT Group company	-	-	(181)	(181)



		In thousands of BDT			
		Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
Relationship		2022	2021	2022	2021
PTCL	BAT Group company	-	79,705	-	-
		<b>779,490</b>	<b>546,881</b>	<b>(6,111)</b>	<b>(55,437)</b>
	<b>Total related party expenses and outstanding balances</b>	<b>5,077,777</b>	<b>4,822,794</b>	<b>(9,711,786)</b>	<b>(9,256,778)</b>

		In thousands of BDT	
		2022	2021
<b>43</b>	<b>Commitments</b>		
<b>43.1</b>	<b>Capital expenditure</b>		
	Authorised but not provided for	<b>2,730,676</b>	<b>3,653,775</b>
<b>43.2</b>	<b>Letter of credit</b>		
	Citibank, N.A.	1,049,374	815,043
	The Hongkong and Shanghai Banking Corporation Limited	729,169	1,037,316
	Standard Chartered Bank	1,676,783	1,375,160
		<b>3,455,326</b>	<b>3,227,520</b>

#### **44** Contingencies

Contingent liabilities of the Company that relate to bank guarantee to third parties as listed below:

##### **Bank Guarantee**

Standard Chartered Bank	202,659	94,696
Commercial Bank of Ceylon PLC	127,965	127,965
Eastern Bank Ltd.	29,302	13,514
Citibank, N.A.	2,000	2,000
	<b>361,926</b>	<b>238,174</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:

In January 2019, a competitor filed a writ petition against Government and NBR by which it initially challenged the failure of Government to implement the closing budget speech of the Honorable Finance Minister dated 27 June 2018 and reserving low segment for local brands. Thereafter, the competitor instead challenged the exclusion of protection given to local brands of cigarette manufactured by local manufacturers and sought a direction to continue the protection so granted to the local manufacturers of cigarettes in pursuance of a 2017 Special Order. The competitor further challenged the legality of a 2018 Special Order of NBR through which the said protection was revoked. BATB was initially not a 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 judgment in the matter on 21 September 2020. By holding the prospective portion of the 2018 Special Order legal, the court did not allow the discriminatory regime to continue. However, by holding illegal the retrospective portion of the 2018 Special Order, the Court revived the discriminatory regime for only one year, that is from 01 June 2017 to 06 June 2018 and held that any shortfall of revenue under the 2017 Special Order may be recovered from any party or manufacturer during the period of 01 June 2017 to 06 June 2018.



Subsequently, the LTU-VAT issued a Show Cause Notice dated 24 September 2020 following the High Court judgment claiming unpaid VAT & SD of BDT 24,371 million from 01 June 2017 to 06 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 proceeding shall also be deemed to have been stayed.

**44.2 Standard of Business Conduct (SoBC)**

The Company has been made aware of an ongoing inquiry into a complaint made under its SoBC. Based on the outcome, the Company will take all necessary actions as per the laws of Bangladesh and Company policy.

**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:

	31 December	
	2022	2021
Number of employees	<u>1,526</u>	<u>1,643</u>

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 Significant deviations**

During 2022 Earning per share (EPS) increased due to higher profit after tax driven by growth in volume and one off IT service cost waiver contributing to higher non-operating income as compared to 31 December 2021. Net operating cash flow per share (NOCFPS) increased due to increased collection from sale of cigarette and leaf exports.

**47 Events after reporting period**

The Board of Directors of the Company recommended BDT 10.00 per share as final cash dividend for the year ended 31 December 2022 at the board meeting held on 8 February 2023. 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 2022 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.



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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 50<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, 29<sup>th</sup> March 2023 and at any adjournment thereof

As witness my/our hand this ..... day of ..... 2023.



.....  
(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 11.00 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 50<sup>th</sup> Annual General Meeting (AGM) of the Company being held on Wednesday, 29<sup>th</sup> March 2023 at 11.00 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 11:00 a.m on the AGM date.









**TOWARDS A BETTER TOMORROW**



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BAT Bangladesh Company Limited  
New DOHS Road, Mohakhali  
Dhaka-1206, Bangladesh  
Telephone: (+880) 248811279-83  
[www.batbangladesh.com](http://www.batbangladesh.com)