

Annual Report 2020

British American Tobacco Bangladesh Company Limited

Building A Better
TOMORROW



BAT
BANGLADESH



BATTLE OF MINDS 2020



Supply Chain
Excellence Award
2020

ICAB
National Award
2020

President's
Award 2018



Building A Better **TOMORROW**

With an extremely dynamic economy, Bangladesh has trailblazed to set an impressive record of its economic growth and development, maintaining a continuous growth that is well above the Asian average. To commemorate Bangladesh's 50th year of independence, the country aspires to advance to a middle-income country as per United Nation's classification - a vision to be achieved in the near future.

To help attain the Government's vision and goals, BAT Bangladesh also plays an instrumental role. Ever since its inception as Imperial Tobacco 110 years ago, the Company has been committed to be a sustainable development partner of the nation. Acknowledged as the highest taxpaying private sector entity, BAT Bangladesh has also aligned its initiatives to help the Government achieve the UN's Sustainable Development Goals (SDGs); currently contributing towards 8 out of the 17 SDGs. Not just a revenue partner, BAT Bangladesh is also renowned for creating leaders that have paved the way to be top team members of different organisations in the country and beyond borders. The Company is also one of the pioneers of sustainability initiatives in the country, with different programmes relating to Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR), good agricultural practices and more creating a positive economic, societal and environmental impact for the livelihood of all people.

Today, the Company recognises the need to have an evolving business model for an ever-changing world. It has embarked upon a transformational journey, with an evolved identity, vision and purpose. At the core of this evolved vision is bringing sustainability to the front and center in all its actions and initiatives that will further create a balance of economic growth, environmental protection and social progress for Bangladesh.

Building on our foundation of 110 years of best practices, BAT Bangladesh is now committed towards building A Better Tomorrow.



**BRITISH AMERICAN
TOBACCO
BANGLADESH**



BAT BANGLADESH'S NEW CORPORATE LOGO

British American Tobacco Bangladesh Company Limited has changed its corporate logo that reflects changes in the operating environment around the business. The previous logo has served the Company well for decades and has been a strong embodiment of our identity as a leading tobacco Company.

In an ever-evolving world, BAT, as a Group, recognises the need to have a dynamic business model, especially as it is one of the most globalised corporations operating in 180+ markets around the world. Responding to the changing global landscape and to ensure sustainable delivery of business excellence, both for today and tomorrow, BAT Bangladesh has embraced a new vision and purpose to work hand-in-hand with the sustainable development journey of the country. Keeping Environmental, Social & Governance (ESG) practices in the front and center of all its actions, BAT Bangladesh aims to bring an impactful change to the wider community. The ambition is to facilitate our transformational journey in pursuit of “A Better Tomorrow” for all our stakeholders. This journey will include the following facets - responsibly offering enjoyable choices for every mood and every moment for our consumers; reducing our environmental and social impacts; creating a dynamic, inspiring and purposeful place to work for our employees and delivering sustainable and superior returns to our shareholders.

Ever since its inception 110 years ago, BAT Bangladesh is regarded as the benchmark for compliance and governance across the corporate sector and is known to develop its human capital by creating business leaders who are now leading other top corporates in the country and beyond.

In addition to this, BAT Bangladesh is the highest revenue contributor to the Government in the private sector. It is also one of the top performing companies listed on the Dhaka and Chittagong Stock Exchanges, and one of the top companies in terms of market capitalisation. Bangladesh Government has equity ownership in the Company and has representatives on its Board. To further contribute to the socio-economic development of the country, BAT Bangladesh has aligned its ESG initiatives to help the Government achieve the UN's Sustainable Development Goals (SDGs), which will help the country to realise its developmental aspirations.

The dynamic new logo reflects the Company today and its journey ahead, comprising a unification of its global businesses.



We would also like to request our valued stakeholders to go through the online version of this Annual Report published on our website www.batbangladesh.com as we promote paperless workplace to conserve the environment.



We invite you to download a digital copy of this Annual Report by scanning this QR code on your smart device.



You can access BAT Bangladesh's Facebook shareholder page by scanning this QR Code from your smart device



You can also download this report from our website www.batbangladesh.com



New DOHS Road, Mohakhali,
Dhaka 1206
T: (+880) 248811279 – 83

GREETINGS!

The Board of Directors of BAT Bangladesh welcomes you to the Company's Annual Report for the year 2020. With our 110-year legacy of being a responsible corporate, we believe we are continuing on our path of sustainable value creation, ensuring good governance for the benefit of all our valued stakeholders.

About our Annual Report

This report aims to provide a balanced and accurate reflection of our corporate governance practices, regulatory compliance initiatives, strategy, performance, opportunities and future outlook in relation to our material financial as well as environmental, social and governance (ESG) matters. The overarching intent of this report is primarily to address value-creation considerations of long-term investors, but also provides appropriate information for all our other key stakeholders.

Our strategy takes into account the six capitals, the stakeholders with whom we interact, and the risks and opportunities that our operating environment presents. We have continued to align our strategy to ensure resilience in a dynamic new world and deliver a robust future for all, leaving no one behind, to ensure a better tomorrow. Further, this report provides holistic information relating to our performance for the period from 1st January 2020 to 31st December 2020.

Our integrated operating-reporting process

Our integrated operations and our emphasis on reporting our performance across each major segment of our value chain- that spans from crop to consumer- facilitates our integrated reporting process and expands our ability to communicate our value creation plans, strategies and outcomes. Further, our integrated reporting process is monitored and evaluated under the direction of the Board Audit Committee, while internal and external audit teams cover key controls and accounting matters in the course of their audits, thus ensuring the best interests of the Company and its shareholders. Other levels of external assurance are obtained as and when required from the relevant Government authorities, regulators and professional bodies.

This report also highlights the Company's well-established governance framework, which represents the commitment of our employees to achieve business results with integrity through faster, stronger and simpler decision-making process and effective management systems, under the guidance of our Board of Directors.

Our material matters

Our material matters are those issues that could substantially affect our ability to create value over the short, medium and long-term, and represent a key part of our integrated reporting process. Responding to the economic effects of COVID-19 and managing the long-term sustainability of our business have become our primary focus areas and will remain a part of our key material matters.

BAT BANGLADESH'S STRATEGIC MATERIAL

- ADVANCING SUSTAINABILITY**
- CONTRIBUTING TO NATIONAL GROWTH AND DEVELOPMENT**
- STRENGTHENING OUR FINANCIAL PERFORMANCE**
- FOCUSING ON SKILLS TRANSFORMATION**
- ENSURING BEST PRACTICES IN GOVERNANCE**
- EMBRACING OUR ENVIRONMENTAL & SOCIAL RESPONSIBILITY**

This report provides information on all those matters that we believe could materially affect value creation at BAT Bangladesh.



Md. Azizur Rahman FCS

Head of Public Affairs & Company Secretary
BAT Bangladesh



ABOUT US

BAT Bangladesh is a locally incorporated Company, consumer goods manufacture that operates in over 180 markets around the world.

Focused on value sustainment

At BAT Bangladesh, we believe that sustainable growth for a company, the country, the citizens and the community are inexorably intertwined. This starts with a deep-rooted commitment and dedicated-proactive actions that lead towards a society where positive actions are enacted, diversity is treasured, freedom of choice is respected, and fairness is expected. At our Company, our sustained focus on transformation has enabled us to reinforce our techno-commercial capabilities, thus enabling us to contribute enhanced value in the hands of our stakeholders. Today, we are confident that we can continue our 110 years of legacy in Bangladesh well into the future.

BAT Bangladesh is locally incorporated public listed Company with investment by British American Tobacco plc. We make best quality and regulatory-compliant tobacco products that meet the diverse choices of our consumers through our integrated 'crop-to-consumer' operation.

Ever since our inception 110 years ago, BAT Bangladesh is committed to partner the country in its sustainable development journey. What gives us the confidence is that our foundations are strong. Our top-tier compliance and governance standards are regarded as a benchmark in regulatory observance in the corporate sector, even as we are known to develop world-class leadership talent for both national as well as international organisations.

Our beliefs

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

Today, with a proud heritage spanning 110 years, we are embarking on a transformational journey with a clear purpose of building *A Better Tomorrow* for all our stakeholders.

Our evolved strategy

In an ever-evolving world, BAT as a Group recognises the need for an evolved business model that will ensure sustainable delivery of excellence, today and tomorrow. Responding to this intrinsic need, BAT Group has embraced a new vision and purpose, espoused in a journey

that promises *A Better Tomorrow* for all. Aligned with the new purpose, BAT has also unveiled a new corporate logo and brand identity that reflects the new journey ahead.

Drawing inspiration from 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 stakeholders.

Securing *A Better Tomorrow* for our stakeholders

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



CONSUMERS

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



SOCIETY

By enhancing our environmental and social impacts



EMPLOYEES

By fostering a dynamic, inspiring and purposeful place to work



SHAREHOLDERS

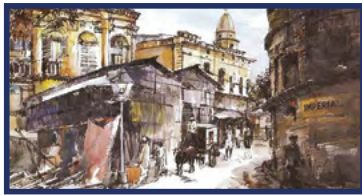
By delivering sustainable and superior returns

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

A JOURNEY OF 110 YEARS

1910

Journey starts as Imperial Tobacco



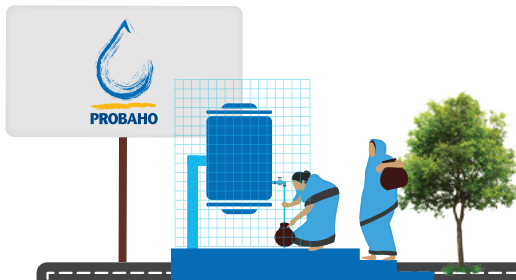
1947

Renamed as Pakistan Tobacco Company (PTC)



2009

Initiated the 2nd CSR Initiative, 'Probaho' - providing safe drinking water



2003

New Corporate Head Office built in Mohakhali, Dhaka



2010

Celebrated Centenary Years



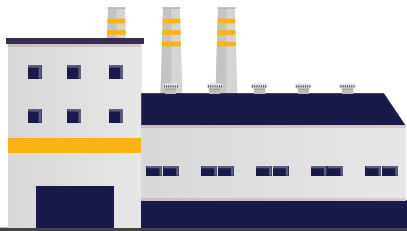
2011

Introduced the 3rd CSR Initiative, 'Deepto' - illuminating lives with solar power



1965

Inaugurated the Dhaka Factory



1972

Established as Bangladesh Tobacco Company (BTC) after independence



1998

Change of identity aligned with BAT Group



1980

Pioneered the 1st CSR Initiative, 'Bonayan' - an afforestation programme



2020

A new journey with an evolved identity



SCAN QR CODE TO FIND OUT MORE



TOWARDS A BETTER TOMORROW...

110 YEARS OF SUSTAINED IMPACT



IMPROVED
FARMERS'
QUALITY OF LIFE



INCREASED
KNOWLEDGE
DEVELOPMENT
& AWARENESS

75 IPM
Clubs



REDUCTION
IN POVERTY

77%

beneficiaries are earning money
through tree plantation



AVAILABILITY OF
SAFE DRINKING
WATER IN AREAS
OF PROBAGO
PLANTS

88%

people can get water from
Probago plants in just about
10 minutes

Purified around
550,000 litres
of drinking water,
meeting the needs of
around **270,000**
people every day.



DECREASE IN
WATERBORNE
DISEASES



AGRICULTURAL
PRODUCTIVITY



ACCESS TO
ELECTRICITY
SUPPLY

illuminated houses of **29** villages
installing around **2,590** units
of solar home systems

Enabled electricity supply
to **15,000** rural people.



WOMEN EMPOWERMENT AS
THEY TAKE PART IN INCOME
GENERATING ACTIVITIES

77.1%

women in areas with Depto
feel safer at home

60.6%

the respondents said that women can
now go outside their homes at night

20.1%

women can engage in
income generating work
at night



BRINGING POSITIVE IMPACTS ON EDUCATION AND IMPROVING LIVELIHOODS IN AREAS WITHOUT ELECTRICITY THROUGH DEEPTO

92.7%

study at night

84.5%

get more time to study

45.1%

scoring better results



CONSERVATION OF TREES & FORESTS



ACCESS TO HEALTHY ENVIRONMENT



CONTRIBUTE ABOUT 8% OF THE TOTAL GOVT. REVENUE



CONTRIBUTED **581,541** CRORE IN TAXES IN THE PAST 10 YEARS



SKILLED AND EQUIPPED FARMING COMMUNITIES THROUGH 75 IPM CLUBS

FACILITATED



SDG GOALS OUT OF 17

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Golam Mainuddin	Chairman
Mr. Shehzad Munim	Managing Director
Mr. Mohammad Moinuddin Abdullah	Non-Executive Director
Mr. K. M. Ali Azam	Non-Executive Director
Mr. K. H. Masud Siddiqui	Independent Director
Mr. A. K. M. Aftab Ul Islam FCA	Independent Director
Ms. Mahmuda Khatun	Non-Executive Director
Mr. Md. Abul Hossain	Non-Executive Director
Mr. Stephan Matthiesen	Finance Director
Mr. Md. Azizur Rahman FCS	Company Secretary

BOARD COMMITTEES

BOARD NOMINATION AND REMUNERATION COMMITTEE

Mr. K. H. Masud Siddiqui	Chairman
Mr. Golam Mainuddin	Member
Mr. Mohammad Moinuddin Abdullah	Member
Mr. Md. Azizur Rahman FCS	Company Secretary

BOARD AUDIT COMMITTEE

Mr. A. K. M. Aftab Ul Islam FCA	Chairman
Mr. Mohammad Moinuddin Abdullah	Member
Mr. K. M. Ali Azam	Member
Ms. Mahmuda Khatun	Member
Mr. Md. Abul Hossain	Member
Mr. Md. Azizur Rahman FCS	Company Secretary

BOARD CSR COMMITTEE

Mr. Mohammad Moinuddin Abdullah	Chairman
Mr. Shehzad Munim	Member
Mr. K. M. Ali Azam	Member
Mr. A. K. M. Aftab Ul Islam FCA	Member
Ms. Mahmuda Khatun	Member
Mr. K. H. Masud Siddiqui	Member
Mr. Md. Abul Hossain	Member
Mr. Md. Azizur Rahman FCS	Company Secretary

HEAD OF PUBLIC AFFAIRS & COMPANY SECRETARY

Mr. Md. Azizur Rahman FCS

LEADERSHIP TEAM

Mr. Shehzad Munim	Managing Director
Mr. Stephan Matthiesen	Finance Director
Mr. Charles Kyalo	Head of Operations
Ms. Mubina Asaf	Head of Legal & External Affairs
Mr. Golam Safwat Choudhury	Head of Brands and Strategy
Mr. Syed Mahbub Ali	Head of Trade & Planning
Mr. Saad Jashim	Head of Human Resources
Mr. Quazi Sarzil Ibne Sarwar	Head of Information Digital Technology

INTERNAL AUDIT & COMPLIANCE

Mr. Md. Zahidul Islam

Mr. Safwan Mostafiz

STATUTORY AUDITORS

A. Qasem & Co., 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	

REGISTERED OFFICE

British American Tobacco Bangladesh Company Limited

New DOHS Road, Mohakhali, Dhaka 1206

Telephone: (+880) 248811279 – 83

Email: bangladesh@bat.com

www.batbangladesh.com

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VISION AND MISSION

OUR MISSION

Stimulating the Taste 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 most 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 venturing initiative to stay ahead of the curve.

As a responsible consumer products Company with a heritage spanning 110 years, we evaluate our performance in ways that go beyond financial results to include the quality, quantum, consistency and reach of our community impact. This forms the core of our sustainability agenda.



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 over millions daily consumers, over 1.3 million 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 our stakeholders.

We will create *A Better Tomorrow* for:

Consumers (people icon)

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

Society (globe icon)

By reducing the health impact of our business by offering a range of alternative products, as well as by reducing the adverse environmental and social impacts

Employees (star icon)

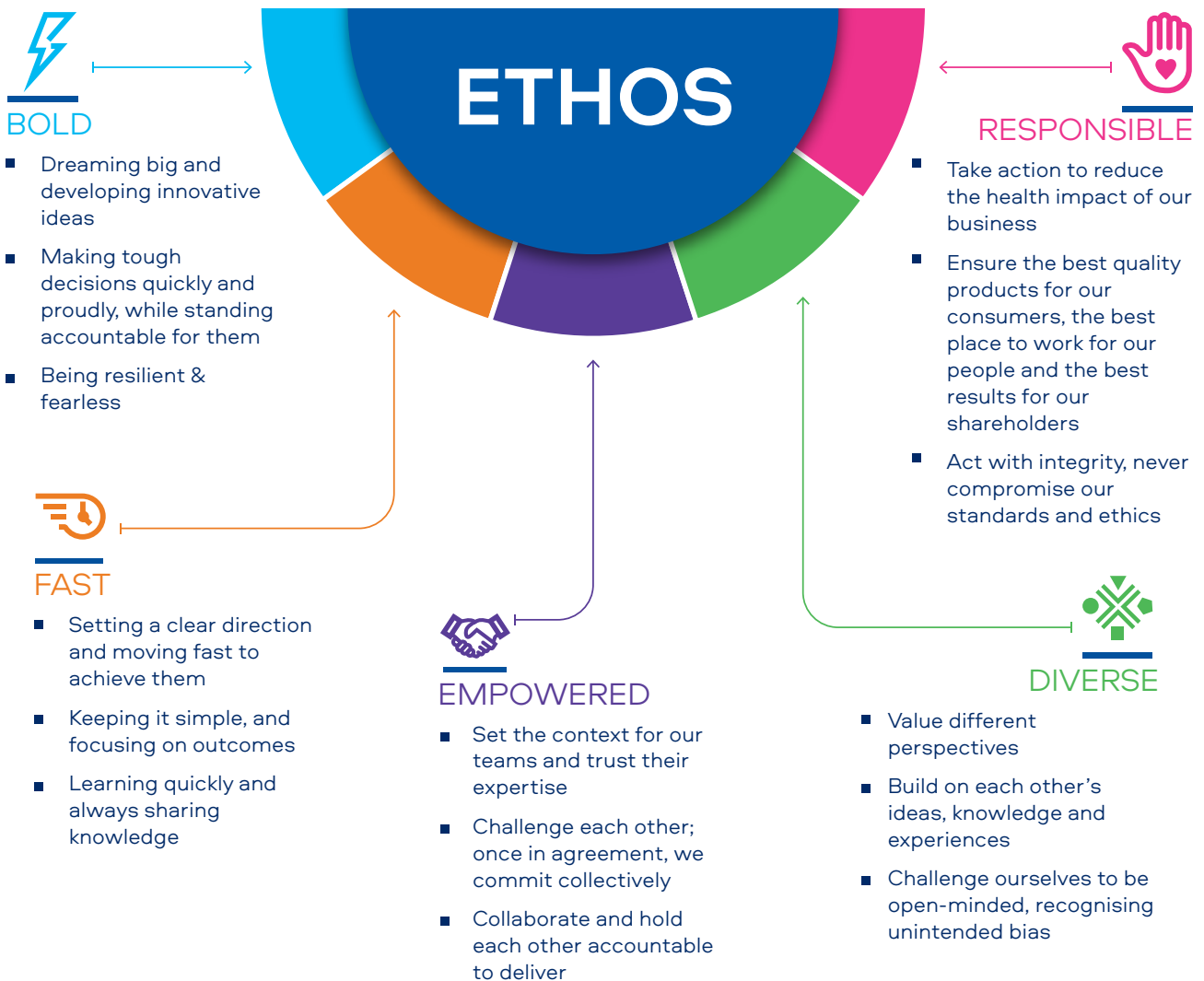
By creating a dynamic, inspiring and purposeful place to work

Shareholders (document icon)

By delivering sustainable and superior returns

OUR ETHOS

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

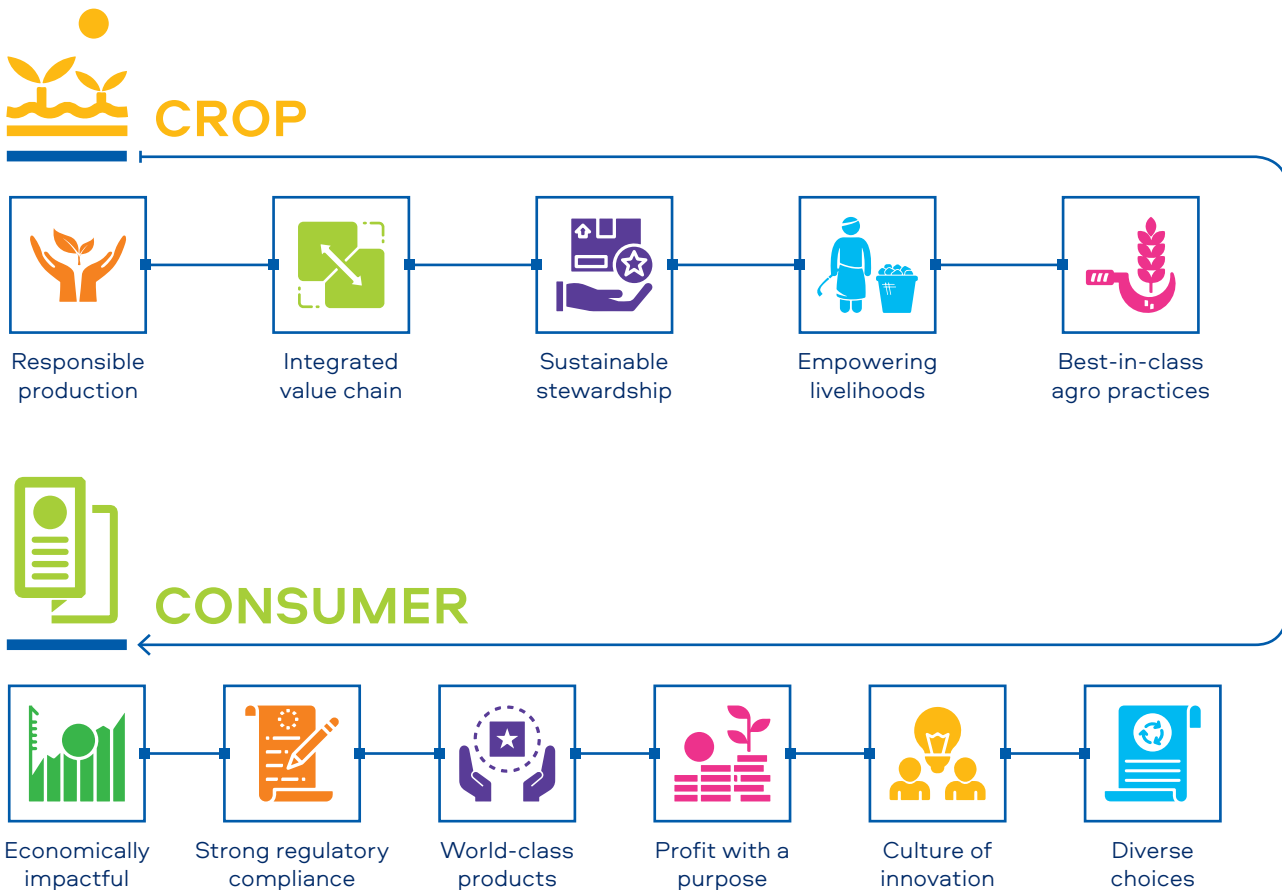


OUR BUSINESS FRAMEWORK

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

BAT Bangladesh is engaged in making world-class tobacco products that meet the diverse choice of its consumers. Our integrated value chain that spans from 'crop to consumers' enables high levels of operational and quality control.

BAT Bangladesh's strategic framework



OPERATING CONTEXT

Our multi-stakeholder approach to value creation is aimed towards consistently increasing our contribution to Government revenue and developing capabilities across our value chain and communities, while generating sustainable shareholder returns. We achieve these objectives despite operating in a highly challenging environment with substantial presence of the illicit trade.

TOBACCO MARKET CHARACTERISTICS AT A GLANCE



LARGE AND WELL SEGMENTED MARKET



HIGHLY REGULATED ENVIRONMENT



PRESENCE OF ILLICIT PRODUCTS



CONSUMER PRICE CONSCIOUSNESS



FRAGMENTED TRADE WITH DISPERSED RETAIL

Bangladesh's cigarette industry

Bangladesh's tobacco industry comprises BAT Bangladesh, which is the largest and legally-established tobacco company, other companies manufacturing cigarettes, the under-regulated bidi market and illicit and counterfeit contraband.



Tobacco regulations

The tobacco industry is highly regulated in Bangladesh, with tobacco subject to extensive product, marketing and taxation requirements. In the face of an adversarial external environment, as a tobacco enterprise rooted in fostering the spirit of responsible resolution, we will continue to support balanced and principles-based regulations to protect our commercial interests.



Fostering responsible consumption

Harm reduction is a central pillar of BAT Bangladesh's sustainability strategy and, as a part of this ecosystem, we also engage in product innovation to foster responsible consumption practices and this will represent an ongoing agenda, going forward. Further, we align with all statutory graphical health warnings on our packaging, thus ensuring consumer awareness.

PESTEL ANALYSIS

In the spirit of transparency, with a view to help our readers and other stakeholders assess the impact of a few major external factors on our business and operations, we provide a PESTEL analysis, as showcased below.



POLITICAL

Tobacco in Bangladesh has remained an arbitrary subject with strong Governmental controls regulating both pricing and distribution. While we understand concerns around public health, we operate responsibly by giving a choice to our adult consumers. We also support balanced and principles-based regulations and continue to highlight the unsubstantiated nature of illicit products and the loss of exchequer revenue that the industry inflicts upon the State treasury.



ECONOMIC

The coronavirus pandemic has upended global economies, causing both loss of lives and livelihoods the world over. The rapid and unprecedented nature of the virulence compelled governments to enforce the most harsh measures comprising large-scale shutdowns and lockdowns. Though the GDP of many countries collapsed into negative territory in the second quarter of the year under review, the third quarter witnessed a recoup in losses to some extent. Yet, Bangladesh's economic resilience stood out, with the country's second quarter 2020 GDP being among the few to be in the positive region. With the phased lifting of the lockdown and ease of control measures, it is anticipated that the year 2021 will witness substantial rebound.



SOCIAL

As a Company with a deep nationalistic interest, we are committed to social and societal welfare and embrace a number of programs and initiatives that especially create a meaningful impact on the grassroots. Further, the construct of some of our citizenship programs is premised on bringing the vulnerable and disadvantaged to the mainstream. With a view to ensure institutional impact to provide relief against the crisis due to the coronavirus, we initiated a number of measures to protect the broader society, thus playing our part in public health and welfare.



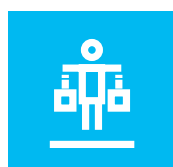
TECHNOLOGICAL

We continue to make investments in research and development to deliver innovation that satisfies diverse consumer preferences. Further, leveraging our deep understanding of consumer behaviour, we also facilitate new product launches and also launches of variations of existing products that are regulatorily-compliant, with a view to provide responsible choices to our consumers.



ENVIRONMENTAL

Discussions around climate change and the natural habitat have come to the fore, especially with the pandemic bringing the importance of a stable environment to collective public consciousness. Bangladesh is no different, as the country focuses on reconciling its development goals with its need to balance environmental preservation and conservation. At BAT Bangladesh, we are supportive of our Government's vision and focus on continuously developing new environmental initiatives that help us reduce our overall carbon footprint. Across our Company, we have achieved tremendous results, including 98% waste recycling; extensive use of renewable solar power in our factory, thus offsetting grid-based power to an extent; and concerted efforts to achieve 100% water recycling by the year 2022.



LEGAL

At BAT Bangladesh, our approach to responsible corporate behaviour is articulated through BAT's Ethos, Standards of Business Conduct and a range of well-established policies, procedures, practices and standards. We are cognisant of the added responsibility placed on us to operate to the highest standards of corporate conduct and transparency. We maintain our position as the country's largest individual tax contributor, injecting BDT 24,250 crore in taxes in 2020, which amounted to around 8% of Government's total tax revenue. As part of our external affairs policy, we maintain an open relationship with tax authorities and are committed towards contributing to and supporting the country's developmental goals and objectives.

OUR MATERIAL MATTERS

Understanding the needs and interests of our stakeholders

The unique socio-economic role of BAT Bangladesh creates a diverse stakeholder landscape, which includes shareholders, customers, employees, government authorities and civil society. We maintain a regular dialogue with our stakeholders to understand their needs and interests on an ongoing basis.

Material aspects for stakeholders

To successfully carry out our socio-economic function, we know that we first need to closely understand the priorities and opinions of our diverse stakeholder constituents. In this sense, our responsibilities extend far beyond only our factory site. Our operations and offices, for instance, each play an important socio-economic role in their respective regions, and in fulfilling our Company's mission of fostering sustainable value for all.

At BAT Bangladesh, we maintain close contact with all our stakeholders, addressing a wide range of matters and topics. The nature and frequency of these communications are diverse: for example, we consult with our co-workers on a daily basis regarding operational and tactical matters. Notably, our Company's Board is actively involved in these exchanges.

Materiality analysis of 2020

We conduct a thorough materiality analysis periodically to identify the most important aspects for our stakeholders. To us, an aspect is considered material when it influences the decision-making of our stakeholders or reflects a significant economic, social or environmental impact of our organisation. The importance of these aspects to our stakeholders and BAT Bangladesh's impact on these material aspects are demonstrated by the materiality matrix included in this chapter. The matrix is an important foundation of our Annual Report and serves as input for our strategy and risk-setting activities.

Importantly, as part of our integrated thinking process, we identify and analyse materiality based on a three-step process of:

- Gathering input internally
- Executing stakeholder surveys
- Hosting stakeholder dialogues

Key Material Matters, 2020



SUSTAINABLE OPERATIONS



CIRCULAR ECONOMY



SAFETY AND SECURITY



FINANCIAL STABILITY



BUSINESS CONTINUITY



RESPONSIBLE BUSINESS CONDUCT



CONSUMER CHOICE



EMPLOYMENT PRACTICES



COMMUNITY ENGAGEMENT AND CITIZENSHIP

Some of the key features of our materiality matrix include the following:



As like earlier, **SAFETY AND SECURITY** remains the most important aspect for our stakeholders. This steady aspect is still seen as the most important prerequisite for our Company. We have given due attention to this major material matter and have implemented a number of initiatives that keep our people safe and secure from any untoward fatality.



FINANCIAL STABILITY was also recognised as an important matrix, as stakeholders acknowledged that financial solidity is necessary in ensuring smooth, safe and sustainable operations.



SUSTAINABLE OPERATIONS was mentioned numerous times by our stakeholders and is a key focus area within our sustainability strategy. This material matter refers to activities and developments aimed at accelerating the transition towards sustainable business and we have articulated in several pages of this report how we're fostering sustainability across our business and extended operations.



BUSINESS CONTINUITY was yet another aspect that surfaced during our stakeholder discussions and is one of our top priority. The COVID-19 pandemic gave rise to a number of unprecedented challenges, which makes this material matter even more relevant. And yet we responded with courage, urgency, sensitivity and forward-thinking with a view to pivot our business towards the new normal, while ensuring a business as usual approach.

Importance of materiality identification

Though we have an exhaustive list of material matters, we have identified and determined those that are core to our stakeholders. While the identification of material matters enable us to respond to the needs, interests

and expectations of our various stakeholder groups, the disclosure of these also provide assurance to our regulators and other regulatory bodies of our compliance to key materiality indicators, thus enhancing our reputation as a responsible business institution.

BUSINESS MODEL

At BAT Bangladesh, the center of our business is the manufacturing and marketing of superior combustible tobacco products, which we have been engaged with for more than a century. A proven strategy and diverse strengths represent the core foundations of our business model, ensuring continued progress and value creation. Our sustainable approach to sourcing, production, distribution and marketing helps us to create value for a wide range of stakeholders – right from farmers to consumers.

Our people and relationships

We employ 1,445 people directly and approximately 50,000 people indirectly as farmers, distributors, local suppliers and over 1.3 million retailers. We take great pride that BAT Bangladesh is one of the most preferred employers in the country. It is the people who bring their different ideas and perspectives every day which make BAT Bangladesh a great place to work. In the last year, we once again ensured that our contribution to the Government is very significant by contributing BDT 24,250 crore to Government exchequer. We encourage a culture of personal ownership and value our employees' talents. Their diverse perspectives help us to succeed and we recognise their critical role in achieving the goal we set for our business. We value what makes each of us unique.



SOURCING

WHAT WE DO

We do not own tobacco farms, but we provide agronomy support through our extensive services. The Company's Leaf function starts with the hard work of around 33,000 registered farmers within the village community.

WHAT MAKES US DIFFERENT

We have implemented the Sustainable Tobacco Programme (STP) policy with an aim to apply the best local and international practices in the areas of agronomy, leaf depot operations, leaf processing operations, environmental management, human rights and occupational health and safety standards encompassing our leaf operations.



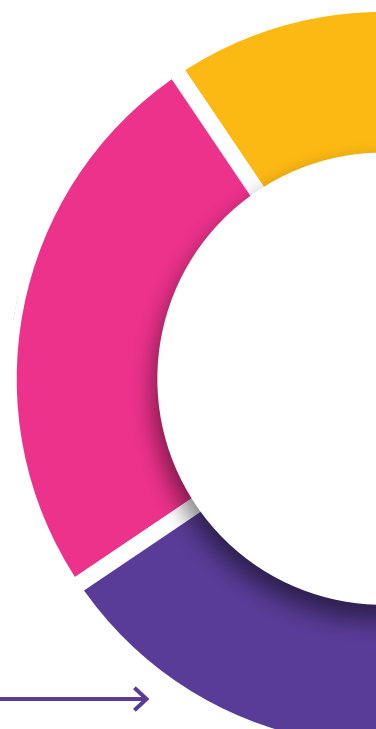
PRODUCTION

WHAT WE DO

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

WHAT MAKES US DIFFERENT

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





MARKETING

WHAT WE DO

We produce a range of products, including Benson & Hedges, John Player Gold Leaf, Capstan, Star, Royals of London, Derby, Pilot and Hollywood. Our range of products cover all segments, from low to premium, thereby enabling us to meet diverse consumer choice.

WHAT MAKES US DIFFERENT

We have developed a successful brand strategy based on sound consumer insight. Our portfolio of a large number of international as well as local brands is designed to meet a broad array of consumer preferences around the country, with the idea of delivering for today and investing for tomorrow.



DISTRIBUTION

WHAT WE DO

Our expansive and well-established distribution channels are critical enablers of our growth strategy, allowing us to roll out innovations on a mass scale.

WHAT MAKES US DIFFERENT

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

Our focus on innovation

We make significant investments in R&D to deliver innovation that satisfy or anticipate diverse consumer preferences and generates growth for the business. We also research, develop and test new products to meet evolving consumer needs. Specific targeted investments in new ventures, R&D projects, manufacturing, supply chain, warehousing, Information & Digital Technology (IDT) and logistical services together play a role in our short-term success and in the long-term development of our organisation. They support our strategic ambitions of achieving sustainable growth and working more productively by opening up new ways of working, helping to define new product areas and providing new opportunities for our people. Our captive research programmes and our in-house laboratory play a useful role in ensuring quality control, while taking ahead our ambitions in innovation. Further, our engagement with scientists and public health professionals aims to secure widespread support for tobacco harm reduction, including the regulatory changes needed to bring reduced-risk products to the market.

We use our unique strengths and employ our resources and relationships to deliver sustainable growth in earnings for our shareholders. While our STP guides responsible sourcing and sustainable engagement with our farm communities, our Integrated Work System (IWS) and leverage of world-class production assets enable green and environment-friendly production. Within our distribution and retail networks too, we focus on ensuring sustainable logistics and access, thus responsibly serving our value chain.



YEAR 2020 HIGHLIGHTS



EMPLOYEES & ASSOCIATES

Employees
1,445

Farmers
33,000
APPROX.

Retailers
1.3 million



TAX CONTRIBUTION

BDT **24,250** crore



SHAREHOLDERS

30,460



TOP EMPLOYER

**3 TIMES
IN A ROW**



LEAF EXPORT

USD **33** million



CSR

BONAYAN
110 mn saplings

PROBAHO
107 plants

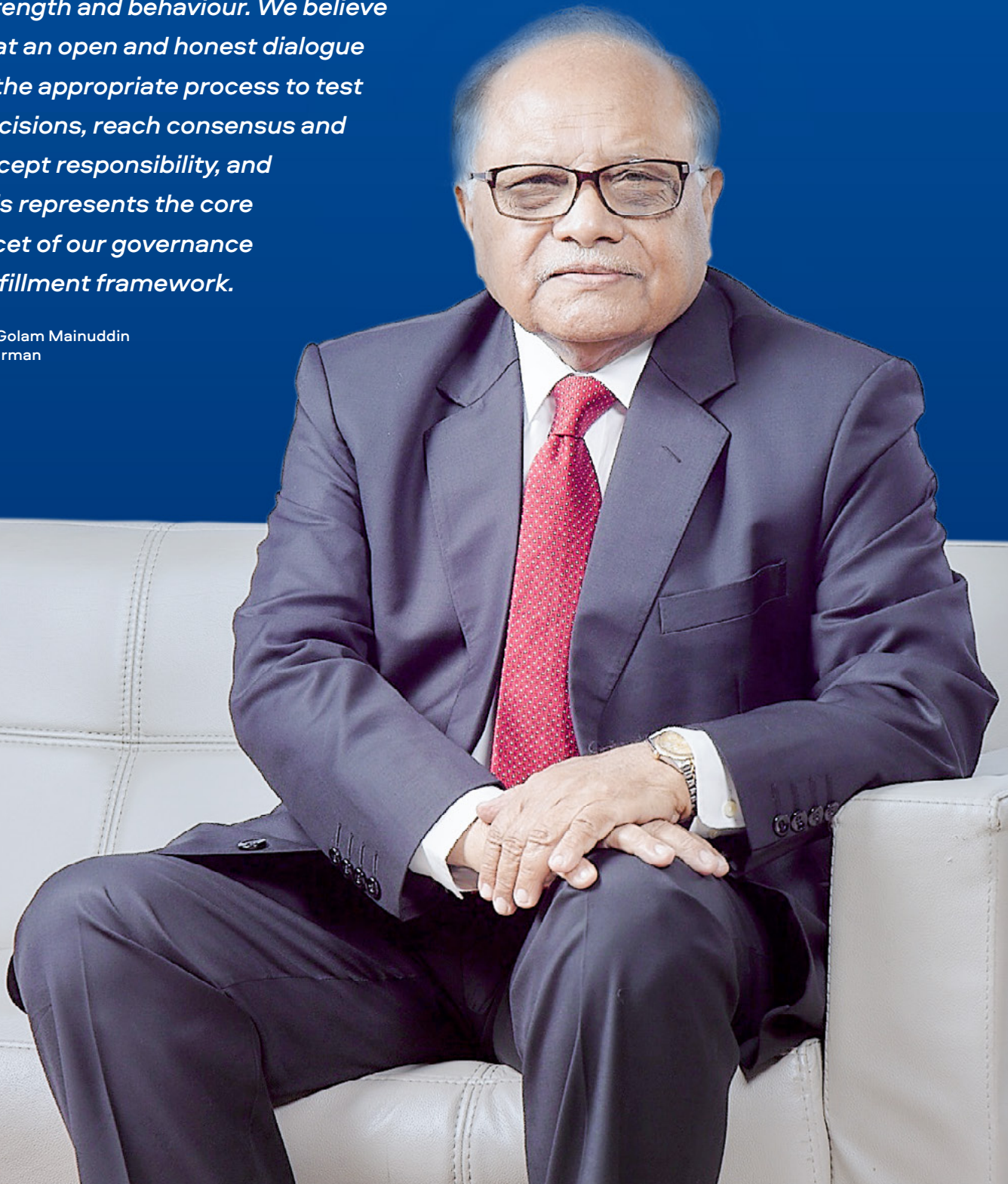
DEEPTO
2590 units

Beneficiaries comprising about 15000 people

CHAIRMAN'S MESSAGE

Sound governance is implicit in our values and culture. We demand cast-iron integrity in all internal and external dealings and an uncompromising display of moral strength and behaviour. We believe that an open and honest dialogue is the appropriate process to test decisions, reach consensus and accept responsibility, and this represents the core facet of our governance fulfillment framework.

Mr. Golam Mainuddin
Chairman



Dear shareholders,

I am pleased to present to you the Annual Report of British American Tobacco Bangladesh Company Limited for the year ending 31st December 2020. Throughout 2020, our priority has been the health and wellbeing of our employees. While COVID-19 has made this a difficult year for everyone, I am proud that our employees rose to the challenge of pivoting the business to new heights. I also acknowledge the relentless efforts of our executive team for sustaining the expected business performance, which enabled contribution of higher revenues to the Government exchequer as taxes, amounting to BDT 24,250 crore during the year 2020, despite the pressures of operating in a truncated environment. This gives me the confidence that come what may, we will remain steadfast in our commitment of building *A Better Tomorrow* for Bangladesh and all our stakeholders.

A Better Tomorrow: Creating a sustainable future

Sustainability has been an intrinsic part of our 110-year journey. Institutionalising sustainable practices into our business and operations in line with our broader sustainability framework has enabled us to achieve our goals. This framework is anchored on the foundations of ensuring responsible business conduct, embedding best practices across our enterprise, and enriching and empowering communities that are an inherent part of our social footprint. Notably, our framework also outlines how the Company can respond to changing societal expectations and consider the wider Environmental, Social and Governance (“ESG”) contexts of our business activities, which has facilitated us to achieve the Sustainable Development Goals (SDGs).

Our focus on enriching and empowering communities is well-demonstrated through our CSR initiatives, such as our afforestation programme (Bonayan), solar energy programme in off-grid areas (Deepto) and safe drinking water programme in arsenic-prone areas (Probaho) that have together created positive value for thousands of beneficiaries in different locations of the country. As we continue to progress, we will enhance our sustainability practices and engage further with our stakeholders on our CSR initiatives.

I am proud that our holistic and continuous drive for excellence towards the industrial landscape of Bangladesh was acknowledged by the President’s Office, bestowing us with the prestigious “President’s Award for Industrial Development, 2018” in a ceremony held in December 2020.

I am proud that we ensured zero job and income losses at the Company during the COVID-19 pandemic period. Moreover, the Company, in collaboration with BUET and Arunachal Trust, distributed medical PPEs to protect and safeguard community lives, especially of frontline responders, including the police, RAB, army and various other Government organisations.

We contributed to sustainable value creation for all our stakeholders. For our consumers, we remained as a choice that promoted responsible enjoyment. For our employees, we enhanced their skills and ensured long-term career security. For our suppliers, we remained as a dependable partner, prompt in delivering on our commercial agreements. We remained as a reliable source of revenue for our Government too, which is an integral part of the developmental journey of our nation. For our communities, we continued to build

on our position as a thoughtful corporate, deeply engaged in creating a lasting impact on lives and livelihoods.

Appreciation for BAT Bangladesh

As a Company of repute, we always strive to be a step ahead in fostering a workplace where talented and passionate people can not only develop their skills and specialist capabilities, but are also motivated to make a true difference through progressive actions. We are indeed proud that we continue to attract people who are ambitious, resilient and agile, ready to take on the challenges of transforming our business. As such, we have heightened our efforts in providing them with the right learning and development opportunities and support required for their career growth in an exciting and rewarding environment. We are therefore more than delighted that BAT Bangladesh continued to be recognised for its leadership and talent development practices by numerous national and global professional bodies.

Further, our corporate practices in other domains have also received several awards from the country and all around the globe, and we will continue to uphold all our obligations and commitments, while delivering sustainable results in compliance with integrity and transparency. This represents a fundamental part of our identity and we will continue to preserve and protect it.

The year ahead

The year 2020 was one of substantial change and we look to the future with renewed optimism and confidence. Our new purpose of building *A Better Tomorrow* has energised the Company and I look forward to working with the Board members for value sustainment.

BAT Bangladesh has many attractive qualities, including its people, brands and governance. These are the foundations of a successful business entity and I truly believe that over time, we can leverage these assets to drive stronger performance. I am excited about the future and am convinced that with a clearer focus and better execution, we will deliver a new era of success.

Thank you

In conclusion, I would like to express my thanks to the members of the Board of Directors for their support, guidance and advice while formulating business strategies and action plans. On behalf of the Board of Directors, I would like to again thank the management team and all our employees for their tremendous efforts, dedication and resilience in maintaining our market leadership and delivering greater value to our stakeholders, despite 2020 being the most challenging year yet.

I would also like to express my gratitude to the Government and our regulators for their guidance and support. A special thanks also to our shareholders, customers, distributors, business partners and other stakeholders for their confidence and continued belief in British American Tobacco Bangladesh Company Limited.



Golam Mainuddin
Chairman

MANAGING DIRECTOR'S OVERVIEW

Not a single employee lost their job, neither were their salaries reduced including that of the human resources of our suppliers and distributors, while we managed to ensure the best prices for our farmers' produce as the pandemic seemingly failed to affect our leaf-buying operations.

Mr. Shehzad Munim
Managing Director



Dear Shareholders,

The year 2020 was an unprecedented period, one to remember for as long as we shall live. Not only did we have to navigate through a tough operating environment, we also had to do so during the midst of a full-scale global pandemic. The challenges were multi-fold, with the economy enduring a lockdown which posed a threat to the overall continuity for most businesses. However, rapid and responsible decision-making from the Government led to a favourable outcome, with the disbursement of timely financial stimulus helping ensure business sustainability that in turn, prevented the economy from collapsing into recession. Commendable efforts by the Government certainly deserves recognition, which is best portrayed by how Bangladesh has done considerably better than a lot of developed nations with far more resources at their disposal.

Inspired by the resilience demonstrated by our Government, BAT Bangladesh showcased similar determination and ended 2020 as a year that was a successful one. Once again, we demonstrated our benchmark practices across all functions, keeping the Environment, Social and Governance (ESG) framework at the front and centre of all our activities.

Despite a full-blown pandemic when everything else looked bleak, our operations did not shutdown, even for a single day. This was achieved only due to the perseverance and courage shown by our employees, partners and stakeholders, and we were able to successfully ensure health and safety for all.

Securing and protecting livelihoods

The livelihood of a little over 1.35 million families, directly and indirectly, depend on the operations of BAT Bangladesh. Hence, our motto at the beginning of the pandemic was to ensure that none of our business partners faced any economic hardship. We are proud that we have triumphed in doing so. Not a single employee lost their job, neither were their salaries reduced, including those employed by our suppliers and distributors, while we managed to assure the best prices for our farmers' produce as we ensured uninterrupted leaf-buying operations, even in the midst of the pandemic.

Apart from the disbursement of care packages and safety kits to our employees, separate transportation system was implemented that adhered to the prescribed social distancing norms for our factory workers. Further, we produced "Shudhdho", a highly effective hand sanitiser, at our Dhaka factory, and masks produced by specially-abled individuals that were certified by all relevant institutions and handed to all our valuable stakeholders and frontline workers and responders as a token of our appreciation for their hard work and courage to keep the economy going.

Moreover, our responsible approach towards conducting business and embedding the ESG principles and framework as an intrinsic part of our culture led to a decline in our carbon footprint. Further, as we moved towards renewable sources of energy and adoption of best practices, we were able to achieve zero water

wastages at our Dhaka factory, among other remarkable achievements.

Further, with a business as usual approach even in the most trying times, we organised our last Annual General Meeting virtually and even reimagined the very core of our celebrated talent platform, Battle of Minds, by turning it into an exciting and interesting virtual experience.

Protecting the environment, empowering communities

It was during 2020 that we celebrated the completion of 40 years of our flagship CSR program, Bonayan, the longest running afforestation programme of the country by the private sector. Aligned with the Hon'ble Prime Minister's goal of planting 1 crore saplings to commemorate Bangabandhu Sheikh Mujibur Rahman's birth centenary, an additional 5 million saplings were planted by Bonayan, taking the total tally to a mammoth 110 million since the program's inception in 1980.

Throughout the year, BAT Bangladesh did not lose the sight of its legacy of upholding its compliance practices, leading tax collection with meaningful onward contribution to the national exchequer, and upholding strong value creation for our shareholders. We take pride in being a partner of the Government in its drive towards sustainable development of the nation, with our several Environmental, Societal and Governance initiatives aimed to complement those of the Government to help achieve the all-important Sustainable Development Goals (SDGs).

Having contributed BDT 24,250 crore, which constitutes of about 8% of the total internal Government revenue, BAT Bangladesh is proud of its position as the highest tax-paying organisation of the country, helping to keep the economy afloat even during challenging times. Further, our benchmark compliance and governance initiatives have been recognised by numerous accolades, including the prestigious "President's Industrial Development Award" of 2018 (received in 2020), and the "Best Annual Report" award from the Institute of Chartered Accountants of Bangladesh (ICAB) that we won for the fifth consecutive year.

Our concerns

Illicit trade

Implementation of policies and the admirable work done by law enforcement agencies enabled a sharp decline in illicit trade volumes to a single-digit (below 8%). Yet, there is a lot left to be done since the percentage is still a sizeable one and reflects a significant loss of Government revenue. Furthermore, the implementation of a sound and sustainable taxation policy can contribute to ensure the industry's sustainability and, in turn, further reduce illicit volumes.

Farmers' sustainability

BAT Bangladesh works directly with about 33,000 farmers, sharing sustainable and best agricultural practices to build capacity for our farming communities from the grounds-up, helping them to not only cultivate tobacco, but also

enabling them to replicate similar practices to other crops they plant during the rest of the year. More often than not, undue intervention of middlemen and fluctuating prices tend to deprive farmers of the true value of their agricultural produce. In response to this malpractice, we have designed and implemented numerous initiatives to enhance our farmers' technical and technological knowhow, in partnership with the Government, thus contributing to lower price distortions in the market.

A new beginning

As part of its transformational journey, the BAT Group embraced a new vision and brand identity in response to the changing global landscape and to ensure sustainable delivery of business excellence- both today and tomorrow. In alignment with the Group, BAT Bangladesh unveiled its new logo and reiterated its promise to continue to work hand-in-hand with the Government to ensure the sustainable progress of the country. Our previous logo has served the Company well for decades and has been a strong symbol of a world-leading tobacco Company. The dynamic new logo reflects the Company today and its journey ahead - a unification of its international businesses as well as the representation of its vision of having a multi-category portfolio.

Moving forward, the ambition is to facilitate a transformational journey in pursuit of A Better Tomorrow for all our stakeholders. The transformational journey will include responsibly offering enjoyable choices for every mood and every moment for our consumers; reducing our environmental and social impacts; creating a dynamic,

inspiring and purposeful place to work for our employees; and delivering sustainable and superior returns to our shareholders.

We are grateful

On behalf of BAT Bangladesh, I would like to take this opportunity to express my utmost gratitude to all the shareholders of our Company for keeping their faith in us, and to all our talented employees and business partners for delivering exceptional results during an unprecedented year. Moreover, the honourable members of the Board of Directors have been an excellent source of inspiration and guidance that helped us navigate through the trying times.

As Bangladesh steps into its 50th year of Independence, BAT Bangladesh will enter its 110th year of operations in this glorious nation. Bangladesh has come a long way, with countries around the world having already started to take notice of our commendable growth and untapped potential that the land promises.

Going forward, as the country enters a new era, BAT Bangladesh promises to continue to work in partnership with the Government as a responsible developmental partner to contribute to sustainable nation-building, together in pursuit of A Better Tomorrow.

S. Munim,

Shehzad Munim
Managing Director



On the occasion of Mujib Year, the Hon'ble Prime Minister virtually inaugurated the Government campaign of **“One Crore Tree Plantation”** on 16th July 2019.

With this inspiration, “Bonayan”- the largest private-sector driven afforestation program in Bangladesh, on its **40th year**, has also planted **5 million saplings** across the country.



"On the occasion of Mujib Year, let us plant trees to increase forest coverage"

FINANCE DIRECTOR'S REVIEW



We invested in various parts of the business to ensure we adhere with the health and safety guidelines issued by the government. However, through increased focus on operational efficiency and stringent cost control measures, we achieved a notable improvement in our operating margin to 37%, an increase of about 300bps vs. 2019.

Mr. Stephan Matthiesen
Finance Director



Dear Shareholders,

I am delighted to share with you the financial results for the year 2020. Despite an unprecedented business environment affecting most businesses in Bangladesh and around the world, we were able to achieve the best metrics in our 110 years history.

Resilience delivering strong results

BAT Bangladesh started the year 2020 with the momentum coming from a strong 4th quarter in 2019 and several strategic and structural changes we implemented during the year. In March we began to face the implications coming from the COVID-19 pandemic. As we navigated through the pandemic, we remained confident of our strategy and our capabilities as an organisation coupled with our financial strength and fueled by the resilience and dedication of our teams across the nation. Despite the economic distress, noticeable in the 2nd and 3rd quarter of the year and changes in the consumer behaviour we observed a further decline of the illicit cigarettes segment. Together with our ability to reach our consumers with the right product offers, this has contributed positively to our financial results and the revenue contribution to the government.

Remaining true to our core values we focused on our consumers, trade partners, employees, and stakeholders. We initiated numerous initiatives to adjust to the changed environment, implemented new digital communication platforms and innovative business solutions. We invested behind our trade partners to ensure distributor sustainability while aggressively reduced the operating expenses.

Our contribution to the national exchequer continued to be significant and we secured revenue collection, demonstrating our commitment to be a reliable partner to the nation.

Financial performance

As the pandemic impacted the overall economy, many of our consumers felt the wallet pressure. Our balanced portfolio ensured that we could continue to offer our consumers high quality products at the right price. This resulted in a 4% overall volume growth. The significant reduction of the illicit market also contributed to the volume growth.

The support from the National Board of Revenue, regulators and our banking partners ensured a continues operations during the lockdown. Net revenue for the year grew by 6% to BDT 6,029 crore. The net revenue growth includes a significant growth in our finished goods export business, the highest sales in history.

We invested in various parts of the business to ensure we adhere to the health and safety guidelines issued by the government. However, through increased focus on operational efficiency and stringent cost control measures, we achieved a notable improvement in our

operating margin to 37%, an increase of about 300bps vs. 2019. Our net profit margin grew driven by savings in interest expenses and disciplined cash management. IFRS 16 (Leases) related interest expense continued to be a significant contributor to our interest expense.

Contributing to the nation's dream

As a responsible corporate citizen, we continue to remain transparent in our adherence with the local direct and indirect tax requirements and have contributed BDT 24,250 crore to the national exchequer as Value Added Tax (VAT), Supplementary Duty (SD), Health Development Surcharge (HDSC), Income Tax and Custom Duty, an increase of BDT 1,620 crore from the previous calendar year.

There is untapped potential of greater revenue for the government if the illicit market continues to shrink because of the ongoing firm initiatives taken by the government. Our commitment to support the fight against illicit trade remains unchanged as we need to ensure a sustained growth in government revenue, in line with our business performance.

Cash flow

On the back of favourable interest rates and improved cash management and despite a reduced cash conversion ratio to 125%, we improved our year end cash position by BDT 48 crore. Net cash generated from operating activities fell by 4% to BDT 1,502 due to higher Supplementary Duty, VAT and Income Tax expenses, partially offset by significant cost savings.

Focus on dividends

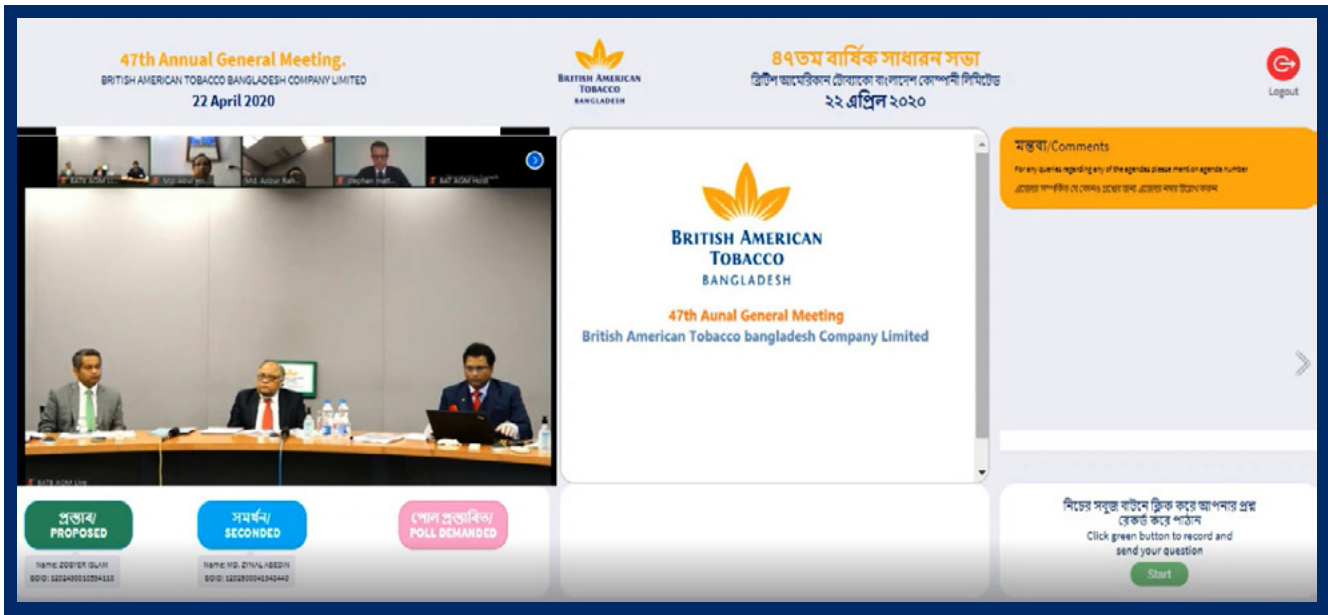
Profit after tax grew by 18% to BDT 1,089 crore. We declared a final cash dividend of BDT 30 per share, subject to our shareholders' approval at the 48th annual general meeting. Together with the interim dividend of BDT 30 per share, the earnings per share for the year stand at BDT 60. BAT Bangladesh also declared a bonus share issue of 1:2 in form of a stock dividend as part of our capital restructuring initiative. Creating sustainable value growth for our shareholders remain one of our key focus areas.

A better tomorrow

We enter 2021 with complete confidence in our ability to deliver yet another set of strong results backed by our strong financial position combined with the passion and resilience of our people demonstrated during 2020. We continue to strive for a better tomorrow for the Company, our consumers, trade partners and the overall nation.



Stephan Matthiesen
Finance Director



AGM INVITATION TO OUR SHAREHOLDERS

48TH ANNUAL GENERAL MEETING (AGM) OF BRITISH AMERICAN TOBACCO BANGLADESH COMPANY LIMITED



VIRTUAL AGM

DIGITAL PLATFORM
Sunday, 28th March 2021 at 10:30 am.



AGM HELPLINE

Md Atiqur Rahman
Marufa Ferdous
Md. Kamrul Hassan
Tel: +880248811279-84, Ext – 394 & 635
Hotline No: +8801313701925
Fax: +882 8822786
Email: shareoffice@bat.com, atiqur_rahman@bat.com

AGM NOTICE



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

NOTICE OF THE 48th ANNUAL GENERAL MEETING

Notice is hereby given that the 48th Annual General Meeting (AGM) of British American Tobacco Bangladesh Company Limited will be held on Sunday, 28th March 2021 at 10:30 am. The AGM will be conducted through digital platform for transaction of the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st December 2020, and the Reports of the Directors and the Auditors thereon.
2. To approve Dividend for the year ended 31st December 2020.
3. To elect/re-elect Directors.
4. To appoint the Statutory Auditors of the Company for the year 2021 and to fix their remuneration.
5. To appoint Compliance Auditor of the Company for the year 2021, in compliance with the requirements under the BSEC Codes of Corporate Governance.

Special Business:

6. To approve re-appointment of Mr. Shehzad Munim as the Managing Director of the Company in compliance with the requirement of the Companies Act 1994.

The following proposed ordinary resolution to be considered in the 48th AGM with or without modification:

“Resolved that, in compliance with the requirements of the Companies Act 1994, Mr. Shehzad Munim be and is hereby re-appointed as the Managing Director of British American Tobacco Bangladesh Company Limited for a further tenure of five years as per the terms and conditions of the Company.”

4th March 2021

By order of the Board
Sd/-
Md. Azizur Rahman FCS
Company Secretary

NOTES:

- The Shareholders whose names appear in the Members Register and/or Depository Register on the Record Date i.e. Wednesday, 3rd March 2021 shall be eligible to attend the 48th AGM (virtual meeting) of the Company and shall be entitled to receive the Dividend as approved at the 48th AGM;
- Pursuant to BSEC Order No: SEC/SRMRC/04-231/25 dated 8th July 2020, the AGM will be conducted virtually using digital platform;
- The link for the virtual AGM 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 at the website of the Company: www.batbangladesh.com;
- A Member may appoint a proxy to attend and vote in his/her place by filling 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;
- Members were requested to update their respective BO Accounts with 12 Digit Taxpayer's Identification Number (TIN), bank account, mailing address, email address and cell number through their respective Depository Participant (DP) before the 'Record Date'. Tax Deduction at Source @15% (instead of 10%) will be made from the eligible cash dividend amount, if any individual fails to update his/her BO Account with the 12 Digit TIN before the Record Date;
- As per BSEC notification No. BSEC/CMRRCD/2006 158/208/Admin/81, dated 20 June 2018, soft copies of the Annual Report along with the Attendance Slip, Proxy Form and the Notice will be forwarded to all the Members at their respective email addresses available with us as per CDBL record. The Members may also collect the Proxy Form from the Registered Office of the Company. The Proxy Form will also be available at the website of the Company;
- The soft copy of the Annual Report 2020 is also available in the Investor Relations Section of the Company's website: www.batbangladesh.com



COMPOSITION OF THE BOARD

FROM LEFT TO RIGHT

Mr. Mohammad Moinuddin Abdullah	Non-Executive Director
Mr. Md. Abul Hossain	Non-Executive Director
Mr. K. M. Ali Azam	Non-Executive Director
Mr. A. K. M. Aftab UI Islam FCA	Independent Director
Mr. Shehzad Munim	Managing Director



FROM LEFT TO RIGHT

Mr. Golam Mainuddin

Chairman

Mr. K. H. Masud Siddiqui

Independent Director

Mr. Md. Azizur Rahman FCS

Company Secretary

Ms. Mahmuda Khatun

Non-Executive Director

Mr. Stephan Matthiesen

Finance Director

BOARD OF DIRECTORS' PROFILE



MR. GOLAM MAINUDDIN



CHAIRMAN



DATE OF APPOINTMENT TO BOARD

1986



EDUCATIONAL BACKGROUND

- Master of Science
University of Dhaka



MEMBERSHIP OF BOARD COMMITTEE

- Member, Nomination and Remuneration Committee (NRC)

Key Highlights

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

Achievements

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

Career Highlights

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

Other Responsibilities

- **Director**, Federation of Bangladesh Chamber of Commerce & Industries (FBCCI)
- **Director**, 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

ADDITIONAL INFORMATION

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.



MANAGING DIRECTOR



DATE OF APPOINTMENT TO BOARD

2010



EDUCATIONAL BACKGROUND

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



MEMBERSHIP OF BOARD COMMITTEE

- Member, Corporate Social Responsibility (CSR)



MR. SHEHZAD MUNIM

Career Highlights

- Mr. Shehzad Munim joined BAT Bangladesh as a Territory Officer in 1997. He has worked in various marketing roles within BAT Bangladesh before taking up assignments in BAT New Zealand as Group Brand Manager in 2003 and subsequently, taking over the role of Head of Brand Marketing in 2005.
- In 2006, he was engaged as a Manager in product and packaging innovation in Sydney, Australia. Afterward he returned to Bangladesh as Head of Brand and was appointed as Head of Marketing. In 2010, he took over the role of Area Head of Marketing for South Asia.
- Thereafter, he was appointed as the Managing Director of BAT Bangladesh in 2013 and is the first Bangladeshi to become the Managing Director of BAT Bangladesh.
- Within a short period, he has contributed immensely to elevate the organisation to its next level with his visionary leadership skills to ensuring sustainable value creation, while also enhancing the Company's contribution towards the country's economic development to achieve the SDGs goals, aligned with the vision of the Government.

Other Responsibilities

- Currently he is the Treasurer of British Business Group Board to Trustee.
- He is the former President of Foreign Investors Chambers of Commerce & Industries (FICCI) Dhaka where he conducted many national and international programs and initiatives to expedite FICCI. It is in his leadership that BAT Bangladesh achieved significant success both locally as well as Internationally.

ADDITIONAL INFORMATION

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.



**MR. MOHAMMAD MOINUDDIN
ABDULLAH**



NON-EXECUTIVE DIRECTOR



DATE OF APPOINTMENT TO BOARD

2012



EDUCATIONAL BACKGROUND

- Honors and Master's in Soil Science Dhaka University
- In 1994, he received international training on 'Planning & Appraisal of Rural Development Project' from UK.



MEMBERSHIP OF BOARD COMMITTEE

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

Career Highlights

- Currently Mr. Abdullah is holding the position of Managing Director of Palli Karma-Sahayak Foundation (PKSF)
- Sr. Secretary/Secretary Ministry of Agriculture in March 2016
- Secretary of the Ministry of Housing & Public Works in 2014
- Secretary of the Ministry of Industries in 2012
- Divisional Commissioner of Dhaka in 2010
- Director General of Prime Minister's Office as Additional Secretary in 2009
- Joint Secretary of Cabinet Division in 2008
- Chairman of KAFCO for more than two years when he was the Secretary in the Ministry of Industries.
- Apart from holding these positions, Mr. Abdullah was also 'Syndicate Member' of Jahangirnagar University, Jatiya Kabi Kazi Nazrul Islam University and Dhaka University of Engineering and Technology.
- He was also appointed as the 'Regent Board Member' of Bangabandhu Sheikh Mujibur Rahman Science & Technology University while he was serving as Divisional Commissioner of Dhaka.

ADDITIONAL INFORMATION

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any convictions for offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.



INDEPENDENT DIRECTOR



DATE OF APPOINTMENT TO BOARD

2010



EDUCATIONAL BACKGROUND

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



MEMBERSHIP OF BOARD COMMITTEE

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



MR. K. H. MASUD SIDDIQUI

Career Highlights

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

Achievement

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.

ADDITIONAL INFORMATION

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.



MR. K M ALI AZAM



NON-EXECUTIVE DIRECTOR



DATE OF APPOINTMENT TO BOARD

2020



EDUCATIONAL BACKGROUND

- Master’s degree in Economics Rajshahi University
- International training on “Professional Development Program” Duke University, USA
- “Project Management”, Wellington University International Campus, New Zealand



MEMBERSHIP OF BOARD COMMITTEE

- Member, Audit Committee

Key Highlights

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

Career Highlights

- Mr. Azam took over the charge of Secretary in the Ministry of Industries in May 2020.
- Secretary, Ministry of Labour and Employment

- Divisional Commissioner, Dhaka
- Director General, Prime Minister’s Office
- Joint Secretary, Ministry of Home affairs
- Deputy Secretary, Ministry of Public Administration
- Deputy Commissioner, Chapainawabganj
- Upazila Nirbahi Officer, Satkhira Sadar
- Assistant Commissioner (Land), Meherpur Sadar
- Assistant Commissioner, Office of the Deputy Commissioner, Chattogram

ADDITIONAL INFORMATION

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- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.



INDEPENDENT DIRECTOR



DATE OF APPOINTMENT TO BOARD

2019



EDUCATIONAL BACKGROUND

- B.com in Commerce
- LLB
- Chartered Accountant



MEMBERSHIP OF BOARD COMMITTEE

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



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

Key Highlights

With 39 years of field experience in the Private sector, Mr. A. K. M. Aftab Ul 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 organisation 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.
- Former 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.

ADDITIONAL INFORMATION

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.



MS. MAHMUDA KHATUN



NON-EXECUTIVE DIRECTOR



DATE OF APPOINTMENT TO BOARD

2020



EDUCATIONAL BACKGROUND

- M.Sc (Psychology)
University of Dhaka
- Several international trainings related to her work field, from South Korea, Singapore, Thailand, Australia, USA, Malaysia, India, Vietnam, China, Sri-Lanka



MEMBERSHIP OF BOARD COMMITTEE

- Member, Audit Committee

Key Highlights

Having professional knowledge and experience on matters of expenditure control of revenue budget, administration and governance, Ms. Mahmuda is a proficient civil servant in the Bangladesh Civil Service (Administration Cadre) 10th BCS batch with a prominent career of more than 15 years.

Career Highlights

- Additional Secretary, Ministry of Finance - 2017
- Assistant Commissioner & Magistrate – Dhaka Collectorate
- Assistant Secretary – Ministry of Science and Technology
- Senior Assistant Commissioner (First Class Magistrate) – Dhaka Collectorate

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

ADDITIONAL INFORMATION

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any conflict of interest with the Company.
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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



MR. MD. ABUL HOSSAIN

Key Highlights

Mr. Md. Abul Hossain has over 29 years of diversified experience in investment banking, specialised in Commercial Banking, Islamic Banking, Asset Management and ICT works.

Career Highlights

- Mr. Hossain started his career as a System Analyst/ Senior Principal Officer in ICB on 19-02-1998
- He was appointed as Managing Director of Investment Corporation of Bangladesh (ICB) on 21 August 2019
- He served as Managing Director (Additional Charge) and Deputy Managing Director at Bangladesh Krishi Bank (BKB)
- In addition to that he served as System Manager/ Deputy General Manager and General manager at Investment Corporation of Bangladesh (ICB)
- He served as a chairman of 03 (three) organisations; ICB Asset Management Company Limited, ICB Securities Trading Company Limited and Aziz Pipes Limited

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

ADDITIONAL INFORMATION

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MR. STEPHAN MATTHIESEN



FINANCE DIRECTOR



DATE OF APPOINTMENT TO BOARD

2019



EDUCATIONAL BACKGROUND

- Master’s Degree in International Finance with high distinction & dean’s merit list from Western Sydney University (Australia)
- Diploma in Business Economics (Equivalent to master’s degree) University of Applied Sciences Kiel (Germany)
- Chartered Management Accountant (CIMA)

Key Highlights

Mr. Matthiesen is a well experienced senior Finance Executive with international experience in 8 countries also a certified Chartered Management Accountant. He repeatedly involved himself in developing corporate strategies, exceed profit and margin targets. His high degree of emotional intelligence enables him to support high performing teams, successful driving of organisational changes and managing cross-functional and virtual teams.

Career Highlights

- Business Development and Strategy Director, Greater North Asia Area, British American Tobacco, Tokyo - 2018-2019
- Regional Head of Commercial Finance, Asia Pacific & Middle East, British American Tobacco, Hong Kong - 2015-18
- Finance Director, Ceylon Tobacco Company Ltd., Sri-Lanka - 2014-2015
- Commercial Finance Controller British American Tobacco Japan, Tokyo - 2012-2014

- Marketing Finance Manager, British American Tobacco BeNeLux, Amsterdam - 2011-12
- Regional Marketing Finance Manager – Western Europe, British American Tobacco, Hamburg/ Amsterdam - 2008-11
- Regional Treasury Analyst Europe, British American Tobacco, Hamburg - 2006-08
- Management Trainee - Finance, British American Tobacco Germany, Hamburg - 2005-2006
- Area Sales Manager, Hilti Deutschland GmbH, Hamburg - 2004-05

ADDITIONAL INFORMATION

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.



HEAD OF PUBLIC AFFAIRS &
COMPANY SECRETARY



DATE OF APPOINTMENT TO BAT
BANGLADESH

2002



EDUCATIONAL BACKGROUND

- Master's degree in Accounting from Dhaka University
- Obtained Fellow Chartered Secretary (FCS) from Institute of Chartered Secretaries of Bangladesh (ICSB)
- Completed Chartered Accountancy course from Institute of Chartered Accountants of Bangladesh (ICAB)



MR. MD. AZIZUR RAHMAN FCS

Key Highlights

Mr. Rahman has around 20 years of vast working experience in BAT Bangladesh. He is the longest serving and one of the most successful Company Secretaries of BAT Bangladesh. After joining the management of BAT Bangladesh, he engaged himself numerous cross-functional assignments and public affairs as per business need.

Career Highlights

Secretary of different Committees

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

He is also performing the cross-functional business activities and engaging relevant stakeholders as the Head of Public Affairs of the Company.

Other Responsibilities

- Director General of Intellectual Property Association of Bangladesh (IPAB).
- Vice-Chairman of IP Committee of FBCCI.
- Working with various national and international organisation's for addressing IPR issues in Bangladesh.
- Chairman of the Companies Law Review Committee of ICSB.
- Director & Secretary of a Welfare Foundation
- Mr. Rahman is a Council Member of ICSB since 2013.
- He has been delivering lectures on Governance, Intellectual Property Rights, National Budget Overview And Corporate Affairs in different professional bodies as a keynote speaker.

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LEADERSHIP TEAM

FROM LEFT TO RIGHT

Mr. Syed Mahbub Ali	Head of Trade & Planning
Mr. Stephan Matthiesen	Finance Director
Ms. Mubina Asaf	Head of Legal & External Affairs
Mr. Golam Safwat Choudhury	Head of Brands and Strategy
Mr. Shehzad Munim	Managing Director
Mr. Charles Kyalo	Head of Operations
Mr. Saad Jashim	Head of Human Resources
Mr. Quazi Sarzil Ibne Sarwar	Head of Information Digital Technology

LEADERSHIP TEAM PROFILE-2020



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

Career Experience

- Mr. Shehzad Munim joined BAT Bangladesh as a Territory Officer in 1997. He has worked in various marketing roles within BAT Bangladesh before taking up assignments in BAT New Zealand as Group Brand Manager in 2003 and subsequently, taking over the role of Head of Brand Marketing in 2005.
- In 2006, he was engaged as a Manager in product and packaging innovation in Sydney, Australia. Afterwards he returned to Bangladesh as Head of Brand and was appointed as Head of Marketing. In 2010, he took over the role of Area Head of Marketing for South Asia.
- Thereafter, he was appointed as the Managing Director of BAT Bangladesh in 2013 and is the first Bangladeshi to become the Managing Director of BAT Bangladesh.
- Within a short period, he has contributed immensely to elevate the organisation to its next level with his visionary leadership skills to ensuring sustainable value creation, while also enhancing the Company's contribution towards the country's economic development to achieve the SDGs, aligned with the vision of the Government.

Other Responsibilities

- Currently he is the Treasurer of British Business Group Board to Trustee.
- He is the former President of Foreign Investors Chambers of Commerce & Industries (FICCI) Dhaka where he conducted many national and international programs and initiatives to expedite FICCI. It is in his leadership that BAT Bangladesh achieved significant success both locally as well as internationally.

ADDITIONAL INFORMATION

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STEPHAN MATTHIESEN



FINANCE DIRECTOR



NATIONALITY
German



DATE OF APPOINTMENT TO BAT BANGLADESH
May 2019



EDUCATIONAL BACKGROUND

- Master's Degree in International Finance with high distinction & dean's merit list from Western Sydney University (Australia)
- Diploma in Business Economics (Equivalent to master's degree) University of Applied Sciences Kiel (Germany)
- Chartered Management Accountant (CIMA)



MEMBERSHIP

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

Mr. Matthiesen is a well experienced senior Finance Executive with international experience in 8 countries also a certified Chartered Management Accountant. He repeatedly involved himself in developing corporate strategies, exceed profit and margin targets. His high degree of emotional intelligence enables him to support high performing teams, successful driving of organisational changes and managing cross-functional and virtual teams.

Career Experience

- Business Development and Strategy Director, Greater North Asia Area, British American Tobacco, Tokyo - 2018-2019
- Regional Head of Commercial Finance, Asia Pacific & Middle East, British American Tobacco, Hong Kong - 2015-18
- Finance Director, Ceylon Tobacco Company Ltd., Sri-Lanka - 2014-2015
- Commercial Finance Controller British American Tobacco Japan, Tokyo - 2012-2014
- Marketing Finance Manager, British American Tobacco BeNeLux, Amsterdam - 2011-12
- Regional Marketing Finance Manager – Western Europe, British American Tobacco, Hamburg/ Amsterdam - 2008-11
- Regional Treasury Analyst Europe, British American Tobacco, Hamburg - 2006-08
- Management Trainee - Finance, British American Tobacco Germany, Hamburg - 2005-2006
- Area Sales Manager, Hilti Deutschland GmbH, Hamburg - 2004-05

ADDITIONAL INFORMATION

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MR. GOLAM SAFWAT CHOUDHURY



HEAD OF BRANDS & STRATEGY



NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BAT
BANGLADESH

August 2002



EDUCATIONAL BACKGROUND

- Master of Business Administration (IBA), University of Dhaka
- Bachelor of Business Administration (IBA), University of Dhaka



MEMBERSHIP

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

Mr. Safwat has more than 20 year Career in BAT Marketing spanning almost equally over Brands, SP&I and TM&D. Carries a strong combination of strategic planning expertise and people leadership skills in challenging situation, working across four International Assignments (MY, SK, PK & HK). Hands-on experience in working with the regional support unit, driving revenue sustainability in price stretched markets as well as handling GDB (Dunhill) in its largest market.

Career Experience

As a Regional Planning Manager, he managed APME EMF and Company planning exercise in 2018 and was the contact point for revenue sustainability exercises across different markets in APME

As SPIM of South Asia Cluster, served as the joint-lead for developing the new 2-year SLA for PTC. Core member of Pricing & Excise committee for reshaping the 3-year excise strategy.

As a Group Brand Manager of Dunhill, he Led the turnaround of Dunhill in Korea after 6 years of decline through a two-year brand strategy which effectively relaunched the core proposition of Dunhill KS range, during 1st price increase in 10 years.

Launched "Tastemakers digital" – Dunhill's non-branded activation platform in Korea, receiving phenomenal response within 3 months of launch.

As head of SP&I team in Bangladesh, led two rounds of Coplan exercise and helped create a product-led-portfolio strategy for BAT Bangladesh.

During the BDM-stint, led the DX Efficiency exercise for the 2nd largest TM&D in BAT world, successfully launched the Indirect Distribution platform that currently forms the backbone for serving 50% of BD universe and pioneered the automation of trade marketing supervision covering 2000+ contractual employees.

Managed Pall Mall for 3 years as Brand Manager during critical periods in Bangladesh (initial 2 years of GDB launch when BD won the LEGACY award for Pall Mall) and Malaysia.

ADDITIONAL INFORMATION

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MR. SYED MAHBUB ALI



HEAD OF TRADE & PLANNING



NATIONALITY
Bangladeshi



DATE OF APPOINTMENT TO BAT BANGLADESH
October 2000



EDUCATIONAL BACKGROUND

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



MEMBERSHIP

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

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

Career Experience

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

He returned to Bangladesh as Group Brand Manager in mid-2014. During this period under his leadership BAT Bangladesh Low segment volume was doubled and we pioneered 1st ever successful new variant launch in AP consideration Space: JPGL Special & JPGL Switch. He led Bangladesh’s smooth transition to 50% GHW changeover through robust communication to drive awareness, acceptance, and compliance.

In 2009 As Brand Manager (Domestic Value for Money Brands), he led the first ever successful landmark entry into Sub Value segment, regaining BAT Bangladesh’s market leadership.

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

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

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

ADDITIONAL INFORMATION

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MR. SAAD JASHIM



HEAD OF HUMAN RESOURCES



NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO 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

Mr. Saad has been with BAT for over 15 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 Organisational 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 (2016 – 2019)
- HR Business Partner Marketing – BAT Bangladesh (2015 – 2016)
- Regional Organisational Effectiveness Manager – BAT AsPac (2013 – 2014)
- HR Business Partner Corporate – BAT Bangladesh (2011 – 2013)
- HR Business Partner Leaf & GLT – BAT Bangladesh (2010 - 2011)
- Supply Chain HR & Welfare Executive – BAT Bangladesh (2008 – 2010)
- Territory Officer Marketing – BAT Bangladesh (2006 – 2008)

ADDITIONAL INFORMATION

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.



MS. MUBINA ASAF



HEAD OF LEGAL & EXTERNAL AFFAIRS



NATIONALITY
Bangladeshi



DATE OF APPOINTMENT TO 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 27 years of rich experience in the legal profession. She leads and actively supports women empowerment initiatives in Bangladesh and is also involved in various social initiatives.

Career Experience

- Deputy Attorney General, Attorney General's Office of the Government of Bangladesh
- Assistant Attorney General, Attorney General's Office of the Government of Bangladesh
- Associate of Rokanuddin Mahmud and Associates, one of the most reputed law firms of Bangladesh
- Senior partner of Maxima Legal
- She is enrolled as an Advocate of the Dhaka District Court, High Court Division and the Appellate Division of the Supreme Court of Bangladesh.

Other Responsibilities

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

ADDITIONAL INFORMATION

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- Does not have any conflict of interest with the Company.
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MR. CHARLES KYALO



HEAD OF OPERATIONS



NATIONALITY

Kenya

DATE OF APPOINTMENT TO 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. He is actively involved in operations' strategic planning, new product introductions, leading projects planning and execution teams, developing teams and ensuring a strong talent pipeline within the factory while ensuring prudent cost management. Experienced in key markets within Eastern Africa, Southern Africa, West Africa, Australia, South Pacific Islands and Bangladesh.

Career Experience

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

ADDITIONAL INFORMATION

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.



MR. QUAZI SARZIL IBNE SARWAR



**HEAD OF INFORMATION
DIGITAL TECHNOLOGY**



NATIONALITY
Bangladeshi



**DATE OF APPOINTMENT TO BAT
BANGLADESH**
January 2021



EDUCATIONAL BACKGROUND

- Bachelor of Science in Management Information Systems (MIS) from University of Texas
- INSEAD Digital Leadership program IMD Transition Leadership program.



MEMBERSHIP

- BAT Bangladesh Leadership Team
- BAT Asia Pacific & Middle East (APME) 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.

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, Asiaccell - 2011-2012
- VP New Business & Projects, Viom Networks - 2010-2011
- Head of Infrastructure Business, Airtel Uganda Ltd. - 2008-2010
- Head of IT Services, Airtel Uganda Ltd. - 2007-2008
- IT Manager, Airtel Bangladesh - 2006-2007
- Systems Engineer, Banglalink - 2005-2006

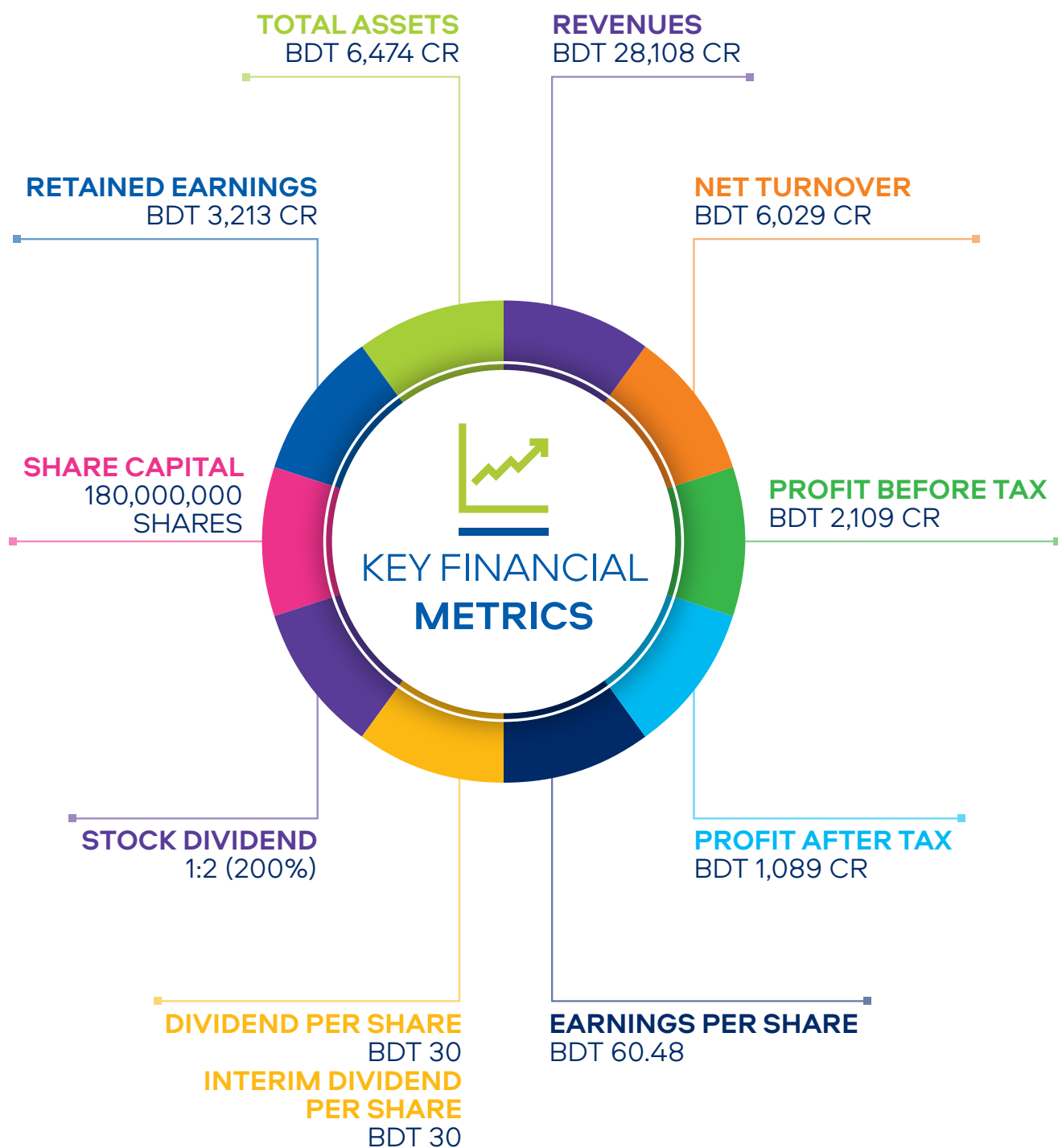
Current external appointments

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

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KEY FINANCIAL METRICS





SENIOR MANAGEMENT TEAM

FROM LEFT TO RIGHT

Mr. Khaled Rahman

Corporate Finance Controller

Mr. Mohammed Zakir Hossain Chowdhury

Commercial Finance Controller-Marketing

Ms. Farah Zabeen

Supply Chain Manager

Mr. Mahabub E Khoda

Group Brand Manager-AWAP

Mr. Sazzad Hossain

DRBU Product Manager, Bangladesh

Mr. Zahurul Haque Sharker

Head of Leaf Operation

Ms. Adrita Datta

Senior HR Business Partner-Operations



FROM LEFT TO RIGHT

Mr. Hasnain Ishtiaq

Head of Manufacturing

Mr. Mehedi Arif Mozzamel

Programme Manager Evolution & Change

Mr. Sheikh Shabab Ahmed

Head of External Affairs

Mr. Fazle Rabbi Chowdhury

Group Brand Manager-BWAP

Ms. Nashva Bint Hamid

Commercial Finance Controller-Operations

Mr. Golam Mohammad Raihan

Head of Activation

Mr. Md. Azizur Rahman FCS

Head of Public Affairs & Company Secretary

STATEMENT OF CORPORATE GOVERNANCE

BAT Bangladesh's corporate governance approach promotes strategic decision-making that combines long-term and short-term outcomes to reconcile the interests of the Company, our stakeholders and society to create sustainable shared value. We are thus committed to continuously strive for embracing the highest standards of inclusive governance to ensure that the business and its affairs are in rigorous compliance with the doctrines and principles of integrity, transparency, accountability and responsible business conduct to safeguard the interests of our shareholders and stakeholders. The Company's well-established corporate governance framework abides by the laws and regulations, represents the commitment of employees towards achieving business outcomes with integrity through faster, stronger and simpler decision-making, and ensures effective management systems under the strategic stewardship of the Board of Directors. In this statement of corporate governance, we wish to provide deeper insights to our regulators, shareholders, investors and other stakeholders on the corporate governance practices at the Company.

*Md Azizur Rahman FCS
Head of Public Affairs & Company Secretary, BAT Bangladesh*

1.0 Philosophy of Governance

BAT Bangladesh's overarching approach to corporate governance is aimed at strengthening the strategic planning framework for achieving long- and short-term objectives on a sustainable basis. Sustainability is the ultimate value proposition that can be expected by our stakeholders through engagement with our Company in the long run. Hence, we are committed to maintaining the highest standards of corporate governance across our business and ensuring that our behaviour and conduct is consistent with the Company's core values and ethos. Notably, good governance principles adopted at BAT Bangladesh stimulate internal stakeholders to perform with higher accountability and transparency with effective risk mitigation, coupled with proper internal control systems to realise the sustainability objectives and outcomes of the Company.

The Board of Directors of BAT Bangladesh have placed relentless emphasis on stronger manifestation of supervision and governance in the Company. Our approach to governance is based on a robust foundation of ethical values and the highest levels of professionalism, which the Company has effectively sustained and nurtured since its journey in the country. Indeed, the Company considers that its strategic ambitions and national aspirations are mutually inclusive and, accordingly, pursues a governing policy that recognises social responsibility over its commercial interests. The three fundamental pillars of good governance, viz. ethics, accountability

and compliance with laws and codes are integrated in our Company's DNA. As a truly public-facing entity, the Company is austere and highly transparent in maintaining the highest levels of integrity and accountability practiced along global standards. Further, fairness, fidelity and competence are embedded both in our leadership and management level, which have been well-reflected in the business practices of the Company over the years.

At BAT Bangladesh, we strongly believe that sustainable value creation is underpinned by a robust governance regime that enables us to facilitate and nurture an enduring alliance between the Board, shareholders, employees and other stakeholders. The Company has always upheld the core principles of corporate governance which have been at the core of its two-tier governance framework: with the Board of Directors and the Committees of the Board at the apex level, and with the Management structure at the operational level, which is the Leadership Team (Top Management).

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

The following key focus areas facilitate best-in-class governance practices at our Company:

FOCUS AREAS OF CORPORATE GOVERNANCE



STRATEGIC
PLANNING



COMPANY
POLICIES



STAKEHOLDER
ENGAGEMENT



REGULATORY
COMPLIANCE



BUDGET
CONTROL



GOVERNANCE



TALENT
PLANNING



DIVIDEND
POLICY

2.0 Governance Compliance Requirements

Being a listed Company, BAT Bangladesh is highly compliant with the requirements of the revised Corporate Governance Code (CGC) issued by 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 in all aspects.

CULTURE, ETHICS AND VALUES

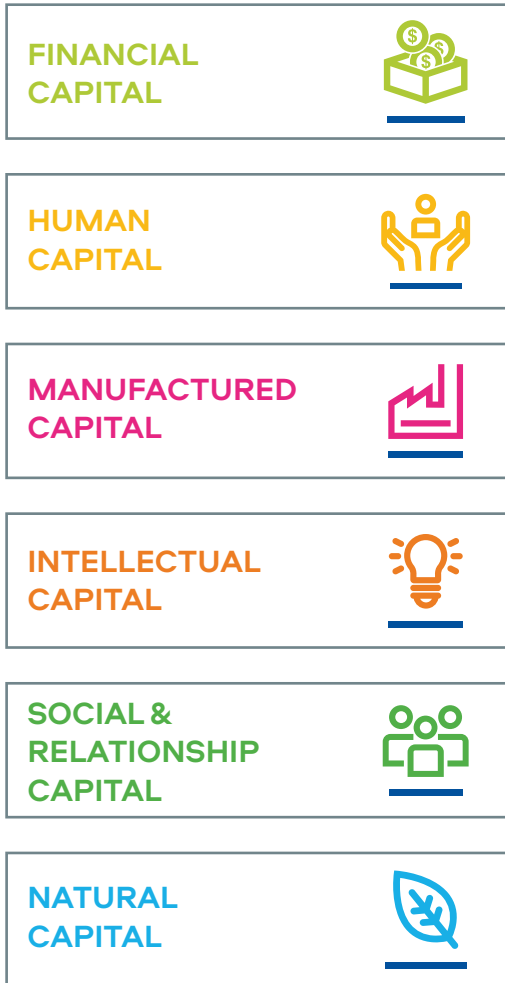
The Board sets the tone on ethical conduct for the Company. The Managing Director and CEO are responsible for embedding the Company's values and code of ethics across the organisation. The Board, through relevant Board committees, considers compliance reports by executive management, internal auditors and external auditors on measures implemented to ensure compliance with regulatory and other legislative requirements. At an absolute minimum, we adhere to and comply with all the legal obligations of Bangladesh.

BAT Bangladesh embraces best governance practices across all functions of the Company to ensure that the highest standards of corporate governance are met. The independent role of the Directors, the Chairman's role is separated and independent from the 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 shall be certified by a practicing Professional Chartered Secretary/Accountant. The tables summarising BAT Bangladesh's compliances are provided in Annexure-III and Annexure-IV of the Directors' Report. A certificate on compliance with the CGC certified by practicing professional chartered secretaries in practice is enclosed in this Annual Report. Moreover, apart from the mandatory compliance with the BSEC CGC, your Company also voluntarily complies with local and international governance standards of professional bodies, such as Corporate Governance Checklist of Institute of Chartered Accountants of Bangladesh, Institute of Chartered Secretaries of Bangladesh, Institute of Cost and Management Accountants of Bangladesh, Global Reporting Initiative (GRI) Standards and global best practices.

VALUE CREATION UNDER CORPORATE GOVERNANCE FRAMEWORK

Input



Governance's Foundation

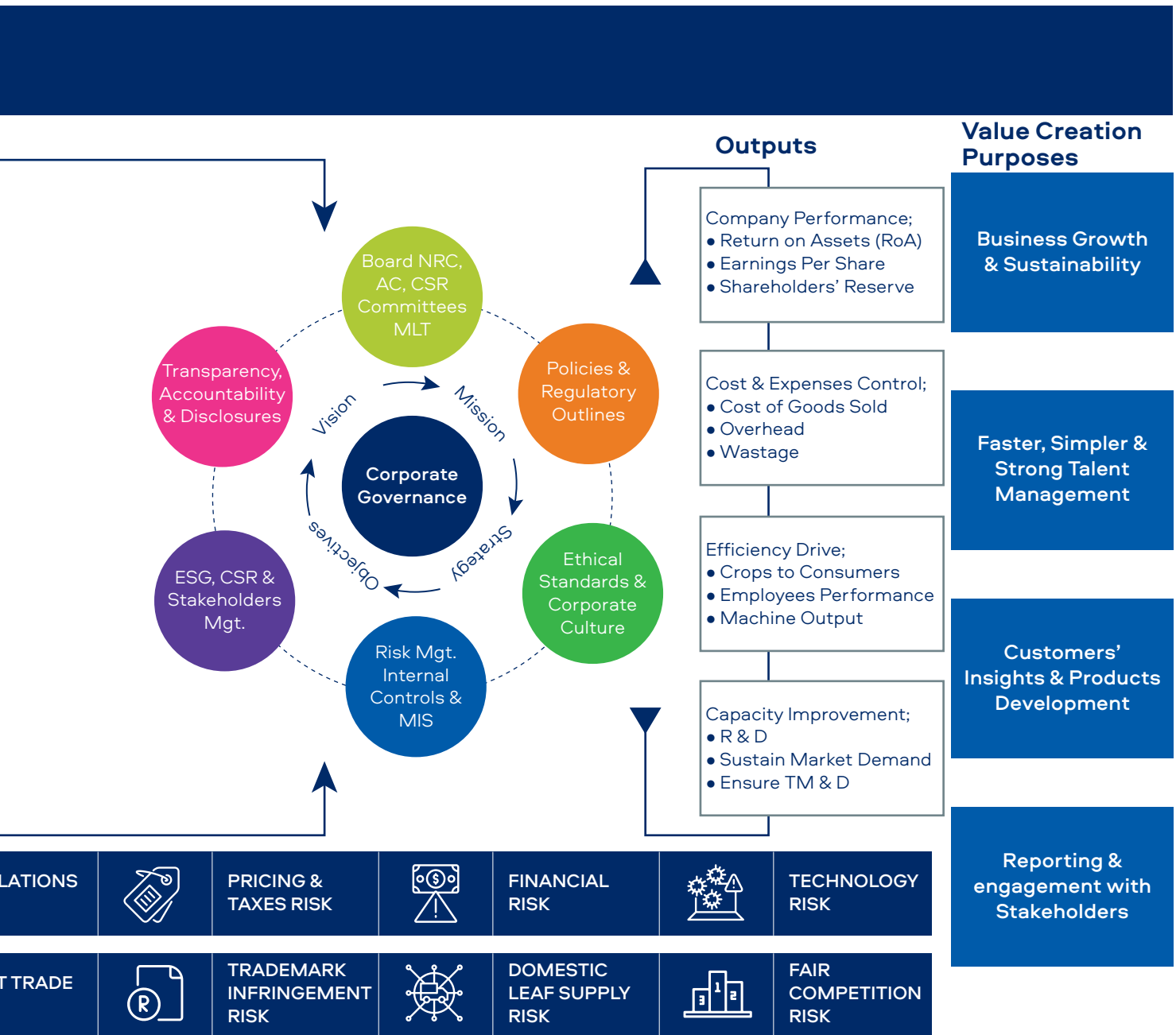
KEY RISK MITIGATORS

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



VALUE CREATION THROUGH CORPORATE GOVERNANCE FRAMEWORK COMPONENTS

Value Creation Purposes	Areas of Corporate Governance Outlines	Results & Comments
Long-term growth And Sustainability	BAT Bangladesh's Vision, Mission and Strategy	<ul style="list-style-type: none"> • BDT 24,250 crore paid to Govt as taxes • Down trend of per employee resource consumption
	Board of Directors	
	Audit Committee, NRC and CSR Committee	
	Internal Control and Risk Management	
	Environmental and Social Obligation (CSR/ESG)	
Engaged and informed shareholders	Communication and relationship with Shareholders	Improved interaction with shareholders and analysts
	Relationship with Investors	



Value Creation Purposes	Areas of Corporate Governance Outlines	Results & Comments
Developing an engaged, agile and innovative talent pool	Human Capital	Improved learning/training through E-platform
Catering to evolving customer needs	Ethics and Compliance	Framework for a sustainable future (See Chairman's statement)
	Complaint Management Process	

2.1 Corporate Governance Outline

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, 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 issued time to time.

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.

The Board reviews the Standards of Business Conduct from time to time for applying the highest standards of governance, embracing the best global practices. The Standards of Business Conduct was last updated and revised by the Board in January 2020. Apart from the Company's Standards of Business Conduct, the Company also has in place the statement of delegated authorities which outlines the respective roles and authorities of the management. This helps governance and control of investment management. In the Company's statement of delegated authorities, the Board has specifically reserved matters, such as establishment of new businesses

or factories, strategic business plans, approval of major capital expenditure, acquisition and disposal of businesses, write-offs, or equity, borrowings and any corporate restructuring. Additionally, the Company also has in place required internal policies, guidelines and codes to ensure good governance and control. The Company has always comprehensively embraced the afore-mentioned corporate governance principles and best practices, along with statement on risk management and internal controls, expressing the way the governance principles and best practices are applied.

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

2.2 Corporate Compliance

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

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

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 organising awareness sessions on existing and proposed laws for enforcing compliance throughout the organisation. Overall, BAT Bangladesh strives to remain a fully compliant Company, both in letter and in spirit not only in letters but in its real spirit.

3.0 Board of Directors

The Board of Directors is the apex authority of the Company, around which revolves the policy, planning and functioning of the organisation. The Board provides the necessary leadership to enable the achievement of business objectives, while remaining within the framework of internal controls, and also satisfying the interests and expectations of the Company's shareholders.

The Board's principal focus area is to ensure that the Company's sustainability agenda, organisational effectiveness and high-performance culture represent a bulwark in enabling the organisation to meet its goals. The Company's Board comprises of nine (9) renowned individuals with core competencies considered relevant in the context of the Company. Towards ensuring a more balanced representation, the Board includes two Independent Directors, who bring forth rich multisectoral expertise to the Board and whose values are aligned with that of the organisation. A qualified fellow Chartered Secretary with multidisciplinary experience performs the duties as the Company Secretary to the Board. The Company's Board, in fostering a responsible culture, ensures that it adopts practices and policies that are in accordance with the principles and recommendations of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission, and the Company's own governing principles.

KEY FACETS OF OUR BOARD OF DIRECTORS

- Members of the Board are Non-Executive Directors.
- Chairman and CEO of the Company are separate individuals.
- Number of Independent Directors and their competencies are precisely as per codes of governance.
- Board Committees are headed by Independent Directors.
- Roles and responsibilities of the Chairman, Directors and CEO are clearly demarcated.
- Roles and functions of the Board and Management are clearly delineated.

3.1 Focus, Training and Orientation of Board members

Members of our Board of Directors are drawn from diverse disciplines, including those from in high Government posts, professionals and retired bureaucrats.

Once a new member is inducted in the Board, he/she is provided with adequate exposure and training, including introduction to the Company's culture and values. Thus, all new Non-Executive Directors and Independent Directors go through orientation programs in the Company. Members from the Senior Management provide them with an overview of the Company's operations and thereby acquaint them with matters related to the Company's values, culture and commitment. They are also introduced to the organisation's structure (organogram), various services, constitution, Board practices and key areas of operations of the Board.

It is via this comprehensive orientation process that the Board is ultimately able to provide its collective wisdom to the Company. Training and development sessions of the Board held during the year under review is stated later in this statement. In order to achieve the goals of good governance, the Company Board is committed to

- Disclose the principles and practices of corporate governance.
- Continuously improve regulatory alignment, taking note of international developments and meeting investor expectations.

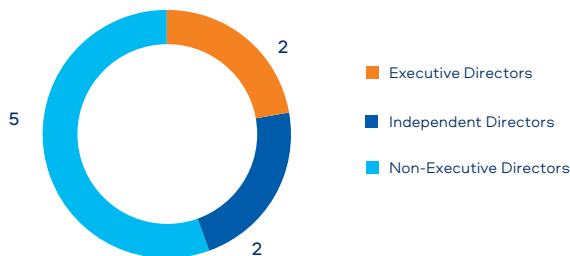
3.2 Board Practices

The Board is ultimately responsible to the Company's shareholders. The necessary guidance for meeting business objectives within the framework of its internal controls is provided by the Board, which helps meet the broader shareholder objectives of transparency and value sustenance. Our Board composition complies with the BSEC Corporate Governance (CG) Code, Listing Regulations and codes of best practices.

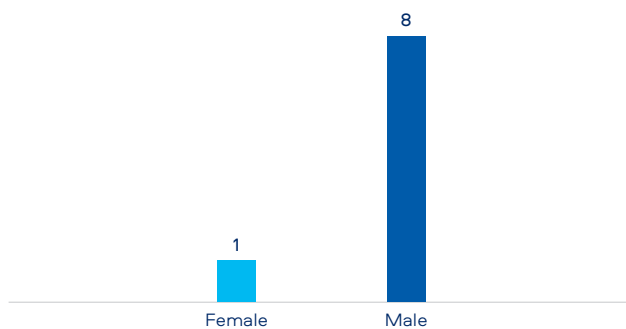
3.3 Policy on Appointment of Directors

The BAT Bangladesh Board is headed by a Non-Executive Chairman, while the Management Leadership Team is led by the CEO (Managing Director) who is a different individual. The Company fully complies with the regulations issued by the authorities regarding the appointment of Directors. The BSEC CGC and the Companies Act are strictly followed in this regard. As per the Companies Act, 1994, Directors are subject to retirement. At least one-third of the Directors shall retire by rotation at every AGM. In the Board, an appointed Director may have a tenure of three years and may prolong this duration for another term of three years. Independent Directors too may have two consecutive tenures of blocks of three years each. With regards to nomination, removal and casual vacancy of the Directors, the Company follows all relevant rules and regulations of the respective regulatory bodies.

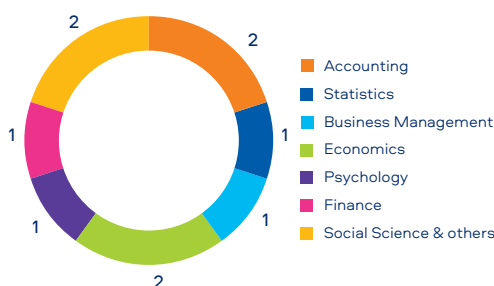
Composition of Board of Directors



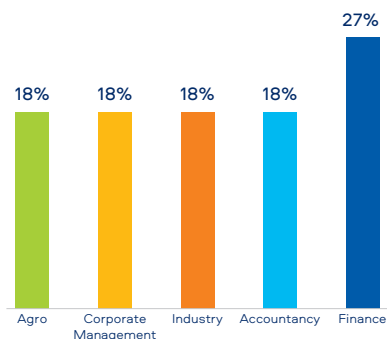
Gender



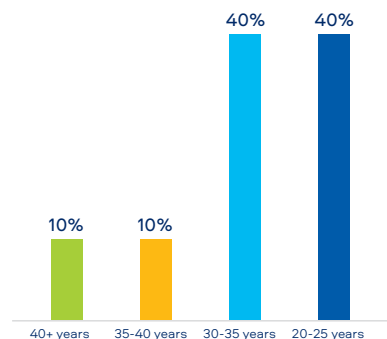
Professional Experience of Board Members



Specialized Areas



Career Span



At BAT Bangladesh, the overall effectiveness of the Board is enhanced by the diversity and sheer breadth of perspectives of its members, who combine professional and academic skills and rich experience and insights, both locally and internationally. Collectively, the Board also has sufficient financial acumen and knowledge. The Board is collectively and ultimately responsible to shareholders of the Company for its long-term success and the Company's strategic direction, values and governance.

Amongst the nine directors on the Board, seven are Non-Executive Directors who are also senior officials or ex-officials of the Bangladesh Government. The role of Company Secretary is entrusted to a competent Fellow Chartered Secretary.

3.4 Roles and responsibilities of the Board

The Company's Board is committed to achieve the expected financial performance and ensure business sustainability, while addressing stakeholder interests and expectations, thus ensuring good corporate governance practices. The detailed roles and responsibilities of the Board are mentioned below:

3.5 Principal Responsibilities of the Board

- **Strategies:** Review long-term strategies and, accordingly, set goals and direction for the Company.
- **Risk assessment:** Review the Company's risk response mechanisms and confirm implementation of the necessary systems to manage these risks.

- **Leadership:** Provide the necessary leadership to ensure that business objectives are within the boundaries of internal controls, as described in the code statement.

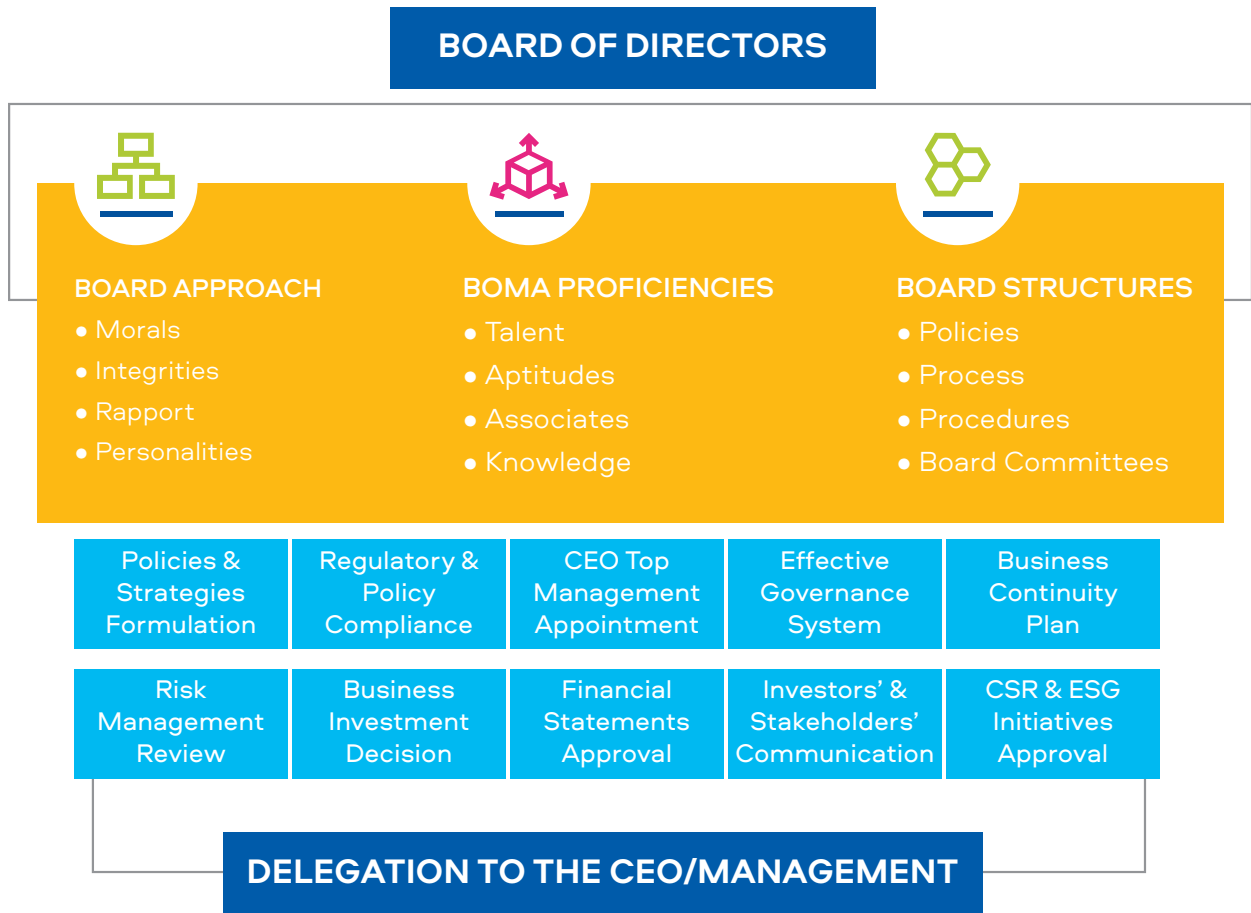
3.6 Board's Decision-Making Responsibilities

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

3.7 Allocation of Duties is followed by Regulations contained in the following

- Memorandum and Articles of Association of the Company
- Companies Act, 1994
- BSEC Codes of Corporate Governance
- Listing Regulations
- Company's Standards of Business Conduct
- Business Principles
- Statement of Delegated Authorities
- Other general corporate best practices

3.8 The roles and responsibilities of the Board are expressed below:



BUSINESS OUTCOMES

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



3.9 Key Activities of the Board in 2020

The following table illustrates the breakdown of the material matters considered by the Board in 2020, in addition to the regular business agenda.

Quarter	AGM
Q1 of 2020	<ul style="list-style-type: none"> ■ Authentication of Financial Statement and Annual Report 2019 ■ Dividend Declaration for the year 2019 ■ Approval of Directors' Report, Audit Committee Report NRC Report & CSR Committee Report ■ Amendment of the Standard of Business Conduct ■ Approval of Corporate Bonus 2019 & Salary Revision 2020 ■ Recommendation for appointment of External & Corporate Governance Auditors along with their fees ■ Conducting 47th Annual General Meeting
Q2 of 2020	<ul style="list-style-type: none"> ■ Consider Q1 Financial Statements 2020 ■ Amendment of Agreement Policy ■ Amendment of Speak-Up procedure ■ Approval of the Company Logo Change
Q3 of 2020	<ul style="list-style-type: none"> ■ Consider Q2 Financial Statements 2020 ■ Appointment of the Non-Executive Directors Nominated by the Govt.
Q4 of 2020	<ul style="list-style-type: none"> ■ Consider Q3 Financial Statement 2020 ■ Approved Interim Cash Dividend 2020

3.10 Board's key focus areas in 2020

GOVERNANCE

- Regulatory Compliance
- Corporate Governance, Risk & Capital Management process
- Delegation of Authority Framework
- Board Composition

STRATEGY

- Company Strategy execution progress
- Strategic value drivers
- Global and local trends shaping the industry
- Future of retail in the digital world
- Political economy
- Executive succession plans
- Transformation in COVID-19 pandemic

FINANCIAL PERFORMANCE

- 2020 budget
- Mid-term budget and plans
- Financial impact of COVID-19
- Capital allocation and preservation
- Proposed dividend payments

RISK AND OVERSIGHT

- Impact of cyber security
- In-depth performance reviews
- Supplier risk, especially during the pandemic
- Board effectiveness
- Monitoring of risk profile vs. risk appetite
- Governance standards to mitigate/control risk
- Key legislation and regulatory updates

STAKEHOLDER ENGAGEMENT

- Engagement with regulatory authorities
- Ethics management
- Stakeholder Feedback on material matters
- Assistance to stakeholders during COVID-19

3.11 Chairman of the Board

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

3.12 Roles and 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 policy-making 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.

3.13 Independent Directors

In compliance with BSEC Codes of Corporate Governance, BAT Bangladesh's Board also 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 (Qualified Fellow Chartered Accountant). The Independent Directors are appointed by the Board of Directors and approved by the shareholders at the annual 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 Independent Directors comply with all other requirements of the mentioned BSEC CGC. The Audit Committee and the Nomination & Remuneration Committee (NRC) of the Company are headed by Independent Directors.

3.14 Managing Director

The Board has appointed a Managing Director (MD) for the Company who is an Executive Director subject to the general supervision of the Board and in terms of the Articles of Association, the Managing Director is in-charge of the overall operational control of the Company and is responsible for the day-to-day activities of the Company. He provides strategic direction, lays down basic policy guidelines and ensures implementation of decisions of the Board and its various committees. Thus, the Managing Director functions under the direction, superintendence and control of the Board of Directors of the Company. The Top Management Leadership Team consist of all the functional heads who are reporting to and headed by the Managing Director. BAT Bangladesh believes in good people are like diamond hard to find, hard to shape and hard to polish.

Primary Roles and Responsibilities of the Managing Director

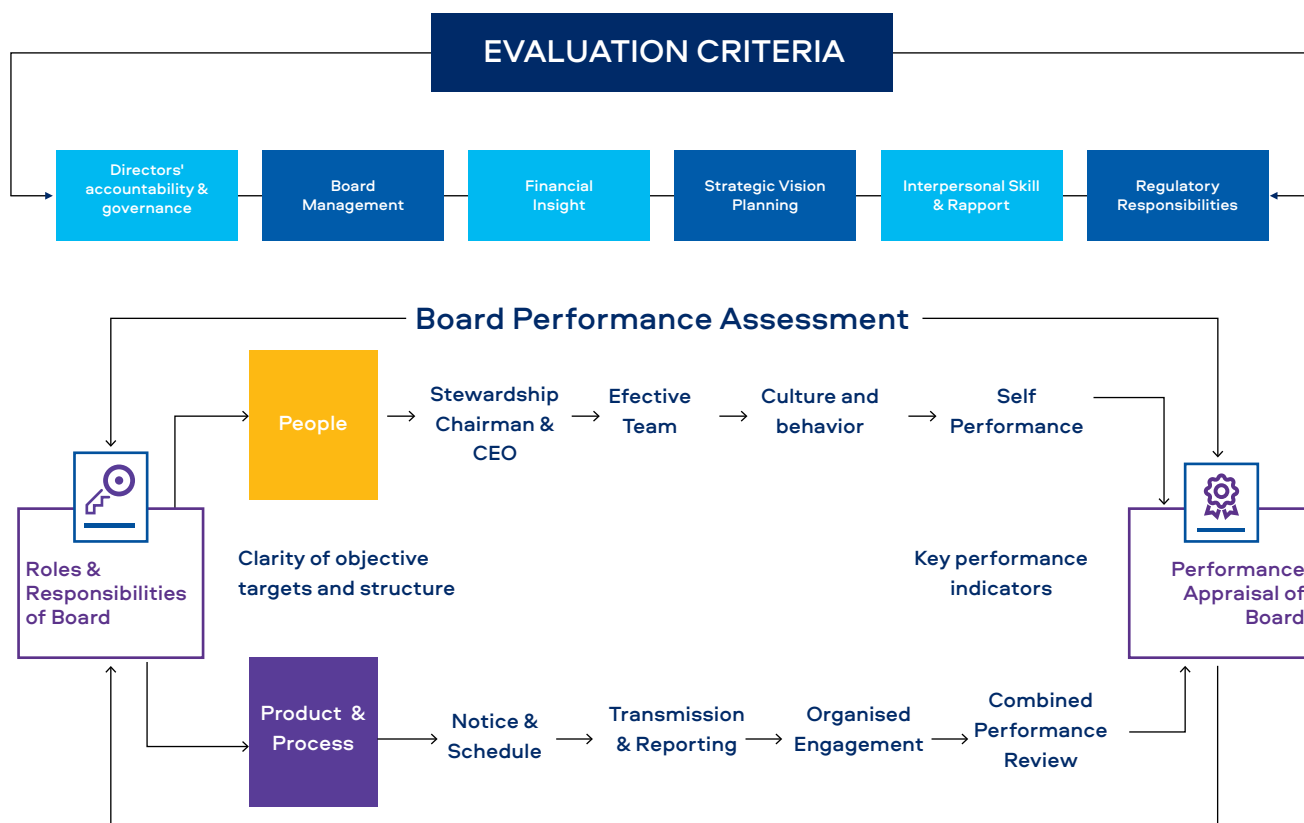
- The Managing Director is responsible for driving business operations, leading the development and execution of the Company's long-term strategies with a view to creating shareholder value.
- The Managing Director's leadership role also entails being ultimately responsible for all day-to-day management 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 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 BSEC, along with Stock Exchanges, through the Company Secretary.

3.15 Non-Executive Director's Independence

With the exception of the Managing Director and Finance Director, all other Directors are Non-Executive Directors on the Board. The Directors attend Board and committee meetings, discussing in detail the agenda of the meetings.

3.15 Board Performance Evaluation

The Board fulfills the duties and responsibilities in appropriate processes and ensures effective management, financial stewardship, accountable and competent leadership, teamwork, norms and culture, minimised conflict and positive interactions between stakeholders and employees of the Company. Governance and Board performance evaluation tools are indicated as below:



3.16 Board Meetings 2020

The Companies Act, 1994, requires that the Board shall meet at least once in every three months and minimum four times in a year. The BAT Bangladesh Board, accordingly, met 10 (ten) times in 2020. The notice of each meeting is served in writing well ahead of the meeting. Such notice contains agenda, being the detailed statement of business to be transacted at each meeting,

along with all papers and documents to be deliberated at the meeting. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that may require the attention of the Directors. The Board generally has in-person meetings. However, in view of the prevailing pandemic crisis, most of the Board meetings were also held through the virtual platform during 2020. The Board and Board Committee members attendance for the year 2020 are as follows:

Directors	Board	Audit Committee	NRC Committee	CSR Committee	AGM
Mr. Golam Mainuddin, Chairman of Board Non-Executive Director	10/10	4/4 (Invitation)	3/3	1/1 (Invitation)	1/1
Mr. Shehzad Munim Managing Director	10/10	4/4 (Invitation)	3/3 (Invitation)	3/3	1/1
Mr. Mohammad Moinuddin Abdullah (Chairman, CSR Committee) Non-Executive Director	10/10	4/4	1/1	3/3	1/1
Mr. A.K.M. Aftab Ul Islam FCA, Independent Director (Chairman, Audit Committee)	10/9	4/4	-	3/2	1/1
Mr. K.H. Masud Siddiqui, Independent Director (Chairman, NRC Committee)	10/10	4/4 (Invitation)	3/3	3/3	1/1
Mr. Md. Abdul Halim, Non-Executive Director (Resigned on May 2020)	7/6	1/4	-	2/2	1/1
Ms. Tahmina Begum, Non-Executive Director	7/7	1/1	2/2	2/2	1/1

Directors	Board	Audit Committee	NRC Committee	CSR Committee	AGM
Mr. Md. Abul Hossain, Non-Executive director (Joined on 27th Nov 2019)	10/10	4/4	-	3/3	1/1
Mr. Stephan Matthiesen, Finance Director (Joined on 1st May 2019)	10/9	4/4 (Invitation)	2/2 (Invitation)	-	1/1
Mr. K M Ali Azam, Non-Executive director (Joined on 21st June 2020)	4/4	3/3	-	1/1	-
Ms. Mahmuda Khatun, Non-Executive director (Joined on 21st June 2020)	4/4	3/3	-	1/1	-
Mr. Azizur Rahman FCS, Head of Public Affairs & Company Secretary	10/10	4/4	3/3	3/2	1/1
Mr. Zahidul Islam Head of Internal Audit & Compliance	10/10 (Invitation)	4/4 (Invitation)			1/1 (Invitation)

3.17 Board Committees

For better, quicker and more structured flow of information and thereby exercising effective governance, the Board has also constituted three (3) sub-committees, viz: Audit Committee; Nomination & Remuneration Committee and CSR Committee and has delegated certain responsibilities to the committees to assist the Board in the discharge of its responsibilities. The role of Board Committees is to review and assess the respective areas and thereon to advise and make recommendations to the Board. Each committee operates in accordance with the respective Terms of Reference (ToR) approved by the Board. The Board reviews the ToR of the committees time to time. The Board also appoints Chairman and members of each committee. As mentioned, the Board Committees are:

- Audit Committee
- Nomination & Remuneration Committee
- CSR Committee.

These committees are responsible for assisting the Board in some of the Board's responsibilities. The committees rigorously follow the Board-approved Terms of Reference (ToR). The ToR elaborates the roles, operating procedures and authorities which are reviewed frequently by the Board.

3.17.1 Audit Committee

As per conditions of the BSEC CGC, the Board has constituted an Audit Committee for the Company. The Audit Committee is one of the prime sub-committees of the Board constituted to assist the Board in discharging its governance responsibilities.

In the year 2020, the Committee comprised of 1 Independent Director and 3 Non-Executive Directors. The Board has appointed an Independent Director as Chairman of the Committee under the referred guidelines. The following tables present the meeting attendance and performance of the said Committee during the year 2020.

Directors	Meeting Attended	%
Mr. A.K.M. Aftab Ul Islam FCA, Chairman, Independent Director	4/4	100%
Mr. Mohammad Moinuddin Abdullah, Member, Non-Executive Director	4/4	100%
Mr. Md. Abdul Halim, Member, Non-Executive Director	1/1	100%
Ms. Tahmina Begum, Member, Non-Executive Director	1/1	100%
Mr. K M Ali Azam, Member, Non-Executive director	3/3	100%
Ms. Mahmuda Khatun, Member, Non-Executive Director	3/3	100%
Mr. Md. Abul Hossain, Member, Non-Executive Director	4/4	100%
Mr. Azizur Rahman FCS, Secretary of the Committee	4/4	100%
Mr. Zahidul Islam, Head of Internal Audit & Compliance	4/4 (invitation)	100%

		22.02.2020	30.06.2020	22.07.2020	21.10.2020
1	Meeting Minutes of Audit Committee				
	1.1 Minutes of Previous Meeting	√	√	√	√
	1.2 Action Items from Previous Meeting	√	√	√	√
2	Key Business Risk Review				
	2.1 Deep dive on Key Functional Risks	√	√	√	√
	2.2 Business Continuity Plan & Testing Update	√	√	√	√
	2.3 Incidence & Loss of Reports	√	√	√	√
	2.4 Write off for the Period	√	√	√	√
	2.5 Risk Management -Risk Register & Heat Map	√	√	√	√
3	Governance Review				
	3.1 Corporate Governance Review	√	√	√	√
	3.2 BSEC Check List	√	√	√	√
	3.3 Speak Up, Investigations & Actions	√	√	√	√
	3.4 Control Environment Update	√	√	√	√
	3.5 Audit Committee Report	√	√	√	√
4	Internal Audit & Compliance Update				
	4.1 Internal Audit & Compliance Update	√	√	√	√
	4.2 Compliance Review Update	√	√	√	√
	4.3 Status Update of Internal Audit & Compliance Action plans	√	√	√	√
5	Review of Financial Statements				
	5.1 Quarterly Financial Statements	√	√	√	√
	5.2 Annual Financial Statements	√			
6	Discuss External Audit Report				
	6.1 Audit action points & implementation status	√			
	6.2 Private Audience with External Auditor	√		√	
7	Audit Committee Effectiveness Survey	√			
8	Statutory Auditor's Appointment	√			
9	Any Other Business				
	9.1 Audit Committee Meeting Plan	√	√	√	√
	9.2 Private Audience with Internal Auditor		√		√
10	Items Tabled for Information				
	a. ToR Calendar	√	√	√	√
	b. List of abbreviations	√	√	√	√
	c. List of Definitions	√	√	√	√

As per regulatory requirements, members of the Audit Committee are well-versed in finance and financial matters, i.e., they are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee. As per the invitation of the Audit Committee, the Managing Director, Finance Director, Internal Auditor and External Auditors attend the meetings of the Audit Committee as invitees.

Other senior members of the Board and top management are also invited to the Audit Committee meetings. Based on BSEC CGC, the Company Secretary acts as the Secretary of the Audit Committee. The Audit Committee members conduct a private audience meeting twice a year with the External Auditors to discuss their independence and any material observations as per needs basis, and the committee also discusses with the Head of Internal Auditor & Compliance as required at least twice a year without the presence of any Executive Directors/ Management of the Company.

3.17.2 Responsibilities of the Audit Committee include the following:

- To ensure compliance with accounting policies, standards and principles and monitoring the integrity of the financial reporting process
- To mitigate risks and monitor the internal controls and business risk management process
- To oversee the selection and performance of external auditors, which ensures that the statutory auditors are not involved in the Company, which is also restricted under regulatory guidelines
- To monitor and review the effectiveness of the internal audit function
- To engage in other matters as per the terms of reference of the Audit Committee

Directors	Meeting Attended	%
Mr. K.H. Masud Siddiqui, Chairman, Independent Director	3/3	100%
Mr. Golam Mainuddin, Member, Non-executive Director	3/3	100%
Ms. Tahmina Begum, Member, Non-Executive Director	2/2	100%
Mr. Mohammad Moinuddin Abdullah, Member, Non-Executive Director	1/1	100%
Mr. Azizur Rahman FCS, Secretary of the Committee	3/3	100%

3.18 Nomination & Remuneration Committee (NRC)

A Nomination & Remuneration Committee (NRC) has been constituted under regulatory guidelines. The Committee, headed by an Independent Director, makes recommendations to the Board in terms of employment of the members of the Executive Committee, managers and employees and decides their specific remuneration. This Committee met 3 times in 2020. The Managing Director, Finance Director and Head of Human Resources attended the meeting of the NRC as invitees, and the 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 remains competitive so that high-quality human resources with proven track record and experience are recruited, motivated and retained. The table demonstrates the mix and performance of the Committee during the year 2020.

3.18.1 Succession policy

One of the important tasks of the Nomination & Remuneration Committee is to chart succession planning for top-level executives of the Company. The NRC works with the Board on leadership succession planning to

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

3.18.2 Remuneration policy for top Executives and Directors:

The Nomination & Remuneration Committee (NRC) of the Company is also responsible for formulating a sound policy of remuneration and benefits for the senior-most executives of the Company. The primary objective of the policy is to ensure that reward and compensation for top-level executives should constitute an appropriate balance of the two and sufficient to attract, motivate and retain the right employees in the Company so as to deliver sustainable value for shareholders and which is also deemed fit for BAT Bangladesh.

Further, executive remunerations apart, the policy also includes the details of each Director to receive a reasonable remuneration for attending every meeting of the Board and Committee that may include travelling expenses to and from and any other allowances per day for the number of meeting days. Such amount should also be determined by shareholders at annual meetings. A further focus on the issue is given later in this statement.

3.19 Corporate Social Responsibility Committee

Directors	Meeting Attended	%
Mr. Mohammad Moinuddin Abdullah (Chairman, CSR Committee) Member, Non-Executive Director	3/3	100%
Mr. Md. Abdul Halim, Member, Non-Executive Director	2/2	75%
Mr. A.K.M. Aftab UI Islam FCA, Member, Independent Director	3/3	75%
Ms. Tahmina Begum, Member, Non-Executive Director	2/2	75%
Mr. Md. Abul Hossain, Member, Non-Executive Director	3/3	100%
Mr. K. H. Masud Siddiqui, Member, Independent Director	3/3	100%
Ms. Mahmuda Khatun, Member, Non-Executive Director	1/1	25%
Mr. K M Ali Azam, Member, Non-Executive Director	1/1	25%
Mr. Azizur Rahman FCS, Secretary of the Committee	2/3	75%

BAT Bangladesh aspires to play a central role in improving the quality of people's life by providing access to some of their basic needs. As a Company that is deeply aware of the divergence between the needs of the society and the impact required, the Company focuses on activities that deliver the maximum welfare and impact to the largest number of people in the quickest possible time. In order to achieve the necessary sustainable balance between economic growth, environmental protection and social and societal progress, the Company ensures that its impact is appropriately targeted and is long-lasting.

On 11th April 2012, the Board of Directors established a CSR Committee as a sub-Committee of the Board. Five (5) Directors are nominated to the Board CSR Committee, among whom an Independent Director is the Chairman. For ensuring business sustainability and creating a positive impact on image and reputation of the Company amongst stakeholders and the larger society, the CSR Committee takes up the necessary tasks.

The Head of Legal & External Affairs, Head of External Affairs and CSR & Corporate Affairs Manager also attended the meetings as invitees. Apart from them, other relevant Directors, consultants, managers and stakeholders also attended the meetings by invitation. As per regulatory requirement, the Head of Internal Audit & Compliance attended the meetings of the Board.

3.20 Directors' time and Directorship commitments

- Directors provide disclosures about their other commitments so that they are able to spend adequate time in the Company's affairs.
- **Other Directorships:** As at 31st December 2020, none of our Directors, individually, held Directorships in more than five public companies, including BAT Bangladesh.

- **Executive Directors:** Our Executive Directors do not hold Directorship in other public companies; however, they are encouraged to participate in professional, public and community organisations.
- **Sufficient Time and Attention:** Adequate and relevant time commitments have been made by the Directors over the years in matters and affairs of the Company.
- **Other Offices:** Disclosure of Directors' other commitments held within the country or overseas, including the number, identity and nature of the office is made, indicating time involvement.

In the election held at the Annual General Meeting (AGM) in 2019, respective candidates' Directorship held in listed public companies in the past three years were set out in the Annual Report of the year concerned. Elaboration on the Directors' biography can be found under the 'Board of Directors' in this Annual Report and on BAT Bangladesh's website.

3.21 Appraisal of the Board's performance

Appraisal of the Board's performance is conducted as per regulatory requirements. The outcome of the Board's decisions has always had a positive impact on the Company, reflecting that the Board has performed its duties accordingly.

3.22 Training and Development of the Board

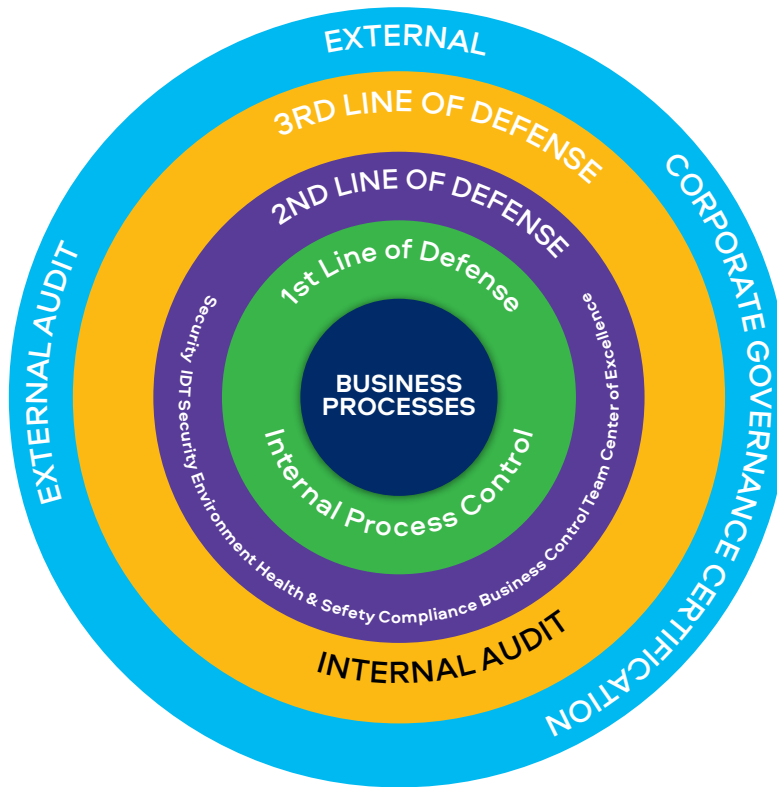
A workshop on key business issues, along with initiatives regarding corporate social responsibility, was organised for the Board of Directors, apart from individual induction orientations. On September 2019, the Board received an overview regarding business sustainability and a corresponding update on CSR activities.

3.23 Effective Internal Control Processes

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,

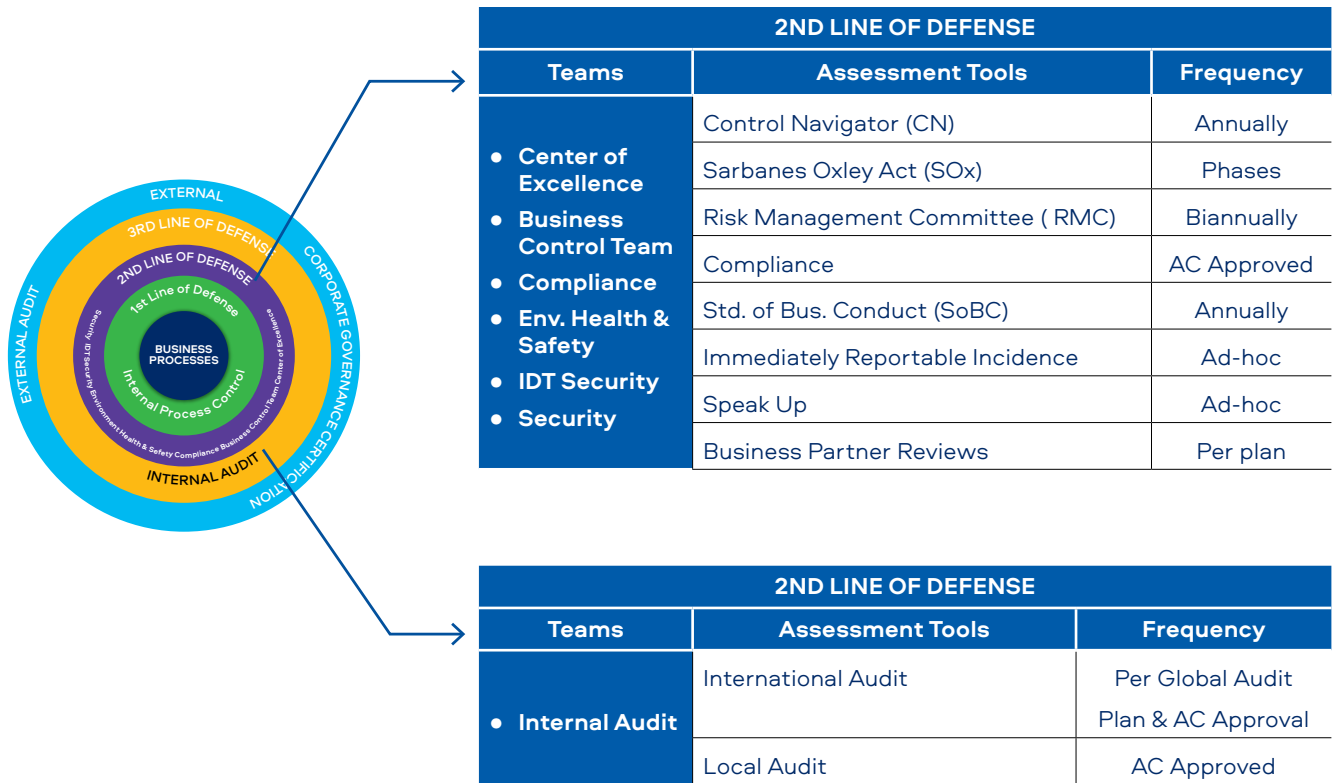
while also ensuring that adequate internal controls are in place and supported through a robust risk management and MIS framework.

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



INTERNAL CONTROL ASSURANCE FARMWORK

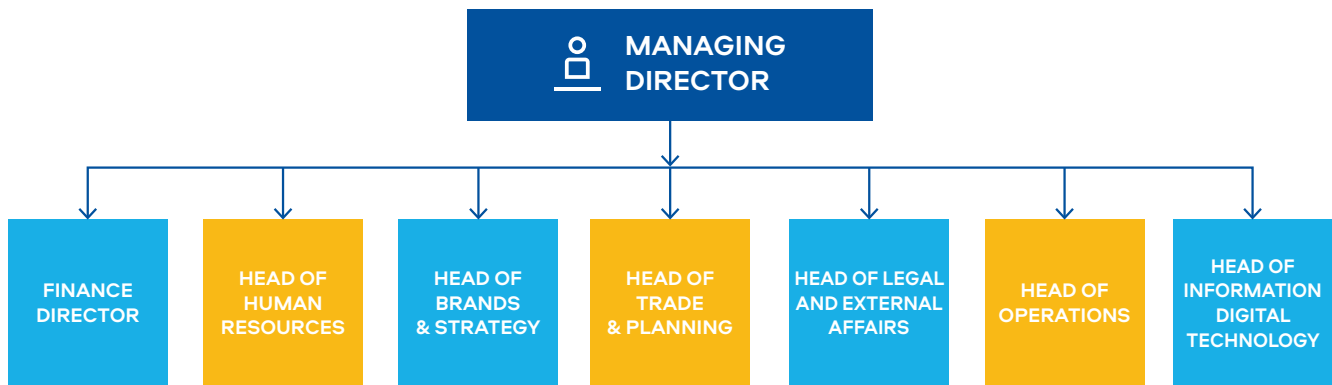
1ST LINE OF DEFENSE		
Teams	Control Operating System	
All Business Units	Delegation of Authority	Record Management & Data protection Policy
	Sales & Distribution Guideline	Treasury Policy
	Credit Management Policy	Recruitment Policy
	Procurement Policy	Performance Management Policy
	Stock Management & 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



4.0 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 responsibility of policies and decision implementation of the Board, along with the supervision of operations and development and coordination and execution of corporate business

strategies. The Leadership Team engages in a monthly meeting regarding the execution of the Company's strategy and ensures daily operational alignment with the corporate plans. The respective Leadership Team gets 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



5.0 CS, CFO & HIAC

The key roles and responsibility of Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit & Compliance (HIAC) are highlighted below:

COMPANY SECRETARY (CS)	CHIEF FINANCIAL OFFICER (CFO) OR FINANCE DIRECTOR (FD)	HEAD OF INTERNAL AUDIT & COMPLIANCE (HIAC)
<ul style="list-style-type: none"> ■ 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 legislations and the regulatory environment, and taking 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 to the Board on such matters. 	<ul style="list-style-type: none"> ■ Oversee the overall financial management of the Company; ■ Ensure overall accuracy of budgetary and financial control system and to monitor the performance of the Company, its flow of funds and adherence to the budget; ■ Ensure proper tax management and compliance systems; ■ Ensure national regulatory compliances as well as International Accounting Standards and Bangladesh Accounting Standards and responding 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 to stakeholders within the specified timeframe; ■ Trigger and promote timely changes in the financial aspects of the Company with a view to facilitating various business improvement initiatives, like cost reduction, procurement processes, pricing processes and others; ■ Act as a steward by protecting vital Company assets, complying with financial regulations, maintaining the books correctly and communicating risk and rewards with Board members and investors; ■ 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. 	<ul style="list-style-type: none"> ■ Prepare annual audit plans based on the results of risk analysis; ■ Prepare audit programs and approaches that meet the objectives of audit that complies with internal control design and testing; ■ Ensure that a proper internal control system is in place for smooth operations of the Company; ■ Check compliance with internal and external regulations; ■ Coordinate the analysis of risk in different areas of operations; ■ Prepare draft audit report and conduct exit meetings to obtain management concurrence and responses; ■ Prepare final audit reports and circulate the report to the Board and auditor; ■ Conduct special investigation on any allegation of fraud or forgery noticed by the management; ■ Perform other duties and special assignment 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 in order to improve operations as well as internal controls.

6.0 Financial Reporting Process

The pillar of a successful information structure for an organisation is its financial reporting system. 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 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.

7.0 Internal Control Process

It is at the Board and Management levels that the Company's internal control system gets designed for providing reasonable assurance regarding the achievement of the Company's objectives in respect of effectiveness and efficiency of operations, reliability (completeness and timeliness) of financial reporting and management information and compliance with applicable laws, regulations and Company policies. The statement of Internal Control further elaborates the internal control processes. Some of the key policies and guidelines that govern the internal control process of the Company include:

8.0 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

9.0 Risk Management Committee (RMC)

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

key risks of the Company, which are further ratified by the Audit Committee. In order to ensure effective risk management within the Company, the RMC is responsible for reviewing risks and ensuring effectiveness of the risk management process. The Company maintains a risk register where all the associated risks as well as action plans are recorded.

10.0 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.

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.

The conduct of all employees, including Directors and all other employees, must be in accordance with the SoBC. Apart from adhering to the edicts articulated in the SoBC, all employees are required to confirm their commitment and compliance by executing a declaration of compliance annually.

11.0 Human Capital

The core strength of the Company comprises of its people. Thus, a group of motivated talented employees are the principal asset of the Company.

The Company works extensively to provide a unique, diversified culture, which includes performance-based rewards, respect and a growing scope of opportunities for showcasing their talent. Hence, the Company is recognised as an employer of choice in the country. The "Top Employers" award is given by Top Employer Institute a reflection of this focus.

For ensuring long-term sustainability, the Company stresses on skill and merit-based recruitment and selection process with highly competitive remuneration package, sufficient training and capacity development programs, career growth with succession planning, high-performance culture and satisfying workplace environment, where employees are able to escalate their grievances and also receive counseling.

11.1 Recruitment and Selection

The 'Top Employers' award is an honour that has been bestowed upon the Company for its best practices in human resources. The quality of the talent and talent development are top priorities of the Company. BAT Bangladesh also bagged the award in 2020 given by Top Employer Institute.

Recruitment and selection is an integral part of such best practices. Battle of Minds (BoM), an esteemed competition organised and hosted by BAT Bangladesh every year is a highly anticipated business recruitment platform. Over the last 15 years, BoM has been the flagship employer branding initiative to attract graduates. In 2019, the bar was set even higher as BoM was accepted and launched on a completely new scale globally. Further, despite the pandemic, BoM was fully re-pivoted online and emerged as one of the most successful events conducted virtually in the country.

Further, the Company also offers a wide array of interactive and engaging assessments, assisting in the identification and selection of the most talented applicants through a rigorous multi-layered recruitment process. Yet another program, the global graduates program, is aimed to recruit outstanding fresh graduates and develop them as the future leaders of the Company.

11.2 Learning & Development

The Company focuses on providing extensive training to its employees and also offers several opportunities for sustained talent development. The need for work-life balance is well-recognised by the Company. Hence, various trainings are provided, including programs targeting appropriate employees at regular intervals. The organisation also has a well-equipped technical training center for conducting comprehensive technical trainings.

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 programme

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 considered to be 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 meet the Company's goals and objectives.

11.5 Rewards and Recognition Programme

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

11.6 Grievances and Counseling

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

11.7 Ensuring a Sound Workplace

Our people have always been the core strength of the Company. The Company invests time and resources to ensure an amicable and suitable work environment. All employees (both office and factory) must respect the environment. A zero-tolerance policy is maintained across the Company against any sort of discrimination. Further, all employees, irrespective of their gender, are presented with equal opportunities in the spirit of meritocracy, and not subjected to any deprivation of work opportunities. In recognition of these efforts, the Company was yet again bestowed with the prestigious award under 'The Most Female Friendly Organisation' in 2019.

12.0 Other Internal Policies and Guidelines

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, 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 behaviour in relation to competition laws that employees are required to follow and comply 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 to emphasise that any form of sexual harassment, which disrupts or interferes with the work performance and dignity of another, will not be tolerated
- Guidelines on managing cases involving employees and law enforcement authorities
- Employment principles
- Procedures on credit for trade debtors and inter-company balances
- Tobacco leaf related policies on social responsibility in tobacco production, export pricing policy, farmers registration and advance crop input policy
- Climate change policy to execute the Company's activities for tobacco growing and green leaf threshing, considering climate change and its subsequent impact and guidelines for tobacco seed production, including field experiments
- Company activities for tobacco growing and green leaf threshing, considering climate change and its subsequent impact and guidelines for tobacco seed production, including field experiments
- Records management policy and central depository system
- Agreement policy and guidance
- Data protection policy
- Billing guidelines

- Codes of Audit Committee, Nomination & Remuneration Committee and CSR Committee

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

13.0 Assets & Records Management

The Board of Directors of BAT Bangladesh acknowledges its function as a trustee of shareholders' funds. Hence, the Board has been supervising investments in ensuring cutting-edge operational efficiency. From the acquisition to the disposal of assets, thorough transparency and accountability is 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 accuracy and authenticity of the numbers reported. Against industrial risks, relevant assets are sufficiently covered by insurance. Records of the Company are archived safely for prompt retrieval in case of need arising for reference. The Company Secretary is entrusted with the records management responsibility of the Company.

14.0 Statutory Audit

On the basis of the Audit Committee's suggestion, 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 BSEC order, a Statutory Auditor cannot remain in office for more than three consecutive years. BAT Bangladesh maintains thorough independence of the Statutory Auditor. Prior to submission of the financial statements to the Board for approval, the Audit Committee meets with the Statutory Auditor to ensure the independence of the Statutory Auditor.

Further, to ensure adequate regulatory compliance, a Compliance Certificate is obtained from a licensed practicing professional who certifies on the basis of 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 approval of shareholders at the Annual General Meeting.

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 time to time

The management 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 circumstances with use of correct accounting policies and interpretations. The reports are then reviewed accordingly by 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 in respect to Price Sensitive Information (PSI).

16.0 Communication to Shareholders and Stakeholders

Prior to the AGM, respective shareholders are given 2-weeks’ notice with all necessary papers for dissemination of information and also to ensure maximum attendance at the AGM. Quarterly and half-yearly accounts information are also published on the website and duly notified to all stakeholders on a timely basis. The Company liaises with shareholders and ensures that all stakeholders are informed about the Company’s activities and material developments on a routine basis. In order

to ensure information broadcast among all shareholders and stakeholders, BAT Bangladesh also engages with stakeholders and shareholders as much as possible.

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.

16.1 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 shareholders well in advance so that they may attend the AGM with their considered views on each agenda. The meeting materials are sent by means of both messenger and digital media for quick dissemination. Further, BAT Bangladesh, being highly particular about compliance with regulatory requirements, ensures publication of AGM notice in two widely circulated newspapers, with copies also sent to the stock exchanges and the BSEC.

16.2 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 acts as the right channel in case of retrieval of any publication. At the AGM, shareholders are offered the chance to ask the Board regarding the operations and prospects of the Company.

16.3 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 Company Secretary, that shareholders of the Company are treated justly, fairly and honourably and their rights are protected in all circumstances.

The Company Secretary is the bridge of communication between shareholders and the Board of Directors of the Company, delivering assured services to valued shareholders, while confirming as per applicable laws and Articles of Association of the Company the well-defined rights of shareholders. Shareholders are informed on all material developments/matters in a routine manner on all major issues and changes in business, catering to the continuous requirement of disclosures so that shareholders can make informed decisions.

17.0 Board Commitments

BAT Bangladesh has been the highest tax-payer in the private sector and is also enlisted on both the Dhaka and Chittagong Stock Exchanges. In 2020 alone, the Company

disbursed the sum of BDT 24,250 crore as tax to the national exchequer. BAT Bangladesh has always cherished and shall continue to value its treasured relationship with the Government of Bangladesh, esteemed shareholders and other stakeholders of the Company by practicing the highest standards of ethics and corporate governance.

18.0 Summary

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

Overall, at BAT Bangladesh, we uphold our commitment to good corporate governance and pledge to continue to work in meeting the best interests of our shareholders and all other stakeholders.



Golam Mainuddin
Chairman



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

DIRECTORS' REPORT 2020

Dear Shareholders,

It is a pleasure and privilege on the part of the Board of Directors to present the Directors' and Auditor's Report, together with the audited financial statements, of British American Tobacco Bangladesh Company Limited (BAT Bangladesh or BAT Bangladesh or the Company), for the year ended 31st December 2020.

Strategic pillars of our business

We had started the year 2020 on a high note, but as the days progressed, the path became tougher and increasingly challenging when the country was impacted by the COVID-19 pandemic and went into a virtually complete lockdown, threatening business continuity. However, we have converted these challenges into opportunities and established that BAT Bangladesh is more than just a business entity. We looked after our employees, management, field-force, retailers and farmers through benchmark measures and practices and supported the community by distributing hand sanitisers and masks. On the business front, sales and distribution was extremely challenging during the lockdown period, yet we explored alternative distribution models to ensure product availability, wherever possible. The challenging economic conditions and business environment gradually started to rebound from September 2020 onwards. With Government and other regulatory support, we capitalised on the opportunity to drive business performance for a better tomorrow and eventually ended the year with the desired performance. We believe that the resilient and optimistic character that we have built in 2020 will pave the way for a better tomorrow, enabling us to remain on the path of sustainable value creation for our stakeholders and for the national exchequer. Despite the onset of the COVID-19 pandemic in 2020, the Company performed up to our expectations.

COMPANY PERFORMANCE

BAT Bangladesh sustained expected level of sales volume in 2020, despite challenging operating conditions. A focused sales and distribution drive during COVID-19 the lockdown months through alternative distribution models brought results for the Company.

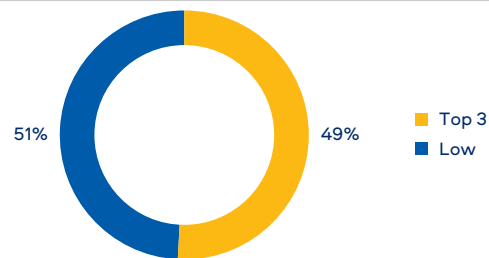
Due to the unprecedented affordability stretch from the COVID-19 induced financial pressures, we observed accelerated down-trading, or consumption contraction, in the top-3 segments as consumers looked to managed their expenses more efficiently. As a result, the top-3 segments witnessed a decline of 38% in 2020 vs. 2019, while that of the low segment growth was facilitated by accelerated down-trading from the top-3 to low segment brands and more convenient price points.

From our previous 2 years' experience, it is important to mention that price increase in low segment always triggers consumers to switch to cheaper/duty-evaded illicit cigarettes, rather than reducing consumption. However, despite low segment price increases post the 2020 budget, estimated illicit cigarette sales did not grow further mainly due to the pandemic-induced supply chain issues and also

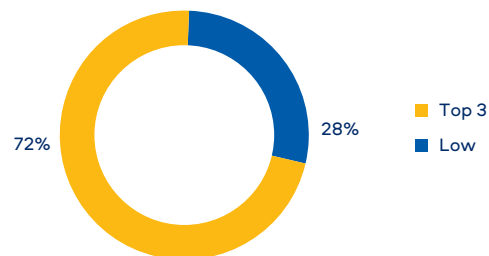
for the continued initiatives against illicit trade from the Government's law enforcement agencies. The anti-illicit trade initiatives from Government bodies need to be continued with strict enforcement to sustain the performance of the legal tobacco industries and reduce any potential revenue loss for the Government and most importantly restraining people from consuming illicit cheaper cigarettes.

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

2019 [Jan-Dec Volume Contribution]

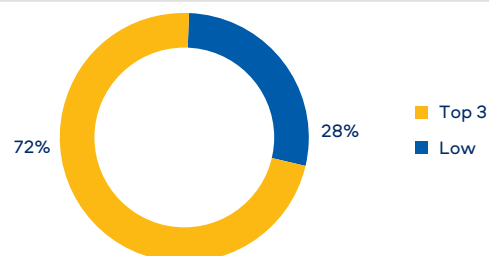


2020 [Jan-Dec Volume Contribution]

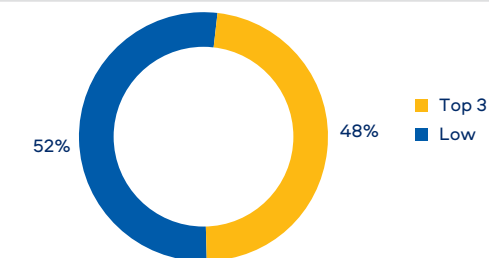


The following chart also shows BAT Bangladesh's segment wise volume contribution and corresponding government revenue contributions in 2020:

2020 [Jan-Dec Volume Contribution]



2020 [Jan-Dec Govt. Revenue Contribution]



BAT Bangladesh delivered 7% higher Government revenue in 2020 vs. 2019. In the full year of 2020, Government revenue from top-3 segments declined by 19% vs. 2019, while that of the low segment grew by 64%. The year 2020 has been a greatly challenging one for the tobacco industry. With early signs of an economic rebound and accelerated pace of infrastructure development, the year 2021 should witness a turnaround in performance in terms of Government revenues. The industry and Government need to continue on its focus on driving enforcement against Illicit cigarettes as well as smuggling to prevent any potential revenue loss in 2021.

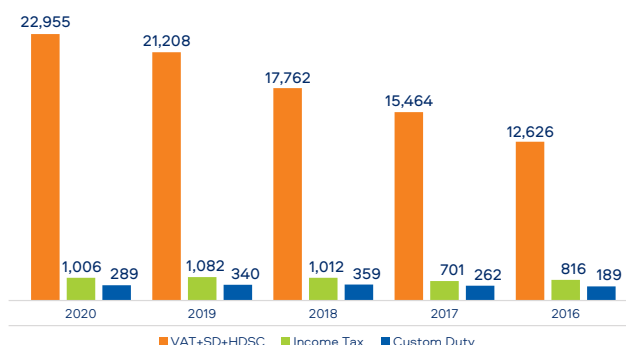
BAT Bangladesh's segment-wise performance overview is provided below:

- Benson & Hedges:** The brand declined by 20% in H1'20 vs. H1'19 mainly driven by price increase post the 2019 budget, and the situation was compounded due to the accelerated down-trading from COVID-19 induced financial pressures. However, with our continued focus on the segment and with the economic rebound witnessed in H2'20, B&H registered 1% growth in H2'20 vs. H2'19, an encouraging sign for the future.
- John Player Gold Leaf:** John Player Gold Leaf variants launched in Q1'20 were able to garner an encouraging response from consumers. With this exciting launch and with sustained focus on the brand, John Player Gold Leaf family registered 5% growth in 2020 vs. 2019.
- Star:** The brand experienced a substantive growth momentum and registered a 21% growth in 2019. Yet, the stretch on affordability and price positioning accelerated down-trading to the low segment to the extent of 66%.
- Low brands segment:** We have ensured continued focus on low segment brands through the right sales and distribution strategy across the country during the entire COVID-19 period. Product availability in all retail outlets was ensured during COVID-19 the lockdown months and the post lockdown period too, maintaining product quality integrity at all times.

BAT Bangladesh's Contribution to the National Exchequer

In 2020, BAT Bangladesh contributed BDT 24,250 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 1,620 crore over the previous year. Going forward, the Company aims to support the Government's proposals that enable the establishment of a sustainable level of tax contribution to the national exchequer, while ensuring sustainable growth for the industry and promoting a level playing field among market players. Since tobacco is a matured industry, it must not be stretched too far without considering the market dynamics and the consumers' ability to absorb price elasticity, and avoid growth of illicit and smuggled cigarettes.

Contribution to National Exchequer



The Company recognises the Government's revenue growth targets, and the industry has been working with the National Board of Revenue (NBR) over the years to ensure sustainable revenue growth from the 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 markets. The Company believes that the Government will discontinue with 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.

Productivity

The year 2020 had been an exceptional one for BAT Bangladesh, as it experienced an unexpected volume demand from consumers. The year started on strong product demand due to non-availability of other company's products.

On the factory front, 'Integrated Working System (IWS) Phase-1' was accredited, with the main goal of operations comprising the journey to "Integrated Working System Phase-2" and deliver even amidst the ever-changing demands and needs of consumers. To cater to this goal, the Company took a structured approach in factory planning, ensuring multiple productivity initiatives, pre-planned machine maintenance and investment in enhancing asset efficiency. The focus of the business operations was geared towards ensuring the health and safety of all frontline employees without compromising business needs. Several measures were undertaken, such as providing care packages, transportation, work area sanitisation, social distancing and 24/7 doctor support for all employees. Employees were kept engaged to keep up morale, and all these measures not only ensured productivity, but also turned 2020 as one of the best

years yet. BAT Bangladesh became a benchmark for the BAT group, demonstrating best practices of working in the new normal and was also awarded the prestigious “A Better Tomorrow Award 2020”.

To keep up with the ever-changing demands of consumers, BAT Bangladesh made some capital investments in adapting to the new ways of working- both in terms of manufacturing and employee capability development. Key investment was made in terms of new product growth and many of the capability development projects required support from our experienced personnel. Due to travel restrictions, it was difficult to arrange overseas expert support. This challenge was circumvented by adapting to the new normal and utilising remote platforms, like Dynamics 365 Remote Assist, and local teams were guided by skilled foreign personnel to ensure timely completion of projects.

Cost of Goods Sold and Profit Margins

The overall cost of goods sold increased during the year, mainly due to higher production, higher product cost and COVID-19 specific costs to keep manufacture running abiding the health guidelines recommended by the Government. However, despite the increase in costs by 3%, we managed to increase the year-on-year gross profit margin by 1% by taking various efficiency measures and cost savings initiatives across a wide array of spectrums.

SUSTAINABILITY

Environmental preservation, together with our focus on embracing ecological initiatives that have a positive impact on climate change, have always been of critical importance for Bangladesh. This is further accentuated, considering that various naturalists’ which indicate that Bangladesh will remain a vulnerable country to the impact of climate change in the decades ahead. In this context, BAT Bangladesh believes that business has a key role to play in helping the society to achieve the necessary sustainable balance of economic growth, environmental protection and social progress in ways that builds sustainable value for all stakeholders.

The Company is pioneer in corporate social responsibility initiatives in Bangladesh and is continuing with its three flagship initiatives, viz. afforestation programme (Bonayan), Solar energy programme in off-gride areas (Deepto) and safe drinking water programme in arsenic areas (Probaho), to create an enduring positive impact in communities around which we operate and in the extended environment.

Our afforestation programme, ‘Bonayan’, took root in 1980 in collaboration with the Forest Department of Bangladesh Government and, since then, the Company has distributed 110 million saplings free of cost in and around our operational areas, including 5 million saplings in 2020 which is 25% more than that of 2019. Today, BAT Bangladesh’s afforestation platform is the largest private sector-driven afforestation programme of the country.

The Company is committed to continue with this program to support the Government’s national targets to increase forest coverage, as well as to increase the tree covered (green) area. Over the years, the Company has received several national and international awards and accolades, including the prestigious Prime Minister’s Award four times, for its afforestation drive across the country.

Millions of people in Bangladesh face scarcity of safe drinking water due to arsenic contamination. Responding to this pressing need, BAT Bangladesh has taken up a project named ‘Probaho’ in arsenic-prone rural communities, supplying more than 550,000 litres of potable water every day, free of arsenic and other contaminants. This program is aligned with the Government’s targets to support the Sustainable Development Goal (SDG) of clean water and sanitation. So far, 107 water filtration units have been installed using Government-approved water filtration technology in Jhenaidah, Chuadanga, Meherpur, Kushtia, Tangail, Manikganj, Satkhira, Gopalganj, Lalmonirhat, Kurigram, Jamalpur, Madaripur and Natore, ensuring access to pure drinking water for nearly 270,000 people every day.

To complement Bangladesh Government’s efforts in the renewable energy sector, BAT Bangladesh has undertaken a project to install solar home systems through the ‘Deepto’ project in villages that are in remote, off-grid areas of the Chittagong Hill Tracts. Under Deepto, BAT Bangladesh has supplied as many as 2,590 units of solar home systems in remote villages to enhance community lifestyle and empower people in Bandarban, Khagrachari and Rangamati districts, giving more than 15,000 rural people their first access to electricity at home.

Also, successful initiative is in place to convert the landfill waste from operations into Briquettes as alternate source of fuel.

In addition to the flagship CSR projects, BAT Bangladesh has built an effective partnership with its farmers for agricultural sustainability through implementation of good agricultural practices of national & global standards. Company’s Leaf Department relentlessly working with around 33,000 contracted farmers of rural areas for their sustainability and better livelihood. BAT Bangladesh’s contract farming system has been established as a proven model, and the Company proactively sets high standards in agricultural best practices. Green manuring, Integrated Pest Management (IPM), Alternate Furrow Irrigation (AFI) are a few among many initiatives driven by the Leaf Department of BAT Bangladesh for agricultural sustainability.

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

In 2005, BAT Bangladesh established the country's first Integrated Pest Management (IPM) Club in collaboration with the Department of Agricultural Extension (DAE) of the Government of Bangladesh to support farmers in their quest for better crop protection practices. For the past couple of years, BAT Bangladesh has established 75 IPM clubs across tobacco-growing areas with the aim of driving farmers' awareness on non-chemical pest management, and also safe use of agrochemicals. The primary objective of IPM clubs is to reinforce Government's initiatives to reduce farmers' dependency & use of agrochemicals. As a result of these ongoing awareness programs, farmers have become more conscious and cautious about the use of chemical pesticides in farming and have adopted the use of sustainable alternatives. The Company has been awarded with the Asia Responsible Entrepreneurship Award 2018 in the 'Social Empowerment' category by Enterprise Asia for its IPM Club initiatives.

For most judicious use of Irrigation water BAT Bangladesh contracted farmers being encouraged to use Alternate Furrow Irrigation for winter crops that grown in rows and it saves almost 20% water. The practice of Alternate Furrow Irrigation has been recommended by Bangladesh Agricultural Research Institute (BARI) for most of the crops grown in rows.

Supporting farmers for Affordable mechanisation in farming in alignment with Govt initiative, safe disposal program of empty CPA (Crop Protection Agent) containers, popularizing short duration rice varieties among farmers to accommodate three crops in a year, biodiversity conservation, alternate of wood fuel for tobacco curing, Bondhusheba - digital messaging platform for fast communication with contracted farmers, etc., are other programs and initiatives driven by Leaf Department to ensure environment and agricultural sustainability as well as improving farmers' livelihood.

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

Since 2016 IFMC experts of DAE trained 135 management & staffs of BAT Bangladesh on IFMC. As part of our drive for capability building and farm women empowerment, 30 progressive farm women in Khagrachari has been trained on IFMC who are now earning additional income through production of mushroom.

During the onset of the COVID-19 Pandemic, farmers in rural areas were struggling to transport and sell their farm produce. Under such situation the Leaf management took the lead to arrange all required safety measures for the farmers and employees, show cased that to the local government authority securing permission to buy tobacco

from the farmers despite lockdown and thus the farmers could sell their produce on time to fund their immediate next crop. BAT Bangladesh believes in enhancing the standard of living of farmers and recognises their huge contribution in achieving BAT Bangladesh performance. The contribution of our hardworking farmers who are supplying raw materials during this pandemic period held achieving this exemplary achievement we want to put on record their participation in our journey.

Even at the face of global pandemic, the company has ensured fulfilment/shipment of export orders for leaf to the customers across 17 overseas destinations covering most of the continents i.e Asia, Africa, Europe, America & Russia. In addition to Leaf Export, the Company has broaden its customer base through export of high-quality cigarettes to increase forex earning.

The Company has an economic impact both in terms of revenue generation for the Government as well as employment generation, as it employs more than 1,500 employees directly, while also supporting indirect employment for as many as 50,000, comprising farmers, distributors and suppliers, and over 1.3 million retailers. Hence, the Company seeks that the Government takes an inclusive and participative approach on tobacco regulations so that regulatory policies reflect the views of all relevant stakeholders and are practical and enforceable. COVID-19.

MANUFACTURING CAPACITY IMPROVEMENT

BAT Bangladesh has made capital investments from time to time to increase manufacturing and warehouse capacity across its different locations in the country to explore export opportunities of cigarettes from Bangladesh. In 2020, the Company made further investments in existing warehouses to make optimal use of capacity. Proper storage of finished goods is a key measure to ensure meeting the quality expectations of local consumers and also for export opportunities. These initiatives were found to be extremely useful relating to productivity and efficiency improvements and to meet demand from domestic markets and export opportunities, especially during the pandemic. The distribution of finished goods was a big challenge, yet the supply chain ensured 100% on-time supply even during the peak COVID-19 period, without any additional cost.

WINNING ORGANISATION

The exemplary performance of BAT Bangladesh in 2020 can be credited to our committed and talented people, and the efficiency of our teams. BAT Bangladesh's people resources are determined in driving the business with passion to win in an ever-changing and challenging business environment. The rapid success and growth of the Company is powered by providing employees with an energising work environment and involving employees across core business strategies. Our constant resilience to tackle challenges with the right spirit has transformed

BAT Bangladesh into an organisation that is ever vibrant and dynamic.

The Company focuses on providing learning and growth opportunities to its people with the aim of developing leadership capabilities to facilitate them to realise their full potential. This is executed by providing them with the right opportunities to learn from their leaders and mentors and through applying BAT’s globally-recognised learning and development platforms. The Company also focuses on building functional skills and provides hands-on experience to groom individuals as leaders. With the aim of sustaining the present agenda for talent, 84 employees were hired, 75 employees were transferred to other roles and 50 were promoted. International assignments were given to 10 Bangladeshi managers, taking the total count of Bangladeshi managers posted internationally to across 34 countries like Japan, Hong Kong, Singapore, Indonesia, Poland, Australia and the UK. Additionally, 180 employees were provided with leadership and functional skills training.

The Company also continued its legacy of developing youth talent across the nation with Battle of Minds (BoM), Bangladesh’s pioneering youth talent platform, which stepped into its 17th glorious edition in 2020. BoM has witnessed massive success in Bangladesh, ever since its inception in 2004, in effectively grooming thousands of young leaders who have left a trail of success in the country and all across the globe. Battle of Minds witnessed its inaugural global launch in 2018, becoming BAT Group’s international talent platform involving thousands of young change makers the world over.

This time, faced with the challenges of the pandemic, the Battle of Minds (BoM) team superbly navigated across uncertainties and designed a 360-degree digital experience for all, including virtual lobbies for University roadshows and boot camp, leadership symposium, Masterclass on skill development with multiple SMEs and cross-industry and cross-country alumni connect. Leading the digital integration, the project team achieved the highest-ever registrations of 2,800+, with as many as 1,400 students connected through campus engagements, overall reach of 9 million and 103,500 social media engagements, eventually resulting in over 150 students being in the talent pipeline.

At the same time, BAT Bangladesh continues its legacy of hosting a wide variety of employee engagement events for members across the organisation. Not only do these events give an opportunity for families to enjoy by being part of a collective festive spirit that is a signature of our culture, but it also helps us form deeper and more meaningful bonds with each other, which enables us to collectively strive and aspire for a better tomorrow.

ENVIRONMENT, HEALTH AND SAFETY

BAT Bangladesh is fully committed to ensure safety and health of its people who come to our premises, as well as minimise impact on the environment. To raise awareness

among employees, the Company carried out various communications and awareness programs for managers, employees and contractors throughout the year. Moreover, a week-long campaign titled ‘EHS Awareness Week’ was arranged focusing on safe work practices on the production floor, in warehouses and in offices.

WORK FROM HOME INITIATIVES

Employee safety emerged as our top priority during the COVID-19 pandemic. Keeping our employees safe, productive and engaged, while also ensuring continuity of business, was a balance that we strived to achieve during the challenging period of the lockdown months. One of the effective ways in which we did so was by activating work-from-home (WFH), providing all our employees who could stay at home to do their work with robust and secure technology tools with activation of virtual platforms so that they could collaborate with each other, keep the lines of communication open and complete assigned tasks on time. Thus, through this crucial re-pivot of the workplace, we were able to ensure a “business as usual” approach as much as possible, while providing job security to all our employees.

THE BOARD OF DIRECTORS

BAT Bangladesh’s Board of Directors comprises a group of corporate specialists, professionals, highly qualified senior Government officials (nominated by the Government) and ex-Government officials. It comprises a unitary group of nine professionals, among whom seven 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’s Board includes all the 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. Mohammad Moinuddin Abdullah**, Non-Executive Director
- **Mr. A.K.M Aftab Ul Islam FCA**, Independent Director
- **Mr. K. H. Masud Siddiqui**, Independent Director
- **Mr. KM Ali Azam**, Non-Executive Director
- **Mr. Md. Abul Hossain**, Non-Executive Director

- **Ms. Mahmuda Khatun**, Non-Executive Director
- **Mr. Stephan Matthiesen**, Finance Director

Mr. Abdul Halim and Ms. Tahmina Begum resigned from the Board with effect from 21st June 2020. The Board of Directors would like to place on record their excellent contribution and support towards the improvement of the Company's business, good governance and in taking keen initiatives in different challenges during their tenure as Directors on the Board.

In compliance with the requirement of the Companies Act, 1994, the Board of Directors has re-appointed Mr. Shehzad Munim as Managing Director of the Company for another five years. The re-appointment of the Managing Director of the Company shall be placed before the 48th Annual General Meeting for the shareholders' vetting, as per the provisions of the Companies Act, 1994.

DIRECTORS PROPOSED FOR RE-ELECTION

Out of the 9 (nine) Directors on the Board, Mr. Masud Siddiqui and Mr. Aftab Ul Islam FCA, being appointed as Independent Directors and already confirmed at the AGM, would not retire by rotation. Mr. KM Ali Azam and Ms. Mahmuda Khatun, who were appointed to the Board as Non-Executive Directors nominated by the Government after the last Annual General Meeting, will retire at the forthcoming AGM. Mr. Mohammad Moinuddin Abdullah, Non-Executive Director, will retire by rotation at the ensuing AGM. All the retiring Directors being eligible, they 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, Chairman, 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 49th Annual General Meeting to be held in 2022.

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 (CGC) of BSEC. As required, the Report of the Audit Committee is included in this Annual Report. In 2020, the Committee comprised of Mr. A.K.M Aftab Ul Islam FCA, (Chairman of the Committee), Mr. Mohammad Moinuddin Abdullah, Mr. Md. KH Ali Azam, Ms. Mahmuda Khatun and Mr. Abul Hossain. All the members of the Committee are Non-Executive Directors and the Chairman of Audit Committee is an Independent Director. The Audit Committee met four times during the year 2020. Mr. Md. Azizur Rahman, Company Secretary, served as the Secretary to the Audit

Committee. The Company's Internal Audit Manager, Mr. Md. Zahidul Islam, presented the audit findings to the Audit Committee in the meetings. The key performance initiatives 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 Report and findings therein with the auditors, 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 BSEC CGC.
- Reviewed the loss report, incident report, Speak-Up 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 2020. Other members of NRC are Mr. Golam Mainuddin and Mr. Mohammad Moinuddin Abdullah. All members of the Committee are Non-Executive Directors and the Chairman of NRC is an Independent Director. The Nomination & Remuneration Committee met five times during the year 2020. Mr. Md. Azizur Rahman, Company Secretary, served as the Secretary to the Nomination & Remuneration Committee as per the BSEC CGC.

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 Mr. Mohammad Moiuddin Abdullah (Chairman), Mr. A.K.M Aftab Ul Islam FCA, Mr. KH Ali Azam, Ms. Mahmuda Khatun, Mr. K.H. Masud Siddiqui and Mr. Abul Hossain. The CSR initiatives are part of the sustainability agenda of the Company. The purpose of the Board CSR Committee is to ensure long-term sustainability of the Company's aspirations and management of the

Company's CSR initiatives. These 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 2020. The initiatives are aligned with the SDGs, and we are contributing to fulfil the Government's commitment to socio-economic development. Moreover, in 2020 the Committee took a number of sustainability initiatives, focusing on Environment, Social and Governance (ESG) principles while considering BAT Bangladesh's stakeholders' aspirations at large.

Operational results	2020	2019	2018	2017	2016
Profit after tax (BDT Cr)	1,089	925	1,001	783	758
Earnings per share (BDT)	60.48	51.37	55.62	43.50	42.12
Final cash dividend (BDT Cr)	1,080	720	300	360	360
Stock dividend ratio	1:2		1:2		
Number of shares	540,000,000*	180,000,000*	60,000,000	60,000,000	60,000,000
Cash dividend per share	60	40	50	60	60
P/E Ratio (as of 3rd March 2021)	25.69	-	-	-	-
Dividend Yield (as of 3rd March 2021)	3.9%	-	-	-	-

*Note: The number of shares include the bonus stocks, as per declaration in 2018 and 2020.

Dividend:

In view of the performance of the Company and considering the current liquidity position, the Board of Directors has recommended 200% stock dividend and 300% (BDT 30 per share) final cash dividend for the year ended 31st December 2020, to be approved at the ensuing 48th Annual General Meeting. The Board of Directors declared interim dividend 300% (BDT 30 per share) on 21st October 2020, based on audited third quarter financial statements as on 30th September 2020. With this recommendation of proposed cash and stock dividend.

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, the Directors analyse the financial statements as such to ensure that status. Accordingly, the Financial Statements are prepared on a going concern basis and there is no doubt, whatsoever, upon the Company's ability to continue as a going concern.

Business Risks and System Of Internal Control

As with other co-existing entities, the BAT Bangladesh business is also exposed to diverse risks that arise both from internal as well as the 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 impact the Company's business activities, operations, liquidity and financial position for future performance.

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

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 in note 38 of the Financial Statements in this Annual Report as per requirements of relevant International Financial Reporting Standards (IFRS).

Directors' Declaration on the Financial Statements

The Directors are responsible for the governance of the Company and, as part of preparation and presentation of the financial statements for the year ended 31st December 2020 of British American Tobacco Bangladesh Company Limited, the Directors confirm, to the best of their knowledge that:

- The financial statements, prepared by the Management of the Company, which was duly scrutinised by the external auditors, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgments;
- The International Accounting Standards (IAS) and/or IFRS as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure therefrom has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There is no doubt, whatsoever, upon the Company's ability to continue as a going concern.

As required under the BSEC CGC, 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 are fraudulent, illegal or in violation of the Company's code of conduct.

Retrospective Tax Demand By LTU- NBR

BAT Bangladesh is the highest tax contributing Company in Bangladesh and ensuring compliance with the law is its highest prerogative. Nevertheless, on 23rd November 2013, Large Taxpayer Unit (LTU) of National Board of Revenue (NBR) served a retrospective VAT and SD demand for BDT 1,924 crore upon BAT Bangladesh for selling its products Bristol and Pilot in the low segment instead of medium segment. The claim was initiated based on a competitor's complaint.

On 25th July 2018, the Appellate Division of the Supreme Court of Bangladesh confirmed that allegations against BAT Bangladesh were unfounded and therefore the demands stand unlawful. Against the judgment of the Appellate Division of the Supreme Court of Bangladesh, the government filed a Civil Review Petition in March of last year. The hearing is yet to take place.

Writ Petition on Low Segment Price Tk 27/35

On the 1st of July, 2017, NBR issued a Special Order (SO) whereby it introduced discriminatory pack price and SD for local and international brands (BDT 27 per 10 stick pack at the rate of 52% SD for local brands and BDT 35 per 10 stick pack at the rate of 55% SD for international brands in low segment). Since the SO mentioned that it was not possible to legally replace the Government notification circulated in 2017 (exempting cigarettes from paying SD altogether) and considering the shortfall in Government revenue, cigarette manufacturers started selling low segment cigarettes at BDT 27 and paid 52% SD. On the other hand, BAT Bangladesh submitted the price declaration (VAT-1) at BDT 27 to the LTU-VAT which was neither questioned nor challenged in court by NBR. Moreover, NBR by another SO dated 7th June 2018, repealed the earlier SO dated 1st July 2017, with retrospective effect from 1st June 2017 to remove the discrimination in pricing and SD rates between local and international brands.

In January 2019, a competitor filed a Writ Petition by which it challenged the failure of the Government to implement the closing budget speech of the Hon'ble Finance Minister dated 27th June 2018 and reserving low segment for local brands and further challenged the legality of the 2018 SO of NBR. Upon hearing on multiple occasions, on 21st September 2020, the High Court (HC) passed the judgment in the matter. It did not find any merit in the argument of the competitor in relation to reintroducing discriminatory rates and therefore the HC discharged the rule. However, the HC declared the retrospective application of the SO dated 7th June 2018 illegal and held that any shortfall of revenue under the 2017 SO may be recovered from any party or manufacturer during the period of 1st June 2017 to 6th June 2018.

Subsequently, the LTU-VAT issued a Show Cause Notice dated 24th September 2020 following the HC judgment claiming unpaid VAT & SD of BDT 2,437 crore from 1st June 2017 to 6th June 2018. Being aggrieved, BAT Bangladesh moved a Civil Miscellaneous Petition (CMP) on 4th October 2020 and obtained stay on HC judgment. Since HC judgment is stayed, the Show Cause Notice proceedings shall also be deemed to have been stayed. Subsequently, BAT Bangladesh filed Civil Petition (CP) in the Appellate Division of the Supreme Court on 17th December 2020. The order of stay on HC judgment has been extended.

Other Regulatory Disclosures:

Pursuant to the BSEC Notification on ‘Code of Corporate Governance’ 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 section of the financial statements;
- All transactions with related parties have been made on a commercial basis and the details of related party and transactions have been disclosed under note 38 of the Financial Statements;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been followed in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgment;
- The Financial Statements are prepared in accordance with IAS/IFRS and any departure therefrom has been adequately disclosed;
- The Company’s IPO was made during inception. No further issue of any instrument was made during the year;
- From inception, the financial results of the Company have continued to grow as reflected in the yearly Financial Statements of the Company;
- No extraordinary gain or loss has been recognised in the financial statements of the Company;
- No significant variations have occurred between quarterly and final financial results of the Company during 2020;
- During the year, the Company has paid a total amount of BDT 99,000 as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note 38 of the Financial Statements;
- All significant deviations from the previous year in the operating results of the Company have been highlighted and reasons thereof have been explained;
- The key operating and financial data for the last five years have been disclosed in the Directors’ Report;
- The Company has proposed cash dividend for the year 2020;
- During 2020, 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 in this Report;
- Shareholding pattern of the Company as on 31st December 2020 are shown in Annexure-1;
- Directors’ profiles have been included in the Annual Report as per BSEC Guidelines.

Corporate Governance Compliance Statement

The Board of Directors of BAT Bangladesh acknowledges that the Company, being a listed business entity, has a role to play in upholding the interests of all its stakeholders. Improved and enhanced governance practices are indispensable components for achieving sustainable performance. The Company believes that a well-nurtured governance culture 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 at the Company through a culture of accountability, transparency, ethical business conduct and well-articulated 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 to rules and regulations and ensuring proper timely disclosures in this respect.

The Company’s corporate governance framework is directed towards achieving its business objectives in a manner that is responsible and in accordance with the highest standards of honesty, reliability, transparency and accountability. As part of its governance pursuits, the Company emphasises on stronger diligence to business, all operations being apparent and invites greater involvement of stakeholders. The essential elements that define effective corporate governance of the Company are outlined in the Corporate Governance Statement, which is appended in this Annual Report. The contents in

the statement further expand on the broad practices at BAT Bangladesh. All employees are expected to live up to these principles and guidelines, which are communicated regularly throughout the Company in the form of various training and awareness programmes.

In this respect, we have the pleasure to confirm that the Company has complied with all the necessary directives under BSEC CG Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated the 3rd June 2018. The Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2020. Further, a Certificate of Compliance required under the said CGC, 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 2020 are in conformance 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 accurately present the Company's financial condition and results of its operations.

Statutory Auditor

As per the Companies Act, 1994 and the Articles of Association of the Company, the statutory auditors of BAT Bangladesh, Qasem & Co, Chartered Accountants, shall retire at the forthcoming AGM. Based on BSEC Order No. SEC/CMRRCD/2009-193/104/Admin dated 27 July, 2011, an audit firm cannot be engaged for more than three consecutive years as statutory auditors of the same company. The existing auditors, Qasem & Co. has been the statutory auditors of the Company for the past three years from 2017. Accordingly, in compliance with the BSEC order, we are required to appoint new statutory auditors for the Company. Rahman Rahman Huq, Chartered Accountants, has offered their willingness to be appointed as statutory auditors of the Company. On the suggestion of the Audit Committee, the Board has recommended their appointment for the year 2021, and continuation till the next AGM.

Compliance Auditor

Pursuant to code 9.2 of the Codes of Corporate Governance issued by BSEC, shareholders at the 47th Annual General Meeting (AGM) had appointed M/s Al-Muqtadir Associates, Chartered Secretaries, as the Compliance Auditor of the Company for the year 2020. The Compliance Auditor is eligible for re-appointment.

As proposed by the Audit Committee and recommended by the Board of Directors, the matter of appointment of M/s Al-Muqtadir Associates, Chartered Secretaries, as Compliance Auditor of the Company for the year 2021 would be placed before the shareholders at the 48th AGM of the Company for approval.

Business Commitments

The Board of Directors firmly believes that BAT Bangladesh has the necessary strengths, resources and commitments to further propel the Company to newer heights and thereby grow and augment its contribution to the nation. With these aspirations, the Board values and continuously updates its corporate strategies and commitments. It was more than 110 years ago, when the Company established itself on this land of opportunities and possibilities. Since independence of Bangladesh, BAT Bangladesh has demonstrated an unwavering dedication to the country and its people, and this commitment is what sets BAT Bangladesh apart from any other business entity. This uniqueness is reflected through the passion and dedication of its employees and business partners that has taken BAT Bangladesh to great heights. BAT Bangladesh is listed on both the Dhaka and Chittagong Stock Exchanges and is currently the highest corporate tax-payer in the country. In this year alone, we contributed BDT 24,250 crore to the Government exchequer in the form of SD, value added tax, income tax, customs duty and other levies. BAT Bangladesh has always cherished and shall continue to value its treasured relationship with the Government of Bangladesh, esteemed shareholders and other stakeholders of the Company.

Management Disclaimer for IDT 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 in-house Information & Digital Technology Specialist Team.

Awards & Achievements

Our remarkable performance and effective management capabilities in the year 2020 led us to achieve a number of prestigious awards from various credible organisations locally and internationally. In 2020, the Company was awarded with the following recognitions:

1. President Award for industrial development from the Government
2. Top Employer Award from the Top Employers Institute for three consecutive years
3. Highest Taxpayer Recognition by National Board of Revenue (NBR)
4. A Better Tomorrow Award from BAT Group
5. 20th ICAB National Awards for Best Presented

Annual Report & Governance

6. SAFA Award for Best Presented Annual Report
7. ICMAB Best Corporate Award
8. Bangladesh Supply Chain Excellence Award
9. Excellence in Supply Chain Professional of the Year

Details of these awards are mentioned in the achievements section of this Annual Report. These awards are constantly reminding us to enhance our level of performance to a greater height.

Expectations in 2021 and beyond

BAT Bangladesh has always been a people-oriented and socially-responsive entity. Being a public-facing Company, it aspires to provide consumers' preferred quality products to its numerous customers/brand users. Looking ahead in 2021 and beyond, BAT Bangladesh will move forward with the same zeal that it had started with almost a 110 years ago, to be the number one locally listed Company in turnover, in partnering with the national exchequer and in operating as a socially-responsible Company.

As a Company rooted in responsibility, we are committed to sound Environmental, Social and Governance ("ESG") practices. As we embraced the paradigm shift brought forth by COVID-19, we pivoted our business to the 'new normal' through resolute and forward-looking actions, channelling the intrinsic capabilities of our human capital to make rapid strides even in the face of evolving challenges. Moreover, the Company's initiatives for 2021 will bring about a positive change across the nation with various initiatives directed towards poverty alleviation, gender equality, human development and welfare, partnerships in green cultivation practices, prevention of arsenic contamination in water, forest preservation and extending sustainable modern energy to off-grid areas, which will facilitate a better tomorrow.

Acknowledgements

The year-end performance of BAT Bangladesh in 2020, despite many challenges, demonstrates the resolve and determination of the Board, the Management and the

people of the Company. At the same time, the Board also believes that the performance in 2020 is a collective result of the commitment, energy and hard work of our Directors, Management and employees together that have yielded positive results. In no small way was this derived from the relentless support and guidance from shareholders and numerous other stakeholders of the Company. Keeping these in mind, the Board would like to place on record their sincere gratitude and appreciation to the Government of Bangladesh, particularly the Ministry of Finance, Ministry of Commerce, Ministry of Agriculture, Ministry of Labour and Employment, Ministry of Forest & Environment and Ministry of Housing & Public Works, National Board of Revenue, Bangladesh Investment Development Authority, Bangladesh Securities and Exchange Commission, the Stock Exchanges, Central Depository Bangladesh Ltd. RJSC, and other numerous stakeholders, the Company's vendors and other business partners.

The Board would also like to extend its warmest gratitude to the management and employees for being an essential part of BAT Bangladesh during the year. It was their unrelenting commitment, dedication and diligence throughout the year that led the Company to re-pivot the business in continuing to achieve results and performance in 2020, with several awards and accolades bestowed upon the Company being a visible reflection of this commitment.

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

On behalf of the Board of Directors,

10th February 2021



Golam Mainuddin
Chairman



Shehzad Munim
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

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, 1987, and other applicable laws and regulations of Bangladesh. Cash flows from operating activities are prepared under direct method as prescribed by the Securities and Exchange Rules, 1987.

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.

Changes in accounting policies and estimation

In 2020, 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.

Comparative analysis of financial performance and operational performance

Financial Results (BDT crore)	2020	2019	2018	2017	2016
Gross Turnover	28,108	26,985	23,312	20,414	16,563
Supplementary Duty, VAT, HDSC	(22,079)	(21,303)	(17,848)	(15,218)	(12,188)
Net Turnover	6,029	5,682	5,464	5,196	4,375
Cost of Goods Sold	(3,079)	(2,997)	(2,710)	(2,718)	(2,389)
Gross Profit	2,950	2,685	2,754	2,478	1,986
Operating Expense	(727)	(808)	(672)	(698)	(594)
Operating Profit	2,222	1,877	2,082	1,780	1,393
Profit before Tax	2,109	1,740	1,931	1,676	1,317
Tax	(1,020)	(816)	(930)	(893)	(559)
Profit after Tax	1,089	925	1,001	783	758
EPS in BDT	60.48	51.37	55.62	43.50	42.12

Operational Results	2020	2019	2018	2017	2016
Share Capital (BDT cr.)	180	180	60	60	60
No. of Employees	1,445	1,426	1,453	1,459	1,476
Total Contribution to the National Exchequer (BDT cr.)	24,250	22,630	19,133	16,427	13,631

The Company's gross turnover for the year 2020 increased by 4% to BDT 28,108 crore. The growth was primarily driven by higher volume. Low segment volume increased because of consumer downtrading from premium and medium segments. The Supplementary Duty and VAT contribution from BAT Bangladesh increased by 3.6% for the year 2020 and resulting in 6% increase in net turnover for the year. The leaf export was lower compared to last year due to lower demand and majority shipments being

postponed to 2021, however there was a significant growth of 313% in finished goods export.

Higher production volume compared to last year, along with an incremental material cost globally & COVID-19 impact have led to an increased cost of goods sold for the year. However, overall operating expense decrease due to COVID-19 restrictions. The profit after tax for the year is BDT 1,089 crore, 18% increase driven by volume and lower operating and financial expense.

Cashflow movement

Cashflow (BDT Crore)	2020	2019	2018	2017	2016
Cash generated from operating activities	2,276	2,482	1,789	1,518	1,089
Income Tax paid	(784)	(892)	(843)	(526)	(662)
Interest paid	(10)	(31)	(45)	(19)	(3)
Net cash flows from operating activities	1,502	1,559	901	973	424
Net cash flows used in investing activities	(139)	(319)	(688)	(799)	(352)
Net cash flows used in financing activities	(1,314)	(786)	78	(510)	(180)
Net Increase in cash and cash equivalents	48	455	291	(335)	(108)
Cash and cash equivalents at 01 January	539	83	(208)	128	236
Cash and cash equivalents at 31 December	587	539	83	(208)	128

BAT Bangladesh has a better cash position for the year 2020 due to additional collection from sales and the stringent cost control measures. The growing demands of the diverse market was met through a series of structured initiatives to improve machine efficiency and productivity throughout the year.

Comparison of financial performance with the peer industry scenario

BAT Bangladesh 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.

Financial and economic scenario of the country and the Global Economy
Global Economy

The global economy has been in its lowest point since the 'Great Depression' due to COVID-19 surge all over the world. The major economies were shaken with -50% decline in global consumption pattern. Economic growth is expected to shrink by 3% according to International Monetary Fund (IMF) impacting unemployment, stocks and more. In fact, COVID-19 has become a geo-political game changer with economic and trade deals being influenced by COVID-19 vaccines. The road to economic recovery is predicted to vary at different regions. Gulf countries' oil hegemony becoming uncertain due to globally low oil demand and their recovery is said to be more vulnerable. Post lockdown, recovery and normalization of EU will exacerbate Euro-zone debts along with 'No deal Brexit' being almost inevitable. The China-US tussle is predicted to intensify further, creating both opportunities and hurdles in trade deals world-wide. Each zone is having to make a strategic call to balance between life and livelihood.

Bangladesh Economy

Despite COVID-19 pandemic, the GDP growth of Bangladesh stood at 5.2% driven by record remittance inflows and RMG export orders rising again post lockdown. With these early signs of recovery post pandemic phase, Bangladesh GDP is expected to be 6.8% in the coming year. Bangladesh has the highest FX reserve now till date and possess the capacity to manage all imports in the coming year without any hurdles. The international ties with India, Japan and China will remain stable for Bangladesh's increased participation in infrastructure development projects in the coming year. Bangladesh will continue to maintain strong relationship with the Gulf countries to maintain the Bangladeshi expatriate pool there. The key challenge would be to maintain the stable influx of remittance despite oil prices fluctuating in Gulf countries and export sustainability with Vietnam taking over the 2nd highest apparel exporter in the world.

In post pandemic era, 2021's focus and priorities are more on reviving economy, job retention, restoration of demand and maintenance of supply chain. In order to avoid the adverse impact of 'second wave' government policies are focused strongly on combating the economic and health threats posed by the coronavirus. The key challenge is to identify the correct action plan for COVID-19 stimulus package disbursement to the right target group.

Risks and concerns related to the Financial Statements

The Company has a series of policies, practices and controls in place in relation to the financial reporting and consolidation process, which are designed to address key financial reporting risks, including risks arising from changes in the business or accounting standards. The Finance Director is required to confirm annually that all information relevant to the Company 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. BAT Bangladesh also integrated Sarbanes-Oxley Act (SOX) controls into its business operations.

Future plan or projection or forecasts

BAT Bangladesh continues to pursue its ambition of providing the best quality products to the consumers through its numerous customers/brand users. Looking ahead in 2020 and beyond, BAT Bangladesh 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 2020 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.

Related party transactions

The details of the related party transactions along with the nature of the transactions is provided in Note 38 (Related party disclosures) of the Financial Statements.



Shehzad Munim
Managing Director

PATTERN OF SHAREHOLDINGS

(Annexure-1)

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.	131,236,074	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:		nil
v	Other Shareholders, who hold less than 10%		
	■ Investment Corporation of Bangladesh	10,996,609	6.11%
	■ Sadharan Bima Corporation	5,083,991	2.82%
	■ Bangladesh Development Bank Limited	605,688	0.33%
	■ President People's Republic of Bangladesh	1,160,472	0.64%
	■ Others	30,917,166	17.19%

BOARD MEETINGS

The Board of Directors met ten times during the year 2020. 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	10
Mr. Shehzad Munim	10
Mr. A.K.M Aftab ul Islam	10
Mr. K.H. Masud Siddiqui	10
Mr. Mohammad Moinuddin Abdullah	10
Mr. Md. Abdul Halim (Resigned on 21 June 2020)	5
Mr. K.H. Ali Azam (Appointed on 21 June 2020)	4
Ms. Tahmina Begum (Resigned on 21 June 2020)	7
Ms. Mahmuda Khatun (Appointed on 21 June 2020)	4
Mr. Md. Abul Hossain	10
Mr. Stephan Matthiesen	10

CERTIFICATE OF DUE DILIGENCE BY CEO & CFO

(Annexure-2)

(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 December 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31 December 2019 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)



Stephan Matthiesen
Finance Director (CFO)

Dhaka
10 February 2021

Al-Muqtadir Associates

Chartered Secretaries & Consultants

efforts umpteenth : প্রয়াস অসংখ্য

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 1(5) (xxvii) of the BSEC Code of Corporate Governance]

We have examined the compliance status to the Corporate Governance Code by **British American Tobacco Bangladesh Company Limited** for the year ended on 31st December 2020. This code relates to the gazette notification no: BSEC/CMRRCD/2006-158/207/Admin/80 dated the 3rd June 2018 of Bangladesh Securities and Exchange Commission (BSEC).

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

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

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

This report, however, is no endorsement about quality of contents in the Annual Report of the Company for the year 2020.

Al-Muqtadir Associates
Chartered Secretaries & Consultants



Dhaka, March 01, 2021

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

BSEC CORPORATE GOVERNANCE COMPLIANCE CHECKLIST

(Annexure-4)

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

(Report under Condition No. 9.3)

Condition No.	Title	Status	Remarks
1.1	Board Size: The number of the Board members of the Company shall not be less than 5 (five) and more than 20 (twenty)	Complied	The BAT Bangladesh Board is comprised of 9 Directors. (page-90)
1.2 (a)	Independent Directors: At least one fifth (1/5) of the total number of Directors in the Company's Board shall be Independent Directors	Complied	There are two Independent Directors in the BAT Bangladesh Board, namely: Mr. A.K.M Aftab Ul Islam and Mr. K.H. Masud Siddiqui (page-90)
1.2 (b) (i)	Independent Director does not hold any share or holds less than 1% shares of the total paid-up capital	Complied	The Independent Directors have declared their compliances.
1.2 (b) (ii)	Independent Director or his family members are not connected with any of the Company's sponsors or Directors or nominated Director or Shareholders of the Company or any of its associates, sister concerns, subsidiary and parents or holding entities holding 1% or more shares	Complied	DO
1.2 (b) (iii)	Independent Director who has not been an executive of the Company in immediately preceding 2 (two) financial years	Complied	DO
1.2 (b) (iv)	Independent Director does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary or associated companies	Complied	DO
1.2 (b) (v)	Independent Director is not a member or Trading Right Entitlement Certificate (TREC) holder, Director or officer of any Stock Exchange	Complied	DO
1.2 (b) (vi)	Independent Director is not a shareholder, Director except Independent director or officer of any member or RREC holder of Stock Exchange or an intermediary of the capital market	Complied	DO
1.2 (b)(vii)	Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit service or audit firm conducting special audit or professional certifying compliance of Corporate Governance Code	Complied	DO
1.2 (b) (viii)	Independent Director shall not be an Independent Director in more than 5 (five) listed companies	Complied	DO
1.2 (b)(ix)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	Complied	DO
1.2 (b)(x)	Independent Director has not been convicted for a criminal offence involving moral turpitude	Complied	DO
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-72)
1.2 (d)	The Post of Independent Director(s) can not remain vacant for more than 90 (ninety) days	Complied	No vacancy occurred
1.2 (e)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	Complied	The Independent Directors (IDs) Mr.A.K.M Aftab Ul Islam & Mr. K.H. Masud Siddiqui are in their first term of office.

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-72)
1.3 (b) (i)	Independent Director should be a Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of BDT 100.00 million or any listed company or a member of any national or international chamber of commerce or business association	Not Applicable	
1.3 (b) (ii)	Independent Director should be a Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of BDT 100.00 million or of a listed company	Not Applicable	
1.3 (b) (iii)	Independent Director should be a Former official of government or statutory or autonomous or regulatory body in the position not below 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 professional experience.
1.3 (b) (iv)	Independent Director should be a University Teacher who has educational background in Economics or Commerce or Business Studies or Law	Not Applicable	
1.3 (b) (v)	Independent Director should be a Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	Not Applicable	
1.3 (C)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in 1.3 (b)	Complied	Existing Independent Directors are bureaucrat and corporate leader with more than 12 years of experience. (page-72)
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-68)
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-72)
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-72)
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-72)
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non- executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Not Applicable	No such case in the year
1.5	The Directors' Report to Shareholders on:		
1.5 (i)	Industry outlook and possible future developments in the industry	Complied	The Directors' report complies with the guideline. (page-86)

Condition No.	Title	Status	Remarks
1.5 (ii)	Segment-wise or product-wise performance	Complied	The Directors' report complies with the guideline (page-86)
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-113)
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-88)
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-86, 94)
1.5 (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	Complied	Mentioned at 'Other Regulatory Disclosures'. A statement of all related party transactions are disclosed under Notes to the Financial Statements no. 32 (page-93, 94)
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-94)
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-94)
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-86, 94)
1.5 (x)	A statement of remuneration paid to the directors including independent directors	Complied	Mentioned at 'Other Regulatory Disclosures'. (page-94)
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-93)
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-92)
1.5 (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	Complied	Stated under section 'Other Regulatory Disclosures' in the Directors Report. (page-94)
1.5 (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	Complied	Discussed in the Directors Report under section "Going Concern". (page-92)
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-94)

Condition No.	Title	Status	Remarks
1.5 (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	Complied	Stated in the Directors' Report which complies with the guideline. (page-97)
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-92)
1.5 (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	Complied	Stated in the Directors' Report
1.5 (xxii)	Patterns of shareholdings		
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 (page-100)
	(c) Executives	Complied	The Executives (Leadership Team) of the Company do not hold any shares (page-100)
	(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-100)
1.5 (xxiv) (a)	a brief resume of the director	Complied	Stated in the profile of Directors in the Annual Report (page-40)
	(b) nature of his or her expertise in specific functional areas	Complied	Stated in the profile of Directors in the Annual Report (page-40)
	(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-40)
1.5 (xxv) (a)	(a) accounting policies and estimation for preparation of financial statements	Complied	The Directors' Report complies with the guideline (page-94, 95)
	(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-97)
	(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-97)
	(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-97)
	(e) briefly explain the financial and economic scenario of the country and the globe	Complied	The Directors' Report complies with the guideline (page-97)
	(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-99)
	(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-99)
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-101)

Condition No.	Title	Status	Remarks
1.5 (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	Complied	The certificate regarding compliance of the conditions is disclosed (page-102)
1.6	The Company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	Complied	Company maintains a book for Board Meeting Minutes as per the provision of Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).
1.7 (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee for the Chairperson of the Board, other board members and Chief Executive Officer of the Company	Complied	A code of conduct is in place for Chairman of the Board, other members of the Board and Chief Executive Officer of the company based on the recommendation of the Nomination and Remuneration Committee (NRC).
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behaviour; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independence.	Complied	The code of conduct as determined by the NRC is posted on the website
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	Not Applicable	There is no subsidiary company of BAT Bangladesh.
2 (b)	(b) At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	Not Applicable	- DO -
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	Not Applicable	- DO -
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	Not Applicable	- DO -
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Not Applicable	- DO -
3.1 (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)		The Company has duly appointed the MD, CFO, CS and Head of Internal Audit. (page-72, 80)
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-72, 80)
3.1 (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	Complied	In practice (page-72, 80)
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-72, 80)
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-72, 80)

Condition No.	Title	Status	Remarks
3.2	The MD or CEO, CS, CFO and HIAC of the Company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	Complied	In practice (page-72, 80)
3.3 (a)	(a) The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge	Complied	Given in the Directors' Report (page-101)
3.3 (b)	(b) The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	Complied	- DO - (page-101)
3.3 (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	Complied	Disclosed in the Annual Report. (page-101)
4 (i)	There shall be an Audit Committee as a sub-committee of the Board.	Complied	Already in place. (page-119)
4 (ii)	There shall be a Nomination and Remuneration Committee as a sub-committee of the Board.	Complied	Already in place. (page-125)
5.1 (a)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors	Complied	Already in place. The TOR is available. (page-119)
5.1 (b)	The Audit Committee shall assist the Board in ensuring that the Financial Statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	Complied	The AC duly discharged its responsibilities (page-119)
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-119)
5.2 (a)	The Audit Committee shall be composed of at least 3 (three) members	Complied	The Audit Committee is comprised of 5 (five) members. (page-119)
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-119)
5.2 (c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience	Complied	Based on the academic qualifications and professional experiences, the Board reviewed and considered that all the existing members of the Audit Committee are ' <i>financially literate</i> ' and they have ' <i>related financial management experience</i> ' as per codes of BSEC. The members have also given their declarations. (page-119)
5.2 (d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	N/A	No such case in the year
5.2 (e)	The Company Secretary shall act as the secretary of the Committee	Complied	In practice (page-119)

Condition No.	Title	Status	Remarks
5.2 (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) Independent Director	Complied	In practice. (page-119)
5.3 (a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director	Complied	Mr. A.K.M Aftab UI Islam FCA has been appointed as Chairman of Audit Committee who is an Independent Director. (page-119)
5.3 (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	N/A	No such case in the year.
5.3 (c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	Complied	In practice.
5.4 (a)	The Audit Committee shall conduct at least its four meetings in a financial year	Complied	Four meetings held in 2020. (page-119)
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-119)
5.5 (a)	Oversee the financial reporting process	Complied	In practice. (page-119)
5.5 (b)	Monitor choice of accounting policies and principles	Complied	In practice. (page-119)
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-119)
5.5 (d)	Oversee hiring and performance of external auditors	Complied	In practice. (page-119)
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-119)
5.5 (f)	Review along with the management, the annual financial statements before submission to the Board for approval	Complied	In practice. (page-119)
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-119)
5.5 (h)	Review the adequacy of internal audit function	Complied	In practice. (page-119)
5.5 (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	Complied	In practice. (page-119)
5.5 (j)	Review statement of all related party transactions submitted by the management	Complied	In practice. (page-119)
5.5 (k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	Complied	In practice. (page-119)
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-119)
5.5 (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilised as per the purposes stated in relevant offer document or prospectus approved by the Commission	Complied	There was no IPO/RPO/Rights Issue in 2020 or in recent past. Stated in the Directors' Report under 'Other Regulatory Disclosures'.
5.6 (a) (i)	The Audit Committee shall report on its activities to the Board	Complied	In practice. (page-119)
5.6 (a) (ii) (a)	Report on conflicts of interests	Complied	In practice. (page-119)
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-119)

Condition No.	Title	Status	Remarks
5.6 (a) (ii) (c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations	None	
5.6 (a) (ii) (d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	None	
5.6 (b)	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	None	No such case in the year
5.7	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	Complied	(page-119)
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-125)
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-125)
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-125)
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-125)
6.2 (b)	All members of the Committee shall be non-executive directors	Complied	In practice (page-125)
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-125)
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee	Complied	In practice (page-125)
6.2 (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the Board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee	N/A	No such case in the year
6.2 (f)	(f) The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee	None	No such case during the year
6.2 (g)	The Company Secretary shall act as the Secretary of the Committee	Complied	In practice (page-125)
6.2 (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an Independent Director	Complied	In practice (page-125)

Condition No.	Title	Status	Remarks
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-125)
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-125)
6.3 (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes	N/A	No such case in the year
6.3 (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the Annual General Meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	Complied	In practice (page-125)
6.4 (a)	The NRC shall conduct at least one meeting in a financial year	Complied	Five meetings held in 2020. (page-125)
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-125)
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-125)
6.5 (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	Complied	In practice (page-125)
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-125)
6.5 (b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks	Complied	In practice (page-125)
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-125)
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-125)
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-125)
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-125)
6.5 (b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies	Complied	In practice (page-125)

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-125)
7.1	Statutory auditors not be engaged in the following services:	Complied	As declared by the auditors
7.1 (i)	Appraisal or valuation services or fairness opinions	Complied	As declared by the auditors
7.1 (ii)	Financial information systems design and implementation	Complied	As declared by the auditors
7.1 (iii)	Book-keeping or other services related to the accounting records or financial statements	Complied	As declared by the auditors
7.1 (iv)	Broker-dealer services	Complied	As declared by the auditors
7.1 (v)	Actuarial services	Complied	As declared by the auditors
7.1 (vi)	Internal audit services or special audit services	Complied	As declared by the auditors
7.1 (vii)	Any service that the Audit Committee determines	Complied	As declared by the auditors
7.1 (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1)	Complied	As declared by the auditors
7.1 (ix)	Any other service that creates conflict of interest	Complied	As declared by the auditors
7.2	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	Complied	As declared by the auditors
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	Complied	In practice
8.1	The Company shall have an official website linked with the website of the stock exchange	Complied	Website is there which is linked with those of the stock exchanges (page-13)
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-102)
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting	Complied	The compliance auditor Al-Muqtadir Associates is duly appointed by the shareholders at AGM. (page-95)
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 is given at Annexure - C and published in the Report. (page-103)

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL 2020

Awareness

The Board of Directors of British American Tobacco Bangladesh (BAT Bangladesh) 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.

BAT Bangladesh 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

Risk Management Framework: Three Lines of Defense

 OPERATIONAL	 BOARD	 AUDIT COMMITTEE
<p>1ST LINE MARKETS/FACTORY</p> <ul style="list-style-type: none"> Own risk/Accountable for identification and management of risks Perform front line controls in line with policies and procedures Reflect risks in business plans 	<p>2ND LINE RISK MANAGEMENT COMMITTEE AND OTHERS</p> <ul style="list-style-type: none"> 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 	<p>3RD LINE INTERNAL</p> <ul style="list-style-type: none"> 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 BAT Bangladesh'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.

BAT Bangladesh 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 IDT function ensures successful and effective alignment of functional business plans as per Company’s strategy, with respective business unit and functional management being responsible for the delivery of operational performance and the management of the inherent risks. It is these management teams who are responsible for the achievement of Company’s strategic objectives within the scope of Company’s policies and standards and that we conduct business in compliance with our Codes of Conduct. The functional and divisional management structures is led by our Management Committee enabling a continuous process of identification, evaluation, management and mitigation of significant risks in those areas to the achievement of Company’s business objectives. This enables effective and timely identification of actual and emerging risks and responses to mitigate impacts or realize opportunities.

Risk Management Process

Company’s Enterprise Risk Management Objectives

- Preserve the safety, security and health of its employees.
- Ensure the continuity of its supply of products to consumers and customers.
- Protect its assets, investments and reputation.
- Ensure that the Company’s operations do not impact negatively on the community in which it operates and the environment.
- Protect the interests of all other stakeholders.
- Promote an effective risk awareness culture where risk management is an integral aspect of the Company’s management systems.
- Ensure compliance with BSEC Codes of Corporate Governance and all applicable laws.

Risk Management Team and Responsibilities

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

- Review and update the risk register; and
- Assess status of risk mitigation action plans.

The Audit Committee is briefed by annually by the Enterprise Risk Manager on the Company’s Risk Management Programme and its activities in the Audit Committee meeting.

The following are some of the responsibilities of the Risk Management Team:

- Steer the Company’s enterprise risk management programme.
- Promote a proactive risk awareness culture in the Company.
- Conduct bi-annual review of the business risks.
- Coordinate the development and implementation of risk mitigation action plans.
- Develop and update business continuity plans (BCPs) for key business risks.
- Plan and coordinate the testing of BCPs.
- Organize training and education for employees on risk management.

Four Phase Risk Management Process

Identify	Functional registers are maintained by RMC members
Assess & Evaluate	Periodic review of Functional Risk registers by function
Manage	Risks with ratings over 3 are included in Corporate Risk Register
Monitor	Review in Risk Management Committee settings

(1) Risk Identification

All probable events that could adversely impact the achievement of business objectives, including failure to capitalise 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 materialising
- 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 organisations and then assists in making a relative prioritization and focus for mitigation of the risk. The

outcome of the risk identification and evaluation process is both a Risk Heat Map and a comprehensive Risk Register which documents all identified business risks.

(3) Manage

While Completing the Risk Register, the Risk Owners are identified who are currently responsible for finding action plans in order to manage and alleviate the risks with a timeline for completion of action. It is typically seen that senior managers and part of the functional leadership team are the Risk Owners.

(4) Monitor

The Risk Management Team conducts an ongoing risk monitoring to assess if any conditions associated with risk has changed and to further ensure that action and risk mitigation plans have been implemented. Status of action/mitigation plans are communicated to the Audit Committee bi-annually.

Business Continuity and Crisis Management

Business continuity is the creation of a strategy through the recognition of threats and risks facing a company, with an eye to ensure that personnel and assets are protected and able to function in the event of a disaster. Business continuity planning (BCP) involves defining potential risks, determining how those risks will affect operations, implementing safeguards and procedures designed to mitigate those risks, testing those procedures to ensure that they work, and periodically reviewing the process to make sure that it is up to date.

In order to respond to various potential disruptions which could impact the Company, such as Manufacturing Contingency Sourcing Plan and Information Technology Disaster Recovery/ Service Continuity Plan, the Company has 21 BCPs. In addition, a desktop review/simulation/ live activation is conducted by the plan owners with the participation of plan specific response team members and support of BCM facilitators periodically based on the cyclical testing schedule.

In addition, the Company has a structured approach to Crisis Management to ensure leadership and timely decision in the event of a crisis and to manage the situation effectively within minimal time.

Our approach involves immediate formation of a Crisis Management Team (CMT), assisted by an Incident Response Team (IRT). The roles & responsibilities of these teams are outlined below.

CMT

CMT identifies and deals with potential risks to employees and business operations when crisis occurs. CMT takes into account all available information and thus makes informed strategic decisions with purpose of curbing any long-term detrimental effects to the operations, finance, employees and reputation of the Organisation.

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 neutralise such risks are core to our business.

Risk Management Activities 2020

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 (BCPs) 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 (CMT) 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 minimising 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 standardised 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 Digital Technology (IDT) 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, IDT 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 organisation 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 non-compliance to policies and procedures which are in place are reported to the Board and Audit Committee by exception.

Immediately Reportable Incidents

- The Company adheres to a control procedure termed 'Immediately Reportable Incidents' to capture breakdowns in basic controls and expedite the reporting and immediate action thereof. The main objective to provide transparency over the control environment and to provide early visibility of issues to the relevant management. Early awareness and visibility enables the right discussions to happen at the right time and support a control-conscious culture within the Company.

Types of incidents / events that would trigger raising an 'Immediately Reportable Incidence' include:

- Control issue in internal controls over financial reporting
- Control issue around IDT General controls over significant systems
- Basic Financial or IDT control not operating and non-compliance with IDT 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.

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 2018 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 10 Feb 2021.



AUDIT COMMITTEE

FROM LEFT TO RIGHT

Mr. Md. Abul Hossain	Member
Mr. Mohammad Moinuddin Abdullah	Member
Mr. Md. Azizur Rahman FCS	Secretary
Ms. Mahmuda Khatun	Member
Mr. A. K. M. Aftab UI Islam FCA	Chairman
Mr. K. M. Ali Azam	Member
Mr. Safwan Mostafiz	Invitees

REPORT OF THE AUDIT COMMITTEE

The Composition of the Committee

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

- Mr. A. K. M. Aftab Ul Islam FCA (Independent Director & Chairman)
- Mr. Mohammad Moinuddin Abdullah (Member)
- Mr. K. M. Ali Azam (Member)
- Ms. Mahmuda Khatun (Member)
- Mr. Md. Abul Hossain (Member)
- Mr. Md. Azizur Rahman FCS (Secretary)
- Mr. Md. Zahidul Islam
- Mr. Safwan Mostafiz

As required, all members of the Audit Committee are 'financially literate' and can analyses and interpret Financial Statements to effectively discharge their duties and responsibilities as members of the Audit Committee. The Managing Director and the Chief Financial Officer attend committee meetings by invitation.

Purpose and Authority of the Audit Committee

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

The Audit Committee is authorised by the Board to review any activity within the business as per its terms of reference. It is authorised to seek any information or attendance it requires from any Director or member of management at any of its meetings. All employees are expected to cooperate with any request made by the Committee. The Committee is also authorised to have information and advice from the Company's legal advisor,

tax consultant and statutory auditor, if required. The terms of reference of the Audit Committee may be amended from time to time as required for the business, in line with BSEC notifications, subject to approval by the Board.

Terms of Reference

The Terms of Reference of the Audit Committee clearly defines the roles and responsibility of the Audit Committee. The Terms of Reference is periodically reviewed and revised with the concurrence of the Board of Directors. The Audit is responsible to and reports to the Board of Directors. The Role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the "Corporate Governance Code" issued by the Bangladesh Securities and Exchange Commission (BSEC).

Roles and responsibilities

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

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

Meetings

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

Activities

The Committee carried out the following activities during the year 2019:

(i) Reviewing Financial Reporting

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

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

(ii) Reviewing Related Party Transactions

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

(iii) Prepare Audit Committee Reports

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

(iv) Review and Ensure Internal Control

- To review Risk Management and Corporate Governance framework adopted within the Company and to be satisfied that the methodology deployed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.
- To review the extent of compliance with established internal policies, standards, guidelines and procedures.

- To obtain assurance that proper control has been designed and implemented prior to the commencement of major change within the Company.

(v) Monitoring Internal Audit

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

(vi) Responsibility related to External Audit

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

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

Reporting of The Audit Committee

(i) Reporting to The Board of Directors

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

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

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

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

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

(ii) Reporting to the Authorities

The Audit Committee reports to the Board of Directors about anything which has a material impact on the financial condition and results of operation. The Committee also discusses with the Board of Directors and the management if any rectification is necessary. If

the Audit Committee finds that such rectification has been unreasonably ignored, the Committee reports such findings to the Bangladesh Securities & Exchange Commission upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.

(iii) Reporting to the Shareholders and General Investors

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

Summary of Activities during the Year 2020

In 2020, the Audit Committee reviewed its terms of reference, in line with the requirements of BSEC Corporate Governance Code. The Committee performed its duties in accordance with the Terms of Reference of the Audit Committee and carried out the following activities in 2019:

Reviewing Financial Reporting 2020

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

Monitoring Internal Control

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

Monitoring Internal Audit Process

Audit Committee Reviewed and approved Internal Audit and Compliance Review plan 2019. Committee also reviewed individual review report including findings, cause and impact. They also reviewed and monitored action plan arising from the reviews.

Reviewing External Audit Report 2020

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

Reviewing Related Party Transactions

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

Ethical and Integrity Areas

Audit committee deliberated reports on whistleblowing and SoBC breach incidents, security and safety matters and loss reports. They also periodically reviewed environmental, health and safety review reports.

Review Annual Report Process

Committee reviewed disclosures required by the statement on corporate governance, audit committee report, standards of business conduct, statement on risk management and internal control for the financial year ended 31 December 2019 for inclusion in the Annual Report, 2019, and recommended their adoption to the Board.

Internal Audit Report

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

The strides of Internal Audit undertake risk-based audit reviews towards the planning and conduct of audits which is consistent with the Group’s established

framework in designing, implementing and monitoring of its control systems. As such, the nature of audit performed is mainly focused on commercial processes, factory and supply chain process, IDT processes and any project or program which are focused on significant business change initiatives. Other audits are those reviews that arise from a direct request, either from the Management or the Audit Committee.

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

In 2020 Internal Audit & Compliance team conducted number of audit and compliance reviews and the findings were reviewed in the Audit Committee meetings. The Audit & Review reports were issued to Audit Committee and Management Leadership Team. The specific action plans arising from the Audits enormously supported the company to have a stronger internal control mechanism.

Evaluation of the Committee

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



Md. Azizur Rahman FCS
Secretary



A. K. M. Aftab UI Islam FCA
Chairman

STANDARDS OF BUSINESS CONDUCT (SOBC)

BAT Bangladesh is a Company that incorporates high standards of conduct in every aspect of business. The Company's Standard of Business Conduct (SoBC), a policy amalgamating the best global and local practices. Our fundamental purpose of existence is expressed through SoBC as compliance to SoBC is held to maintain integrity of our Operations. SoBC reflects the Governance of the essential ESG functionality that is embedded in the Company. All members in the Company, i.e. from the Board of Directors to all other employees, third party suppliers, must abide by the policy, complying with all applicable laws and regulations that govern our business operations. Responsibility and trust comprise the two core elements that define our conduct and have been articulated in detail in our SoBC.

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

- Ensure that decisions and judgements made by employees are lawful and comply with high ethical standards.
- Help employees who are faced with making difficult judgements at work.
- Set a tone and culture for the organisation, which will enable it to be regarded as a good corporate citizen.
- Give assurance to the Company's stakeholders.

The broad areas covered by the standards include the following:

- Speak UP with respect of bringing to light any malpractice or wrongdoing
- Conflicts of interest
- Bribery and corruption
- Entertainment and gifts
- Respect in the workplace
- Human rights and our operations
- Charitable contributions
- Accurate accounting and record-keeping
- Protection of corporate assets
- Confidentiality and information security
- Insider dealing and market abuse

- Competition and anti-trust
- Money laundering
- Illicit trade
- Sanctions

Gifts and Entertainment Policy has been revamped to cater the local stakeholders while Anti-Bribery and Anti-Corruption still continues to be an important part of the Compliance check.

Ethics and Compliance

It is imperative that all employees i.e. from Board of Directors to all management and shopfloor employees along with contractor employees declare their allegiance and abide by the SoBC for assuring compliance and, as such, must reveal any conflicts of interest on an annual basis. It is in the spirit of compliance that revelation of conflicts of interest must be made. Conflict of interest may arise when an employee and/or immediate family may have an interest in or association with the operations of the Company/business. It may even occur when they are working in the Company. The immediate family members constitute parents, spouse, children, brothers and sisters as well as step and adoptive relations. Furthermore, conflicts can also arise if outside employment are taken and is hampering the current working hours. Use of information for one's own financial benefits is also a form of conflict.

Compliance with the SoBC is monitored regularly by the Board of Directors and the Audit Committee of the Company. On an annual basis, the Board of Directors must get reports from the Legal & External Affairs Department/Company Secretary regarding the compliance of these standards by BAT Bangladesh and its employees. Employees must proactively report any wrongdoing at work or incidences of non-compliance, as it is a part of their duty as well.

The Company is committed in providing a safe and secure working environment for its employees. Bullying of any sort is strictly prohibited, as highlighted in the 'Human Rights and Operations' segment. Furthermore, we affirm that we do not engage in the employment of child labour. The Head of Legal and External Affairs, as well as the Company Secretary, conduct training sessions in different regions and in the Head Office to ensure that employees have an accurate understanding of the Company's principles and standards covering all the sections of the SoBC. The standards are made available on the Company's web portal for all employees and Board members. The Company's website's URL is: www.batbangladesh.com



NOMINATION & REMUNERATION COMMITTEE

FROM LEFT TO RIGHT

Mr. Md. Azizur Rahman FCS

Secretary

Mr. Mohammad Moinuddin Abdullah

Member

Mr. Golam Mainuddin

Member

Mr. K. H. Masud Siddiqui

Chairman

Mr. Saad Jashim

Head of Human Resource

REPORT OF THE NOMINATION & REMUNERATION COMMITTEE

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

The Composition of the Committee

The Board of Directors of BAT Bangladesh has duly constituted a Nomination and Remuneration Committee, as per the requirements of the BSEC Codes of Corporate Governance. 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 formal process of considering the remuneration of directors and senior level executives of the Company. The Committee comprising of the following:

- Mr. K. H. Masud Siddiqui (Chairman)
- Mr. Golam Mainuddin (Member)
- Mr. Mohammad Moinuddin Abdullah (Member)
- Mr. Md. Azizur Rahman FCS (Secretary)
- Mr. Saad Jashim

Purpose and Authority of the Committee

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

Terms of Reference

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

Roles and responsibilities

The NRC was set up with explicit terms of reference. Abiding by it, the Company follows a nomination and remuneration policy, the benchmark of which relies on standards which 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 which is compatible to international standards and local best practices,
- Recognise core competencies of the respective personnel for the different level of management and employees of the Company,
- Follow diversity in age, maturity, qualification, expertise and gender disciplines

b) Recruitment and Selection Guidelines

The NRC Charter draws a broad outline of the Company 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 appoint the Executive Director/s upon nomination and recommendation of the NRC.
- **Non-Executive Director:** The NRC recommends candidate(s) for Non-Executive Director(s), based on nomination by the majority shareholders, the Government shareholders and other general shareholders. The Board of Directors appoints the Non-Executive Directors upon nomination and recommendation of the NRC.
- **Independent Director:** The Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws that can make meaningful contribution to the business. The Independent Director should have competence relevant to the sector in which the Company operates, and

necessarily should have the qualifications as required by the regulations of BSEC. The Board of Directors appoint Independent Directors upon nomination and recommendation of the NRC, which is then approved by shareholders at the Annual General Meeting of the Company.

- **Top-level executives:** The NRC identifies and recommends candidate(s) for top-level executives upon thorough scrutiny by the Managing Director, Executive Committee and Human Resources Department (HRD), considering relevant qualifications, experience, skills and leadership, as required for the respective positions based on the Company's internal selection process.

Explanation: 'Top-level executives' of the Company include the Managing Director, the Finance Director, the Head of Human Resources, the Head of Legal & External Affairs, all the Executive Committee Members (head of functions), the Company Secretary, the Head of Internal Audit & Compliance, and same level/ ranked/ salaried officials of the Company.

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

c) Remuneration Criteria

- The structure, scale and composition of remuneration/ honorarium is reasonable and sufficient to attract, retain and motivate suitable Directors, top-level executives and other employees to run the Company efficiently and successfully. The context of packages, including remuneration/ benefits monthly, yearly and in the long run for all the employees are categorically laid down and meets the appropriate performance benchmarks;
- There is a clear balance in benefits between fixed and incentive pay of Executive Directors and senior management, reflecting short and long-term performance goals and objectives of the Company;
- The remuneration, including bonuses, compensation, benefits (or in whatever form) payable to the Executive Directors, top-level executives and other employees are determined by the NRC based on the respective Company policies and guidelines, which shall be ratified by the Board as and when required;
- The remuneration to be paid to the Executive Directors is in accordance with the Company's policies and guidelines; a. Increments (if any) to the existing structure of remuneration are determined by the NRC based on the Company's policies and guidelines, which are ratified by the Board as and when required;

- The NRC recommends the Board meeting attendance fees, honorarium, including incidental expenses, if any; and
- No member of the NRC receives, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.

Evaluation Criteria

a) Executive Directors

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

b) Independent Director & Non-Executive Director

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

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

c) Top-level Executives & other Employees

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

Meetings

The Committee held three (3) meetings during the year under review. The attendance of Committee members at meetings is stated in the table on Corporate Governance Statement. Members of the senior management of the company were invited to participate at meetings as and when required. The proceedings of the NRC meetings are regularly reported to the Board of Directors. On invitation of the Committee, Managing Director, Finance Director and Head of Human Resource attended all Committee meetings during the year.

Activity Summary of Nomination and Remuneration Committee during the year

- Reviewed the Terms of Reference of NRC and reported findings, if any, to the Board,
- Formulated a policy relating to the remuneration of the Directors, top level executives and all employees of the Company
- Formulated the criteria for determining qualifications, positive attributes and independence of a Director
- Formulated the criteria for evaluation of performance of Independent Directors and Board Members
- Identified criteria for selection, transfer or replacement and promotion at different levels of the Company
- Adopted a code of conduct for the Chairman, Directors and Top level executives of the Company
- Reviewed vacancy positions or new positions, if any, and reported and/or recommended about it to the Board for ultimate appraisal.

STANDARDS OF BUSINESS CONDUCT

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

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

- Ensure that decisions and judgements made by employees are lawful and comply with high ethical standards
- Help employees who are faced with making difficult judgements at work
- Set a tone and culture for the organisation, which will enable it to be regarded as a good corporate citizen
- Give assurance to the Company's stakeholders

The broad areas covered by the standards include the following:

- Speak-Up with respect of bringing to light any malpractice or wrongdoing
- Conflicts of interest
- Bribery and corruption
- Entertainment and gifts
- Respect in the workplace

- Human rights and our operations
- Charitable contributions
- Accurate accounting and record-keeping
- Protection of corporate assets
- Confidentiality and information security
- Insider dealing and market abuse
- Competition and anti-trust
- Money laundering
- Illicit trade
- Sanctions

Ethics and Compliance

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

Compliance with the SoBC is monitored regularly by the Board of Directors and the Audit Committee of the Company. On an annual basis, the Board of Directors must get reports from the Legal & External Affairs Department/ Company Secretary regarding the compliance of these Standards by BAT Bangladesh and its employees. Employees must proactively report any wrongdoing at work or incidences of noncompliance, to which they are duty-bound to follow and report if necessary.

The Company is committed to providing a safe and secure working environment for its employees. Bullying of any sort is strictly prohibited, as highlighted in the 'Human Rights and Operations' segment of this Report. Furthermore, we affirm that we do not indulge in the employment of child labour. The Head of Legal and External Affairs, as well as the Company Secretary conducts training sessions in different regions and in the Head Office to ensure that employees have an accurate understanding of the Company's principles and standards covering all the sections of the SoBC. The standards are made available on the Company's web portal for all employees and Board members.



Md. Azizur Rahman FCS
Secretary



K. H. Masud Siddiqui
Chairman



CSR COMMITTEE

FROM LEFT TO RIGHT

Mr. Md. Azizur Rahman FCS

Company Secretary

Ms. Mubina Asaf

Head of Legal & External Affairs

Mr. K. M. Ali Azam

Member

Mr. Shehzad Munim

Member

Mr. Mohammad Moinuddin Abdullah

Chairman

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

Member

Mr. K. H. Masud Siddiqui

Member

Mr. Md. Abul Hossain

Member

Ms. Mahmuda Khatun

Member

REPORT OF THE CSR COMMITTEE

Corporate social responsibility (CSR) is core to the responsibility policy of British American Tobacco Bangladesh. 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 comprises of three projects those are of great impact, while fulfilling the fundamental needs of the society at large.

The Composition of the 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, as well as creates and sustains a positive impact on the reputation of the Company. The CSR Committee comprising of the following:

- Mr. Mohammad Moinuddin Abdullah (Chairman)
- Mr. Shehzad Munim (Member)
- Mr. K. M. Ali Azam (Member)
- Mr. A. K. M. Aftab Ul Islam FCA (Member)
- Ms. Mahmuda Khatun (Member)
- Mr. K. H. Masud Siddiqui (Member)
- Mr. Md. Abul Hossain (Member)
- Mr. Md. Azizur Rahman FCS (Secretary)
- Ms. Mubina Asaf

Purpose and Authority of the Committee

The Head of Legal and External Affairs and the Corporate Affairs Manager are permanent invitees to the CSR Committee meetings by means of their position. Mr. Jalal Ahmed, former Director of the Board, also served as consultant to the CSR Committee. Other relevant managers and stakeholders also attended the meeting by invitation.

Authority

The CSR Committee is authorised by the Board of Directors to guide, monitor and evaluate the strategy and ongoing activities in order to create the greater impact on the society. The terms of reference of the Committee is subjected to amendment from time to time, as per requirements, subject to prior approval by the Company's Board of Directors.

Activities Summary

The Company's CSR activities are aligned with the Government's initiatives and focuses on Sustainable Development Goals (SDGs). In 2019, the CSR Committee highlighted the following matters:

In 2020, the Company's initiative of 'Farmers' Community Club' named as "Shikor" has started its journey with an aim to improve farmers' livelihood through community development.

BAT Bangladesh's CSR portfolio includes three CSR programmes of the Company. These comprise Bonayan, Probaho and Deepto, which create positive impact on the society.

Bonayan

'Bonayan', the flagship CSR program was initiated in 1980, in collaboration with the government's Forest Department to combat the climate change impact. This largest private-sector driven afforestation program has distributed 110 million saplings of medicinal, fruits and timber varieties, across the country in the last 40 years of its journey. Every year, Bonayan programme distributes 4-5 million saplings free of cost to diverse beneficiaries. This country's largest private sector-driven afforestation program is helping to bring an environmental balance in the community landscape. Some of the notable projects of 'Bonayan' program are seen at Lalon Shah Bridge, Hazrat Shah Amanat International Airport, Lama Alikadam highway, Rohingya Camp, Mirinja point – Lama, Kushtia-Jessore highway, GK project, Jamuna Bridge, Kushtia by-pass road etc.

With the exemplary contributions, Bonayan received the prestigious 'Prime Minister's National Award' for 4 times and once the 'Chief Advisor's National Award' besides many District/Upazila level awards. This initiative has been recognised internationally as well with the Asia's top ranked business award "Asia Responsible Entrepreneurship Award" on Green Leadership by Enterprise Asia. In addition, Bonayan has Bonayan plays a significant role in the socio-economic development of the communities through bringing significant positive impact on beneficiary lives through improving their livelihood and living standard. This flagship initiative contributes towards 6 out of 17 UN's Sustainable Development Goals (SDGs). [Goal 1: No Poverty, Goal 2: Zero Hunger, Goal 11: Sustainable Cities and Communities, Goal 13: Climate Action, Goal 15: Life on Land, Goal 17: Partnership for Goals]

Probaho

‘Probaho’ -the safe drinking water project of BAT Bangladesh’s CSR portfolio, is supporting the communities by providing safe drinking water free from arsenic and other impurities. This project was initiated in 2009 and so far, it has established more than 107 water filtration plants in different parts of the country those are ensuring more than 550,000 liters of pure drinking water to more than 270,000 beneficiaries every day. Now, 99.7% people from the beneficiary communities do not suffer from such diseases, according to an impact assessment study report. As a recognition for the outstanding contribution to the society, ‘Probaho’ received the prestigious ‘Asia Responsible Entrepreneurship Award (AREA)’ in 2015 and Bangladesh Innovation Award 2018 by Bangladesh Brand Forum. ‘Probaho’ is directly aligned with the Government’s targets to achieve SDGs. [Goal 1: No Poverty, Goal 3: Good Health and Well-being, Goal 6: Clean Water and Sanitation]..

Deepto

BAT Bangladesh has undertaken its third CSR project ‘Deepto’ in 2011 to support the communities of off-grid areas of Chittagong Hill Tracts. Under Deepto, BAT Bangladesh has supplied 2,590 units of solar home systems in the habitats of the remote villages of Bandarban, Khagrachari and Rangamati districts. This initiative has enabled and empowered the communities to enhance their lifestyle through quality education and various income generating activities. Before Deepto was introduced, beneficiaries living in the intervention areas did not have any alternative power source and the absence of electricity would mean a halt in

their livelihood and lifestyle. Through this project, almost 15,000 people got their first access to electricity at home through this project. ‘Deepto’ has won the admired ‘Asia Responsible Entrepreneurship Award’ in 2018. This project is aligned with SDGs through complementing Bangladesh Government’s efforts in the renewable energy sector. [Goal 1: No Poverty, Goal 2: Zero Hunger, Goal 11: Sustainable Cities and Communities, Goal 13: Climate Action, Goal 15: Life on Land, Goal 17: Partnership for Goals]

As a responsible business organisation, British American Tobacco Bangladesh believes that businesses have a key role to play in helping the society to achieve the necessary sustainable balance of economic growth, environmental protection and social progress. In this context, the Company’s CSR activities are designed to contribute to the environmental, social and economic sustainability of the communities where we operate in. To ensure further contribution to SDGs, the Company is looking beyond its current CSR initiatives to further contribute to the society, and is also exploring opportunities under the platform of ‘Prerona Foundation’, in alignment with the policy of the Government and considering the requirements and aspirations of the relevant stakeholders.



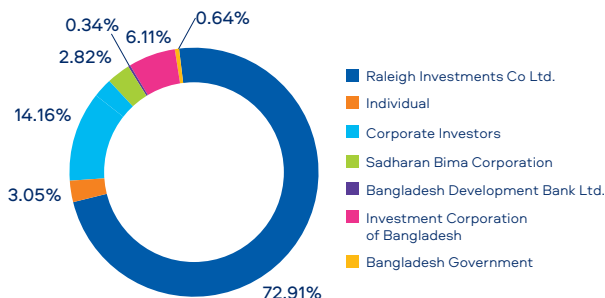
Md. Azizur Rahman FCS
Company Secretary



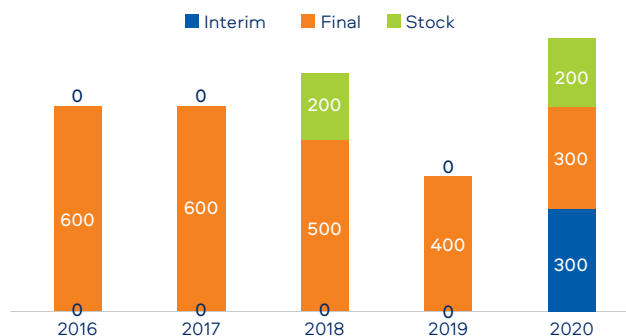
Mohammad Moinuddin Abdullah
Chairman

SHAREHOLDERS' INFORMATION

Shareholding Position as at 31st Dec 2020



DIVIDEND HISTORY



Share Performance

Month	Dhaka Stock Exchange			Chittagong Stock Exchange		
	High (BDT)	Low (BDT)	Close (BDT)	High (BDT)	Low (BDT)	Close (BDT)
January	1,135	888	1,073	907	1,130	1,071
February	1,177	985	986	1,198	985	985
March	1,010	822	908	998	908	908
April	-	-	-	-	-	-
May	908	908	908	909	909	909
June	908	908	908	908	908	908
July	948	908	908	940	908	908
August	1,110	908	1,075	1,097	908	1,077
September	1,205	1,015	1,121	1,196	1,066	1,119
October	1,140	1,050	1,086	1,116	1,071	1,083
November	1,169	1,020	1,030	1,113	1,028	1,028
December	1,200	1,029	1,181	1,179	1,033	1,119

Financial Calendar 2020

Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
	Dividend Declaration 2019	Record Date	AGM	Dividend 2019 Dispatch	Q1 2020	Q2 2020			Q3 2020; Interim Dividend Declaration 2020	Record Date; Interim Dividend 2020 Dispatch	

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

Shareholder Services

If you have any queries relating to your shareholding, please contact at +8801713038440/+8801313701925 or mail to share office of BAT Bangladesh:

shareoffice@bat.com;

Md_Azizur_Rahman@bat.com;

Atiqur_Rahman@bat.com.

HORIZONTAL & VERTICAL ANALYSIS

British American Tobacco Bangladesh Company Limited

Horizontal Analysis for Statement of profit or loss and other comprehensive income

As at 31 December 2020

Particular	2020	2019	2018	2017	2016
Net revenue from contracts with customers	6%	4%	5%	19%	10%
Gross profit	10%	-3%	11%	25%	6%
Operating profit	18%	-10%	17%	28%	6%
Profit before tax	21%	-10%	15%	27%	6%
Profit for the year	18%	-8%	28%	3%	29%
Earnings per share	18%	-8%	28%	3%	29%
Statement of financial position					
Total non-current assets	-1%	18%	27%	36%	13%
Total current assets	20%	-6%	18%	28%	25%
Total assets	9%	5%	22%	31%	19%
Share capital	0%	200%	0%	0%	0%
Retained earnings	-5%	18%	29%	23%	31%
Total equity attributable to owners of the Company	-5%	21%	28%	22%	29%
Total non-current liabilities	-1%	62%	10%	31%	12%
Total current liabilities	42%	-26%	17%	44%	10%
Total liabilities	30%	-13%	16%	42%	10%
Total equity and liabilities	9%	5%	22%	31%	19%

British American Tobacco Bangladesh Company Limited

Vertical Analysis for Statement of profit or loss and other comprehensive income

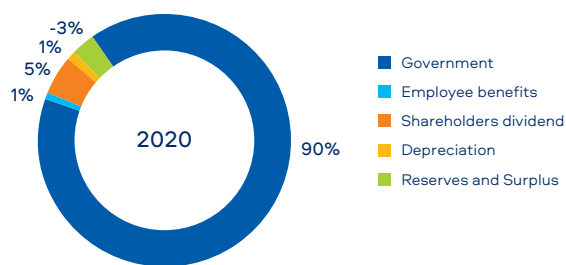
As at 31 December 2020

Particular	2020	2019	2018	2017	2016
Net revenue from contracts with customers	100%	100%	100%	100%	100%
Gross profit	49%	47%	50%	48%	46%
Operating profit	37%	33%	38%	34%	32%
Profit before tax	35%	31%	35%	32%	30%
Profit for the year	18%	16%	18%	15%	17%
Statement of financial position					
Total non-current assets	48%	53%	47%	45%	44%
Total current assets	52%	47%	53%	55%	56%
Total assets	100%	100%	100%	100%	100%
Share capital	3%	3%	1%	13%	17%
Retained earnings	50%	57%	51%	48%	52%
Total equity attributable to owners of the Company	53%	60%	52%	50%	53%
Total non-current liabilities	10%	11%	7%	8%	8%
Total current liabilities	37%	29%	41%	42%	39%
Total liabilities	47%	40%	48%	50%	47%
Total equity and liabilities	100%	100%	100%	100%	100%

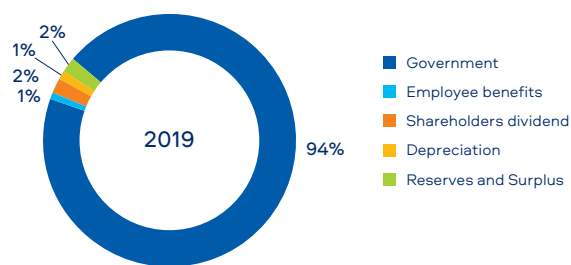
VALUE ADDED STATEMENT

Particulars	2020		2019	
	Amount	%	Amount	%
Gross Turnover	281,080,652		269,854,574	
Less Purchase of materials & service	29,635,144		29,747,686	
Value added	251,445,508	100%	240,106,888	100%
Applications				
Government	242,501,553	96.44%	226,302,333	94.25%
Employee benefits	2,870,912	1.14%	2,864,880	1.19%
Shareholders dividend	12,600,000	5.01%	4,200,000	1.75%
Depreciation	2,108,486	0.84%	1,985,594	0.83%
Reserves and Surplus	(8,635,443)	-3.43%	4,754,081	1.98%
Total	251,445,508	100%	240,106,888	100%

Value Added Statement 2020

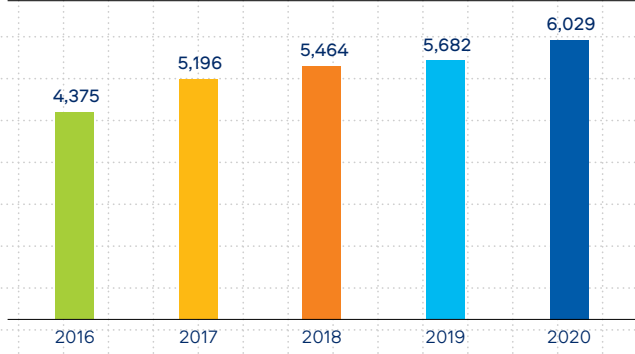


Value Added Statement 2019

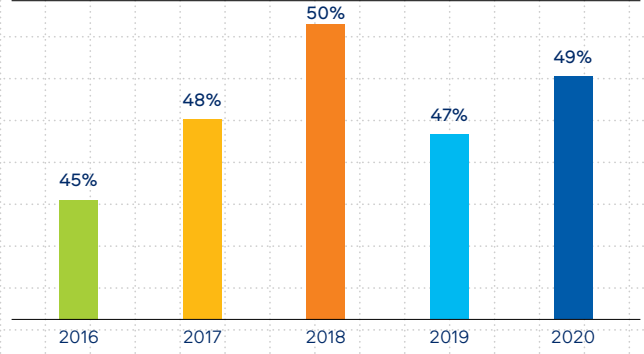


KEY PERFORMANCE INDICATORS

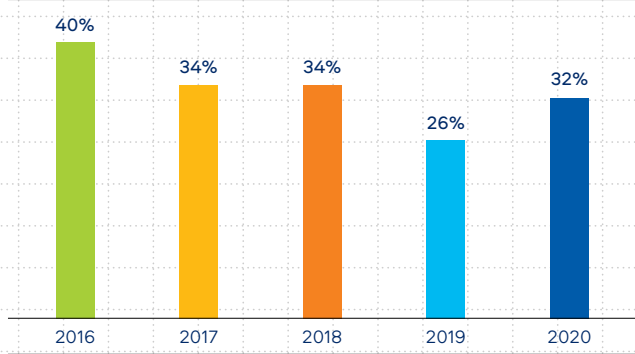
Net Revenue BDT in Cr.



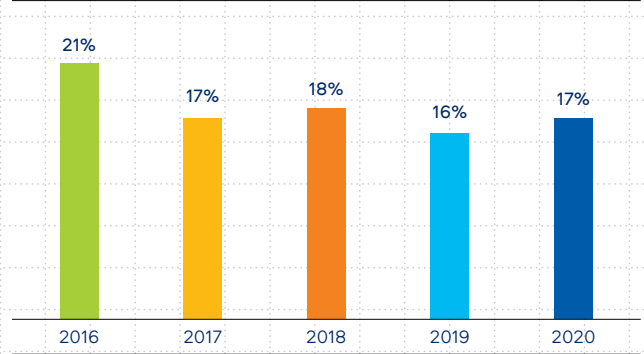
GROSS PROFIT RATIO



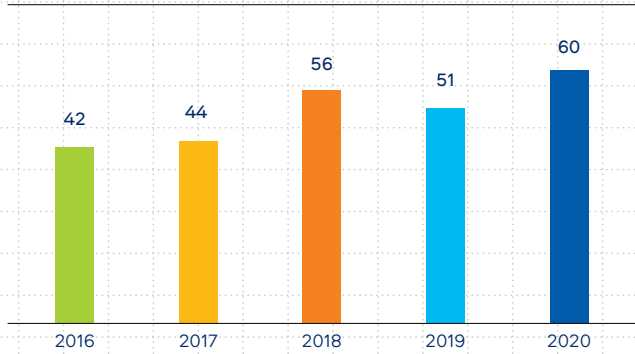
Return on Equity



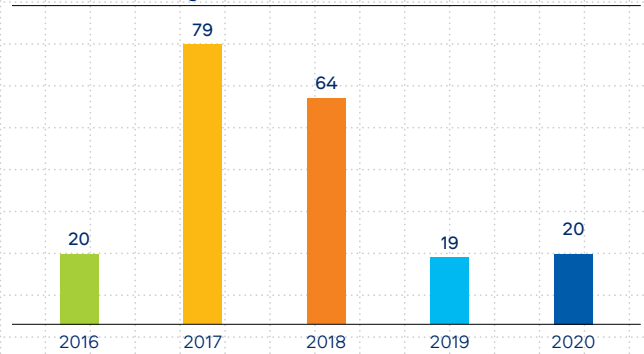
Return on Assets



EPS in BDT

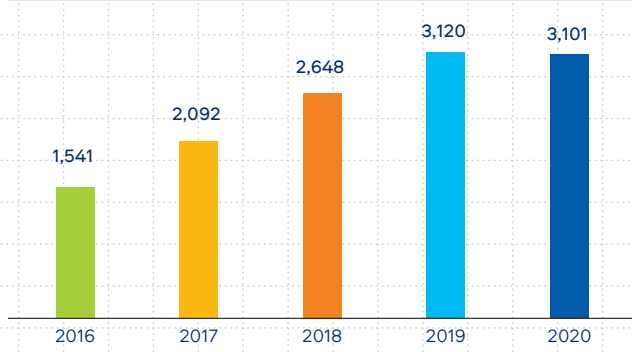


Price in earning ratio

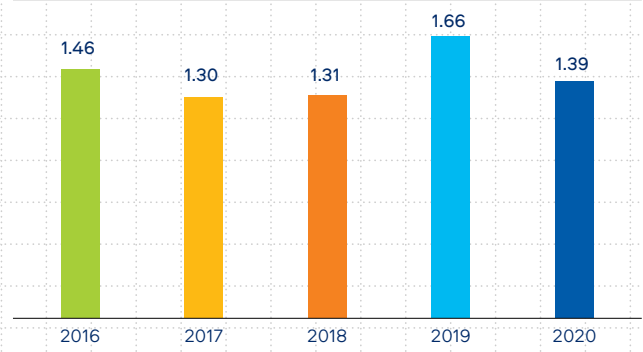


FINANCIAL PERFORMANCE

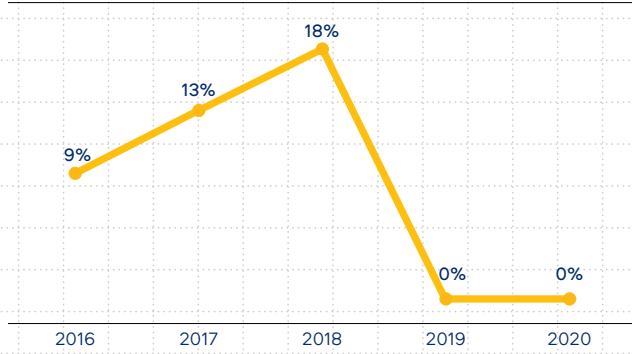
Property, Plant & Equipment BDT in Cr.



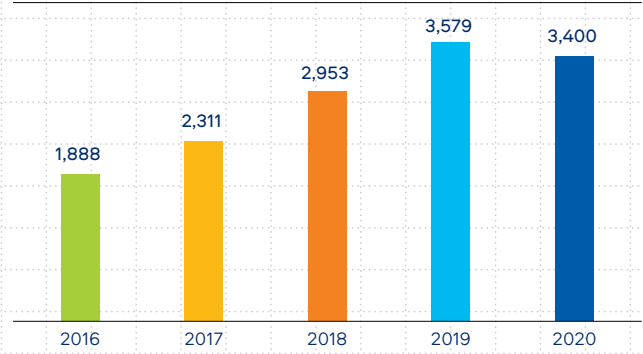
Current Ratio



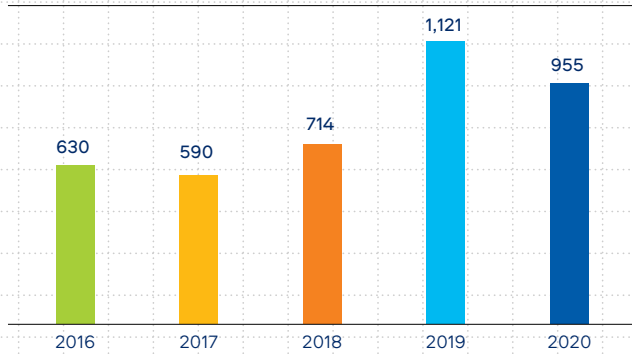
Debt Equity Ratio



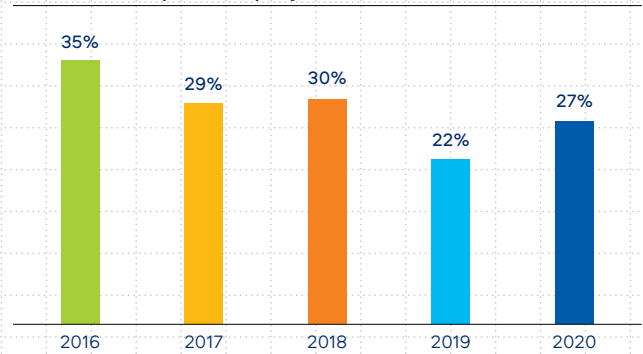
Shareholders Fund BDT in Cr.



Net Current Assets BDT in Cr.



Return on Capital Employed



ESG REMAINS AT THE FRONT & CENTER OF OUR BUSINESS

BAT Bangladesh has been living the principles of ESG since its inception 110-years ago. Today, the ethics encompassing BAT Bangladesh's Environmental, Social and Governance framework are deeply embedded in every operation, across all organisational fronts. Our philosophy directs us towards the path of mutually beneficial and sustainable development. We grow along with our surroundings, our society and the people that make the organisation. Hence, we commit to our solemn responsibility towards our stakeholders, employees and the society for a better tomorrow.



*Mubina Asaf
Head of Legal & External Affairs*

A set of standards that determine the sustainability of a business is enshrined in what is popularly referred to as ESG (Environmental, Social and Governance). While the “environment” component of ESG typically articulates a company’s relationship with the environment, the “social” module expresses its relationship with stakeholders and the wider community. The “governance” criterion inspects the company’s operational transparency, along with its standards of compliance.

As a proud pioneer of ESG in the country with our first initiative dating back 40 years, BAT Bangladesh sets the benchmark for others to follow. We aim to work as the development partner of our government in achieving the UN Sustainable Development Goals (SDGs.) Throughout our rich legacy of 110 years in the country, we have initiated numerous ESG initiatives which form the pillars of our sustainability strategy as we continue on our journey towards a better tomorrow.



EXCELLENCE IN ENVIRONMENTAL MANAGEMENT

Climate change

Water and waste

Sustainable agriculture

Circular economy



DELIVERING A POSITIVE SOCIAL IMPACT

Human rights

Farmer livelihoods

Health and safety

People and culture



ROBUST CORPORATE GOVERNANCE

Business ethics

Responsible marketing

Regulation and policy engagement

ENVIRONMENT

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

Joining the fight against Climate Change in supporting the government as partners in development, BAT Bangladesh has invested in several projects of which two are of great significance- Afforestation and Clean Energy Supply.

BONAYAN

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

110+ million Saplings distributed

30,000+ Beneficiaries

Supporting SDGs

To learn more scan QR code: Follow us: www.facebook.com/bonayan1980

The afforestation program, popularly known as Bonayan, was initiated 40 years back in the year 1980. Since then, the program is contributing to the better livelihood of more than 30,000 beneficiaries each year. Till date Bonayan has distributed 110 mln saplings free of cost to beneficiary communities and institutions across Bangladesh. Bonayan is also the proud recipient of the prestigious ‘Prime Minister’s National Award’ for 4 times. This initiative has been recognised internationally, with Asia’s top ranked business award “Asia Responsible Entrepreneurship Award” on Green Leadership by Enterprise Asia. The initiative also focuses on public

private partnerships in supporting the government towards achieving SDG goal #1 #2 #11 #13 #15 and #17

2020 marked the 40 years of Bonayan in Bangladesh. To mark the occasion and compliment the Honorable Prime Minister’s initiative of planting 1 crore trees to celebrate Mujib Borsho, Bonayan ensured 5 million sapling distribution across the country, overcoming the challenges of Covid 19. In recent years, Bonayan has also spread its wings across the country through key partnerships with stakeholders like Bangladesh Agricultural University, Border Guard Bangladesh, Refugee Relief & Repatriation Commissioner, Rajshahi City Corporation and many more. Bonayan will continue to venture more of such partnerships in the coming years to improve the overall tree covered land area across Bangladesh for a greener tomorrow.

On the occasion of Mujib Year, the Honorable Prime Minister has virtually inaugurated the Government campaign of **“One Crore Tree Plantation”** on 16th July.

With this inspiration, “Bonayan”- the largest private-sector driven afforestation program in Bangladesh, on its **40th year**, has also planted **5 million saplings** across the country.

40 YEARS OF BONAYAN

“On the occasion of Mujib Year, let us plant trees to increase forest coverage”



Mubina Asaf speaking at a sapling distribution event organized by DNCC



Sapling plantation in Kushtia



Sapling handover to RAB



Reforestation at Rohingya Camp



YEARS OF BONAYAN



Sapling handover to BD Army



MOU signing ceremony with BGB



Afforestation in Chittagong Hill Tracts



Saplings handover to stakeholders

IMPACT OF BONAYAN

As many as 800 people were enlisted as part of the study, where 400 people (intervention area) received saplings while 400 people (control area) did not receive any saplings.

ECONOMIC	Revenue growth, job opportunities and direct/indirect business investment increased significantly in the intervention area, while there was no change in the control area.
ECOLOGICAL	With the increased number of trees and balancing the environment with intensive farming, ecological improvement was witnessed in 97% of the intervention area.
BEHAVIORAL	The Bonayan programme has inspired a significant number of people to plant trees for various reasons, including earning money, saving the environment and cultivating greenery.
COMMUNITY LIVES	The lives of the members of the rural community were greatly benefited by the program. An increasing number of trees resulted in a greener environment, more fruits and increased awareness, while roadside plantation resulted in accelerated development of roads and highways. Because of afforestation, participants saw more trees alongside railway lines and river banks and managed to get wood from their own trees and free fuels from the branches of trees which facilitated some of the barren land into a green land. A maintenance team will be responsible for upkeep through erecting fences around saplings and trees and also taking sufficient measures to guard the fences. Alternative crops alongside of the plantations were found and participants could produce their own organic fertiliser using plant leaves to utilise in their own plantations, which also benefits the overall climate and agriculture.

BAT Bangladesh's commitment towards supporting clean and renewable energy, gave rise to a Solar Power project, popularly known as Deepto, in 2011 to support the communities in off-grid areas of Chittagong Hill Tracts. Under Deepto, BAT Bangladesh has supplied 2,590 units of solar home systems in the habitats of the remote villages of Bandarban, Khagrachari and Rangamati districts. So far, over 15,000 people who previously had no access to electricity now have had their livelihoods changed. This initiative has enabled and empowered the communities to enhance their lifestyle through quality education and various income generating activities. This initiative compliments the SDG #1 #4 #7 and #8

new sectors like agriculture in Bangladesh. Deepto will continue its journey in the coming years to ensure a brighter tomorrow.



2021 marks 10 years of Deepto in Bangladesh. To mark the occasion, Deepto will be exploring opportunities to expand its scope and use renewable energy to support

IMPACT OF DEEPTO

500 people were enlisted as part of the study, where 250 people (intervention area) received solar home systems, while 250 people (control area) did not receive any solar home systems.

ELECTRICITY	People living in intervention areas received 100% electricity supply, while there was no electricity in control areas, as before. As a result, rural people got access to electricity and they could study and cook at night.
INCOME	After 2012, when the solar home system was installed, people from the intervention area experienced less expenses, as compared to control areas. In Intervention areas, people's income increased by up to 42%.
EDUCATION	Post 2012, children in surveyed areas have been getting access to light at night to study due to solar power.
WOMEN EMPOWERMENT	Besides regular household chores, women could now make handicrafts, weave blankets, thresh paddy, etc., with the help of electricity and they felt that their productivity had increased.
STANDARD OF LIVING	After 2012, financial capability of people in the intervention area increased, and around 37% people bought a new asset. Moreover, 92% of the people were reported of being more connected via cell phone.

Sustainable Agriculture

BAT proudly upholds its history of working with farmers around the world, with advanced agricultural knowledge, skills and practices. BAT Bangladesh works directly with around 33,000 farmers, sharing best-in-class sustainable agricultural practices to build capacity for our farming communities.

Farmers have been equipped with a web-based messaging platform called Bondhusheba which allows BAT Bangladesh to communicate with contracted farmers on time to provide required information on Weather, Good Agricultural Practices (GAP), Sustainable Agriculture & Farmers Livelihood, Crop Planning etc. through SMS. Shikor, a farmers' community club and training facility space has been created by BAT Bangladesh which is

aimed at improving the overall livelihood of the agricultural community. Furthermore, to ensure compliance in all aspects of farmer's sustainability, farm monitoring and data collection has been digitalized to create the Farmers Sustainability Management (FSM) platform. Another initiative towards agricultural sustainability is Green Manuring with Dhaincha as an effective approach to the enrichment of soil health and fertility in a bio-friendly manner. Apart from guiding the farmers through sustainable agriculture, BAT Bangladesh also acknowledges the importance and impact of biodiversity to maintain the balance of the ecosystem where we operate in. Considering this, we have established 83 biodiversity corners with the help of our registered farmers.



Agrochemicals waste management



94 biodiversity corners established across the country



Established IPM Clubs



Green Manuring (Sesbanin/Dhaincha)



Field Technician is collecting farm data by using "Farmers Sustainability Management" App



Popularized farm mechanization

Water & Waste

BAT Bangladesh has been facilitating waste water recycling through several initiatives. The primary goal of reusing recycled water is to reduce overall water withdrawn, enhance efficiency in water use and also reduce the cost of acquiring fresh water. To move one step ahead in the water recycling journey we have ETP upgradation with MBBR (Moving Bed Bioreactor) technology and a new Sewage Treatment Plant (STP) installed. 105m³ of water is saved daily through sustainable investments and activities.

PROBAHO

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 107 water filtration plants across the country. Probaho wishes to continue the journey with pride and support the government in ensuring that 100% of the population use safely managed drinking water services.

550,000+ litres
Safe drinking water everyday

260,000+ people
Served everyday

Supporting SDGs

To learn more scan QR code:
Follow us:
www.facebook.com/probaho2009

Apart from preventing wastage of water, BAT Bangladesh has been supporting the arsenic prone communities, through Probaho -the safe drinking water project, providing safe drinking water free from arsenic and other impurities. This project was initiated in 2009 and so far, it has established more than 107 water filtration plants in different parts of the country, ensuring more than 550,000 liters of pure drinking water to more than 260,000 beneficiaries every day. Probaho wishes to expand its horizons in the coming years and extend the support to communities suffering from salinity and other forms of water crisis. This initiative compliments the SDG #1 #3 and #6



2021 marks 12 years of Probaho in Bangladesh. To celebrate the occasion, Probaho will be spreading its wings and venturing beyond its conventional scope of arsenic prone zones to islands and highlands where people suffer from salinity and severe shortage of clean drinking water. In recent years, Probaho has also created key partnerships with stakeholders like Border Guard Bangladesh, Rajshahi City Corporation and more. Probaho will continue its journey to ensure clean drinking water for disadvantaged communities in the coming years to ensure a safer tomorrow.

IMPACT OF PROBAHO

800 people were enlisted as part of the research, where 400 people (intervention area) received water supply, while 400 people (control area) did not receive water supply.

KNOWLEDGE	Safe drinking water is now available for use. Moreover, heightened awareness has ensured that they now become aware that safe water is one that is germ- and arsenic-free.
PRACTICE	More people are keeping their water source clean and are more concerned about hygiene than before.
EFFICIENCY	An overwhelming proportion of people living in intervention area reportedly spent more time on other tasks with lesser waiting time. Earlier, women had to walk a long distance to collect water but now they can collect safe drinking water from the most proximate Probaho plant as and when required.
AWARENESS	People are aware of the ill-effects of arsenic in the body. They are also concerned about whether the tube-wells are tested or not for arsenic contamination. Further, expenditure on health treatment has lessened now.
HEALTH	Waterborne diseases have reduced significantly after installations of Probaho plants. Further, participants reported less acidity issues too after they started consuming water from Probaho plants.
ECONOMIC CONDITION	After 2010, around 60% people spent very little or no money on health hazards.

Circular Economy

At BAT Bangladesh, we are deeply conscious of our responsibilities to the environment, owing to which we have bold ambitions. Among these the key goals which include reaching carbon neutrality by 2030, achieving 30% reduction in energy consumption and 35% reduction in water withdrawal by 2025 along with ensuring zero factory water discharge by 2025. While these seem to be bold determinations, execution plans are already in place to achieve these robust ambitions.

At BAT Bangladesh, we consider our supply chain network as a partner in our sustainable development initiatives that facilitates a better path to development through shaping a future that links economic progress with ecological sustenance. BAT Bangladesh has emphasised on embracing efficient processes and practices that help to achieve environmental and economic sustainability goals. Through achieving our corporate objectives, we serve a few major national objectives, such as affordable and clean energy, decent work and economic growth,

industry, innovation and infrastructure, responsible consumption and production, climate action, etc., tenets that are enshrined in the SDGs. BAT Bangladesh has adopted MBBR, a modern water treatment technology, to upgrade its effluent treatment plant (ETP). The Company has also installed a sewage treatment plant (STP), which takes us a strong step further towards becoming a zero-discharge factory in the future. Currently, nearly 98% of the waste is recycled in the factory and hence we believe that achieving zero waste to landfill is just a matter of time. Moreover, the Company is working to achieve the following by 2025 as part of 5 year’s road map:

- Reduce CO2 emissions (scope 1,2) by 30% by 2025
- Reduce total energy consumption by 30% by 2025
- Ensure 30% of our total direct energy used to be from renewable sources
- Reduce 35% of water withdrawal from the ground
- Ensure zero water discharge by 2025
- Ensure zero waste to landfill by 2025



Briquette machine in briquette room



Plastic mats prepared from waste plastic strapping



Aluminium extracted from waste foil



Plastic mats prepared from waste plastic strapping

SOCIAL

As a responsible enterprise, we are extensively engaged in the socio-economic welfare of the country, while also playing our role in environmental sustenance. Our social initiatives holistically contribute to the major requirements of upholding farmers' rights, enhancing livelihoods, creating job opportunities, ensuring health and safety standards and better social facilities. Key works in the field include:

Human Rights

BAT Bangladesh takes special consideration in ensuring that there is no violation of human rights throughout its operation. Having more than 1500 people as direct employees and about 50,000 indirect people associated with the business, including farmers, distributors and local suppliers, BAT Bangladesh is committed to ensuring welfare of its people. Various programs are in place for our farming community to help them not only realize their rights but also know and protect their children's rights. BAT Bangladesh has introduced 'Bondhusheba', a web-based messaging platform which provides required



Bandhusheba, SMS based communication platform for farmers

Farmers Livelihood

BAT Bangladesh has well-structured programs in place to enhance the farmers' livelihood in the communities in which we operate. Farmers are encouraged to include short duration varieties of rice and vegetables to accommodate three crops in a year and thereby

information regarding prevention of child labor, ensuring children schooling, protecting health & safety of farm people, ensuring workers' human rights in the farm through SMS. Another training facility Shikor, which is a farmer's club established by BAT Bangladesh, represents the voice of the farming community along with providing trainings on skill development, enhanced farm productivity and household income. BAT Bangladesh also gives special attention towards empowering women. The participation of women in BAT Bangladesh can be seen across all frontiers without any discrimination, starting from the field to the factory and head office. The Inspirit initiative went beyond the diversity agenda of the organisation to enable women to realize their full potential. Initiatives are also in place for our farm women who are constantly being equipped with various skill development and vocational training. These include trainings on mushroom cultivation to increase farmers' barn utilization to 75%, while adding additional income with little effort from farm women. Further, through Nokshi, we provide training on making local handicrafts by farm women to advance their knowledge and skill set and many more.



'Shikor', a farmer community club and training facility center

increasing farm productivity. Farmers are also trained on Integrated Farm Management Components (IFMC) to maximize farm productivity and also optimize labour. Mushroom cultivation in the tobacco curing barns is one of the examples to maximize the utilization of curing barns, while generating additional income.



Health & Safety

With Bangladesh coming to the forefront as one of the world’s fastest-growing countries, improvement in environment, health and safety standards has become a priority for corporate sustainability, principally centered around employee welfare and environmental stewardship. At BAT Bangladesh, our environment, health, and safety (EH&S) practices underline our focus on holistic responsibility extended internally to our employees and



Demonstration of Fire & Safety training

People & Culture

We enable growth by nurturing a winning organisation by investing in our people, by attracting the best talent, and by encouraging high performing leaders who inspire diverse teams in a fulfilling, rewarding and responsible working environment. At BAT Bangladesh, our people are our key strength. We create value for our employees, whether they are a part of the management or non-management by investing in them and ensuring growth in terms of remuneration, learning and promotions. We acknowledge the contribution of every employee to the performance of our Company over time. We also make sure that our employees are provided with a holistic work-life balance.

At BAT Bangladesh, we take pride in our people and our cultural practices, which are a benchmark across the country. BAT Bangladesh is the only Company in Bangladesh to have received the prestigious Top Employer Award for three consecutive years by the Top Employer Institute for excellence in employee conditions and contribution towards enriching the world of work. BAT Bangladesh routinely attracts and recruits some of the best talents from across the country through its recruitment platforms. Every year, Battle of Minds (BOM)



For the 3rd time BAT Bangladesh wins “Top Employer Award”.

externally to our value chain stakeholders. Thus, our EH&S focus represents an essential component that helps promote social and ecological well-being through employee awareness creation on the benefits of good health and practicing workplace safety. BAT Bangladesh is a law-abiding responsible organisation and is fully compliant with the labour laws and other laws put in place for the welfare of the nation. Our benchmark EH&S practices have also enabled us to achieve three years of accident-free track record at our Dhaka Factory.



EH&S Week is celebrated in various BAT Bangladesh compounds to increase EH&S awareness among employees

aims to enable potential graduates to prepare ahead for the extremely competitive job market, giving them a holistic view of the real corporate world. The 17th edition of BOM successfully took place last year with the theme of “Reimagine Tomorrow”. BAT Bangladesh is also the recipient of the “Most Female Friendly Organisation” accolade at the Women Leadership Summit organised by The Brand Forum two times in a row. BAT Bangladesh women managers also achieve numerous leadership awards in various capacities.

BAT Bangladesh prides itself in providing leading benefits and policies geared towards the development and meeting the unique needs of its women managers, including the country’s first-ever 9-month (maximum) maternity leave opportunity for mothers working in geographically disparate, remote trade and leaf operational locations or continuous shift operations. Further, BAT Bangladesh has also built a strong organisational foundation and today, the Company looks beyond this realm to give back to the country by enabling women across the nation to access the right infrastructure and know-how necessary for success, thereby aligning with the Bangladesh Government’s ambition of achieving the UN Sustainable Development Goal (SDG) #5 on ‘Gender Equality’.



Achievers acknowledged at the event of ‘Inspiring Women Award’.



MUBINA ASAF

Head of Legal and External Affairs

"Today's women need to be courageous to be fearless. Limitless to be passionate; Bold to be independent."



RUMANA RAHMAN

Regional Head of HR Asia Paacific and Middle East

"If you have a dream worth fighting for, give everything you've got to transform it into a reality and don't let anyone tell you otherwise!"



ADRITA DATTA

Senior HR Business Partner – Operations

"I often tell my team members, especially women, to never say no to a challenge - because you never know what heights it can propel you to reach."



NASHVA BINT HAMID

Commercial Finance Controller-Operations

"I can attribute my achievements to my thirst for learning, which propelled my commercial understanding, knowledge of various processes and systems and the need to build lasting relationships."



FARAH ZABEEN

Supply Chain Manager

"Developing the right capabilities with a flexible attitude, I had to create an environment where my leadership was accepted for team deliveries to be ensured."



SADIA ZAHIN

Environment Health & Safety (EHS) Manager

"For women with ambition, sky is the limit at BAT. I'm truly grateful to BAT Bangladesh for giving me the wings to reach out to the sky and beyond."



SHAMAILAH TEHNEEN HUQ

Asst. Manager-Internal Communication

"BAT Bangladesh provides the right environment and enables each to explore their untapped potential. My experience here has allowed me to expand my horizon and has enhanced my learning capacity by miles."



NARJIS MOSTOFA

Utilities Service Executive

"BAT Bangladesh truly believes in women empowerment. I started off as a raw graduate and am now leading a full-fledged team of people."



NUSRAT ZAHAN

Treasury Specialist

"Passion, hard work & resilience, three words to describe my journey at BAT Bangladesh. The Company provided me with the right opportunities to contribute and add value to the organisational goals."

At BAT Bangladesh, the primary reason we believe gender equality is beneficial to the society is because of the robust economic gains that can be accrued on account of empowerment of women.

In developing countries, a family's standard of living could alter dramatically if women joined the workforce and started to contribute to the family's income pool. Specifically, at BAT Bangladesh, we believe that diversity of our workforce is essential as Bangladesh is a young and youthful nation. With this belief, we have developed several initiatives and platforms that contribute to inclusivity and women empowerment. Further, one of the best traits of the Company is that it provides its women members with several exciting and diverse workplace opportunities, which exposes them to a challenging environment. Once they are able to see through this phase, the Company considers having achieved its objectives of preparing them for the next level. This is the essence of the continuous cycle of growth and progression for women at the Company.

At BAT Bangladesh, we are among the pioneers in gender inclusion and women empowerment, fostering a robust support framework that encourages collaboration, co-working and co-existence. Today, we offer unique and innovative women-centric benefits, including extended maternity leave and a full-fledged day care center, while

also providing them with challenging and inspiring workplace opportunities that help them to realise their potential. Furthermore, it is a matter of pride that the skills and capabilities of our women and men have been recognised far and wide, with the result that they have been invited across several group markets abroad for sharing best practices.

INSPIRIT: CROSS-INDUSTRY DIVERSITY & INCLUSION FORUM

BAT Bangladesh joined hands with six of the country's most prominent multinational organisations, including the likes of Unilever, Nestle, Grameenphone, Robi Axiata, Standard Chartered Bank (SCB) and Hong Kong and Shanghai Banking Corporation (HSBC) to launch "Inspirit", Bangladesh's first-ever corporate diversity and inclusion forum. With seven large multinationals coming together on one table and unified by a common purpose, the objective of Inspirit is to leverage the widespread reach and network of these organisations to activate three pillars, which include:

- Sharing geographically dispersed operation zone infrastructure
- Mobilising cross-industry mentorship
- Deploying leadership development programs



Ms. Rumana Rahman Regional HRD APME hosted a leadership session organised by Inspirit



Members of Inspirit Organisations at the Women's Mentoring Network Launch



Members of Inspirit Organisations at the Women's Mentoring Network Launch



A TV Talk show with senior leaders from Inspirit was held to discuss Inspirit initiatives and their impact on the Diversity and Inclusion landscape of Bangladesh



Senior leaders from Inspirit organisations with BAT Bangladesh's senior leaders.

Welfare Initiatives to support the SDGs

BAT Bangladesh is working towards a brighter future for our country by supporting the Government's SDG initiatives to ensure employment for people with special needs and the marginalised communities through a foundation in Bangladesh. The foundation also focuses on entrepreneurial skill development, skill development for women, improving farmers' livelihood and leadership development. All our initiatives are guided by the development principles articulated in the SDGs with a view to achieve the SDG goals. We are collaborating with Government agencies, private sector and other non-Government entities to create shared value and support the Government's efforts to attain the SDGs by 2030.

The foundation is working to promote economic inclusion of people with special needs and disabilities. Under this broad umbrella, the foundation runs two projects, "Fabric

Masks" and "Shudhdho Hand Rub" to create sustainable income opportunities for people with special needs and disabilities.

Mask Project (Amra Shikhi Amra Pari)

Partnering with PFDA to develop skills for autistic individuals with special needs through 'Amra Shikhi Amra Pari' programme, adults suffering from autism are engaged in the production of fabric masks. These masks are sold online to customers and also via partnerships with leading retail and hospitality brands, including Shwapno, Westin, Komart, etc., and thereby ensuring steady employment for those with special needs. E-commerce-based sales is also facilitated for the project. Moreover, the project also received several large orders from diverse organisations, such as PKSF, bKash, Marico, Bangladesh Navy, etc. This initiative ensured their employment during the pandemic.

শুধুমাত্র সুরক্ষাই নয়,
মাস্কগুলো নিশ্চিত করুক
বিশেষভাবে সক্ষম মানুষগুলোর
কর্মসংস্থানের সুযোগ



The uniqueness of the fabric masks include:

- Contain 4 layers, including 2 middle layers of polypropylene
- Made following WHO guidelines for personal protective equipment production
- Fabric masks met all the parameters set by Bangladesh's Directorate General of Drug Administration (DGDA)
- Fabric masks have been tested and certified by Bangladesh Government-authorized certification agency
- Masks have been tested for particulate filtration efficiency (PFE)

- Masks are re-washable up to 20 times, thus enhancing their shelf life

Shudhdho Hand Rub project

In addition to fabric masks, the foundation has also created employment opportunities through our Shudhdho Hand Rub project (BCSIR-approved) for physically challenged individuals, while helping the nation fight the pandemic. Through this project, the foundation is creating income opportunities for individuals with physical impairments. Shudhdho hand sanitisers are prepared in strict adherence with the World Health Organisation hand rub formulation recommendations.

Leadership Broadcast Series

The Foundation has activated yet another project comprising of a leadership broadcast series featuring interviews of pioneers of the nation. The broadcast series aims to bring out stories of inspiration, success, learnings and challenges faced by people who have played a key role in ensuring the progress of the nation over the last 50 years. The program was conceived to inspire the next-generation leaders. The Government has taken many initiatives to capitalise on the demographic dividend of the country and develop the youth. The leadership broadcast series aspires to complement these efforts. BAT Bangladesh believes that such an initiative will also support in fast-tracking the attainment of the SDGs by encouraging the youth to play a more proactive role in nation-building.

Skills Development Centre

BAT Bangladesh is facilitating to create employability of the country's workforce. The foundation runs a

Skills Development Centre (SDC) in Dhaka, where certified instructors conduct sessions focusing on skill development. The objective of the skills development centre is to develop a strong workforce by leveraging the demographic dividend and to turn this into a lever of economic growth.

In order to achieve this objective, the foundation provides the youth and the existing workforce with skill development trainings, which are conducted under two broader categories: technical skills development and soft skills development. The first category helps to develop technical skills on operating and maintaining machinery and other equipment; and the second category helps to develop leadership or soft skills. Technical skill development trainings aim to empower the youth with relevant skills to enable them to work in various sectors of the nation's economy. The leadership training programmes support individuals working in mid-management levels to assist them in taking the next step in their career to senior management positions. The SDC focuses on the following areas:

Entrepreneurial skill development	Skill development for women	Improving Farmers' livelihood	Leadership development
			
Government	Int. Donor Agencies	MNCS	Executives & Journalists



Component Level Training on Fasteners



Trainees learning to operate tools during a practical session

GOVERNANCE

To establish benchmark Environment and Social initiatives, it is essential for a company to provide proper attention towards establishing good Governance practices. One of the key recipes for BAT Bangladesh's success has been the drive for excellence in terms of compliance and governance. The company has proudly set the benchmark for excellence in corporate governance which is reflected through the recognitions and awards received every year, both nationally and internationally. Some of the

notable awards the company is bestowed with regularly, comprises of the 'Highest Tax-payer' award, ICSCB Corporate Governance Award, ICMA Award, SAFA award for best presented Annual Report etc. BAT Bangladesh was also the proud winner 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.



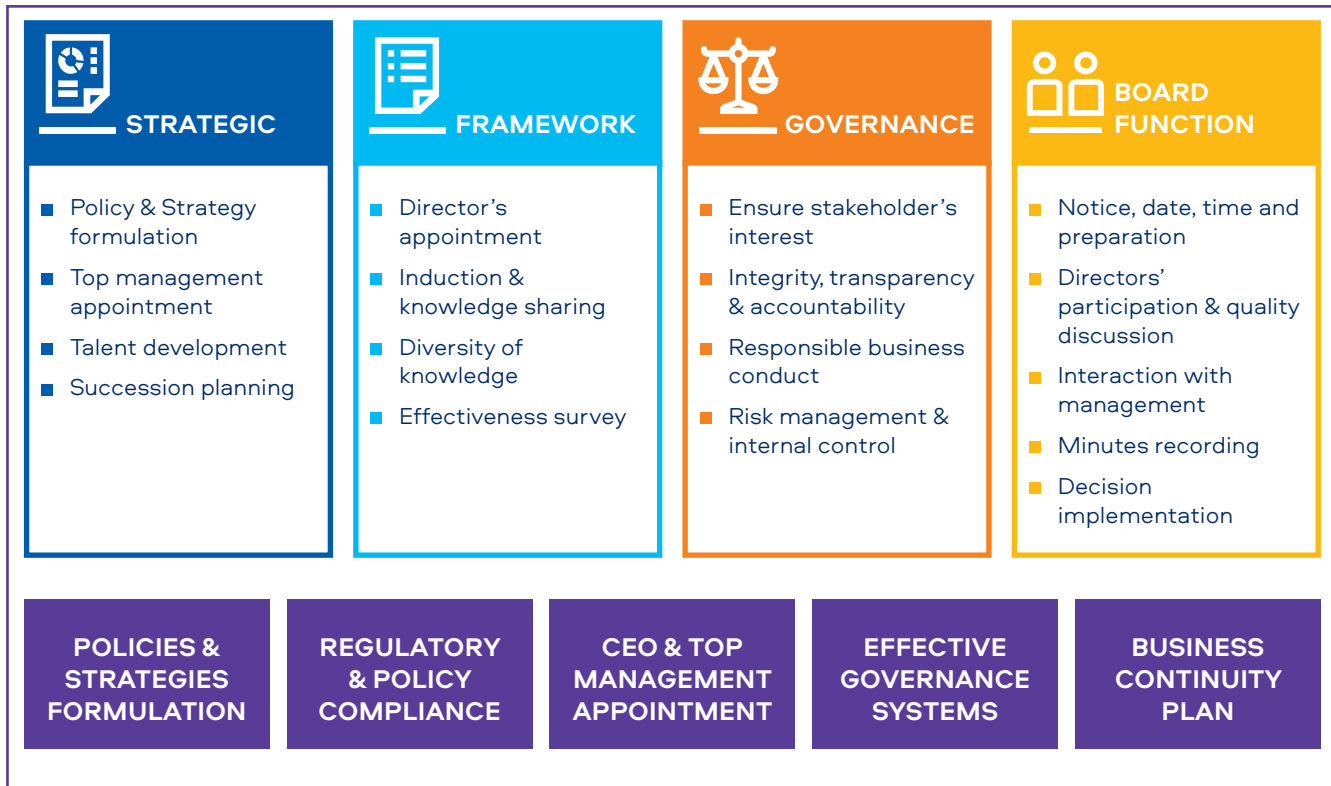
AT Bangladesh celebrating the first win for the year, 'A Better Tomorrow' award for outstanding performance during Pandemic.



Embedded into the core of our enterprise is a people-centric culture that leads to exceptional performance. As an endorsement of this, BAT Bangladesh won the award for being the best in the Asia Pacific Region, thus celebrating with everyone.

BAT Bangladesh's Governance framework: BAT Bangladesh's overarching approach to corporate governance is aimed at strengthening the strategic planning framework for achieving long and short-term objectives on a sustainable basis. Sustainability is the ultimate value proposition that can be expected by our stakeholders through engagement with our Company in the long run. Hence, we are committed to maintaining the highest standards of corporate governance across

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



At BAT Bangladesh, we strongly believe that sustainable value creation is underpinned by a robust governance regime that enables us to facilitate and nurture an enduring alliance between the Board, shareholders, employees and other stakeholders. The Company has always upheld the core principles of corporate governance, which have been at the centre of its two-tier governance framework: with the Board of Directors and the Committees of the Board at the apex level, and with the Management structure at the operational level, which is the Leadership Team (Top Management).

Our governance philosophy is our enabler to mutually beneficial business relationships, business integrity and transparency and long-term value creation. Our governance framework extends beyond legal requirements to embrace voluntary codes and international best

practices. We see it as reinforcing our competitive advantage through enhanced accountability, effective risk management, clear performance management, greater transparency and effective leadership.

BAT Bangladesh embraces best governance practices across all functions of the Company to ensure that the highest standards of corporate governance are met and maintained. The 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.

Business Ethics

The Company emphasizes on high standards of business integrity through its standards of business conduct (SoBC). The Company's SoBC underpins its commitment to good corporate and is an integral part of our corporate governance framework. Being one of listed companies in the Dhaka and Chittagong Stock Exchanges, BAT Bangladesh complies with all the necessary directives under BSEC. Another key adherence is to the Sustainable Tobacco Program (STP). At BAT Bangladesh, our waste management capabilities have been significantly augmented by the establishment of our revamped STP, which is also symbolic of our focus on achieving future sustainability.

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

A culture of authenticity and adherence to integrity is practiced by the Board, which represents a crucial

competence of the Company. At every Annual General Meeting (AGM), shareholders validate their support to the Board. BAT Bangladesh provides accurate and periodic reporting of issues/events and certifications, wherever necessary. Furthermore, the Company's management team always embraces the highest levels of compliance with all the related legal and regulatory issues, which helps to ensure the practice of the highest levels of governance throughout the Company.

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 organising awareness sessions on existing and proposed laws for enforcing compliance throughout the organisation. Overall, BAT Bangladesh strives to remain a fully compliant Company, both in letter and in spirit.



BAT Bangladesh celebrating ETHOS week

In conclusion, it must be stated that BAT Bangladesh holds the view that effective governance is a continuous process that has been embedded as an integral part of the Company, enabling it to attain its goals and objectives over the short-, medium- and long-term. Being a fully compliant entity, the Company upholds the spirit of

transparency and accountability to the society through the establishment of an effective governance regime. Hence, the Company drives best practices in governance across all functions, helping steward the business professionally, effectively, responsibly, transparently, ethically and in a regulatory-compliant way.

Governance Scope

At BAT Bangladesh, 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.



The Chairman, the Managing Director and the Head of Legal & External Affairs are seen during a courtesy call with H. E. Mr. Abdul Hamid, the President of Bangladesh.



BAT Bangladesh donated cheque to the Honorable Prime Minister relief fund for distressed people. The Chairman and the Managing Director of British American Tobacco Bangladesh are seen handing over a donation cheque to the Honorable Prime Minister Sheikh Hasina.

CORPORATE FOCUS & STRENGTHS



BRANDS

Our consumer-relevant innovation has enabled us to nurture brands that are category leaders.



PEOPLE AND CULTURE

We endeavour to attract, develop and retain talented people that enable us to sustain our winning culture. Furthermore, we are a gender-inclusive and meritocratic organisation that respects participation, performance and ethics.



FARM INITIATIVES

Our integrated business model begins with robust agronomy support that we extend to our registered farm communities and, over the years, our supportive interventions have enabled transformation in farm economics.



MARKETS

We possess diversified presence with our branded products available across Bangladesh. We have a strong distributor network and we engage in a partnership-oriented approach with this important constituent that ensures the availability of our products in the market.



REGULATORY COMPLIANCE

We foster a culture of high compliance that seeks to align with regulations. We also engage in a positive dialogue with our regulatory bodies to bring to their notice market distortions.



INNOVATION

Aligned with our Group principles, we have a strong emphasis on consumer-centric innovation that enable us to meet the evolving preferences of our consumers.

Responsible Marketing

As one of the most respectable companies in the country, BAT Bangladesh always abides by all the rules and regulations of the country. Alongside adhering to the laws of the government set for the industry with respect to marketing, BAT Bangladesh also follows its own International Marketing Principles (IMC).

ensuring excellence in sustainable business practices. It is the combined effort of all functions across the business, which is the key towards BAT Bangladesh's success in driving the ESG agenda forward. We wish to continue our journey as the development partner for the government in achieving the SDGs through public private partnerships. Our benchmark ESG practices will continue to remain at the core as we strive to achieve a better tomorrow.

The above initiatives are a true testament of how ESG is embedded at the heart of BAT Bangladesh. The Company through its employees leave no stones unturned in



REFORESTATION AT ROHINGYA CAMP

165,000 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 RRRRC, ISGG & EETWG. Our commitment continues...



 Kutupalong Rohingya Camp, Ukhiya, Cox's Bazar

LEAF SUSTAINABILITY INITIATIVES

At BAT Bangladesh, our Leaf sustainability initiatives form the bedrock and cornerstone of our operations, exuding attributes of unique expertise, efficiency and professionalism, and enabling us to deliver exemplary performance and sustainable value.

Mr. Zahurul Haque Sharker, Head of Leaf Operations



1

ALTERNATE FURROW IRRIGATION (AFI)

A path-breaking approach towards a more efficient use of irrigation water

BAT Bangladesh is committed to promote environmental consciousness amongst the extended society.

Aligned with this endeavour, among the various agricultural sustainability initiatives BAT Bangladesh's Leaf Operations team has taken, an initiative that stands out the most due to its distinctiveness is the optimised use of irrigation water for crop production. This initiative is the AFI, or Alternate Furrow Irrigation.



Field Demonstration of Alternate Furrow Irrigation (AFI)

Since the benefits of this initiative are visibly evident, farmers have wholeheartedly embraced it. One of our farmers, Md. Abdur Rahim from Aria village under Daulatpur Upazila, said: "I am expecting a higher yield as I experienced less disease on the AFI plot, as compared to the plots irrigated with conventional method. Encouraged by this success, I expect to cover every inch of my crop area under AFI on the first and second irrigations after transplantation".

With a view to diffuse the benefits of this initiative, to large swaths of farm communities, we distributed leaflets and arranged 400 field days comprising a stimulating awareness campaign. In field observations, we also discovered that AFI also supports reduction in the cost of cultivation, and that too with desired growth expectations and lower incidence of diseases.

AFI, a key ESG (Environment, Social & Governance) initiative is aligned with SDG # 12. Sustainable agriculture, amplified through such initiatives as AFI, offers the unmatched potential of holistically addressing water scarcity issues. AFI potentially can reduce 70 cubic meter water per hectare, or as much as 3.5% water use reduction in a single year, in tobacco cultivation.

2

AFFORDABLE FARM MECHANISATION

A new era for agriculture

Leaf Operations of BAT Bangladesh has developed local fit ridge-maker cum fertiliser applicator and implemented it on 8,524 ha of contracted farmland in 2020. Thus, farmers were able to save a substantive 30% labour cost for ridge making per hectare. Resultantly, the cost of production for a farmer has reduced by BDT 2-3 per kg of tobacco production.

Further, it has also reduced dependance on human labour, which is fickle and might not be available when required. Through mechanisation, farmers can save 80% time for ridge making compared to conventional manual method, allowing farmers to use the saved time for other value adding farm activities.

Introduction of inter-cultivator for tasks like weeding, spading between rows and re-earthing is also optimising labour requirements, and thus providing another opportunity to reduce cultivation cost and efforts.

We are also running feasibility studies of drip and sprinkler irrigations, which are most efficient water saving methods used in the developed countries.



Ridge maker cum fertiliser applicator



Inter-cultivator to reduce efforts of manual spading



Drip irrigation on sandy soil



Sprinkler Irrigation

3

MORINGA (DRUMSTICK) TRANSPLANTATION

Creating source of additional farm income

BAT Bangladesh's Leaf Operations is at the vanguard of the Company's sustainability agenda. Moringa cultivation is a significant initiative in this direction. We initiated this program in 2020 and, till date, have distributed 50,000+ free saplings among the farming communities.

Though Moringa is mainly grown as a vegetable in Bangladesh, worldwide it is a multipurpose tree resource with a USD 6 billion market value. While 40% of world moringa production is used for human consumption (vegetable, fast food,



Moringa (Drumstick) orchard at Kushtia

dried powder as tea, cosmetics, energy booster and anti-ageing), 60% is used as forage. Thus, there exists huge export opportunities. Considering this reality, we are focused on popularising Moringa cultivation among farm communities, establishing a robust supply chain, contributing to improve farm income and, ultimately, ensuring the socio-economic development of the country.

In 2021, we expect to enhance this initiative by distributing 100,000 saplings among the farming communities.

4

MUSHROOM CULTIVATION

A dependable tool for women empowerment

Leaf Operations of BAT Bangladesh is committed to identify new income generating opportunities for farm women and thereby ensuring empowerment of our farm women. We are arranging training for the progressive farm women on mushroom cultivation with the assistance from Department of Agricultural Extensions.



Mushroom cultivation in Kushtia

The trainings are premised on raising awareness around mushroom cultivation as an economically-profitable venture which provides an additional source of income and offers opportunity to optimise utilisation of empty tobacco curing barns during the off-season of tobacco curing (May – January). Mushrooms, as a food source, also fulfills the daily nutritional requirements of families.

Recently, 25 farm women of Khagrachari participated a 9-day structured training program on Integrated Farm Management Component (IFMC), facilitated by government experts. Participants started mushroom cultivation after the workshop was completed. Similarly, in Kushtia, 50 farmers received training on mushroom cultivation by resource personnel and many of them have initiated mushroom cultivation in their curing barns during off-season.



Training on mushroom cultivation by Mushroom Development & Extension Center, DAE



A farm woman with her produced mushroom

Mushroom cultivation is seen to be slowly having an impact on the socio-economic status of cultivators within their communities. Farmers are collecting mother mushroom seeds from the mushroom development center and other established farms. Within a barn of 16X12 sq.ft, around 300-350 mushroom spawns (spawn size of 1 kg) can be cultivated, and around 0.80 kg of mushrooms can be harvested from a single spawn in a 75-80 day lifecycle. Thus, a total of 280 kg of mushroom can be harvested from a single barn in 3 months of market value Tk. 70,000 (@ Tk. 250/kg). This additional income is assisting farmers to uplift their livelihoods and is helping us to attain our ESG goals.

5 NOKSHI

Opening an entrepreneurship avenue for women

Nokshi is a new initiative where BAT Bangladesh jointly works with the Rangpur Women Chamber of Commerce and Industries (RWCCI). The primary objective of this project is to create small to medium women entrepreneurs from amongst farm communities. Preliminarily, 30 women have been selected, who are related to our contracted farmers. Expert trainers of RWCCI are facilitating the training on handicraft techniques like block, batik, and hand paint. The learnings and skills they will gather from this training will be useful to enhance their self-confidence and encourage them to work independently. This may also contribute to generating additional income for their family.



Inauguration of Nokshi



Participants in the Nokshi class

6

AWARENESS CAMPAIGN ON “RIVERINE BUFFER PROTECTION”

Sustaining farm livelihoods and protecting the environment

In 2018, a riverine buffer protection campaign was launched and since then are carried out in the river side areas of Chittagong Hill Tracts which aimed to protect the buffers of major rivers and streams by encouraging farmers not to cultivate tobacco within 50 feet from water level. To motivate farmers, the Company is supporting them with free seeds of short duration vegetables (long yard bean, pumpkin etc.) and pulses. These short duration crops are adding additional income to the total farm income. Notably, this campaign has created awareness among farmers to protect the riverine buffer and sense of responsibility to protect environment for sustainable agriculture.



Awareness to protect riverine buffer through briefing, leaflet and poster distribution.



Farmers cultivate vegetables and pulses on the riversides



Farmers cultivate vegetables & pulses on the riversides

BAT Bangladesh, as a responsible corporate, took the lead to protect the riverine buffer by engaging government and non-government stakeholders, other tobacco companies and farming communities. Till date, the Company has distributed 7,478 kg of seeds to 1,325 farmers and protected 207.75 ha. of buffer areas.

7

POPULARISING SHORT DURATION T. AMAN RICE

To accommodate 3 crops a year

Sustainable farm income is the key to farmer sustainability. With this belief, this BAT Bangladesh Leaf Operations continuously strives for enhancing farm income. Popularising short duration (SD) T.Aman rice through free distribution of seed is one of the major initiatives embraced for shifting late tobacco crop to mid phases, and thus supporting farmers to produce better quality tobacco as well as making space for accommodating 3 crops a year. In 2020, we have distributed 30.8 MT of SD rice seeds free of cost which allowed farmers to cultivate SD rice on 1,230 hectares of land and ultimately allowed this 1230 hectares to accommodate 3 crops a year. The initiative also shifted 400 hectare of tobacco from late to mid phase which will help farmers to get a higher yield with better quality and thus increasing annual farm income.



Free distribution of SD rice seed



Field demonstration on conventional Vs SD rice

8

TOBACCO BY-PRODUCT BRIQUETTE

Fostering a sustainable approach to waste management

As part of our responsible mandate to sustainability, BAT Bangladesh Leaf Operations initiated several measures towards the efficient and effective utilisation of limited resources, as well as optimally managing waste.

Every year, a substantial quantity of tobacco by-product is generated from leaf re-handling operations and the green leaf processing operations. The Leaf Operations team, embracing the challenge to recycle by-products for reuse, conducted a successful trial to convert tobacco by-product into briquette for using it as an alternative fuel for tobacco curing.



3rd party vendor producing tobacco by-product briquettes



Farmer burning tobacco by-product briquette for curing tobacco

FCV (Flue Cured Virginia) tobacco cultivating farmers use different fuels for curing tobacco like jute stick, daincha stick, paddy straw, tobacco stalk, wastepaper briquette, paddy husk briquette, sugarcane bagasse, biomass, and wood. Trial results indicates that tobacco by-product briquettes can not only serve as a potential source of fuel for curing, but also capable of reducing specific fuel consumption in the curing process, thus offering twin advantages. Such a resource also reduces, through replacement, the use of other natural fuels like biomass. Successful curing trials with tobacco by-product briquette and positive feedback from farmers encouraged the team to engage with a third-party vendor for commercial briquette manufacturing.

In 2018, 2019 and 2020, a cumulative 9 million kg of briquette was produced and distributed among farmers. For 2021 crop, we have planned to use 3 million kg tobacco by-product briquette through contracted farmers of Kushtia and Chattogram. In the forthcoming years, we forecast the supply of briquette at about 6 million kg annually..

This initiative has demonstrated manifold benefits:

- Stronger environmental management
- Maximised recycling and repurposing of waste
- Optimum utilisation of warehouse capacity through avoidance of stocking the by-product
- Reduced SFC that has cast a positive impact on the farmer’s cost of production

Going forward, our plans envisage significant reduction of wood fuel usage and improving the quality of factory waste briquette. Such an initiative also aligns with the Sustainable Development Goals #9, #11, #12 and #13.



9

VEGETABLE SEED DISTRIBUTION

Following PMs advice to utilise every inch of land

Agriculture contributes 15% to the national GDP. Among all the crops, a large demand of vegetable is depended on 2.63% of the total land (BBS, 2015).

In meeting our broader agricultural commitments, while also aligning with our ESG goals, BAT Bangladesh initiated a project comprising the distribution of vegetable seeds, including red amaranths, spinach, yard long bean, sweet gourd, bottle gourd, mallow and cauliflower, to the extent of 13,083 gm that could produce 228,680 kg of vegetables.



Farmer produced vegetables on the empty space of tobacco seedbed

The project was initiated in Kushtia and Rangpur with 629 farmers and received an average return of Tk. 3,675 by each farmer cultivating the vegetables within the tobacco seedbed (unused space). According to a farmer from Kushtia, Md. Habil, the cultivation was completely done by his wife and she received a good return out of small space in the seedbed, which contributed to her economic empowerment.

Further, conversations with other farmers indicated that the process requires very less effort within the existing seeded land and has a higher germination rate too (85% as shown from studies by the Leaf Agronomy Team). Moreover, vegetables serve as essential food and nutritional source. Considering the inherent and extended benefits as demonstrated by this project, it can emerge as a sustainable long-term solution to some of the pressing agricultural challenges faced by the country.

TRAINING AND DEVELOPMENT

Our integrated talent management approach through our Technical Training Centre is premised on developing and retaining talent that is skilled, highly productive, engaged and aligned with our culture and ethos. Our diversity and inclusion framework supports our ambition of creating a work environment where everyone can thrive professionally and personally.

Mr. Fahim Ibn Karim, IWS Lead & Operations Skills Development Manager



Fostering an environment in which our employees can thrive

Our team of skilled, accountable and engaged employees are critical to the success of our Company. Shaping a culture that encourages continuous learning, innovative thinking and constant productivity improvement is our Technical Training Centre (TTC). Our TTC is a strategic enabler for the implementation of our human resources strategy that conducts training programs for all employees, including those on the shopfloor as well as those in the management.

KEY INITIATIVES

- Constructive engagement with employees
- Continued investment in capability building for current and future skills needs
- Fostering commitment to workplace integrity and adherence to rules and regulations
- Focus on employee health, safety and wellbeing
- Continued focus on building workplace agility

Our TTC formulates a comprehensive training need assessment matrix and consequently designs a detailed annual training calendar with the objective of plugging technical and soft skills training need gaps, supported by both in-house as well overseas training partners and institutions. Further, to build a future-fit workforce, training plans and course structures are reviewed on an ongoing basis. Some of the key facets of our training programs include the following:

- Trainings are more focused towards practical hands-on skills building, supplemented by theoretical knowledge
- Through training, participants are being equipped with real shopfloor skill-sets required to run sophisticated machines optimally, while also enabling them to detect and address losses
- Participants are also being trained to handle breakdowns, thus enhancing overall productivity of the shopfloor
- Senior and experienced machine operators are roped in to facilitate trainings, which not only help enhance the spirit of participation and engagement between all employees, but also builds a 'learn do teach' culture that permeates throughout the organisation
- Trainers are also subject to a comprehensive self-evaluation process that helps them assess their technical capabilities in a transparent manner

With a view to evaluate the impact of our training programs, appraisal is conducted via written as well as practical assessments, with suitable course correction. The full training cycle concludes with intensive one-to-one feedback sessions organised to provide participants with a direct platform to identify and address deficiencies in a quicker and more efficient way. Further, not only trainees, but trainers also go through a self-evaluation process by filling up classroom step-up cards that help assess their technical competencies.

Building talent capabilities to drive performance

Embracing the new normal

At BAT Bangladesh, operating in a dynamic environment requires our employees to be adaptable, results-driven, self-motivated, decisive and responsive team players. All employees are provided with equal opportunities for development, advancement and promotion on merit and without any prejudice.

Though the year 2020 created major disruptions induced by the COVID-19 pandemic, we tapped into our deep resource capabilities with a view to ensure a “business-as-usual” approach. Despite the pandemic enforcing operational disruptions, we re-energised our focus towards ensuring continued talent development, doing so through both offline as well as online platforms. Some of the ways by which we re-oriented our training conduct in light of the new normal include the following:

- We increased the number of online sessions, thus ensuring contact less training without diluting the essence of the session
- We embraced a “de-densified” approach, re-designing classroom-based trainings with less participants, thus ensuring proper social distancing
- We ensured the provision of a safety toolkit across our classrooms, including hand sanitisers, masks

general browsing. GRID has not only democratised learning as our employees can access varied educational and training resources anytime and from anywhere, but also goes a long way in fostering a culture of self-learning and self-development.

Empowering new talent

We pride ourselves in having committed and engaged employees. A key contributor to employee engagement is training, clear role profiles and articulation of expected deliverables, and this commences right from the start, comprising orientation and hand-holding of our new employees.

To fast-track their familiarisation with our culture, values and business conduct, while also ensuring that they begin to contribute to the business as soon as possible, new employees are taken through multiple management onboarding programs, thus exposing them to both – the



Participants receiving Component Level Training, on the job training.

and even Perspex shields to reduce the risk of contamination, thus building confidence among participants too about the safety measures used

- We effected thorough sanitisation of all training tools before and after practical sessions to maintain proper hygiene

Further, with a view to ensure that all our employees could access our training content and resources via a centralised pool, we initiated ‘GRID’, comprising a cutting-edge learning management system launched in 2020. GRID caters to all the learning needs of our employees in a simple, yet highly effective manner by aggregating all content unified into an e-hub. It houses all types of content for functional and leadership learning, including in-house and third-party content as well as e-learning videos, articles and podcasts, while even facilitating

breadth of the organisation in terms of its departments and business units and also its depth with respect to its fields of manufacturing and operations.

After completing the stipulated probation period, new entrants are taken through a comprehensive onboarding program where they are coached on various commercial aspects, while also enabling them to grasp knowledge beyond their immediate work assignment. This provides them with inspiring insights on business needs, team deliverables and shared goals. Such a comprehensive and segmented training approach comprising operational, commercial and technical exposures are labelled “Uplift” and “Intensify,” with our new recruits becoming more confident individuals capable of finding their own feet at the workplace.



Inaugurating Self Directed Learning

During the year 2020, with a view to provide our new recruits with exposure simulated in the real world of business that went much beyond theoretical learning, we curated a personalised leadership program, “Leadership Quest”, where managers were coached by a reputed overseas consultant on people leadership skills. This program sought to develop people with a more empathetic and humanist approach to business.

Further, as part of our employee outreach efforts, we also offer a holistic 3-year apprenticeship program for talented new diploma graduates from various technical institutes from across the country. During their tenure, apprentices get the unique opportunity to experience a cutting-edge business environment, thus greatly boosting their on-job technical and soft-skills learning capacities, while also enabling us to nurture our talent pipeline.

BAT Bangladesh Apprenticeship Program, 2020

Maintaining a high-performance culture

Our human resources framework continues to be underpinned by the strategic theme of training and capacity development, while aiming to create an environment where fit-for- purpose human capital solutions have a global focus with localised relevancy. One of the core components that enable us to realise this aim is our Integrated Working System (IWS).

Rooted in the “learn-do-teach” approach, IWS is BAT Bangladesh’s capability-building strategy aimed at achieving and sustaining breakthrough business performance through the two keys facets of:

- 100% ownership
- Zero-loss mindset

A standardised process, a network of trained people resources and an effective rewards and recognition program for employees comprises the three key pieces that constitute IWS.

The concept of “component level training” has become an important outgrowth of IWS. Component level



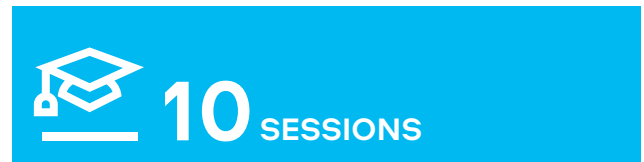
Welcome Speech by IWS Lead & Operations Skills Development Manager



Component Level Training Kick off @MAWTS Campus

training, launched in 2020, comprises a generic technical training initiative aimed at bringing to life the employee transformation journey – from a technician into an engineer. Under this vibrant training program, employees are coached on different types of basic components, like fasteners, drives, pneumatics, bearings and seals, etc. BAT Bangladesh, along with Prerona Foundation, designed the full training package, recruited highly qualified trainers and developed best-in-class training facilities to not only cater to captive needs, but also those of other industries, thus meeting their skill requirement objectives. Thus, BAT Bangladesh plays a meaningful role in supporting industry and the society at large by contributing to the development of a technically skilled and employable manpower base, also meeting the two broader national themes of industrialisation and employment generation.

Our component level training focus, 2020




Component Level Training@PRERONA CAMPUS

EMPLOYEE WELFARE INITIATIVES

We believe that our employees are the driving force behind our success, leaving lasting impressions through the connections they make. We therefore strive, at all times, to ensure that our people are engaged and aligned with our people-centric brand promise, and are deeply connected through our values. In this way, we deliver on our mission to create sustained value for all our stakeholders.


Mr. Mehedi Arif Mozzamel, Programme Manager Evolution & Change

PROVISION FOR NUTRITIOUS AND HYGIENIC FOOD



DEPUTATION OF A DOCTOR AND PHARMACIST ON COMPANY PREMISES AT ALL TIMES



75 MERITORIOUS CHILDREN WERE AWARDED WITH SCHOLARSHIPS TO PURSUE HIGHER EDUCATION

A happy team nurtures a winning workplace

As a Company that champions corporate practices in human resources, BAT Bangladesh is focused on ensuring employee welfare, contentment and safety through multifarious wellbeing programs. With around 1,500 people under direct employment and about 50,000 in indirect roles (farmers, distributors and local suppliers), BAT Bangladesh has created a strong reputation while fostering robust trust codes with its employees and other stakeholders.

Food and health services

- Ensuring proper nourishment and hygiene through food that is healthy and nutritious
- Organising campaigns on hygiene

- Deputation of a full-time doctor on-premises along with a well-qualified pharmacist
- Provision for a full-time ambulance for any emergency support
- Fully sponsored hospital tests and admission costs
- Prearrangement for regular health test services and medicines within the premises

Work with entertainment

With a view to help build engagement in the outdoors, BAT Bangladesh organises a day-long event under “Family Day”. Even during the challenging time of the pandemic,



Inauguration of Kids Carnival in the presence of Mr. Shehzad Munim (Managing Director, BAT Bangladesh), Mr. Saad Jashim (Head of HR, BAT Bangladesh), Mr. Charles Kyalo (Head of Operations, BAT Bangladesh)

on the occasion of Family Day, BAT Bangladesh organised an online programme for all employees, including their families, to maintain engagement through entertaining cultural programs hosted on a microsite. The organisation also continued with its practice of recognising the contribution of employees who completed their service tenure and retired from the Company.

BAT Bangladesh holds an Annual Picnic (Employee Line of Sight) as well, where employees can have a day off for their enjoyment and take part in myriad types of sports and indoor games. A business session is also held so that

employees have a better understanding regarding the future of the business and the organisation.

Further, “Kid’s Carnival”, a half-day event, was also organised online. All employees and their families could enjoy entertaining family-oriented programs telecast live from the microsite, thus ushering a new era of digital employee engagement. Moreover, Eid e-Milad-un Nabi and Annual Iftar during the month of Ramadan were also some of the annual celebrations observed in factory premises within the ambit of all health and safety measures.

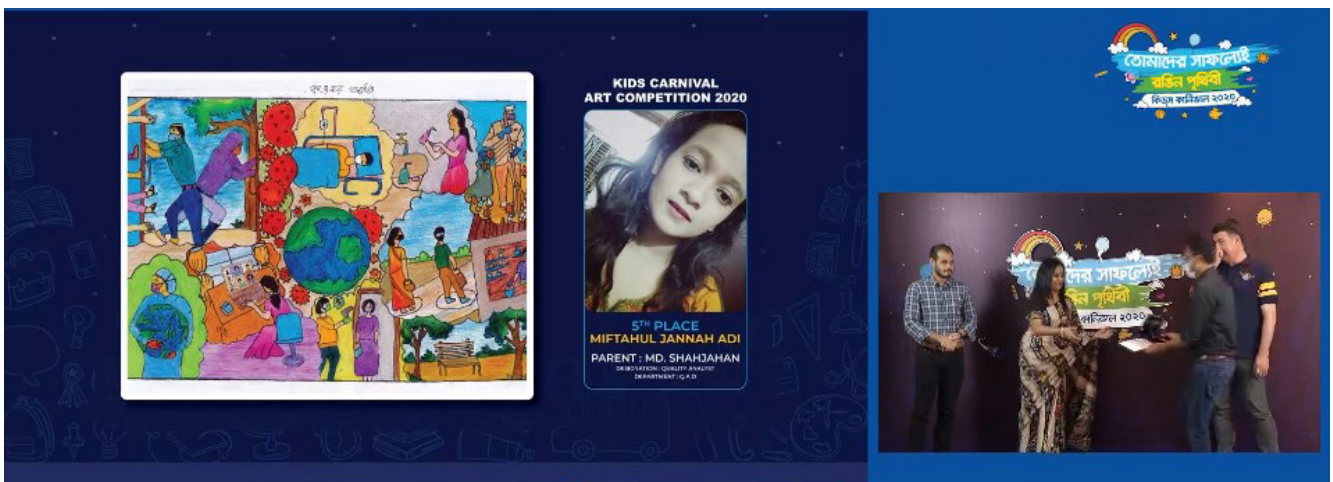


Education scholarship for supporting education as part of employee welfare

Supporting education

BAT Bangladesh supports the high education aspirations of the children of its employees. The Company offers scholarships to meritorious students who have demonstrated exemplary results in S.S.C/O and H.S.C/A exams. A total of 75 children were awarded

scholarships based on their outstanding results. This scholarship continues till their graduation to encourage them to continue with their education. We also encourage extra-curricular/sporting activities through ‘Shomridhhi’ awards. Two children were bestowed with the Shomridhhi award in 2020.



Kids Carnival : Online Award giving ceremony of the winner of art competition

BATTLE OF MINDS: REIMAGINED, REFRESHED, REJUVENATED

We believe that the key element of our success has always been our deep engagement with our stakeholders, and embedded within our shared vision is our aspiration to identify and enrich management talent. One of the most significant platforms to have emerged organically that enables the fulfillment of this vision is our highly successful Battle of Minds platform. Since its inception in the year 2004, our 17-year old homegrown passion project has given participants a unique ringside view of the real corporate world, thus preparing them well for the future.

Ms. Adrita Datta, Senior HR Business Partner – Operations



The show must go on!

Battle of Minds (BoM) has become synonymous as an elite business competition of Bangladesh. With participants and other stakeholders looking forward to associating with the prestigious event every year, we were energised by their eagerness and enthusiasm to continue with the 17th edition held in 2020, despite the disruptions on account of the COVID-19 pandemic.

Within the perimeter of limitations enforced by the safety and social distancing norms, we took up the challenge and the added responsibility to organise the event while being fully cognisant of the present-day reality. Yet, we were focused on providing an undiluted experience to our participants, simulating and recreating the offline experience virtually, thus creating a truly revolutionary playbook on the way business competitions are organised even in crisis situations. Interestingly, Battle of Minds 2020 came with a lot of firsts and one of the most promising

among these was how it was successfully conducted virtually for the first time in its 17 years of glorious history!

Reimagining tomorrow in the new normal

While staying true to the dynamism and vibrancy of the platform was a challenge well accepted, the underlying opportunity was enormous and exciting. Indeed, to accurately reflect the defining spirit of the prevalent times, the 2020 Battle of Minds (BoM) edition was themed: “Reimagine Tomorrow”. Thus, BoM 2020 will go down in history as a zeitgeist, echoing the essence of the state of the times today, while also providing young minds to explore the opportunities and risks in the brave new world of tomorrow.

Paradoxically, similar to the way the pandemic prescribed the “new way” of doing things, BoM 2020 also reimagined the underlying execution core of the platform, while also ensuring the delivery of the unparalleled experience that graduates have come to expect out of BoM, despite



The Winning Team of Battle of Minds (BoM) 2020 is seen here receiving trophy from the Managing Director of BAT Bangladesh Mr. Shehzad Munim. Head of HR Mr. Saad Jashim also presided over the event

the physical barriers putting restrictions on in-person meetings or gatherings. In fact, with a virtual platform firmly put into place, geographical barriers became blurred that also incidentally showcased the global “one-world” characteristics of BAT as a Group, while offering participants an authentic and real one-of-its-kind adrenaline-packed ride, indeed staying true to the theme of the edition.

Beginning of a new action-packed journey

Launch of an exclusive new website

BoM 2020 was seeded in a momentous occasion- the launch of its very own website, www.battleofminds.org that became the central e-hub for all network communications by housing AVs, photos and experiences of participants from previous editions, while also hosting the year's registrations and challenges.

Since the COVID-19 restrictions precluded any physical roadshows, the exact similar experience was simulated and amplified manifold through the endless corridors of the online world, enabling virtual interaction among 1,500+ students from over 20 universities around Bangladesh. Interestingly, a specialist virtual team hosted the roadshows that allowed potential participants to soak in the essence of the organisation from 100+ BAT managers from around the globe.

With a view to further amplify and enrich the online conversations and discussions, a dedicated “Alumni Connect” session was hosted on Facebook, connecting 6 alumni across 3 countries and 4 industries who spoke on the impact of Battle of Minds on their professional and personal lives. Further, partnering with SMEs helped to guide participants with video submission – case solving, industry insights from e-commerce, ride-sharing, skill-building, agriculture, etc.

Originating fresh leadership ideas and insights

As the next step, a “Leadership Symposium” was organised with representatives from a wide spectrum of stakeholders, including government, academia, youth development and corporate organisations forming a panel and thus representing a source of rich ideas and insights on shaping leaders for a better tomorrow. The symposium was hosted by Zunaed Rabbani, CEO, The Right Kind, with the panel comprising:

- **Prof. Dr. Farzana Islam**
Vice Chancellor, Jahangirnagar University
- **Mr. Mominur Rashid Amin**
Additional Secretary, Ministry of Education, Government of Bangladesh
- **Mr. Shehzad Munim**
Managing Director, BAT Bangladesh
- **Ms. Rumana Rahman**
Regional HR Director – Asia Pacific and the Middle East, BAT Group
- **Mr Osama Bin Noor**
Co-Founder, Youth Opportunities

A staggering 2,800+ registrations and a record-breaking 550+ video submissions were received, which speaks of the sheer passion the organising team demonstrated to keep up engagement levels even in trying circumstances. An overwhelming 4.9 mn people were reached through social media, which led to 103.5k engagements. One of the most extraordinary moments was when 150+ candidates were brought together on a unified platform to truly exhibit the spirit of the competition through its very first theme song.



Group photo of the Winner, 1st and 2nd runners-up of BoM along with, standing from the left Saad Jasim (Head of HR), Mr. Shehzad Munim (Managing Director), Mubina Asaf (Head of LEX), Golam Safwat Choudhury (Head of Brands & Strategy), Syed Mahbub Ali (Head of Trade & Planning)



Dr. AKM Abdul Monem Hon'ble Minister for Foreign Affairs joining digitally as chief guest at the BoM Finale



Mominur Rashid Amin , Additional Secretary, Ministry of Education delivering speech at the Leadership Symposium BoM

Shortlisting teams through engaging and stimulating virtual-real programs

Through the “Bootcamp”, the 300 shortlisted participants were invited to a day-long virtual bootcamp. As participants could not visit our office, the premises were virtually created where the boot-campers came together for team-building exercises and self-discovery sessions, all conducted virtually. Further, interactive sessions were facilitated with international managers to provide participants with a sense of direction and also insights into the endless possibilities that lay ahead in the new normal.

Thereafter, 30 semi-finalists, divided into 10 teams of 3 members each, were chosen based on assessments made during the bootcamp. These participants were then given challenging propositions to solve, including reimagining possibilities in Moringa commercialisation and bridging the skills gap amongst the marginalised communities of Bangladesh.

Thereon, 6 teams made it to the finals where they were asked to run a pilot for the solutions they had proposed in the semi-finals. The finalist teams embraced all the necessary safety precautions and went out in the real world to demonstrate the practicality and viability of their plans, truly impressing the judges with their bright thinking, persistent efforts and resolute spirit.

The crescendo – the grand finale

The Battle of Minds 2020 “Grand Finale” virtually connected with our Hon’ble Foreign Minister, who witnessed the extraordinary presentations from the finalists. The teams, catalysed by the confidence of how far they had reached, geared up for the finals and gave their final presentation before a panel of judges comprising:

- **Mr. Saad Jashim**
Head of Human Resources
- **Mr. Golam Safwat Choudhury**
Head of Head of Brands & Strategy
- **Ms. Mubina Asaf**
Head of Legal and External Affairs

In a year marking several extraordinary milestones for the Battle of Minds platform, one of the most fascinating differentiators comprised the fact that a composite team emerged victorious. This team comprised 3 talented individuals representing 3 different universities, which is the first in the history of Battle of Minds. This team, constituted by graduates from the Institute of Business Administration (IBA) - University of Dhaka, Bangladesh University of Engineering and Technology (BUET) and Independent University Bangladesh (IUB) individually passed rigorous assessment rounds before being grouped together as a team in the finals. Here, their idea pitch and pilot on audio-visual stood out and their remarkable perseverance and zeal were amply awarded when they were crowned as champions in the extraordinarily unique crescendo and culmination of Battle of Minds 2020.

In the face of adversity, Battle of Minds 2020 reimagined new possibilities that is a testament to how any kind of uncertainty can be embraced with open arms. In the exceptionally challenging year that 2020 was, the brand evolved by a quantum leap, especially considering the quality of the competition vying for developing relevant and sustainable modern-day solutions and the sheer agility and decisiveness displayed by the organising team in ensuring success, despite the odds stacked up against them.

But then this is what Battle of Minds is all about – come what may, the show must go on!

RETAIL SUPPLY CHAIN INITIATIVES DURING COVID-19

As part of our culture to extend institutional support to our stakeholders during challenging exigent times, especially those enforced by the COVID-19 pandemic, we brought forward several initiatives to help buoy our supply chain network.

Mr. Syed Mahbub Ali, Head of Trade & Planning



Thwarting supply chain disruptions

Bangladesh has a complex and dynamic retail environment of 1.2 mn+ outlets retailing cigarettes. BAT Bangladesh's distribution network directly reaches around 800k retail outlets through distributors who employ over 15,000 people. When the COVID19-induced Government lockdowns commenced from March 2020 onwards, less than 10% of our retail outlets could be served through our regular network and, as a result, the Company faced major potential disruptions in its route-to-market supply chain.

Taking sensitive, timely and action-oriented initiatives

To ensure business continuity and also circumvent any distress amongst our retail supply chain network, which faced the adverse rise of livelihood stress amongst more than 4 million people (comprising field-force, retailers and their family members and third party agency business partners), BAT Bangladesh's Trade Team (trade marketing, distribution, sales, activation and planning) had to embrace significant operational transformation to ensure the health and economic well-being of everyone involved.



TK. 1.5 MN PER PERSON
INSURANCE POLICY EXTENDED TO ALL IN THE FIELD FORCE



TK. 220 MN
ECONOMIC STIMULUS PACKAGE CREATED FOR OUR DISTRIBUTORS



~20,000
FULFILMENT CENTRES ESTABLISHED TO ENSURE STOCK AVAILABILITY



82,000
RETAILERS OFFERED SAFETY/CARE KITS TO ALL IN THE FIELD FORCE



TK. 20 MN
DONATIONS MADE BY OUR DISTRIBUTORS AS COMMUNITY SUPPORT



00
HUMAN LOSS OR CASUALTY BECAUSE OF COVID-19

Some of the key actions triggered, segregated according to the major constituents of our value chain, include:

 PEOPLE

- BAT Bangladesh’s Trade Team from March 2020 onwards implemented significant health and safety measures in the workplace as per WHO guidelines, along with sufficient provisions for health and safety implements



- Insurance policy comprising total benefits of BDT 1.5mn/person was extended to all in the field force with special COVID-19 insurance coverage
- A 24/7 tele-doctor program “Amader Doctor” was introduced for all field force agents comprising free medical consultation
- Distributors and third-party resources who could operate from their homes with remote connectivity were migrated to work-from-home (WFH) practice

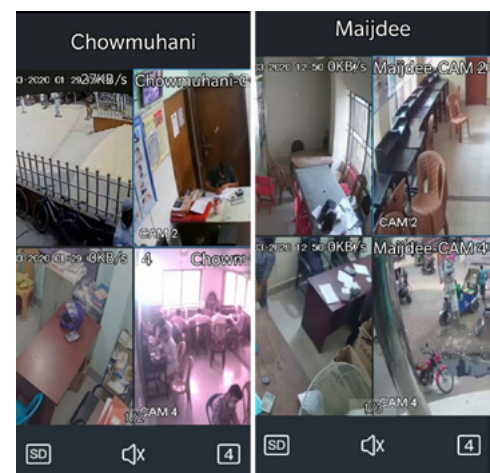


- One-month of extra salary was given as hardship allowance to each member of the field force to account for rising prices of necessities and also as support to any economic hardship within the family
- Distributors offered care packages to all employees along with dispensing basic necessities to vulnerable households



DISTRIBUTOR-PARTNERS

- A COVID-19 business operations guideline was formulated and shared amongst distributors by BAT Bangladesh's Trade Team right at the commencement of the lockdown for enabling them to maintain all safety precautions during seamless business conduct
- Virtual business tools were incorporated for better business control and safety
 - Field force briefings were done via video-conferencing
 - National distributor conference was held virtually
 - Mobile internet provisions were created for all in the field force
 - CCTV cameras were installed in distribution house premises
 - Attendance management was automated



- Economic stimulus package of BDT 220 mn was activated for all distributors to facilitate business sustainability during the challenging times and for maintaining regular salary payments to more than 15,000 agents in the field



RETAILER-PARTNERS

- BAT Bangladesh's Trade Team established a tele-sales center for taking telephonic orders and for maintaining stock deliveries with specialised route planning in the face of movement control restrictions
- Full operations of our tele-sales center was managed with workforce working from home through remote connectivity



- As many as 20,000 fulfillment centers were established pan-Bangladesh in partnership with top traders to ensure availability of stock to retailers who had to operate during irregular business hours



- Around 82,000 retailers were offered care packages to ensure health and safety
- COVID-19 safety and awareness information was supplied to around 800,000 retailers through posters and banners



SOCIETY

- BAT Bangladesh distributors engaged with law enforcement agencies and health officials for ensuring compliance with health guidelines and pledged support as a partner in governmental efforts in protecting communities



- BDT 20m+ was donated nationally by distributors as community support for various welfare efforts



- Disinfection was carried out in all localities proximate to business premises for community wellbeing



- Handwash facilities were established in bazaars with high people density



Key business impact

Network:

- Nationally, around 800,000 outlets were facilitated with direct/indirect stock services by BAT Bangladesh’s Trade Team with dynamic route planning and contingency fulfillment centers
- To the credit of BAT Bangladesh’s Trade Team, it achieved less than 2% of stock-out situation during the second and third quarters of 2020 (as per third party research), which is at similar levels as a non-pandemic regular business scenario

Exchequer:

- BAT Bangladesh achieved gross revenue of BDT 148 bn, out of which BDT 117 bn was deposited as government tax and excise in HY 2020, which is the highest-ever registered in the first six months of any year

People:

- Effective environment, health and safety management (EHS) practices ensured “zero” human loss due to COVID-19 across all 15,000 plus S&D field forces nationally, a considerable testament of our adherence to safety protocols and practices
- BAT Bangladesh’s Trade Team ensured employment retention of all distributors and other third party resources, along with business continuity for 800,000+ retailers, thus ensuring sustained livelihood for over 4 mn people

Process:

Multiple transformational processes were formulated by the Trade Team, which will be continued well beyond the pandemic. These include:

- Virtual work practices for management and on-field employees
- Salary disbursement through digital wallet
- Live sales management ecosystem
- Tele-sales and customer care center
- 24/7 virtual doctor support
- Insurance coverage for all the field force

CCTV and automated attendance processes



Even small cost savings are meaningful!

Our process re-engineering efforts were validated by the fact that we achieved zero net increase in trade marketing spends during the year 2020!

GLTP: DEMONSTRATING AGILITY DESPITE CONSTRAINTS

Our green leaf threshing plant (GLTP) commenced manual operations from 1965 onwards and became a part of the OEE (Overall Equipment Effectiveness) 90 club in 2018. Over the course of this momentous journey, several improvement initiatives took place to enhance the factory's production capacity and the OEE. Currently, our GLTP comprises two production lines that are capable to support even increasing demand. Our GLTP team works hard to ensure 100% tobacco processing of the right quality, delivered as per pre-committed timeline.



Working with precaution measure during COVID-19

Despite the COVID-19 pandemic in 2020, GLTP delivered outstanding results in terms of OEE, productivity, yield, and energy consumption. Prior to the start of the processing season, rigorous precautionary measures were implemented to ensure the highest levels of safety, including fully automated sanitisation tunnels at entrance gates, hand sanitiser booths across the factory floor and awareness sessions and signages to promote social distancing, etc.

One of the key focus areas at GLTP was the rolling-out of IWS in 2020, despite it being particularly challenging to conduct training sessions for shop floor employees within COVID-19 guidelines and protocols. Separate training spaces were pre-arranged to ensure training for smaller groups. Around 3,500 man-hours of training were conducted to enhance the capability of shop floor employees, even as nine IWS pillars were successfully rolled out.

In 2020, multiple improvement initiatives were successfully implemented at GLTP, which helped improve the overall factory performance. Furthermore, the team took several bold steps to cater to the new export opportunity.

With strengthening of IWS drumbeats, zero loss mindset and 100% people involvement being embedded into the system, the GLTP was able to deliver a record performance during the year despite the prevalence of the pandemic-related adversities and uncertainties.

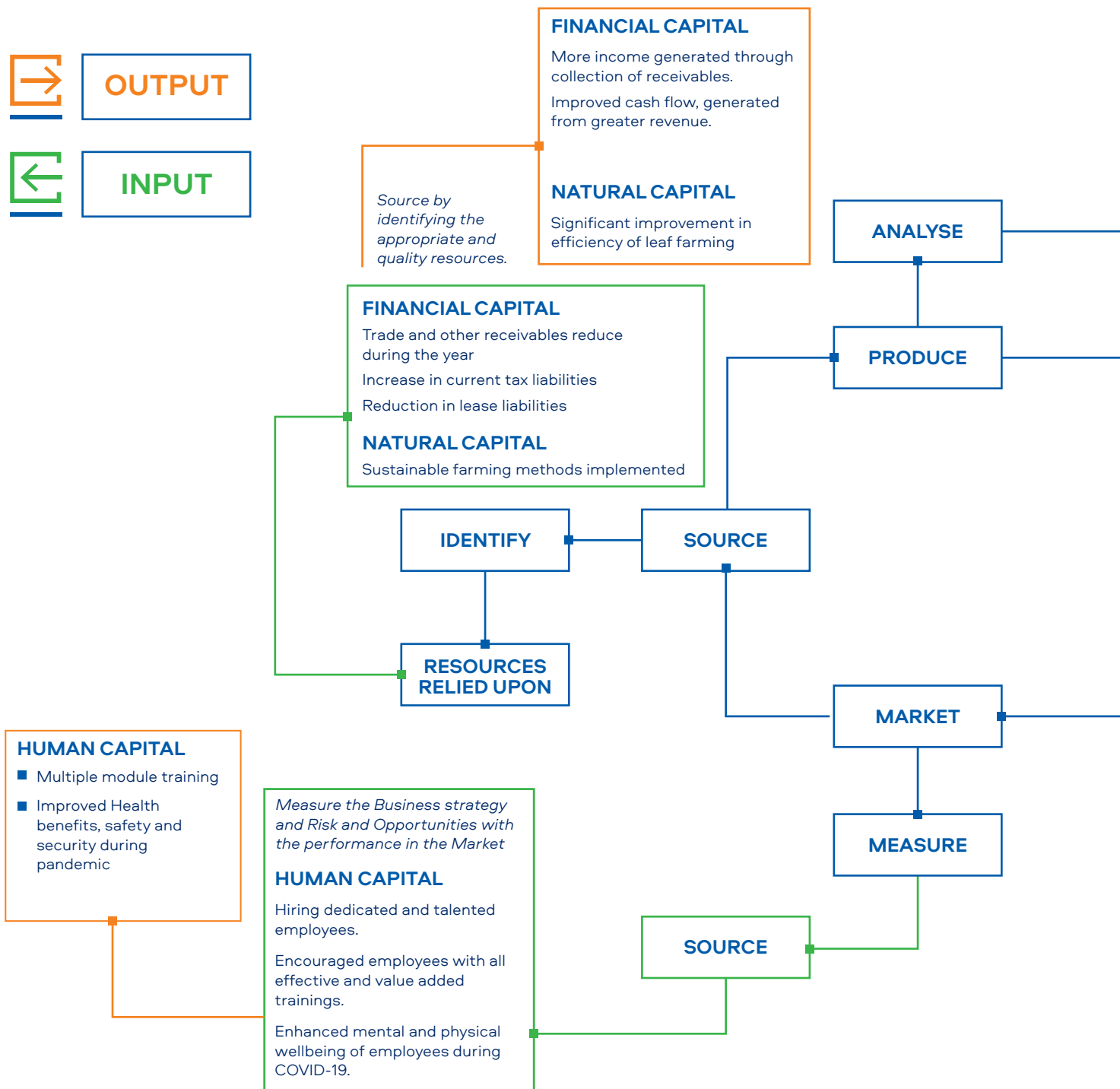


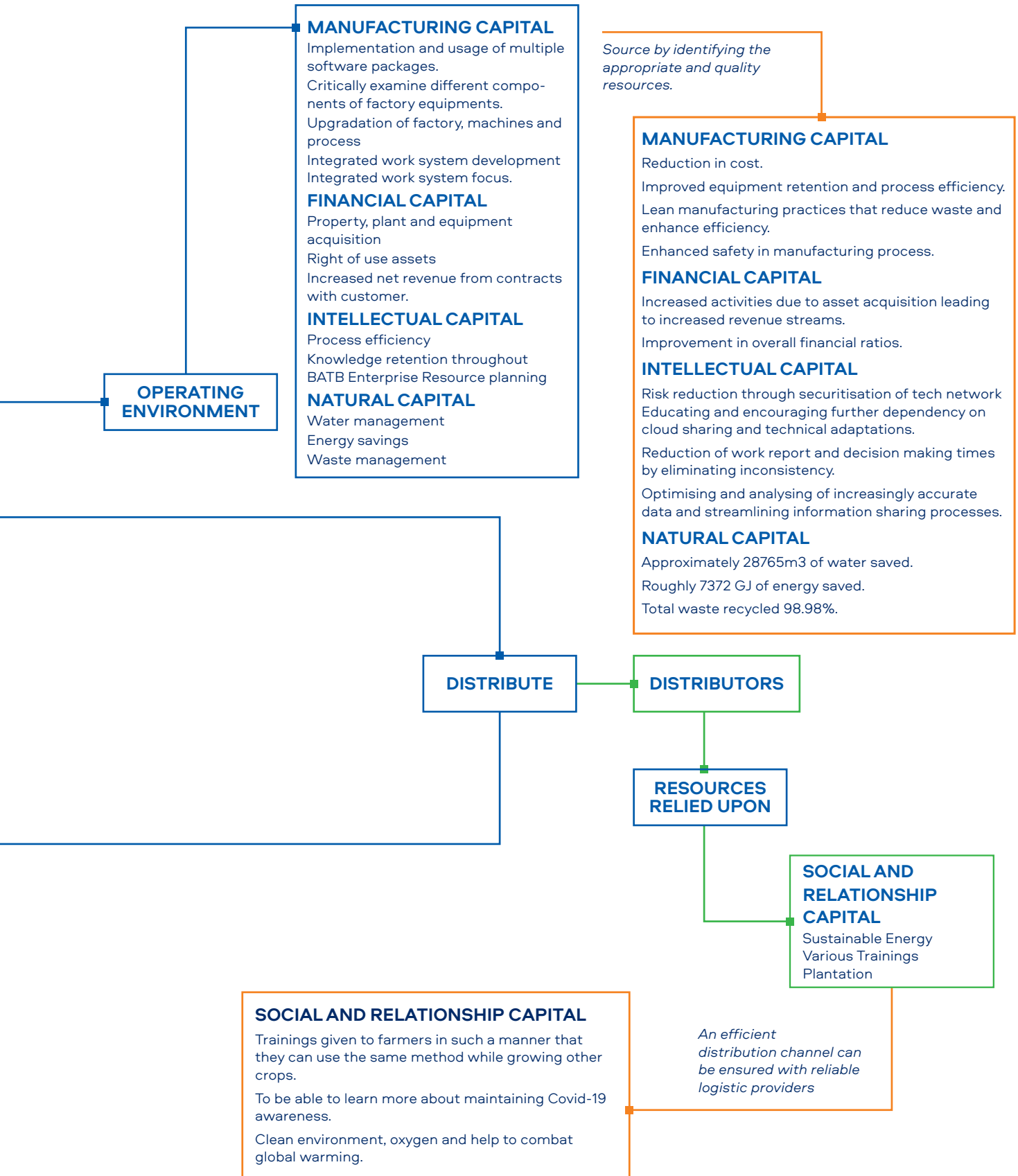
Working at GLT maintaining social distance



Plant Manager handing over Precaution kit to be handed to employees

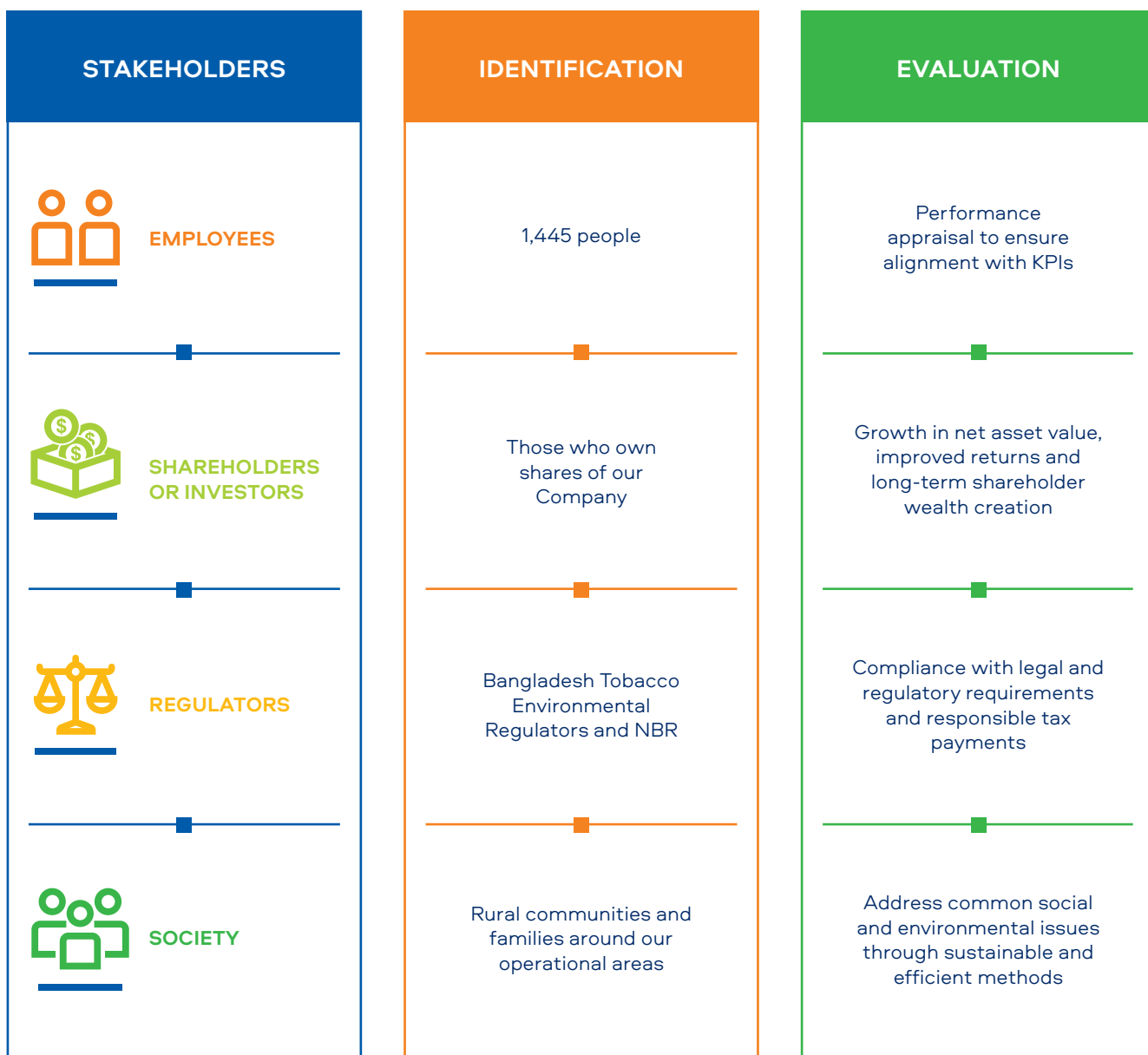
OUR VALUE CREATION PROCESS





STAKEHOLDER ENGAGEMENT FRAMEWORK

Through our stakeholder engagement, we have identified material issues and risks that could impact our stakeholders. These issues and risks were identified during our engagement with our stakeholders.



PLANNING AND DESIGN	IMPLEMENTATION	ENGAGEMENT	FREQUENCY OF ENGAGEMENT
<p>Employment creation, retention and development</p>	<p>Recruitment activities, functional and leadership training</p>	<p>Employees providing feedback and suggestions to the management</p>	<p>Continually as well as on need basis</p>
<p>Dividend and long-term thinking to take decisions that best impact shareholders and stakeholders</p>	<p>Ensuring the highest standards of governance in order to protect shareholder value creation</p>	<p>Annual Report and Annual General Meeting</p>	<p>Annually</p>
<p>Sustainable work environment and meaningful tax contributions</p>	<p>Providing necessary material information</p>	<p>Audit and regulatory meetings held to ensure compliance</p>	<p>Annually and on need basis</p>
<p>CSR activities, including sustainable tobacco farming and other applicable awareness creation</p>	<p>Deepto, Bonayan and Probaho programs initiated in order to create sustainable grassroots impact</p>	<p>Investing for a sustainable society through expanding access to best practices in agriculture</p>	<p>Multiple times throughout the year, as well as on demand</p>

HUMAN CAPITAL

Empowering our workforce is an important aspect of nurturing a high-performance culture, and we appreciate the importance of inspiring and allowing our people to become the best version they can be. Our people are our brand ambassadors, and the energy and enthusiasm they bring to every interaction with our stakeholders strengthens our brand reputation.

Saad Jashim, Head of Human Resources



Introductory Note

At BAT Bangladesh, our purpose is to create opportunities to rise, and this purpose is best manifested in our human resource policies.

We firmly believe that our people make a critical difference to our success, and our investment in them protects and strengthens our culture. With a focus on forging enduring relationships with our people as we enable them to build long-term careers with the Company, we remained resolute in the face of the COVID-19 pandemic by upholding the sanctity of the “social contract” that we share with our people. Thus, despite widespread furloughs and job losses witnessed elsewhere, we did not retrench a single employee. We also went a step further and ensured preservation of compensation structures. As a Company rooted in the country’s soil, the unprecedented COVID-19 period was a time to show sensitivity and solidarity with our people. We rose to this occasion in the belief that supporting our people today will enable us to win their support for tomorrow.

The pandemic also threw a number of health and safety challenges, especially amplified by stringent Government rules and guidelines enforced to ensure controlling the spread of the contagion. As a law-abiding Company and keeping the best interests of our people in mind, we provided them with a comprehensive set of safety equipment and information that provided assurance of their personal safety and also the safety of those around them, including their near and dear ones. In addition to standard PPE kits and sanitisation facilities, especially for those who served mission-critical tasks and had to visit office during the peak pandemic months, we also shifted employee engagement online, thus ensuring community support and also providing the assurance of being a part of a larger family. To layer this further, we also created provisions for round-the-clock medical consultation facilities, while also organising several virtual health and mental wellness sessions comprising yoga, etc.

The havoc wreaked by the pandemic affected job-seekers the most as companies chose to freeze hiring to counter the ill-effects of the pandemic. Yet, at BAT Bangladesh, we not only protected our existing employee pool, but also hired fresh recruits during the year, thus supporting the broader governmental agenda of employment creation, even in the most challenging of times.

Overview

At BAT Bangladesh, our motivated, committed, loyal and talented employees represent our principal asset. To rejuvenate our human capital, we consider talent development as a strategic approach in not only fostering sustainable business growth, but also in creating differentiation in a competitive market. Further, our holistic talent development initiatives advance our award-winning employer propositions, thus reinforcing our capacity to attract high-quality talent, which is in itself a key distinguishing factor. Further, attracting and retaining such talent is thanks to our robust human resource (HR) development strategy, which has been ratified by our Company emerging as the three times in a row and only ‘Top Employer’ of Bangladesh, as certified by the Top Employer Institute.

To assure long-term success, BAT Bangladesh engages in meritocratic and merit-based recruitment and selection, and offers best-in-class compensation packages, professional development and career progression plans and an inspiring and stimulating workplace environment that welcomes diversity of thought and perspectives, while encouraging free thinking.

At BAT Bangladesh, we believe that the commitment of our teams and the pride with which they associate with us ensure that they work in collaborative, harmonious and congruent ways in realising corporate goals and objectives. Notably, one of the key ways in which we cultivate commitment is through advancing communication and transparency amongst our workers from the grounds-up, while providing a multi-disciplinary environment that places emphasis on the virtuous

cycle of “think-do-act”. Further, our training programs take into cognisance such aspects as cooperation and collaboration, responsibility and ownership that together go far in promising improvements every single day.

Sustainable employment propositions



RAPID CAREER GROWTH



EXPANDED OPPORTUNITIES



REWARDING WORK CULTURE

BAT Bangladesh fosters a culture that places emphasis on rapid career growth, performance-driven results, alignment with integrity and ethics and a rewarding work culture. Our HR is committed to nurture our team of motivated and multi-talented employees who are treated with respect and receive opportunities on a much wider scale, both nationally and internationally, to realise their potential and professional aspirations. Truly, the organisation considers its human resources as the core of its business development plan and advances a favourable environment for ensuring continual improvement of both employer and employee propositions.

At BAT Bangladesh, we consider employee commitment to be an essential approach for guaranteeing that our colleagues work towards a shared vision in a cooperative and amicable way in accomplishing our well-defined outcomes.

Employee benefit propositions

Compensation and benefits:

BAT Bangladesh recognises the need for remuneration policies to be competitive, and these have been crafted to align with individual qualifications, skills, performance, contribution and responsibility, ensuring a tangible differentiating factor vs. other organisations with whom we compete for talent.

Comprehensive performance management program:

BAT Bangladesh has a comprehensive performance management system that determines employees' annual performance against business targets on an annual basis. Such a performance appraisal system is vital for the Company as it is a significant tool to identify performers and provide a chance for those not performing against their potential to demonstrate improvement.

Maternity policy:

BAT Bangladesh helps employees manage their family and work life balance during the exciting, yet demanding first-year of parenthood. Through the launch of our maternity policy, we are proud to extend our legacy of introducing revolutionary people-centric policies in Bangladesh, especially those catering to the needs of our talented women at work.

Our maternity policy enables working mothers at our Company to avail of six-months 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 additional months of unpaid and optional leave. Notably, these policies go beyond Bangladesh's labour laws. The benefits also extend to parents who adopt children (primary caregiver only), representing yet another milestone initiative demonstrating the progressive human resource policies of the Company in enabling all new mothers to pursue their ambition of remaining engaged in mission-critical roles in the business, while also providing adequate support to their families back home.

Rewards and recognition:

BAT Bangladesh has a well-structured rewards and recognition program that places special attention on employees' actions, efforts, conduct, behaviours and performance. Our performance appraisal process enables us to emphasise on the growth of our employees, as well as identify their learning and career development needs. Further, annual incentive schemes reward creditable short-term business outcomes and represent reward for teamwork and collective achievement of pre-defined objectives to which each individual has made a contribution.

1. HOUSE RENT ADVANCE POLICY

2. TOOL OF TRADE VEHICLE POLICY

3. CAR POLICY FOR SENIOR MANAGERS

4. RETIRALS POLICY

5. RECOGNITION POLICY

6. OUTSTATION ALLOWANCES

7. GROUP LIFE & ACCIDENTAL INSURANCE

8. MEDICAL BENEFITS

9. CANTEEN BENEFITS

10. DISPENSARY BENEFITS

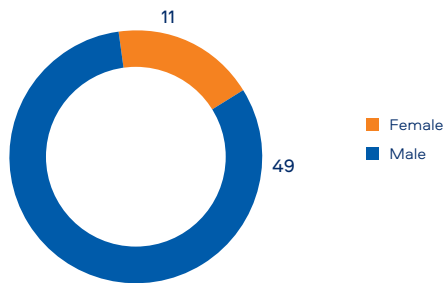
11. SHIFT ALLOWANCES

Succession Planning

Developing new talent – Our Global Graduate Program: BAT Bangladesh focuses on achieving progress by drawing from its captive talent pool. The intent is to create future leaders for the Company and hence the selected candidates are to step out of comfort zones to face the business challenges and carve themselves into a future leader. Further, BAT Bangladesh’s robust pipeline of talent and ability comprises those who have originated from the program and have advanced into senior-level positions both in Bangladesh and also across the BAT Group.

Since 2016, BAT Bangladesh has recruited a significant number of global graduates who are placed in various departments, including advertising, HR and finance. Global graduates are prepared through an intensive 18-month program, thus building their skills and capabilities to confront any future challenges and uncertainties with confidence and poise. Moreover, applying dynamic learning techniques, this program helps develop a pool of expert officials prepared to effectively make sustainable contributions to the Company.

New Recruits



Performance evaluated every 6 months

PROGRAM

Attracting and nurturing the best talent

BAT Bangladesh ensures considerable effort in building our resources to provide them with market-related abilities and to guarantee that we maintain our business proficiently and cost-adequately, keeping in mind our stakeholders’ interests. We believe our uniqueness and strengths originate from the emphasis it places on the quality of its people. Through numerous activities, projects and classes, the BAT Bangladesh’s primary objectives is to attract and employ the brightest and the best in the country. BAT Bangladesh has been able to create an outreach that extends to the brightest minds who have, over the years, stewarded our enterprise to achieve many remarkable milestones.

If we look back, it started with an initiative to explore the kind of talent that exists in Bangladesh has today blossomed into a well borne talent platform that engages the brightest minds in a competitive and amiable atmosphere, thus bringing out the best in them.



CAMPUS ENGAGEMENTS



XCEED CAMPUS AMBASSADOR



XCELERATE INTERNSHIP



GLOBAL GRADUATE



NEXTGEAR



PARENTS@BAT



ALUMNI REUNION



TRAINING

XCEED Campus Ambassador program

XCEED Campus Ambassador Program is a platform that facilitates engagement and progressive development of students from the top institutes of the country. The program is also rooted in maintaining ongoing relationships with universities who provide a talent hub for BAT Bangladesh, promising development and potential recruitment of youth who are primarily second and third year students. BAT Bangladesh started the year-long program from July 2019, and our first batch of ‘ambassadors’ include a diverse group of 16 individuals from 14 universities across Bangladesh.

XCEED ambassadors are not just engaged as talent brand ambassadors across their respective campuses, but also undergo various coaching sessions, comprising presentation and communication programs, interviews and resume writing, basics in MS Excel, etc., which further supports them in their skill development journey.

XCELERATE Internship Program

Our XCELERATE Internship program is a 3-month long internship platform through which we welcome young talented individuals into the organisation to give them exposure to practical and unique experiences of working in a dynamic multinational organisation. Through XCELERATE, we aim to nurture youth talent by providing them with exposure to diverse work environments, enabling them to gather precious experience and practical insights on a real-time basis.

Unfortunately, due to the onset of COVID-19, we were unable to conduct our regular activities. Yet, we gave our

best in remaining committed to this program by giving interns comprehensive technical assistance and access to data, with which they were able to complete their tasks and get exposure, even from home. We also provided ample training to our interns, while also acclimatising them to the culture of our organisation.

Global Graduate Program

Global Graduate Program is a program that provides an opportunity for young talents stepping into the Corporate world, to grow as future corporate leaders in a very short stint. An 18 month program that not only tests courage and confidence but also teaches application of dynamic strategies to overcome any challenges. Thus, this program helps in producing a pool of talented administrators to contribute to business goals.

The primary aim of this program is to help fast-track talent from within to leadership positions, thus strengthening the organisation’s leadership pipeline. Through this initiative, BAT Bangladesh has supported a robust talent pipeline amongst employees who joined through the program and have today progressed into senior and leadership-level positions within Bangladesh and across the BAT Group.

At BAT Bangladesh, we believe in developing talent from within. The organisation focuses on planning, drawn from its own talent pool. This intent is an encouragement to our co-workers to move out of their comfort zone and take up the challenge to eventually become a part of the Company’s future leadership team through our Global Graduate Program.

NextGear

The NextGear induction program is a week-long on-boarding program designed for new recruits joining the

BAT Bangladesh family. Through this initiative, we aim to provide new members an improved induction/orientation experience, while also assisting them to get a better grasp of BAT Bangladesh’s operations, also familiarising them with our rich legacy, our unique culture and our integrated business model.

With challenges related to the pandemic, during 2020, we were unable to on-board new recruits. Yet, we are confident that we will rapidly scale up the program once the situation eases towards greater normalcy.

Parents@BAT

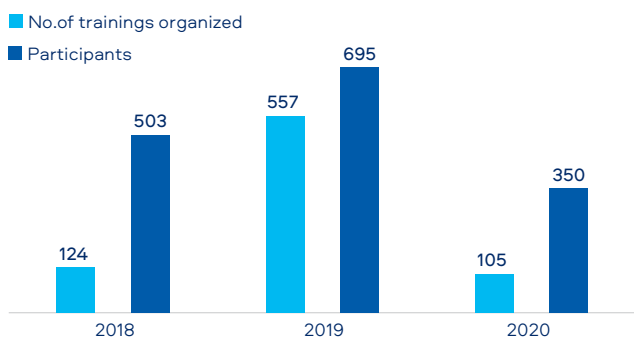
Parents@BAT is a landmark initiative launched in 2019 with the vision of revolutionising people practices across industries in Bangladesh, thus steering towards a new chapter of embracing corporate diversity for women to come forward and take up important positions of leadership.

To ensure safety during the pandemic, we shifted to virtual platforms, conducting online sessions for employees to remain connected and remain on the path to skills development. This emphasis resulted in improved time management and overall effectiveness of training, as we focused on transforming the content to suit an online audience. Since the sessions were digital, it was easier for us to have direct communication with all members, while also taking feedback for future improvements, etc.

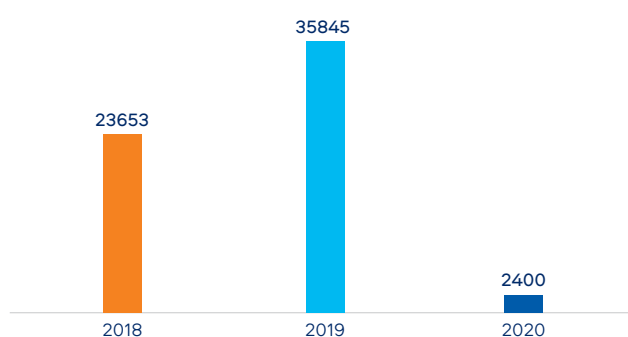
Shopfloor training was conducted at our well-equipped Technical Training Centre that advances the skills and abilities of our shopfloor staff. The training disseminates practical and hands-on insights as well via subject matter specialists and frontline experts, even roped in from overseas.



No. of Trainings Organised and Participants



Total Training Hours



TYPES OF TRAINING

- Functional
- Technical
- Leadership

MANAGERIAL SESSIONS CONDUCTED: 9

MANAGERIAL TRAINING HOURS: 79



TALENT EXPORTER FOR THE GROUP

- 2**
GLOBAL HR LEADERSHIP TEAM MEMBERS
- 2**
BRAND DIRECTORS
- 8**
SENIOR MANAGERS ON STA/LTA/L2L
- 29**
MANAGERS ON STA/LTA

Expatriates currently working at BAT Group companies in leadership roles

Host country	No. of expats	Departments
Turkey	1	Operations
German	1	Finance
Kenya	1	Operations

BAT Bangladesh talent pool currently working at BAT Group Companies

Host country	No. of expats
Denmark	1
Hong Kong	6
Japan	8
Malaysia	4
Indonesia	1
Korea	1
New Zealand	1
Papua New Guiena	2
Singapore	3
Solomon Island	1
The UK	12
Vietnam	1
Grand Total	41

Global footprint: Our talent in the global arena

At BAT Bangladesh, we are proud of our organisational culture that seeks to embrace best-in-class human resource development practices. Further, comprising a core part of our training and skills development initiatives, we have been able to successfully pass on our expertise and know-how to our human resources, with the result that they have emerged as specialists within their respective domains.

Transference of knowledge and sharing our insights freely with other worldwide BAT Group companies has become an intrinsic reflection of our culture and indicative of the quality of our resources, while also representing the fact that we have come a full cycle – from inviting international peers to now sharing our own unique best practices with group companies located all over the world. This has made our transformation near complete, as our global BAT Group peers are now making special requests for our talent to assist them in specific roles, tasks and objectives.

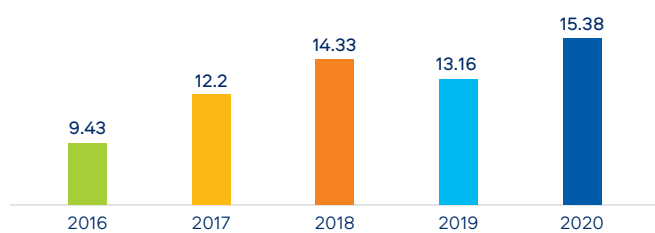
As a Company intent on achieving progress every day with a relentless emphasis on pursuing business excellence through global benchmarking, we also have four expatriates representing three nationalities working at our Company. Further, we understand that there is strong merit in exposing our people to global operational diversity, which enables them to inculcate both multidimensional insights and diversified experiences, which only contribute to their own progress and development.

Human Resource Accounting (HRA)

Category	No. of employees	%	Male	Female
Top management	8	1%	7	1
Senior employees	59	4%	52	7
Mid-level employees	192	13%	153	39
Junior employees	314	22%	269	45
Shop floor employees	872	60%	843	29
Total	1,445	100%	1324	121

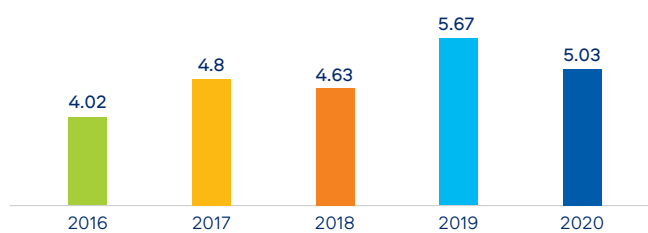
Operating Income per Employee

BDT in million



Operating Cost per Employee

BDT in million

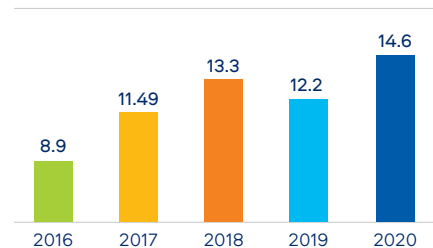
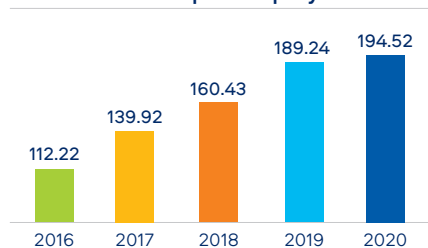
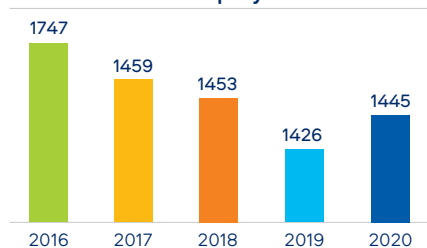


No. of full time employees

Gross Turnover per Employee

Profit Before Tax

BDT in million



Challenges	Resolutions
1. Focusing on performance- based training.	1. Providing necessary training in order to meet performance gaps.
2. Incorporating training activities that adhere to our values.	2. Developing a culture of continuous learning through knowledge-sharing, mentoring and coaching.
3. Implementing tech-based performance appraisal.	3. Investing in systems that enable continuous evaluation of employee performance.
4. Continuous advancement in technology and employees not being aligned with these changes.	4. Ensuring updated software, increasing automation and continually training users on functions and features of new technologies.
5. Guaranteeing wellbeing of all staff members.	5. Physical distancing has been key to our endeavours to curb the spread of the infection. Personal protective equipment, plexi-glass screens and other necessary resources were provided to staff for ensuring personal safety as well as safety of others.
6. To guarantee that we are remaining serious and to lead everything for all intents and purposes.	6. Keeping individuals protected and solid ought to be the essential goal for businesses returning to work during this wellbeing emergency, yet we will likewise be zeroing in on how they can keep a profitable, feasible labor force that permits them to remain serious.

Outlook

At BAT Bangladesh, we have planned to undertake several HR-centric initiatives in 2021 and over the medium-term. Some of these include the following:

- Identifying talent and nurturing it through role-based training and development and in alignment with the Company's values and objectives
- Implementing continuous appraisal systems that recognise employee performance and achievements
- Improving further on our gender diversity agenda
- Encouraging employee feedback, while also initiating a bottoms-up suggestion scheme
- Training employees to be more self-sufficient and more digital/tech savvy
- Introducing advanced technologies and providing training and motivation to employees to lean on digitally-enabled platforms to improve customer service and sustainability

MANUFACTURED CAPITAL

Our business structure and operational processes, including our physical and digital assets, infrastructure, our products, as well as our information technology (IT) platforms which provides the framework of how we create value is represented by our manufacturing capital. We focus on rejuvenation of this capital through our continuous improvement processes that enable us to secure high asset and resource uptime and utilisation.

Hasnain Ishtiaq, Head of Manufacturing



Overview

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. At BAT Bangladesh, we invest in various new ways of work for better effectiveness and integrated production control, which ensure continuous improvement in supply chain maturity, manufacturing excellence, cost efficient operation and people development.

Key highlight:

The year 2020 had been an exceptional year for BAT Bangladesh as it brought with it an ever-highest volume demand however with there was a turn of events when the global pandemic came into consideration. Initially it was quite uncertain as to how it would affect the market demand, as our production plans would have to be adjusted accordingly. Fortunately, the pandemic did not bring much change to the market scenario but caused existing plans to be restructured.

Meeting Market Demand

British American Tobacco Bangladesh is a fast-paced organisation that believes in serving the consumers with the best quality product. The year 2020 required manufacturing to produce a significantly larger production volume and BAT Bangladesh was fully prepared to cater to this market demand. However, the pandemic has caused lockdown and limiting external operations resulting in uncertainty in raw material sourcing as well and workforce movement.

In spite of such obstacles, we have obtained special permits, ensured complete safety, wellbeing, transportation, even accommodation for some of our employees and operated our factories. Furthermore, detailed plans to ensure material sourcing and finished goods distribution were made. We installed few machines, and many were upgraded to speed up and increase existing the production capacity. Some of the supply networks were optimised to ensure that our products reached all our end market at the right time. Thus, we managed to continue optimum production to meet the growing market demand.

Phase II Readiness

BAT Bangladesh is the biggest factory in the group to be certified as IWS Phase-1, which was awarded to us in the august presence of the Global Head of Manufacturing and Global IWS Manager in November 2019. Being 'Integrated Working System Phase-1' accredited, the main goal of operations was to embark on the journey of the 'Integrated Working System Phase-2' and deliver the ever-changing demands and needs arising from consumers. Journey towards Phase 2 is an integral part of long-term capability building strategy set by Operations Leadership Team to sustainably fulfil business need.

IWS pillars has ensured robust operational harmony, while promoting a culture of servant leadership, employee ownership and learn-do-teach methodology, where all employees work collaboratively on loss identification, prioritisation and loss elimination through effective decision-making and ownership. Our success in IWS was most visible in our ability to achieve higher OEE (overall equipment effectiveness, a measure of machine efficiency) and improvement in MTBF (mean time between failure) within a span of only four years, which eventually led to the esteemed status of 'IWS Phase-1 Factory' of the BAT group.

This continuity in phases of IWS requires new skill development, upgradation of machineries and new process incorporation. Accordingly we have structured plans and implementation process to continue our journey through Phase II. Currently we are carrying out component level training, process training and technical training to achieve Phase II within the designated timeframe.

The ten pillars of IWS are:

- Leadership (LDR)
- Organisation (ORG)
- Education and training (E&T)
- Loss Elimination (LE)
- Autonomous Maintenance (AM)
- Progressive Maintenance (PM)
- Quality (Q)
- Environment Health and Safety (EHS)
- Supply Network (SN)
- Initiative Management (IM)



Integrated working system drives zero loss mindset through 100 % people ownership. This philosophy is driven and governed by the above 10 pillar which has increased the factory efficiency and reduced stops in machines. IWS is a major cultural milestone for BAT Bangladesh considering the country's socio-economic context and have given the shop floor employees aspiration to dream bigger.

Development Programs

BAT Bangladesh believes in the assurance of skill and workforce utilization. Hence, we are always on effort to enrich the skills of our workforce through trainings and other means. BAT Bangladesh has in place a dedicated training centre where various trainings are conducted.

Trainings are hosted by in house specialists as well as external trainers. Shopfloor employees are given technical trainings on regular basis leading to improved skillset overtime.

Human

Our Technical Training Center (TTC) specialises in technical capacity-building for individuals directly associated with our manufacturing shopfloor. OEM Technical Training, organised by in-house subject matter experts and trainers jointly partner with our HR and leadership team to conduct quality and EH&S trainings, including soft-skills training, to promote a high-performance culture with a mindset of achieving constant improvement.

TTC has reviewed the traditional training system by redesigning it into task-based technical training approach, encapsulated in 'EVERYDAY T-TRAINING'. The redesigned training mechanism focuses on task-based and time-bound technical upskilling that is designed for every task on the shopfloor. EVERYDAY T- TRAINING is being conducted on the respective technology component through a batch of 5 trainees undergoing training on a daily basis.

One of the other core requirements of IWS Phase-2 is that employees need to be provided with "component level " training. Thus, with a view to make progress in this realm, small batches of skilled employees were selected and provided with training through external experts. Aimed at transforming an operator into an engineer, this generic mode of technical training was added to our catalogue with the objective of accelerating manpower upskilling and development. Under the training program, employees were coached on various types of fasteners cut-away model designing, fabrication of damaged fasteners etc.

Machinery

Throughout the year under multiple projects, various machines were installed and systems have been upgraded to enhance the overall manufacturing infrastructure. Among them, noteworthy upgrades consist installing humidity control system and central gluing system. Humidity control systems have enable improved control of the overall internal environment for ensuring consistent quality in finished products. Central gluing system on the other hand ensures automatic gluing to products reducing human intervention. Further, this initiative resulted in faster and efficient production. Additionally, online MV UPS systems have been installed which would safeguard the machines from sudden power cuts and disruptions which would ensure good health and longevity of machineries.

Safety & Security

To encourage the workers and employees it is essential to protect the well-being of one another, multiple safety initiatives have been carried out in the effort to assure that overall operations and business processes are safe and productive.

BAT Bangladesh has consistently been aware of the safety and security and it was the top priority. Despite COVID-19 a lot of changes and new setup were introduced. Such initiatives led to automation and improved precautionary steps.

Appropriate security systems play a core role in safeguarding assets of the factory and warehouse. Consequently, DF security systems have been installed and overall security systems upgraded. This ensured preventive measures, created to circumvent any hazards resulting out of emergency situations inside the factory and warehouse.

Fire hazards pose severe threat to warehouse and manufacturing plant. An upgradation and expansion of fire-fighting system was carried out with state of the art equipment and preventive measures within the warehouse. This has resulted in improved firefighting capabilities in the event of any untoward incidents. Additionally, we also have had upgraded the fire suppression systems to enhance our preparedness in the face of emergencies by enabling quicker and safer evacuations in our transformer room.

Market Expansion in Export Segment

The year 2020 witnessed a major achievement for BAT Bangladesh 's manufacturing team in terms of significant export volume achieved during the year, which entailed comprehensive capability-building initiatives to meet stringer export product quality norms.

In order to meet export quality criteria, machines were upgraded. Subsequently, structural changes were triggered on the factory floor to segregate export zone. A series of cleaning mechanism was initiated to strengthen the pest and hygiene management. A dedicated team was built to focus on the quality measures of export journey. In order to operate as a leading organisation exporting premium quality products, external benchmarking was carried out to ensure global standard implementation.

Adapting to the new normal

Considering the onset of the pandemic and the resultant lockdowns, the year 2020 advanced our digital strategy, anchored on upgrading our existing digital platforms.

Manufacturing team started to extensively use the GMES (global manufacturing execution system) IDT platform. This platform enables integration of manufacturing, quality and supply network processes, thus making the factory future-fit. Moreover it is aligned with global manufacturing strategy of "one virtual global factory" creating opportunity for regional and global benchmarking, comparison and analysis. GMES will enable real time tracking of material and product quality, which will strengthen PI&T improve OEE and reduce wastages. Consequently, process efficiency gains will also be accrued, in addition to realizing better administrative efficiencies.

As employee wellbeing and safety is the top priority, we reduced physical presence of personnel within the office and maintained social distancing measures. This did not

create any negative impact on the work as the employees were provided with laptops to seamlessly work from home. Utilization of online platforms like Microsoft Teams and Microsoft Dynamics 365 Remote Assist ensured extensive connectivity between local and global teams.

Microsoft Teams was used for trainings, meetings, workshops and file-sharing. With curbs on travel, machine-related expert consultations were done via Dynamic 365, an especially designed platform where experts could view a technician’s real-time machinery details. Additionally, there are options to use annotations and add respective objects to the video session. In this method the technicians can be guided in a near life-like environment.

Moving on to events and programs during the pandemic, real-time platforms were also used to host employee engagement sessions, like Annual Kid’s Carnival, Family Day, etc.

Challenges and Resolutions

Challenges	Resolutions
Achieve a step-change in stable running of machines (MTBF) and retain factory OEE/ efficiency improvement	People’s capability enhancement in terms of both technical and processes have been improved to achieve further rise in MTBF and in OEE performance.
Achieve uninterrupted volume demand during Covid19 crisis	The team has worked on in-process measures and also set examples for other end markets to follow. Prepare strategic route plan for distribution and implement accordingly
Create a presence in the new generation market as well as export market	Different project initiatives have been carried out to add new machines and enhance capability to bring agility into the system.
Insurance requirements and maintenance	Ensuring effective insurance policies aligned with the Group’s insurance policies that cover necessary requirements.
Safeguarding assets	Constantly monitoring asset performance and identifying and addressing crucial shortcomings, if any. Even though OEM support physically was unavailable due to travel restrictions, in house experts have been guided virtually to conduct maintenance
Difficulties arose when employees were unable work at office due to Corona virus pandemic	No employees were marked as absent, regardless of whether they don’t come to work and will be paid full salary. Employees were provided with “Care Packages” for employee wellbeing
Providing medical care during pandemic to guarantee safety security	BAT BANGLADESH collaborated with PRAAVA health to provide a dedicated 24X7 hotline medical service for all the employees both shop floor and management.

Outlook

- Maintaining hygienic workplace environment for all our workers through revamp, renovation and modernisation to avoid any uncertainties due to pandemic
- Further improving warehouse and manufacturing floor layouts to reduce damage and breakdown of vehicles and equipment within the facilities
- Staying up to date with insurance coverage across BAT Bangladesh manufacturing plants in order to mitigate losses during any unforeseen circumstances

Capacity Enhancement

Vertical expansion at our Dhaka factory and external warehouses has helped to alleviate demand pressures in our warehouses through network optimisations, a game-changer strategy that enables cash release and cost reduction. Thus, redesigning the overall supply network has brought forth both efficiency and simplification by increasing capacity of our FG (finished goods) warehouse by 40% and material goods by as much as 50%.

Investing in eco-friendly workspace and policies

We have embraced initiatives to make our plant, warehouses and offices more eco-friendly and reduce our carbon footprint with the purpose of reaching our sustainability goals. Towards this extent, we invest in energy-efficiency measures, while also raising awareness about good environmental practices.

INTELLECTUAL CAPITAL

Though we understand that it's important to have a meticulous business strategy, yet, agile and resilient execution of that strategy is even more important. We do so via leveraging and consistently challenging our intellectual capital which enables us to remain aligned with the changing times and ensuring that we have the technology, systems and processes in place to create the foundations for growth sustainment.

SK Haisbul Karim, Head of Services, Information & Digital Technology



Overview

In a competitive market, intellectual capital is a decided advantage. Accordingly, at BAT Bangladesh, we are cultivating a culture of thoughtful employees – people who are able to understand the local and global operating context and enable the development of innovative processes and solutions. This constitutes the core of our Intellectual Capital.

One of the key facets of our intellectual capital comprises our longstanding business experience and insights that not only enable us to take advantage of short-term opportunities but also allow us to secure our long-term prospects. This feature guides our capital allocation strategies, facilitating us to channel resources into areas that either help us reinforce our competitive advantages, like asset modernisation, or enable us to meet the key expectations of our stakeholders, like community and sustainability investments or value in the hands of shareowners.

Further, our robust Intellectual Capital pool also reinforces our capacities in product development that allows us to meet the evolving choice of consumers, while also enabling us to reach out to consumers via various channels, including both physical retail and digital.

Notably, our Intellectual Capital has enabled us to remain agile, flexible and responsive to adapt in a changing

environment, while remaining committed to our long-term value creation plans.

Broadly, our Intellectual Capital comprises such key competitive advantages as our IDT assets, production techniques, product copyrights and various licenses that secure our right to operate as a legally-established business in Bangladesh. This capital is primarily stewarded by our legal and external affairs, marketing, operations, IDT and digital technology teams.

How do we do it

We continuously focus on upgrading/modernising our technology to mitigate vulnerabilities and protect our intellectual property.

We constantly engage in simplifying and enhancing our internal processes through advanced automation and technology. This also helps foster a fit-for-purpose, efficient and digitally savvy workforce.

With our customers and consumers at the heart of our business, we continuously focus on understanding shifts and preferences of the market. In this context, our digital marketing focus remains a key component that helps us secure our long-term marketplace advantage. Thus, we are focusing on progressively transforming into a data and analytics-driven organisation, with simplification and efficiency at the core of all our endeavours.

KEY FOCUS AREAS OF IDT

01 SEAMLESS
Operation of the core

Automation (Lean application portfolio focusing on digital technology)

SIMPLIFICATION 02

03 DIGITAL
Marketing and Route to Market

Analytics to derive insights and generate foresights

DATA 04


05 RIGHT FIT
Organisation (Strategic, innovative and digital savvy)

Process Simplification and Efficiency


BAT Group's Information Digital Technology (IDT) is entrusted with the responsibility of identifying efficiency improvement scope across the business through fusing flexible frameworks, application bundles and continuously assessing opportunities for the same across the business. Our Technology Services and Solutions Delivery divisions remain the essential focal points of the IDT function to ensure smooth business operations, while enabling us to develop future-fit solutions via automation. Some of the key initiatives in this regard are indicated below:



GMES
Global Manufacturing Execution System enables acquiring control and precision in manufacturing through better waste management and higher efficiencies.



Modern BATLeaf
We achieved a breakthrough in terms of moving from on-prem servers to the cloud. 60+ on-site servers were removed and migrated to Azure cloud, resulting in flexibility in maintenance, accurate and real-time data, and higher mobility, thus gaining competitive advantage in Leaf processes.



Coupa
Coupa is a software system ushered in simplicity, transparency and speed in procurement processes.



Collaboration tools and infrastructure
MS Teams represented our primary virtual platform. 500+ users were enabled on this platform, along with dispensation for necessary equipment and internet connection.



DocuSign
DocuSign was piloted and introduced to replace paper-based signatures in internal processes to reduce paper consumption and even time and to bring secure remote approval mechanisms in place.

Seamless core and protection

BAT Bangladesh's IDT framework oversees risk-prone areas, like acquiring copyrights and brand name licenses, to circumvent any potential prosecutions. Further, information with regards to security and support of these frameworks are additionally assured by reputed third parties, which thus improves the IDT's foundations and creates a virtuous, fortified and self-sustaining cycle.

To further foster our Intellectual Capital, we embrace global benchmarking procedures, especially with regards to infrastructure maintenance and security, which includes and is not limited to:

1. Maintaining contemporariness of infrastructure—both hardware and software
2. Ensuring appropriate access controls through
 - a. Strong authentication mechanisms
 - b. Accessibility control via applications and data
 - c. Restricted use of removable media devices that thwart data theft and other malpractices
 - d. Analysis and reporting of suspicious/malicious activities
3. Antivirus and cybersecurity – Regular updates and testing
4. Service continuity/disaster recovery – Periodic testing and updates
5. Well-established end user support and service desk

Augmenting our Intellectual Capital

The IDT budget is broadly segregated into two components:

- Investment in projects which focus on business enablement through technology to yield process and cost efficiency and provide better end-user experience
- “Keeping the lights on”, which ensures that fundamental infrastructure is in place and basic requirements are operating seamlessly

In the year 2020, the split between capex (capital expenditure) and opex (operating cost) had been BDT 131.20 mn and BDT 393.59 mn, respectively. The trend of capex and opex has demonstrated a consistent increase, which reflects timely investments in technology upgradation and modernisation, a journey that should facilitates our progressive shift into a digital and data and analytics-driven Company.



GENERATE SAVINGS





INVEST IN RIGHT TECHNOLOGY

Review of the year 2020

With 2020 being a difficult year with focus on core business sustenance, while certain activities were fast-tracked, a few others were deferred and will be considered in 2021 and beyond. Hence, in this regard, the emphasis was placed on core supply chain, i.e. production to shipment and sales. IDT supported and enabled these activities with on-site/off-site support, introduced remote working or work from home (WFH) capabilities for the entire organisation by providing laptops to all key users, thus enhancing their mobility, while also introducing collaborative tools and the necessary secure infrastructure.



GMES

Waste reduction, efficiency in manufacturing



MODERN BATLEAF

Smoother Leaf procurement practices



REMOTE WORKING DURING COVID-19

- MS Teams initiated as collaboration tool
- Gradual replacement of paper-based signing



CONDUCTED FIRST-EVER VIRTUAL AGM



NETWORK UPGRADATION

Moving forward into 2021 and beyond

At the core of BAT Bangladesh’s IDT methodology is the aspiration to foster change that will advance the Company’s digital strategies. So far, we have achieved sound progress in establishing the foundations and going forward, IDT will become an agile strategic business function in the organisation with robust digital capabilities. Key areas of focus will be:

KEY FOCUS AREAS INCLUDE

END USER

Experience enhancement across the organization with latest technology and cloud platform with reduced legacy and complex applications

EMBRACING

Agile way of working and prepare for data>insights>foresights

DELIVER

The quick wins with regards to simplification and automation with gradual transformation to a Data and Analytics driven organisation

NATURAL CAPITAL

Preserving the natural resources we rely on to operate our business smoothly is not just a responsible aim in environmental preservation and sustenance. To us, it is in fact an overarching business imperative. We strive to fulfil our stiff environmental goals and targets, and our overall objective is to ensure that our operations help protect and preserve the environment.

Sadia Zahin, EHS Manager



Overview

At BAT Bangladesh, we are deeply aware of our responsibilities and obligations to the environment. As a public-facing Company, we embrace society's expectations for greater transparency around climate change, expressed by initiatives such as reducing the environmental footprint of our operations and supply chain. We are driven by well-articulated targets that comprise a key component of our time-tested environment, health and safety (EH&S) management framework whose robustness has been tested and validated by recognised global standards, such as the ISO:14001. Notably, our nodal body for all EH&S-related matters is stewarded by our EH&S Steering Committee, which demonstrates our seriousness in this important sphere of business.

With a view to ensure that we remain focused on

balancing our pursuit for profit and sustainable value with our approach to do "more with less", we have enunciated key long-term targets that provide our organisation with a definitive pathway and target to realise our aspirations. These include the following:

- Achieve Carbon Neutrality by 2030
- Water Withdrawal to be reduced by 30% by 2025
- 40% Reduction of Landfill Waste by 2025

Further, our emphasis on sustainable electricity is manifest in the fact that we generate almost 170,000 kWh of solar power annually that not only meets a substantial part of our internal energy requirements, but also advances our long-term focus on offsetting conventional power fully with renewable electricity.

Our key environmental priorities



Water Management



BIO CHANNEL ACTIVITIES

Prior to the Bio Channel, which is used to trap bad odor, fresh water was utilised. However from 2019 onwards, we have begun to use re-used water from the ETP, subsequently reducing water loads. Also, for the cooling tower we utilise re-used water from the ETP.



VACUUM PUMP ACTIVITIES

Prior to the vacuum pump, water flood was depleted from the cooling towers. Today, vacuum pump activities enable utilisation of this water by channelising the depleted flood to the heater that reuses the water and dispatches it back to the cooling tower.



WASTEWATER TREATMENT

Wastewater from the kitchen, processes and washrooms is collected and treated through cutting-edge organic cycles inside the treatment plant that is equipped with biochips and films introduced in the bio-bed reactors. The treated water is reused in landscaping, street cleaning and a few other non-potable purposes.



ENERGY SAVINGS

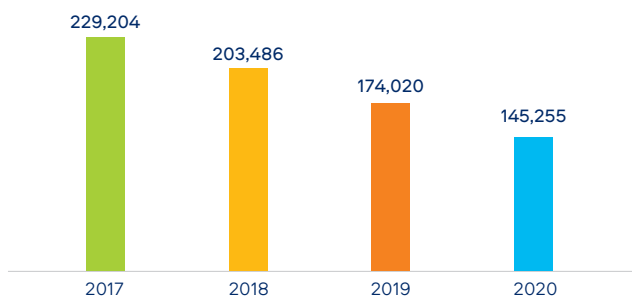
BAT Bangladesh’s energy savings pursuit comprises power, diesel and heater oil. Steps to reduce our energy consumption and reliance on petroleum products include shifting to sustainable energy wherever possible, deploying resources for energy-savings maximisation and modernising our vehicle fleet with new eco-friendly technologies.

Other key achievements accomplished so far:

- Installation of LED lights
- Upgradation of cooling units at branch offices to ensure ambient temperature settings
- Installation of energy-controlled devices to regulate energy use at branch offices
- Electrification through solar power panel installation

Total water withdrawn through boring used for Dhaka factory and GLT

Total Water Withdrawn in m3 from DF & GLT



Energy savings

Fostering an ‘energy-positive’ culture

In our mission to optimise energy consumption through concerted organisation-wide efforts in every way

possible, we believe that small initiatives always add up to big results. Thus, we foster a culture where turning-off the lights when not in use is an intrinsic part of our daily habits. Such an emphasis not only helps us save power, it also has a deeply positive bearing on the environment by contributing to reduced carbon emissions as well as saving of precious finite resources.

Harnessing the infinite power of the sun

At BAT Bangladesh, we are among a handful of companies in the BAT Group in South East Asia to have invested in solar power, walking the talk on renewable energy as a key approach to reversing the detrimental effects of climate change. Today, we are utilising annually 170,000kWh of solar powered energy annually generated from:

- i) Solar power plants
- ii) Solar plant on the filter rod department (FRD) rooftop

Installing state-of-the-art lighting systems

At BAT Bangladesh, we installed prismatic lights in the FG distribution center and on FRD roofs. These lights are not only more luminous and incandescent, but also contribute handsomely to energy savings, thus helping optimise our overall energy bill.

Deploying energy-efficient assets

We introduced magnetic bearing chillers, which have showcased several positive benefits, including higher energy-efficiency, lower noise pollution, zero gas consumption and greater heating effectiveness with no loss of refrigerants. Moreover, we also established energy-efficient IE4 engines rather than non-efficient engines across 38 different locations in our factory that facilitated sustainable power savings. Moreover, we also introduced various motion and occupancy sensors in meeting rooms and common rooms to ensure efficient use of power. Further, auto-sensing water taps were also

installed across washrooms at the head office with a view to ensure controlled use of water with no wastages.

Enhancing natural light ingress

At BAT Bangladesh, we have covered a significant surface of our walls by tempered/safety glass for enhancing daylight across our floors, thus offsetting artificial electricity use. Further, halogen and metal halide lights were introduced to assure optimised electrical use, while improving energy-efficiency across multiple locations.

Optimising paper consumption

At BAT Bangladesh, we have always believed that paper is a precious resource and its optimised use represents a key environmental priority. We have always believed that the intrinsic benefits of reducing paper use go well beyond just optimising printing. For this explicit reason, we have developed long-term strategies that we adopt for lowering paper consumption.

Optimising paper consumption



DUPLEX PRINTING RULE

Printing on both sides of each sheet of paper helps optimise both paper consumption and printing costs.



DEPLOYING SECURED PRINTING

HP access-controlled printing solutions make it simple to screen and control imaging and printing expenses, gather and track information by gadgets and encourage behavioural changes to optimise printing.



FOLLOW ME

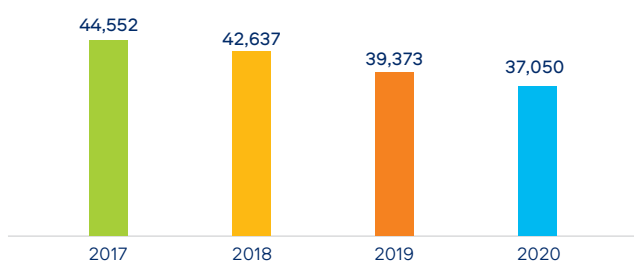
Through the unique "Follow Me" innovation, users go to assigned printers and swipe their ID card to get the print. Through this, undesirable printouts are avoided.



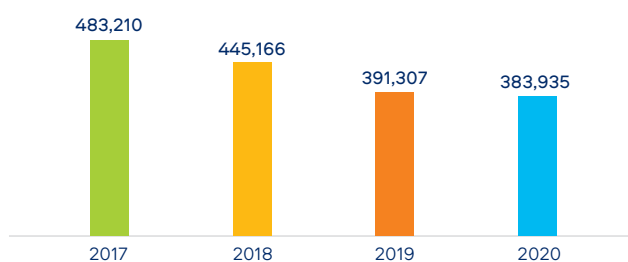
INFORMATION ON THE CLOUD

We save information on the cloud (One Drive and Google Drive), which makes information retrieval easily accessible from anywhere, while also optimising printing requirements.

CO2 emissions in tCO2e



Direct Energy Use Gj



Waste management

At BAT Bangladesh, our waste management capacities have been altogether reinforced and reinvigorated by our Sustainable Tobacco Program (STP), which envisages a holistic approach to best practices in waste through a twin-pronged objective: one, reduce in-process wastages and two, repurpose and reuse waste so that we are able to achieve our virtuous cycle of reduce-recycle-reuse. We have expressed key targets that will provide a material direction to our waste management initiatives.

As part of our emphasis on repurposing waste to not only extend its useful life, but also ensuring that we curb despoiling nature through ad-hoc landfill, we embrace the following recycling initiatives:

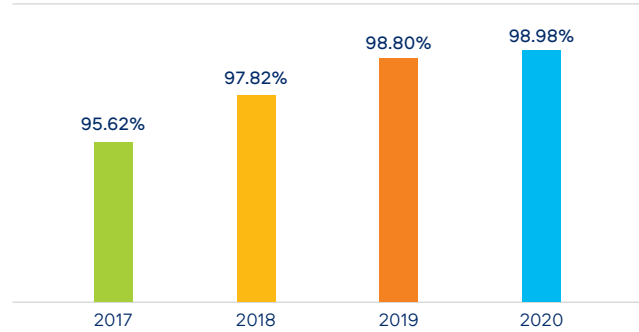
- Aluminum from segregating cigarette wrapping paper that is utilised for making utensils
- Filter tow waste changeover for use in sheet and pad materials
- General paper waste that is utilised for pulping and onward reuse
- Tow boards changeover to CBC (corrugated box carton) for multipurpose reuse
- Plastic ties changeover to mats, holders and shades
- Plastic center and drums utilised for pitch (tar pitch used in preparing road surfaces)

Materials/resources recycled at BAT Bangladesh

SL No.	List
1.	Aluminum foil
2.	All types of BOPP waste (cut pieces)
3.	Aluminum
4.	Bearing
5.	BOPP
6.	Brass
7.	Broken glass
8.	CBC carton
9.	Calando drum (plastic)
10.	Cig. paper plastic core/cap
11.	Cl. cut piece – E.g., foil
12.	Copper
13.	Damaged tobacco
14.	Empty steel drum (used loop)
15.	Empty triacetin (steel)
16.	Hard polythene
17.	Iron
18.	Iron spare parts
19.	Kerosene wood

SL No.	List
20.	National steel adhesive drum (big)
21.	Paper core
22.	Paper pipe
23.	Plastic drum national (big)
24.	Plastic jerry can (big/small)
25.	Plastic leaf strapping
26.	Plastic pallet
27.	Plastic strapping
28.	Plastic toe strapping
29.	Plastic tray
30.	Plastic washer
31.	Plywood
32.	Polythene
33.	Poster paper
34.	Rejected diesel
35.	Rejected lubricant oil
36.	Scrap wood
37.	SD board
38.	Tear of ribbon carton
39.	Tobacco waste carton
40.	Tow board (4 pc set)
41.	Tube-lights
42.	Used loop
43.	Wastepaper
44.	Waste plastic hot (poor condition)
45.	Waste plastic hot (good condition)
46.	White cust piece board
47.	Wood frame palate
48.	Briquette paper
49.	HT & LT cable
50.	Other scrap as per lot

Waste Recycling Ratio



PLANNED INVESTMENTS, 2021

- Reverse osmosis plant post ETP for improving water recycling and progressively achieving zero water discharge
- “Project Helios” initiated for renewable energy installation
- ELESOL- electrical harmonic reduction, which helps save energy through reducing harmonic electricity
- Vermi-compost for achieving zero waste to landfill
- Eliminating frequent use single use plastic (pet bottles, plastic cups, etc.)

Challenges	Resolutions
Government administrative impact	Aligning to Government guidelines and regulations, while upholding our environmental obligations in all circumstances
Influence on use of sustainable electricity	Establishment of solar power panels and expanding reliance on environmental-friendly electricity
Impact of waste creation	Lowering and even extensively reusing waste for multipurpose use
Influence on use of sustainable power	Establishment of sun based controlled energy and expanding dependence on environmentally friendly power
Impact of waste creation	Lessening and reusing waste to be used to meet various purposes
Ensuring everything went according to year plan.	Regardless of Corona virus we, BAT Bangladesh were able to ensure that all our employees, field workers, etc . were safe and took prompt measures required to meet the Company needs.

Outlook

Our focus on further enhancing our environmental sustainability and ecological preservation will include the following:

1. **Zero waste to landfill:** We expect to accomplish this aim through vermi-composting. We will commence with the creation of regular compost through kitchen waste and waste tobacco.
2. **Zero release of water:** We intend to completely eliminate waste water released from our factory and depend fully on recharged/reused water for regular use.
3. **Sustainable charge:** Two solar electricity assets were introduced in the year 2020 that will generate 250 kW (DF) and 1,750 kW (BD= DF+GLT) of power. Similarly, we plan to add additional solar power plants in 2021 to enhance sustainable power generation.

SOCIAL CAPITAL

We recognise that a socio-economic context defined by fundamental challenges confronting a large section of the population is an opportunity for transformation via institutional support. We hence seek to engage positively and have a meaningful impact on our social landscape. Through informed and well-planned initiatives that create enduring benefits for our stakeholders, we see our social and relationship capital as the link between BAT Bangladesh and the broader society.

Sheikh Shabab Ahmed, Head of External Affairs



Overview

Conducting our business in an ethical and responsible manner

At BAT Bangladesh, our responsible corporate citizen philosophy encapsulates our inherent approach to conducting business ethically, with integrity and with commercial wisdom that strives to enhance the economic and social well-being of all our stakeholders, including those in communities and the broader society. Further, led by an effective Board and long-serving, experienced executives, we operate on an established foundation of robust corporate governance. During the year under review, we organised a wide range of structured and spontaneous engagements with our broad stakeholder base, the latter especially as a response to evolving circumstances, including the onset of the pandemic.

We promote a culture of openness and transparency throughout the Company and, as such, employees and other stakeholders are encouraged to report unethical conduct and other transgressions which they may become aware of. Thus, we embrace an inclusive citizenship approach through forging enduring relationships with our stakeholders rooted in the pillars of transparency and effective communication.

Over our 110-year journey, we understand that there are inseparable linkages between our sustainable growth, our relationships with our key stakeholders and our contribution to society in the broader context. We are

of the firm opinion that being a responsible corporate citizen is more than a compliance requirement. It represents a fundamental objective and the way we do business. Hence, as a part of this belief and philosophy, we contribute to our social and relationship capital through a number of high-impact programs and initiatives that contribute to the overarching megatrends of women empowerment; employment creation; health, hygiene and cleanliness; and sustainable electrification. We believe that these are fundamental to the profile of Bangladesh as one of the world's fastest developing economies with well-articulated aspirations.

As a Company that is rooted in advancing and fostering community prosperity, BAT Bangladesh provides livelihood opportunity to around 1.35 million families that are directly or indirectly a part of the large and expansive supply chain across of the country. When considering this large number of people, it is interesting to note that BAT Bangladesh's arch of influence extends to just under 1% of the country's population, which is an exemplary standard by any measure.

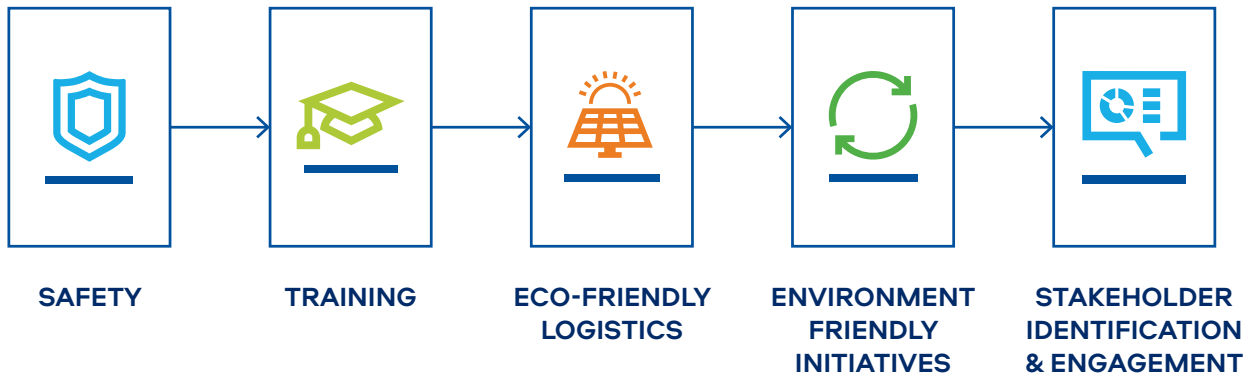
The unprecedented COVID-19 pandemic required an immediate response to the many challenges being experienced around the world, and the situation was no different in Bangladesh. In response to the emergency, we shifted our focus towards mobilisation, which was targeted to serve three purposes. One, to ensure the safety and wellbeing of our employees and those around us; two, to ensure the containment of the contagion;

and three, to ensure contribution to economic recovery and revitalisation by as much as possible. Thus, across a number of initiatives embraced around our operations, we assisted in providing much needed relief in terms of food parcels and hygiene/safety products to vulnerable communities and also made large donations to satiate the massive demand for PPE (personal protective equipment) tools to front-line healthcare workers and responders. Moreover, as a robust employee-facing measure, BAT Bangladesh also ensured retention of all existing employees. This generated enormous goodwill whose benefits will accrue in the forthcoming years.

As a Company with robust farm linkages, BAT Bangladesh directly engages with around 33,000 farmers all around the country. In response to alleviate the pandemic-induced stress, the Company provided farmers with fair and favourable remuneration for their produce, despite the uncertainty. In addition, as a measure to provide extended support to our farm communities, BAT Bangladesh trained farmers to adopt and follow practices in sowing-reaping-harvesting of other crops, just the way they engage with the tobacco crop.

Core areas surrounding Social and Relationship Capital

SOCIAL RELATIONSHIP



Safety and training

Looking after the health and safety of our employees who have continued to work in the factory even during the peak of the pandemic has been one of the key priorities of our top leadership team. This emphasis dovetails into our EHS (Environment, Health and Safety) focus, which addresses an essential part of our safety and wellness culture that is anchored on promoting social and environmental well-being through employee awareness on holistic corporate safety.

Security is also a major component of safety, and we assured employment security through ensuring that not even a single job was lost in the Company despite the uncertainty around the pandemic. On the contrary, much against the prevalent trends, we increased salaries and even developed a special family package for health, safety and wellness, comprising of masks, sanitisers and all other

necessary equipment for enhanced protection against the virulence. On the other hand, we also organised several COVID-19 campaigns through which we empowered all field workers with best practices in personal safety. We also ensured early remedial action and circumvention of health deterioration among those afflicted by COVID through deputation of 24x7 online doctor services for all members of our field force, instituted by our marketing department.

Therefore, despite the hardships and privations unleashed by the pandemic, we ensured that none of our employees and business partners faced any sort of major problems by providing institutional support and the much-needed cushioning impact. Our preemptive, sweeping and sensitive measures ensured steady operations, full worker and employee safety, as well as continued contributions to the economy, which was in a virtual standstill during the four months or so of the lockdown.

Key highlights, 2020

 <p>NO JOBS WERE LOST</p>	 <p>24X7 ONLINE DOCTOR SERVICE</p>	 <p>COVID AWARENESS CAMPAIGN</p>
 <p>FAMILY PACKAGE</p>	 <p>SAFETY MEASURES</p>	 <p>ADDITIONAL REMUNERATION PAID TO FIELD FORCE</p>

Fostering a Responsible Environmental Impact

Eco-friendly logistics

BAT Bangladesh has achieved demonstrable environmental sustainability through its focus on green logistics that aim to ensure that our inward and outward transportation adheres to our green and environment-friendly distribution principles, thereby optimising fuel consumption and contributing to the minimisation of our corporate carbon footprint. Taking our robust green initiatives forward, the Company has also implemented such forward-looking practices as rainwater harvesting, bio-pest management through neem plantation, prismatic skylight glass installation for maximising daylight utilisation, etc.

Environment-compatible initiatives

BAT Bangladesh is dedicated to operate business within the purview of being environmentally-responsible and ecologically-sustainable. Thus, towards meeting this objective, we have embedded our environment-

compatible mandate into our operating framework, accepting that the adoption of green practices enhances our pursuit for commercial profit, while also enabling us to remain within the perimeter of our responsibility, thus sustaining our reputation amongst our stakeholders.

Creating an impact on the society

BAT Bangladesh's CSR universe

Since its inception, BAT Bangladesh has remained deeply engaged in various activities, supporting and contributing to the preservation and sustenance of the climate and precious resources, including energy, paper, water, etc. In this quest, the Company has a shared vision in terms of the dissemination of best practices that enables everyone within its ecosystem, including farmers and farm communities, to embrace and have a path towards being ecologically sensitive and aware. Further details of these initiatives are explained under the "ESG" section of this Annual Report.

Our activities enhance life and living standards

Given the three major components of energy, water and the environment, BAT Bangladesh has ushered in favourable changes to the climate and has also fostered a deep impact through which people can access clean drinking water and get to live in an environment that promises a better climate and clear air. Similarly, the Company's relentless efforts have ensured clean and sustainable electricity in areas that are inaccessible by the conventional grid. Access to electricity has helped improve lives in myriad of ways for people and communities.



Our activities contribute to basic grassroots sustenance:

Under our flagship Bonayan project, BAT Bangladesh has contributed to the strategic expansion of the green cover across the country through the planting of trees. Under Bonayan, trees have promised untold benefits, including commercial and a wide range of non-commercial purposes. Most notably, trees and the greenery act as a natural carbon sink that not only helps purify the air, but also keeps ambient temperatures cooler, thus having a very wide arch of positive influence.

Our activities ensure access to water and thus serve a fundamental right

Safe and easily accessible water is a basic right for everyone, whether it is for drinking or domestic purposes. At BAT Bangladesh, we have always believed that clean water supply and better administration of water access can have countless benefits amongst people, communities and even entire societies.

Our activities focus on sustainable energy consumption

Through generating and utilising sustainable energy, we are able to not only meet the present needs, but also ensure enough for the future. Throughout our operational cycle, our focus is to ensure that we produce more than

we consume, and all our efforts are directed to minimise waste as much as possible, while also repurposing it for extending its life and ensuring multi-use.

Outlook

At BAT Bangladesh, we are focused on achieving the following initiatives over the medium and long-term;

1. Continue to upgrade the rural community through the multiplier effects of sustained development.
2. Ensure opportunity creation among underprivileged rural networks through a sustainable pay pledge.
3. Encourage stronger worker engagement and participation for them to partake greater commercial benefits.
4. Further improve environment-friendly logistics through implementation of advanced machines with higher efficiencies and also via vehicle and fleet advancement strategies.
5. Extend investments in renewable resources for sustainable electrification and also ensure enhanced access to clean water across other challenging areas deprived of access to water.
6. Widen the range of plantations over the country and increase the number of beneficiaries to create a more dispersed positive impact on the society.

FINANCIAL CAPITAL

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. Further, 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.

Khaled Rahman, Corporate Finance Controller



At BAT Bangladesh, our financial capital comprises of our financial capabilities required to sustain and grow our operations. As an essential element of our financial capital strategies, we embrace long-term thinking and allocate capital optimally to maximise 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 2020, along with the preceding four years' information is presented below:

Income statement

BDT (crore)	2020	2019	2018	2017	2016
Gross turnover	28,108	26,985	23,312	20,414	16,563
Supplementary Duty, VAT & HDSC	22,079	21,303	17,848	15,218	12,188
Net turnover	6,029	5,682	5,464	5,196	4,375
Gross Profit	2,950	2,685	2,754	2,478	1,986
Profit before tax	2,109	1,740	1,931	1,676	1,317
Profit after tax	1,089	925	1,001	783	758

Net turnover increased by 6% in 2020, driven by volume growth and price gain across all segments. Even though there has been a moderate growth in turnover, BAT Bangladesh has effectively managed to ensure a significant reduction in operating and finance expense over the year resulting in an achievement of a 21% rise in profit before tax compared to previous year.

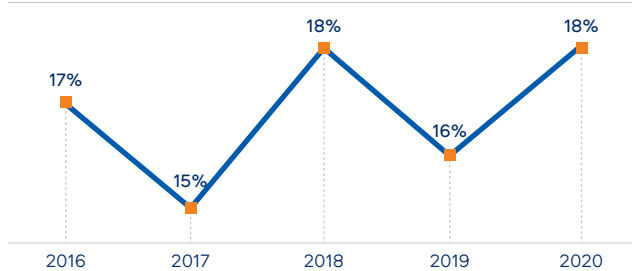
Although export of leaf witnessed reduction of 26%, there has been a significant increase of 313% in finished goods.

Despite the increase in cost of sales by 3%, the gross profit margin increased by 2% and operating expenses decreased mainly due to lower number of marketing initiatives for COVID-19 and various cost savings measure.

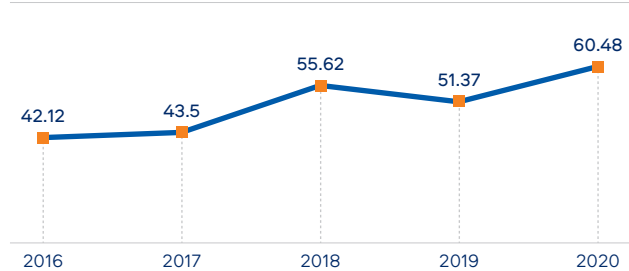
Year on year net finance expenses significantly decreased in due to favorable interest rates and better cash management. Overall interest expense has reduced by BDT 47 crore.

Current tax expense is in line with profit growth & EPS for the full year stands at BDT 60.48

Net Profit Ratio



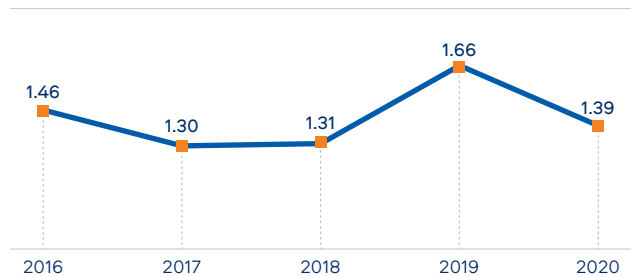
EPS



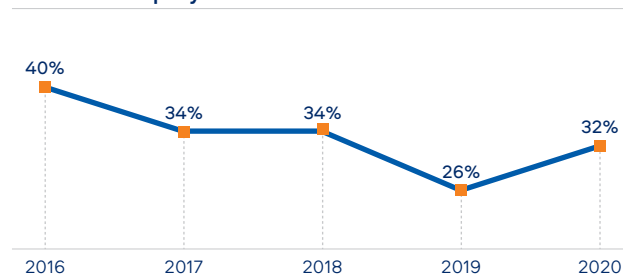
Financial position

BDT (crore)	2020	2019	2018	2017	2016
Current Asset	3,374	2,823	3,006	2,550	1,994
Current Liability	2,419	1,701	2,292	1,960	1,364
Non-Current Asset	3,101	3,120	2,648	2,092	1,541
Non-Current Liability	656	662	409	370	283
Paid Up Capital	180	180	60	60	60

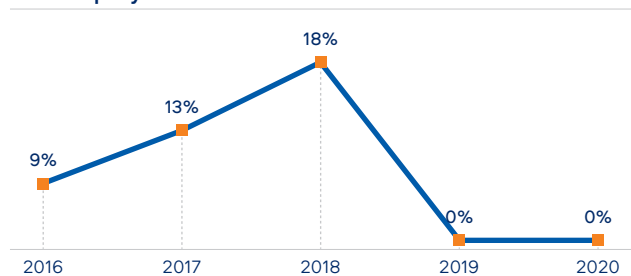
Current Ratio



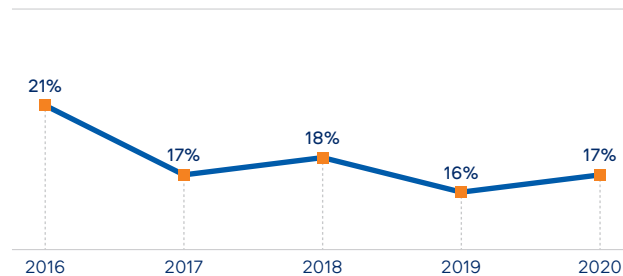
Return on Equity



Debt Equity Ratio



Return on Assets



Cash position

BDT (crore)	2020	2019	2018	2017	2016
Cash flow from operating activities	1,502	1,559	893	973	423
Cash flow from investing activities	(140)	(319)	(688)	(799)	(313)
Cash flow from financing activities	(1,314)	(786)	78	510	(151)
Borrowings	-	-	518	306	179

BAT Bangladesh has a better cash position for the year 2020 due to additional collection from sales and the stringent cost control measures. The Company was able to maintain a positive cashflow due to effective working capital, lower capital expenditure and higher inflow from finished goods export.

Dividend

The Board of Directors has recommended a cumulative dividend for the year ended 31 December 2020, i.e. BDT 30 per share as cash. The dividend is subject to final approval by shareholders at the Company's ensuing Annual General Meeting. The company also declared 1:2 bonus share

as stock dividend for the year 2020 which is subject to shareholders approval at the 48th annual general meeting scheduled on 28th March 2021.

Taxation

The effective tax rate increased from 46.87% in 2019 to 48.38% in 2020. The current tax increase is in line with the increase in profit before tax and adjustment from previous years' tax assessment. Deferred tax has decreased from last year due to lower asset capitalisation in 2020 and actuarial valuation movement.



ABT AWARD

BAT Bangladesh celebrating the first win for the year, 'A Better Tomorrow' award for outstanding performance during the Pandemic.



BAT
BANGLADESH

**A BETTER
TOMORROW™
AWARDS 2020**

WINNER

MEDIA HIGHLIGHTS

প্রথম আলো
১২ জানুয়ারি ২০২১ ১০

বিএটির করপোরেট লোগো উন্মোচন

পারিপার্শ্বিক অবস্থার ক্রমাগত পরিবর্তনের সঙ্গে মিল রেখে ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ (বিএটি বাংলাদেশ) কোম্পানি লিমিটেড করপোরেট লোগো পরিবর্তন করেছে। আগের লোগো কয়েক যুগ ধরে বিশ্বের শীর্ষস্থানীয় কোম্পানিগুলোর মধ্যে শক্তিশালী প্রতীক হয়ে দাঁড়িয়েছিল। নতুন এই লোগো কোম্পানির প্রগতিশীলতার পাশাপাশি বহুমুখী কোম্পানি হিসেবে নিজেদের প্রতিষ্ঠিত করার লক্ষ্য সম্পর্কে ধারণা দেয়। বিএটি দেশের বেসরকারি খাতে সর্বোচ্চ রাজস্ব প্রদানকারী প্রতিষ্ঠান।

সুপ্রান্তর ১১ জানুয়ারি ২০২১ ১৫



বিএটি বাংলাদেশের করপোরেট লোগো পরিবর্তন

ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ (বিএটি বাংলাদেশ) কোম্পানি লিমিটেড তার করপোরেট লোগো পরিবর্তন করেছে। নতুন এই লোগোটি কোম্পানির প্রগতিশীলতার পাশাপাশি একটি মাল্টি-সেক্টরাল কোম্পানি হিসেবে নিজেদের প্রতিষ্ঠিত করার লক্ষ্য সম্পর্কে ধারণা দেয়। বিএটি বাংলাদেশের এই নতুন যাত্রার মুখে থাকবে—দায়বদ্ধতার সঙ্গে গ্রাহকদের সুযোগ-সুবিধা নিশ্চিত, পরিবেশগত ও সামাজিক প্রভাব হ্রাস, কর্মীদের কাজ করার জন্য একটি গতিশীল ও অনুপ্রেরণামূলক কর্মস্থল তৈরি করা এবং শেয়ারহোল্ডারদের দীর্ঘস্থায়ী ও উচ্চতর মুদ্রাস্বা নিশ্চিত করা। সবাদ বিজ্ঞপ্তি।

The Daily Star
12 January 2021 B3

BAT Bangladesh changes corporate logo

STAR BUSINESS DESK

British American Tobacco Bangladesh yesterday said to have changed its corporate logo reflecting changes in the operating environment around its business.

The previous logo served well for decades in being a "strong symbol of a world-leading tobacco company", said the private sector's highest revenue contributor in a statement.

Established 110 years back, the company said to have recognised a need to have an evolving business model operating in over 180 markets.

It said to have embraced a new vision and purpose to work in unison with the country's sustainable development journey.

"The ambition is to facilitate a transformational journey in pursuit of 'A Better Tomorrow' for all our stakeholders," says a statement.



সমকাল
১১ জানুয়ারি ২০২১ ১২



করপোরেট লোগো পরিবর্তন করল বিএটি

ব্যবসা পরিচালনায় পারিপার্শ্বিক অবস্থার ক্রমাগত পরিবর্তনের সঙ্গে মিল রেখে ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ (বিএটি বাংলাদেশ) কোম্পানি করপোরেট লোগো পরিবর্তন করেছে। আগের লোগোটি কয়েক যুগ ধরে বিশ্বের শীর্ষস্থানীয় কোম্পানিগুলোর মধ্যে একটি শক্তিশালী প্রতীক হয়ে দাঁড়িয়েছিল। নতুন লোগোটি কোম্পানির প্রগতিশীলতার পাশাপাশি একটি মাল্টি-সেক্টরাল কোম্পানি হিসেবে নিজেদের প্রতিষ্ঠিত করার লক্ষ্য সম্পর্কে ধারণা দেয়। বিএটি দেশের বেসরকারি খাতে সর্বোচ্চ রাজস্ব প্রদানকারী প্রতিষ্ঠান।

সুপ্রান্তর ২৭ সেপ্টেম্বর ২০২০ ১৫

বিজিবি ও বিএটিবি'র মধ্যে চুক্তি



'বনায়ন প্রজেক্ট' বাস্তবায়নের লক্ষ্যে বর্তার গার্ড বাংলাদেশ (বিজিবি) ও ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ (বিএটিবি) কোম্পানি লিমিটেডের মধ্যে ২৪ সেপ্টেম্বর এক সমঝোতা স্মারক (এমওইউ) স্বাক্ষরিত হয়েছে। বিজিবির মহাপরিচালক মেজর জেনারেল মো. সাফিনুল ইসলামের পক্ষে অতিরিক্ত মহাপরিচালক (প্রশাসন) ব্রিগেডিয়ার জেনারেল তৌহিদুল ইসলাম এবং বিএটিবির পক্ষে কোম্পানিটির আইন ও বৈদেশিকবিষয়ক প্রধান মুরিনা আসাফ সমঝোতা স্মারকে স্বাক্ষর করেন। সবাদ বিজ্ঞপ্তি।

The Financial Express 26 September 2020

BGB and 'Bonayan' sign MoU for afforestation

Border Guard Bangladesh (BGB) and 'Bonayan', an afforestation project of BAT Bangladesh, have signed a Memorandum of Understanding (MoU) to act as strategic partner to make the afforestation programme a success. Shehzad Munim (2nd from right-standing), Managing Director of BAT Bangladesh, Brigadier General Touthidul Islam, PBGM, AFWC, PSC, Additional DG (Administration) of BGB and Mubina Asaf, Head of Legal and External Affairs, BAT Bangladesh signed the MoU on behalf of their respective organizations.

The MoU was signed between the two parties at the BGB headquarters in the capital recently. The Additional DG (Administration) of BGB Brigadier General Touthidul Islam, PBGM, AFWC, PSC, and Mubina Asaf, Head of Legal and External Affairs, BAT Bangladesh signed the MoU on behalf of their respective organizations.

While delivering his speech in the event, Director General (DG) of BGB Major General Md. Shaheedul Islam said, "By signing off this MoU, we are glad to be a part of this green initiative to support country's national agenda. Gradually, we would like to make our entire border areas greener with 'Bonayan's saplings. I appreciate BAT Bangladesh's 'Bonayan' project for carrying out their responsible actions to address the climate change impact. And I wish their success."

Shehzad Munim, Managing Director (MD) of BAT Bangladesh said, "BAT Bangladesh is pursuing afforestation program to achieve the Sustainable Development Goals (SDGs). For the past 40 years, BAT Bangladesh has been successfully carrying out this social responsibility project to ensure environmental balance. I believe, this collaboration will be phenomenal towards building a greener Bangladesh."

Shehzad Munim, Managing Director of BAT Bangladesh inaugurated the joint initiative program by handing over 5,000 saplings to BGB. During the ceremony, BGB Director General Major General Md. Shaheedul Islam, and Shehzad Munim, the Managing Director of BAT Bangladesh planted Coconut trees as a memento.

This year on the occasion of its 40th anniversary, 'Bonayan' project is distributing 5.0 million saplings across the country.



The Financial Express 11 January 2021 9

BAT Bangladesh changes corporate logo

British American Tobacco Bangladesh (BAT Bangladesh) Company Limited changed its corporate logo that reflects changes in the operating environment around its business. Previous logo has served the company well for decades and has been a strong symbol of a world-leading tobacco company, said a statement.

In an ever-evolving world today, BAT as a Group recognizes the need to have an evolving business model being one of the most international companies operating in 180+ markets. Responding to the changing global landscape and to ensure a sustainable delivery of business excellence both today and tomorrow, BAT Bangladesh has embraced a new vision and purpose to work hand in hand with sustainable development journey of the country. Keeping Environmental, Social & Governance (ESG) practices in the front and center of all its activities, BAT Bangladesh aims to



BAT Bangladesh is regarded as the benchmark for compliance and governance across the corporate sector and is known to develop human capital by creating business leaders who are now leading top corporates of the country and beyond.

In addition to this, BAT Bangladesh is the highest revenue contributor in the private sector. It is also one of the top performing companies listed in the Dhaka and Chittagong Stock Exchanges and one of the top companies in terms of market cap-

বঙ্গবাজার ২৬ সেপ্টেম্বর ২০২০ ১০



বৃক্ষরোপণ কর্মসূচি উপলক্ষে বিজিবি ও বিএটিবির মধ্যে সমঝোতা স্বাক্ষর

মুরিনা বর্মা উপলক্ষে দেশের অন্য এক চোখ মুগ্ধকর মনোহর দৃশ্যের সাক্ষ্য দেবে বিএটিবি। এই স্বাক্ষরকর্মের লক্ষ্যে বর্তার গার্ড বাংলাদেশ (বিজিবি) ও ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ (বিএটিবি) কোম্পানি লিমিটেডের মধ্যে ২৪ সেপ্টেম্বর এক সমঝোতা স্মারক (এমওইউ) স্বাক্ষরিত হয়েছে। বিজিবির মহাপরিচালক মেজর জেনারেল মো. সাফিনুল ইসলামের পক্ষে অতিরিক্ত মহাপরিচালক (প্রশাসন) ব্রিগেডিয়ার জেনারেল তৌহিদুল ইসলাম এবং বিএটিবির পক্ষে কোম্পানিটির আইন ও বৈদেশিকবিষয়ক প্রধান মুরিনা আসাফ সমঝোতা স্মারকে স্বাক্ষর করেন। সবাদ বিজ্ঞপ্তি।

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BGB and 'Bonayan' sign MoU for afforestation

Border Guard Bangladesh (BGB) and 'Bonayan', an afforestation project of BAT Bangladesh, have signed a Memorandum of Understanding (MoU) to act as strategic partner to make the afforestation programme a success. Shehzad Munim (2nd from right-standing), Managing Director of BAT Bangladesh, Brigadier General Touthidul Islam, PBGM, AFWC, PSC, Additional DG (Administration) of BGB and Mubina Asaf, Head of Legal and External Affairs, BAT Bangladesh signed the MoU on behalf of their respective organizations.

The MoU was signed between the two parties at the BGB headquarters in the capital recently. The Additional DG (Administration) of BGB Brigadier General Touthidul Islam, PBGM, AFWC, PSC, and Mubina Asaf, Head of Legal and External Affairs, BAT Bangladesh signed the MoU on behalf of their respective organizations.

While delivering his speech in the event, Director General (DG) of BGB Major General Md. Shaheedul Islam said, "By signing off this MoU, we are glad to be a part of this green initiative to support country's national agenda. Gradually, we would like to make our entire border areas greener with 'Bonayan's saplings. I appreciate BAT Bangladesh's 'Bonayan' project for carrying out their responsible actions to address the climate change impact. And I wish their success."

Shehzad Munim, Managing Director (MD) of BAT Bangladesh said, "BAT Bangladesh is pursuing afforestation program to achieve the Sustainable Development Goals (SDGs). For the past 40 years, BAT Bangladesh has been successfully carrying out this social responsibility project to ensure environmental balance. I believe, this collaboration will be phenomenal towards building a greener Bangladesh."

Shehzad Munim, Managing Director of BAT Bangladesh inaugurated the joint initiative program by handing over 5,000 saplings to BGB. During the ceremony, BGB Director General Major General Md. Shaheedul Islam, and Shehzad Munim, the Managing Director of BAT Bangladesh planted Coconut trees as a memento.

This year on the occasion of its 40th anniversary, 'Bonayan' project is distributing 5.0 million saplings across the country.



Sustainability through ESG practices for a better tomorrow

It was not too long ago that 'Corporate Social Responsibility', or CSR was considered as the key indicator in judging a company's responsibility for society in the sense of sustainable business practices. However, in recent times, Environmental, Social, and Corporate Governance (ESG) has emerged as three central factors in measuring the sustainability and societal impact of an investment in a company or business. Starting from Fortune 500 companies to new startups,



investors are now considering ESG ratings as key indicators in determining future financial performances (return and risk). To mark the occasion of sustainability day, it is therefore befitting to highlight some of the benchmark ESG initiatives practiced by one of the leading multinationals in Bangladesh. Having a rich heritage of 110 years operation in the country, British American Tobacco Bangladesh (also known as BAT Bangladesh or BATB) has been the pioneer of several ESG initiatives which are contributing directly towards supporting the United Nations 17 Sustainable Development Goals i.e. SDGs in Bangladesh.

Considered to be one of the pioneer CSR initiatives in Bangladesh, 'Bonayan' the flagship afforestation program of BATB, was initiated in 1980 with the collaboration of the government's Forest Department to combat the climate change impact. This largest private-sector driven afforestation program has distributed over 110 million saplings of medicinal, fruits and timber varieties, across the country over the last 40 years of its journey. Every year, the Bonayan programme distributes approximately 4-5 million saplings free of cost to diverse beneficiaries. Bonayan is also helping to bring an environmental as well as social balance to the community landscape in Bangladesh, through some notable afforestation projects at Lalon Shah Bridge, Hazrat Shah Amanat International Airport, Lama Alikadam highway, Rohingya Camp, Mirinja point - Lama, Kushtia-Jessore highway, GK project,

Over the last 40 years, 'Bonayan' has created many life-changing stories. A lot of beneficiaries received support from the 'Bonayan' initiative when they were unemployed. After receiving the saplings free of cost, they eventually generated enough revenue to combat their financial crisis and helped their families to live a better life. There are also many inspiring stories of poor female beneficiaries who received the free saplings from the 'Bonayan' program, nurtured the trees like their children and eventually managed to earn a living by selling fruits and wood, ensured schooling for children, successfully married off their children and also built 'pukka' houses for themselves. In driving such positive changes across the society and environment, 'Bonayan' directly supports the government's agenda regarding SDGs: Goal#1 (No Poverty), Goal#2 (Zero Hunger), Goal#11 (Sustainable Cities and Communities), Goal#13 (Climate Action) and Goal#15 (Life on Land). Another of BAT Bangladesh's flagship initiatives 'Probaho' supports communities across Bangladesh by providing safe drinking water, free from arsenic and other impurities. This project was initiated in 2009 and till date comprises of more than 100 water filtration plants in arsenic prone areas like Kushtia, Jhenaidah, Meherpur, Rangpur, Manikganj etc. and in Chittagong Hill Tracts areas like Bandarban. 'Probaho' ensures 460,000 liters of pure drinking water to 225,000 beneficiaries every day. As a result, 99.7% people from the beneficiary communities do not suffer from arsenic or other diseases, according to an impact assessment study report. 'Probaho' compliments the Government's targets to achieve SDGs: Goal#6 (Clean Water and Sanitation) along with Goal#1 (No Poverty) and Goal#3 (Good Health and Well-being). As a recognition for the outstanding contribution to the society, 'Probaho' has also received the prestigious Asia Responsible Entrepreneurship Award' in 2015 and the Bangladesh Innovation Award 2018 by the Bangladesh Brand Forum.

To support the Bangladesh Government's efforts in promoting the renewable energy sector, BATB initiated its third CSR project 'Deepro' in 2011 to support communities across off-grid areas in Chittagong Hill Tracts. Under Deepro, BATB has till date supplied 2,590 units of solar home systems across remote villages of Bandarban, Khagrachari and Rangamati districts. This initiative has enabled and empowered the communities to improve their lifestyle through quality education and various income generating activities. More than 13,000 people got their first access to electricity at home through this project. 'Deepro' is aligned with SDGs: Goal#1 (No Poverty), Goal#4 (Quality Education), Goal # 7 (Affordable & Clean Energy) and Goal#8 (Decent Work & Economic Growth). For all its contribution, this project has also won the acclaimed 'Asia Responsible Entrepreneurship Award' in 2018. Alongside these premier CSR initiatives, BAT Bangladesh also focuses on several projects and campaigns for environmental (soil, water, air) protection and conservation. Establishment of Integrated Pest Management (IPM) club is one remarkable initiative that the company has undertaken in early 2000s to support around 35,000 farmers. BATB has set up 75 IPM clubs across the country to popularize the IPM practices among the farmers in order to support the agenda of the Department of Agricultural Extension's (DAE) under the Ministry of

been initiated recently.

As a responsible company BATB has also taken up some challenging environmental targets in the areas of carbon emission and the elimination of single use plastics. BAT Group aims to become the benchmark in achieving carbon neutrality by 2030 through reduction in energy consumption, usage of renewable energy sources, reduction in factory waste discharge etc. The elimination of unnecessary single use plastic is also a key agenda for the business in the coming years. All remarkable ESG practices tend to fade away if proper governance and compliance is not ensured. In this aspect, BAT Bangladesh has proudly set the benchmark for excellence in corporate governance which is reflected through the recognitions and awards the company receives every year both nationally and internationally. Some of the notable awards the company is bestowed with regularly, comprises of the 'Highest Tax-payer' award, ICSB Corporate Governance Award, ICMAB Award, SAFA award for best presented Annual Report etc. As a company, BATB believes that at the core of all the outstanding ESG initiatives are its employees, who are responsible for passionately driving the agenda forward. Furthermore, BATB acknowledges the strength from diversity and passionately drives for empowering women at all levels. The company ensures gender equality and female-friendly workplace through various initiatives such as 9 months' maternity leave, own day-care center (Angel's Nest), respect in workplace, grievance mechanism, celebratory culture and many more. Recent years have also seen the company become proud recipients of the 'Top Employer in Bangladesh' award and the 'Most Women Friendly Organization' award which strongly compliments the company's ESG agenda.

BAT Bangladesh is relentlessly working to create a step change in



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ICMAB Awards-2019

Managing Director of Summit Power Limited (SPL) Lt. Gen (Retd) Engr Abdul Wadud received the Gold Award at the ICMAB Best Corporate Award 2019 in the category of Private Commercial Bank (Islamic Operation). Mohammad Monirul Molla, Managing Director and CEO of the bank, received the award from Tipu Munshi, MP.

ICMAB has been awarded ICMAB Best Corporate Award-2019 under "Non-Bank Financial Institution (NBFI)" category. Mr. Tipu Munshi, MP, Minister, Ministry of Commerce, handed over the award to Mr. Javed Emran, Chief Risk Officer, IDCOL.

Tipu Munshi MP, Minister, Ministry of Commerce, Government of People's Republic of Bangladesh handed over the award to Ahsan Baran Das, Associate Director (Finance & Accounts) of BRAC at a ceremony organised at Rashwan Bhui Shuka Water Garden in Dhaka.

46 listed cos win ICMAB Best Corporate Awards

সমকাল ২৮ ফেব্রুয়ারি ২০২১ ১২

বিএটি বাংলাদেশ

মানুষস্বাক্ষরিত বেস্ট করপোরেট অ্যাওয়ার্ড ২০১৯ হিসেবে স্বর্ণপদক

দৈনিক ইত্তেফাক ২৮ ফেব্রুয়ারি ২০২১ ১৪

আইসিএমএবির বেস্ট করপোরেট অ্যাওয়ার্ড পেল ৫৫ প্রতিষ্ঠান

ইন্সটিটিউট অব ওর্ক অ্যান্ড মানজমেন্ট অফ বাংলাদেশ (আইসিএমএবি) এর বেস্ট করপোরেট অ্যাওয়ার্ড ২০১৯ সম্পর্কে জানার এক হোটেলে অনুষ্ঠিত হয়। অনুষ্ঠানে বেস্ট করপোরেট অ্যাওয়ার্ড বিজয়ী ৫৫টি প্রতিষ্ঠানের প্রতিনিধিদের হাতে সম্মাননা ভূসে বেনে মালিয়ারী টিপু মুন্সি। পুরস্কার গ্রহণের মধ্যে সর্বাধিক ব্যানক-ক্যাটাগরিতে অর্থনৈতিক প্রতিষ্ঠান হিসেবে আইসিএমএবি থেকে স্বর্ণপদক অর্জন করেছেন মোহাম্মদ মনিরুল মোল্লা, আইসিএমএবি এর প্রধান নির্বাহী কর্মকর্তা।

সুপ্রভা ২৪ ফেব্রুয়ারি ২০২১ ১৫

বিএটি আইডিটি বিভাগের প্রধান সারজিল সারোয়ার

বিএটি বাংলাদেশের তথ্য ও ডিজিটাল প্রযুক্তি (আইডিটি) বিভাগের প্রধান কর্মকর্তা হিসেবে নিয়োগ পেয়েছেন সারজিল সারোয়ার। বিএটি বাংলাদেশে যোগদানের আগে তিনি অক্সিটাস গ্রুপ বেরহাদ'র টেকনোলজি প্রোগ্রাম অ্যান্ড পারফরম্যান্স বিভাগের গ্রুপ হেড হিসেবে দায়িত্বপালন করেছেন। ২০১২ সালে অক্সিটাস গ্রুপ বেরহাদ যোগদানের পর ট্রান্সফরমেশন অফিস, প্রোগ্রাম ম্যানেজমেন্ট, ডিজিটাল ট্রান্সফরমেশন ও সেবামুখীতাদের অভিজ্ঞতা সর্বাঙ্গী কর্মকাণ্ডের তত্ত্বাবধানসহ রবি অক্সিটাসের বিভিন্ন গুরুত্বপূর্ণ পদে দক্ষতার সঙ্গে দায়িত্ব পালন করেন সারজিল সারোয়ার। স্বপ্নের বিজয়ী।

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Sarzil Sarwar

BAT Bangladesh appoints Sarzil Sarwar as the new Head of IDT

During his tenure with Axiata Group Berhad, Mr. Sarzil served in several management roles in Robi Axiata since 2012, overseeing the Transformation office, Programme management, digital transformation, and customer experience functions. Besides serving Axiata Berhad, Mr. Sarwar also worked for many other leading Telecom companies such as Ooredoo, Airtel and Veon in various IT, B2B & Strategy functions across the Middle East, Africa and South Asian markets.

BAT Bangladesh has been awarded as the 'Top Employers Bangladesh', for its excellence in

AWARDS & ACCOLADES OF BAT BANGLADESH

PRESIDENT INDUSTRY DEVELOPMENT AWARD

BAT Bangladesh wins the first prize of the Industry Development Award under the category of large industry. Ms. Mubina Asaf Head of Legal & External Affairs, of BAT Bangladesh receiving award on behalf of the Company





Top Employer Award 2020



Highest Taxpayer Award 2020



A Better Tomorrow Award 2020



ICAB National Award 2020



SAFA Award 2020



ICMAB Award 2020



Excellence in Supply Chain Collaboration and Partnering Award 2020



Supply Chain Professional of the Year 2020

SNAPSHOTS 2020



“We Race As One” is a campaign that has been launched to fuel the manufacturing team’s drive to achieve their respective targets. Mr. Shehzad Munim, Managing Director of BAT Bangladesh is seen delivering a speech at the inauguration.

IWS Week

IWS Week in Dhaka Factory



Top Employer 2021

For the 3rd time BAT Bangladesh wins “Top Employer Award”. Our Managing Director Mr. Shehzad Munim holding the trophy along with the Leadership team of BAT Bangladesh.

BAT3 DigiTalks

Q3'20 BUSINESS UPDATE



BAT Bangladesh DIGITALKS

BAT Bangladesh DIGITALKS: Q3 Business Update

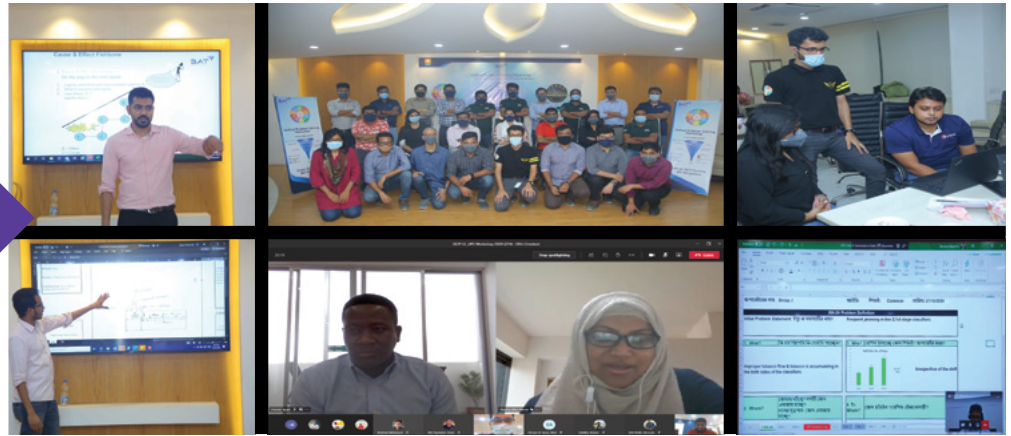


ETHOS Week

Mr. Charles Kyalo, Head of Operations, BAT Bangladesh delivering a speech on the occasion of ETHOS Week

UPS Workshop

UPS workshop organised by Operations team of BAT Bangladesh



Inauguration of Kids Carnival

Inauguration of Kids Carnival in the presence of our Managing Director, Mr. Shehzad Munim, Head of HR, Mr. Saad Jashim, Head of Operation, Mr. Charles Kyalo



A Better Tomorrow Award Celebration



MoU signing with DNCC

Head of Legal & External Affairs, Ms. Mubina Asaf giving her speech at MoU signing ceremony of afforestation between BAT Bangladesh & Dhaka North City Corporation.



BONAYAN ACTIVITY

MoU signing ceremony with Nagorik Dhaka, a Welfare Organisation

MoU signing with RAB

Head of External Affairs, Mr. Sheikh Shabab Ahmed handing over a symbolic sapling to RAB officials during the MoU signing ceremony between BAT Bangladesh and RAB



MoU signing with BGB

40 years of Bonayan: BAT Bangladesh signed MoU with BGB for afforestation



Saplings distribution to Gulshan Society



Afforestation Campaign

Saplings Plantation by Mr. A.K.M Sorwar Jahan Badshah MP, Kushtia-1



Bonayan in Rajshahi

Our Managing Director, Mr. Shehzad Munim, Head of Legal & External Affairs, Ms. Mubina Asaf and Head of External Affairs Mr. Sheikh Shabab Ahmed with Mr. A. H. M. Khairuzzaman Liton, Mayor of Rajshahi City Corporation, inaugurating the afforestation program with Rajshahi City Corporation at Lalon Shah Park





Highest Tax Payer

As a recognition of 2nd Highest tax payer in other categories, our Managing Director, Mr. Shehzad Munim & Head of External Affairs, Mr. Sheikh Shabab Ahmed have received the award. BAT Bangladesh paid BDT. 24,250 crore as revenue in 2020

Rajshahi Mayor Mr. A H M Khairuzzaman Liton and Mr. Shehzad Munim BAT Bangladesh Managing Director inaugurating the Probaho Plant in Rajshahi City. Panel mayor Mr. Shariful Islam Babu, Mr. Syed Mahbub Islam, Official of Environment Ministry, along with Ms. Mubina Asaf Head of Legal and External Affairs (LEX) and Mr. Sheikh Shabab Ahmed, Head of External Affairs, presided at the event.



20th ICAB National Award

BAT Bangladesh has won “20th ICAB National Award for best presented Annual Report”, our Managing Director, Mr. Shehzad Munim and Head of Legal & External Affairs, Ms. Mubina Asaf received the award from the Hon’ble Commerce Minister, Mr. Tipu Munshi.





ICMAB Best Corporate Award 2019

BAT Bangladesh winning the ICMAB Best Corporate Award 2019. The Top Management team receiving the award on behalf of the Company



Champion of Battle of Minds 2020 receiving the award from Mr. Shehzad Munim- Managing Director of BAT Bangladesh. Mr. Saad Jashim, Head of HR was also present.

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 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 31 December 2020, 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) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 40.1 to the financial statements where an update from the current year is outlined from last year's management assessment on a BDT 17,806 million retrospective demand by the National Board of Revenue for Value Added Tax and Supplementary Duty on the Company's Pilot and Bristol brands. During the current year the Company has received the certified copy of the Appellate Division of the Supreme Court's judgement dated 25 July 2018 in favour of the appeal made by the Company. Also, against the judgment and order of the Appellate Division, the Government filed a civil review petition in March 2020. The civil review petition is pending for hearing.

Our opinion is not modified in respect of the above matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements for 2020. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

■ Revenue recognition

Net revenue of BDT 60.29 billion (Note 21) is recognised in the income statement of the Company. This material item is subject to considerable inherent risk due to the impact of changing list prices and related indirect taxes, along with identifying, recording and properly accounting for variable consideration elements in the contracts with customers. Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.

How our audit addressed the key audit matter:

- We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 Revenue from contracts with customers;
- Performed walkthroughs to understand the adequacy and the design of the revenue cycle;
- Tested the internal controls over financial reporting, we also assessed the existence and accuracy of the sales recorded, based among other things on inspection of sales contracts, final acceptances, and the allocation of variable consideration to the various elements in the contracts;
- We performed substantive analytical to understand how revenue trends over the year among other parameters and performed a detailed testing on transactions around the year-end, to test revenues were recognised in the correct accounting period.
- We also tested journal entries recognised to revenue focusing on unusual or irregular transactions.

■ Tax positions

The Company is subject to periodic review by local tax authorities on a range of tax matters during the normal course of business including indirect taxes and transaction related tax matters that could eventually require payments of taxes and possible additional charges. The assessment of uncertainty and risk of one or more unfavorable outcomes involve judgement from management.

This was a key audit matter because of the amounts involved and because of the estimation of the likely impact and the final outcome of these matters.

The Company records provisions for uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred, and the amount can be reliably estimated.

How our audit addressed the key audit matter:

We have taken into consideration the complexity of accounting and tax issues, internal control; and gained an understanding over the entity's accounting for taxes and management's process for assessing the effectiveness of internal control over the significant income tax accounts and the related financial statement disclosures.

Our procedures also included among others:

- Discussing with the management regarding tax matters, tax jurisdictions and tax communications;
- Identifying and testing relevant controls over tax accounts and financial statement disclosures;
- Analysis of responses in letters independently obtained from the tax consultant and external counsels of the Company on various matters;
- Substantive procedures performed including vouching account reconciliations and tracing amounts to the appropriate underlying support and trial balances.
- Analysis of the accounting of the pre-tax effects of transactions and the tax technical application to specific transactions.

Other information included in the Company's 2020 Annual Report

Other information consists of the information included in The Company's 2020 Annual Report other than the financial statements and our auditor's report thereon. We obtained Director's Report and Corporate Governance report prior to the date of our auditor's report, and we expect to obtain the remaining reports of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not and will 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 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 obtained prior to the date of the 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations 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 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- i) 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 do verification thereof;
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- iii) The statement 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 account and returns; and
- iv) The expenditure incurred was for the purposes of the company's business.



A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF 1015



Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643
DVC: 2102100643AS828974

Place: Dhaka
Date: 10 February 2021

British American Tobacco Bangladesh Company Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020	2019
		BDT (000)	BDT (000)
Assets			
Non-current assets			
Property, plant and equipment	8.a	29,571,253	29,531,965
Right of use assets (ROU)	8.b	1,440,480	1,672,223
Total non-current assets		31,011,733	31,204,188
Current assets			
Inventories	9	23,780,680	16,537,884
Trade and other receivables	10	141,439	2,609,916
Advances, deposits and prepayments	11	3,940,328	3,684,485
Cash and cash equivalents	12	5,873,085	5,393,764
Total current assets		33,735,532	28,226,049
Total assets		64,747,265	59,430,237
Equity and liabilities			
Equity			
Share capital	13	1,800,000	1,800,000
Capital reserve	14	64,896	64,896
Retained earnings	15	32,134,819	33,928,559
Total equity attributable to owners of the Company		33,999,715	35,793,455
Non-current liabilities			
Net defined benefit plans	16	61,442	951,616
Deferred tax	17	5,184,594	4,258,548
Lease liabilities	8.b	1,312,345	1,412,243
Total non-current liabilities		6,558,381	6,622,407
Current liabilities			
Trade and other payables	18	17,798,121	12,187,229
Unclaimed dividend	30	75,165	49,824
Lease liabilities	8.b	310,914	390,698
Current tax liabilities	19	5,384,973	4,022,936
Provisions	20	619,996	363,690
Total current liabilities		24,189,169	17,014,377
Total liabilities		30,747,550	23,636,782
Total equity and liabilities		64,747,265	59,430,237

The notes annexed 1 to 43 are an integral part of these financial statements.


A. Qasem & Co.

Chartered Accountants

RJSC Firm Registration Number: PF 1015


Golam Mainuddin
Chairman


Shehzad Munim
Managing Director


Akhtar Sanjida Kasem, FCA, FCMA, CFE
Partner
Enrolment Number: 643
DVC: 2102100643AS828974


Stephan Matthiesen
Finance Director


A.K.M. Aftab UI Islam FCA
Director

Place: Dhaka
Date: 10 February 2021


Md. Azizur Rahman
Company Secretary

British American Tobacco Bangladesh Company Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020	2019
		BDT (000)	BDT (000)
Gross revenue		281,080,652	269,854,574
Supplementary duty and VAT		(220,790,025)	(213,033,244)
Net revenue from contracts with customers	21	60,290,627	56,821,330
Cost of sales	22	(30,792,689)	(29,972,780)
Gross profit		29,497,938	26,848,550
Operating expenses	23	(7,274,351)	(8,081,557)
Operating profit		22,223,587	18,766,993
Net finance income/(expenses)	24	(75,003)	(471,367)
Non-operating income/(expenses)	25	51,628	24,296
Profit before contribution to WPPF		22,200,212	18,319,923
Contribution to WPPF		(1,110,013)	(915,996)
Profit before tax		21,090,199	17,403,927
Income tax expense			
Current tax	26	(9,204,416)	(7,028,523)
Deferred tax	27	(998,948)	(1,129,055)
		(10,203,364)	(8,157,578)
Profit for the year		10,886,835	9,246,349
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement loss on defined benefit plans	28	(153,477)	34,766
Deferred tax impact on defined benefit plans	28	72,902	(16,514)
Other comprehensive loss for the year, net of tax		(80,575)	18,252
Total comprehensive income for the year, net of tax		10,806,260	9,264,601
		BDT	BDT
Earnings per share	29	60.48	51.37

The notes annexed 1 to 43 are an integral part of these financial statements.


A. Qasem & Co.

Chartered Accountants

RJSC Firm Registration Number: PF 1015



Akhtar Sanjida Kasem, FCA, FCMA, CFE

Partner

Enrolment Number: 643

DVC: 2102100643AS828974

Place: Dhaka

Date: 10 February 2021



Golam Mainuddin

Chairman



Stephan Matthiesen

Finance Director


S. Munim,
Shehzad Munim

Managing Director



A.K.M. Aftab Ul Islam FCA

Director



Md. Azizur Rahman

Company Secretary

British American Tobacco Bangladesh Company Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital	Capital reserve	Retained earnings	Total equity
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Balance at 01 January 2020	1,800,000	64,896	33,928,559	35,793,455
Profit for the year	-	-	10,886,835	10,886,835
Other comprehensive income for the year	-	-	(80,575)	(80,575)
Total comprehensive income for the year	-	-	10,806,260	10,806,260
Dividend paid				
Final Cash Dividend 2019	-	-	(7,200,000)	(7,200,000)
Interim Cash Dividend 2020	-	-	(5,400,000)	(5,400,000)
Total transactions with owners of the Company	-	-	(12,600,000)	(12,600,000)
Balance at 31 December 2020	1,800,000	64,896	32,134,819	33,999,715
Balance at 01 January 2019	600,000	64,896	28,863,958	29,528,854
Profit for the year	-	-	9,246,349	9,246,349
Other comprehensive income for the year	-	-	18,252	18,252
Total comprehensive income for the year	-	-	9,264,601	9,264,601
Dividend paid				
Final Stock Dividend 2018	1,200,000	-	(1,200,000)	-
Final Cash Dividend 2018	-	-	(3,000,000)	(3,000,000)
Total transactions with owners of the Company	1,200,000	-	(4,200,000)	(3,000,000)
Balance at 31 December 2019	1,800,000	64,896	33,928,559	35,793,455

The notes annexed 1 to 43 are an integral part of these financial statements.



A. Qasem & Co.

Chartered Accountants

RJSC Firm Registration Number: PF 1015



Akhtar Sanjida Kasem, FCA, FCMA, CFE

Partner

Enrolment Number: 643

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Place: Dhaka

Date: 10 February 2021



Golam Mainuddin

Chairman



Stephan Matthiesen

Finance Director



Shehzad Munim

Managing Director



A.K.M. Aftab UI Islam FCA

Director



Md. Azizur Rahman

Company Secretary

British American Tobacco Bangladesh Company Limited

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

Operating activities

Collection from distributors, leaf export and others
 Payment for costs and expenses
 Supplementary duty and VAT paid

Cash generated from operating activities

Income tax paid
 Interest paid

Net cash flows from operating activities

Investing activities

Purchase of property, plant and equipment
 Proceeds from sale of property, plant and equipment

Net cash flows used in investing activities

Financing activities

Proceeds from short term loan
 Repayment of short term loan
 Payment of principal portion of lease liabilities
 Dividend paid

Net cash flows used in financing activities

Net Increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at 01 January

Effect of exchange rate fluctuations on cash held

Cash and cash equivalents at 31 December

2020	2019
BDT (000)	BDT (000)
283,585,735	271,431,599
(31,571,857)	(38,440,015)
(229,248,683)	(208,171,085)
22,765,195	24,820,499
(7,842,378)	(8,924,585)
96,728	(306,674)
15,019,545	15,589,240
(1,435,199)	(3,215,508)
39,480	29,548
(1,395,719)	(3,185,959)
14,600,000	15,880,000
(14,600,000)	(20,260,000)
(568,398)	(479,691)
(12,574,659)	(2,996,565)
(13,143,057)	(7,856,256)
480,769	4,547,025
5,393,764	833,725
(1,448)	13,013
5,873,085	5,393,764

The notes annexed 1 to 43 are an integral part of these financial statements.

A. Qasem & Co.

Chartered Accountants

RJSC Firm Registration Number: PF 1015

Akhtar Sanjida Kasem, FCA, FCMA, CFE

Partner

Enrolment Number: 643

DVC: 2102100643AS828974

Place: Dhaka

Date: 10 February 2021

Golam Mainuddin

Chairman

Stephan Matthiesen

Finance Director

Shehzad Munim

Managing Director

A.K.M. Aftab Ul Islam FCA

Director

Md. Azizur Rahman

Company Secretary

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NOTES TO THE FINANCIAL STATEMENTS

1 Corporate information

1.1 Company profile

British American Tobacco Bangladesh Company Limited (the "Company") is a public limited company incorporated in Bangladesh and its shares are quoted in Dhaka and Chittagong Stock Exchanges. The address of the Company's registered office is New D.O.H.S. Road, Mohakhali, Dhaka-1206, Bangladesh.

1.2 Nature of business

The Company manufactures tobacco product and market brands including Benson & Hedges, John Player Gold Leaf, Capstan, Star, Royals, Derby, Pilot and Hollywood. The Company has its head office and the cigarette factory in Dhaka, 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 1987 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 1987.

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

2.2 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 10 February 2021 for publication.

2.3 Reporting period

The financial period of the Company covers one year from 01 January to 31 December and is followed consistently.

3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is both functional and presentational currency of the Company. The amounts in these financial statements have been rounded off to the nearest thousand BDT (000) unless otherwise indicated. Because of these rounding off, in some instance the total may not match the sum of individual balance.

4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements: In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

The company has recognised Right-of-use assets as per IFRS 16 which required management to make important judgements in determination of lease terms. For details, please see Note 8 (b) to these financial statements

Estimates & Assumptions: Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key estimates and assumptions used in preparation of these financial statements are :

1. Applicable tax rate for Income Year 2020 will be declared by Finance Act 2020. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (45%) & surcharge (2.5%) will be applicable for Income Year 2020 as well.
2. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary to measure defined benefit obligation as at 31 December 2020.

3. Key measurements about the likelihood and magnitude of outflow of resources have been used to recognise and measure provisions and contingencies.

In particular, information about significant areas of estimates and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in these financial statements are stated in the following notes:

Note 8 (a)	Property, plant and equipment
Note 8 (b)	Lease
Note 9	Inventories
Note 10	Trade and other receivables
Note 16	Net defined benefit plans
Note 17	Deferred tax
Note 19	Current tax liabilities
Note 22	Provisions
Note 39	Commitments
Note 40	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 realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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	
	2020	2019	2020	2019
Freehold building - Manufacturing	50	40	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		
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 2020.

(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 and underlying asset values of less than BDT 425,000 when new, have been capitalised as "right to use" assets with a corresponding financial liability on the balance sheet.

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) and short term leases (less than 12months) have been excluded from the recognition requirements and expensed in operating profit as rental costs. Lease reassessment and lease modification to increase/decrease the value of an asset depending on a change in scope of lease agreement can be made if necessary.

The asset is written off on a straight-line basis over the tenure of the lease agreements. Hence, the useful life of any lease assets depends on the number of periods the assets can be used. The useful life of such assets are dependent on individual agreement and can vary from one agreement to another.

C. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise deposits, trade and other receivables, cash and cash equivalents, trade and other payables, intercompany payables, share capital and interest-bearing borrowings.

(i) Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company's financial assets comprise trade and other receivables, deposits and cash and cash equivalents.

a) Trade and other receivables

Trade and other receivables consist of unpaid bills receivable from customers and other parties. Trade and other receivables are recognised initially at original invoice amount and subsequently measured at the remaining amount less expected credit loss at the year end, which is made at the discretion of the management.

b) Deposits

Deposits are measured at payment value which are expected to be recovered after completion a certain period or purpose.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks and fixed deposits receipt which are held and available for use by the Company without any restriction, except for the dividend account. For the purposes of the cash flow statement, 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 included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

d) Advances and prepayments

After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or inventory etc.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges for the period.

(ii) Financial liabilities

The Company initially recognises financial liabilities in its statement of financial position when the Company becomes a party to the contractual provisions of the liability. The Company recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company's financial liabilities comprise trade and other payables.

a) Trade and other payables

Trade and other payables are recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits. Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

(iii) Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

D. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

E. Impairment

i) Recognition

Financial assets not carried at fair value through profit or loss and receivables are assessed at each reporting date to determine whether there is objective evidence that any particular asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The carrying value of the non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

ii) Calculation of recoverable amount

The recoverable amount of asset is the greater of its net selling price or its value in use. The latter is determined by discounting the estimated future cash flows to a present value using a discount rate which reflects the current market assessment of the time value of money and risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

iii) Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

F. Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received.

ii) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are included in Interest-bearing loans and borrowings

iii) Short-term leases and leases of low-value assets

The company not applying the recognition and measurement requirements of IFRS 16 to short-term leases (leases of less than 12 months maximum duration). It also not applying the recognition and measurement requirements of IFRS 16 to leases for which the underlying asset is of low value (i.e. less than USD 5,000 when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

G. Inventories

Raw materials and finished goods inventories are measured at the lower of cost and net realisable value. Spare parts are valued at cost.

The cost of inventories, except goods in transit, is measured based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Leaf inventory represents processed leaf. Hence, leaf inventory cost and leaf consumption cost include price paid to farmer for the green leaf purchased and all the overhead and input services incurred in converting the green leaf into processed leaf. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Material in transit represents the cost incurred up to the date of the statement of financial position for the items that were not received till to the date of reporting. Inventory losses and abnormal losses are recognised as expenses.

H. Employee benefits**(i) Short-term benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined benefits plans**a) Management Gratuity Scheme**

The Company operates an unfunded gratuity scheme for the management employees who joined the Company up to February 2013. Members of this scheme become eligible to receive gratuity on completion of 5 years of continuous services with the Company.

b) Management Pension Fund

The Company operates a funded pension scheme for the management employees who joined the company from 1 January 1987 to 31 August 2007. Members of this fund become eligible to receive pension on completion of 5 years of continuous service with the Company. The fund is managed by a Board of Trustees.

Present value of defined benefit obligation and the fair value of the plan assets were determined by professional actuary for both the funds. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost and mutually compatible actuarial assumptions about demographic and financial variables were used. The difference between fair value of the plan assets and present value of obligation is recognised as a liability or an asset in the statement of financial position. In respect of any actuarial gains or losses arising from actuarial valuation, it is fully recognised in the other comprehensive income.

(iii) Defined contributions plan

a) Management Gratuity Scheme

The Company operates a funded gratuity scheme for the management employees who joined the Company from 1 March 2013 and onwards. The Company contributes 15% of basic salary as contribution to the fund for the management employees from the date of joining. The fund is managed by a Board of Trustees. Members of this fund become eligible to receive gratuity on completion of 5 years of continuous services with the Company. During the year the funded gratuity scheme was merged with defined benefit plans.

b) Employee Gratuity Scheme

The Company operates funded gratuity scheme for the non-management employees whereby the Company contributes 15% of basic salary as contribution to the fund for the non management employees from the date of joining. The Fund is managed by a Board of Trustees. Members of this fund become eligible to receive gratuity on completion of 5 years of continuous services with the Company.

c) Provident Fund

The Company operates a provident fund for all the employees irrespective of date of joining the Company. Members, on confirmation, in regular employment of the Company, are required by the Company to join the provident fund to which members contribute 10% of their basic salaries and the Company makes a matching contribution. The Fund is managed by a Board of Trustees. Members become eligible to receive the Company's contribution on completion of 5 years of continuous services with the Company.

The Company recognises the contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for those contributions. The legal and constructive obligation is limited to this amount and it agrees to the fund contribution.

d) Worker's Profit Participation Fund

The Company operates fund for workers as "Workers' Profit Participation Fund" and 5% of the profit before charging such expense has been transferred to this fund as per section 234 of Bangladesh Labour Act 2006 (amended in 2013).

The Company recognises a contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for the contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

I. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provisions are reversed.

J. Contingencies

Contingent liability

Contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Company discloses contingent liability in the financial statements. A provision is recognised in the period in which the recognition criteria of provision is met.

Contingent asset

Contingent asset is a possible asset that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

K. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT), Supplementary Duty (SD), Export Duty and Health Surcharge. Gross turnover comprises domestic sales of cigarettes, export of leaf and finished goods and includes SD, VAT, Export Duty (for Leaf till 30th June 2019) and Health Surcharge paid to the Government of Bangladesh.

The company's typical performance obligations include the following:

Performance obligation	When performance obligation is typically satisfied	When payment is typically due	How stand alone selling price is typically estimated
Domestic sales: 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
Export sales: Related parties and external parties	Point in time; Free on board as issued by ICC**	a) At the beginning of the contract and; b) for certain transactions at the date of bill of lading	As per agreed price As per agreed price

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of domestic sales to distributors, the Company considers the effects of variable consideration payable to the customer.

The Company has variable considerations included in the contracts with customers which are netted off against the revenue to determine the transaction price. The variable considerations are pre-determined. The effect of variable considerations on revenue is only from contracts with domestic customers.

The Company estimates variable consideration using either the 'expected value' method or the 'most likely amount' method, based on whichever better predicts the amount of consideration to which the entity is entitled. The entity applies the selected method consistently throughout the contract and for similar types of contracts.

L. Income tax expense

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. Income tax expense comprises current and deferred tax. It is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any. Current tax assets/liabilities are offset if certain criteria are met. It is measured using tax rates enacted or substantively enacted at the reporting period. The applicable tax rate for the Company is currently 45% corporate tax and 2.5% surcharge on income.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- Temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will;
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

M. Foreign currency transactions

Transactions in foreign currencies are translated to Bangladesh Taka at the exchange rate prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of statement of financial position. Foreign currency differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transactions.

N. Finance income and expenses

Finance income comprises interest on financial deposits with banks. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income. Finance costs comprise interest expense on overdraft, borrowings from bank and lease interest.

O. Earnings per share (EPS)

The Company presents its basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares at the reporting date.

P. Statement of cash flows

Cash flows from operating activities have been presented under direct method as per IAS 7: Statement of Cash Flows.

Q. Dividends and capital management

Final dividend distribution to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid. The company may issue bonus share as a part of stock dividend in any financial year, subject to approval from the board and Company's shareholders at the Annual General Meeting

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

R. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

S. Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

The Company has adequate resources to continue in operation for the foreseeable future. For this reason management continues to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient funds and attributable credit facilities to meet the present requirements of its existing business.

7 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. However, this is not an exhaustive list of all the standards issued, the following are the standards which according to the assessment of the Company is most likely to be applicable.

A. Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

B. Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

C. Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company is currently assessing the impact the amendments will have on current practice.

D. IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

8.a Property, plant and equipment

See accounting policy in Notes 6A and 6B

	Freehold building		Freehold land		Furniture and fixtures		IT equipment		Laboratory equipment		Leasehold building		Office equipment		Plant and machinery		Vehicles		Assets under construction (AUC)		Total			
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)		
Cost																								
Balance at 01 January 2019	1,269,273	428,762	353,408	408,456	313,909	756,078	769,106	20,038,034	1,212,588	10,642,714	36,192,328													
Additions	992,737	1,097,734	61,455	50,329	24,175	117,076	311,991	4,659,689	142,298	3,955,685	11,413,168													
Disposals/transfers	(2,928)	-	(43,355)	(11,446)	(106)	(698)	(25,339)	(16,945)	(81,751)	(6,852,041)	(7,034,609)													
Balance at 31 December 2019	2,259,082	1,526,496	371,509	447,339	337,978	872,456	1,055,757	24,680,778	1,273,134	7,746,358	40,570,886													
Balance at 01 January 2020	2,259,082	1,526,496	371,509	447,339	337,978	872,456	1,055,757	24,680,778	1,273,134	7,746,358	40,570,886													
Additions	2,708,704	-	49,330	40,773	54,000	243,585	64,874	1,016,633	113,809	1,547,662	5,839,369													
Disposals/transfers	(12,458)	-	(8,847)	(96,353)	(7,041)	-	(27,876)	(71,909)	(135,033)	(4,117,313)	(4,476,830)													
Balance at 31 December 2020	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													
Depreciation and impairment																								
Balance at 01 January 2019	205,641	-	268,321	293,474	162,272	175,325	370,888	767,652	556,299	-	9,708,741													
Depreciation for the year	43,292	-	30,538	62,070	26,743	24,432	140,368	920,130	234,094	-	1,481,667													
Impairment	-	-	-	-	-	-	-	-	-	-	-													
Disposals/transfers	(2,215)	-	(36,819)	(5,455)	(106)	(319)	(16,830)	(8,888)	(80,855)	-	(151,487)													
Balance at 31 December 2019	246,719	-	262,040	350,089	188,910	199,437	494,426	8,587,762	709,538	-	11,038,921													
Balance at 01 January 2020	246,719	-	262,040	350,089	188,910	199,437	494,426	8,587,762	709,538	-	11,038,921													
Depreciation for the year	64,314	-	30,100	57,423	25,235	31,390	182,267	1,069,938	199,091	-	1,659,758													
Impairment	-	-	-	-	-	-	-	-	-	-	-													
Disposals/transfers	(6,983)	-	(8,515)	(96,304)	(7,040)	-	(27,853)	(56,320)	(133,491)	-	(336,506)													
Balance at 31 December 2020	304,050	-	283,625	311,207	207,105	230,828	648,941	9,601,380	775,137	-	12,362,173													
Net book value																								
At 31 December 2019	2,012,363	1,526,496	109,468	97,251	149,068	673,018	561,331	16,093,015	563,597	7,746,358	29,531,965													
At 31 December 2020	4,651,277	1,526,496	128,367	80,552	177,832	885,213	443,914	16,024,121	476,774	5,176,707	29,571,253													

8.a.1 Allocation of depreciation & impairment (excluding ROU assets)

	2020	2019
BDT (000)	BDT (000)	BDT (000)
Manufacturing overhead	1,142,699	985,543
Operating expenses	224,891	247,119
Charge to leaf	292,169	249,005
1,659,758	1,481,667	

8.a.2 Assets under construction

Included in property, plant and equipment as at 31 December 2020 was relating to expenditure for Plant and Machinery, Office equipment, Freehold building and Leasehold Building in the course of construction.

8.a.3 Disposals of property, plant and equipment

See note no. 25.1 for details

8.b Schedule of Lease

The Company has leases for Warehouse, Handling Shades, Forklift, Office and Rented Apartment and other equipment, and been capitalised under IFRS 16 Leases. Information related to Right-of-use Asset and Lease Liability are depicted below:

(I) ROU Assets

	Rented Apartment	Fork Lift	Office	Warehouse	Total
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Cost					
Balance at 01 January 2019	30,297	3,467	22,519	990,388	1,046,671
Additions/modifications	22,264	28,973	59,733	1,063,260	1,174,230
Disposals	(6,231)	-	(2,613)	(49,368)	(58,212)
Balance at 31 December 2019	46,330	32,440	79,639	2,004,280	2,162,689
Balance at 01 January 2020	46,330	32,440	79,639	2,004,280	2,162,689
Additions/modifications	45,148	85,285	38,840	248,879	418,152
Disposals	(22,458)	-	(11,821)	(418,628)	(452,907)
Balance at 31 December 2020	69,021	117,725	106,658	1,834,531	2,127,934
Depreciation and impairment					
Balance at 01 January 2019	-	-	-	-	-
Depreciation for the year	27,779	5,114	20,381	450,654	503,928
Impairment	-	-	-	-	-
Disposals/modifications	(818)	-	(1,082)	(11,562)	(13,462)
Balance at 31 December 2019	26,961	5,114	19,299	439,092	490,466
Balance at 01 January 2020	26,961	5,114	19,299	439,092	490,466
Depreciation for the year	20,803	14,787	21,419	391,720	448,728
Impairment	-	-	-	-	-
Disposals/modifications	(20,805)	-	(11,821)	(219,114)	(251,740)
Balance at 31 December 2020	26,959	19,901	28,897	611,698	687,455
Net book value					
At 31 December 2019	19,369	27,326	60,340	1,565,187	1,672,223
At 31 December 2020	42,062	97,824	77,761	1,222,832	1,440,480

(II) Lease Liabilities

	2020	2019
	BDT (000)	BDT (000)
Non-current portion		
Lease Liabilities- Non Current	1,767,551	1,932,475
Interest Liabilities- Non Current	(455,207)	(520,232)
At 31 December	1,312,345	1,412,243
Current portion		
Lease Liabilities- Current	449,766	542,849
Interest Liabilities- Current	(138,852)	(152,151)
At 31 December	310,914	390,698
Total lease liabilities	1,623,258	1,802,941

	2020	2019
	BDT (000)	BDT (000)
(III) Lease liabilities aging		
Lease Liabilities		
Within the next 12 months	449,766	542,849
Between one and two years	319,901	337,403
Between two and three years	281,743	277,679
Between three and four years	258,640	285,578
Between four and five years	265,458	225,756
Beyond five years	641,808	806,059
	2,217,317	2,475,324
Interest liabilities		
Within the next 12 months	(138,852)	(152,151)
Between one and two years	(120,870)	(121,623)
Between two and three years	(102,805)	(109,528)
Between three and four years	(85,138)	(91,917)
Between four and five years	(65,052)	(74,190)
Beyond five years	(81,341)	(122,974)
	(594,059)	(672,383)
8.b.1 Allocation of depreciation (ROU assets)		
Manufacturing overhead	115,549	133,739
Operating expenses	105,693	146,052
Charge to leaf	227,486	224,136
	448,728	503,928
9 Inventories		
See accounting policy in Note 6G		
Inventories in hand	23,110,649	16,155,464
Inventories in transit	670,031	382,420
	23,780,680	16,537,884
Inventories in hand		
Leaf	8,425,259	10,468,431
Wrapping materials	1,162,903	743,928
Work in process	69,237	46,970
Finished goods		
Cost of finished goods	2,199,237	789,897
VAT, Supplementary Duty and *HDS on finished goods	10,614,199	3,608,141
Consumable stores	639,815	498,097
	23,110,649	16,155,464
*Health Development Surcharge		
Inventories in transit		
Leaf	50,482	7,650
Wrapping materials	502,944	333,524
Consumable stores	116,605	41,244
	670,031	382,420

10 Trade and other receivables

See accounting policy in Note 6(C) (i) (a)

 Trade receivables
 Expected credit loss (10% - 2020 : 5% - 2019)

Net trade receivables

 Intercompany receivables
 Sundry receivables

	2020	2019
	BDT (000)	BDT (000)
	4,130	2,304,262
	(4)	(1,152)
	4,126	2,303,110
	128,512	245,080
	8,801	61,726
	141,439	2,609,916

Trade receivables are non-interest bearing. Due to COVID 19, the expected credit loss has been revised to 10% for FY 2020 from 5% in 2019. The change does not have any material impact on the financials statement.

11 Advances, deposits and prepayments

See accounting policy in Note 6(C) (i) (d)

Advances

 Advance to suppliers
 Supplementary duty and VAT
 Advance to employees

Deposits

Security deposit

Prepayments

Insurance

	2020	2019
	BDT (000)	BDT (000)
	1,131,645	2,327,238
	2,766,841	1,314,240
	15,492	28,325
	3,913,978	3,669,803
	24,336	12,636
	24,336	12,636
	2,014	2,047
	2,014	2,047
	3,940,328	3,684,485

12 Cash and cash equivalents

See accounting policy in Note 6(C) (i) (c)

 Cash in hand
 Cash at bank
 Dividend account
 Foreign currency accounts
 Current accounts
 Fixed Deposit Receipt (FDR)
 Local
 Foreign

Short Term Deposit (STD)

Cash at Bank Total

Cash and cash equivalents in Statement of Financial Position

	2,155	776
	75,165	49,824
	616,730	639,441
	1,898,486	1,695,584
	1,200,000	2,000,000
	1,394,572	419,700
	2,594,572	2,419,700
	685,977	588,439
	5,870,930	5,392,987
	5,873,085	5,393,764

All the above balances are held with scheduled and nationalised banks. Cash at banks earns interest at floating rates based on daily bank deposit rates.

2020	2019
BDT (000)	BDT (000)

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following at

31 December:

Cash at bank and in hand	5,873,085	5,393,764
Cash and cash equivalents in the Statement of Cash Flows	5,873,085	5,393,764

12.1 Restricted cash balance

Dividend account is used only to pay dividends to the shareholders. The balance of this account moves with dividend transactions only.

12.2 Banking facility arrangement

Short term running funded facilities available with the banks amount to BDT 17,021 million. Facilities are renewable on annual basis.

12.3 Reconciliation of net operating cash flow

Profit after Tax

Adjustment for:

Depreciation and Impairment	2,108,486	1,985,595
(Gain)/Loss of sale of assets	(16,470)	1,533
Other adjustments	10,279,815	8,615,931
	23,258,666	19,849,409

Changes in:

(Increase)/Decrease in Inventories	(7,242,796)	2,891,317
(Increase)/Decrease in Trade receivables and others	2,468,477	1,564,208
(Increase)/Decrease in Advances, deposits and prepayments	(542,700)	(265,605)
Increase/(Decrease) in Trade payables and others	5,457,415	511,165
Increase/(Decrease) in Net defined benefit plans	(890,175)	(26,922)
Increase/(Decrease) in Provisions	256,306	296,928
Income tax & Interest payments	(7,745,650)	(9,231,259)
	15,019,544	15,589,239

Net cash generated from operating activities

13 Share capital

See accounting policy in Note 6D.

Authorised:

60,000,000 ordinary shares of BDT 10 each	600,000,000	600,000,000
4,800,000,000 ordinary shares of BDT 10 each	4,800,000,000	4,800,000,000
	5,400,000,000	5,400,000,000

Issued, subscribed and fully paid up:

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
	1,800,000,000	1,800,000,000

13.1 Shareholding position

See accounting policy in Note 6D.

Name of shareholder	2020			2019		
	No. of shares	Value (BDT)	Percentage	No. of shares	Value (BDT)	Percentage
Raleigh Investment Co. Ltd., UK	131,236,074	1,312,360,740	72.91%	131,236,074	1,312,360,740	72.91%
Investment Corporation of Bangladesh	10,996,609	109,966,090	6.11%	10,476,132	104,761,320	5.82%
Sadharan Bima Corporation	5,083,991	50,839,910	2.82%	5,083,991	50,839,910	2.82%
Bangladesh Development Bank Limited	605,688	6,056,880	0.34%	598,794	5,987,940	0.33%
Government of Bangladesh	1,160,472	11,604,720	0.64%	1,160,472	11,604,720	0.64%
Others	30,917,166	309,171,660	17.18%	31,444,537	314,445,370	17.47%
	180,000,000	1,800,000,000	100%	180,000,000	1,800,000,000	100%

13.2 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	2020			2019		
	Number of shareholders	Total number of shares	Percentage of holding	Number of shareholders	Total number of shares	Percentage of holding
Less than 501 shares	13,786	1,354,340	0.75%	17,295	1,646,057	0.91%
501 to 5,000 shares	2,209	2,886,106	1.60%	1,857	2,328,639	1.29%
5,001 to 10,000 shares	121	864,131	0.48%	74	522,470	0.29%
10,001 to 20,000 shares	66	941,221	0.52%	31	442,517	0.25%
20,001 to 30,000 shares	28	699,710	0.39%	12	297,915	0.17%
30,001 to 40,000 shares	8	289,070	0.16%	4	138,560	0.08%
40,001 to 50,000 shares	8	369,799	0.21%	3	134,026	0.07%
50,001 to 100,000 shares	23	1,594,139	0.89%	13	931,120	0.52%
100,001 to 1,000,000 shares	26	8,549,758	4.75%	18	6,655,419	3.70%
Over 1,000,000 shares	8	162,451,726	90.25%	8	166,903,277	92.72%
	16,283	180,000,000	100%	19,315	180,000,000	100%

14 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.

15 Retained earnings

Balance as at 01 January
Total comprehensive income for the year:
Profit for the year
Other comprehensive income

Dividends during the year:

Stock Dividend for 2019/2018
Final Cash Dividend for 2019/2018
Interim Cash Dividend 2020/2019

Balance at 31 December

	2020	2019
	BDT (000)	BDT (000)
Balance as at 01 January	33,928,559	28,863,958
Total comprehensive income for the year:		
Profit for the year	10,886,835	9,246,349
Other comprehensive income	(80,575)	18,252
	44,734,819	38,128,559
Dividends during the year:		
Stock Dividend for 2019/2018	-	(1,200,000)
Final Cash Dividend for 2019/2018	(7,200,000)	(3,000,000)
Interim Cash Dividend 2020/2019	(5,400,000)	-
Balance at 31 December	32,134,819	33,928,559

16 Net defined benefit plans

See accounting policy in Note 6H.

The Company operated a funded gratuity scheme for the management employees who joined the Company from 1 March 2013 and onwards. The Company contributed 15% of basic salary as contribution to the fund for the management employees from the date of joining. Members of this fund became eligible to receive gratuity on completion of 5 years of continuous services with the Company. During the year, the funded gratuity scheme was merged with defined benefit plans, the features of this defined benefit plans is disclosed in note 6H (ii) a. Thus an actuarial valuation of the new gratuity fund was performed and has been detailed below. The impact on the profit and loss and statement of financial position is assessed to be immaterial by the management.

	Notes	Gratuity fund	Pension fund	Total
		BDT (000)	BDT (000)	BDT (000)
2020				
Defined benefit obligation	16.1	(1,230,743)	(15,277)	(1,246,020)
Fair value of plan assets	16.2	1,169,301	15,277	1,184,578
Net surplus/(deficit)		(61,442)	-	(61,442)
2019				
Defined benefit obligation	16.1	(951,089)	(13,661)	(964,750)
Fair value of plan assets	16.2	-	13,133	13,133
Net surplus/(deficit)		(951,089)	(528)	(951,616)
16.1 Movement in defined benefit obligation				
Defined benefit obligation at 01 January 2019		1,038,057	214,536	1,252,593
Current service cost		77,266	6,034	83,300
Interest cost		82,169	6,770	88,939
Past Service Cost - Plan amendments		-	14,767	14,767
Benefit paid by the fund		-	(282,265)	(282,265)
Benefit paid directly by the Company		(149,015)	-	(149,015)
Actuarial (gain)/loss		(97,388)	53,819	(43,569)
Defined benefit obligation at 31 December 2019		951,089	13,661	964,750
Defined benefit obligation at 01 January 2020		1,110,119	13,661	1,123,780
Pre 2013		951,089	-	951,089
Post 2013		159,031	-	159,031
Current service cost		90,797	-	90,797
Interest cost		85,703	1,150	86,853
Past Service Cost - Plan amendments		-	-	-
Benefit paid by the fund		(4,589)	(1,764)	(6,354)
Benefit paid directly by the Company		(168,790)	-	(168,790)
Actuarial (gain)/loss		117,503	2,231	119,734
Defined benefit obligation at 31 December 2020		1,230,743	15,277	1,246,020

	Gratuity fund	Pension fund	Total
	BDT (000)	BDT (000)	BDT (000)
16.2 Movement in the fair value of plan assets			
Fair value of plan assets at 01 January 2019	-	274,055	274,055
Employer's contribution	-	18,063	18,063
Interest Income on plan Assets	-	-	-
Expected return on plan assets	-	12,083	12,083
Benefits paid by the plan	-	(282,265)	(282,265)
Actuarial gain/(loss)	-	(8,803)	(8,803)
Fair value of plan assets at 31 December 2019	-	13,133	13,133
Fair value of plan assets at 01 January 2020	159,031	13,133	172,164
Pre 2013	-	-	-
Post 2013	159,031	-	159,031
Employer's contribution	964,709	3,861	968,570
Interest Income on plan Assets	82,838	1,103	-
Expected return on plan assets	-	-	-
Benefits paid by the plan	(4,589)	(1,764)	(6,354)
Actuarial gain/(loss)	(32,688)	(1,055)	(33,743)
Fair value of plan assets at 31 December 2020	1,169,301	15,277	1,184,578
16.3 Defined benefit plan charge to profit or loss and other comprehensive income			
2020			
Profit or loss	90,797	-	90,797
Current service costs	2,864	48	2,912
Interest accrued on benefit obligation	-	-	-
Settlement cost	-	-	-
Expected return on plan assets	2,864	48	2,912
Net benefit expense/(income)	93,662	48	93,709
2019			
Profit or loss	77,266	6,034	83,300
Current service costs	82,169	(5,314)	76,855
Interest accrued on benefit obligation	-	14,767	14,767
Settlement cost	-	-	-
Expected return on plan assets	82,169	9,453	91,622
Net benefit expense/(income)	159,435	15,487	174,922

16.4 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	31-Dec-2020	
	Gratuity fund	Pension fund
Discount rate	7.0%	7.0%
Salary escalation rate (Basic pay)	10.50%	N/A
Mortality rate (In service)*		
Ages 20-35	15%	N/A
Ages 36-45	10%	N/A
Ages 46-58	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

17

Deferred tax asset

See accounting policy in Note 6L(ii).

	2020		
	Carrying amount at reporting date	Tax Base	Taxable/ (deductible) temporary difference
	BDT (000)	BDT (000)	BDT (000)
Provision for inventories	(256,897)	-	(256,897)
Provision for gratuity	(61,442)	-	(61,442)
Net temporary difference	(318,339)	-	(318,339)
Applicable tax rate			47.5%
Deferred tax asset			(151,211)

	2019		
	Carrying amount at reporting date	Tax Base	Taxable/ (deductible) temporary difference
	BDT (000)	BDT (000)	BDT (000)
Provision for inventories	(112,843)	-	(112,843)
Provision for gratuity	(1,011,135)	-	(1,011,135)
Net temporary difference	(1,123,978)	-	(1,123,978)
Applicable tax rate			47.5%
Deferred tax asset			(533,889)

17.1

Deferred tax liabilities

See accounting policy in Note 6L(ii).

	2020		
	Carrying amount at reporting date	Tax Base	Taxable/ (deductible) temporary difference
	BDT (000)	BDT (000)	BDT (000)
Property, plant and equipment excluding land.	22,665,854	11,249,801	11,416,053
ROU Assets	(182,778)	-	(182,778)
Net temporary difference	22,483,075	11,249,801	11,233,274
Applicable tax rate			47.5%
Deferred tax liabilities			5,335,805

	2019		
	Carrying amount at reporting date	Tax Base	Taxable/ (deductible) temporary difference
	BDT (000)	BDT (000)	BDT (000)
Property, plant and equipment excluding land.	20,036,554	9,816,495	10,220,058
ROU Assets	(130,718)	-	(130,718)
Net temporary difference	19,905,836	9,816,495	10,089,340
Applicable tax rate			47.5%
Deferred tax liabilities			4,792,437

	Note	2020	2019
		BDT (000)	BDT (000)
Deferred tax asset		(151,211)	(533,889)
Deferred tax liabilities (ROU Assets)		(86,820)	(62,091)
Deferred tax liabilities (other than ROU assets)		5,422,625	4,854,528
Net deferred tax liabilities		5,184,594	4,258,548
18 Trade and other payables			
See accounting policy in Note 6C (ii) (a)			
Trade payables		4,472,814	1,924,690
Intercompany payables		6,979,871	5,188,972
Workers' Profit Participation Fund (WPPF)		1,110,014	18,996
Wages and other benefits		429,686	510,212
Accrued expenses		4,566,659	4,466,660
Sundry payables		239,077	77,699
		17,798,121	12,187,229
19 Current tax liabilities			
See accounting policy in Note 6L(i).			
Balance at 01 January		4,022,936	5,918,997
Provision made during the year		9,204,416	7,028,523
		13,227,351	12,947,520
Advance payment of corporate tax		(7,842,378)	(8,924,585)
Balance at 31 December		5,384,973	4,022,936
20 Provisions			
See accounting policy in Note 6I.			
Provision for expenses		619,996	363,690
		619,996	363,690
21 Revenue from contracts with customers			
See accounting policy in Note 6K.			

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	Unit	2020	2019	2020	2019
		(Million)	(Million)	BDT (000)	BDT (000)
Gross revenue from domestic sale	Sticks	52,543	50,744	278,058,956	266,018,231
Supplementary duty and VAT				(220,790,025)	(212,982,611)
Revenue from domestic sale, net				57,268,931	53,035,620
Gross revenue from finished goods export	Sticks	312.77	69.00	274,046	66,275
Revenue from export of finished goods, net				274,046	66,275

	Note	2020 BDT (000)	2019 BDT (000)
Distribution Cost		1,415,739	1,207,252
Insurance		64,935	97,513
Research and development		5,881	8,685
Spares Consumption		181,078	215,478
COVID 19 expenses		263,038	-
Other expenses		325,014	219,231
		7,053,239	6,033,642
23 Operating expenses			
Salaries		1,092,839	1,330,432
Utilities		39,814	25,078
Rent and services		191,826	317,280
Repairs and maintenance		140,517	180,413
Depreciation	8.a.1 & 8.b.1	330,584	393,171
Travelling and training		151,669	354,545
Printing and stationery		23,588	51,536
Security and safety		69,521	86,300
Distribution Cost		93,931	148,284
Insurance		9,272	6,335
Trade support expenditure		859,606	1,286,714
Social responsibility		169,153	89,274
Legal, secretarial and professional fee		201,005	254,749
Audit fee		1,100	950
Information technology		869,412	243,753
Technical and advisory fee		1,138,313	1,014,000
Market research & operational expenditure		1,430,554	1,749,351
COVID 19 expenses		195,588	-
Other expenses		266,059	549,392
		7,274,351	8,081,557
24 Net finance income/(expenses)			
See accounting policy in Note 6N.			
Finance income		251,503	110,585
Finance costs			
Debt and borrowing		(154,775)	(417,258)
Lease liabilities		(171,731)	(164,693)
		(75,003)	(471,367)
25 Non-operating income/(expenses)			
Profit/(loss) on disposal of property, plant and equipment	25.1	16,470	(1,533)
Other income		35,158	25,829
		51,628	24,296

25.1 Property, plant and equipment disposed off during the year

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit/(loss)	Purchaser/ written off
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Freehold building	(12,458)	6,983	(5,475)	74	(5,401)	Written off
Furniture and fixtures	(8,847)	8,515	(331)	53	(279)	Written off
IT equipment	(96,353)	96,304	(49)	546	497	Written off
Laboratory equipment	(7,041)	7,040	(1)	42	41	Written off
Office equipment	(27,876)	27,853	(23)	167	143	Written off
Plant and machinery	(71,909)	56,320	(15,590)	430	(15,160)	Written off
Vehicles	(135,033)	133,491	(1,541)	38,169	36,628	Employees of the company
2020	(359,517)	336,506	(23,010)	39,480	16,470	
2019	(240,780)	164,949	(31,081)	29,548	(1,533)	

26 Income tax expenses

Current income tax:

Current income tax charge

19

9,204,416

7,028,523

Deferred tax:

Deferred tax (income)/expense relating to origination and reversal of temporary differences

27

998,948

1,129,055

Income tax expense reported in the statement of profit or loss**10,203,364****8,157,578**

26.1 Reconciliation of effective tax rate

	2020		2019	
	%	BDT (000)	%	BDT (000)
Profit before tax		21,090,199		17,403,927
Current tax expense	43.64%	9,204,416	40.38%	7,028,523
Deferred tax expense	4.74%	998,948	6.49%	1,129,055
Total tax expense	48.38%	10,203,363	46.87%	8,157,578
Expected income tax using applicable tax rate	47.50%	10,017,844	47.50%	8,266,865
Prior year adjustment	-1.07%	(224,851)	-2.59%	(450,183)
Tax on non deductible expenses	-2.79%	(588,577)	-4.53%	(788,159)
Effective current tax	43.64%	9,204,416	40.38%	7,028,523
Effective deferred tax	4.74%	998,948	6.49%	1,129,055
	48.38%	10,203,364	46.87%	8,157,578

27 Deferred tax (expense)/income

Deferred tax liabilities at the beginning of the year

17

4,258,548

3,112,979

Deferred tax liabilities at the end of the year

17

5,184,594

4,258,548

(926,046)**(1,145,569)**

Deferred tax attributable to actuarial loss recognised directly in equity

(72,902)**16,514**

Deferred tax (expense)/income recognised directly in profit

(998,948)**(1,129,055)**

28 Other comprehensive income

Actuarial gain/(loss) on defined benefit plans - Gratuity fund

(150,191)

97,388

Actuarial gain/(loss) on defined benefit plans - Pension fund

(3,286)

(153,477)

34,766

Less: Deferred tax on Actuarial gain/(loss) on defined benefit plans @ 47.5%

72,902

(80,575)

18,252

Net actuarial gain/(loss) on defined benefit plans charged to OCI**(80,575)****18,252**

29 Earnings per share
29.1 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:

	Notes	2020	2019
		BDT (000)	BDT (000)
Total profit attributable to shareholders		10,886,835	9,246,349
Weighted average number of shares outstanding		180,000	180,000
		BDT (000)	BDT (000)
Earning per share		60.48	51.37

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.

29.2 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.

	Notes	2020	2019
		BDT (000)	BDT (000)
30 Dividend paid			
Opening unclaimed dividend		49,824	46,389
Dividend paid:			
Cash dividend paid for 2019/2018		7,200,000	3,000,000
Interim Dividend paid for 2020/2019		5,400,000	-
		12,649,824	3,046,389
Closing unclaimed dividend	30.1	75,165	49,824
Dividend paid		12,574,658	2,996,565

The Company declared interim dividend in 2020 for the period January till September.

30.1 Ageing analysis of unclaimed dividend

	Prior to		2019	2020	Total
	2018	2018			
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Unclaimed dividend at 01 January 2020	41,906	4,073	3,845	-	49,824
Unclaimed dividend at 31 December 2020	41,681	4,061	3,817	25,606	75,165

	2020	2019
	USD (000)	USD (000)
31 Remittances of foreign currency		
Royalty	-	4,734
Dividend	-	23,296
	-	28,030
	2020	2019
	GBP (000)	GBP (000)
Technical and advisory fee	-	7,967
Royalty	4,376	-
Dividend	75,286	-
	79,662	7,967

Royalty comprises amounts incurred for Benson & Hedges and Pall Mall for the year 2017.

All these fees are remitted after obtaining approval from Bangladesh Investment Development Authority (BIDA). All of the above remittances represent the net amount after deduction of withholding tax as per law.

32 Value of imports on Cost, Insurance and Freight (CIF) basis

	2020	2019
	BDT (000)	BDT (000)
Raw and packing materials	4,021,808	1,772,485
Spares and others	1,488,956	1,452,141
Capital goods	320,724	541,919
	5,831,489	3,766,544

33 Total export earnings

	2020	2019
	USD (000)	USD (000)
Export of leaf	32,284	44,013
Export of finished goods	3,220	784
	35,503	44,798

34 Capacity

The Company works on continuous operation basis and given the current installed machine configurations and planned expansions, there is sufficient capacity to meet forecast future demand in a variety of specification (e.g. Filter) and packaging (e.g. Hinge Lid, Shell and Slide) configurations. The Directors regularly review the production capability of the Company and are satisfied that the current and future capacities are adequate. Plans are in place to meet any anticipated future demand.

Actual production of cigarettes (in million sticks)

	2020	2019
	55,637	50,151

35 Segment Reporting

The Company is domiciled in Bangladesh. The gross revenue from cigarettes is BDT 278,059 million (2019: BDT 266,018 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 43,317 million (2019: BDT 43,553 million) of the Company's total revenue.

The Company is a primarily engaged in the manufacturing and sale of cigarettes in Bangladesh and this forms the focus of the Company's internal reporting system. While the Company has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the chief operating decision maker. Therefore, it is not possible to segment the Company's results by brand without a high degree of estimation.

Apart from cigarette manufacturing, the Company exports leaf outside Bangladesh, which contributes less than 10% of gross and net turnover. The break up of cigarette and export sales have been provided in **Note 21**.

36 Consumption of imported and local raw materials

	2020		2019	
	Wrapping material	Leaf	Wrapping material	Leaf
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Imported:				
Opening	986,560	407,078	2,403,961	724,412
Purchases	5,956,020	1,032,120	3,588,947	1,091,705
Consumption	(5,332,880)	(1,221,332)	(5,006,349)	(1,409,039)
Closing (a)	1,609,700	217,866	986,560	407,078
Domestic:				
Opening	110,222	10,096,644	90,582	10,133,373
Purchases	6,368,987	9,773,630	5,689,232	10,799,667
Consumption	(6,387,335)	(9,135,708)	(5,669,592)	(7,777,639)
Export	-	(2,443,181)	-	(3,058,757)
Closing (b)	91,874	8,291,384	110,222	10,096,644
Closing stock (a+b)	1,701,574	8,509,250	1,096,781	10,503,722

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			
									Level 1	Level 2	Level 3	Total
BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	
31 December 2020												
Financial assets measured at fair value												
10	-	-	-	-	141,439	-	-	141,439	-	-	-	141,439
11	-	-	-	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	141,439	-	-	141,439	-	-	-	141,439
Financial assets not measured at fair value												
11	-	-	-	-	24,336	-	-	24,336	-	-	-	24,336
12	-	-	-	-	5,870,930	-	-	5,870,930	-	-	-	5,870,930
	-	-	-	-	5,895,266	-	-	5,895,266	-	-	-	5,895,266

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
									BDT (000)	BDT (000)	BDT (000)	BDT (000)
Financial liabilities not measured at fair value												
18	-	-	-	-	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	17,798,121	17,798,121	-	-	-	-	17,798,121
	-	-	-	-	-	-	17,798,121	-	-	-	-	17,798,121
31 December 2019												
Financial assets not measured at fair value												
10	-	-	-	-	2,609,916	-	-	2,609,916	-	-	-	2,609,916
11	-	-	-	-	12,636	-	-	12,636	-	-	-	12,636
12	-	-	-	-	5,392,987	-	-	5,392,987	-	-	-	5,392,987
	-	-	-	-	-	-	8,015,539	-	-	-	-	8,015,539
Financial liabilities not measured at fair value												
18	-	-	-	-	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	12,187,229	12,187,229	-	-	-	-	12,187,229
	-	-	-	-	-	-	12,187,229	-	-	-	-	12,187,229

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:

31 December 2020	Trade receivables					
	Days past due					
	Current	<30 days	30-90 days	90- 180 days	181 days to 365 days	>365 days
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Expected credit loss rate	0.10%	0.12%	0.14%	0.16%	0.18%	0.20%
Estimated total gross carrying amount at default	4,130	-	-	-	-	-
Expected credit loss	4	-	-	-	-	-

31 December 2019	Trade receivables					
	Days past due					
	Current	<30 days	30-90 days	90- 180 days	181 days to 365 days	>365 days
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Expected credit loss rate	0.05%	0.06%	0.07%	0.08%	0.09%	10%
Estimated total gross carrying amount at default	2,304,262	-	-	-	-	-
Expected credit loss	1,152	-	-	-	-	-

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	2020	2019
		BDT (000)	BDT (000)
Advances, deposits and prepayments	11	24,336	12,636
Cash at bank	12	5,870,930	5,392,987
		5,895,266	5,405,623

b) Ageing of trade and other receivables

At 31 December, the ageing of trade and other receivables that were not impaired were as follows:

	2020	2019
	BDT (000)	BDT (000)
Past due 30 days	136,994	2,482,178
Past due 31-90 days	-	14,128
Past due 91-180 days	-	88,246
Past due over 180 days	4,445	25,365
	141,439	2,609,917

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

Note	Carrying amount BDT (000)	Total BDT (000)	Contractual cash flows				
			6 months or less BDT (000)	6 - 12 months BDT (000)	1 - 2 years BDT (000)	2 - 5 years BDT (000)	More than 5 years BDT (000)
Trade and other payables	17,798,121	17,798,121	13,141,842	1,279,138	3,360,381	16,760	-
	17,798,121	17,798,121	13,141,842	1,279,138	3,360,381	16,760	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Note	Carrying amount BDT (000)	Total BDT (000)	Contractual cash flows				
			6 months or less BDT (000)	6 - 12 months BDT (000)	1 - 2 years BDT (000)	2 - 5 years BDT (000)	More than 5 years BDT (000)
Trade and other payables	12,187,229	12,187,229	8,227,839	1,507,600	1,609,721	842,069	-
	12,187,229	12,187,229	8,227,839	1,507,600	1,609,721	842,069	-

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 recognised 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:

31 December 2020	USD 000	GBP 000	EUR 000
Foreign currency denominated assets			
Cash at bank	23,784	-	-
Trade receivables	-	-	-
Intercompany receivables	127	18	-
	23,911	18	-
Foreign currency denominated liabilities			
Trade payables	13,304	-	1
Intercompany payables	9,171	37,354	230
	22,475	37,354	231
Net exposure	1,435	(37,336)	(231)
31 December 2019	USD 000	GBP 000	EUR 000
Foreign currency denominated assets			
Cash at bank	12,539	-	-
Trade receivables	-	-	-
Intercompany receivable	1,862	-	-
	14,401	-	-
Foreign currency denominated liabilities			
Trade payables	9,626	22,350	191
Intercompany payables	5,569	-	12
	15,195	22,350	203
Net exposure	(794)	(22,350)	(203)

The following significant exchange rates have been applied against BDT:

	Average rate		Year-end spot rate	
	2020	2019	2020	2019
USD 1	85.11	84.51	84.95	84.95
GBP 1	111.72	109.98	117.54	113.67
EUR 1	99.76	96.88	106.86	97.35

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.

2020	Strengthening profit or (loss)	Weakening profit or (loss)
USD (5 percent movement)	(6,096)	6,096
GBP (5 percent movement)	219,419	(219,419)
EUR (5 percent movement)	1,233	(1,233)
	214,556	(214,556)
2019	Strengthening profit or (loss)	Weakening profit or (loss)
USD (5 percent movement)	3,371	(3,371)
GBP (5 percent movement)	127,028	(127,028)
EUR (5 percent movement)	989	(989)
	131,387	(131,387)

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:

	2020	2019
Lease liabilities	10%	10%

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Related party disclosures

i) Transactions with key management personnel

Key management personnel compensation comprised the following:

	2020	2019
	BDT (000)	BDT (000)
Meeting attendance fee	99	87
Meeting expense	6,098	5,133
Remuneration	82,573	87,328
Retirement benefit scheme	6,107	10,285
Medical and welfare	44	86
Housing	18,000	18,125
	112,921	121,044

ii) Other related party transactions

The Company carried out a number of transactions with related parties in the normal course of business on arms length basis. The name of these related parties, nature of transactions and their total value have been set in accordance with the provisions of IAS 24: Related party disclosures.

Relationship	Transaction values for the year ended 31 December		Receivable/(payable) outstanding as at 31 December		
	2020	2019	2020	2019	
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	
Income					
a. Leaf, Cigarette export and sale of goods					
BAT (GLP) Limited	BAT Group company	1,176,778	1,534,801	467	863
PTCL	BAT Group company	130,980	366,309	114,167	61,077
BAT (Singapore) PTE LTD	BAT Group company	274,409	66,275	-	-
Ceylon Tobacco Company PLC	BAT Group company	1,354	-	-	-
Central Manufacturing Company PTE Ltd	BAT Group company	(31)	23,417	-	-
		1,583,489	1,990,802	114,634	61,940

	Relationship	Transaction values for the year ended 31 December		Receivable/(payable) outstanding as at 31 December	
		2020	2019	2020	2019
		BDT (000)	BDT (000)	BDT (000)	BDT (000)
b. Other fee					
Other fee received/to be received from:					
BAT Holdings Limited	Holding company	-	20,470	(0)	10,235
BASS GSD limited	BAT Group company	-	2,163	(0)	324
BAT INVESTMENTS LTD	Holding company	-	13,606	1,101	13,606
British-American Tobacco Polska S.A	BAT Group company	-	2,532	1,266	1,266
BAT Japan	BAT Group company	8,853	-	0	-
BAT DENMARK A/S (HOP A/S)	BAT Group company	1,480	-	1,480	-
British-American Tobacco (Singapore)	BAT Group company	-	996	0	996
VINA-BAT JV HCMC Branch	BAT Group company	12,958	2,224	1,727	2,224
British American Tobacco Asia-	BAT Group company	-	1,953	0	-
BAT KOREA	BAT Group company	-	4,516	-	-
Commercial Marketers & Distributors	BAT Group company	-	12,187	-	0
		23,290	60,650	5,574	28,651
Total related party income and balance receivables		1,606,780	2,051,451	120,208	90,591
Expenses					
c. Procurement of services					
Procurement of information technology, product and other services:					
BASS GSD limited	BAT Group company	801,185	186,472	(962,155)	(444,748)
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group company	1,034	1,435	(2,469)	(1,435)
BAT GERMANY GMBH	BAT Group company	-	1,703	(1,703)	(1,703)
BAT (Hamburg International) GmbH	BAT Group company	3,731	2,578	(6,308)	(2,578)
BAT Holdings Limited	Holding company	23,909	498	(27,469)	(4,603)
BAT Asia-Pacific Region Limited	BAT Group company	-	-	(79,542)	(79,542)
BAT AsPac Service Centre Sdn Bhd	BAT Group company	376,012	199,993	(646,630)	(675,265)
BAT GSD (KL) Sdn Bhd	BAT Group company	327	1,120	(3,151)	(2,824)
BAT Investments LTD	Holding company	2,627	-	(2,627)	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	2,345	-	(14,121)	(11,775)

	Relationship	Transaction values for the year ended 31 December		Receivable/(payable) outstanding as at 31 December	
		2020	2019	2020	2019
		BDT (000)	BDT (000)	BDT (000)	BDT (000)
BAT KOREA MANUFACTURING LTD	BAT Group company	4,176	-	(4,176)	-
British American Tobacco Tutun	BAT Group company	-	47,053	(47,053)	(47,053)
BAT Japan	BAT Group company	10,094	-	(10,094)	-
		1,225,440	440,852	(1,807,498)	(1,271,526)
d. Purchase of leaf & goods					
Purchase of leaf and wrapping materials from:					
BAT Singapore (Private) limited	BAT Group company	193,544	43,264	15,785	9,082
BAT (GLP) Limited	BAT Group company	549,021	225,036	8,303	154,488
PTCL	BAT Group company	3,169	-	(3,169)	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	139,702	25,998	1,855	(3,623)
British American Tobacco Western Europe	BAT Group company	24,111	49,848	(10,201)	(9,810)
BAT KOREA MANUFACTURING LTD	BAT Group company	5,985	4,303	(4,955)	(0)
		915,532	348,449	7,618	150,137
e. Royalty					
Royalty paid/payable to:					
BAT Holdings Limited	Holding company	650,620	762,204	(2,075,329)	(1,959,626)
		650,620	762,204	(2,075,329)	(1,959,626)
f. Technical and advisory fee					
Payment of fees for technical and advisory support services to:					
BAT Investments Ltd	BAT Group company	1,138,313	1,014,000	(3,071,068)	(1,932,755)
		1,138,313	1,014,000	(3,071,068)	(1,932,755)
g. Purchase of equipment					
Purchase of equipment from:					
BAT Singapore (Private) limited	BAT Group company	-	15,785	(15,785)	(15,785)
BAT MARKETING (S) PTE LTD	BAT Group company	4,484	-	(4,484)	-
BAT Pecs Dohanygyar KFT	BAT Group company	245	-	-	-
BAT Germany GMBH	BAT Group company	-	-	(2,013)	(2,013)
British-American Tobacco Polska S.A	BAT Group company	-	(440)	-	-

		2020	2019	2020	2019
		BDT (000)	BDT (000)	BDT (000)	BDT (000)
BRITISH AMERICAN TOBACCO CHILE	BAT Group company	-	-	(69)	(69)
PT Bentoel International Investama,	BAT Group company	-	1,044	-	-
British American Tobacco Kenya Ltd	BAT Group company	94	72	(166)	(72)
BAT Nigeria Ltd	BAT Group company	-	403	(516)	(516)
BAT Romania Investment	BAT Group company	-	-	(1,093)	(1,093)
British American Tobacco Tutun	BAT Group company	891	-	(986)	(986)
British American Tobacco Mexico	BAT Group company	-	181	(181)	(181)
		5,714	17,044	(25,292)	(20,714)
Total related party expenses and outstanding balances		3,935,619	2,582,550	(6,971,568)	(5,034,484)

39 Commitments
39.1 Capital expenditure

Authorised but not provided for

2020	2019
BDT (000)	BDT (000)
923,461	1,657,663

40 Contingencies

Contingent liabilities of the Company that relate to issue of letter of credit and bank guarantee to third parties as listed below:

Letter of credit

Citibank, N.A.	935,264	989,567
Commercial Bank of Ceylon PLC	250,576	295,633
The Hong Kong and Shanghai Banking Corporation Limited	462,125	94,204
Standard Chartered Bank	860,463	368,588
	2,508,428	1,747,992

Bank Guarantee

Standard Chartered Bank	41,045	41,045
Commercial Bank of Ceylon PLC	140,600	21,061
Eastern Bank Ltd.	13,514	13,514
Citibank, N.A.	2,000	2,000
	197,159	77,620

40.1 Litigation

The Company has various claims and legal actions arising in the ordinary course of business. In particular, in November 2013, the Company received a retrospective notice of imposition and realisation of VAT and Supplementary Duty on low price category brands (Pilot & Bristol) from the National Board of Revenue (NBR) alleging to have evaded tax by selling in the low price segments rather than the mid-tier segments. The claim was for approximately BDT 17,806 million against which the Company appealed and subsequently the Appellate Division of the Supreme Court has accepted the Company's appeals by judgement and order dated 25 July 2018. Against the judgment and order of the Appellate Division, the Government filed a civil review petition in March, 2020. The civil review petition is pending for hearing.

Further, In January 2019, Abul Khair Tobacco Company Limited (AKTC) filed a writ petition by which it challenged the failure of Government in implementing the closing budget speech dated 27 June 2018 and reserving low segment for local brands and further challenged the legality of a 2018 Special Order of NBR. BAT Bangladesh became an added respondent to this writ petition. Upon hearing, the High Court (HC) did not find any merit in the argument of AKTC in relation to reintroducing discriminatory rates and therefore discharged the Rule on 21 September 2020. However, the Court declared the retrospective application of the 2018 Special Order of NBR illegal and held that any shortfall of revenue under a 2017 Special Order of NBR may be recovered from any party or manufacturer during the period of 01 June 2017 to 6 June 2018. As a result, LTU has demanded approx. BDT 2437 crores as unpaid VAT & SD from BAT Bangladesh for the concerned period. BAT Bangladesh appealed against the HC Judgment dated 21 September, 2020 before the Appellate Division and obtained an order of stay. Since High Court judgment is stayed, the LTU proceedings shall also be deemed to have been stayed. The order of stay has been extended from time to time.

41 Other disclosures

41.1 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 2020	31 December 2019
Number of employees	1,445	1,426

In addition, there was a varying number of seasonal and temporary workers working throughout the year, as required.

41.2 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.

42 Events after the reporting period

The Board of Directors of the Company recommended 200% stock dividend and 300% (BDT 30 per share) final cash dividend for the year ended 31 December 2020 at the board meeting held on 10 February 2021. 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 2020 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.

43 COVID 19

The COVID-19 pandemic has developed rapidly in 2020, with significant number of cases. Measures taken at a country level to contain various have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people such as mandatory use of social distancing, working from home, securing our seed to smoke supply chain that are essential to our production and market process.

At this stage, the impact on our business and results has been positive. As we operate in the tobacco sector, we have found increased demand for our products. We will continue to follow the various government policies and advice and, in parallel, ensure our operations in the best and safest way without jeopardizing the health of our people and stakeholders.

APPENDIX

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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 48th Annual General Meeting of the Company to be held on Sunday, 28th March 2021 and at any adjournment thereof

As witness my/our hand this day of 2021.



.....
(Signature of Proxy)

.....
(Signature of Share Holder)

Folio / BO ID No. -

No. of Shares held.....

Notes:

1. A member entitled to attend and vote in the AGM may appoint a Proxy to attend and vote on his/her behalf.
2. The Proxy Form, duly filed and stamped must be deposited at the Registered Office of the Company, by 10.30 a.m of 25th March 2021.
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 48th Annual General Meeting (AGM) of the Company being held on Sunday, 28th March 2021 at 10.30 a.m at Virtual Platform.

Name of the Shares Holder(s)/Proxy:.....

Folio / BO ID No. -

No. of Shares held.....

.....
Signature of Shares Holder(s)/Proxy

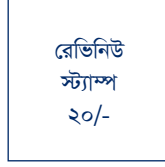
Note: Please present this attendance slip on or before 10:30 a.m on the AGM date.



ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেড
নিউ ডিওএইচএস রোড, মহাখালী, ঢাকা-১২০৯, বাংলাদেশ

প্রতিনিধিপত্র

আমি/আমরা
ঠিকানা
ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেড- এর সদস্য হিসেবে
ক. জনাব/বেগম
ঠিকানা
খ. জনাব/বেগম
ঠিকানা
কে বা তাদের যেকোনো একজন আমার/আমাদের প্রতিনিধি হিসেবে আমার/আমাদের অনুপস্থিতিতে রবিবার, ২৮ মার্চ ২০২১ তারিখ অনুষ্ঠিতব্য কোম্পানির ৪৮তম বার্ষিক সাধারণ সভায় এবং তার মূলতবি ঘোষিত সভায় উপস্থিত হওয়া ও ভোটদানের জন্য নিযুক্ত করলাম।



(প্রতিনিধির স্বাক্ষর)

(শেয়ার হোল্ডারের স্বাক্ষর)

ফোলিও/বিও নম্বর : -

শেয়ার সংখ্যা

দ্রষ্টব্য:

১. অনিবার্য কারণবশতও, কোনো সদস্য তার অনুপস্থিতিতে মনোনীত প্রতিনিধিকে তার পক্ষ থেকে ভোট প্রদানের জন্য পাঠাতে পারবেন।
২. প্রতিনিধিপত্র সঠিকভাবে পূরণ ও স্ট্যাম্প সংযুক্ত করে কোম্পানির নিবন্ধিত অফিসে ২৫ মার্চ ২০২১ সকাল ১০:৩০ মিনিটের মধ্যে জমা দিতে হবে।
৩. কোম্পানির নথিভুক্ত নমুনা স্বাক্ষর ও সদস্যের স্বাক্ষর একই হতে হবে।



ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেড
নিউ ডিওএইচএস রোড, মহাখালী, ঢাকা-১২০৯, বাংলাদেশ

উপস্থিতিপত্র

আমি/আমরা আগামী ২৮ মার্চ ২০২১ রোজ রবিবার সকাল ১০:৩০ মিনিটে ভার্সুয়াল প্ল্যাটফর্মে-এ অনুষ্ঠিতব্য কোম্পানির ৪৮তম বার্ষিক সাধারণ সভায় আমার/আমাদের উপস্থিতি লিপিবদ্ধ করছি।

শেয়ার হোল্ডার/প্রতিনিধির নাম:

ফোলিও/বিও নম্বর : -

শেয়ার সংখ্যা

(শেয়ার হোল্ডারের স্বাক্ষর)

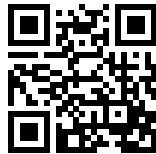
দ্রষ্টব্য ১: অনুগ্রহপূর্বক, এজিএম-এর দিন সকাল ১০.৩০ মিনিটে বা তার আগে রেজিস্ট্রেশন কাউন্টারে এই উপস্থিতিপত্রটি দেখাবেন।

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New DOHS Road, Mohakhali
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Telephone: (+880) 248811279-83
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