

# DIRECTORS' REPORT

## Dear Shareholders,

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

## STRATEGIC PILLARS OF OUR BUSINESS

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

## COMPANY PERFORMANCE

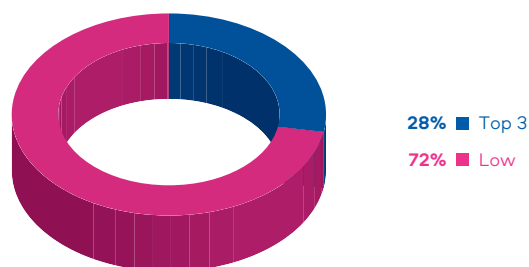
BAT Bangladesh registered volume growth in 2021 despite being in a challenging business environment due to the pandemic. During COVID lockdown, a focused sales and distribution drive through alternative distribution models, targeted activation in growth markets throughout the year, and purposeful consumer-relevant,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

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

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

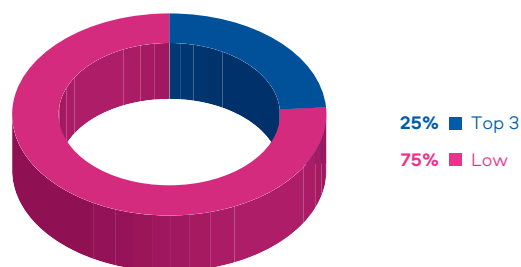
## BAT Bangladesh's Segment wise volume contribution is given below:

2020 [Jan-Dec Volume Contribution]



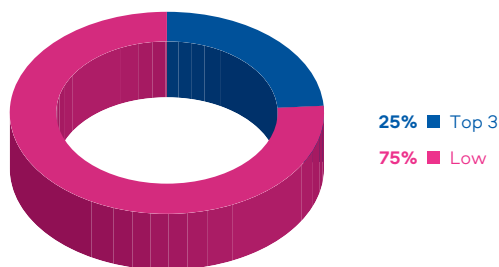
Top3= Premium, High & Medium

2021 [Jan-Dec Volume Contribution]



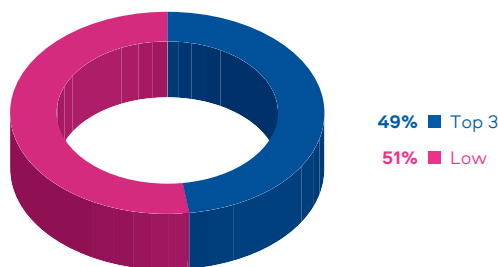
The following chart also shows BAT's segment wise volume contribution and corresponding revenue contributions in 2021:

2021 [Jan-Dec Volume Contribution]



Top3= Premium, High & Medium

2021 [Jan-Dec Government Revenue Contribution]



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

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

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

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

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

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

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

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

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

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

## PRODUCTIVITY

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

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

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

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

## COST OF GOODS SOLD AND PROFIT MARGINS:

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

## SUSTAINABILITY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **MANUFACTURING CAPACITY IMPROVEMENT**

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

## WINNING ORGANISATION

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

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

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

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

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

## ENVIRONMENT, HEALTH AND SAFETY

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

## INITIATIVES DURING PANDEMIC PREPAREDNESS

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

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

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

### THE BOARD OF DIRECTORS

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

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

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

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

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

### DIRECTORS PROPOSED FOR RE-ELECTION

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

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

### BOARD COMMITTEES

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

## BOARD AUDIT COMMITTEE

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

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

## BOARD NOMINATION & REMUNERATION COMMITTEE

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

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

## BOARD CSR COMMITTEE

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

## DIVIDEND

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

## DIVIDEND POLICY

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



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

#### **Entitlement of Dividend**

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

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

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

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

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

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

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

#### **Tax matters**

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

#### **GOING CONCERN**

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

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

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

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

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

#### **RELATED PARTY TRANSACTIONS**

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

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

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

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

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

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

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

## MATERIAL INFORMATION

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

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

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

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

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

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

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

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

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

### c. VAT Leaf Show Cause Notice

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

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

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

#### **OTHER REGULATORY DISCLOSURES:**

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

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

- During 2021, a total of eleven (11) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in Annexure-1 to this report;
- Rights and interests of the minority shareholders have been duly protected by means of transparent operations and proper disclosure of material information of the Company;
- No bonus or stock dividend has been declared as interim dividend during the year;
- A statement of 'Management Discussion and Analysis' has been presented on page 74 of this Report;
- Shareholding pattern of the Company as on 31<sup>st</sup> December 2021 is shown in Annexure-1 to this report; and
- Directors' profiles have been included in the Annual Report as per BSEC Guidelines.

#### **CORPORATE GOVERNANCE COMPLIANCE STATEMENT**

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

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

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

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

### FINANCIAL STATEMENTS

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

### STATUTORY AUDITOR

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

### COMPLIANCE AUDITOR

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

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

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

### BUSINESS COMMITMENTS

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

### MANAGEMENT DISCLAIMER FOR IT SECURITY

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

### AWARDS & ACHIEVEMENTS

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

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

#### EXPECTATIONS IN 2022 AND BEYOND

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

For on behalf of the Board of Directors,



**Shehzad Munim**  
Managing Director

#### ACKNOWLEDGEMENTS

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

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

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



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