

# PROUD TO BE BAT BANGLADESH







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## The Legacy We Carry, The Future We Shape

A legacy is not just what we leave behind-it is what we nurture, uphold, and ignite in those who follow. For 114 years, BAT Bangladesh has been dedicated to growth, integrating sustainability into its operations and upholding responsible business practices. With each passing year, we continue to build a story of dedication, trust, and transformation-one that resonates in every leaf we produce, every community we support, and every commitment we fulfill.

As one of the highest taxpayers in the country, we take pride in driving national progress while maintaining market presence. From leading one of the largest private-sector-led afforestation initiatives to providing safe drinking water in arsenic-and salinity-affected regions, we continuously work towards a more sustainable future.

At our core, we foster inclusivity, uphold integrity, and empower through trust-values that define our people, our vision, and our relentless pursuit of excellence.

Our unwavering dedication to regulatory compliance, ethical governance, and transparency is not just an obligation but a reflection of who we are. It is this culture that makes us the most preferred workplace, where talent flourishes, ideas spark innovation, and dreams take flight.

Yet, we do not stop here. As we step into a new era, we carry forward the strength of our legacy and the boldness of our vision. With sustainability as our foundation and ethical governance as our guiding principle, we embrace the future with confidence, ambition, and a commitment to continuous improvement. The road ahead is bright, and together, we will shape **a better tomorrow.**

We are proud to be BAT Bangladesh.









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# WELCOME NOTE!

The Board of Directors of British American Tobacco Bangladesh Limited is pleased to present the Company's Annual Report for the year ended 31<sup>st</sup> December 2024. This comprehensive report, prepared in strict conformity with all applicable statutory requirements, includes the Directors' Report, the Integrated Report, the Independent Auditors' Report on the Financial Statements, and the Audited Financial Statements.

In line with our commitment to excellence, this report adheres to the International Integrated Reporting Framework, which is overseen by the IFRS Foundation. By aligning our disclosure practices with globally recognized standards, we ensure transparency and foster integrated thinking.





# ABOUT THIS REPORT



**AS WE CELEBRATE  
114 YEARS OF  
UNINTERRUPTED  
OPERATIONS IN  
BANGLADESH, WE  
REAFFIRM OUR  
UNWAVERING  
COMMITMENT TO  
SUSTAINABILITY AND  
COMPLIANCE. WHILE  
REFLECTING ON OUR  
ACHIEVEMENTS, WE  
REMAIN FOCUSED  
ON THE FUTURE  
- CONTINUOUSLY  
REFINING OUR  
STRATEGIES TO  
MEET EVOLVING  
SUSTAINABILITY  
PRIORITIES AND  
ALIGNING WITH  
THE NATION'S  
TRANSFORMATIONAL  
ASPIRATIONS.**

## CAUTIONARY STATEMENT

*The objective of the information in this Annual Report is to provide information about BAT*

*Bangladesh to shareholders and is not for purposes for advertising or promoting or marketing out tobacco products. Our products are sold in compliance with the laws of Bangladesh therefore this information does not constitute and should not be interpreted as an offer to sell, or solicitation of an offer to buy any of our tobacco products.*

*BATB or BATBC only represents the British American Tobacco Bangladesh and information presented does not have any alliance or presentation of the BAT Group.*

This Annual Report highlights our progress in integrating sustainability across our business through initiatives that emphasize corporate governance, talent management, livelihood development, social responsibility, and climate action. This year, we achieved significant milestones, including the successful implementation of IWS Phase 2, which demonstrates our adherence to best-in-class operational standards. Our commitment to achieving future carbon neutrality in Scope 1 and 2 GHG emissions across our GLTP, manufacturing operations, logistics, and distribution network reflects our proactive approach to climate change mitigation.

Our workforce transformation initiatives continue to nurture a world-class talent pool, earning us recognition as a leader in Bangladesh's commercial sector. Moving forward, we aim to maintain our role as a key contributor to the nation's economic prosperity, ensuring that no one is left behind on our journey toward "A Better Tomorrow".

## REPORT PROFILE

This Report aims to deliver a balanced, coherent, and accurate representation of our strategy, operations, governance practices, ESG progress, financial stewardship, and regulatory compliance initiatives, as well as our forward-looking expectations. While primarily tailored to meet the informational needs of shareholders and investors, the Report also provides valuable insights for a broader audience of stakeholders.

Covering the operations of BAT Bangladesh, this Report encompasses disclosures for the fiscal year 2024, spanning from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024.

## INTEGRATED THINKING-REPORTING CYCLE

The adoption of the Integrated Reporting Framework and Integrated Thinking Principles has empowered us to redefine our communication standards while strategically planning and executing initiatives that ensure financial stability and sustainable development.

With sustainability at the heart of our evolving strategy, integrated reporting and thinking have enabled us to adopt a more cohesive and rational approach to our performance communication. This methodology has enabled us to identify the factors significantly impacting our long-term value creation, enhancing our accountability and effective management of the six capitals. It also enhances our decision-making processes, allowing us to understand value creation through short, medium, and long-term lenses.

Our comprehensive reporting process is rigorously overseen by the Board Audit Committee, supported by our internal and external audit teams, to ensure the accuracy and integrity of disclosed information. Additional levels of external assurance are obtained from relevant government authorities, regulators, and professional bodies as required.

The cornerstone of this report is our robust corporate governance framework, guided by our Board and Leadership team. It reflects our unwavering commitment to fostering performance with integrity and ethics, supported by sound decision-making processes and effective management systems.

## INTEGRATED ASSURANCE

To ensure the accuracy, reliability and integrity of the information presented in this Report, we employ a blended assurance model that reflects our commitment to transparency and accountability.

- ▶ The Management, led by the Company's Managing Director and other members of the Leadership team, implements rigorous internal controls designed to manage risks effectively and safeguard operations. These controls are aligned with Board-approved policies and procedures, ensuring compliance with corporate governance standards.
- ▶ The Internal Audit team continuously monitors and evaluates these processes, while the External Audit team independently assesses the accuracy of financial reporting and internal controls. A. Qasem & Co., Chartered Accountants the Company's Independent Auditors, provide assurance on the financial statements, while Mohammad Sanullah and Associates, Chartered

Secretaries, acts as the Compliance Auditor, conducting a comprehensive review of the Company's governance processes.

To uphold the highest standards of integrity and objectivity, the Board of Directors and the Leadership interact with external assurance providers exclusively in a professional capacity.

## INFORMATION ASSURANCE

Our approach to reporting is guided by 6 fundamental "Cs": Cogency, Completeness, Comparability, Consistency, Clarity and Credibility. These principles ensure that this Report serves as a comprehensive, reliable and forward-looking representation of our performance and priorities.

### COGENCY

This Report has been meticulously designed to analyse and synthesize relevant material information, offering stakeholders a clear and actionable narrative that bridges our current performance with our long-term strategic objectives.

### COMPARABILITY

A thorough evaluation of our performance across the current and historical reporting periods highlights our achievements, identifies areas for improvement, and underscores our commitment to creating sustainable, long-term value.

### CLARITY

A well-balanced integration of concise text and visually engaging elements enhances the readability and comprehension of our disclosures.



### COMPLETENESS

We present a holistic view of our operations by including significant material impacts, external factors, and sustainability initiatives.

### CONSISTENCY

We present a holistic view of our operations by including significant material impacts, external factors, and sustainability initiatives.

### CREDIBILITY

Our financial and governance information undergoes rigorous validation by esteemed external assurance providers, reinforcing stakeholder trust and confidence in our process.

## MATERIALITY

Our approach to reporting is guided at the heart of this Report is the principle of materiality, which guides the inclusion of information that reflects our key priorities, challenges, and opportunities. By actively engaging with stakeholders

across all business units, we shape our management of the 6 capitals to unlock long-term potential. Through this robust structure, we remain committed to evolving as a sustainable enterprise that consistently generates and preserves value for all stakeholders while minimizing risks.



# ABOUT US



**WITH A PROUD  
LEGACY SPANNING  
OVER 114 YEARS,  
BAT BANGLADESH  
IS RECOGNIZED  
AS ONE OF THE  
COUNTRY'S MOST  
PRESTIGIOUS  
AND ESTEEMED  
CORPORATE  
ENTITIES. AS  
THE LARGEST  
CONTRIBUTOR TO  
THE GOVERNMENT  
EXCHEQUER AND  
A PIVOTAL FORCE  
IN THE RURAL  
AGRICULTURAL  
ECONOMY, THE  
COMPANY'S  
SOCIO-ECONOMIC  
INFLUENCE  
HAS BEEN BOTH  
EXTENSIVE AND  
TRANSFORMATIVE.**

## A LEGACY OF VALUE CREATION

British American Tobacco Bangladesh (BAT Bangladesh), established in 1910 as Imperial Tobacco, stands as a symbol of resilience and innovation in the nation's corporate landscape. Rebranded as Bangladesh Tobacco Company in 1972, and later adopting the name British American Tobacco Bangladesh (BATB or BAT Bangladesh) in 1998, the company aligns with the global operations of the UK-headquartered British American Tobacco Group.

## A LEGACY OF VALUE SUSTENANCE

For over a century, BAT Bangladesh has been at the forefront of socio-economic transformation, constantly enhancing the lives and livelihoods of citizens through its comprehensive value chain and diverse citizenship initiatives. With sustainability at the core of its strategy, the company has established sustainable value creation as the foundation for enriching its stakeholders, fostering collaboration, and advancing collective prosperity.

Key to BAT Bangladesh's enduring success is its robust business fundamentals, a skilled and diverse workforce, an innovative product portfolio, an extensive distribution network, and longstanding partnerships with registered farmers. These pillars have been instrumental in advancing the company's strategic objectives, particularly the paramount goal of unified value creation.

In BAT Bangladesh, we foster an identity rooted in respect for diversity, responsiveness to shareholders' expectations, empowerment of innovative farmer partners, and alignment with the community's social transformation agendas. Guided by a vision of shared growth, we place sustainability at the center of every decision, ensuring that growth is not just a business priority, but a collective goal embraced by our organization, its people, and the nation.

## OUR BELIEFS

As a domestically incorporated, publicly listed company, BAT Bangladesh is steadfast in its commitment to societal responsibilities and the highest standards of integrity. Guided by robust ethical principles, we strive to exceed compliance expectations, ensuring that our operations align with governance best practices.

With a legacy spanning over 114 years, we continue to evolve and adapt, embarking on a transformative journey to create lasting value for all our stakeholders.

## OUR EVOLVED STRATEGY

In a rapidly evolving business landscape, BAT Bangladesh has adopted a forward-looking strategy aimed at delivering sustained excellence today and in the future. This renewed vision and purpose, symbolized by a refreshed corporate logo and identity, mark the beginning of an exciting era of innovation and growth. Drawing inspiration from this global transformation, BAT Bangladesh is dedicated to embracing change, driving innovation, and delivering sustainable value.

## SECURING A BETTER TOMORROW FOR OUR STAKEHOLDERS

Our unwavering commitment to fostering societal progress and transformational growth remains at the core of our operations. With a deep respect for our rich legacy and forward-looking strategy, we take immense pride in the significant strides we have made through our growth-oriented manifesto. Anchored in the adoption of globally benchmarked best practices, this manifesto reflects our dedication to creating a better tomorrow for all stakeholders.

At the heart of our evolved purpose is a steadfast focus on sustainability, driving every initiative and decision. Guided by our time-tested ESG (Environmental, Social, and Governance) framework, we are committed to advancing our mission of building a better Bangladesh, ensuring that sustainability remains central to our endeavours.

## STAKEHOLDER IMPACT



### CONSUMERS

We are committed to responsibly offering a diverse range of enjoyable choices to our adult consumers, addressing their needs across every mood and moment, both now and in the future.



### SOCIETY

Our mission is to amplify our positive environmental and social impacts by embedding sustainable and responsible practices at every level of our operations.



### EMPLOYEES

We strive to cultivate a workplace culture that is dynamic, inspiring, and purpose-driven.



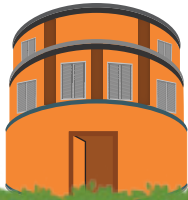
### SHAREHOLDERS

We are dedicated to delivering sustainable and superior returns, ensuring long-term value creation.

# Our Journey...

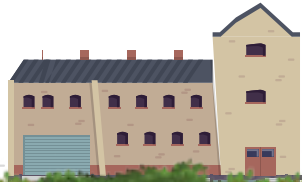
**1910**

Journey started  
as Imperial Tobacco



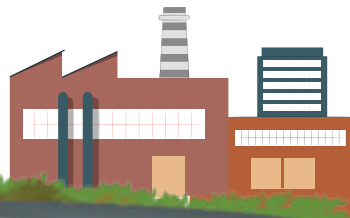
**1947**

New identity as Pakistan  
Tobacco Company (PTC)



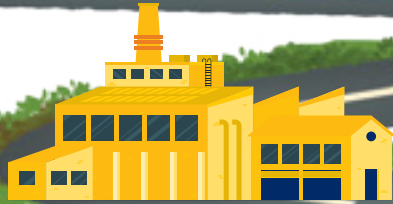
**1949**

First factory of BATB  
in Fauzderhat, Chittagong



**1972**

New identity as Bangladesh  
Tobacco Company (BTC)



**1977**

Enlisted in  
Dhaka Stock Exchange



**1996**

Enlisted in  
Chittagong  
Stock Exchange



**1998**

Revamped identity aligned  
with BAT group



**2010**

Celebrated centenary



# 114 YEARS OF BAT BANGLADESH



**1965**

Established Dhaka Factory in Mohakhali DOHS



**1985**

First leaf export



**1995**

Established GLTP in Kushtia



**2018**

First Finished Goods export



**2021**

Established new factory in Savar



**2020**

Started journey with an evolved identity

# OUR BRANDS

Our business ethos is not centered on encouraging individuals to initiate smoking or to increase their consumption, but rather on catering to the discerning preferences of adult smokers who have made the informed choice to consume tobacco. We are committed to distinguishing our brands from those of our competitors by offering premium, internationally renowned cigarette brands.

Our prominent portfolio includes Benson & Hedges, John Player Gold Leaf, John Player Series, Capstan, Lucky Strike, Star, Royals, Derby, Pilot, and Hollywood. These brands are meticulously positioned across four distinct segments within the Bangladesh cigarette market, ensuring a comprehensive and strategic market presence.

## BENSON & HEDGES

### BENSON & HEDGES

Benson & Hedges has been the preeminent premium tobacco brand in the country since its inception in 1997 with the launch of B&H Special Filter. Since its debut, it has dominated the premium tobacco segment, continually expanding its product range with a diverse array of offerings. Committed to leading the premium segment through innovation, Benson & Hedges introduced the market's first-ever capsule product, B&H Switch, in 2012. In 2018, it further revolutionized the Bangladesh tobacco market by launching the first tube filter product in the premium segment, B&H Platinum. In 2022, Benson & Hedges unveiled the Alchemy Series, introducing two new SKUs: Alchemy 7mg and Alchemy Mix1. This launch marked the introduction of the country's first double capsule product and round corner packs, further solidifying Benson & Hedges' position as a pioneer in the premium tobacco market.

Today, Benson & Hedges continues to lead the premium segment, expanding its range of offers to meet the sophisticated and evolving progressive needs of modern consumers seeking something truly exceptional.

## PREMIUM



John Player

CAPSTAN

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

John Player Gold Leaf, John Player Series, and Capstan are strategically positioned within the Aspirational Premium segment. Launched in 1980, as the first international tobacco brand in Bangladesh, John Player Gold Leaf has stood the test of time in the last few decades.

In 2020, built on the pioneering spirit of John Player, the founder of Gold Leaf cigarettes, the John Player Series was launched. This series introduced two progressive offers: John Player Switch and John Player Special. These additions reflect the brand's commitment to evolving with consumer preferences and maintaining its prestigious status in the market. Through these strategic initiatives, John Player Gold Leaf, John Player Series, and Capstan continue to set the standard for excellence in the Aspirational Premium segment.

## HIGH





## LUCKY STRIKE

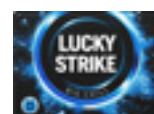
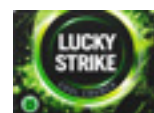
Lucky Strike is one of the most iconic international brands within the BAT Group, representing a bold and modern ASU30 brand with a powerful global presence. Known for embracing the exceptional, Lucky Strike has been a constant companion to consumer moments in history, pop culture, and personal points of passion. Since its launch in Bangladesh in 2021 Lucky Strike's core range features classics like Lucky Strike Original and Lucky Strike Red and the brand also has the exciting Black Series, which includes favorites like Lucky Strike Cool Crunch, Lucky Strike Fresh Twist, and Lucky Strike Big Chill.

This iconic brand has shattered expectations, breaking through barriers and captivating ASU30, becoming the fastest-growing market globally.

## STAR

Since its inception in 1964, Star with its rich heritage has stood the test of time as an enduring symbol of quality and reliability. Positioned in the value-for-money (VFM) segment, Star has consistently maintained its leadership, earning the trust of rich taste seeking connoisseurs.

## MEDIUM



## DERBY, PILOT & HOLLYWOOD

Since its inception in 2013, Derby has ascended to the top, as a leader in its consumer segment. The brand promises to elevate the break experiences through its definite taste experience delivered through two exciting variants of Derby Full Flavor and Derby Style. As a brand which is preferred by millions, Derby always stands the test of time making it the true favorite among its consumers.

Hollywood, introduced in 2011, has firmly established itself as a widely popular brand among urban value seeking consumers. After 12 years, the brand now stands as a testament of high quality taste within the low segment, offering consumers a reliable and accessible choice. In 2024, the brand continued its glorious journey of transformation.

Pilot, launched in 2009, is a brand loved by consumers seeking a true, authentic smoking experience. With its emphasis on genuine taste, Pilot has carved out a niche for itself, standing as a testament to BAT's commitment to consistently deliver high quality.

## ROYALS

Launched in 2019, Royals has made waves in the market with its three innovative and expanded range — Royals GOLD, Royals NEXT, and Royals LS. Embodying the spirit of advancement, and internationalism, Royals draws today's progressive value seeking consumers who has quality and innovation needs. In January 2025, Royals family introduced the Royals Signature Range Pack Upgrade, embodying the spirit of London and always remaining a cut above.

## LOW







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

## NOTICE OF THE 52<sup>ND</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 52<sup>nd</sup> Annual General Meeting (AGM) of British American Tobacco Bangladesh Company Limited will be held on Tuesday, 25<sup>th</sup> March 2025 at 10:30 am via a digital platform to transact the following business:

### AGENDA

1. To receive, consider and adopt the Directors and Auditor's Report and the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> December 2024.
2. To declare Dividend for the year ended 31<sup>st</sup> December 2024.
3. To elect or re-elect Directors of the Company.
4. To appoint Statutory Auditor and to fix their remuneration.
5. To appoint Corporate Governance & Compliance Auditor and to fix their remuneration.

By order of the Board  
Sd/-

**Syed Afzal Hossain**  
Company Secretary

2<sup>nd</sup> March 2025

### NOTES:

- The members whose names appear in the Members' Register and/or Depository Register on the Record Date, i.e. Wednesday, 26<sup>th</sup> February 2025 shall be eligible to attend the 52<sup>nd</sup> AGM (virtual meeting) of the Company and shall be entitled to receive the Dividend to be approved at the 52<sup>nd</sup> AGM;
- The link for the AGM for joining and voting online is [www.batbagm.com](http://www.batbagm.com) and detailed procedures to attend and vote in the meeting will be communicated to the shareholders' email ID and/ or cell number in due course, and it will be available on the website of the Company: [www.batbangladesh.com](http://www.batbangladesh.com)
- A member may appoint a proxy to attend and vote in his/her place by filling out a proxy form. The proxy form, duly completed and stamped, must be deposited at the office not later than 72 hours before the time scheduled for holding the meeting i.e. 22<sup>nd</sup> March at 10:30 am. as per Articles 70 and 71 of the Articles of Association of the Company;
- Pursuant to Articles 70 and 71 of the Articles of Association, a corporate member of the Company, by resolution of the Board of Directors or other governing body of such body corporate, may authorize such person as it thinks fit, to act as its representative at any meeting of the Company.
- As per the BSEC notification No. BSEC/CMRRCD/2009- 193/169, dated 14<sup>th</sup> May 2015, we would request all stock brokerage houses to provide us with the list of margin shareholders' names, shareholdings, e-Tin, telephone, fax numbers, and e-mail addresses as on our "Record Date". We would further request them to provide us with the beneficiary's name (DP), bank name, bank account number, and routing number by 6<sup>th</sup> March 2025 positively to get the credit of the dividend;
- As per the BSEC notification No. BSEC/CMRRCD/2006 158/208/Admin/81, dated 20<sup>th</sup> June 2018, soft copies of the Annual Report along with the Attendance Slip, Proxy Form, and Notice will be forwarded to all the shareholders on their respective email addresses available with us as per CDBL record. Shareholders may also collect the Proxy Form from the registered office of the Company. The Proxy Form will also be available on the website of the Company;



## ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি নিউ ডিওএইচএস রোড, মহাখালী, ঢাকা -১২০৬

### ৫২তম বার্ষিক সাধারণ সভা (এজিএম) বিজ্ঞপ্তি

এতদ্বারা জানানো যাচ্ছে যে ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেডের ৫২ তম বার্ষিক সাধারণ সভা (এজিএম) ২৫শে মার্চ ২০২৫, মঙ্গলবার সকাল ১০:৩০ মিনিটে অনলাইন পোর্টাল এর মাধ্যমে নিম্নলিখিত আলোচ্যসূচি সম্পাদনকল্পে পরিচালিত হবে:

### আলোচ্যসূচি

১. ২০২৪ সালের ৩১ ডিসেম্বর সমাপ্ত বছরের জন্য কোম্পানির আর্থিক বিবরণী এবং তার উপর পরিচালক এবং অডিটরের প্রতিবেদনগুলি বিবেচনা এবং গ্রহণ করা।
২. ২০২৪ সালের ৩১ শে ডিসেম্বর সমাপ্ত বছরের লভ্যাংশ অনুমোদন।
৩. কোম্পানির পরিচালকদের নির্বাচন বা পুনঃনির্বাচিত করা।
৪. নিরীক্ষক নিয়োগ এবং তাদের পারিশ্রমিক নির্ধারণ।
৫. বিএসইসি কর্পোরেট গভর্নেন্সের কোডস এর অধীন প্রয়োজনীয়তার সাথে সম্মতি রেখে কোম্পানির কমপ্লায়েন্স অডিটর নিয়োগ এবং তাদের পারিশ্রমিক নির্ধারণ।

বোর্ডের আদেশক্রমে

এসডি/-

সৈয়দ আফজাল হোসেন  
কোম্পানি সচিব

২ মার্চ ২০২৫

### মন্তব্য:

- যে সকল শেয়ারহোল্ডারদের নাম রেকর্ডের তারিখে অর্থাৎ বুধবার, ২৬ ফেব্রুয়ারি ২০২৫, সদস্য রেজিস্ট্রেশন / অথবা ডিপোজিটরি রেজিস্টারে প্রদর্শিত হবে, কোম্পানির ৫২ তম এজিএম (ভার্চুয়াল মিটিং) এ যোগ দিতে পারবেন এবং অনুমোদিত হিসাবে লভ্যাংশ পাওয়ার অধিকারী হবেন;
- অনলাইনে যোগদান ও ভোট প্রদানের জন্য এজিএমের লিংক হচ্ছে [www.batbagm.com](http://www.batbagm.com) এবং এজিএমে যোগদানের জন্য বিস্তারিত পদ্ধতি শেয়ারহোল্ডারদের ইমেল আইডি এবং / অথবা মোবাইল নম্বরে যথাযথভাবে জানানো হবে এবং এটি কোম্পানি ওয়েবসাইটে পাওয়া যাবে: [www.batbangladesh.com](http://www.batbangladesh.com)
- একজন শেয়ারহোল্ডার একটি প্রক্সি ফর্ম পূরণ করে তার জায়গায় উপস্থিত থাকার এবং ভোট দেওয়ার জন্য একজন প্রক্সি নিয়োগ করতে পারবেন। কোম্পানির আর্টিকেল অফ অ্যাসোসিয়েশনের অনুচ্ছেদ নং ৭০ এবং ৭১ অনুসারে, প্রক্সি ফর্মটি যথাযথভাবে পূরণ করে এবং স্ট্যাম্প করে, অবশ্যই সাধারণ সভার জন্য নির্ধারিত সময়ের ৭২ ঘন্টা পূর্বে অর্থাৎ ২২শে মার্চ সকাল ১০:৩০ মিনিটের মধ্যে কোম্পানি অফিসে জমা দিতে হবে;
- আর্টিকেলস অফ এসোসিয়েশন এর অনুচ্ছেদ নং ৭০ এবং ৭১ অনুসারে, কোম্পানির একজন কর্পোরেট সদস্য, পরিচালনা পর্ষদ বা এই ধরনের কর্পোরেট সংস্থার অন্যান্য গভর্নিং বডির রেজালিউশনের মাধ্যমে, উপযুক্ত ব্যক্তিকে বিবেচনা করতে পারে এবং তার প্রতিনিধি হিসাবে কোম্পানির যে কোনো সভায় কাজ করার জন্য অনুমতি দিতে পারে;
- বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের ১৪ মে ২০১৫ ইং তারিখের সার্কুলার নং-এসইসি/সিএমআরআরসিডি/২০০৯-১৯৩/১৬৯ মোতাবেক সকল স্টক ব্রোকারেজ হাউজকে জানানো যাচ্ছে যে, তাদের মার্জিন হোল্ডারদের নাম, শেয়ার হোল্ডিংস, ই-টিন, টেলিফোন, ফ্যাক্স নম্বর এবং ই-মেইল ঠিকানা আমাদের "রেকর্ডের তারিখ" অনুযায়ী সরবরাহ করতে হবে। নগদ লভ্যাংশ প্রাপ্তির জন্য তাদের আরও জানানো যাচ্ছে যে, কোম্পানির নিকট ৬ মার্চ ২০২৫ এর মধ্যে তাদের সুবিধাভোগীর নাম (DP), ব্যাঙ্কের নাম, ব্যাঙ্ক অ্যাকাউন্ট নম্বর এবং রাউটিং নম্বর অবশ্যই জমা দিতে হবে;
- বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের সার্কুলার নং-বিএসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/২০৮/ অ্যাডমিন/৮১, তারিখ ২০ জুন ২০১৮ অনুযায়ী, উপস্থিতি স্লিপ, প্রক্সি ফর্ম এবং নোটিশ সহ বার্ষিক প্রতিবেদনের সফট কপি সকল শেয়ারহোল্ডারদের সিডিবিএল রেকর্ড অনুযায়ী তাদের নিজ নিজ ই-মেইল ঠিকানায় প্রেরণ করা হবে। শেয়ারহোল্ডারগণ কোম্পানির নিবন্ধিত অফিস থেকে প্রক্সি ফর্ম সংগ্রহ করতে পারেন। প্রক্সি ফর্ম কোম্পানির ওয়েবসাইটেও পাওয়া যাবে।

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Wael Sabra	Chairman
Ms. Monisha Abraham	Managing Director
Mr. A. K. M. Aftab UI Islam FCA	Independent Director
Mr. Masud Khan	Independent Director
Professor Dr. Melita Mehjabeen	Independent Director
Ms. Zakia Sultana	Non-Executive Director
Mr. Md. Shirajun Noor Chowdhury	Non-Executive Director
Mr. Md. Abul Hossain	Non-Executive Director
Mr. Gary Tarrant	Non-Executive Director
Mr. Stuart Kidd	Non-Executive Director
Mr. Francisco Toso Canepa	Non-Executive Director
Ms. Nirala Nandini Singh	Finance Director
Mr. Numayer Alam	Commercial Director
Mr. Syed Afzal Hossain	Company Secretary

## BOARD COMMITTEES

### BOARD AUDIT COMMITTEE

Mr. A. K. M. Aftab UI Islam FCA	Chairman
Mr. Masud Khan	Member
Ms. Zakia Sultana	Member
Mr. Md. Shirajun Noor Chowdhury	Member
Mr. Syed Afzal Hossain	Company Secretary

### BOARD NOMINATION AND REMUNERATION COMMITTEE (NRC)

Mr. Masud Khan	Chairman
Mr. A. K. M. Aftab UI Islam FCA	Member
Mr. Md. Shirajun Noor Chowdhury	Member
Mr. Md. Abul Hossain	Member
Mr. Syed Afzal Hossain	Company Secretary

### BOARD CSR COMMITTEE

Ms. Zakia Sultana	Chairman
Ms. Monisha Abraham	Member
Mr. A. K. M. Aftab UI Islam FCA	Member
Mr. Md. Shirajun Noor Chowdhury	Member
Mr. Md. Abul Hossain	Member
Mr. Syed Afzal Hossain	Company Secretary



**COMPANY SECRETARY & SENIOR LEGAL COUNSEL**

Mr. Syed Afzal Hossain

**LEADERSHIP TEAM**

Ms. Monisha Abraham	Managing Director
Ms. Nirala Nandini Singh	Finance Director
Mr. Numayer Alam	Commercial Director
Mr. Syed Mahbub Ali	Head of Marketing
Mr. Jorge Macedo	Head of Operations
Mr. Sudesh Peter	Head of Legal
Mr. Rabih Masrouha	Head of Talent, Culture & Inclusion
Mr. Sarzil Sarwar	Head of IDT
Mr. Shabab Ahmed Choudhury	Head of CORA

**INTERNAL AUDIT & COMPLIANCE**

Mr. Tamzeed Ahmed

**STATUTORY AUDITORS**

A. Qasem & Co., Chartered Accountants

**GOVERNANCE COMPLIANCE AUDITOR**

Mohammad Sanaullah & Associates

**BANKERS**

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

**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

# BAT GROUP'S STRATEGY

Purpose/Vision/Mission

Pillars & Building Blocks

We are BAT:  
Values

Delivering for

Consumers

Society

Employees

Shareholders & Investors

## Quality Growth

Transitioning to a more balanced focus on top-line and bottom-line delivery, focusing on our brands and innovation, and continuing to seek long-term opportunities Beyond Nicotine.

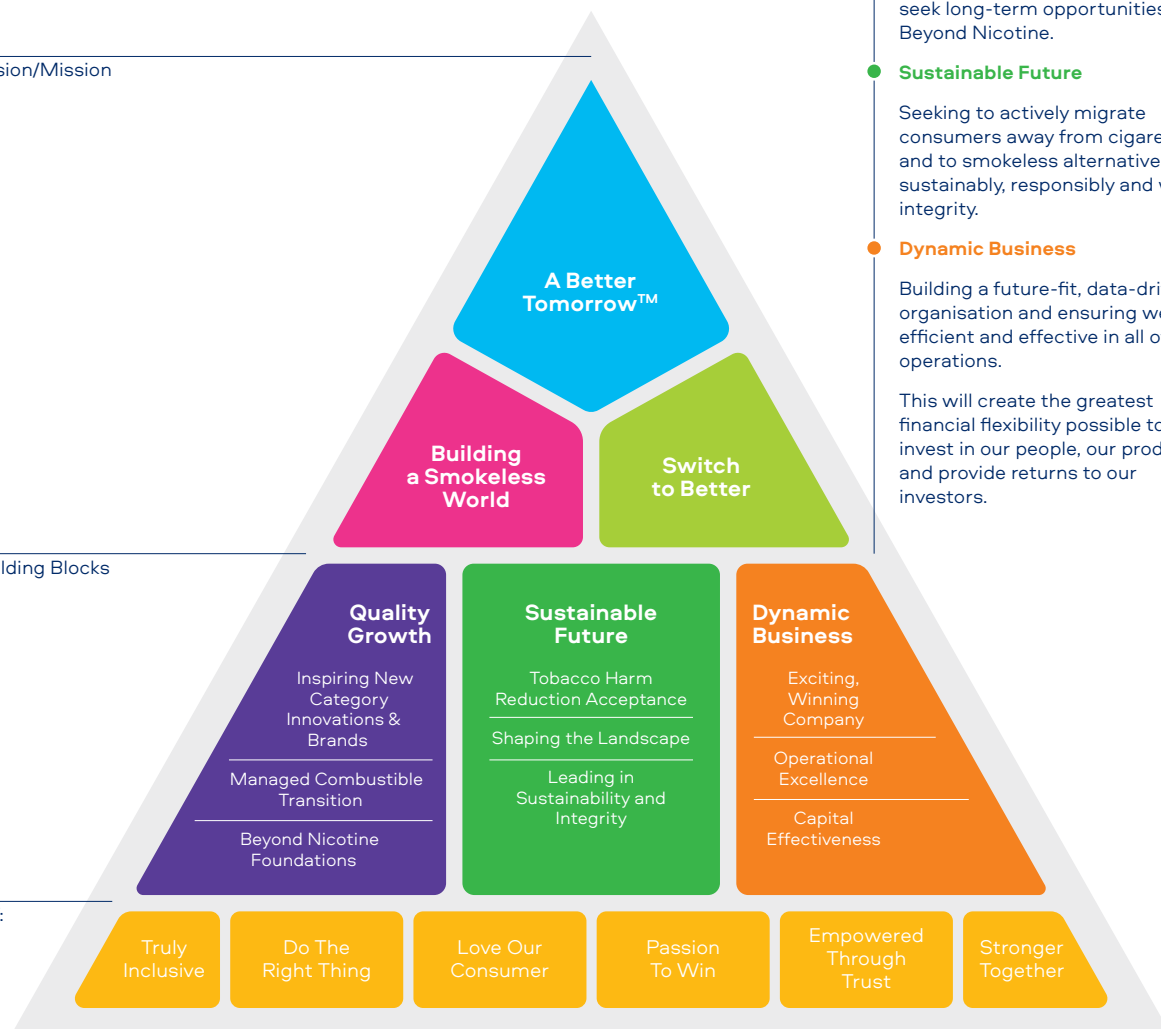
## Sustainable Future

Seeking to actively migrate consumers away from cigarettes and to smokeless alternatives sustainably, responsibly and with integrity.

## Dynamic Business

Building a future-fit, data-driven organisation and ensuring we are efficient and effective in all of our operations.

This will create the greatest financial flexibility possible to invest in our people, our products and provide returns to our investors.



## Purpose:

A Better Tomorrow™

## Vision:

Building a Smokeless World

## Mission:

To encourage smokers to Switch to Better

A Better Tomorrow™ – Building a Smokeless World To deliver on our vision of Building a Smokeless World, our aim is to become a predominantly smokeless business – with 50% of our revenue in Non-Combustible products by 2035.

To enable this, we have refined our Group strategy to ensure clear lines of sight across the entire organisation. Built around the three pillars of Quality Growth, Sustainable Future and Dynamic Business, our Strategic Navigator outlines the nine priority building blocks that support the achievement of our ambition to Build a Smokeless World. Through these priorities, we will deliver the strategic outcomes against which our performance will be measured.

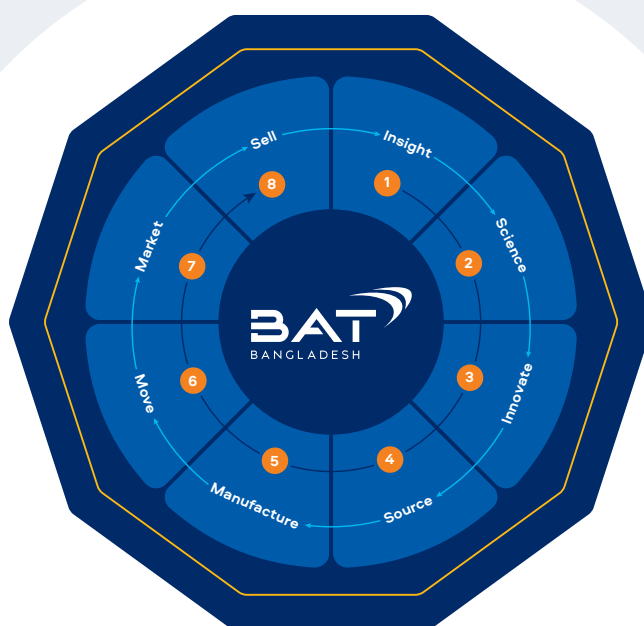
# BUSINESS MODEL

As a global thought-leading business, it's crucial for us to understand our adult consumers' preferences, so we can develop products they love and distribute them around the world. Listening to feedback from stakeholders also enables us to refine our strategy, deliver sustainable value and build A Better Tomorrow™.

## Eight-step business model

Our business model begins and ends with the consumer. The insights we gather from adult consumers, underpinned by robust science, unlock value by ensuring we offer the right product choices to meet their preferences. Our product portfolio is constantly being enhanced through innovations designed to better serve adult consumers and build A Better Tomorrow™.

Following the responsible sourcing of raw materials and components, we utilise our footprint to manufacture at speed and scale. We use our distribution capabilities to ensure our products are where they need to be, when they are needed, based on our market archetype model. Through our responsible marketing practices and powerful portfolio, we market and sell our products which, in turn, generate Read more about our further insights.



## A Better Tomorrow™ for:



### CONSUMERS

Our adult consumers are at the core of everything we do and our success is underpinned by addressing their preferences, offering them a choice of enjoyable, innovative and less risky products.

### EMPLOYEES

We employ 1,720 people attracting and retaining an increasingly diverse workforce and providing a welcoming, inclusive working environment are key drivers in BAT's transformation journey to build A Better Tomorrow™. Our focus is on providing a dynamic, inspiring and purposeful place to work.

### SOCIETY

We believe the greatest contribution we can make to society is Building a Smokeless World and reducing the health impact of our business. We will do this by encouraging those smokers who would otherwise continue to smoke to switch completely to smokeless alternatives. Achieving this, while working to reduce our impact on the environment, is central to delivering A Better Tomorrow™.

### SHAREHOLDERS & INVESTORS

We are committed to delivering sustainable and superior returns to our shareholders and investors. It is essential that we maintain the support of our shareholders and investors to enable access to capital. This allows us to implement our strategy and achieve our business objectives.



# OUR BUSINESS FRAMEWORK

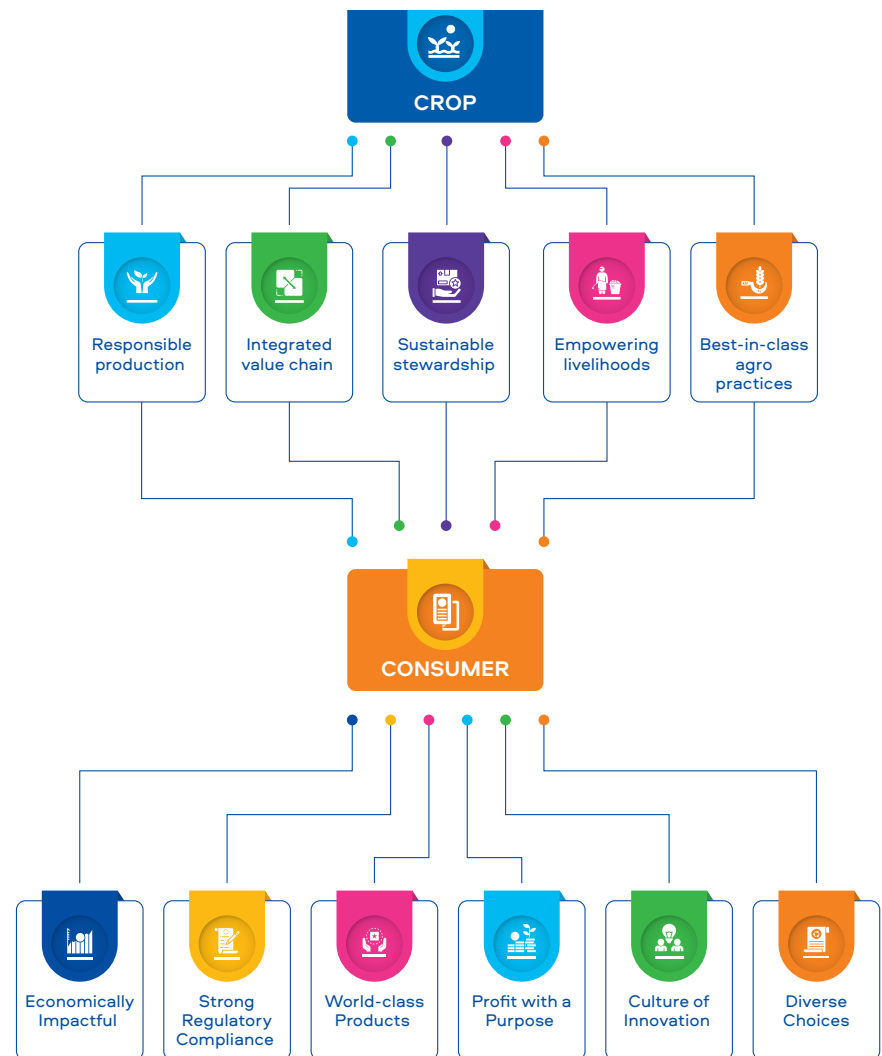


**AT BAT, OUR BUSINESS METHODOLOGY ENABLES US TO ACHIEVE GROWTH TODAY WHILE ALSO DRIVING THE NECESSARY INVESTMENT TO ACHIEVE OUR TRANSFORMATION OBJECTIVES FOR TOMORROW. ALTHOUGH COMBUSTIBLE TOBACCO PRODUCTS WILL REMAIN PIVOTAL TO OUR OPERATIONS IN THE NEAR TERM, WE ARE ACUTELY AWARE THAT OUR LONG-TERM VIABILITY DEPENDS ON MEETING THE EVOLVING PREFERENCES OF OUR CUSTOMERS FOR LOWER-RISK, FUTURE-FORWARD ALTERNATIVES.**

BAT Bangladesh produces world-class, regulatory-compliant tobacco products to meet the diverse preferences of adult consumers. Our comprehensive 'crop-to-consumer' value chain not only ensures superior quality and operational excellence but also generates revenue at each intermediate stage of the network.

Our fundamental pillars, as outlined below, underpin our crop-to-consumer model:

- ▶ **Enhanced Focus on Climate Action and EHS:** Prioritizing environmental sustainability and robust Environmental, Health, and Safety (EHS) practices.
- ▶ **Emphasis on Social Initiatives:** Committing to social initiatives that enhance lives and deliver broader societal benefits.
- ▶ **Institutional Stewardship and Governance:** Upholding strong governance practices and institutional stewardship to ensure ethical, transparent, and responsible operations.



# OUR VALUES



## VALUES THAT DEFINE AN EXCITING AND WINNING COMPANY

As we navigate an ever-changing business environment, our success depends on a workforce that embodies dynamism, ambition, courage, and resilience, while maintaining a relentless commitment to excellence. At BAT Bangladesh, we recognize that our employees are pivotal to achieving our strategic goals, and our values-- developed collaboratively with significant input from our workforce-- serve as the cornerstone of our corporate culture, seamlessly connecting our strategy and purpose. As our business continues to evolve, we remain committed to integrating these six values, which foster an empowering and future-ready culture. They guide behaviours across the BAT Group and serve as the bedrock of our ethical standards.

We ensure responsible and trustworthy behaviour through strict adherence to our "Standards of Business Conduct" (SoBC). Additionally, our "Supplier Code of Conduct" (SCoC) outlines the ethical expectations from our suppliers, addressing critical areas such as sanctions, anti-tax evasion, and anti-illicit trade. By rigorously applying our Standards of Business Conduct (SoBC) and Supplier Code of Conduct (SCoC), and integrating our core values, we are building a culture of transparency, integrity, and accountability. This commitment extends beyond our organization, encompassing employees, stakeholders, and suppliers.

### OUR SIX VALUES

#### TRULY INCLUSIVE



We embrace diversity and celebrate our differences

We are curious and safeguard the right to say what you think

We debate constructively yet progress together

#### PASSION TO WIN



We equally value "How" and "What", and go the extra mile for success

We prioritise effectively and act like owners of the business

We own our purpose with determination and resilience

#### DO THE RIGHT THING



We act with integrity to achieve results

We care about our impact on society and our planet

We are thoughtful in our decision making

#### EMPOWERED THROUGH TRUST



We start with trust and believe in each other

We ensure decisions are made at the right level

We understand that empowerment comes with accountability

#### LOVE OUR CONSUMER



We understand the consumer better than anyone

We are obsessed with innovation and our brands

We have the courage to test, fail fast, and learn to improve

#### STRONGER TOGETHER



We pull together as one team, through good and bad

We collaborate beyond borders and functions

We help each other grow and succeed

# OVERALL STRATEGIC OBJECTIVES



AT BAT BANGLADESH,  
WE ARE DRIVEN  
BY A PURPOSE  
THAT ALIGNS  
OUR STRATEGIC  
OBJECTIVES WITH A  
TRANSFORMATIVE  
VISION FOR LONG-  
TERM VALUE  
CREATION. BY  
REINFORCING OUR  
FOUNDATIONS,  
WE ENHANCE  
RESILIENCE,  
SUSTAINABILITY, AND  
SOCIO-ECONOMIC  
CONTRIBUTIONS,  
ENSURING  
SUSTAINED GROWTH  
AND COLLECTIVE  
PROSPERITY FOR ALL  
STAKEHOLDERS.

Our overall strategic objectives are described below:



## DEMONSTRATED PERFORMANCE RECORD

Our legacy of delivering exceptional returns to shareholders reflects a strategic alignment with value generation. With a resilient financial structure, we remain positioned to drive sustainable growth and achieve our long-term objectives.



## STRONG HUMAN RESOURCE PRACTICES

Recognized as the employer of choice in Bangladesh, we continue to foster a dynamic and skilled workforce through innovative learning, development, and grooming initiatives. Our compelling employee value propositions strongly resonate with talented and ambitious individuals, positioning us for future success and continued leadership.



## ROBUST BUSINESS FUNDAMENTALS

Our resilience stems from leveraging a multitude of strategic competitive levers, including a diverse multi-category portfolio tailored to the preferences of our adult consumers, an extensive distribution network, and enduring relationships with our member tobacco farmers. These pillars collectively enable us to navigate challenges effectively while ensuring sustained value delivery.



## INTERNATIONAL PARENTAGE

BAT Bangladesh leverages the expertise and skills of its parent Company. With access to the expertise and extensive network of BAT Group, operating across 180+ countries, we bring global insights to local operations. This global expertise and network enhance our resilience to external challenges and our ability to achieve long-term growth objectives. Furthermore, we have made significant contributions to the BAT group through talent exchanges, best practice sharing, and continuous mutual inspiration. Collaborative efforts and shared best practices enable us to strengthen resilience and achieve sustainable growth.



## COMMITMENT TO SUSTAINABLE VALUE CREATION

BAT Bangladesh's comprehensive sustainability strategy outlines actionable plans to progressively reduce the Company's environmental footprint while delivering value-added results. Through rigorous citizenship programs and initiatives, BAT Bangladesh is dedicated to achieving excellence in environmental management, supporting livelihoods, and fostering community development. With a pledge to achieve net-zero carbon emissions by 2050, we are committed to driving long-term value creation while adhering to the highest ethical standards.

In essence, our overarching strategic objectives—demonstrated performance, strong human resource policies, robust business fundamentals, global expertise, and sustainability—fortify our position as a leading corporate entity in Bangladesh, delivering value and driving progress for all stakeholders.

# INDUSTRY OVERVIEW



**ACCORDING TO THE WHO, BANGLADESH RANKS AS THE 13<sup>TH</sup> LARGEST TOBACCO MARKET GLOBALLY IN TERMS OF PRODUCTION. A SIGNIFICANT CHALLENGE WITHIN THE INDUSTRY IS THE EXTENSIVE ILLICIT TOBACCO MARKET, WHICH UNDERMINES THE GOVERNMENT'S PUBLIC HEALTH OBJECTIVES AND RESULTS IN SUBSTANTIAL REVENUE LOSS. AS BANGLADESH'S LARGEST LEGALLY INCORPORATED TOBACCO COMPANY, WE ARE DEDICATED TO COLLABORATING WITH THE GOVERNMENT ON MONITORING AND LAW ENFORCEMENT EFFORTS, THEREBY SUPPORTING THE INDUSTRY IN MEETING GOVERNMENTAL EXPECTATIONS.**

In a fluctuating operating environment, we remain unwavering in our dedication to accountability, adhering to rigorous consumer standards and prioritizing harm reduction as the cornerstone of our long-term strategy. Through continuous product innovation, we aim to promote responsible consumption habits while ensuring full compliance with all regulatory mandates, including product labelling, graphical health warnings (GHW), marketing, advertising, and sponsorship guidelines.

## OPERATING CONDITIONS

The proliferation of an unregulated and untaxed black market in Bangladesh has emerged as a significant challenge for the legal tobacco sector. The widening price disparity between legal and illicit products, driven by frequent excise-driven price hikes has distorted market dynamics, undermining the government's public health objectives and revenue targets. Addressing this pressing issue requires strengthened surveillance, identification, stringent law enforcement, and collaboration with regulatory bodies to restore market balance.

## ECONOMIC ENVIRONMENT

Bangladesh's economic landscape, influenced by global disruptions such as the COVID-19 pandemic and ongoing international conflicts has posed significant challenges. In 2024, a sluggish macroeconomic environment, selective price adjustments, supply chain disruptions, and consumer pressure on disposable income collectively impacted the country's tobacco sector. Through a proactive strategy and decisive action, we have navigated these adversities effectively, demonstrating our commitment to resilience, sustainable growth, and value creation for all stakeholders.

## EXPORT OPPORTUNITIES

Bangladesh's tobacco sector has carved a significant niche in the global market, exporting cigarettes to countries such as China and Maldives and supplying premium-quality tobacco green leaf to over 20 nations, including Belgium, Spain, Belarus, Lithuania, Georgia, Netherlands, Turkey, United Arab Emirates, the Dominican Republic, Jordan, Italy, Poland, Germany, United Kingdom, United States, Chile, Pakistan, Indonesia, Korea, Kenya, and South Africa. The global market presents a considerable opportunity to further expand cigarette exports, paving the way for the development of an integrated and competitive tobacco industry in Bangladesh.

## REGULATIONS

The tobacco industry in Bangladesh operates within one of the most stringent regulatory environments, encompassing comprehensive rules on product labelling (such as mandated graphical health warnings), marketing and distribution, advertising, and sponsorships.



# PESTEL FRAMEWORK

## POLITICAL LANDSCAPE

Tobacco remains a sector subject to stringent government regulations in Bangladesh, encompassing labelling, pricing, and distribution. The sector is also characterized by significant fiscal contributions through taxation. In the face of ongoing geopolitical uncertainties in Bangladesh, the regulatory landscape has become increasingly complex, demanding meticulous compliance and strategic adaptation.

### *Our response*

While we are cognizant of public health concerns, we operate responsibly by providing our adult clients with informed choices and advocating for pragmatic and equitable legislation. Furthermore, we continue to highlight the detrimental effects of illicit products on public health and the significant revenue losses to the national treasury caused by the illicit trade. In this dynamic landscape, we prioritize collaborative engagement with stakeholders to promote robust regulatory enforcement and sustainable industry practices.

## ECONOMIC LANDSCAPE

The global economic environment remains challenging, driven by geopolitical tensions in the Middle East, the Russia-Ukraine conflict, and a decelerating global economy. These factors have led to inflation-driven surges in commodity prices, a slowdown in external trade (both exports and imports), and a decline in domestic consumption, particularly in rural areas, exacerbating significant financial stress on consumers. The average consumer is facing severe price pressures, and the post-COVID surge in demand has waned, further diminishing consumption levels. Moreover, the current geopolitical unrest in Bangladesh, coupled with global conflicts, has further intensified economic complexities, contributing to heightened volatility in supply chains and markets.

### *Our response*

As a key player in the economy, we have proactively adapted our strategies to navigate this dynamic landscape. Leveraging our core assets, such as a diverse and well-segmented portfolio and brands, we continue to deliver value across various price points, ensuring affordability for consumers while maintaining operational efficiency. In light of the current geopolitical unrest in Bangladesh and the broader global conflicts, we have adapted our strategies to navigate these challenges. Our commitment to innovation and consumer focus ensures that we continue to drive value, even amid volatility.

## SOCIAL LANDSCAPE

The social stigma associated with tobacco use is gradually diminishing.

### *Our response*

We are committed to providing adult consumers with choices through our legally compliant and regulatory-compatible products. By prioritizing the development of reduced-risk alternatives and expanding our product portfolio, we align our business practices with global trends and regulatory standards.





THE ACRONYM PESTEL, WHICH STANDS FOR “POLITICAL, ECONOMIC, SOCIAL, TECHNICAL, ENVIRONMENTAL, AND LEGAL,” ENABLES US TO CONDUCT A THOROUGH ANALYSIS OF OUR ORGANIZATION THROUGH THESE SIX CRITICAL DIMENSIONS, FOSTERING RESPONSIBLE STEWARDSHIP.

THE PREVAILING INTERNATIONAL AND DOMESTIC UNCERTAINTIES, MARKED BY GEOPOLITICAL CONFLICTS AND ECONOMIC VOLATILITY, HAVE PROFOUNDLY IMPACTED OUR OPERATIONAL ENVIRONMENT, PROMPTING US TO REASSESS OUR VALUE DRIVERS WITHIN THE PESTEL FRAMEWORK.

### TECHNOLOGICAL LANDSCAPE

Our industry’s robust manufacturing and processing capabilities inherently mitigate the risk of technological obsolescence. Nevertheless, technology plays a crucial role in evaluation, new product development, and other key areas.

#### *Our response*

To ensure sustained leadership, we prioritize long-term investments in research and development that align with the evolving preferences of adult consumers. By leveraging our deep understanding of consumer behaviour, we facilitate the regulatory-compliant launch of both new products and updated versions of existing ones. Additionally, our investment in state-of-the-art equipment at our Savar Factory reflects our unwavering commitment to maintaining a technological edge, ensuring we stay at the forefront of industry advancements.

### ENVIRONMENTAL LANDSCAPE

Change in the environmental landscape has brought the urgency of climate change to the forefront of global and local priorities, particularly for Bangladesh, a nation characterized by its fragile ecology and sensitive topography. The country faces unique environmental challenges requiring urgent and concerted efforts to mitigate the impacts of climate change and promote sustainable development. The backdrop of geopolitical unrest and global conflicts, including tensions in the Middle East and the Russia-Ukraine war, amplifies the need for adaptive strategies to safeguard the country’s ecological future.

#### *Our response*

At BAT Bangladesh, we fully embrace the government’s 2030 Sustainable Development Goals (SDGs) and align our production and impact measurement with these principles. As a Company dedicated to climate action and reducing our carbon footprint, we have achieved notable milestones, including around 98% waste recycling, extensive use of renewable solar power in our operations (partially offsetting grid-based electricity), and focused efforts to achieve 50% water recycling by 2025.

In these turbulent times, our commitment to resilience, sustainability, and innovation remains unwavering. In line with the BAT group, we are advancing our efforts to reduce Scope 1 and 2 emissions, aiming for our ultimate goal of net-zero carbon emissions.

### LEGAL LANDSCAPE

In Bangladesh, the tobacco sector is subject to more stringent regulations than any other industry, governed by an extensive array of laws, regulations, and stipulations.

#### *Our response*

At BAT Bangladesh, our operations are guided by our core Values, Standards of Business Conduct (SoBC), and a comprehensive framework of well-established norms, processes, policies, and standards, ensuring full legal compliance. Our role as a responsible corporate citizen is exemplified by our status as the country’s leading corporate taxpayer, contributing approximately BDT 34,173 crore in taxes in 2024, which accounts for nearly 10% of the Government’s total tax revenue.

Furthermore, as part of our external affairs strategy, we maintain strong relationships with taxing authorities and regulators through a collaborative approach. This proactive engagement ensures that we navigate the complex regulatory landscape effectively, reinforcing our commitment to compliance and ethical business practices.

# MATERIALITY AND MATERIAL MATTERS



THE ASSESSMENT OF OUR MATERIAL CONCERNS IS AN INTEGRAL COMPONENT OF OUR CORPORATE GOVERNANCE FRAMEWORK, ENABLING US TO IDENTIFY, UNDERSTAND AND ADDRESS ISSUES THAT MAY HAVE IMMEDIATE, MEDIUM, OR LONG-TERM IMPACTS ON OUR ABILITY TO GENERATE VALUE. THESE CONCERNS SPAN FINANCIAL PERFORMANCE AND ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) OBJECTIVES. THROUGH METICULOUS MAPPING OF STAKEHOLDER CONCERNS TO BUSINESS-CRITICAL FACTORS, WE ENSURE ALIGNMENT WITH OUR STRATEGIC GOALS, RISK TOLERANCE, AND CORPORATE GOVERNANCE PRINCIPLES. EMERGING MATERIAL ISSUES ARE REGULARLY REVIEWED, MANAGED, AND REPORTED, ENSURING TRANSPARENCY AND ACCOUNTABILITY IN ADDRESSING EVOLVING CHALLENGES.

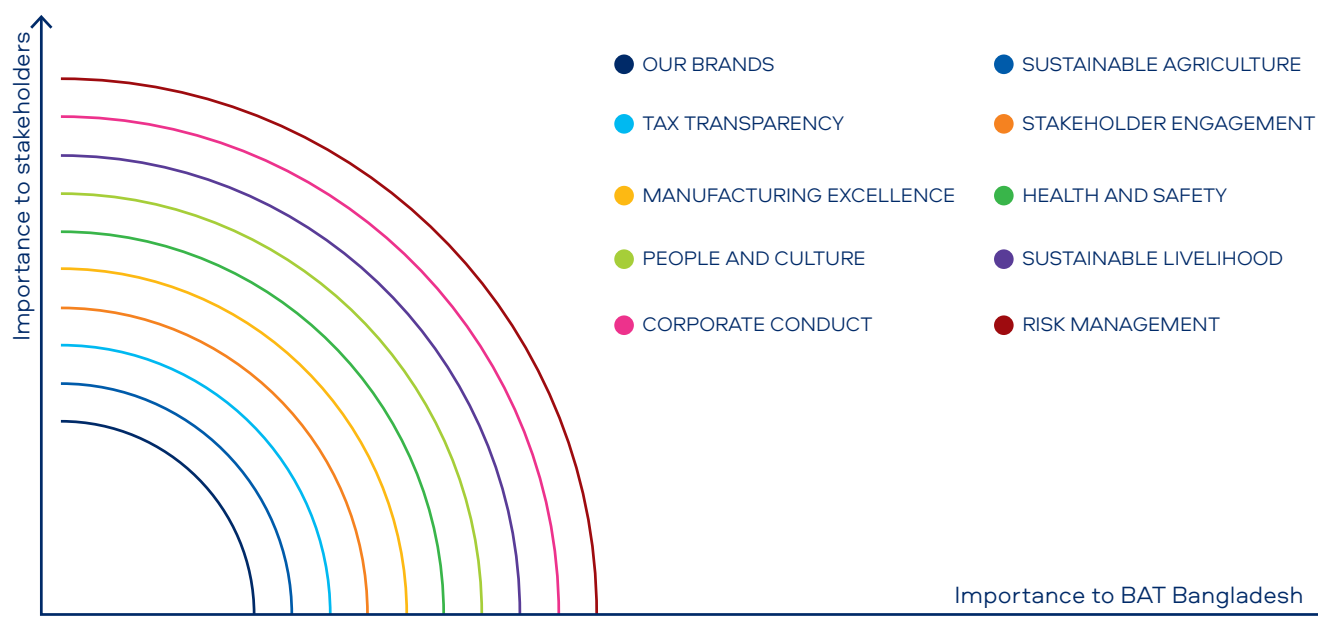
## MATERIALITY AT BATB

Sustainability lies at the heart of our business operations, deeply embedded in our strategy to deliver long-term value to all stakeholders. Our strategic planning process is deeply rooted in our stakeholder materiality matrix and is fully aligned with the Sustainable Development Goals (SDGs). Our primary focus areas, or material matters, are designed to reflect our Company's value chain and address the critical interests and expectations of all stakeholders.

Our approach to materiality is informed by robust stakeholder engagement, insights from Board and management committee discussions, and a comprehensive risk management process. This enables us to remain agile and responsive to a dynamic operating environment.

## OUR MAJOR MATERIAL MATTERS





## OTHER MATERIAL MATTERS





# HIGHLIGHTS



CONTRIBUTION  
TO NATIONAL  
EXCHEQUER

BDT

**34,173**

CRORE

Contributed during 2024

PROUDLY SUPPORTING  
8 SUSTAINABLE  
DEVELOPMENT GOALS



TOP EMPLOYER

**5 TIMES**



SHAREHOLDERS

**71,062**

AS ON 31<sup>ST</sup> DECEMBER 2024

EMPLOYEES &  
ASSOCIATES

FARMERS

**50,500**  
APPROX.

EMPLOYEES

**1,720**

RETAILERS

**1.6 MN**  
APPROX.



LEAF  
EXPORT

BDT

**846.75**

CRORE

**3** GOOD HEALTH  
AND WELL-BEING



**8** DECENT WORK AND  
ECONOMIC GROWTH



**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



**10** REDUCED  
INEQUALITIES



**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



**13** CLIMATE  
ACTION



**15** LIFE  
ON LAND



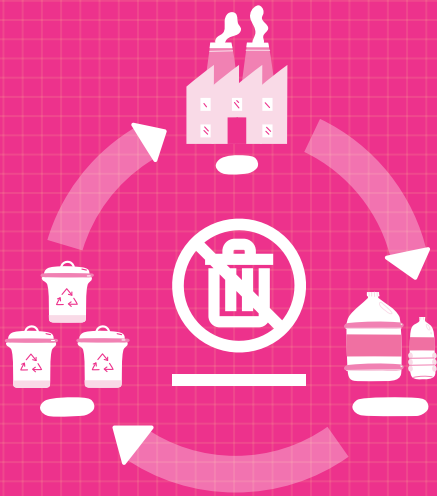
**16** PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



# 2024



## CORPORATE SOCIAL RESPONSIBILITY



WASTE  
RECYCLED  
**98%**



WATER  
RECYCLED  
**39.1%**



**BONAYAN**  
130 MN SAPLINGS  
Beneficiaries comprising  
~30,000 people

**BONAYAN**



**PROBAHO**  
126 PLANTS  
Beneficiaries comprising  
~310,000+ people

**PROBAHO®**



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

**DEEPTO™**



## COMPOSITION OF THE BOARD

### STANDING FROM LEFT

- **Mr. Numayer Alam** Commercial Director
- **Ms. Nirala Nandini Singh** Finance Director
- **Mr. Stuart Kidd** Non-Executive Director
- **Mr. Wael Sabra** Chairman
- **Mr. Masud Khan** Independent Director
- **Mr. A. K. M. Aftab Ul Islam FCA** Independent Director
- **Ms. Zakia Sultana** Non-Executive Director





#### STANDING FROM LEFT

- **Mr. Francisco Toso Canepa** Non-Executive Director
- **Mr. Md. Shirajun Noor Chowdhury** Non-Executive Director
- **Mr. Md. Abul Hossain** Non-Executive Director
- **Ms. Monisha Abraham** Managing Director
- **Mr. Gary Tarrant** Non-Executive Director
- **Professor Dr. Melita Mehjabeen** Independent Director
- **Mr. Syed Afzal Hossain** Company Secretary



# MR. WAEL SABRA

## CHAIRMAN



### NATIONALITY

Antiguan & Barbudan

### DATE OF APPOINTMENT TO BATB BOARD

2023

### EDUCATIONAL BACKGROUND

- Bachelor's in Business Administration from American University of Beirut
- Master's in Finance from University of Florida
- Certified Management Accountant (CMA)
- Certified Prince 2 Project Manager

### MEMBERSHIP

- Chairman, BATB Board
- Member, PTC Board
- APMEA Regional Leadership Team

Mr. Wael Sabra embarked on his career with BAT in 2003. Over the ensuing 22 years, he has held numerous distinguished senior positions within the financial department, playing a pivotal role in enhancing BAT's operations across the Middle East, Africa, and South Asia. His proficiency in financial strategies, coupled with his ability to analyze global market trends and implement necessary measures, has established him as a significant leader within BAT. This leadership prowess has propelled him beyond his initial region to new territories. In 2023, he was appointed as a board member of the BATB Board, and subsequently, in 2024, he ascended to the position of Chairman of BAT Bangladesh. His strategic vision and adeptness in navigating complex financial landscapes have been instrumental in his rise to these prestigious roles. Amidst the current geopolitical unrest worldwide, including conflicts in Ukraine and the Middle East, his ability to navigate these complex global challenges and steer the organization towards stability and growth emphasizes his exceptional capabilities and foresight.

### CAREER HIGHLIGHTS

He commenced his career with BAT in 2003 as a Marketing Finance Executive in Lebanon. Over the next seven years, he undertook several pivotal roles, demonstrating exceptional proficiency and leadership. In 2010, he was promoted to Finance Director in the Democratic Republic of Congo, where he continued to drive financial excellence and strategic initiatives. His journey reflects a trajectory of consistent growth and significant contributions to the organization.

In 2012, he transitioned to South Africa, where he assumed the role of Finance Director for Southern African Markets. His exemplary performance led to his relocation to Cairo in July 2014, where he was appointed as the North Africa Area Finance Director. In this capacity, he continued to drive financial strategy and operational efficiency, further solidifying his reputation as a key leader within the organization.

In August 2016, he relocated to Pakistan to assume the role of Finance Director for the South Asia cluster. His outstanding performance in this capacity led to his subsequent move to Dubai, where he was appointed as the Finance Director for the Middle East, South Asia, and North Africa. In these roles, he has been instrumental in formulating financial strategies, optimizing operational efficiencies, and navigating complex market dynamics across diverse regions.

Currently, he serves as the Area Director for the Middle East, North Africa, Caucasus, Central Asia, and Pakistan, based in Dubai. In this capacity, he continues to drive strategic initiatives, foster regional integration, and enhance the organization's competitive edge amidst evolving market conditions. His visionary leadership and adeptness in managing multifaceted financial landscapes have been pivotal in steering the organization towards sustained success.

# MS. MONISHA ABRAHAM

## MANAGING DIRECTOR



### NATIONALITY

Indian

### DATE OF APPOINTMENT TO BATB BOARD

2023

### EDUCATIONAL BACKGROUND

- MBA in Marketing and Finance, Birla Institute of Technology, India
- Bachelor of Commerce (B. Com), Jyoti Nivas College, India

### TRAININGS & PROFESSIONAL EDUCATION

- Harvard Business School- Heineken Leadership Campus
- IMD- Strategic Leadership
- INSEAD- HIMAC Heineken

### MEMBERSHIP

- BAT Bangladesh Board
- BAT Bangladesh Leadership Team
- APMEA Regional Leadership Team

In 2024, Ms. Monisha Abraham took over the role of Managing Director at BAT Bangladesh. With a distinguished career spanning over 29 years in general management and marketing within the FMCG and tobacco sectors, she has firmly established herself as a formidable leader. She is renowned for her ability to cultivate high-performing teams and foster individual development, thereby enhancing organizational capabilities.

### CAREER HIGHLIGHTS

Upon completing her academic studies, Ms. Abraham embarked on her professional journey in 1995, by joining the FMCG sector in Abu Dhabi. Over the years, she has adeptly navigated various positions, consistently demonstrating her expertise and leadership. Her unwavering commitment to excellence, coupled with a profound understanding of market dynamics and regulatory frameworks, has been instrumental in her professional success.

She joined Heineken in 2005, and her career trajectory there is indeed commendable. Commencing her tenure as the Trade Marketing Manager, she swiftly ascended to the role of Marketing Manager for the Gulf region within a span of less than two years.

In 2009, she relocated to the Netherlands to assume the role of Regional Marketing Director for the Africa and Middle East region. She subsequently advanced to become the Managing Director of Heineken in Lebanon, where she achieved record-breaking results for the company.

After three years in Lebanon, she transitioned to the role of Managing Director for Heineken Hanoi, an operational entity overseeing the northern region of Vietnam, from 2017 to 2019. During her tenure, she was instrumental in facilitating the seamless integration of the northern and southern operational divisions.

In 2019, Ms. Abraham relocated to Brussels, Belgium, to assume the position of Managing Director at Ibecor, a subsidiary of Heineken specializing in inbound logistics and transportation for the Africa and Middle East regions. At Ibecor, she was responsible for transforming the organization by expanding its commercial reach to the Caribbean and Asia Pacific.

Following a distinguished sixteen-year tenure at Heineken, she transitioned to the Ceylon Tobacco Company in Sri Lanka (a subsidiary of the BAT Group) as Managing Director and CEO in 2021. When she joined CTC, the worldwide turbulence and uncertainty presented by COVID-19 had a profound impact on the business. It was a challenging period for both the domestic and global economy. Despite this critical situation, she played a pivotal role in the strategic deliveries to the business, ensuring that CTC remained one of the country's most economically impactful organizations. During her tenure in 2022, Sri Lanka faced significant macro-economic pressures, political uncertainty, and social unrest. Despite these challenges, she ensured business continuity with safety measures for the organization and its employees, maintained the supply chain and distribution network, and met revenue objectives for shareholders and the Government. Furthermore, under her leadership, CTC completed Phase 1 of the 'Integrated Work Systems' (IWS) journey with a collaborative approach that ensured a 37% increase in revenue growth. She remained in this role till 2024, until she joined BAT Bangladesh as Managing Director.

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

## INDEPENDENT DIRECTOR



### NATIONALITY

Bangladeshi

### DATE OF APPOINTMENT TO BATB BOARD

October 2019

### EDUCATIONAL BACKGROUND

- B.Com
- LL.B
- Fellow Chartered Accountant

### MEMBERSHIP

- Chairman, Audit Committee
- Member, Nomination and Remuneration Committee (NRC)

With 43 years of experience in the private sector, Mr. A. K. M. Aftab Ul Islam is enthusiastic to play a leading role in developing an enabling environment for the promotion of trade, commerce and industry, especially information technology, in Bangladesh. He began his career with NCR Corporation, a multinational information technology business based in the United States and has led it for more than 16 years.

### CAREER HIGHLIGHTS

- Mr. Aftab is serving as a Director of the Board of the Directors of Bangladesh Bank, the Central Bank of Bangladesh since 2017 for a consecutive 3rd term (9 years) in a row.
- Chairman, IOE (Bangladesh) Ltd since 1996.
- Principal Partner, Islam Aftab Kamrul and Co. a Chartered Accounting Firm in Bangladesh.
- Member of the board of Directors, SMC EL.
- Executive Committee Member of the Board of International Chamber of Commerce (ICC).
- Former President, Bangladesh Computer Samity (BCS) (1998-1999).
- Former Chairman of the Small and Medium Enterprise (SME-Foundation) Foundation.
- Former President, Dhaka Chamber of Commerce and Industry (DCCI), 2000.
- Mr. Islam was also elected as President of the American Chamber of Commerce in Bangladesh (AmCham) for 10 years.
- Former Board member of Chittagong Stock Exchange (CSE).
- Former Country Director SAREC- South Asian Regional Energy Coalition.
- Former Member of the Governing Body of Institute of Business Administration (IBA), Dhaka University (2004-2023).

# MR. MASUD KHAN

## INDEPENDENT DIRECTOR



### NATIONALITY

Bangladeshi

### DATE OF APPOINTMENT TO BATB BOARD

October 2024

### EDUCATIONAL BACKGROUND

- Bachelor of Commerce with Honours in Accounting, University of Kolkata, India

### PROFESSIONAL QUALIFICATIONS

- Chartered Accountant, Fellow Member (FCA), Institute of Chartered Accountants of India
- Cost Accountant, Fellow Member (FICWA), Institute of Cost and Works Accountants of India
- Certified Management Accountant, Fellow Member, Australia and New Zealand

### PROFESSIONAL COURSES

- System Design and RPG II Programming
- Management Development & Managerial Grid
- HAY System of Job Evaluation
- Assessment Centre
- Finance Development Program
- Leader for Tomorrow
- Senior Management Development

### MEMBERSHIP OF BOARD COMMITTEE

- Chairman, Nomination & Remuneration Committee (NRC)
- Member, Audit Committee

Mr. Masud Khan is a seasoned professional with 43 years of experience in leading multinational and local companies. Of these, 23 years have been spent as a senior director at the board level. His extensive career reflects a profound expertise in corporate governance, strategic leadership, and operational excellence, making him a distinguished figure in the business community.

### CAREER HIGHLIGHTS

- Group Chief Executive Officer / Chief Adviser of the Board, MI Cement Factory Limited (Crown Cement)- 2017- Cont.
- Chief Financial Officer, Lafarge Holcim Bangladesh Limited- 1999-2017
- MRPII Program Manager, BAT Bangladesh 1997-1999
- Audit Manager, BAT Bangladesh- 1990-1997
- Chief Accountant, BAT Bangladesh-1984-1990
- Head of Finance, Monrovia Tobacco Corporation, Liberia, West Africa (a subsidiary Company of British American Tobacco)- 1983 –1984
- Plant Controller, BAT Bangladesh- 1982-1983
- Management Accountant, BAT Bangladesh – 1979-1982
- James Finlay, Bangladesh, Tea Accountant- July 1979 – September 1979
- Price Waterhouse, Kolkata, India- 1975-1978

### OTHER RESPONSIBILITIES

- Chairman of Unilever Consumer Care Ltd. (formerly GSK)
- Independent director and Chairman of Audit Committee of Singer Bangladesh Ltd.
- Independent director and Chairman of Audit Committee of Community Bank Bangladesh PLC
- Shareholder Director of Edge Research and Consulting
- Advisor of Edge Asset Management Company
- Trustee of Valor of Bangladesh



# PROFESSOR DR. MELITA MEHJABEEN

## INDEPENDENT DIRECTOR



### NATIONALITY

Bangladeshi

### DATE OF APPOINTMENT TO BATB BOARD

November 2024

### EDUCATIONAL BACKGROUND

- PhD Accounting and Finance, Alliance Manchester Business School, University of Manchester, UK
- Masters in Development Studies, University of Colombo, Sri Lanka
- Masters in Business Administration (MBA), Institute of Business Administration (IBA), University of Dhaka
- Bachelors in Business Administration (BBA), Institute of Business Administration (IBA), University of Dhaka

### TRAININGS AND WORKSHOPS

- XI Colloquium in Qualitative Research Methods, Nord University, Norway.
- Certificate Diploma in "Leading with Finance" with Harvard Business School Online
- Faculty Exchange Programme at the Oulu University of Applied Sciences, Finland
- Training on Regulatory Impact Assessment by Jacobs, Cordovas and Associates sponsored by the International Finance Corporation (IFC)
- Workshop on Corporate Governance organized by IFC
- Attended "Designing a Mixed Methods Research" conducted by the University of Michigan
- Building the Consultant Hub: Program on GRI Standards conducted by the Global Reporting Initiative (GRI) and PWC

Professor Dr. Melita Mehjabeen is an accomplished professional with more than two decades of demonstrated success in academia, research, consulting, and advisory positions. She has demonstrated exceptional dedication to academics, fostering a vibrant and stimulating learning environment for students. Her research interests lie in sustainability and governance, the informal sector and SME and has contributed to these areas through extensive research work, including multiple publications. Her excellent academic background and extensive knowledge of private sector services bring a unique blend of expertise to any professional setting. This diverse background has equipped her with a wide range of skills, enabling her to excel in dynamic, multifaceted environments.

### CAREER HIGHLIGHTS

- Professor, IBA, University of Dhaka- 2022- Present
- Associate Professor, IBA, University of Dhaka - 2018- 2022
- Assistant Professor, IBA, 2013- 2018
- Lecturer, IBA, University of Dhaka- 2009 – 2013
- Manager, Product Sales, Global Transaction Services, Citibank N.A - 2008-09
- Asst. Manager, Product Sales, Global Transaction Services, Citibank N.A- 2006-07

### OTHER RESPONSIBILITIES

- Independent Director and Chair, Audit Committee- Grameenphone Ltd.
- Independent Director and Chair, Audit Committee – Unilever Consumer Care Limited
- Independent Director- National Bank Limited
- Nominated Member, Recruitment Committee,
- Consultant of International Labour organization (ILO) to facilitate Green Jobs and Green Skills for Just Transition in Bangladesh

### GRANTS

- Research Grant from the Danish Ministry of Foreign Affairs to conduct research on "Climate Change and Plastic recycling in the RMG industry in Bangladesh."
- Research Grant from Bangladesh Institute of Capital Markets (BICM) and Bangladesh Securities and Regulatory Commission (BSEC) to conduct a research on "ESG Disclosure Practices in the publicly listed companies of Bangladesh"
- Grant from Danish Krona from the Danish Ministry of Foreign Affairs, project titled "Circular Economy in Bangladesh's Apparel Industry (CREATE)" jointly conducted by researchers from Aalborg University Business School, Denmark, Copenhagen Business School, University of Essex, University of London, BGMEA, Dhaka University and Ahsanullah University
- Commonwealth Scholarship for PhD from the UK Government

### AS A PRESENTER AT INTERNATIONAL CONFERENCES

- "CSR Research in the Hotel Industry: How it Relates to Promoting the SDGs", Social Responsibility Network Conference, Mauritius
- "When CSR Reporting Meets National Politics: Dispatches from a Traditional Setting" at the APIRA Conference, New Zealand
- "The politics of CSR reporting practices: a traditional economy perspective" presented at the AAEE conference in Essex, UK
- "The politics of corporate social reporting practices: case study of developing economy", 29<sup>th</sup> International Congress on Social and Environmental Accounting Research (CSEAR) University of St. Andrews, UK

# MS. ZAKIA SULTANA

## NON-EXECUTIVE DIRECTOR



### NATIONALITY

Bangladeshi

### DATE OF APPOINTMENT TO BATB BOARD

May 2021

### EDUCATIONAL BACKGROUND

- B.Sc in Anatomy (Medical), Institute of Post-Graduate Medicine and Research (IPGMR) of Dhaka University
- M.Sc in Anatomy (Medical), Institute of Post-Graduate Medicine and Research (IPGMR) of Dhaka University
- MS in Environmental Management (with distinction), Victoria University, Australia
- Super MATT course, University of Bradford, United Kingdom
- Short course in Top Management (MATT-2) in Singapore
- Course on Strengthening of BCS Admin Cadre Officials, Duke University, USA

### MEMBERSHIP

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

Ms. Zakia Sultana, Senior Secretary, Ministry of Industries, is an experienced civil officer. Ms. Sultana entered the administrative cadre of the Bangladesh Civil Service in 1991. She held several significant positions in government at the field level in Narayanganj and Munshiganj districts. She has also held significant positions in the Ministry of Women and Children Affairs, Local Government Division under Ministry of Local Government, Rural Development and Co-operatives, Ministry of Environment and Forests, Finance Division and Financial Institutions Division under Ministry of Finance and Health Services Division under Ministry of Health and Family Welfare.

### CAREER HIGHLIGHTS

- Senior Secretary in the Ministry of Industries in 2023
- Secretary in the Ministry of Industries in May 2021
- Chairman of Bangladesh Energy and Power Research Council (in the rank of Secretary of the Government of Bangladesh)
- Additional Secretary of the Financial Institutions Division under Ministry of Finance

She held various important positions in the Ministry of Women and Children Affairs, Local Government Division under Ministry of Local Government, Rural Development and Co-operatives, Ministry of Environment and Forests, Finance Division and Financial Institutions Division under Ministry of Finance, Health Services Division under Ministry of Health and Family Welfare.

### INTERNATIONAL TRAININGS

She participated in various conferences, workshops, and trainings in United Kingdom, Spain, Japan, Switzerland, Belgium, Sweden, France, Italy, Singapore, Saudi Arabia, Philippines, Malaysia, Maldives, Sri Lanka and India on Rural Development, Women's Empowerment, Human Resource Management, Environment Development, Budget & Accounts Management, WTO Notification Procedure and Obligation and Investment Treaty Negotiation and Disputes settlement.

# MR. SHIRAJUN NOOR CHOWDHURY

## NON-EXECUTIVE DIRECTOR



### NATIONALITY

Bangladeshi

### DATE OF APPOINTMENT TO BATB BOARD

May 2022

### EDUCATIONAL BACKGROUND

- Graduated in Business - University of Dhaka
- Master's in Financial Management - University of Ulster, UK

### MEMBERSHIP

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

He started his career as an Assistant Commissioner and Magistrate. Noor brings over 28 years of extensive administrative experience to the forefront, demonstrating exceptional leadership and expertise in navigating complex policy landscapes. With a decade-long tenure in financial and budget management, Noor has traversed through pivotal roles, including Additional Secretary, Joint Secretary, and Deputy Secretary within the esteemed Ministry of Finance. His expertise spans intricate realms of economic policy formulation, budget management, deficit financing strategies, and resource mobilization, as well as leading a team to formulate Public Financial Management (PFM) Reform Strategy. With a proven track record in spearheading initiatives across diverse sectors including finance, energy, power, environment, commerce, health, and education, he stands as a catalyst for transformative change within the government. He presently serves as an Additional Secretary to the Ministry of Finance.

### OTHER RESPONSIBILITIES

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

- Member, Steering Committee, IMF-South Asia Regional Training and Technical Assistance Centre (SARTTAC), Delhi, India
- Member, Board Directors, Bangladesh Institute of Capital Market (BICM), Dhaka
- Member, Board Directors, Bangladesh NGO Foundation, Dhaka
- Executive Chairman, Institute of Public Finance (IPF) Bangladesh, Dhaka
- Member, Public Finance Foundation (PFF), Bangladesh
- Member, Bangladesh Civil Service Administration Association, Bangladesh
- Member, Board of Directors, Bangladesh Heart Foundation, Dhaka

# MR. MD. ABUL HOSSAIN

## NON- EXECUTIVE DIRECTOR



### NATIONALITY

Bangladeshi

### DATE OF APPOINTMENT TO BATB BOARD

2019

### EDUCATIONAL BACKGROUND

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

### MEMBERSHIP

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

Md. Abul Hossain has been serving as the Managing Director of Investment Corporation of Bangladesh since 21<sup>st</sup> August 2019, the core public sector investment bank of the country. Mr. Hossain has more than 34 years of diversified experience in investment banking, specialized and commercial banking, Islamic banking, Asset management and ICT works. He started his career as a System Analyst/ Senior Principal Officer of ICB in 1998 and served in different positions in the same organization. Prior to his joining as Managing Director of ICB, he acted as the Managing Director of Karmasangsthan Bank. He also served as the Managing Director (Additional Charge) and Deputy Managing Director of Bangladesh Krishi Bank.

### CAREER HIGHLIGHTS

Currently, he is contributing his professional expertise as a Board member of British American Tobacco Bangladesh Co. Ltd. (BATBC), Unilever Consumer Care Limited (UNILEVERCL), Standard Bank Limited, National Tea Company Limited (NTC), Apex Tannery Limited, United Power Generation & Distribution Company Limited (UPGDCL), Apex Footwear Limited, Heidelberg Cement Bangladesh Limited and Padma Bank Limited. In addition to perform his professional duties, Mr. Hossain is actively involved in different philanthropic activities of various national, social, cultural, religious and volunteer organizations.

### OTHER RESPONSIBILITIES

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

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



# MR. GARY TARRANT

## NON-EXECUTIVE DIRECTOR



### NATIONALITY

British

### DATE OF APPOINTMENT TO BATB BOARD

2023

### EDUCATIONAL BACKGROUND

- Bachelor of Science (BSc) in Mathematics with Economics, University of Sussex, UK
- Post Graduate Diploma in Law (PGDL), Nottingham Trent University, UK

### PROFESSIONAL QUALIFICATIONS

- Member, BATB Board
- Solicitor of England & Wales

### CAREER HIGHLIGHTS

Mr. Tarrant began his career in 1993, as a registered trademark attorney for Unilever, working out of its London headquarters. After six years at Unilever, he departed to start a trademark practice at a London law firm. In 2004, he started working for the BAT Group at Globe House, and was admitted as a Solicitor of England & Wales in 2006. He was a senior trademark manager at first, and then supported the group marketing function with legal counselling in a variety of capacities.

Following seven years at BAT Globe House, he began his first overseas assignment as GCC Legal Counsel based in Dubai. Since then, he has held several positions in the Legal & External Affairs department at BAT Group, including Head of LEX for Middle East, South Asia and North Africa Cluster, Head of LEX, Korea & Taiwan Cluster in Asia, Head of Commercial Legal in the UK, and Head of Legal for West Africa Area in Africa.

Prior taking on his present position as Group Head of Regulation he held the position of Regional General Counsel and Head of Legal & CORA for the Asia Pacific, Middle East and Africa Region. He joined the Regional Leadership Team in this capacity in 2023.

Mr. Tarrant has acquired invaluable experience across diverse global roles in the Center, Africa, Asia, and Middle East markets, where he led Legal & External Affairs agendas with a commercial focus. In this capacity, he became a key member of the APMEA Regional Leadership Team (RLT), successfully implementing the CORA and Legal strategic leadership agendas in the region. He played a pivotal role in the LEX transformation and in developing high-performing APMEA Legal and CORA teams.

In January 2025, Mr Tarrant was promoted to the position of Group Head of Regulation and has moved back to BAT Headquarters in London where he continues to be a member of the Group CORA Leadership Team. He is currently discharging his responsibilities in this role.

# MR. STUART KIDD

## NON-EXECUTIVE DIRECTOR



### NATIONALITY

New Zealand

### DATE OF APPOINTMENT TO BATB BOARD

2023

### EDUCATIONAL BACKGROUND

- Bachelor Of Commerce, Auckland University
- Chartered Accountant (Chartered Accountants Australia & New Zealand)

### MEMBERSHIP

- Member, BATB Board
- BAT Global Finance Leadership Team
- BAT APMEA Leadership Team

### CAREER HIGHLIGHTS

Prior to joining BAT Australia as an Internal Auditor in 2001, Mr. Kidd was employed as a senior external auditor for EY in Australia.

In 2003, he began working at BAT New Zealand as a strategic project manager. In 2004, he was promoted to Commercial Finance Manager.

After serving as the Finance Controller for BAT Vietnam for a brief period in 2008, Mr. Kidd joined the group headquarters' mergers and acquisitions division in the UK. He subsequently transferred to the position of Finance Director at BAT International (Zug, Switzerland).

In 2012, Mr. Kidd transferred to Hong Kong, where he was appointed as the Regional Business Development Manager, responsible for mergers and acquisitions for the Asia Pacific Region.

In 2015, Mr. Kidd was appointed the Finance Director for the North Asia Area based in Tokyo. He returned to the regional office as the Regional Head of Finance in 2020.

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

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

# MR. FRANCISCO TOSO CANEPA

## NON-EXECUTIVE DIRECTOR



### NATIONALITY

Chilena

### DATE OF APPOINTMENT TO BATB BOARD

2023

### EDUCATIONAL BACKGROUND

- Industrial Engineering Pontificia Universidad Catolica de Valparaiso, Chile
- Dottore in Ingegneria Gestionale Politecnico Di Torino University, Italy.

### PROFESSIONAL QUALIFICATIONS

- BATB Board
- BAT Singapore Board
- APMEA Regional Leadership Team
- BAT Global Operations Leadership Team

### CAREER HIGHLIGHTS

Since joining British American Tobacco Chile in 2002, Mr. Canepa has held a number of roles in the BAT Group's operations and supply chain operations in multiple countries.

He received a position as a supply chain project manager in the UK in 2005, where he was given the responsibility for crafting BAT's future end-to-end supply chain planning hub organisation.

He oversaw supply chain optimisation for the Mexico and Canada Areas as a Supply Chain Manager after being elevated to that position in 2007. In 2010, he was named Factory Manager Chile.

He was elevated to Operations Director in West Africa in 2013, where he was located in Nigeria and responsible for overseeing many plants as well as the end-market supply chain throughout the region. He was appointed Area Operations Director for Southern and East Europe (located in Romania) after being appointed in Africa, where he oversaw nations including Romania, Italy, Greece, Malta, Cyprus, and so on.

After being appointed Regional Operations Director, APME in July 2022, Mr. Toso Canepa joined the BAT Global Operations Leadership Team and took on responsibility for the Asia Pacific and Middle East region. In April 2023, he expanded his responsibilities to include the newly established Region APMEA, thereby covering the Asia Pacific, Middle East, and Africa region. Supporting business growth, laying the groundwork and developing the necessary skills to turn the organisation into a multi-category sourcing operation, and spearheading and executing a step shift in diversity, ESG, service, quality, and cost performance are his top goals.

# MS. NIRALA NANDINI SINGH

## FINANCE DIRECTOR



### NATIONALITY

Trinidad and Tobago

### DATE OF APPOINTMENT TO BATB BOARD

2023

### EDUCATIONAL BACKGROUND

- Master's in Business Administration, Andrews University, Michigan, USA
- Fellow Chartered Certified Accountant (FCCA), Andrews University, Michigan, USA

### MEMBERSHIP

- BATB Board
- BAT Bangladesh Leadership Team
- APMEA Central Leadership Team
- APMEA Regional Finance Leadership Team

Ms. Nirala Nandini Singh has been serving as the Finance Director for BAT Bangladesh since 2023. With over 23 years of experience as a financial specialist, she has consistently demonstrated her ability to drive commercial success within a prestigious international corporation. Her extensive experience encompasses various finance roles, including Finance Director for a publicly listed Company and Controller for a highly complex business unit.

Ms. Singh is passionate about people management and has built high performing teams across the multiple roles which she has held. She is also a champion of the female diversity agenda and uses her leadership to spearhead initiatives of female professional development across the business.

### CAREER EXPERIENCE

Ms. Singh commenced her career with British American Tobacco (BAT) in 2001 as an Internal Auditor for the Caribbean Area. After two years, in 2003, she was promoted to the role of Planning Analyst within the same region. By 2005, she continued to excel in this position, expanding her responsibilities to encompass both the Caribbean and Central America.

At The West Indian Tobacco Company Limited, a subsidiary of British American Tobacco, Ms. Singh was promoted to the position of Financial Accountant in 2006 and subsequently to Finance Controller in 2008. In 2011, she resumed her role as Head of Marketing Finance for BAT's Central America and Caribbean Area, further solidifying her expertise in financial leadership.

In 2013, Ms. Singh returned to The West Indian Tobacco Company Limited in Trinidad, where she was elevated to the position of Finance Director. In this capacity, she oversaw the financial operations for BAT's Trinidad division and served as a member of the local Board of Directors. Subsequently, within the same year, she was promoted and transferred to BAT Vietnam as Finance Controller. During her tenure, she ensured transparency and accountability in marketing decisions and investments. She played a pivotal role in the analysis and assessment of marketing investment opportunities, being an integral member of both the Finance and Marketing Leadership teams.

In 2015, Ms. Singh transitioned to BAT Central America & the Caribbean, based in Costa Rica, as Finance Controller. In this role, she managed the financial results for the Central America and Caribbean Business Unit and effectively led the team that successfully implemented SAP across 22 business entities.

In 2017, Ms. Singh assumed the role of Head of Record to Report at BAT Shared Services Europe, based in Romania. In this capacity, she oversaw the global shared services environment, leading a team of 250 professionals.

From 2020 to 2023, Ms. Singh spearheaded the commercial strategy for over 30 markets as the Head of Commercial Finance for BAT Latin America and the Caribbean, based in Mexico.

# MR. NUMAYER ALAM

## COMMERCIAL DIRECTOR



### NATIONALITY

Bangladeshi

### DATE OF APPOINTMENT TO BATB BOARD

2024

### EDUCATIONAL BACKGROUND

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

### MEMBERSHIP

- BATB Board
- BAT Bangladesh Leadership Team
- APMEA Central Leadership Team

### ACCOLADES

- 'Sales Director of The Year' by Bangladesh C-Suite Awards 2023

Mr. Numayer Alam brings over two decades of experience with BAT, including approximately seven years in leadership roles within the Marketing and Sales sectors across Bangladesh and the East Asia Area, specifically Vietnam and Cambodia. His expertise encompasses Sales and Trade Marketing, Commercial and Strategic Planning, Portfolio and Brand Management, Project Management, Talent Development and Large Team Management.

### CAREER EXPERIENCE

Mr. Alam embarked on his professional journey with BAT Bangladesh in 2004 as a Territory Officer. Demonstrating exceptional performance over two years, he was promoted to the position of Area Manager in 2006. His career progression continued with his appointment as Channel Development Executive in 2007, reflecting his growing expertise and leadership within the organization.

Following a successful three-year tenure in this role, he was promoted to the cross-functional position of Enterprise Programme Manager in 2010. Two years later, in 2012, he advanced to a Global Project Deployment role as the Project Manager for Bangladesh, overseeing the TAO (Target Operating Model and OneSAP) programme.

The period from 2014 to 2016 marked the most challenging years of his career, during which he held three distinct and significant senior positions in rapid succession. After successfully completing his global project role, he returned to the Marketing function and assumed the role of Regional Manager for Dhaka in 2014, where he led the largest business unit nationally.

In 2015, he transitioned to the role of Strategy, Planning & Insights Manager. Leveraging his strong commercial acumen and leadership capabilities, he was promoted to Head of Strategy, Planning & Insights in 2016. In this capacity, he played a pivotal role in developing long-term business simulations and strategic initiatives, driving the organization's growth and sustainability.

Mr. Alam's unwavering work ethic, inclusive leadership style paved the way for his appointment as Head of Trade Marketing at BAT East Asia Area (Vietnam & Cambodia) in 2017. Subsequently, he also assumed the role of Head of Brands. Under his stewardship, the Vietnam business experienced significant growth in volume, market share, and turnover. This success was driven by strategic initiatives in route-to-market optimization, impactful trade activations, portfolio enhancement, and robust talent development programs.

In 2022, Mr. Alam returned from Vietnam and joined the BAT Bangladesh Leadership Team, where he is currently serving as Commercial Director. His return marks a significant enhancement to the Leadership Team, bringing with him a wealth of international experience and diverse leadership style. Leading one of the largest sales operation network and team in Bangladesh, Mr. Alam has shaped some critical strategies which has enabled the Commercial function to deliver ever highest sales and revenue numbers in a continuously competitive and challenging market context.

Amidst the 2024 geopolitical unrest in Bangladesh, Mr. Alam played a key role in shaping people and business strategies to ensure the safety & wellbeing of the team while delivering strong commercial results. Mr. Alam is known for his inclusive leadership who actively advocates and promotes Diversity & Inclusion in BAT Bangladesh; female talent inclusion and progression in Marketing & Commercial function has doubled in last 2 years.



# MR. SYED AFZAL HOSSAIN

COMPANY SECRETARY



## NATIONALITY

Bangladeshi

## DATE OF APPOINTMENT TO BATB

January 2017

## EDUCATIONAL BACKGROUND

- Bar Vocational Course, Inns of Court School of Law, London, UK
- Postgraduate Diploma in Professional and Legal Skills, City University, London, UK
- Bachelor of Laws in Law, University of Leicester, Leicester, UK

## PROFESSIONAL QUALIFICATIONS

- Accredited Mediator, CEDR (UK)
- Advocate, Supreme Court of Bangladesh
- Advocate, Dhaka District Court
- Barrister-at-Law (England and Wales)

## MEMBERSHIP IN PROFESSIONAL SOCIETIES

- Bar of England & Wales
- Honourable Society of Lincoln's Inn
- Supreme Court Bar Association, Bangladesh
- Dhaka Bar Association, Bangladesh
- Bangladesh Bar Council

## ADVOCACY BEFORE

- High Court Division of the Supreme Court of Bangladesh
- District Courts of Dhaka and Chittagong
- Labour Court of Dhaka
- Trademark Tribunal of Bangladesh

With over a decade of litigation experience and eight years in the corporate sector, Mr. Syed Afzal Hossain is a distinguished Barrister. His areas of specialization encompass admiralty law, power and energy, banking and finance, telecommunications, commercial and corporate law, VAT and tax, as well as labor and employment law. Mr. Hossain possesses extensive expertise in both domestic and international commercial arbitrations.

## CAREER HIGHLIGHTS

In 2017, Mr. Hossain started his career with BAT Bangladesh as Litigation and Commercial Counsel. He is an Advocate of the Supreme Court of Bangladesh and a Barrister-at-Law. Notably, he played a crucial role in securing a favorable outcome in a GBP 158 million claim from the tax authority against BATB concerning VAT and SD related to the repositioning of low- and medium-segment brands into the medium segment. In recognition of his significant contributions, he was honored with the BATB Tier 3 Award in 2017. Throughout his eight-year tenure at BATB, he has also been a two-time recipient of the Stellar Award and has been awarded numerous Honor Clubs (Tier 2 Award) for his involvement in various interdisciplinary initiatives.

In April 2024, Mr. Hossain was promoted as the Company Secretary and Senior Legal Counsel of BAT Bangladesh. In this capacity, he has been instrumental in ensuring the highest standards of compliance and addressing a wide range of legal and regulatory issues. His extensive expertise in team building and cross-functional collaboration has been invaluable to the Company. During periods of geopolitical unrest in Bangladesh, Mr. Hossain played a crucial strategic role as part of the crisis management team, significantly contributing to the Company's stability and sustainability.

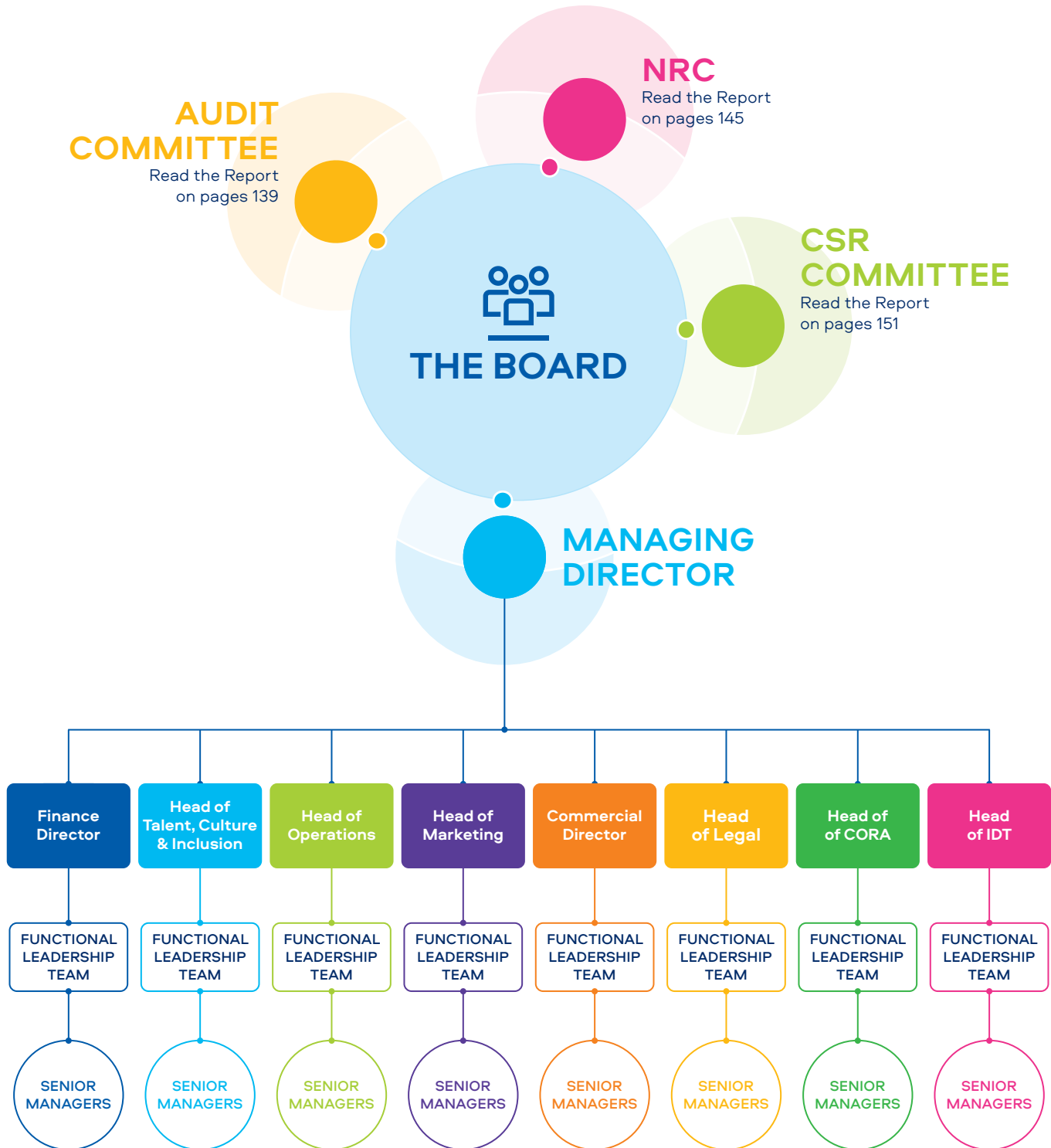
Prior to his current role at BAT Bangladesh, Mr. Hossain worked for:

- Law House, Chambers of Barrister ABM Siddiquir Rahman Khan: 2014 - 2016
- A Hossain and Associates, Chambers of Mr. Ajmalul Hossain KC: 2004 - 2014
- Central Bank Strengthening Project of Bangladesh Bank : 2004 - 2007

## TRAINING AND WORKSHOPS

- Training of Master Trainers on Mediation organised by Bangladesh International Arbitration Centre and CEDR
- ADR Workshop on Investing Across Borders organised by Bangladesh International Arbitration Centre
- Workshop on Case Management organised by UNDP and Bangladesh Bar Council
- Workshop on Energy Regulatory Law and Policy organised by USAID and Bangladesh Bar Council

# ORGANIZATIONAL STRUCTURE



# LEADERSHIP TEAM



## STANDING FROM LEFT

- **Mr. Shabab Ahmed Choudhury**  
Head of CORA
- **Mr. Sudesh Peter**  
Head of Legal
- **Mr. Syed Mahbub Ali**  
Head of Marketing
- **Mr. Numayer Alam**  
Commercial Director
- **Mr. Rabih Masrouha**  
Head of Talent, Culture & Inclusion
- **Mr. Sarzil Sarwar**  
Head of IDT

## SITTING FROM LEFT

- **Mr. Jorge Macedo**  
Head of Operations
- **Ms. Monisha Abraham**  
Managing Director
- **Ms. Nirala Nandini Singh**  
Finance Director



# MS. MONISHA ABRAHAM

Managing Director

## NATIONALITY

Indian

## DATE OF APPOINTMENT TO BAT BANGLADESH

2024

## EDUCATIONAL BACKGROUND

- MBA in Marketing and Finance  
Birla Institute of Technology, India
- Bachelor of Commerce (B. Com)  
Jyoti Nivas College, India

## TRAININGS & PROFESSIONAL EDUCATION

- Harvard Business School- Heineken  
Leadership Campus
- IMD- Strategic Leadership
- INSEAD- HIMAC Heineken

## MEMBERSHIP

- BAT Bangladesh Board
- BAT Bangladesh Leadership Team
- APMEA Regional Leadership Team



In 2024, Ms. Monisha Abraham took over the role of Managing Director at BAT Bangladesh. With a distinguished career spanning over 29 years in general management and marketing within the FMCG and tobacco sectors, she has firmly established herself as a formidable leader. She is renowned for her ability to cultivate high-performing teams and foster individual development, thereby enhancing organizational capabilities.

### Career Highlights

Upon completing her academic studies, Ms. Abraham embarked on her professional journey in 1995, by joining the FMCG sector in Abu Dhabi. Over the years, she has adeptly navigated various positions, consistently demonstrating her expertise and leadership. Her unwavering commitment to excellence, coupled with a profound understanding of market dynamics and regulatory frameworks, has been instrumental in her professional success.

She joined Heineken in 2005, and her career trajectory there is indeed commendable. Commencing her tenure as the Trade Marketing Manager, she swiftly ascended to the role of Marketing Manager for the Gulf region within a span of less than two years.

In 2009, she relocated to the Netherlands to assume the role of Regional Marketing Director for the Africa and Middle East region. She subsequently advanced to become the Managing Director of Heineken in Lebanon, where she achieved record-breaking results for the Company.

After three years in Lebanon, she transitioned to the role of Managing Director for Heineken Hanoi, an operational entity overseeing the northern region of Vietnam, from

2017 to 2019. During her tenure, she was instrumental in facilitating the seamless integration of the northern and southern operational divisions.

In 2019, Ms. Abraham relocated to Brussels, Belgium, to assume the position of Managing Director at Ibecor, a subsidiary of Heineken specializing in inbound logistics and transportation for the Africa and Middle East regions. At Ibecor, she was responsible for transforming the organization by expanding its commercial reach to the Caribbean and Asia Pacific.

Following a distinguished sixteen-year tenure at Heineken, she transitioned to the Ceylon Tobacco Company in Sri Lanka (a subsidiary of the BAT Group) as Managing Director and CEO in 2021. When she joined CTC, the worldwide turbulence and uncertainty presented by COVID-19 had a profound impact on the business. It was a challenging period for both the domestic and global economy. Despite this critical situation, she played a pivotal role in the strategic deliveries to the business, ensuring that CTC remained one of the country's most economically impactful organizations. During her tenure in 2022, Sri Lanka faced significant macro-economic pressures, political uncertainty, and social unrest. Despite these challenges, she ensured business continuity with safety measures for the organization and its employees, maintained the supply chain and distribution network, and met revenue objectives for shareholders and the Government. Furthermore, under her leadership, CTC completed Phase 1 of the 'Integrated Work Systems' (IWS) journey with a collaborative approach that ensured a 37% increase in revenue growth. She remained in this role till 2024, until she joined BAT Bangladesh as Managing Director.



# MS. NIRALA NANDINI SINGH

Finance Director

## NATIONALITY

Trinidad and Tobago

## DATE OF APPOINTMENT TO BAT BANGLADESH

2023

## EDUCATIONAL BACKGROUND

- Master's in business administration, Andrews University, Michigan, USA
- Fellow Chartered Certified Accountant (FCCA), Andrews University, Michigan, USA

## MEMBERSHIP

- BAT Bangladesh Leadership Team
- APMEA Central Leadership Team
- APMEA Regional Finance Leadership Team

Ms. Nirala Nandini Singh has been serving as the Finance Director for BAT Bangladesh since 2023. With over 23 years of experience as a financial specialist, she has consistently demonstrated her ability to drive commercial success within a prestigious international corporation. Her extensive experience encompasses various finance roles, including Finance Director for a publicly listed Company and Controller for a highly complex business unit.

Ms. Singh is passionate about people management and has built high performing teams across the multiple roles which she has held. She is also a champion of the female diversity agenda and uses her leadership to spearhead initiatives of female professional development across the business.

## Career Highlights

Ms. Singh commenced her career with British American Tobacco (BAT) in 2001 as an Internal Auditor for the Caribbean Area. After two years, in 2003, she was promoted to the role of Planning Analyst within the same region. By 2005, she continued to excel in this position, expanding her responsibilities to encompass both the Caribbean and Central America.

At The West Indian Tobacco Company Limited, a subsidiary of British American Tobacco, Ms. Singh was promoted to the position of Financial Accountant in 2006 and subsequently to Finance Controller in 2008. In 2011, she resumed her role as Head of Marketing Finance for BAT's Central America and Caribbean Area, further solidifying her expertise in financial leadership.

In 2013, Ms. Singh returned to The West Indian Tobacco Company Limited in Trinidad, where she was elevated to the position of Finance Director. In this capacity, she oversaw the financial operations for BAT's Trinidad division and served as a member of the local Board of Directors. Subsequently, within the same year, she was promoted and transferred to BAT Vietnam as Finance Controller. During her tenure, she ensured transparency and accountability in marketing decisions and investments. She played a pivotal role in the analysis and assessment of marketing investment opportunities, being an integral member of both the Finance and Marketing Leadership teams.

In 2015, Ms. Singh transitioned to BAT Central America & the Caribbean, based in Costa Rica, as Finance Controller. In this role, she managed the financial results for the Central America and Caribbean Business Unit and effectively led the team that successfully implemented SAP across 22 business entities.

In 2017, Ms. Singh assumed the role of Head of Record to Report at BAT Shared Services Europe, based in Romania. In this capacity, she oversaw the global shared services environment, leading a team of 250 professionals.

From 2020 to 2023, Ms. Singh spearheaded the commercial strategy for over 30 markets as the Head of Commercial Finance for BAT Latin America and the Caribbean, based in Mexico.

# MR. NUMAYER ALAM

Commercial Director

## NATIONALITY

Bangladeshi

## DATE OF APPOINTMENT TO BAT BANGLADESH

2004

## EDUCATIONAL BACKGROUND

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

## MEMBERSHIP

- BAT Bangladesh Leadership Team
- BAT APMEA Central Leadership Team
- BAT APMEA Leadership group

## ACCOLADES

- 'Sales Director of The Year' by Bangladesh C-Suite Awards 2023



Mr. Numayer Alam brings over two decades of experience with BAT, including approximately seven years in leadership roles within the Marketing and Sales sectors across Bangladesh and the East Asia Area, specifically Vietnam and Cambodia. His expertise encompasses Sales and Trade Marketing, Commercial and Strategic Planning, Portfolio and Brand Management, Project Management, Talent Development and Large Team Management.

### Career Highlights

Mr. Alam embarked on his professional journey with BAT Bangladesh in 2004 as a Territory Officer. Demonstrating exceptional performance over two years, he was promoted to the position of Area Manager in 2006. His career progression continued with his appointment as Channel Development Executive in 2007, reflecting his growing expertise and leadership within the organization.

Following a successful three-year tenure in this role, he was promoted to the cross-functional position of Enterprise Programme Manager in 2010. Two years later, in 2012, he advanced to a Global Project Deployment role as the Project Manager for Bangladesh, overseeing the TAO (Target Operating Model and OneSAP) programme.

The period from 2014 to 2016 marked the most challenging years of his career, during which he held three distinct and significant senior positions in rapid succession. After successfully completing his global project role, he returned to the Marketing function and assumed the role of Regional Manager for Dhaka in 2014, where he led the largest business unit nationally.

In 2015, he transitioned to the role of Strategy, Planning & Insights Manager. Leveraging his strong commercial acumen and leadership capabilities, he was promoted

to Head of Strategy, Planning & Insights in 2016. In this capacity, he played a pivotal role in developing long-term business simulations and strategic initiatives, driving the organization's growth and sustainability.

Mr. Alam's unwavering work ethic, inclusive leadership style paved the way for his appointment as Head of Trade Marketing at BAT East Asia Area (Vietnam & Cambodia) in 2017. Subsequently, he also assumed the role of Head of Brands. Under his stewardship, the Vietnam business experienced significant growth in volume, market share, and turnover. This success was driven by strategic initiatives in route-to-market optimization, impactful trade activations, portfolio enhancement, and robust talent development programs.

In 2022, Mr. Alam returned from Vietnam and joined the BAT Bangladesh Leadership Team, where he is currently serving as Commercial Director. His return marks a significant enhancement to the Leadership Team, bringing with him a wealth of international experience and diverse leadership style. Leading one of the largest sales operation network and team in Bangladesh, Mr. Alam has shaped some critical strategies which has enabled the Commercial function to deliver ever highest sales and revenue numbers in a continuously competitive and challenging market context.

Amidst the 2024 geopolitical unrest in Bangladesh, Mr. Alam played a key role in shaping people and business strategies to ensure the safety & wellbeing of the team while delivering strong commercial results. Mr. Alam is known for his inclusive leadership who actively advocates and promotes Diversity & Inclusion in BAT Bangladesh; female talent inclusion and progression in Marketing & Commercial function has doubled in last 2 years.



# MR. SYED MAHBUB ALI

Head of Marketing

## 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 &  
was awarded University Gold Medal
- The London School of Economics  
(LSE) Leadership program:  
Competitive strategy and Innovation

## MEMBERSHIP

- BAT Bangladesh Leadership Team
- APMEA Central Leadership Team
- APMEA Regional Marketing  
Leadership Team

With over 23 years of experience at BAT, both domestically and internationally, Mr. Syed Mahbub Ali is a seasoned expert in business and brand strategy, marketing planning, consumer experience, route to market, total customer investment, P&T, and project management. He is known for his commercial savvy, leadership skills, and ability to inspire teams, drive change, and achieve exceptional results.

### Career Experience

Mr. Mahbub Ali, is serving as the Head of Marketing of BAT Bangladesh since April 2023. Before taking over this role, he served as Commercial and Business Transformation Director at BAT Japan, one of the largest new category markets in the BAT APMEA region.

Mr. Syed Mahbub Ali began his illustrious career with BAT Bangladesh as a Territory Officer. Over the years, he has ascended through the ranks, holding numerous key positions in various facets of marketing, showcasing his versatility and leadership

In 2009, serving as the Brand Manager, he orchestrated a landmark achievement by spearheading the first-ever successful entry into the sub-value segment. This strategic move was instrumental in reclaiming BAT Bangladesh's market leadership, setting a precedent for future market innovations.

In 2013, following years of consistent and exemplary performance in various roles within BAT Bangladesh,

he was transferred to BAT Vietnam as the RTM Project Manager.

In mid-2014, he returned to BAT Bangladesh as Group Brand Manager, significantly boosting low segment volume and fortifying leadership in progressive product space. Through adept communication, he fostered knowledge, acceptance, and compliance, ensuring a smooth transition to the first-ever implementation of a 50% graphic health warning in Bangladesh. Moreover, his dedication to promoting gender diversity shone brightly as he chaired the BAT Bangladesh gender diversity platform "Symmetry" for two years.

In mid-2016, He took on the role of Head of Trade, leading the largest trade team in the BAT group. By January 2020, he advanced to Head of Trade and Planning and joined the BAT Bangladesh Leadership Team. In this capacity, he played a crucial role in creating the new SLA and establishing clear organizational priorities during the COVID-19 pandemic. He championed innovative trade solutions, such as microcredit for retail and the B2B2C model, advancing trade loyalty systems. Throughout the pandemic, he managed a large workforce with compassion, ensuring essential business deliveries that were vital to the Company's growth.

Mr. Mahbub Ali's illustrious career is a testament to his strategic acumen, visionary leadership, and unwavering dedication to driving business success and fostering a culture of diversity and innovation.

# MR. JORGE MACEDO

Head of Operations

## NATIONALITY

Mexican

## DATE OF APPOINTMENT TO BAT BANGLADESH

2023

## EDUCATIONAL BACKGROUND

- Master's in leadership for Manufacturing (MDM), EGADE – ITESM, Monterrey, México
- Bachelor's in industrial and Systems Engineering, Instituto Tecnológico de Estudios Superiores de Monterrey, Monterrey, México
- International Program Exchange, Colorado State University (CSU), Fort Collins, USA

## MEMBERSHIP

- BAT Bangladesh Leadership Team
- BAT APMEA Central Leadership Team
- BAT APMEA Regional Operations Leadership Team



Mr. Jorge Macedo became Head of Operations at BAT Bangladesh in 2023. Starting his career with BAT in 2003, he rose through various positions over two decades, showcasing exceptional leadership and resilience, ultimately becoming a formidable business leader.

### Career Highlights

In 2003, Mr. Macedo embarked on his career with BAT Mexico as a Management Trainee. During his tenure in this role, he spearheaded multiple projects that resulted in substantial cost reductions and process enhancements. In recognition of his exemplary performance, in 2004 he was promoted to the position of Manufacturing Supervisor for BAT Mexico's Primary Manufacturing Departments and Secondary Manufacturing Departments in 2005.

In 2006, he was elevated to the position of Transformation Manager. In this capacity, he orchestrated the BAT Mexico's Strategic Leadership Agenda, securing BAT's recognition as the premier workplace within the organization and the third best place to work in Mexico (2007 GPTW). Additionally, he championed initiatives focused on work-life balance and employee recognition.

In 2007, he briefly undertook the role of SMD Production Manager, where he was responsible for overseeing domestic cigarette production and executing strategic plans. By this time, he had already introduced self-directed work teams. In December of the same year, he transitioned to the position of Quality Assurance Manager. Within six months, he was promoted to Logistics Manager, Supply Chain, in May 2008, a role he held for two years.

Subsequently, in 2010, he assumed the position of Planning Manager, Supply Chain. In 2012, he was promoted to TaO AMR, Lead for Logistics and Operational Planning for the Americas region. During this period, he implemented the Target Operating Model (TOM) and One SAP (ECC) for Logistics and Operations Planning. He also successfully endorsed the End-to-End (E2E) Supply Chain Integration and led the SNO Costa Rica Planning Hub project.

In 2016, he was appointed Regional Planning Manager-SNO (BASS Americas-Costa Rica). The following year, he was promoted to Head of Supply Chain at Imperial Tobacco Canada, overseeing secondary supply chain operations and synchronized deliverables. In 2019, he was elevated to SNO Regional Head of Plan, ENA (BAT-UK), where he managed multi-category supply network planning for Europe and North Africa, ensuring product availability to support commercial growth.

Finally, in 2023, he assumed the role of Head of Operations at BAT Bangladesh. Under his leadership, he significantly enhanced operational efficiency, achieving IWS Phase-2 certification, record leaf production, and export milestones. He initiated industrial collaboration with Philip Morris Bangladesh Limited (PMBL) and facilitated the export of management and shopfloor talent to other BAT markets, extending support to the BAT Group. Despite the global war crisis and geopolitical unrest in Bangladesh, he adeptly managed his team, ensuring the safety and maintaining uninterrupted supply. His strategic oversight prevented any business disruptions, showcasing his exceptional leadership during challenging times.



# MR. SUDESH PETER

Head of Legal

## NATIONALITY

Sri Lankan

## DATE OF APPOINTMENT TO BAT BANGLADESH

April 2023

## EDUCATIONAL BACKGROUND

- Attorney-at-Law of the Supreme Court of Sri Lanka & Member of the Bar Association of Sri Lanka
- Master of Laws (LL.M.) in International Business with Information Technology & Intellectual Property, Cardiff Metropolitan University, UK
- Bachelor of Information Technology, University of Colombo, Sri Lanka

## MEMBERSHIP

- BAT Bangladesh Leadership Team
- BAT APMEA Central Leadership Team
- BAT APMEA Regional Legal Leadership Team



Mr. Sudesh Peter is a distinguished senior executive with a profound legal and regulatory background. He is entrusted with strategic business and people leadership, showcasing extensive acumen in legal and external affairs management. With a wealth of experience in the tobacco sector, Mr. Peter has cultivated a remarkable track record of over 13 years in legal, compliance, and executive leadership roles.

### Career Highlights

Earlier in his career, Mr. Peter served as a junior counsel at K. Kanag-Isvaran in Sri Lanka, before advancing to in-house Counsel at F. J. & G. de Saram Attorneys-at-Law, a premier commercial law firm in Sri Lanka. During his tenure, he managed complex litigation and arbitration, specializing in business, commercial, banking, intellectual property, and labor law. Notably, he represented Citibank in the Singapore Oil Hedging Arbitration against the Sri Lankan government.

Mr. Peter commenced his tenure at Ceylon Tobacco Company (CTC) PLC, Colombo, Sri Lanka, as Corporate and Commercial Counsel in 2011. His outstanding performance in corporate commercial compliance swiftly earned him a promotion to Litigation Counsel in 2012. In this capacity, he adeptly challenged the stringent graphic health warning regulations, successfully advocating for a reduction in the size of health warnings on cigarette packs.

Following a successful tenure in his previous role, Mr. Peter was appointed Regulatory Affairs Counsel in 2015, a position he held until 2019. During this period, he adeptly managed Regulatory and Fiscal Affairs. His exceptional performance in pricing and excise engagement earned him

the prestigious Chairman's Award in 2017.

In 2019, Mr. Peter was appointed Director of Legal & External Affairs and Company Secretary at CTC. He also oversees Company Secretarial duties, including Board and shareholder relations, as well as the management of Legal, Regulatory, Corporate Affairs, Sustainability, Compliance, Anti-Illicit Trade, and Security functions.

In April 2023, following a successful 12-year tenure at CTC, Mr. Peter transferred to BAT Bangladesh, assuming the role of Head of Legal & External Affairs (LEX). Upon his arrival at BATB, he played a pivotal role in the significant transition within the management structure, which included the demerger of LEX into separate Legal and Corporate Regulatory Affairs functions. His instrumental efforts in implementing this change led to his appointment as the Area Head of Legal and Head of Legal at BAT Bangladesh. In this capacity, Mr. Peter spearheaded initiatives to ensure utmost compliance and raise awareness regarding Company policies and regulations, making legal matters more accessible and comprehensible. To promote awareness and provide solutions, he launched several initiatives, including "Legal on Wheels," "Legal Policy Week," and "Legal Clinic," traveling to various regions of BATB to conduct legal training and address issues. In 2024, amid geopolitical challenges in Bangladesh, he effectively managed the crisis team, implementing safety measures for the Dhaka and Savar factories, as well as all regions of BATB. His foresight and prompt actions were crucial in navigating and overcoming the crisis.

# MR. RABIH MASROUHA

Head of Talent, Culture & Inclusion

## NATIONALITY

Lebanese

## DATE OF APPOINTMENT TO BAT BANGLADESH

February 2025

## EDUCATIONAL BACKGROUND

- Master of Sciences in Administration (M.Sc.) – International Management, HEC Montréal - Montreal, Canada
- Bachelor of Business Administration (B.B.A.) - Finance – International Management (Double Major), HEC Montréal - Montreal, Canada
- Certificate (Minor program) – Economics, Université de Montréal - Montreal, Canada

## MEMBERSHIP

- BAT Bangladesh Leadership Team
- BAT APMEA Central Leadership Team



Mr. Rabih Masrouha has recently been appointed as the Head of Talent, Culture & Inclusion at BAT Bangladesh. With over 12 years of dedicated service to BAT and five years of diverse international experience, he brings extensive knowledge and expertise to this role. Since joining BAT in 2007, he has held key positions in industrial relations and business partnerships across various markets. His expertise, vision, and commitment to fostering a dynamic and inclusive workplace culture reflect his exceptional leadership and the outstanding outcomes he has consistently delivered.

### Career Highlights

He commenced his tenure with BAT in 2012 as the HR Executive for Levant & Yemen. In this capacity, he was instrumental in steering the talent agenda, encompassing performance management and succession planning across cluster markets.

In 2013, he advanced to the role of HR Business Partner and transferred to Iraq. In this elevated capacity, he was pivotal in managing talent and succession planning, with a distinct focus on field force competency assessment and development management.

After two successful years in Iraq, he returned to Levant & Yemen as the HR Business Partner.

Due to his dynamic leadership, he was appointed as the Head of HR for BAT Sudan in 2016. In this role, he managed the stabilization of the organization following a business acquisition and oversaw the transition to a fully operational BAT entity. He led the development of a new compensation and benefits market scheme and established the HR function in Sudan.

In 2017, within a year, he was elevated to the position of Head of HR Shared Services for BAT UAE. In this role, he managed HR Shared Services across the Middle East Area, ensuring 100% accuracy in payroll, headcount, and functional budgeting.

In 2018, he ascended to the role of Area Senior HRBP for UAE. During this tenure, he spearheaded organizational transformation initiatives and managed talent acquisition and development.

In 2022, following his four-year tenure as Area Senior HRBP for UAE, he was appointed as the Head of Talent, Culture & Inclusion for the Middle East Cluster, based in KSA. In this capacity, he spearheaded organizational transformation initiatives and crafted the cluster's People agenda. He championed workplace inclusion, reinforced the Company's reputation as an employer of choice, and prioritized employee wellbeing.



# MR. SARZIL SARWAR

Head of IDT

## NATIONALITY

Bangladeshi

## DATE OF APPOINTMENT TO BAT BANGLADESH

2021

## EDUCATIONAL BACKGROUND

- Executive MBA, Quantic School of Business and Technology
- Bachelor of Science in MIS from University of Texas
- INSEAD Digital Leadership program
- IMD Transition Leadership program.

## MEMBERSHIP

- BAT Bangladesh Leadership Team
- BAT APMEA IDT Leadership team
- BAT IDT Diversity and Inclusion (D&I) Leadership team

## Current external appointments

- Judging Committee of Global PMO Awards
- Member, local startup community with Bangladesh Angels, Robi r-Venture & American Alumni Association

## Accolades

- Chief Digital Officer (CDO)/ Digital Director of The Year' by Bangladesh C-Suite Awards 2024



Sarzil Sarwar is a seasoned ICT professional with 21 years of global experience in driving digital transformation, IT strategy, and business operations.

Since 2021, he has been serving as the Head of IDT at BAT Bangladesh, where he leads the organization's digital and technology initiatives.

Prior to BAT, Sarzil held several senior leadership roles at Robi Axiata from 2012, overseeing Transformation, PMO, Digital Strategy, and Customer Experience. His key contributions include outsourcing non-core functions, launching 3G & 4G networks, leading the Airtel merger integration, and spearheading the (MNP) program. He also served as the Chairman of the Business Operations Committee for two years.

Beyond Axiata Berhad, Sarzil has worked with leading telecom giants such as Ooredoo, Airtel, and Veon, specializing in IT, B2B, and strategic functions across the Middle East, Africa, and South Asia. He was also part of the launch teams of Banglalink and Warid Telecom in Bangladesh and Uganda.

With a strong track record in technology leadership, digital transformation, and business strategy, Sarzil continues to drive innovation and operational excellence in the ICT and telecom sector.

## CAREER EXPERIENCE

- Group Head of Technology Program & Performance Management, Axiata Group Berhad, 2020 – 2021
- EVP Customer Experience, Robi Axiata 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- 2012-2014
- Head of Strategy & PMO, Asia cell - 2011-2012
- VP Projects, Viom Networks - 2010-2011
- Head of Infrastructure, Airtel Uganda - 2008-2010
- Head of IT Services, Airtel Uganda - 2007-2008
- IT Manager, Airtel Bangladesh - 2006-2007
- Systems Engineer, Banglalink - 2005-2006

# MR. SHABAB AHMED CHOUDHURY

Head of Corporate & Regulatory Affairs

## NATIONALITY

Bangladeshi

## DATE OF APPOINTMENT TO BAT BANGLADESH

2009

## EDUCATIONAL BACKGROUND

- Bachelor of Business Administration (BBA) majoring in Finance & Accounting with the highest distinction "Summa Cum Laude", North South University, Bangladesh

## MEMBERSHIP

- BAT Bangladesh Leadership Team
- BAT APMEA Central Leadership Team



Mr. Shabab Ahmed Choudhury has been appointed as the Head of Corporate & Regulatory Affairs at BAT Bangladesh from 1st April 2024. Having successfully accomplished both local and global management roles for 15 years within BAT, he is an experienced international financial expert with an extensive background in strategy and planning. During this time, he held multiple positions in Bangladesh, Pakistan, Indonesia, Papua New Guinea, and the United Kingdom. Prior to joining as the Head of CORA at BAT Bangladesh, he successfully completed his stint as the head of Global Commercial Finance–DBS (UK) in the BAT group, posted in the United Kingdom.

### Career Highlights

Mr. Choudhury started his career with BAT Bangladesh in 2009 as a Management Trainee. 2 years later, in 2011, he was promoted as Brand & Pricing Executive.

In recognition of his performance, he was promoted to Planning & Reporting Manager in 2012 within the span of a year.

He was promoted again in 2014 to the Treasury & Corporate Finance Manager for Pakistan Tobacco Company Limited based in Islamabad.

In 2015, having successfully fulfilled his international assignment, he returned to BAT Bangladesh to take up the position of Senior Commercial Finance Manager - Marketing.

He departed BAT Bangladesh again in 2016 on an international assignment at BAT Indonesia based in Jakarta. After serving 3 years there and fulfilling 2 roles as Head of Corporate Strategy and Planning & Senior Commercial Finance manager respectively, Mr. Choudhury returned to BAT Bangladesh having been promoted as Commercial Finance Controller, Operations in 2019.

In October 2020, he embarked again on another overseas role as the Finance Director at BAT Papua New Guinea in Port Moresby.

In 2022, he was promoted to the position of Global Commercial Finance–DBS (UK) at the Globe House, the BAT Group headquarters, where he remained before taking up his current position at BAT Bangladesh as Head of Corporate & Regulatory Affairs (CORA).



# OUR PEOPLE OUR STRENGTH







# MESSAGE FROM THE CHAIRMAN



AS BANGLADESH CONTINUES ITS GROWTH ALONGSIDE THE BROADER ECONOMY, SOCIETY, AND ITS STAKEHOLDERS, BAT BANGLADESH REMAINS RESILIENT IN NAVIGATING THE DYNAMIC BUSINESS LANDSCAPE. THROUGHOUT THIS PERIOD OF TRANSFORMATION, WE HAVE FOCUSED ON DELIVERING SUSTAINABLE RETURNS WHILE ADAPTING TO THE EVOLVING ENVIRONMENT. IN 2024, THE COMPANY HAS PLACED A SIGNIFICANT EMPHASIS ON ALIGNING ITS STRATEGY WITH THE INCREASING DEMAND FOR BUSINESSES TO GENERATE VALUE IN A RESPONSIBLE AND SUSTAINABLE MANNER.

## Dear Esteemed Shareholders,

BAT Bangladesh remains steadfast in its commitment to operating with social responsibility and integrity. In response to the changing business environment, the Company has successfully navigated market complexities by embracing innovation and implementing strategic initiatives that drive sustainable growth, positioning us to deliver a Better Tomorrow.

On behalf of the Board of Directors, the Leadership Team, and the entire BAT Bangladesh community, I am pleased to present the Company's Integrated Annual Report for 2024. This report includes the Directors' Report, Corporate Governance Statement, ESG Report, and the financial accounts for the year ending 31st December 2024.

## FINANCIAL PERFORMANCE

In line with our commitment to deliver a Better Tomorrow, BAT Bangladesh

has remained focused on building a resilient and sustainable business. Notably, we achieved a four-percentage-point increase in our Top 3 segment, rising from 23% in 2023 to 27% in 2024. BAT Bangladesh reported a net profit of BDT 1,751 crore, a contribution of BDT 34,173 crore to the national exchequer, and declared a 300% dividend for shareholders, reflecting strong earnings growth and consistency. Driving revenue and profit margin growth continues to be a core focus area for the Company.

## RESPONSIBLE CORPORATE CITIZENSHIP

Our commitment to being a responsible corporate citizen remains unwavering. We continue to uphold the principles of the UN Sustainable Development Goals and drive our Environmental, Social, and Governance (ESG) initiatives to create a Better Tomorrow. Through the Audit Committee, we ensure compliance with our Standards of Business Conduct (SoBC) and Suppliers Code of Conduct (SCoC), affirming our belief that ethical business practices, integrity, and sound commercial acumen will yield positive outcomes for all stakeholders.



We are dedicated to fostering a safe and healthy working environment for our employees, and our zero-harm strategy highlights the importance we place on their well-being. We aim to ensure that every employee returns home safely to their loved ones each day.

## **STRENGTHENING GOVERNANCE AND COMPLIANCE**

BAT Bangladesh is acutely aware of its responsibility to maintain a robust governance framework. This framework allows us to effectively manage risk, set strategy, and monitor progress, ensuring that we conduct our business responsibly. Throughout the year, our commitment to governance, resilience, and innovative practices has propelled growth and driven innovation within the Group.

We continue to adhere to the principles of the Corporate Governance Code of 2018 and are implementing additional measures to ensure the four primary outcomes of corporate governance: ethical leadership, good performance, effective control, and trust and legitimacy. Our pursuit of governance excellence was recognized with several awards, including the Best Corporate Award from the Institute of Cost and Management Accountants of Bangladesh, the Gold Award for Best Presented Annual Report, and recognition for Integrated Reporting and Corporate Governance Disclosure from the Institute of Chartered Accountants of Bangladesh.

## **EMBEDDING OUR SUSTAINABILITY & ESG COMMITMENT**

Sustainability is central to our value creation strategy. By embedding sustainable practices into every aspect of our operations, we aim to create positive impacts throughout our value chain and be recognized as a leader in ESG practices within our industry. This commitment aligns with BAT Group's overarching strategy, which BAT Bangladesh has fully embraced. We are actively contributing to 8 of the 17 UN Sustainable Development Goals (SDGs), and our sustainability efforts were recognized with a spot among Bloomberg's top ten companies in sustainability. Our

Sustainability Report has played a key role in achieving this distinction.

## **OUR CONCERNS**

As we navigate an evolving business landscape, we encourage regulators to adopt a collaborative approach by involving legitimate businesses in the policy-making process. By leveraging the expertise of industry leaders, we can develop rational, sustainable policies that protect the legitimate sector, which is essential for the growth and stability of Bangladesh's economy. A unified effort will create a thriving business environment that benefits both the industry and the nation.

## **OUTLOOK FOR 2025**

While challenges persist in our operating context, BAT Bangladesh is confident that our strategy for sustainable business growth—focused on driving growth, unlocking value-creating opportunities, and safeguarding our balance sheet—will ensure long-term success.

I would like to express my heartfelt gratitude to the Board of Directors, the Leadership Team, and every employee of BAT Bangladesh for their talent, energy, and commitment to achieving our strategic objectives. I also thank our suppliers, service providers, and business partners for their continued support and dedication throughout 2024. Finally, I extend my sincere appreciation to our shareholders and customers for their ongoing trust and confidence in us.

Sincerely,



**Wael Sabra**  
Chairman

5<sup>th</sup> February 2025

# KEY FINANCIAL METRICS 2024



GROSS PROFIT  
BDT **4,422**  
CRORE



NET TURNOVER  
BDT **9,945**  
CRORE

PROFIT  
BEFORE TAX  
BDT **3,381**  
CRORE



PROFIT  
AFTER TAX  
BDT **1,751**  
CRORE



**30.33%**  
RETURN  
ON EQUITY



**17.24%**  
RETURN  
ON ASSET

NET ASSET  
VALUE

BDT **5,772**  
CRORE



CONTRIBUTION  
TO EXCHEQUER

BDT **34,173**  
CRORE



**8.16%**  
DIVIDEND  
YEILD



EARNINGS  
PER SHARE  
BDT **32.42**



# FINANCIAL HIGHLIGHTS

BDT Crore (Unless otherwise stated)

Particulars	2024	2023	2022	2021	2020
Gross Turnover	43,232	40,379	36,145	33,934	28,108
Gross Profit	4,422	4,450	4,423	4,006	2,950
Profit Before Tax	3,381	3,527	3,499	2,990	2,109
Profit After Tax	1,751	1,788	1,787	1,497	1,089
Paid up Capital	540	540	540	540	180
Contribution to Exchequer	34,173	32,802	29,530	29,078	24,250
VAT+SD+HSDC (in BDT Cr)	31,893	30,702	27,527	27,361	22,955
Incometax (in BDT Cr)	1,802	1,689	1,693	1,432	1,006
Custom Duty (in BDT Cr)	478	411	309	284	289
Number of Ordinary Shares Outstanding	54	54	54	54	18
Total equity attributable to owners of the Company	5,772	5,364	4,118	3,679	3,400
Market Value Per Share at year end (Tk)	367.60	518.70	518.70	635.60	1,180.80
Earning Per Share (Tk)	32.42	33.11	33.10	27.72	20.16
Dividend Per Share (%)	300%	100%	200%	275%	600%
Dividend Yield	8.16%	1.93%	3.86%	4%	5%
Net Asset Value	5,772	5,364	4,118	3,679	3,400
Net Asset Value Per Share	106.88	99.33	76.27	68.13	62.96
Net Operating cash flow Per share (NOCFPS)	32.07	18.90	50.04	14.72	27.81
Price Earnings Ratio	11.34	15.67	15.65	22.93	19.52
Return on Asset(%)	17.24	17.21	21.42	19.30	17
Debt Equity Ratio (%)	9.13	6.97	-	15	-
Gross profit ratio	10.23%	11.02%	12.24%	11.80%	10.49%
Net profit ratio	17.61%	19.50%	21.22%	20.00%	18.06%
Return on capital employed	26%	28%	35%	33%	27%
Current ratio	1.81	1.58	1.37	1.35	1.39
Shareholder Funds	5,772	5,364	4,118	3,679	3,400
Return on Equity	30.33%	33.33%	43.40%	40.69%	32.02%
Earning before interest and Tax	33.23%	38.04%	40.94%	39.51%	34.86%
Number of Ordinary Shareholders	71,062	86,130	84,971	65,945	16,283
Number of Employees	1,745	1,669	1,526	1,643	1,445

# DIRECTORS' REPORT

## DEAR SHAREHOLDERS,

The Board of Directors of BAT Bangladesh expresses its sincere gratitude to present the Directors' Report, Audited Financial Statements, and the Independent Auditor's Report for the year ending 31<sup>st</sup> December 2024. This report underscores our commitment to transparent and precise investor communication, providing our esteemed shareholders and stakeholders with a detailed overview of our 2024 business operations, performance, and strategic outlook for the future.

## STRATEGIC PILLARS OF THE BUSINESS

BAT Bangladesh remains steadfast in its commitment to creating "A Better Tomorrow" by delivering value to its consumers, stakeholders, and society at large. Guided by our mission and vision, we have continued to prioritize sustainability, operational excellence, and innovation. Our business operations in 2024 were firmly anchored in these strategic pillars, enabling us to navigate complex challenges and deliver outstanding results.

2024 was a very challenging year consisting of total government regime change and also changing business landscape impacting the overall business. However our focus on consumer-centric portfolio innovation and resilient distribution operations underpinned by a robust business continuity and crisis management plans enabled us to address evolving consumer needs and withstand challenges in the face of all adversity, thus ending the year on a successful note. By introducing innovative products, ensuring availability of our products and competitive pricing, we strengthened our market position. Operational agility remained critical in overcoming supply chain disruptions and ensuring seamless distribution across all channels. Furthermore, sustainability has been at the heart of our operations, with initiatives aimed at reducing our environmental footprint and advancing our Environmental, Social, and Governance (ESG) agenda. These strategic pillars reflect our unwavering commitment to driving sustainable growth and creating long-term value for all stakeholders.

## COMPANY PERFORMANCE

The year 2024 presented a challenging socio-economic and geopolitical landscape, marked by inflationary pressures, currency devaluation, and constrained consumer purchasing power. The global economic slowdown and rising costs of raw materials added further complexities to the operating environment. Throughout the year, the Company placed the highest priority on protecting the health and well-being of its employees while maintaining a firm focus on achieving its strategic objectives. Additionally, during the political turmoil in the country, the Company managed to drive transformation innovation which mitigated operational losses. Overall, BAT Bangladesh demonstrated remarkable resilience and achieved significant milestones across its portfolio.

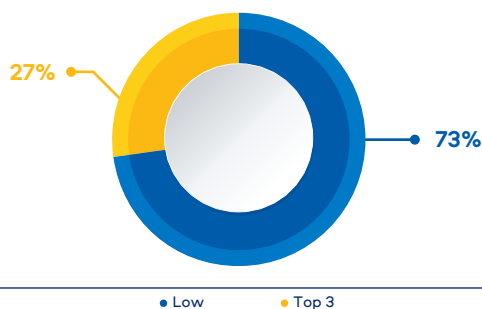
The top two segments (High and Premium) struggled to sustain their position in 2024 owing to enduring year on year price increase for consecutive years. However, BATB leveraged its strengths to deliver impressive 12% growth in Top 3 segments in total which translated into a 4 percentage point increase from 2023. Meanwhile, the Low segment exhibited resilience and provided key learning opportunities as we adapted to shifts in consumer preferences, even as it saw a percentage drop of 4% in 2024 vs 2023.

It is important to highlight that, based on previous trends, price increases in the high and medium-tier segments have consistently led to a consumer shift towards more affordable, duty-evaded illicit tobacco products. However, in 2024, the illicit cigarette market could have been effectively managed through strengthened governmental initiatives and the implementation of comprehensive monitoring and enforcement measures.

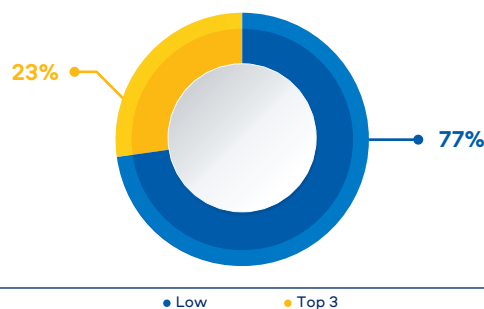
## BAT BANGLADESH'S SEGMENT-WISE VOLUME CONTRIBUTION IN 2024

In 2024, despite notable shifts in segment-wise performance driven by changing consumer preferences and evolving market dynamics, the combined performance of the top three segments surpassed that of the previous year. This demonstrates the Company's ability to adapt and succeed despite these economic challenges.

2024 [Jan-Dec Volume Contribution]

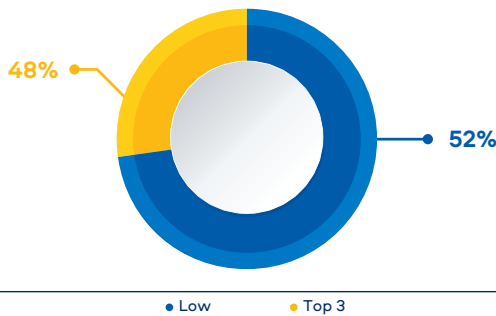


2023 [Jan-Dec Volume Contribution]



This year, BAT Bangladesh exceeded its revenue contribution to the government exchequer, with revenue generating from the top 3 segments exceeding that of the low segments in 2023.

**2024 [Jan-Dec Govt Revenue Contribution]**



**BAT BANGLADESH'S SEGMENT-WISE PERFORMANCE OVERVIEW**

- ▶ **Benson and Hedges:** This brand witnessed a 16% decline in 2024 vs 2023, primarily due to further downtrading and a contraction in consumption resulting from consecutive price increases. To counteract this decline and mitigate further vulnerability, several purpose-driven initiatives and consumer-focused activations were implemented.
- ▶ **John Player Gold Leaf:** The brand experienced a 23% decline in 2024, largely due to the impact of the government's price increase during 2024 fiscal budget. However, introduction and expansion of other consumer-focused innovations within the top 3 segments helped to address and mitigate the impact faced across the market.
- ▶ **Lucky Strike:** Lucky Strike emerged as a significant growth driver, with a remarkable 205% increase in volume in 2024 vs 2023. The segment's success can be attributed to strategic pricing, along with an expanded sales and distribution network, which effectively attracted cost-conscious consumers from both low and premium Segments, contributing substantially to its growth.
- ▶ **Star:** Following the price increase in June 2024 fiscal budget, this segment experienced stagnant volume growth, resulting in sustaining similar volume performance in 2024 vs 2023.
- ▶ **Low Brands Segment:** The low brands segment, comprising Royals, Derby, Hollywood and Pilot, remains the largest contributor to BATB's overall volume. However, this segment faced challenges in 2024, experiencing a 10% decline in 2024 vs 2023 due to consecutive price increases and reduced discretionary spending. Despite these challenges, targeted consumer-focused initiatives helped mitigate further declines in the segment.

Our organization's strategy encompasses our commitment to innovation and quality across all segments, which has been instrumental in maintaining consumer trust and loyalty, along with ensuring constant market and product development. These initiatives not only helped reduce further declines amid external macroeconomic challenges but also enhanced our revenue contribution to the national exchequer, reinforcing our role as a responsible corporate citizen.

BAT Bangladesh is proud to have achieved remarkable milestones in 2024, achieving against the Key performance indicators (KPIs), i.e. Business KPI (Volume), Campaign KPI (Awareness and Imagery) and Distribution KPI (Availability) despite the challenges posed by the external environment. Our strategic focus on innovation, sustainability, and operational excellence has positioned us well for the future. We are committed to creating lasting value for all stakeholders and contributing to the nation's progress as a socially responsible and forward-looking organization.

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

In 2024, the Company contributed BDT 34,173 crore to the government exchequer through various tax channels, including Value Added Tax (VAT), Supplementary Duty (SD), Health Development Surcharge (HDSC), Corporate Tax, and Customs Duty. This represents an increase of BDT 1,371 crore compared to the previous year. The Company is dedicated to supporting the government's initiatives aimed at establishing a sustainable tax framework that ensures balanced growth in the industry while fostering a level playing field among market participants.

As a mature industry, it is crucial to consider market dynamics, price elasticity, and the industry's capacity for adaptation. This approach aims to prevent the proliferation of illicit and smuggled cigarettes and discourage downtrading. The Company recognizes the government's objectives for revenue growth and has consistently collaborated with the National Board of Revenue (NBR) over the years to secure sustainable revenue from the cigarette industry.

The commitment to reforming the tax structure is underscored by ongoing discussions about adjusting tax rates to better align with public health goals while maximizing revenue. Advocates for tobacco control have emphasized the need for a more effective taxation system that could significantly reduce smoking prevalence and generate additional revenue for health initiatives.

While listed companies in all sectors benefit from preferential corporate tax rates, cigarette manufacturers face a higher tax burden. This disparity may discourage other cigarette producers from entering the capital market, as the current corporate tax structure appears to disincentivize participation. The Company is optimistic that the government will address this imbalance by removing the disproportionate corporate tax rates on cigarettes in

the upcoming National Budget. Given that the cigarette industry is already subject to significant taxation through Supplementary Duty, VAT, and Corporate Tax, a reduction in corporate tax is essential for fostering a more equitable business environment.

The Company is actively engaging with the National Board of Revenue (NBR) to advocate for a reduction in corporate tax in the forthcoming budget. BAT is committed to driving changes in taxation policy that benefit the entire industry. They aim to reduce taxes while gradually increasing prices to avoid negatively impacting consumer engagement. This balanced approach seeks to ensure that any price adjustments do not deter consumers while still contributing to government revenue and public health objectives. As discussions around taxation continue, it is crucial for stakeholders to collaborate effectively to create a sustainable framework that supports both revenue generation and industry growth.

### MANUFACTURING FOOTPRINT OPTIMISATION

In our relentless pursuit of a sustainable future, BAT Bangladesh proudly presents the transformative highlights of our 2024 journey. Our commitment to achieving carbon neutrality by 2030 is not just a vision; it is a reality shaped by strategic initiatives undertaken throughout the year.

To fortify our environmental stewardship, we have implemented cutting-edge technologies, including online UPS systems with microgrid control, solar power enhancement, and a digital HVAC management system. These advancements not only reduce our reliance on fossil fuels but also propel us into a future powered by renewable energy while enhancing our digital capabilities to predict and prevent equipment failures.

Our dedication extends beyond operational upgrades. Collaborating with the Rural Electrification Board (REB) and DESCO, we have fortified our resilience against power disruptions. Our commitment to environmental responsibility also extends to water conservation, with a remarkable achievement of over 30% water recycling, ensuring minimal impact on precious water resources. In 2024, BATB Savar Factory site has been equipped with 3.2MW equivalent rooftop solar panels which is effectively contributing to integration of renewable energy to the site. We are not only committed to upgrade our own infrastructure to support the ultimate ESG agendas, but also our major key suppliers have also joined us in this journey of clean and renewable energy by installing solar panels.

The tangible outcomes of these efforts are reflected in the low energy and water usage indexes recorded by both the Dhaka and Savar factories. All our key manufacturing sites are AWS Certified, accrediting our industry standard for water usage utilization and recycling. These metrics are not just numbers; they signify the tangible impact of our commitment to sustainable practices. BAT Bangladesh is more than a corporate entity; we are architects of positive

change, demonstrating our unwavering dedication to a future where sustainability is not just a goal but a way of life.

This serves as a testament to our progress, achievements, and the strides we continue to make towards a greener, more sustainable tomorrow. BAT Bangladesh remains steadfast in our commitment to creating long-term value, not just for our stakeholders but for the planet we all call home.

In addition, the two-site optimisation and integration has been completed and Savar Factory is now established as the crown jewel factory of BAT Group. Both factories have achieved IWS Phase-2 maturity which has been a testament to the sustainable progress we have made in terms of people's capability and process maturity. Significant improvement happened in wrapping material and tobacco wastage reduction throughout the journey and both factories achieved ever lowest tobacco wastage and wrapping material wastage in 2024 which helped further reducing our impact on the environment. During all these transformations, BAT Bangladesh demonstrated the highest-ever OEE delivery in history with the best-ever quality product to consumers. This is a ground-breaking achievement obtained in 2024, which will be a key milestone for BAT Bangladesh for years to come to ensure sustainability at the core of delivery.

### COST OF GOODS SOLD AND PROFIT MARGINS

The overall cost of goods sold increased during the year mainly due to higher cost of imports as a result of currency devaluation and higher inflation. However, despite the increase in costs we managed to maintain the year-on-year profit margin growth by taking various efficiency measures and cost saving initiatives across a wide array of spectrum.

From 2021 to 2024, BATB has seen a declining FX reserve from 48 billion dollars to currently standing at 19 billion dollars. In 2024, the International Monetary Fund (IMF) continued its engagement with Bangladesh, following the approval of a \$4.7 billion loan in January 2023 to address a foreign reserves crisis. The country received a third installment of \$1.15 billion in December 2024 as part of this arrangement, contingent on the implementation of essential economic reforms, including realigning the exchange rate and enhancing fiscal consolidation. Additionally, Bangladesh sought an extra \$3 billion from the IMF to support its budget and new projects amid ongoing economic challenges. Despite these difficulties, projections suggest a potential rebound in GDP growth to 6.7% by fiscal year 2026 as the government works towards stabilizing its economy and ensuring sustainable growth. Since 2023, inflation has escalated, reaching an average of 9.73% for the fiscal year 2023-24, with November 2024 witnessing a peak of 11.38%, primarily driven by surging food prices and other essential goods. Concurrently, the Bangladeshi taka has depreciated markedly, losing approximately 12.72% of its value against the US dollar in 2024 due to adjustments towards a market-determined exchange rate.



The recent surge in import costs and letters of credit (LC) has created significant challenges for BAT Bangladesh, directly affecting its operational expenses. As global supply chain disruptions and inflationary pressures have intensified, the cost of importing essential raw materials, packaging, and machinery has risen sharply. This increase is compounded by the overall inflation rate, which reached an average of 9.73% for the fiscal year 2023-24, with food prices and other essential goods driving much of this inflation. As a result, BAT Bangladesh faces higher production costs, which can strain profit margins and necessitate careful pricing strategies to remain competitive in the market.

BAT Bangladesh has faced significant challenges due to the recent downgrade of Bangladesh's sovereign credit rating and the reduced creditworthiness of local banks. Moody's downgraded the country's long-term rating to B2 from B1, reflecting heightened political risks and lower growth prospects, which have led to increased borrowing costs for both the government and private sector. This situation has created difficulties in managing working capital and securing favourable financing terms, ultimately affecting BAT's operational flexibility. Additionally, the decline in the stock market has further impacted BATB shareholders, as the market has been ranked among the worst-performing Asian frontier markets in 2024. The Bangladesh stock market experienced a negative return of over 24%, primarily due to political uncertainties and faulty market mechanisms. This decline in stock value has eroded shareholder confidence and investment potential. Compounding these issues is the ongoing problem of non-performing loans (NPLs) within the banking sector. With NPLs reaching an all-time high of Tk 2.11 trillion, securing funds and foreign exchange has become increasingly difficult for BAT Bangladesh. The rising NPL ratio not only reflects systemic weaknesses in credit management but also constrains the availability of financing options for businesses, further exacerbating the challenges faced by BAT in navigating this complex economic landscape.

## SUSTAINABILITY

At BAT Bangladesh, sustainability is not merely a commitment; it is a fundamental value that has been ingrained in our Company culture for many years. We strongly believe that every business plays a crucial role in advancing societal progress through promoting economic growth, preserving the environment, and fostering social development.

Since our establishment, BAT Bangladesh has been a committed partner in the nation's pursuit of sustainable development. We are currently making significant strides in advancing our environmental, social, and governance (ESG) priorities to lay the foundation for a sustainable enterprise of the future.

Our commitment to sustainability is a fundamental component of BAT Group's overarching strategy, a principle that BAT Bangladesh has fully embraced and is

actively pursuing. Through a range of initiatives, we align with the government's objectives and make substantial contributions to 8 of the 17 UN Sustainable Development Goals (SDGs).

Some of the key ESG targets pursued by BAT Bangladesh are as follows:

- ▶ Carbon neutral in direct operations by 2030
- ▶ Net Zero across our value chain by 2050
- ▶ 50% renewable energy use by 2030
- ▶ 30% of water recycled by 2025
- ▶ 90% recycling rate of waste generated by 2025
- ▶ 35% reduction in water withdrawn by 2025 vs 2017 baseline
- ▶ 100% manufacturing sites to be Alliance for Water Stewardship (AWS) certified by 2025
- ▶ Waste to Landfill <1% by 2025
- ▶ Increase the proportion of women in management roles to 45%

## FLAGSHIP SUSTAINABILITY INITIATIVES

BAT Bangladesh has been a pioneer in the Sustainability landscape, embarking on its journey over four decades ago. The initiation of its afforestation program, Bonayan, in the 1980s, in collaboration with the Forest Department of the Bangladesh Government, marked the beginning of this commendable effort. Witnessing a progressive year-on-year expansion in distribution, Bonayan now contributes approximately 5 million saplings annually, surpassing a remarkable milestone of distributing over 130 million saplings to date. Currently, BAT Bangladesh's afforestation platform stands as the country's largest private sector-driven program of its kind. In 2024, the program's impact expanded into two new districts, broadening its coverage to around 24 districts nationwide. The Company remains steadfast in its commitment to sustain this initiative, aligning with the government's national targets of augmenting forest coverage and expanding the tree-covered area with medicinal, fruits, and forest trees.

The Company's water filtration project, Probaho, which focuses on providing safe drinking water, now spans across approximately 25 districts. Originally created in response to the severe shortage of safe drinking water due to high levels of arsenic contamination, Probaho has become a vital resource for around 310,000 individuals each year, delivering approximately 620,000 liters of safe drinking water daily.

In a significant expansion effort in 2024, five new filtration plants were established, bringing the total number of Probaho plants to 126. A notable concentration of these new facilities can be found in Satkhira, where they are specifically addressing the challenges posed by salinity in the region.

Introducing a self-sustaining model in Satkhira, Probaho aims to not only cover operational costs independently but also to enhance beneficiaries' ownership. This innovative approach reflects Probaho's commitment to effectively tackle water scarcity challenges and make a positive impact on the communities it serves.

In 2011, BAT Bangladesh illuminated remote communities in Chattogram hill tracts with its solar home system project, Deepto. To date, the Company has installed 2,591 free solar-powered home systems in 25 villages in off-grid areas across the country. The true measure of success lies in the tangible improvements seen in the lives of these individuals.

### GOOD AGRICULTURAL PRACTICES

In addition to our flagship Sustainability projects, BAT Bangladesh has forged a robust partnership with farmers, placing a strong emphasis on agricultural sustainability by adhering to both national and global standards of good agricultural practices. Our dedicated Leaf Department collaborates closely with around 50,500 contracted farmers in rural areas year-round, with the primary objective of ensuring their sustainability and enhancing their livelihoods. The efficacy of our contract farming system stands as a validated model, with our Company consistently establishing and upholding high standards in agricultural best practices that yield positive impacts for communities in diverse ways.

The Leaf function at BAT Bangladesh leads various initiatives to promote agricultural sustainability. These initiatives include green manuring with Sesbania, Integrated Pest Management (IPM), Alternate Furrow Irrigation (AFI), Riverine buffer protection, and Affordable farm mechanization etc. As a responsible corporate entity, we have taken the opportunity to improve farmers' livelihoods by collaborating with the Integrated Farm Management Components (IFMC) project of the Department of Agricultural Extension (DAE). This collaboration aligns with our commitment to advancing agricultural sustainability.

### ENHANCING FARMERS' PRODUCTIVITY IN SUGARCANE CULTIVATION

One of our ongoing projects involves enhancing farmer productivity in sugarcane cultivation within their fields, as per the Ministry of Industries' request. Our Company has established demonstration plots in various sugar mill zones, resulting in a significant increase in sugarcane production. In the first year of 2022, production rose from approximately 19 metric tonnes (MT) per acre to around 34 MT, and further increased to over 42 MT in the second year of 2023. Despite late plantation and different challenges, higher yield was achieved compared to both 2022 and 2023 in the year 2024, which is 38 MT. This boost in productivity has sparked great enthusiasm within the agricultural community, leading to increased sugarcane cultivation to support government initiatives, create jobs, improve sugar

mill profitability, and reduce sugar imports, resulting in substantial foreign currency savings.

In essence, our dedication to leading with purpose extends to transforming our business, envisioning, and actively working towards A Better Tomorrow.

### GREAT PLACE TO BELONG

In 2024, BAT Bangladesh experienced an exceptional year, propelled by the steadfast dedication of our dynamic team. Our employee who are considered our prime asset played a pivotal role in advancing sustainable business growth. Demonstrating unwavering commitment, we consistently pursued excellence, contributing to the Company's success and elevation to new levels.

BAT Bangladesh's employee value proposition, 'Tomorrow Can't Wait' reflects our core message and purpose for our people. Furthermore, the transfer of knowledge and sharing of expertise freely within BAT Group have become an intrinsic reflection of our culture and indicative of the quality of our resources. In 2024, 28 of our high performing managers have been expatriated to other companies in the BAT group.

Human capital is the major tool in our growth and success; thus, we sustained our efforts in attracting the best talent pool. We continued campus engagement efforts with our ambassador program Xceed, welcomed talented Xcelerate interns, continued to pave the path for females in STEM through Supernova, and groomed brilliant minds from agricultural background through Elevate.

2024 witnessed the 21<sup>st</sup> year of the pioneering business competition Battle of Minds, with the theme being "Disrupt with Purpose" – a testament to the purposeful initiatives that participants initiate and execute. 3700+ participants from 70+ universities across the country competed for the title of the local winner. The teams submitted their brilliant ideas under the umbrella of driving innovation in the wellbeing and simulation industry either through product or AI revolution. We conducted impactful campus engagement upholding the valuable contribution of our brilliant youth, reaching thousands of students. The top 240 participants were invited to a daylong bootcamp where they engaged in meaningful group activities and discussions. Finally, the top five teams competed in the grand finale and team "Pardon Us, Coming Through" from BUP was crowned the winner from Bangladesh. The team competed in the global round and went on to become the second global runners-up holding the Bangladesh flag high.

In 2024, we welcomed 151 new recruits. Beyond the campus, we also focused on injecting future-fit capabilities by welcoming 15 cross-industry professionals.

To develop our shop floor workforce, we have created Apprentice Academy, a unique technical skill building academy where we recruit technical background graduates (mostly diploma engineers) in a 2-year intensive program. Here they learn in depth about the industry best practices

and can graduate from the program as a recruit in BATB or as a qualified resource for other factories.

Till now we have had 3 batches of apprentices in the program developing over 450 individuals. Of them, 180 have graduated from the program, with 150 joining our organization. Apprentice Academy has been noted as a best practice by International Labor Organization (ILO) in Bangladesh as well.

BAT Bangladesh demonstrates steadfast devotion to people practices across all domains of HR practices. This has led to BAT Bangladesh achieving the 'Top Employer' certification for the fifth time, as certified by the Top Employer Institute. 2024 was also the year in which we achieved strides in our overall Diversity and Inclusion agenda by concluding the year with 35% of our managers being female.

To summarize, 2024 was a remarkable year for BAT Bangladesh in terms of celebrating our people, who are the key driving factor for our exemplary performance.

## ENVIRONMENT, HEALTH AND SAFETY

BAT Bangladesh stands out as a pioneer in driving sustainability practices within the country. The organization is dedicated to maintaining a safe working environment, promoting safe behaviors, and ensuring positive environmental impacts across its business operations.

Fully committed to the safety of everyone involved in its operations, BAT Bangladesh also focuses on minimizing environmental impacts on air, water, waste, soil, and natural resources to ensure sustainable business practices. As a responsible organization, BAT Bangladesh has implemented major initiatives such as online UPS, Automatic Voltage Controllers, water-efficient HVAC systems, energy-efficient motors, condensate-free steam supply systems, generator run-hour reduction, etc. to maximize energy efficiency and minimize emissions.

BAT Bangladesh is also demonstrating substantial efforts to increase the renewable energy inclusion by installing 5.9 MW on site solar panels covering its usable roof areas and planning to explore more in that line. Also, installation of Reverse Osmosis and other wastewater treatment plants at BAT Bangladesh has increased water recycling significantly as well as reduced the dependency on underground freshwater usage. To achieve zero waste to landfill, ensuring proper disposal and recycling of waste materials is a key initiative as well. These efforts are crucial for maintaining a sustainable business operation keeping the limitation of the current planetary boundary in mind.

To cultivate a proper cultural mindset, BAT Bangladesh conducts communications and awareness programs on environmental and sustainability issues for managers, employees, and contractors throughout the year. By integrating a world-class way of working, all relevant personnel are aligned and fully engaged in the process of continuous improvement with a zero-loss mindset.

Additionally, various in house and external training sessions on health and safety are arranged based on safe work practices for production floors, warehouses, transportation management, and offices. BAT Bangladesh actively monitors compliance with local laws and regulations through a robust legal register, ensuring adherence to Environment, Health, and Safety requirements.

In its quest to build A Better Tomorrow, BAT Bangladesh maximizes its contributions to Sustainable Development Goals, which align with many of its ESG agendas. For instance, Climate Action is addressed through efforts to achieve carbon neutrality, improve farming processes for better yields and reduced environmental impact, and enhance water and waste recycling efforts, water stewardship, and renewable energy adoption. These initiatives reflect BAT's ESG commitments to climate change, biodiversity, afforestation, and water stewardship.

Clean water and sanitation have always been priorities for BAT Bangladesh. The Company addresses these needs and promotes good water governance through the Alliance for Water Stewardship (AWS) program. BAT Bangladesh's Dhaka Factory and Green Leaf Threshing Plant are the first in Bangladesh to achieve AWS core certification. The new Savar Factory, designed with the best practices in health, safety, and sustainability, also marked as compliant in the last global sustainability audit and received AWS core certification as well.

BAT Bangladesh prioritizes the well-being of all life on land, aligning perfectly with the Sustainable Development Goals. The Company has developed and maintains a strong sustainability strategy to support acceleration in line with the 1.5°C trajectory. By ensuring responsible use of terrestrial land and taking significant steps to stop and reverse deforestation through projects like Bonayan and eliminating waste-to-landfill, BAT Bangladesh fulfills its ESG goals related to water, biodiversity, and afforestation.

## THE BOARD OF DIRECTORS

The Board of Directors at BAT Bangladesh comprises thirteen professionals, including seven Non-Executive Directors, three Independent Directors, and three Executive Directors. This diverse group brings valuable experience from senior government officials and the corporate world, guiding the Company's strategic direction and protecting stakeholder interests.

Mr. Syed Afzal Hossain, as the Company Secretary, plays a pivotal role as the Secretary to the Board. He oversees the functioning of three crucial sub-committees: Audit, NRC (Nomination and Remuneration Committee), and CSR (Corporate Social Responsibility) Committee. This governance structure aligns with industry best practices and regulatory standards.

We believe that the Board is composed of individuals with core competencies relevant to BAT Bangladesh. All Directors have complied with regulatory requirements,

substantiating their eligibility for Board membership. The detailed composition of BAT Bangladesh's Board is as follows:

- ▶ **Mr. Wael Sabra**  
Chairman of the Board,  
(Nominated by Raleigh Investments Co. Ltd.)
- ▶ **Ms. Monisha Abraham**  
Managing Director  
(Nominated by Raleigh Investments Co. Ltd.)
- ▶ **Mr. A.K.M. Aftab UI Islam FCA**  
Independent Director,
- ▶ **Mr. Masud Khan**  
Independent Director,  
(Appointed on 29<sup>th</sup> October 2024)
- ▶ **Professor Dr. Melita Mehjabeen**  
Independent Director  
(Appointed on 12<sup>th</sup> November 2024)
- ▶ **Ms. Zakia Sultana**  
Non-Executive Director  
(Representing Government's shareholding)
- ▶ **Mr. Shirajun Noor Chowdhury**  
Non-Executive Director  
(Representing Government's shareholding)
- ▶ **Mr. Md. Abul Hossain**  
Non-Executive Director,  
(Representing Investment Corporation of Bangladesh)
- ▶ **Mr. Gary Tarrant**  
Non-Executive Director  
(Nominated by Raleigh Investments Co. Ltd.)
- ▶ **Mr. Stuart Kidd**  
Non-Executive Director  
(Nominated by Raleigh Investments Co. Ltd.)
- ▶ **Mr. Francisco Javier Toso Canepa**  
Non-Executive Director  
(Nominated by Raleigh Investments Co. Ltd.)
- ▶ **Ms. Nirala Nandini Singh**  
Finance Director  
(Nominated by Raleigh Investments Co. Ltd.)
- ▶ **Mr. Numayer Alam**  
Commercial Director  
(Nominated by Raleigh Investments Co. Ltd.)  
(Appointed on 25<sup>th</sup> September 2024)
- ▶ **Syed Afzal Hossain**  
Company Secretary  
(Appointed on 1<sup>st</sup> April 2024)

## DIRECTORS PROPOSED FOR RE-ELECTION

Out of the 13 directors in the Board, Mr. A. K. M. Aftab UI Islam FCA, Mr. Masud Khan and Professor Dr. Melita Mehjabeen were appointed as Independent Directors, and their appointment consent received from the Bangladesh Securities and Exchange Commission. Mr. Masud Khan and Professor Dr. Melita Mehjabeen were appointed as Independent Directors on 29<sup>th</sup> October 2024 and 12<sup>th</sup> November 2024 respectively, whose appointment would be confirmed at the 52<sup>nd</sup> AGM. Being the Independent Directors of the Company, they would not retire by rotation.

Mr. Numayer Alam who was appointed to the Board as Executive Director after the last Annual General Meeting will retire at the upcoming AGM. Ms. Zakia Sultana, Non-Executive Director, Mr. Md. Abul Hossain, Non-Executive Director and Mr. Stuart Kidd, Non-Executive Director will retire by rotation at the ensuing AGM. All the retiring Directors, being eligible, expressed their interest for re-election at the 52<sup>nd</sup> AGM. The Board recommends their re-appointment.

## BOARD COMMITTEES

There are currently three sub-Committees to the Board, namely: Board Audit Committee; Board Nomination and 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 corporate governance code of BSEC. As required, the Report of the Audit Committee is included in this Annual Report. In 2024, the Committee comprised of Mr. A.K.M Aftab UI Islam FCA, (Chairman of the Committee), Mr. Masud Khan, Ms. Zakia Sultana, and Mr. Shirajun Noor Chowdhury. The committee comprises of two Independent and two Non-Executive Directors including the Chairman of the Committee. The Audit Committee met four times during the year 2024. Mr. Syed Afzal Hossain, Company Secretary, served as the Secretary to the Audit Committee. The Finance Director (CFO) and Senior Manager Internal Audit (Head of Internal Audit and Compliance) Mr. Tamzeed Ahmed attended the meetings by invitation.

The key activities and performance of the Audit Committee have been shown in the Audit Committee Report on page 139 of this annual report.

### BOARD NOMINATION and REMUNERATION COMMITTEE

The Board has constituted a Nomination and Remuneration Committee (NRC) pursuant to code 6.1(a) of the corporate governance code of Bangladesh Securities and Exchange Commission (BSEC). As required, the Report of the



Nomination and Remuneration Committee is included in this Annual Report. Mr. K. H. Masud Siddiqui served as the Chairman of the Committee till September 2024 and Mr. Masud Khan chaired the committee afterwards. Other members of NRC are Mr. A.K.M Aftab UI Islam FCA, Mr. Shirajun Noor Chowdhury and Mr. Md. Abul Hossain. Members of the Committee comprises of two Non-Executive Directors and two Independent Directors. The Nomination and Remuneration Committee met seven times during the year 2024. Mr. Syed Afzal Hossain, Company Secretary, served as the Secretary to the Nomination and Remuneration Committee as per the BSEC Corporate Governance Code.

## BOARD CSR COMMITTEE

The Board Corporate Social Responsibility (CSR) Committee comprises of five Directors, of which, a Non-Executive Director is the Chairman. The constituents of the Committee are Ms. Zakia Sultana, Ms. Monisha Abraham, and Mr. A.K.M Aftab UI Islam FCA, Mr. Shirajun Noor Chowdhury 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 the long-term sustainability of the Company's aspirations and management of the Company's CSR creativities. The initiatives are managed in a way that secures business stability and sustains the positive image and reputation of the Company, while also establishing the Company's commitment to the nation at large. The CSR Committee met once in 2024. The initiatives are aligned with the SDGs, and we are contributing to fulfilling the government's commitment. Moreover, in 2024 the Committee took a number of sustainability initiatives focusing on Environment, Society and Governance (ESG) considering BAT Bangladesh's stakeholders' aspirations at large.

## DIVIDEND

The Board of Directors had an elaborate discussion in its meeting dated 5<sup>th</sup> February 2025 on the financial performance as well as the current cash position of the Company. The Board considered the following issues for the business's suitability in short and medium terms while considering the proposed dividend:

- ▶ Liquidity crisis in the banking sector.
- ▶ Cash availability to support the business.
- ▶ Possible local currency devaluation.
- ▶ The highest cost of foreign exchange and its availability.
- ▶ Higher interest rate on the borrowing.
- ▶ ESRM guidelines by Bangladesh Bank SFD.

On the business performance of the Company and considering the current liquidity position, the Board of Directors has recommended the final cash dividend of 150% (BDT 15 per share, total BDT 810 crore) for 2024, to be approved at the ensuing 52<sup>nd</sup> Annual General Meeting. The Board of Directors also declared an interim dividend of 150% (BDT 15 per share, total BDT 810 crore) on 29<sup>th</sup> October 2024 based on the Un-Audited 3<sup>rd</sup> quarter financial statements as on 30<sup>th</sup> September 2024. As a result, the total cash dividend including interim dividend for 2024 would be 300% (BDT 1,620 crore).

## DIVIDEND DISTRIBUTION POLICY

The dividend policy outlines the amount of cash and stock dividend. The cash dividend will be distributed to the shareholders every year as a dividend from the net profit (after-tax) of the Company. The dividend policy is based on two main factors. The first is whether to pay dividends to shareholders, and the second is whether to keep profits to reinvest them in the Company's further development.

The topline statement of the policy is that the Board of Directors proposes a cash pay-out of more than 50% of the Company's after-tax profit every year. The declaration of the stock dividend would take into account both the business and share capital requirements. Moreover, the dividend is to be recommended and approved as per applicable laws and regulatory directives issued from time to time by the Bangladesh Securities and Exchange Commission. The dividend policy has been reviewed from time to time by the Board of Directors and uploaded to the Company's website accordingly.

## ENTITLEMENT OF DIVIDEND

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

## PROCESS OF DISTRIBUTION OF CASH DIVIDEND

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

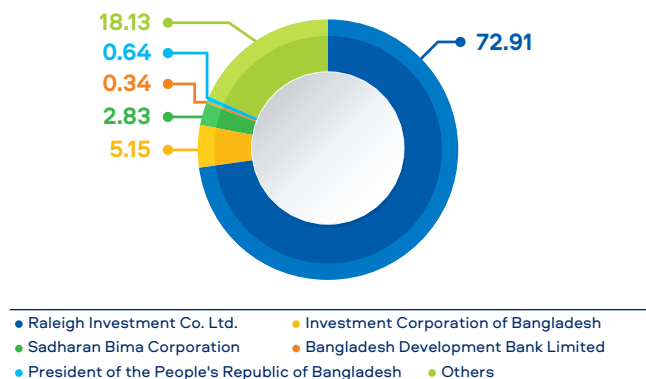
## THE PROCEDURE OF STOCK DIVIDEND DISTRIBUTION

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

## PROCESS FOR SETTLING UNPAID DIVIDENDS

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

### Shareholding Pattern as on 31<sup>st</sup> December 2024



## EXCELLENCE IN GOVERNANCE FOR SHAREHOLDERS' RIGHTS

Effective corporate governance necessitates open and reliable communication and collaboration between all parties associated with the business, including the shareholders. This includes excellence in governance and the distinction between ownership and control. Shareholders hold the Company's shares, while the directors oversee the business, with management executing operations. The Board of Directors at BATB, grounded in a strong historical background, demonstrates confidence in the Company's inherent capabilities, expertise, and resources. This belief empowers BAT Bangladesh to move forward with confidence, enhancing its influence and consistently reinforcing its commitment to value creation in alignment with the highest standards of corporate governance.

BAT Bangladesh is committed to maintaining open communication with its investors and safeguarding their rights including the minority shareholders. The Company promises to be transparent and accessible to all shareholders. Emphasis is placed on delivering both positive and negative feedback from shareholders to the Board.

## GRIEVANCE REDRESSAL MECHANISM FOR SHAREHOLDERS

BAT Bangladesh is committed to ensuring fair treatment for all shareholders. We prioritize the resolution of complaints and are dedicated to implementing the appropriate mechanisms to address shareholder grievances within the established timeframe. To facilitate shareholders' rights and accountability, we have a complete process in place.

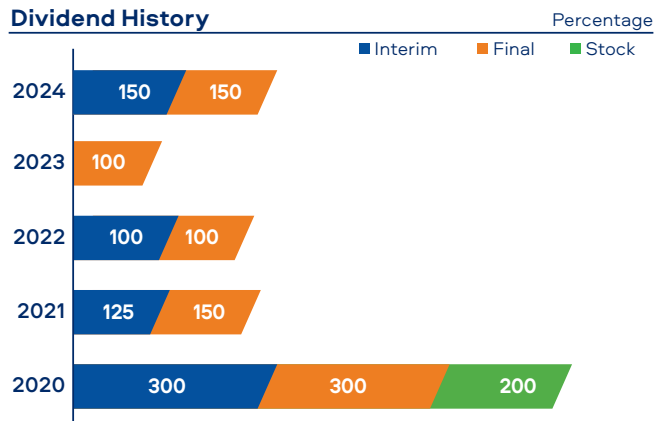
## TAX ON DIVIDEND

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

## PRINCIPLES OF MI AND PSI

As per section 3(2) of the Bangladesh Securities and Exchange Commission (Prohibition of Insider Trading) Rules, 2022 and Listing Regulation, the policy for determination and disclosure of Material Information (MI) and Price Sensitive Information (PSI) have been formulated by the Board and uploaded to the Company's website accordingly.

### Dividend History



The Investor Relations division processes any concern or query within the timeframes below after making sure the matter is treated with adequate attention. To this end, the Investor Relations Division will work for the shareholders as best as they can.

- I. All queries emailed will be responded to as soon as possible within the day while those sent by post will be addressed within two working days.
- II. It is the objective of the Investor Relations team to deal with all complaints which can be resolved in ten (10) days subject to the shareholder's fulfilment of prerequisites of raising the concern.
- III. If the complaint is unlikely to be dealt with within that duration, extension is possible with notification being issued. Should the complaint prove impossible to resolve, the complainant will be handed over to a competent authority with the ability to assist in resolving the complaint.
- IV. The same communication channel will be used to provide responses to shareholders just like the one used for the initial inquiry unless something else is agreed upon.

## GOING CONCERN

The Directors are of the opinion that the Company is a going concern. This is recognised through appropriate enquiries and analysis, which establish that the resources are adequate to support the operations and that sufficient business opportunities do exist to justify the Company as a going concern and the directors analyse the financial statements. 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

BAT Bangladesh, like its industry counterparts, faces various risks arising from both internal and external challenges. Since uncertainty is always a factor in operations, the Board of Directors assures shareholders that the Company has a strong risk management system in place. This system ensures that internal controls are well-structured, properly implemented, and consistently monitored.

While some risks may still be unknown, the Company actively identifies key financial and operational risks that could affect business performance. These risks are regularly reviewed in response to changing internal and external conditions, ensuring that the necessary controls remain effective in protecting the Company's operations, financial health, and long-term stability.

Looking ahead, given ongoing economic uncertainties, BAT Bangladesh may adjust its business strategies to stay aligned with macroeconomic developments. Further details on the internal control framework can be found in the Statement of Internal Control (page 154).

## RELATED PARTY TRANSECTIONS

Transactions with related parties are made on commercial basis on the principle of arm's length and are done in the ordinary course of business. Details of related parties and related party transactions are described at note 42 of the Financial Statements on page no. 274 of this Annual Report as per requirements of relevant International Financial Reporting Standards (IFRS).

## DIRECTORS' DECLARATION ON THE FINANCIAL STATEMENTS

The Directors are responsible for the governance of the Company and, as part of the preparation and presentation of the financial statements for the year ended 31<sup>st</sup> December 2024 of British American Tobacco Bangladesh Company Limited, the Directors confirm, to the best of their knowledge that:

- ▶ The financial statements, prepared by the Management of the Company, which was duly scrutinised by the external auditors, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- ▶ Proper books of account of the Company have been maintained;
- ▶ Appropriate accounting policies have been consistently applied in the preparation of the Financial Statements and the accounting estimates are based on reasonable and prudent judgments;

- ▶ The International Accounting Standards (IAS) and/or International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in the preparation of the Financial Statements and any departure there from has been adequately disclosed;
- ▶ The system of internal control is sound in design and has been effectively implemented and monitored; and
- ▶ There is no doubt, whatsoever, upon the Company's ability to continue as a going concern.

As required under the BSEC CG Code, the Directors further confirm that:

- ▶ The Managing Director (CEO) and Finance Director (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 Managing Director (CEO) and Finance Director (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 Managing Director (CEO) and Finance Director (CFO) have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year, which is fraudulent, illegal, or in violation of the Company's code of conduct.

## MATERIAL INFORMATION

Writ Petition on Low Segment Price Tk 27/35

- a. In January 2019, a competitor filed a writ petition against the Government and the National Board of Revenue (NBR) by which it initially challenged the failure of Government to implement the closing budget speech of the Hon'ble Finance Minister dated 27<sup>th</sup> June 2018 and reserving low segment for local brands. Thereafter, the competitor instead challenged the exclusion of protection given to local brands of cigarette manufactured by local manufacturers and sought a direction to continue the protection so granted to the local manufacturers of cigarettes in pursuance of a 2017 Special Order. The competitor further challenged the legality of a 2018 Special Order of NBR through which the said protection was revoked. BATB was initially not a party to the writ petition, subsequently it became a party through an addition of party application. Upon hearing on multiple occasions, the High Court (HC) passed judgment in the matter on 21<sup>st</sup> September 2020. By holding the prospective portion of the 2018 Special Order legal, the court did not allow the discriminatory regime to continue. However, by holding illegal the retrospective portion of the 2018

Special Order, the Court revived the discriminatory regime for only one year, that is from 01 June 2017 to 06 June 2018 and held that any shortfall of revenue under the 2017 Special Order may be recovered from any party or manufacturer during the period of 01 June 2017 to 06 June 2018. Subsequently, the LTU-VAT issued a Show Cause Notice dated 24 September 2020 following the High Court judgment claiming unpaid VAT and SD of BDT 24,371 million from 01 June 2017 to 06 June 2018. BATB appealed against the HC Judgment before the Appellate Division and obtained an order of stay. Since High Court judgment is stayed, the LTU proceeding shall also be deemed to have been stayed.

- b. LTU-VAT issued show-cause notice to BATB in March 2020 claiming BDT 2,054 crore as unpaid VAT and SD for allegedly producing 18 bn more cigarettes than declared, using an undisclosed purchase of local leaf based on a 2016 Annual Report and VAT – 1 discrepancy. BATB participated in the LTU-VAT hearing and claim was withdrawn post full inquiry on 19<sup>th</sup> August 2021. However, NBR started re-investigating the matter on 14<sup>th</sup> August 2023 and informed BATB to attend a hearing post the 2-year time bar. As per the law, NBR does not have the authority to examine the records of any proceedings after expiry of two years from the date of decision or order.

Instead of attending hearing, BATB filed a writ petition challenging re-investigation based on time bar. Rule was issued, which means, the HC found prime facie merit in BATB's position that NBR's decision to call BATB for re-investigation beyond time bar was illegal. Court, however, did not stay NBR proceedings but directed NBR not to call BATB for re-investigation. Thereafter, through a letter dated 21.09.2023, NBR cancelled the Order dated 19.08.2021 passed by LTU-VAT Commissioner (through which the claim was withdrawn) and directed LTU-VAT to recover BDT 2,054 crore as unpaid VAT and SD. Challenging the NBR's letter dated 21.09.2023, BATB filed another writ petition. The High Court, having found prima facie merit in our case, was pleased to issue a Rule, that is, a show cause as to why the NBR's letter dated 21.09.2023 shall not be declared to have been issued without lawful authority. Thereafter, LTU made a demand of BDT 2,054 crore as unpaid VAT and SD. In response, BATB filed an application before High Court to stay the demand. High Court mentioned that it will consider stay application during final hearing. The matter is currently pending before the High Court for final hearing.

- c. In the last reporting period, BAT Bangladesh received a show cause notice from the National Board of Revenue (NBR) alleging that the Company has avoided duty payment amounting to BDT 2,109 million. The notice claimed that this duty avoidance allegedly occurred due to the supply of cigarettes in BAT Bangladesh's warehouse before budget and then selling the same after declaration of budget at higher prices. BAT Bangladesh responded to the show cause notice, asserting that it has always acted within the law and hence the basis of the allegation and claim is unfounded. Thereafter a hearing was held before NBR and the NBR subsequently issued a demand of BDT 1,687 million. Challenging the demand, BAT Bangladesh filed a writ petition before High Court, which is currently pending.

## REGULATORY DISCLOSURE

Pursuant to the BSEC Notification on 'Corporate Governance Code 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 of the financial statements;
- ▶ All transactions with related parties have been made on a commercial basis and the details of the related party and transactions have been disclosed under note 38 of the financial statements;
- ▶ Proper books of account of the Company have been maintained;
- ▶ Appropriate accounting policies have been followed in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- ▶ The financial statements are prepared in accordance with IAS/IFRS and any departure therefrom has been adequately disclosed;
- ▶ Following its Initial Public Offering (IPO), the Company has made no further public offerings, rights issues, or other instruments.
- ▶ The Company's IPO was made during inception. No further issue of any instrument was made during the year;
- ▶ From inception, the financial results of the Company have continued to grow as reflected in the yearly financial statements of the Company;
- ▶ Extraordinary gain or loss has been recognized in the financial statements of the Company in page 274 of the Annual Report;
- ▶ No significant variations have occurred between quarterly and final financial results of the Company during 2024;



- ▶ During the year, the Company has paid a total amount of BDT 0.78 crore as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note 43 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 2024;
- ▶ During 2024, a total of 13 (thirteen) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in the page 123 of 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 79 of this Report;
- ▶ Shareholding pattern of the Company as on 31st December 2024 are shown in Annexure-1 to this report; and
- ▶ Directors' profiles have been included in the Annual Report (page 34) as per BSEC Guidelines.
- ▶ Declaration or Certification by the CEO and the CFO as required under BSEC Code (condition No. 3(3) and Annexure-A) are disclosed under 'Certificate of Due Diligence' on page 94 in the Annual Report.
- ▶ The report as well as certificate regarding compliance conditions of the BSEC Code as required (condition No.9, Annexure-B and C) are disclosed on page 84 in the annual report.

## CORPORATE GOVERNANCE COMPLIANCE STATEMENT

As a public listed Company, the Board of Directors of BAT Bangladesh emphasize on ensuring the shareholders and stakeholders interest is always protected. The Company take the position that excellence in governance is essential to achieve strong corporate performance. It is convinced that governance as an asset is paramount to success and continuity. Thus, the Board and the Management ensure that excellence in governance principles are adhered to, and that always the highest standards along with accountability, transparency, ethical conduct, and clear policies and procedures are observed in the Company. The Board has always been in the forefront in dealing with

the interests of stakeholders and always will be. It is the Company Secretary's responsibility, being the principal governance officer, to guarantee following the rules and making disclosures on time.

The Corporate Governance framework aims to meet business objectives responsibly while adhering to high standards of honesty, reliability, transparency, and accountability. The Company places a strong emphasis on diligent business practices, promoting transparency in operations and encouraging broader stakeholder engagement. Key elements of effective corporate governance are detailed in the Corporate Governance Statement attached to this Annual Report, which elaborates on BAT Bangladesh's overall practices. All employees are expected to uphold these principles, which are communicated through various training and awareness initiatives.

In this context, we are pleased to confirm that the Company has adhered to all directives under BSEC CG Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018. This includes certain provisions regarding the responsibilities of Independent Directors included in the Code. The Compliance Report, along with necessary remarks and disclosures, is included in the 2024 Annual Report. Additionally, a Certificate of Compliance prepared by Mohammad Sanaullah and Associates, Chartered Secretaries, is also attached to this report.

A detailed Corporate Governance Compliance Statement for the Company can be found on page 104 of this annual report.

## FINANCIAL STATEMENTS

The Board of Directors of British American Tobacco Bangladesh Company Limited would like to inform its shareholders and stakeholders that the Financial Statements containing the audited accounts for the year ended 31<sup>st</sup> December 2024 are in conformity with the requirements of the Companies Act, 1994, IAS and IFRS as adopted and applicable, Securities and Exchange Rules-1987 and the Listing Regulations of the Dhaka and Chittagong Stock Exchanges, and they believe that the Financial Statements reflect fairly the form and substance of all transactions carried out during the year under review and reasonably correctly present the Company's financial condition and results of its operations.

## STATUTORY AUDITOR

As per the Companies Act 1994 and the Articles of Association of the Company, the statutory auditors of BATB, A. Qasem & Co., Chartered Accountants shall retire at the 52<sup>nd</sup> Annual General Meeting. They have expressed their willingness to be reappointed for the year 2025. Based on suggestions of the Audit Committee, the Board recommended the re- appointment of A. Qasem & Co., Chartered Accountants, as the statutory auditors of the Company for the year 2025 and continuation up to the next AGM at a fee of Tk. 15,50,000 (Taka Fifteen lacs and Fifty Thousands) plus VAT only and requests shareholders to approve the appointment.

## COMPLIANCE AUDITOR

Pursuant to code 9.2 of the Corporate Governance Code 2018 issued by BSEC, the shareholders at the 51<sup>st</sup> Annual General Meeting (AGM) had appointed Mohammad Sanaullah & Associates, Chartered Secretaries as the Compliance Auditor of the Company for the year 2024.

The Board of Directors, recommended to the shareholders in the 52<sup>nd</sup> AGM the appointment of Mohammad Sanaullah & Associates, Chartered Secretaries, as the Company's Compliance Auditor for the year 2025.

## BUSINESS COMMITMENTS FOR SUSTAINABLE GROWTH

BAT Bangladesh as a corporate citizen and a key player in the country's corporate sector, is recognized as the largest contributor to government tax revenue. Its significant investments in the rural economy highlight its undeniable socio-economic influence, a legacy built over 114 years during which the Company has played a vital role in enhancing the nation's economic development. As a responsible corporate citizen, BAT Bangladesh values its goodwill and is committed to maintaining its esteemed relationships with the Government of Bangladesh, shareholders, and other stakeholders.

In 2024 BAT Bangladesh deposited BDT 34,173 crore in taxes into the national exchequer which included income tax, customs duty, and other taxes. This shows how the Company is contributing to increasing tax collections. At the same time, BATB's financial performance indicates consistent value creation for shareholders as the Company remains in a strong position to offset any negative contingencies that may arise because of changes in the business environment.

The resilience of BATB is derived from key factors such as a highly skilled workforce, a diversified product portfolio, an extensive distribution network, and enduring partnerships with contracted tobacco farmers. Despite the inherent unpredictability and volatility of the contemporary operating environment, BATB's sound business fundamentals have been instrumental in realizing strategic objectives.

BAT Bangladesh consistently invests in capital expenditures to advance its journey towards sustainable growth, carbon neutrality and renewable energy aspirations. Noteworthy initiatives such as Digi-Chill (smart energy management system) and the installation of Online UPS systems have been undertaken to decrease energy intensity and overall consumption. The on-site installation of solar power generation capacity enhances the usage of renewable energy at our operations sites. To further reduce our carbon footprint, we have introduced Hybrid Electric Vehicles into TM&D fleet.

To strengthen our role as environmental stewards, we have embraced advanced technologies such as online UPS systems with microgrid control, solar energy optimization, and a digital HVAC management system. In 2024, BATB Savar Factory site has been equipped with 3.2MW equivalent rooftop solar panels which is effectively

contributing to 9% integration of renewable energy to the site. We are not only committed to upgrade our own infrastructure to support the ultimate ESG agendas, even our major key suppliers have also joined us in this journey of clean and renewable energy by installing solar panels. These innovations not only reduce dependence on fossil fuels but also accelerate our transition to renewable energy sources. Furthermore, our enhanced digital capabilities allow us to anticipate and prevent equipment failures, driving greater efficiency and reliability in our operations.

Additionally, in 2024 itself, we ensured 39.1% of water recycling ratio. Multifaceted energy-efficient critical projects like automation and digitization in water consumption tracking were also implemented. The Company also achieved 98% waste-recycling ratio and has succeeded in eliminating unnecessary single-use plastics from its Head Office.

Founded on a robust historical foundation, the Board of Directors at BATB asserts confidence in the Company's intrinsic capabilities, expertise, and resources. This conviction positions BATB to advance with assurance, amplifying its impact and steadfastly upholding its commitment to value creation in a manner consistent with the highest echelons of corporate governance.

## MANAGEMENT DISCLAIMER FOR IT SECURITY

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

## CREDIT RATING STATUS

The Board considered the Credit Rating Result 2024 as Price Sensitive Information (PSI) in accordance with BSEC Credit Rating Companies Rules 2022. The Company has been awarded the following credit rating by Credit Rating Information and Services Limited (CRISL) based on the audited financial statements for the year ended 31st December 2024:

LONG TERM
AAA
SHORT TERM
ST-1
OUTLOOK
Stable

## AWARDS AND RECOGNITION

Our dedication to responsible corporate stewardship, value creation, and governance excellence has earned us widespread recognition from esteemed institutions both domestically and internationally. These achievements highlight our unwavering commitment to excellence in all aspects of our operations and reflect the collective efforts of our team in driving sustainable growth and building trust among stakeholders. We remain committed to delivering exceptional value while maintaining the highest standards of governance and compliance. The following honors were awarded to our Company in 2024:

- ▶ Top Employer Award from Top Employers Institute
- ▶ Highest Taxpayer Recognition by National Board of Revenue (NBR)
- ▶ ICAB Gold Award for Best Presented Annual Report
- ▶ SAFA Silver Award for Best Presented Annual Report
- ▶ ICMAB Best Corporate Award

## EXPECTATIONS IN 2025 AND BEYOND

As we look to the future, BATB remains committed to sustaining its growth momentum and advancing its sustainability agenda. The economic outlook for 2025 suggests continued challenges, including potential shifts in consumer preferences, rising inflation, and regulatory changes. However, we are well-positioned to navigate these uncertainties through our robust strategies and operational resilience. Our unwavering confidence of the capacity to achieve results in challenging circumstances has been substantiated by the exceptional operational and financial success attained in 2024.

Our sustainability goals remain a cornerstone of our long-term vision. By 2025, we aim to achieve a 90% water recycling rate (based on 2017 baseline) across all sites, eliminate unnecessary single-use plastics, and attain zero waste-to-landfill at all manufacturing locations. Additionally, we are on track to achieve a 35% reduction in water withdrawal within 2025. By 2030, we aspire to attain carbon neutrality for Scope 1 and 2 emissions, attain a 50%

reduction in Scope 1, 2 and 3 carbon emissions (based on the 2020 baseline) and ensure that 50% of the energy used at our sites is derived from renewable sources.

Market expansion and innovation will continue to drive our growth strategy. We are committed to introducing consumer-relevant products that align with evolving preferences and regulatory frameworks. Expanding our market reach through digital transformation and enhanced consumer engagement remains a priority.

We applaud the Government's proactive efforts to curb the expansion of the illicit cigarette market, anticipating favourable effects on future Government revenue. As one of Bangladesh's most esteemed publicly listed companies, we remain committed to upholding global best practices in governance, sustainability, corporate responsibility, and value generation.

We remain optimistic about the long-term prospects of Bangladesh, supported by its robust consumer base and economic potential. Our focus will remain on delivering value to stakeholders, fostering innovation, and upholding our legacy as a leader in the tobacco industry. As we move forward, we extend our gratitude to the government, employees, partners, and consumers for their continued trust and support, which have been instrumental in our success.

## ACKNOWLEDGMENTS

BAT Bangladesh's 2024 end-of-year performance highlights resilience and sustainable value creation despite challenges. This achievement reflects the dedication of the Board, Management, and employees. Beyond customer recognition, it acknowledges the efforts of employees, business partners, contracted farmers, and other stakeholders in ensuring operational excellence.

We take pride in these collective achievements and thank all contributors, looking forward to their continued support as we strengthen BATB's position as one of the leading companies in Bangladesh.

On behalf of the Board of Directors



**Wael Sabra**  
Chairman



**Monisha Abraham**  
Managing Director



**Syed Afzal Hossain**  
Company Secretary

5<sup>th</sup> February 2025

# MANAGEMENT DISCUSSION & ANALYSIS 2024

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

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

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

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted

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

The detail of the significant accounting policies is available in Note 6 of the financial statement.

## (B) CHANGES IN ACCOUNTING POLICIES AND ESTIMATION

In 2024, there was no major change in accounting policies and estimations except for some amendments and interpretations applied. However, this does not have any material impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

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

Financial results (BDT crore)	2024	2023	2022	2021	2020	2019
Gross Turnover	43,232	40,379	36,145	33,934	28,108	26,985
Supplementary Duty, VAT, HDSC	(33,287)	(31,212)	(27,722)	(26,451)	(22,079)	(21,303)
Net Turnover	9,945	9,167	8,423	7,483	6,029	5,682
Cost of Goods Sold	(5,523)	(4,717)	(3,999)	(3,477)	(3,079)	(2,997)
Gross Profit	4,422	4,450	4,423	4,006	2,950	2,685
Operating Expense	(795)	(947)	(868)	(835)	(727)	(808)
Operating Profit	3,627	3,503	3,555	3,170	2,222	1,877
Profit before Tax	3,381	3,527	3,499	2,990	2,109	1,740
Tax	(1,631)	(1,739)	(1,712)	(1,493)	(1,020)	(816)
Profit after Tax	1,751	1,788	1,787	1,497	1,089	925
EPS in BDT	32.42	33.11	33.10	27.72	20.16	17.12
Operational results	2024	2023	2022	2021	2020	2019
Share Capital (BDT cr.)	540	540	540	540	180	180
No. of Employees	1,745	1,669	1,526	1,643	1,445	1,426
Total Contribution to the National Exchequer (BDT cr.)	34,173	32,802	29,530	29,078	24,250	22,630

The Company's gross turnover for the year 2024 increased by 7% to BDT 43,232 crore. The growth was primarily driven by higher export. The Supplementary duty and VAT contribution from BATB increased by 7% for the year 2024 and resulting in 8% increase in net turnover for the year.

Higher inflationary and cost impact from leaf and wrapping materials slightly offset by decrease in volume and cost optimization activities have led to an 17% increased cost of goods sold for the year. Despite 8% higher turnover, gross profit decreased by 1% due to higher cost of sales compared to last year. The profit after tax for the year is BDT 1,751 crore.



## Cashflow movement

Cashflow (BDT crore)	2024	2023	2022	2021	2020	2019
Cash generated from operating activities	3,583	2,513	4,076	2,009	2,276	2,482
Income Tax paid	(1,802)	(1,489)	(1,352)	(1,200)	(784)	(892)
Net Interest (paid)/received	(49)	(4)	(21)	(14)	10	(31)
Net cash flows from operating activities	1,732	1,021	2,702	795	1,502	1,559
Net cash flows used in investing activities	(475)	(610)	(606)	(530)	(139)	(319)
Net cash flows used in financing activities	(1,315)	34	(1,765)	(713)	(1,314)	(786)
Net Increase in cash and cash equivalents	(53)	444	331	(448)	48	455
Cash and cash equivalents at 01 January	944	491	141	587	539	83
Cash and cash equivalents at 31 December	897	944	491	141	587	539

Overall cash position in 2024 is almost at par with last year due to higher collections from sales proceeds. However, this was partially offset by increased payments for VAT, duties, taxes to the government exchequer, and payments to suppliers for materials and expenses.

## Dividend

The Board of Directors has recommended 150% (BDT 15 per share) final cash dividend for the year ended 31<sup>st</sup> December 2024, to be approved at the ensuing 52<sup>nd</sup> Annual General Meeting.

Operational results	2024	2023	2022	2021	2020	2019
Profit after tax (BDT Cr)	1,751	1,788	1,787	1,497	1,089	925
Earnings per share (BDT)	32.42	33.11	33.10	27.72	20.16	17.12
Interim & final cash dividend (BDT Cr)	1,620	540	1,080	1,485	1,080	720
Stock dividend ratio	-	-	-	-	1:2	-
Number of shares	540,000,000	540,000,000	540,000,000	540,000,000	180,000,000	180,000,000
Cash dividend per share	30	10	20	27.50	60	40
P/E Ratio	11.34	15.67	15.65	23	58.57	56.64
Dividend Yield	8%	2%	4%	4%	5%	4%

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

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

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

### Global Economy

The global economy in 2024 faced a myriad of challenges that tested the resilience of nations and their economic frameworks. Persistent inflation remained a central

concern, with global inflation rates projected to decline to 5.8%. This reduction was attributed to the aggressive monetary policies implemented by central banks worldwide, which included significant interest rate hikes aimed at curbing inflationary pressures. However, these measures also had the unintended consequence of slowing economic growth, with the International Monetary Fund (IMF) forecasting global GDP growth to decelerate to 2.9% in 2024. Advanced economies, particularly in Europe and North America, experienced subdued growth due to weakened manufacturing sectors and declining consumer demand, while emerging markets grappled with external debt pressures and rising borrowing costs, complicating their recovery efforts.

Geopolitical tensions played a pivotal role in shaping the economic landscape throughout 2024. The ongoing conflict in Ukraine continued to disrupt European energy markets, leading to volatility in energy prices and heightened concerns about energy security across the continent. Additionally, geopolitical strife in regions such as the Middle East and Asia exacerbated food insecurity and contributed to inflationary pressures globally. Trade dynamics were significantly affected by rising tariffs and protectionist measures as countries sought to shield their economies from external shocks. A survey conducted by the World Economic Forum indicated that business leaders increasingly viewed geopolitical risks as a primary threat to economic stability, rivaling concerns over inflation and supply chain disruptions. This environment underscored the critical need for greater international cooperation to address these challenges effectively.

Looking ahead, the global economic outlook for 2025 appeared cautiously optimistic despite the uncertainties that persisted in 2024. Analysts from Goldman Sachs projected a solid growth rate of 2.7% for 2025, while Morgan Stanley anticipated similar figures around 3%. This optimism was supported by expectations that inflation would continue its downward trend, potentially reaching around 4.5% by 2025 as central banks began normalizing interest rates. The IMF emphasized that while immediate stabilization efforts were essential, long-term strategies focusing on structural reforms would be crucial for fostering inclusive and sustainable growth. Investment in renewable energy and climate resilience emerged as key priorities for policymakers aiming to mitigate future risks associated with climate change and energy insecurity. As nations navigated this complex economic landscape, the importance of agility and strategic foresight became increasingly clear, highlighting the need for collaborative approaches to ensure stability and growth in an interconnected world economy.

### Bangladesh Economy

In 2024, Bangladesh's economy faced significant headwinds, marked by a slowdown in economic activity, elevated inflation, and pressures on foreign exchange reserves. The International Monetary Fund (IMF) reported that real GDP growth slowed to 4.8% in the first half of the fiscal year, with projections of 5.4% for the full year. This deceleration was attributed to ongoing import compression, policy tightening, and weakened domestic demand. Inflation soared to a decade high of 9.7% year-on-year in April 2024, driven by rising food and energy prices, currency depreciation, and supply chain disruptions. By November 2024, inflation peaked at 11.38%, before easing slightly to 10.89% in December. The IMF forecasted inflation to remain around 11% in fiscal year 2025 before declining to 5% in fiscal year 2026 as monetary policies take effect and global price pressures ease.

These economic strains were compounded by political upheaval following the resignation and exile of Prime Minister. An interim government led by Nobel laureate Muhammad Yunus was formed amidst heightened social unrest and protests over inflation and governance issues. This political transition added uncertainty to an already fragile economic environment, as the interim government faced significant challenges, including stabilizing the financial system, addressing a balance of payments deficit, and ensuring transparency in public spending. To mitigate these issues, Bangladesh sought international assistance, securing a \$200 million agreement from USAID, alongside \$4 billion from the IMF as part of its loan program, which included \$1.15 billion as the third installment. Additionally, appeals were made to the World Bank for \$1 billion and \$300 million from JICA for further support. The interim government also initiated reviews of previous contracts to ensure economic efficiency and transparency in response to the pressing challenges it faced.

In 2024, Bangladesh's banking sector experienced severe instability, driven by a surge in non-performing loans (NPLs) to \$17.6 billion, a liquidity crunch, and declining public confidence. Governance issues and financial mismanagement in several banks exacerbated these challenges, prompting international credit downgrades and reduced credit availability. The central bank responded with tighter regulatory measures, while the interim government pledged to improve transparency and governance to restore trust and attract foreign investment. Despite these efforts, substantial reforms remain critical to ensuring the long-term stability and resilience of the financial system.

In response to these challenges, the IMF conducted a staff visit in September 2024, acknowledging the interim government's efforts to stabilize the economy. It emphasized continued monetary tightening and rationalization of non-priority capital spending as critical measures to manage inflation and support recovery. Despite these efforts, Bangladesh's economic outlook remained precarious due to structural vulnerabilities such as a fragile banking sector burdened by non-performing loans, declining remittances, and weak private investment constrained by high production costs and import restrictions. While the completion of major infrastructure projects like the Padma Bridge and Dhaka Elevated Expressway offered some optimism for long-term growth prospects, immediate recovery required bold reforms. The global community underscored the importance of sustained international cooperation and domestic policy adjustments to navigate these challenges effectively while fostering inclusive growth for Bangladesh's future trajectory.

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

The Company has a series of policies, practices and controls in place in relation to the financial reporting and

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

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

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

As we look to the future, BATB remains committed to sustaining its growth momentum and advancing its sustainability agenda. The economic outlook for 2025 indicates ongoing challenges, such as potential changes in consumer preferences, increasing inflation, and regulatory shifts. Nevertheless, we are well-prepared to manage these uncertainties thanks to our strong strategies and operational resilience. Our steadfast belief in our ability to deliver results in difficult situations has been validated by the remarkable operational and financial success achieved in 2024.

BAT Bangladesh remains steadfast in its commitment to delivering high-quality products while creating economic value for its shareholders as the Company looks ahead to 2025 and beyond, the initiatives will focus on generating significant economic impacts aligned with the Sustainable Development Goals. These initiatives will prioritize poverty alleviation through empowerment programs, furthering gender equality, and enhancing human development and well-being. The Company will also deepen partnerships to promote sustainable agricultural practices, address arsenic contamination, and protect forest ecosystems. Additionally, BAT Bangladesh is dedicated to broadening access to sustainable modern energy in off-grid regions, solidifying its leadership role in fostering a more sustainable and inclusive future for the nation's economy and society.

#### **(H) RELATED PARTY TRANSACTIONS**

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



**Monisha Abraham**  
Managing Director  
BAT Bangladesh

5<sup>th</sup> February 2025

# PATTERN OF SHAREHOLDING

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

Name of Shareholder	Shares Held	% of Holding
i) Parent/subsidiary/associate/related parties:		
Raleigh Investment Co. Ltd.	393,708,222	72.91%
ii) Directors/CEO/CS/CFO/Audit Head and their spouses and minor children	nil	nil
iii) Executives (HOD)	nil	nil
iv) Shareholders, who holding 10% or more		
v) Other Shareholders, who holding less than 10%		
• Investment Corporation of Bangladesh	27,808,018	5.15%
• Sadharan Bima Corporation	15,285,423	2.83%
• Bangladesh Development Bank Limited	1,806,302	0.34%
• President People's Republic of Bangladesh	3,481,416	0.64%
• Others	97,910,619	18.13%
<b>Total</b>	<b>540,000,000</b>	<b>100%</b>

## 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	As at 31 December 2024			As at 31 December 2023		
	Nos. of Shareholders	Total nos. of Shares	(%) of Holding	Nos. of Shareholders	Total nos. of Shares	(%) of Holding
Less than 501 shares	57,652	6,244,041	1.16%	73,988	6,983,195	1.29%
501 to 5,000 shares	11,687	17,748,747	3.29%	10,671	15,895,851	2.94%
5,001 to 10,000 shares	899	6,420,805	1.19%	745	5,338,328	0.99%
10,001 to 20,000 shares	394	5,598,806	1.04%	339	4,781,630	0.89%
20,001 to 30,000 shares	133	3,237,262	0.60%	106	2,591,621	0.48%
30,001 to 40,000 shares	54	1,873,115	0.35%	46	1,575,921	0.29%
40,001 to 50,000 shares	36	1,647,200	0.31%	49	2,218,939	0.41%
50,001 to 100,000 shares	92	6,514,426	1.21%	86	6,031,269	1.12%
100,001 to 1,000,000 shares	96	23,280,088	4.31%	86	22,548,967	4.18%
Over 1,000,000 shares	19	467,435,510	86.56%	14	472,034,279	87.41%
	<b>71,062</b>	<b>540,000,000</b>	<b>100%</b>	<b>86,130</b>	<b>540,000,000</b>	<b>100%</b>



# CERTIFICATE OF COMPLIANCE

ANNEXURE-2



**Mohammad Sanaulah & Associates**  
Chartered Secretaries & Management Consultants

**Report to the Shareholders of**  
**British American Tobacco Bangladesh Limited**  
**on**  
**Compliance of Corporate Governance Code**

Certificate as per condition No. 1(5)(xxvii) of the BSEC Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by British American Tobacco Bangladesh Limited for the year ended on December 31, 2024. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the 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 the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of 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 Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as Stipulated in the above-mentioned Corporate Governance Code issued by the Commission subject to the remarks and observations as reported in the Status of Compliance Statement;
- (b) 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;
- (c) 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
- (d) The governance of the company is satisfactory.

For: **Mohammad Sanaulah & Associates**

  
**Mohammad Sanaulah FCS**  
CEO & Lead Consultant



February 15, 2025

# BSEC CORPORATE GOVERNANCE COMPLIANCE CHECK LIST

## STATUS OF COMPLIANCE WITH THE CONDITIONS SET OUT BY THE BSEC NOTIFICATION ON CORPORATE GOVERNANCE

(Report under Condition No. 9.3)

Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.1	Board Size: The number of the Board members of the Company shall not be less than 5 (five) and more than 20 (twenty)	Complied		The BATB Board is comprised of 13 Directors.
1.2	Independent Directors:			
1.2 (a)	At least 2(two) directors or one-fifth (1/5) of the total number of directors in the Company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s). Provided that the Board shall appoint at least 1(one) female independent director in the Board of Directors of the Company.	Complied		There are Three Independent Directors in the BATB Board, namely: Mr. A.K.M Aftab Ul Isalm, Mr. Masud Khan & Professor Dr. Melita Mehjabeen. Professor Dr. Melita Mehjabeen was appointed in the Board on 12 <sup>th</sup> November 2024.
1.2 (b) (i)	Without contravention of any provision of any other laws, for the purpose of this clause,an "independent director" means a director- who either does not hold any share in the Company or holds less than one percent (1%) shares of the total paid-up shares of the Company.	Complied		The Independent Directors have declared their compliances.
1.2 (b) (ii)	who is not a sponsor of the Company or is not connected with the Company's any sponsor or director or nominated director or shareholder of the Company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the Company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	Complied		DO
1.2 (b) (iii)	who has not been an executive of the Company in immediately preceding 2 (two) financial years;	Complied		DO
1.2 (b) (iv)	who 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)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange.	Complied		DO
1.2 (b) (vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market.	Complied		DO
1.2 (b)(vii)	who 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 services or audit firm conducting special audit or professional certifying compliance of this Code.	Complied		DO
1.2 (b) (viii)	who is not independent director in more than 5 (five) listed companies.	Complied		DO

Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.2 (b)(ix)	who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for nonpayment of any loan or advance or obligation to a bank or a financial institution; and"	Complied		DO
1.2 (b)(x)	who 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 and approved by the shareholders in the Annual General Meeting (AGM). Provided that the Board shall appoint the independent director, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the Company	Complied		Newly appointed two independent directors to be approved in the upcoming AGM.
1.2 (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	Complied		During this year, Mr. Prof. M Harunur Rashid PhD was resigned from the Board and Mr. K.H. Masud Siddiqui completed his 2 <sup>nd</sup> tenure then resigned from the Board. Both positions were filled up by Mr. Masud Khan and Professor Dr. Melita Mehjabben respectively within the time frame.
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) tenure only:	Complied		The Independent Directors (IDs) A.K.M Aftab Ul Islam is in the second term of the office, Mr. Masud Khan & Professor Dr. Melita Mehjabben are in first term of office.
1.3	Qualification of Independent Director:-			
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 the business;	Complied		The qualification and background of IDs justify their abilities as such.
1.3. (b)	Independent director shall have following qualifications:			
1.3 (b) (i)	Business Leader who is or was a promoter or director of an unlisted Company having minimum paid-up capital of Tk. 100.00 million or any listed Company or a member of any national or international chamber of commerce or registered business association;	Not Applicable		
1.3 (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted Company having minimum paid up capital of Tk. 100.00 million or of a listed Company;	Not Applicable		
1.3 (b) (iii)	Former or existing official of government or statutory or autonomous or regulatory body in the position not below 5 <sup>th</sup> Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law: Provided that in case of appointment of existing official as independent director, it requires clearance from the organization where he or she is in service;	Not Applicable		

Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.3 (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	Complied		Professor Melita Mehjabben joined the BAT Bangladesh Board in November 2024. Her qualifications and background justify her abilities in this role.
1.3 (b) (v)	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;	Complied		A.K.M. Aftab UI Islam is a professional Accountant
1.3 (C)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	Complied		Existing Independent Directors are corporate leader and University Teacher with more than 12 years of experience.
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	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-			
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
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.
1.4 (c)	The Chairperson of the Board shall be elected from among the on executive directors of the Company;	Complied		The chairperson is elected from amongst the non-executive directors.
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.
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Complied		In practice.
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.
1.5 (ii)	Segment-wise or product-wise performance	Complied		The Directors' report complies with the guideline
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'.
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
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'.



Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.5 (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	Complied		Mentioned at 'Other Regulatory Disclosures'. A statement of all related party transactions are disclosed under Notes to the Financial Statements no. 42
1.5 (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments	Complied		Mentioned at 'Other Regulatory Disclosures'.
1.5 (viii)	An explanation if the financial results deteriorate after the Company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc	Complied		Mentioned at 'Other Regulatory Disclosures'.
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'.
1.5 (x)	A statement of remuneration paid to the directors including independent directors	Complied		Mentioned at 'Other Regulatory Disclosures'.
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.
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.
1.5 (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	Complied		Stated under section 'Going Concern' in the Directors Report.
1.5 (xvii)	A statement that there is no significant doubt upon the issuer Company's ability to continue as a going concern, if the issuer Company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	Complied		Discussed in the Directors Report under section "Growth Pillar".
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.
1.5 (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	Complied		The summary is provided in the Management Report, which is part of the Directors' Report and complies with the guideline.
1.5 (xx)	An explanation on the reasons if the issuer Company has not declared dividend (cash or stock) for the year			
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

Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.5 (xxii)	"The total number of Board meetings held during the year and attendance by each director"	Complied		The Board of Directors meet 13 <sup>th</sup> times during the year.
1.5 (xxiii)	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
	(c) Executives	Complied		The Executives (Leadership Team) of the Company do not hold any shares
	(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
1.5 (xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:	-		-
1.5 (xxiv) (a)	a brief resume of the director	Complied		Stated in the profile of Directors in the Annual Report
	(b) nature of his or her expertise in specific functional areas	Complied		Stated in the profile of Directors in the Annual Report
	(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
1.5 (xxv) (a)	(a) accounting policies and estimation for preparation of financial statements	Complied		the Directors Report complies with the guideline
	(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
	(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
	(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
	(e) briefly explain the financial and economic scenario of the country and the globe	Complied		the Directors Report complies with the guideline
	(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
	(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

Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
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 -1 of the Directors' report which comply with the guideline.
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 in the annual report
1.6	Meetings of the Board of Directors The Company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	Complied		Company Maintain a book for Board Meeting Minutes as per the provision of Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).
1.7	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1.7 (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the Company;	Complied		A code of conduct set for Chairman of the Board, other members of the Board and Chief Executive Officer of the Company based on the recommendation of the Nomination and Remuneration Committee (NRC).
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independence.	Complied		The code of conduct as determined by the NRC is posted on the website
2	Governance of Board of Directors of Subsidiary Company.			
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)	At least 1 (one) independent director on the Board of the holding Company shall be a director on the Board of the subsidiary Company;	Not Applicable		
2 (c)	The minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the holding Company;	Not Applicable		
2 (d)	The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the subsidiary Company also;	Not Applicable		
2 (e)	The Audit Committee of the holding Company shall also review the financial statements, in particular the investments made by the subsidiary Company.	Not Applicable		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3.1 (a)	Appointment 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);	Complied		The Company has appointed MD, CFO, CS and Head of Internal Audit.

Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.
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;  Provided that CFO or CS of any listed Company may be appointed for the same position in any other listed or non-listed Company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission:  Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately	Complied		In Practice
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	Complied		The roles, responsibilities and duties of MD, CFO, CS and HIAC are clearly defined which have been approved by Board as per requirement of BSEC notification.
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
3.2	Requirement to attend Board of Directors' Meetings 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
3 (3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3.3 (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 and belief:	Complied		In Practice
3.3.(a) (i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and			
3.3.(a) (ii)	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;			
3.3 (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board or its members;	Complied		In Practice
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.
4..	Board of Directors' Committee:- For ensuring good governance in the Company, the Board shall have at least following subcommittees:	Complied		Already in place.
4.(i)	Audit Committee; and			
4 (ii)	Nomination and Remuneration Committee	Complied		Already in place.
5..	Audit Committee:-			
5.(1)	Responsibility to the Board of Directors:			
5.1 (a)	The Company shall have an Audit Committee as a sub-committee of the Board;	Complied		Already in place. The TOR is available.



Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
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
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
5.(2)	Constitution of the Audit Committee:			
5.2 (a)	The Audit Committee shall be composed of at least 3 (three) members;	Complied		The Audit Committee is comprised of 4 (Four) members.
5.2 (b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the Company excepting Chairperson of the Board 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.
5.2 (c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	Complied		Based on the academic qualifications and professional experiences, the Board reviewed and considered that all the existing members of the Audit Committee are 'financially literate' and they have 'related financial management experience' as per Corporate Governance Code 2018 of BSEC. The members have also given their declarations.
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 60 (Sixty) days from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	Complied		In Practice
5.2 (e)	The Company secretary shall act as the secretary of the Committee;	Complied		In Practice
5.2 (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	Complied		In practice.
5.(3)	Chairperson of the Audit Committee:			
5.3 (a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director	Complied		Mr. A.K.M Aftab Ul Islam FCA has been appointed as Chairman of Audit Committee who is an Independent Director.
5.3 (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	Complied		In practice.
5.3 (c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	Complied		In practice.
5.(4)	Meeting of the Audit Committee:-			
5.4 (a)	The Audit Committee shall conduct at least its four meetings in a financial year.	Complied		In practice.

Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.
5.5	Role of Audit Committee The Audit Committee shall:-			
5.5 (a)	Oversee the financial reporting process	Complied		In practice.
5.5 (b)	monitor choice of accounting policies and principles;	Complied		In practice.
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.
5.5 (d)	oversee hiring and performance of external auditors	Complied		In practice.
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.
5.5 (f)	review along with the management, the annual financial statements before submission to the Board for approval;	Complied		In practice.
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.
5.5 (h)	review the adequacy of internal audit function	Complied		In practice.
5.5 (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	Complied		In practice.
5.5 (j)	review statement of all related party transactions submitted by the management;	Complied		In practice.
5.5 (k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	Complied		In practice.
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; and	Complied		In practice.
5.5 (m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	Complied		There was no IPO/RPO/ Rights Issue in 2024 or in recent past. Stated in the Directors' Report under 'Other Regulatory Disclosures'.
5.(6)	Reporting of the Audit Committee			
5.6.(a)	Reporting to the Board of Directors			
5.6 (a) (i)	The Audit Committee shall report on its activities to the Board.	Complied		In practice.
5.6.(a) (ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
5.6 (a) (ii) (a)	report on conflicts of interests;	Complied		In practice.
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.
5.6 (a) (ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	None		
5.6 (a) (ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	None		

Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
5.6 (b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	None		
5.7	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6) (a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer Company	None		
6	Nomination and Remuneration Committee (NRC):-			
6.1	Responsibility to the Board of Directors			
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.
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
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.
6.2 (a)	The Committee shall comprise of at least three members including an independent director;	Complied		The Committee is comprised of 4 (Four) members including an Independent Director.
6.2 (b)	At least 02 (two) members of the Committee shall be non-executive directors	Complied		In practice
6.2 (c)	Members of the Committee shall be nominated and appointed by the Board	Complied		The NRC members are appointed by the Board
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee	Complied		In practice
6.2 (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Complied		In practice
6.2 (f)	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		
6.2 (g)	The Company secretary shall act as the secretary of the Committee;	Complied		In practice
6.2 (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Complied		In practice
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
6.3	Chairperson of the NRC			

Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
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
6.3 (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	Complied		In practice
6.3 (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders	Complied		In practice
6.4	Meeting of the NRC			
6.4 (a)	The NRC shall conduct at least one meeting in a financial year;	Complied		In practice
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
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
6.5	Role of the NRC			
6.5 (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	Complied		In practice
6.5.(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6.5.(b).(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following			
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
6.5 (b) (i) (b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	Complied		In practice
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
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
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
6.5 (b) (v)	identifying the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	Complied		In practice
6.5 (b) (vi)	developing, recommending and reviewing annually the Company's human resources and training policies;	Complied		In practice
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



Condition No	Title	Compliance Status		Remarks
		Complied	Not Complied	
7	External or Statutory Auditors:-			
7.1	The issuer Company shall not engage its external or statutory auditors to perform the following services of the Company, namely:-	Complied		As declared by the auditor
7.1 (i)	appraisal or valuation services or fairness opinions;	Complied		In practice
7.1 (ii)	financial information systems design and implementation;	Complied		In practice
7.1 (iii)	book-keeping or other services related to the accounting records or financial statements;	Complied		In practice
7.1 (iv)	broker-dealer services	Complied		In practice
7.1 (v)	actuarial services	Complied		In practice
7.1 (vi)	internal audit services or special audit services;	Complied		In practice
7.1 (vii)	any service that the Audit Committee determines;	Complied		In practice
7.1 (viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	Complied		In practice
7.1 (ix)	any other service that creates conflict of interest	Complied		In practice
7.2	No partner or employees of the external audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company; his or her family members also shall not hold any shares in the said Company:	Complied		In practice
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	Complied		In practice
8	Maintaining a website by the Company:-			
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
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	Reporting and Compliance of Corporate Governance:			
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 Certificate of Compliance obtained from Mohammad Sanaullah & Associates is duly shown in the Annual Report
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 Mohammad Sanaullah & Associates is duly appointed by the shareholders at AGM.
9.3	The directors of the Company shall state, in accordance with the Annexure-C attached, in the directors' report whether the Company has complied with these conditions or not.	Complied		Detailed status given at Annexure - C and published in the Report.

# CERTIFICATE OF DUE DILIGENCE BY CEO & CFO

ANNEXURE-4

(As required under the BSEC CGC)

## TO THE BOARD OF DIRECTORS OF

### BRITISH AMERICAN TOBACCO BANGLADESH COMPANY LIMITED

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

1. The Financial Statements of BAT Bangladesh Company Limited for the year ended on 31<sup>st</sup> December 2024 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure therefrom has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31<sup>st</sup> December 2024 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.



**Ms. Monisha Abraham**  
Managing Director (CEO)



**Nirala Nandini Singh**  
Finance Director (CFO)

Dhaka  
5<sup>th</sup> February 2025



HAVING COMPLETED 114 YEARS OF OPERATIONS IN THE COUNTRY, WE HAVE HAD THE PRIVILEGE OF WITNESSING AND CONTRIBUTING TO SOME OF THE MOST SIGNIFICANT MILESTONES IN THE NATION'S DEVELOPMENT. AS A RESPONSIBLE CORPORATE ENTITY, WE TAKE IMMENSE PRIDE IN OUR CONTRIBUTIONS TO THIS COUNTRY'S PROGRESS, BOTH ECONOMICALLY AND SOCIALLY. THROUGH OUR ACTIONS, WE HAVE NOT ONLY DRIVEN ECONOMIC GROWTH BUT ALSO FOSTERED SUSTAINABLE PRACTICES THAT WE HOPE WILL INSPIRE FUTURE GENERATIONS TO COME.



# MANAGING DIRECTOR'S REPORT

## Dear Valued Shareholders,

As I reflect upon the year 2024, I am reminded of the resilience and spirit that have defined not only our Company's journey but also the path of the nation we proudly call home. The year will undoubtedly be etched in history as one of both extraordinary challenges and unparalleled hope. Bangladesh, like many nations, experienced tremendous upheaval in the form of a changing political landscape and significant macroeconomic challenges. Yet, it was the indomitable resilience of our people that served as the bedrock for ushering in new hope and opportunities for the future.

At BAT Bangladesh, we too stand at a momentous crossroads. Having completed 114 years of operations in the country, we have had the privilege of witnessing and contributing to some of the most significant milestones in the nation's development. As a responsible corporate entity, we take immense pride in our contributions to this country's progress, both economically and socially. Through our actions, we have not only driven economic growth but also fostered sustainable practices that we hope will inspire future generations to come.

Throughout these 114 years, our commitment to sustainability, innovation, and livelihood enhancement has been the driving force behind our transformation. This commitment has positioned us as a key development partner in the journey toward a sustainable and prosperous Bangladesh. We are proud of our role in shaping the nation's future and, in particular, of our remarkable contribution to the National Exchequer. In the fiscal year 2023-24, BAT Bangladesh was honored as the highest taxpayer, contributing BDT 34,173 crore to the country's internal revenue—a clear testament to our continued commitment to both national growth and corporate responsibility.

## BENCHMARK SUSTAINABILITY PRACTICES AT THE CORE OF OUR OPERATIONS

As we look to the future, one of our defining principles is sustainability—ensuring that our growth is not only economic but also responsible and environmentally conscious. The year 2024 was marked by our ongoing dedication to embedding sustainability at the heart of our operations. This approach has not only helped drive innovation but has also made our processes more efficient, paving the way for newer horizons in our sector.

A prime example of our sustainability efforts is the successful deployment of our Modular Industrial Online UPS, which has significantly reduced our carbon emissions by 1,070 tons annually. Additionally, the modifications made

to our low gas boilers have led to a reduction in diesel consumption by 29,080 litres, cutting emissions by 80 tons. These initiatives are critical steps toward our commitment to reducing Scope 1, 2, and 3 emissions by 50% from the baseline by 2030.

Our efforts to transition toward renewable energy are also progressing well. BAT Bangladesh is committed to achieving 50% renewable energy usage by 2030. Currently, our solar capacity stands at 5.56 MW, which already accounts for 10% of our total energy consumption. Furthermore, to offset emissions, we have purchased 12 MWH IREC, marking a key step in our journey towards carbon neutrality.

Waste management continues to be another critical focus for us. With the goal of reducing waste generation by 25% by 2025, we have already made significant strides in this area. Our in-house composting machines, installed at our factories, will help reduce organic waste volume by 80%. At the same time, we are on track to achieve a 90% recycling rate by 2025, with current recycling rates already exceeding 90% at various sites. In fact, BAT Bangladesh has succeeded in sustaining less than 1% waste to landfill, and we are working diligently to achieve 100% zero waste at all our operation sites.

Furthermore, in line with our commitment to responsible resource management, we aim to reduce water withdrawal by 35% by 2025. Across our sites, we have already achieved reductions ranging from 20.5% to 46.5%. Additionally, we are targeting a 30% recycling rate of our water consumption by 2025, with a current recycling rate of 39.1%. We are also working toward achieving 100% Alliance for Water Stewardship (AWS) certification for all our operational sites by 2025, with three out of four sites already certified.

## OUR ENVIRONMENT, SOCIAL & GOVERNANCE (ESG) PRINCIPLES

As a Company that has been part of Bangladesh's growth for over a century, we understand the importance of operating in a socially responsible manner. BAT Bangladesh has long been at the forefront of pioneering Environment, Social, and Governance (ESG) practices in the country, often before it became a widely recognized standard in the corporate landscape. Our commitment to ESG is not simply a set of guidelines but a deeply ingrained ethos that shapes how we operate and interact with stakeholders at every level.

Our flagship initiative – the largest private sector-led afforestation initiative in the country – Bonayan stepped into its 44<sup>th</sup> year in 2024 as it strives to improve Bangladesh's land to forest ratio since inception. This year,



the programme provided an additional 5 million saplings across the country, taking the total to over 130 million saplings since 1980. Fruit, forestry and medicinal saplings are distributed free-of-cost to beneficiaries from farming communities across 24 districts.

We are also proud of Probaho, an initiative that provides safe drinking water to marginalized communities for over 16 years now with 126 filtration plants across 25 districts. The initiative was initially designed in 2009 to cater to communities living in regions with an acute problem of arsenic but has now evolved as a safe drinking water solution – providing ~620,000 litres of water daily to over ~310,000 beneficiaries – in salinity-prone coastal areas as well as in the highlands where safe drinking water is a scarce commodity.

Aligned with Bangladesh's commitment to achieving the United Nations Sustainable Development Goals (SDGs), we continue to focus on creating a meaningful and lasting impact on the lives of all those associated with us. As we navigate our long-term strategy, we are confident that our ESG framework will ensure we remain a future-fit organization—one that operates with the highest levels of governance, promotes environmental stewardship, and drives livelihoods for the people of Bangladesh.

## OUR PEOPLE, OUR STRENGTH

None of our accomplishments would be possible without the dedication and passion of our employees. It gives me immense pride to share that, once again, BAT Bangladesh has been certified as a Top Employer for the sixth consecutive year by the Top Employer Institute. This recognition speaks to the strength of our people strategy and our commitment to creating an inclusive, dynamic, and innovative work environment.

At BAT Bangladesh, we have always placed a high value on talent development. Many of our talented managers play critical roles not only within Bangladesh but also across the broader BAT Group globally. Our people are our greatest asset, and it is through their dedication and forward-thinking approach that we continue to set industry standards.

One of the most encouraging trends I've observed in recent years is the increasing influence of Gen Z in our workforce. This generation brings with them a sense of pragmatism and authenticity that drives transformation. Their approach to leadership is collaborative and inclusive, preferring a flat organizational structure over traditional hierarchical models. This mindset has been instrumental in shaping the future of our Company, and I am confident it will continue to propel us forward.

## OUR LEGITIMATE CONCERNS

While we remain optimistic about the future, we must also address some of the challenges facing our industry. We fully recognize the government's need to increase internal revenue, and we support initiatives to improve the

nation's fiscal health. However, we are deeply concerned about the recent fiscal policy changes, which we believe, will have serious long-term consequences for the industry, the economy, and the livelihoods of millions of people who depend on it.

In an attempt to increase tax receipts, the National Board of Revenue (NBR) raised the supplementary duty (SD) applicable on the cigarette industry on June 6, 2024, resulting in an increase in the overall tax incidence from 74% to 76% in the 'Low' segment and from 81% to 81.5% in the other segments. These changes are further compounded by an additional tax hike on January 9, 2025, raising the overall tax incidence to a staggering 83%, alongside significant above-inflationary price increases.

We believe that such drastic tax increases may lead to a decline in the volume of the legitimate industry, adversely impacting the livelihoods of over 4.4 million (Oxford Economics, 2024) across the industry value chain, including over 50,500 farmers, 1.6 approx million retailers, and countless workers who depend on the industry. Additionally, the lack of consultation and abrupt policy changes create an environment of uncertainty, which undermines both domestic and international investor confidence.

## OUR GRATITUDE

On behalf of BAT Bangladesh, I would like to extend my deepest gratitude to our valued shareholders for their continued trust and confidence in our ability to deliver strong results. Your unwavering support allows us to focus on our long-term vision for the Company.

I would also like to express my appreciation to our Board of Directors for their wisdom, guidance, and leadership, which have been instrumental in helping us navigate the challenges of the year. Our success would not have been possible without their unwavering commitment to our mission.

Finally, I would like to extend my heartfelt thanks to Team BAT Bangladesh for their resilience, hard work, and integrity. It is their dedication and adherence to our core values that have made this year's successes possible, despite the external challenges that were beyond our control.

As we look ahead, we are inspired by the potential of Bangladesh 2.0 and the air of reform that surrounds us. Together, we must shape that future, building a sustainable and prosperous tomorrow for all.

Thank you for your continued support.

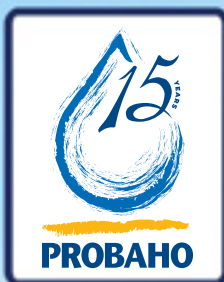
Sincerely,



**Monisha Abraham**

Managing Director  
BAT Bangladesh

5<sup>th</sup> February 2025



## BETTERING LIVES IN SATKHIRA THROUGH CLEAN DRINKING WATER



Satkhira is one of the top most climate vulnerable districts in Bangladesh due to salinity intrusion, drought, flood, water logging, cyclone and storm surges, all of which have led to a shortage of clean drinking water. The crisis is exposing inhabitants/residents to various water borne diseases. A recent UNDP survey reveals that 73% of the people living in Ashashuni and Shyamnagar upazilas of Satkhira drink unsafe saline water and 63% households face difficulties in getting drinking water.\*

'Probaho', an initiative with a legacy of 15 years, designed to address the scarcity of clean drinking water in remote areas of Bangladesh, has responded to the humanitarian crisis by setting up safe drinking water filtration plants to provide safe drinking water to the most vulnerable communities in Ashashuni, Shyamnagar and Kaliganj upazilas in Satkhira. Having a self-sustaining model in these water filtration plants guarantees their long term sustainability.



### PROBAHO PLANTS IN SATKHIRA

	BEFORE	AFTER
	<p>Contaminated surface water</p>	<p>Daily 5-7 kms travel for clean drinking water</p>
	<p>Probaho plants set up to provide clean drinking water</p>	<p>Community people collect water everyday from Probaho plants</p>
	<p>A happier and healthier community</p>	<p>A glimpse of Probaho beneficiaries</p>

| **10 PLANTS**  
IN SATKHIRA DISTRICT

| **~18,000**  
BENEFICIARIES

| **~50,000 LITRES**  
WATER PROVIDED DAILY

### PROBAHO PLANTS ACROSS THE COUNTRY

| **126 PLANTS**  
ACROSS THE COUNTRY

| **~310K+**  
BENEFICIARIES

| **~620K LITRES**  
WATER PROVIDED DAILY

\*Source: Gender-responsive coastal adaptation project (UNDP) 2021





DESPITE 2024 BEING A CHALLENGING YEAR ON MANY FRONTS, WE DELIVERED A STRONG SET OF RESULTS. OUR STRATEGIC FOCUS WAS TO ENSURE THAT WE RETAIN OUR CONSUMER BASE AND EFFECTIVELY MANAGE TOP LINE GROWTH, PROACTIVELY MANAGE EXTERNAL HEADWINDS, AND CONTINUE TO BE AGILE AND EFFECTIVE IN OUR COST MANAGEMENT APPROACH. AS A RESULT, WE GREW REVENUE BY 8%.



# FINANCE DIRECTOR'S REVIEW

## Dear Shareholders,

I am delighted to share with you the financial outcomes for the year 2024 of British American Tobacco Bangladesh Company Ltd. Due to the country challenges, the operating environment in 2024 presented multiple complexities. I am proud of the way the BAT Bangladesh team, under the guidance of our esteemed Board of Directors, navigated the difficult landscape.

Our business strategy and unwavering focus against this strategy allowed the delivery of another strong year of results. The strength and resilience of our team and business partners, including our distributors, retailers and farmer community continues to be the guiding force which allows us to grow our capabilities and deliver against our ambitions.

## STRONG RESULTS DELIVERED

The year 2024 began with on going economic challenges both globally and locally. Slowed GDP growth rates at a global level, as well as local macro challenges, including rising inflation, and moderate GDP growth presented business impacts which resulted in rising costs of raw materials, both imported and locally sourced, as well as general increases in the cost of doing business. The change in the political regime of the country, after 15 years, also added additional volatility in our operating environment.

With rising levels of inflation, our consumers remain extremely price sensitive and have reconsidered their spending patterns. This has forced us to continue to remain agile in our portfolio plans and respond to the consumer needs. Topline growth remains strong despite a challenge environment. Our route to market strategy continues to remain a key driver to sustain our volume base.

Despite 2024 being a challenging year on many fronts, we delivered a strong set of results. Our strategic focus was to ensure that we retain our consumer base and effectively manage top line growth, proactively manage external headwinds, and continue to be agile and effective in our cost management approach. As a result, we grew revenue by 8%.

Our contribution to the national exchequer continued to be significant, and we are proud to have paid a staggering BDT 34,173 crore during 2024 as Value Added Tax (VAT), Supplementary Duty (SD), Health Development Surcharge (HDSC), Income Tax and Customs Duties. This was a demonstration of our commitment to continue to be a reliable, responsible and compliant business within Bangladesh.

## EFFECTIVE TREASURY STRATEGY

During 2024 we saw improvement in the external landscape related to hard currency availability, as well as liquidity challenges. This is a credit to the ongoing and active management by multiple external agencies. We continue to be agile in the way we adapt and manage our Treasury needs. However, the additional cost burden driven by a market which still remains liquidity crunched, continues to place pressure on higher borrowing costs as well as cost impacts driven by devaluation of the local currency. Our key focus remained on ensuring optimised cash management. We have worked closely with our banking partners and continue to meticulously coordinate and manage our operational and investment activities, coupled with effective cash management strategies to these minimise the impacts. This enabled the business to maintain sufficient liquidity and cash and cash equivalents to ensure business sustainability.

## SUSTAINABLE SHAREHOLDER VALUE

Developing sustainable value growth for our shareholders remains one of our primary areas of focus.

Consequently, we have announced a final cash dividend of BDT 15 per share, pending approval from our shareholders at the 52<sup>nd</sup> annual general meeting.

## A BETTER TOMORROW

We enter into 2025 with an ambition is to deliver another year of sustainable business performance. We recognize that 2025 will probably present a year of new challenges which we have not faced before. We will need to continue to work with our external stakeholders to collectively drive both industry value growth as well as government revenue growth. We are committed to deliver "A Better Tomorrow" and will work with all external partners to drive our execution against this strategy and drive and facilitate the dialogue towards this goal.



**Nirala Nandini Singh**  
Finance Director  
BAT Bangladesh

5<sup>th</sup> February 2024



# STATEMENT OF CORPORATE GOVERNANCE



**BRITISH AMERICAN  
TOBACCO  
BANGLADESH  
COMPANY LIMITED  
REMAINS DEEPLY  
COMMITTED TO  
MAINTAINING  
ROBUST CORPORATE  
GOVERNANCE  
AND THE HIGHEST  
STANDARDS OF  
ETHICAL CONDUCT.  
GUIDED BY ITS  
CORE VALUES,  
THE COMPANY  
FOSTERS TRUST AND  
TRANSPARENCY  
ACROSS ITS  
RELATIONSHIPS WITH  
SHAREHOLDERS,  
EMPLOYEES,  
CUSTOMERS,  
SUPPLIERS,  
AND ALL OTHER  
STAKEHOLDERS.  
BY PRIORITIZING  
INTEGRITY, FAIRNESS,  
AND ACCOUNTABILITY,  
THE ORGANIZATION  
EMBEDS THESE  
PRINCIPLES INTO  
EVERY ASPECT OF  
ITS OPERATIONS,  
CULTIVATING  
A CULTURE  
OF PERSONAL  
RESPONSIBILITY  
AND OPEN  
COMMUNICATION.**

The Board of Directors, supported by comprehensive frameworks and robust processes, collaborates with management and employees to uphold these high ethical standards. This enables the Company to provide strategic direction, ensure sustainable growth, and deliver long-term value to shareholders.

At British American Tobacco Bangladesh Company Limited (BAT Bangladesh or BATB), we are steadfast in our commitment to maintaining strong corporate governance and upholding the highest standards of ethical business practices. This commitment underpins our mission to deliver sustained value to stakeholders, fostering lasting trust with shareholders, employees, customers, suppliers, and the wider community.

Our governance framework is built on the principles of integrity, equality, transparency, fairness, accountability, and open disclosure. These values are deeply embedded across the organization and championed at all levels-- from the Board of Directors to our management team and employees.

In 2024, we further strengthened our governance framework by focusing on responsible stewardship. Key areas of enhancement included reinforcing tax compliance, advancing gender diversity, and ensuring inclusive board representation.

Guided by a top-down governance approach, we emphasize accountability, empowerment, and adaptability to meet evolving standards while aligning our actions with best practices.

Through robust mechanisms and well-defined procedures, we ensure that our Board remains well-informed and equipped to provide strategic guidance. This enables our

management team to effectively align regulatory considerations with business objectives, fostering long-term value creation for both shareholders and stakeholders.

Our long-standing philosophy centers on delivering sustainable performance while maintaining strict regulatory compliance. By integrating regulatory adherence with sustainable business practices, we continue to generate enduring value for stakeholders, reinforcing our position as a responsible corporate entity.

We recognize that meaningful stakeholder engagement is fundamental to our success. Through transparent, inclusive and collaborative interactions, we actively address stakeholders' expectations, ensuring that our business decisions are aligned with their evolving needs and interests.

Since its inception, the Company has seamlessly embedded IWS principles and habits into its operational framework, enhancing efficiency and optimizing resource utilization. These strategic efforts not only strengthen business sustainability but also play a vital role in conserving natural resources, advancing our climate objectives, and addressing environmental and social (E&S) risk governance priorities.

Human capital governance remains a cornerstone of our corporate strategy, enabling us to attract, develop and retain top-tier talent. By fostering a safe, inclusive, and fulfilling work environment, the Company continues to enhance its Environmental, Social, and Governance (ESG) performance in alignment with the Sustainable Development Goals (SDGs).

The Board of BAT Bangladesh is proud to present its corporate governance statement, reaffirming our unwavering commitment to the

Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC).

The following report highlights our dedication to regulatory compliance, governance excellence, and responsible business conduct.

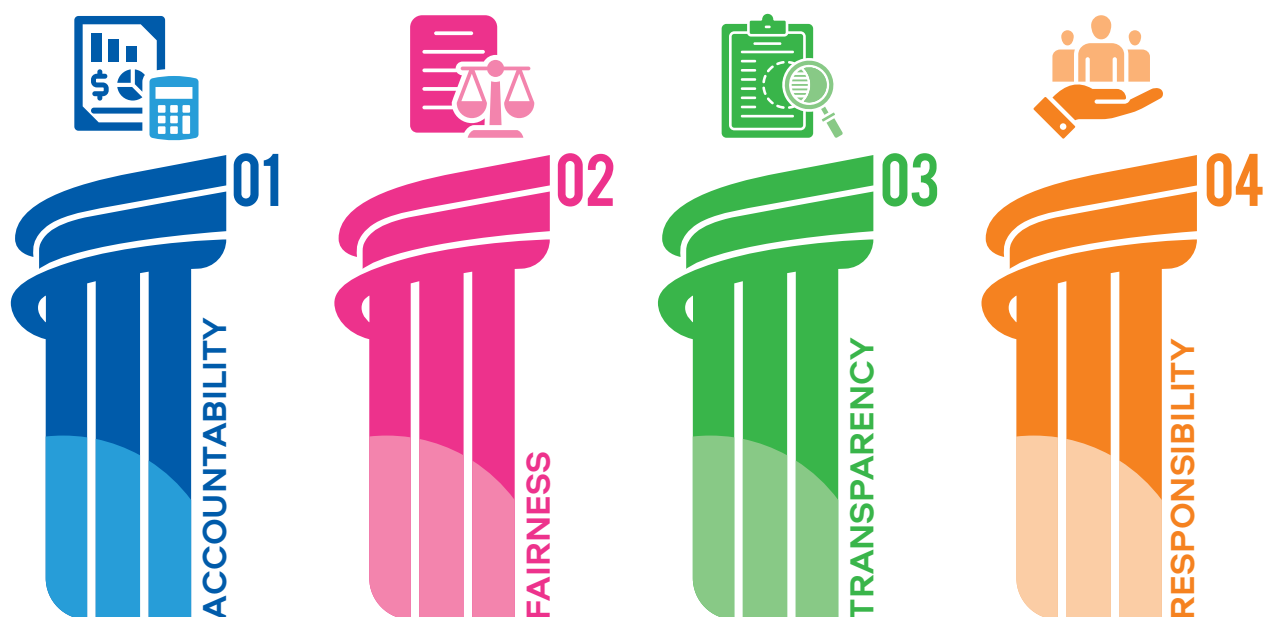
### PHILOSOPHY OF GOVERNANCE

At BAT Bangladesh, corporate governance is the cornerstone of sustainable success, founded on principles of accountability, fairness, transparency, and responsibility. The Company's commitment extends beyond statutory compliance, embracing global best practices to safeguard stakeholder interests. By fostering trust among customers, employees, investors, government authorities, and the wider community, BAT Bangladesh aims to enhance its reputation and create enduring long-term value for all stakeholders.

The Company upholds the highest governance standards by embedding accountability and transparency across all operations. With proactive risk management strategies and a strong internal control framework, BAT Bangladesh fosters trust and confidence among shareholders and generates lasting value for stakeholders.

With operations rooted in fairness, open disclosure, and independent oversight, BAT Bangladesh consistently upholds robust governance practices to safeguard shareholder rights and ensure responsible stewardship. Under the strategic leadership of the Board of Directors, BAT Bangladesh continuously strengthens its governance frameworks, embedding transparency and accountability at all levels, reinforcing responsible business practices.

## THE FOUR PILLARS OF EXCELLENCE IN CORPORATE GOVERNANCE



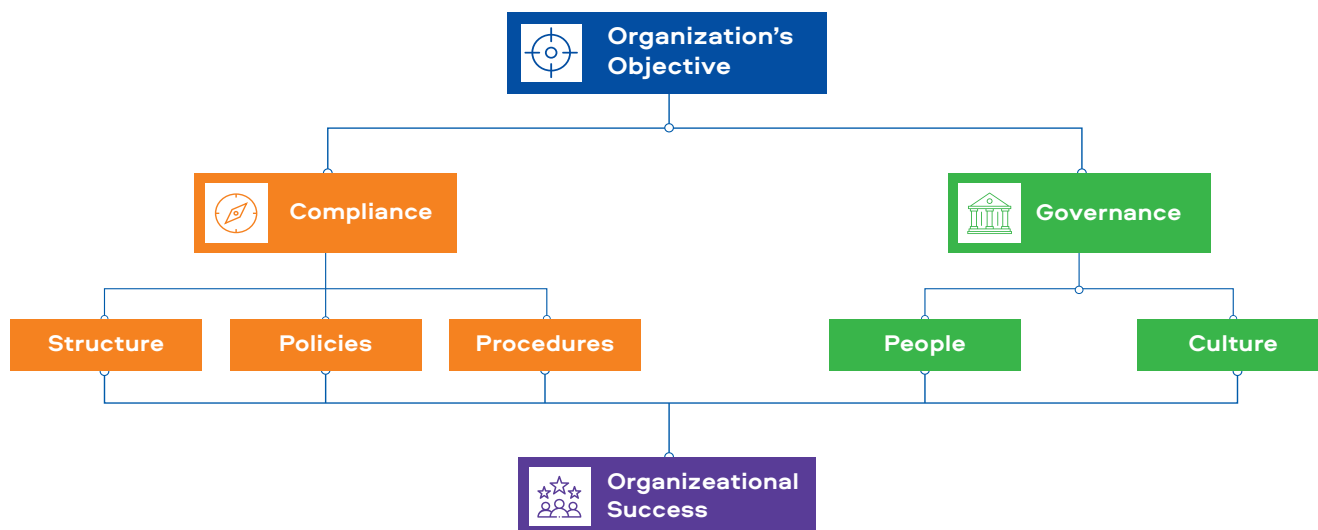
These principles have remained at the core of the Company's journey, ensuring consistency, integrity, and responsible leadership. By aligning its strategic goals with national aspirations, the Company integrates social responsibility into its governance model and business strategy, fostering long-term value creation.

The Company's governance philosophy is rooted in four fundamental pillars: Accountability, Fairness, Transparency, and Responsibility. These values are deeply ingrained in its organizational culture and decision-making processes, ensuring ethical leadership and operational integrity. By adhering to global best practices and maintaining a strong commitment to transparency, BAT Bangladesh ensures fairness, trust, and competence at all levels of management, solidifying its reputation for excellence.

A well-structured, two-tier governance model ensures effective oversight and execution. The Board of Directors and its Committees provide strategic direction, while the operational leadership team ensures seamless implementation. This structure fosters robust collaboration among the Board, shareholders, employees, and other stakeholders, ensuring sustainable long-term value creation.

Beyond regulatory compliance, BAT Bangladesh voluntarily adopts international best practices to enhance governance effectiveness. This proactive approach reinforces corporate integrity, strengthens risk management, and optimizes leadership accountability. Governance is not merely a compliance function - it is a strategic enabler that enhances the Company's competitive advantage, fosters sustainable value creation and nurtures enduring stakeholder relationships.

## CORPORATE GOVERNANCE DRIVERS



At BAT Bangladesh, we recognize that a robust corporate governance strategy is crucial for long-term success, as illustrated in the accompanying diagram. Our governance model is thoughtfully aligned with the Company's vision, mission, values, and objectives. The Board of Directors plays a pivotal role in ensuring effective governance by setting the Company's strategic priorities, providing leadership to achieve these goals, overseeing management performance, and ensuring transparent communication with shareholders regarding governance practices and outcomes.

The Board is fully committed to maintaining the highest corporate governance standards. By embracing the best practices, we foster a culture of efficiency and effectiveness across all management functions. This commitment is geared towards driving long-term shareholder value while operating within clearly defined risk tolerance parameters.

Corporate governance at BAT Bangladesh is viewed as an integral, ongoing practice. This approach enables the Company to remain aligned with its business objectives while fostering a culture of openness, accountability, and transparency. To reinforce this commitment, we have established a clear organizational structure, defined ownership responsibilities, and comprehensive policies and procedures, which are systematically embedded across the organization to guide management activities and drive performance.

Our corporate governance principles are built upon:

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

BAT Bangladesh remains steadfast in its commitment to continuously enhancing corporate governance policies and practices, ensuring transparency, ethical integrity, and high-quality disclosures for stakeholders. This dedication

fosters long-term success, sustainability, and trust among shareholders and other key stakeholders who are integral to the Company's foundation.

Beyond establishing exemplary governance standards, BAT Bangladesh integrates best governance practices across all operational areas, including quality management, marketing, sales, human resources, customer service, and stakeholder engagement.

The Company's robust governance framework is further reinforced through the independent oversight of the Board of Directors, the delineation of roles between the Chairman and Managing director (Chief Executive Officer), Head of Internal Audit and Compliance and Board Committees. Together, these governance mechanisms drive BAT Bangladesh's pursuit of excellence in corporate leadership and accountability.

### GOVERNANCE COMPLIANCE REQUIREMENTS

BAT Bangladesh, as a publicly listed Company, upholds the highest corporate governance standards, maintaining full compliance with the Corporate Governance Code (CGC) mandated by the Bangladesh Securities and Exchange Commission (BSEC). In alignment with BSEC notifications No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 3, 2018, and No. BSEC/CMRRCD/2006-158/208/Admin/81, dated June 20, 2018, the Company ensures rigorous financial reporting and disclosure practices. In accordance with these regulations, a statement affirming compliance with the BSEC CGC is included in the Annual Report, reinforcing our dedication to transparency and accountability.

We recognize that strong governance, both at the Boardroom level and across the organization, is fundamental to sustaining business integrity and fostering the trust and confidence of our investors and stakeholders. This report details our governance practices, which are structured around the core principles outlined in the BSEC governance framework.

The Board of Directors provides strategic direction, approves business plans, evaluates performance, ensures ethical conduct, manages talent and succession, monitors risk exposure, maintains compliance, and fosters shareholder communication. While the Board sets governance policies and embeds best practices, the management team is responsible for their effective execution, ensuring alignment with corporate objectives. A well-defined delegation of authority to the Board Committees and the Managing Director & Chief Executive Officer enhances operational efficiency.

BAT Bangladesh remains committed to its pursuit of exemplary corporate governance standards through the adoption of best practices. The independent roles of Directors, the clear separation of responsibilities between the Chairman and the Managing Director (Chief Executive Officer), alongside the defined responsibilities of the Company Secretary, Chief Financial Officer, and Head of Internal Audit & Compliance, reflect the Company's commitment to sound governance practices. Additionally, specialized Board Committees, including the Audit Committee, Nomination & Remuneration Committee, and

CSR Committee, provide independent oversight, ensuring that governance excellence is embedded across the organization.

At BAT Bangladesh, compliance with corporate governance standards is independently assessed by a practicing Professional Chartered Secretary. The Company's adherence to governance requirements is comprehensively detailed in Annexure-III and Annexure-IV of the Directors' Report, with an official compliance certificate included in this Annual Report.

Beyond fulfilling the mandatory requirements of the BSEC CGC, BAT Bangladesh proactively aligns with both local and global best practices. The Company adheres to the Corporate Governance Guidelines set by the Institute of Chartered Accountants of Bangladesh, the Institute of Chartered Secretaries of Bangladesh, and the Institute of Cost and Management Accountants of Bangladesh. Additionally, it integrates internationally recognized frameworks, including the Global Reporting Initiative (GRI) Standards, reinforcing its commitment to ethical governance, transparency, and corporate responsibility.

## KEY AREAS OF CORPORATE GOVERNANCE



## CORPORATE GOVERNANCE OUTLINE

AT BAT Bangladesh, corporate governance is the cornerstone of responsible, effective, and forward-thinking management, ensuring long-term business sustainability and value creation. We are committed to maintaining best-in-class corporate governance practices that set a benchmark for excellence in the corporate landscape of Bangladesh.

Our corporate governance framework has been meticulously structured and continuously refined in alignment with globally recognized best practices and regulatory requirements. It is guided by fundamental principles that promote transparency, accountability, and ethical leadership, as outlined in various key guidelines and regulations, including:

- Bangladesh Securities and Exchange Commission Corporate Governance Code 2018.

- The Companies Act, 1994 (including the amendments dated 26<sup>th</sup> November 2020) and other relevant corporate regulations in Bangladesh.
- Memorandum and Articles of Association of the Company.
- Listing regulations of the Dhaka and Chittagong Stock Exchanges.
- Applicable laws of the country.
- The Company's Standard of Business Conduct (SoBC), policies, and internal guidelines.

Additionally, our governance approach integrates a risk management framework and robust internal control mechanisms, and adherence to the Company's Delegation of Authorities. By aligning with both local and global best practices, we ensure a resilient, transparent, and accountable operational structure. We continuously

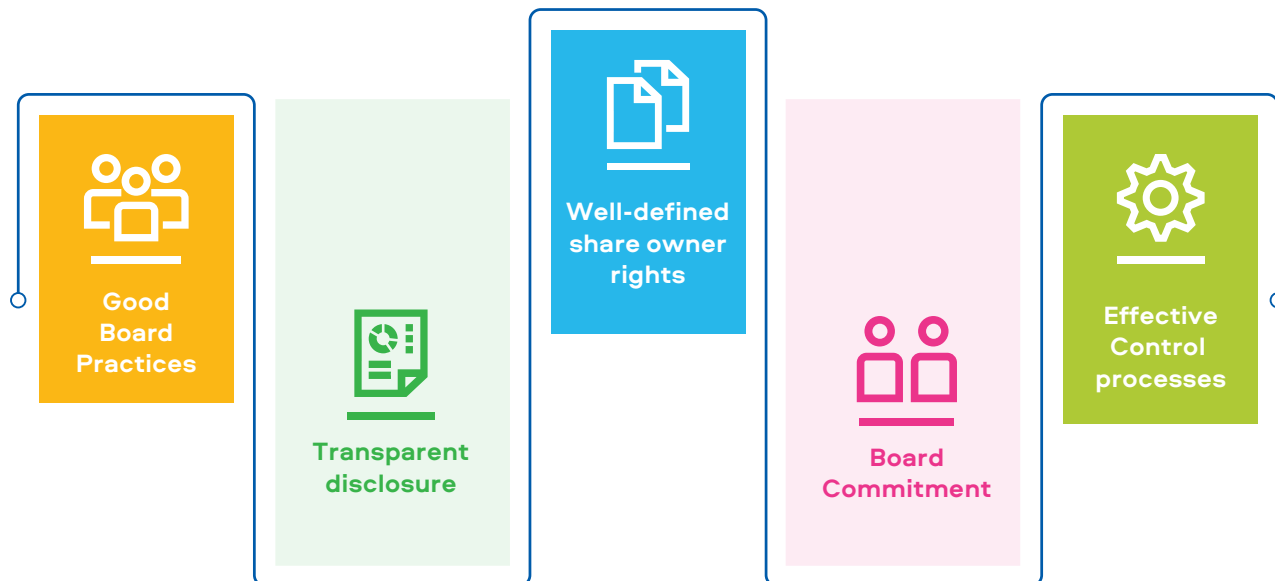


monitor and adapt to evolving international governance directives, ensuring compliance in both letter and spirit.

The foundation of our governance strategy is built on four core pillars, each designed to uphold the highest

standards of integrity and accountability across all levels of the organization. This comprehensive approach reflects our unwavering commitment to responsible corporate management, operational efficiency, and long-term value creation.

## KEY ELEMENTS OF EXCELLENCE IN CORPORATE GOVERNANCE AT BAT BANGLADESH



At our Company, corporate governance practices are driven by the following key areas:

- **Effective Board Management:** Ensuring robust oversight and strategic direction.
- **Well-Defined Board Sub-Committees:** Clear roles and responsibilities for efficient governance.
- **Standards of Business Conduct:** Upholding ethical principles across all operations.
- **Internal Control Systems:** Maintaining robust and effective controls.
- **Risk Management:** Regular reviews to mitigate and address potential risks.
- **Delegation of Authority:** Streamlining operational decision-making.
- **Strategic Planning:** Aligning governance with long-term business goals.
- **Policy Reviews:** Periodically updating Company policies to stay relevant.
- **Stakeholder Engagement:** Building trust through consultation and collaboration.
- **Regulatory Compliance:** Adhering to legal and regulatory frameworks.
- **Budgetary Controls:** Ensuring financial discipline and accountability.
- **Talent Planning:** Focusing on the development and retention of key personnel.

- **Web-Based Discussions:** Facilitating efficient communication and decision-making.

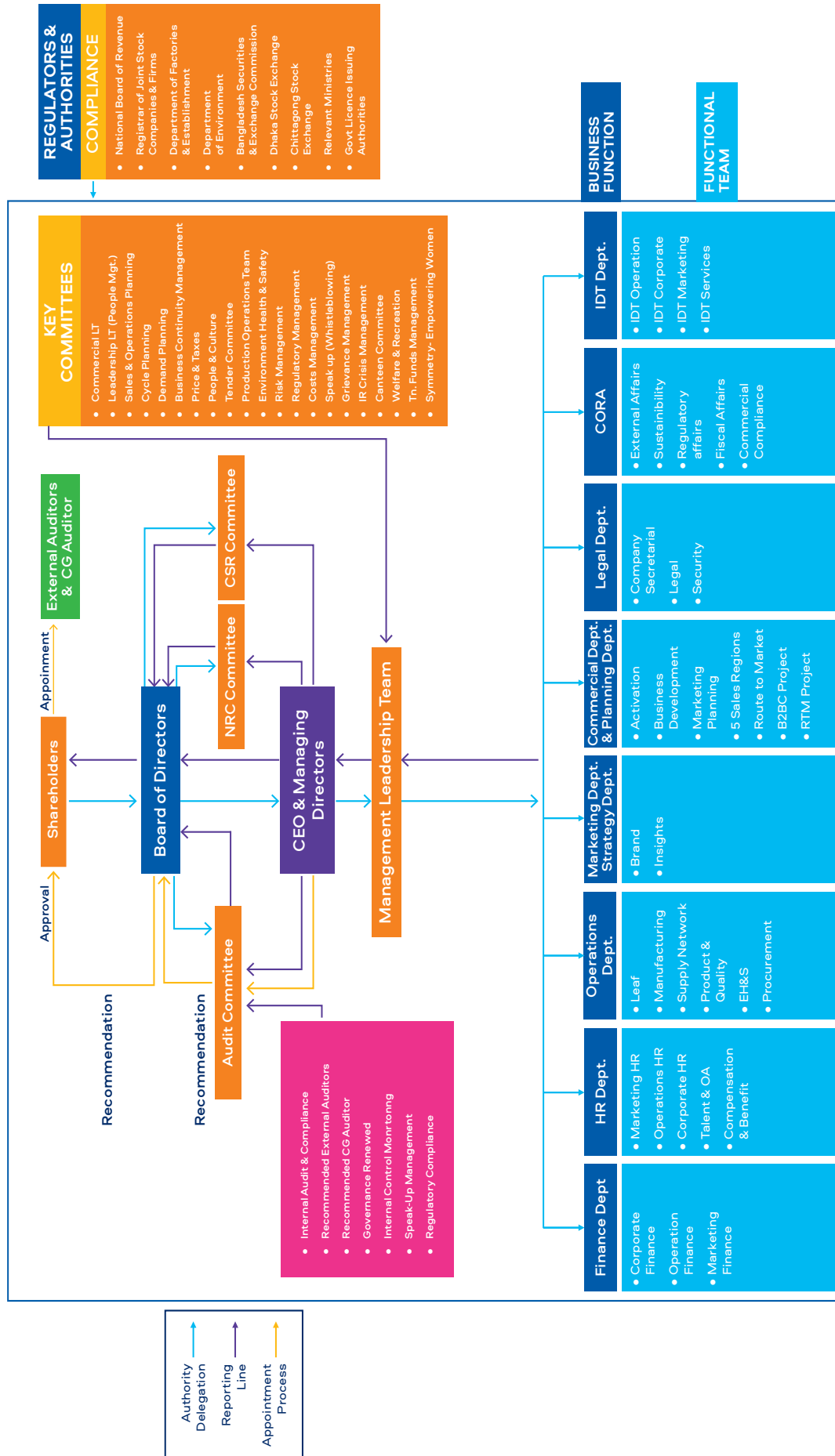
Our corporate governance framework is continuously reviewed and enhanced by the Board to ensure its ongoing relevance, effectiveness, and ability to address the challenges of an evolving and competitive business landscape.

Integrity and compliance are at the core of our corporate culture. Every employee, including the Board of Directors, is committed to adhering to national laws, corporate policies, guidelines, and the Standards of Business Conduct. To reinforce this commitment, employees are required to sign an annual declaration of compliance, fostering a culture of accountability and ethical leadership.

Our corporate governance framework is designed to drive sustainable growth by aligning business objectives with responsible corporate practices. It guarantees adherence to legal and regulatory requirements, the Corporate Governance Code (CGC), the Company's Memorandum & Articles of Association, as well as established policies and procedures.

Through robust internal controls, transparent disclosures, clearly defined shareholder rights, and the Board's unwavering commitment to ethical leadership, we continue to strengthen our governance model-- one that upholds the highest standards of accountability, integrity, and sustainable value creation.

## CORPORATE GOVERNANCE OUTLINE

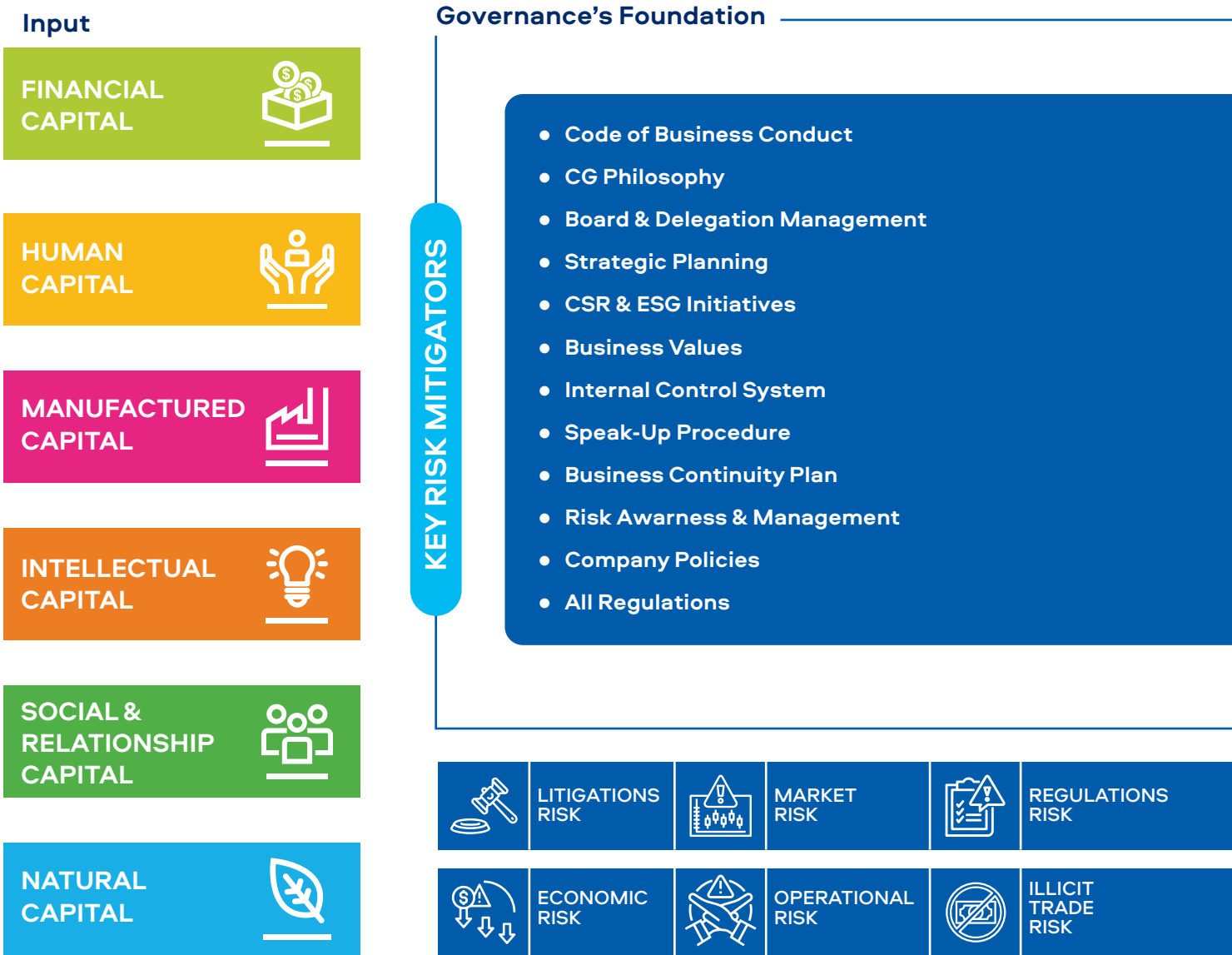


CORPORATE COMPLIANCE

Adherence to laws, regulations, and governance standards is a fundamental pillar of BAT Bangladesh's corporate compliance framework. By maintaining full compliance with all applicable legal and regulatory requirements, the Company fosters trust and confidence among its Board, shareholders, regulators, customers, creditors, and other stakeholders.

The Board upholds a culture of authenticity and unwavering integrity, reflecting a core strength of the Company. During each Annual General Meeting (AGM), members reaffirm their confidence in the Board and its proposed agendas. Furthermore, BAT Bangladesh ensures timely and accurate disclosures of significant matters, events, and certifications, reinforcing its dedication to transparency and accountability.

VALUE CREATION UNDER CORPORATE GOVERNANCE FRAMEWORK

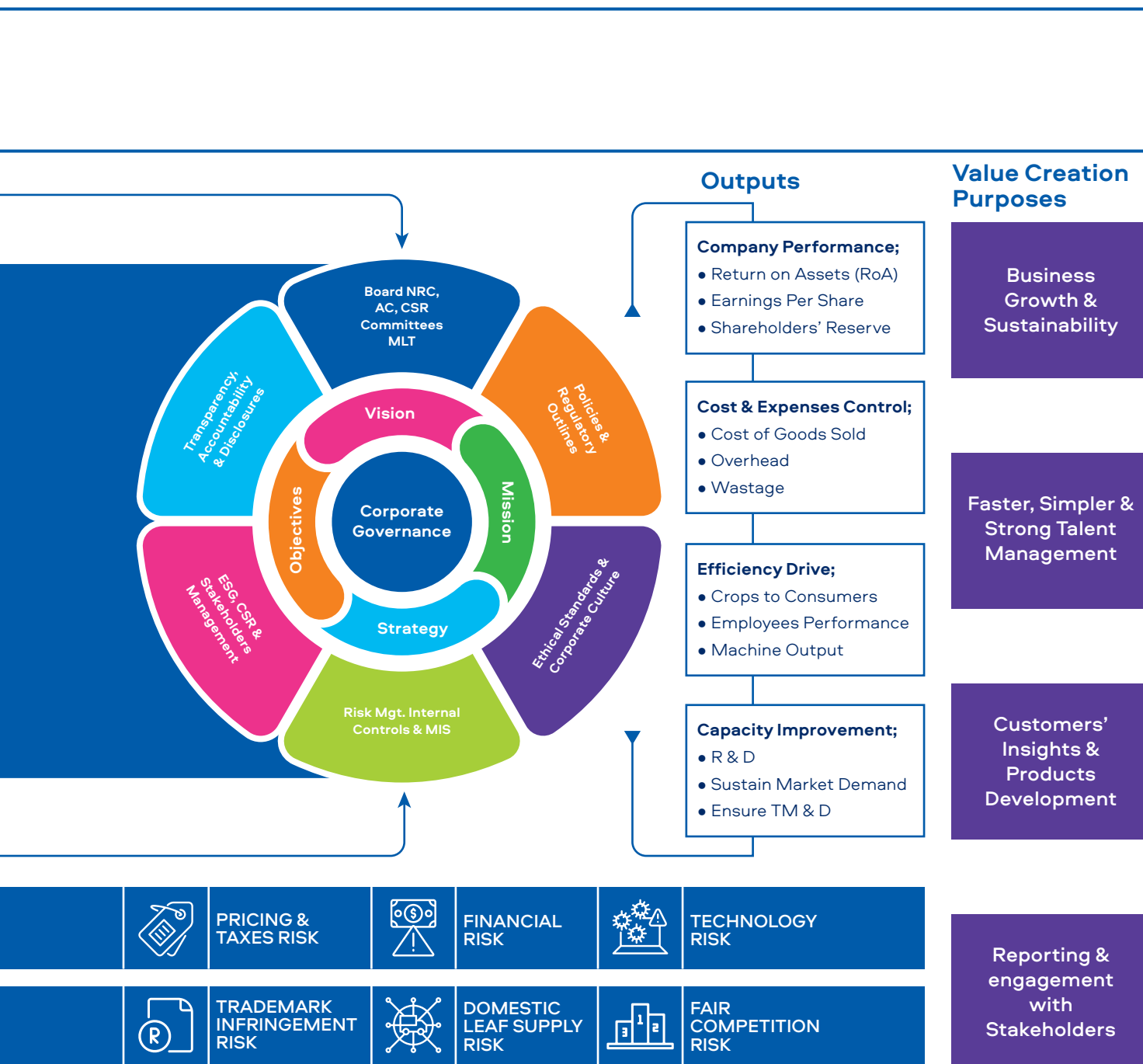


BAT Bangladesh remains committed to upholding the highest standards of compliance with all applicable legal and regulatory requirements, ensuring the continued excellence of its corporate governance practices.

The Company adheres to the monitoring processes of regulatory authorities by submitting comprehensive financial statements, reports, and disclosures to regulatory bodies, including the Bangladesh Securities and Exchange Commission (BSEC), stock exchanges, the National Board

of Revenue (NBR), the Registrar of Joint Stock Companies & Firms (RJSC).

In addition to regulatory compliance, BAT Bangladesh actively promotes a culture of governance by organizing awareness programs and training initiatives on existing and proposed laws. By embedding compliance into its corporate ethos, the Company strengthens its governance foundation, ensuring responsible business conduct and long-term stakeholder trust.





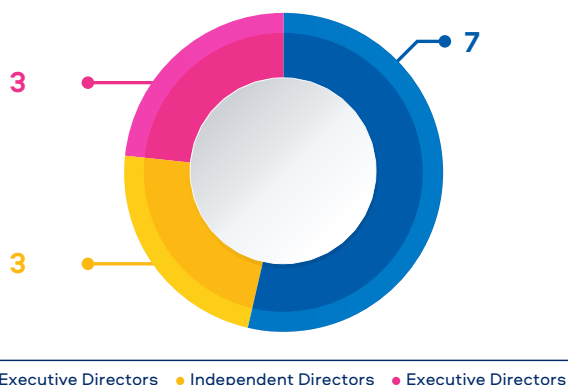
## BOARD OF DIRECTORS

The Board of Directors of BAT Bangladesh is committed to providing effective leadership, strategic oversight and sound governance. With a diverse blend of expertise spanning finance, innovation, strategy, and sustainability, alongside their leadership roles across various industries, the Board plays a pivotal role in shaping the Company's strategic direction and ensuring informed decision-making on critical business matters.

Amidst a dynamic operating environment, the Board has been instrumental in maintaining stability, driving sustainable growth, and reinforcing the Company's resilience.

The Board of British American Tobacco Bangladesh comprises 13 directors, including both the Managing Director and the Finance Director.

### Membership diversity of the Board



The Board of Directors is composed as follows:

- 7 Non- Executive Directors
- 3 Independent Directors
- 3 Executive directors (The Managing Director, The Finance Director and The Commercial Director)

Ensuring clarity about Directors' responsibilities to shareholders remains a key priority in our corporate governance approach. We continue to refine our governance practices to align with the Company's evolving business goals while nurturing a culture of openness, transparency, trust, and accountability. Clear-structured roles, along with structured policies and procedures, provide a strong foundation for effective management oversight and decision-making across the organization.

Our Board structure reflects a balanced composition of executive directors, non-executive directors, and independent directors in adherence to BSEC guidelines. To enhance governance effectively, the Board is supported by key committees, that includes the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Social Responsibility Committee-- each operating under a defined charter to uphold rigorous oversight and strategic guidance.

Comprising 13 distinguished professionals, the Board brings together a wealth of expertise, including corporate specialists, experienced professionals, senior government officials appointed by the government, and former high-ranking policymakers. By adhering to both the BSEC's CGS and the Company's own governance principles, the Board consistently upholds the highest standards of corporate responsibility, reinforcing accountability and long-term value creation.

### KEY FACETS OF OUR BOARD OF DIRECTORS

- A majority of Board members (7 out of 13) are Non-Executive Nominee Directors.
- The roles of Chairman and CEO are held by separate individuals.
- Clearly defined roles and responsibilities for the Chairman, Directors, and CEO.
- Specific qualifications and competencies for Independent Directors align with BSEC Governance Code requirements.
- Independent Directors lead the Board Committees as chairpersons.
- Distinctly defined roles and functions for both the Board and Management

### Strategic Decisions and financial performance evaluation

- Shape and approve corporate strategy, investments, and performance objectives.
- Oversee strategic goals, financial plans, and investment activities.
- Approve and monitor annual budgets and business plans.
- Set dividend policy and distribution guidelines.
- Authorize major capital expenditures and key capital projects.
- Approve financial policies, key reports, and disclosures.
- Establish and monitor management goals for strategic planning.

## COMPOSITION OF THE BOARD:

Name	Board	Audit Committee	NRC Committee	CSR Committee
<b>Mr. Wael Sabra</b> Chairman of the Board, (Nominated by Raleigh Investments Co. Ltd.)	Chairman			
<b>Ms. Monisha Abraham</b> Managing Director (Nominated by Raleigh Investments Co. Ltd.)	Member			Member
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Independent Director, Chairman of Audit Committee	Member	Chairman	Member	Member
<b>Mr. Masud Khan</b> Independent Director, Chairman to the NRC	Member	Member	Chairman	
<b>Professor Dr. Melita Mehjabeen</b> Independent Director	Member			
<b>Ms. Zakia Sultana</b> Non-Executive Director (Representing Government's shareholding)	Member	Member		Chairman
<b>Mr. Shirajun Noor Chowdhury</b> Non-Executive Director (Representing Government's shareholding)	Member	Member	Member	Member
<b>Mr. Md. Abul Hossain</b> Non-Executive Director, (Representing Investment Corporation of Bangladesh)	Member		Member	Member
<b>Mr. Gary Tarrant</b> Non-Executive Director (Nominated by Raleigh Investments Co. Ltd.)	Member			
<b>Mr. Stuart Kidd</b> Non-Executive Director (Nominated by Raleigh Investments Co. Ltd.)	Member			
<b>Mr. Francisco Javier Toso Canepa</b> Non-Executive Director (Nominated by Raleigh Investments Co. Ltd.)	Member			
<b>Ms. Nirala Nandini Singh</b> Finance Directors (Nominated by Raleigh Investments Co. Ltd.)	Member			
<b>Mr. Numayer Alam</b> Commercial Director (Nominated by Raleigh Investments Co. Ltd.)	Member			
<b>Syed Afzal Hossain</b> Company Secretary	Secretary	Secretary	Secretary	Secretary

## Corporate Governance and Disclosure

- Assess the overall efficiency of the Board, its Subcommittees, and its corporate governance policies.
- Supervise Company affairs, including oversight of control systems and accountability processes.
- Approved the appointment of directors to Board-established committees and monitor the performance of each committee.

## Code of Conduct for the Board of Directors

The Board of Directors of British American Tobacco Bangladesh operates under a comprehensive Code of Conduct that upholds the highest standards of integrity, transparency, and accountability. This Code serves as a guiding framework for ethical governance, ensuring that all Board activities comply with applicable laws and regulations.

## INDUCTION OF DIRECTORS

A well-structured induction program is crucial to equipping newly appointed Board members with the knowledge and insights for effective governance. This program provides a comprehensive overview of the Company's business operations and strategic priorities. The Chairman introduces the new member to the Board's governance, procedures, and functions, while the Managing Director and department heads present detailed insights into each operational area, emphasizing business priorities. Additionally, the Company Secretary facilitates the entire induction, offering guidance on the Company's memorandum, Articles of Association, compliance requirements, and regulatory landscape, ensuring a smooth transition into the director's role.

Objectives of corporate governance training:

- Implementing best corporate practices that enhance consistency and alignment in the Company's strategic direction and objectives.
- Minimizing risks while maximizing opportunities for developing individual skills, tools, and frameworks in alignment with action plans, enabling effective challenge resolution and prudent decision-making.
- Equipping Board members with the skills to navigate change effectively, enabling them to recognize and address both internal and external opportunities and challenges while implementing new initiatives successfully.
- Fostering a strong organizational culture by enhancing the Board's skills and refining its leadership approach.

## BOARD'S INDEPENDENCE AND CONFLICTS

The independence of Non-Executive Directors is fundamental to effective governance. Each year, a rigorous assessment is conducted to evaluate the independence of these Directors and their associates, in line with BAT Bangladesh's governance criteria based on global best practices.

Effective conflict management is a core governance priority. The Board has established stringent procedures to identify, disclose and mitigate potential conflicts of interest. Directors are required to promptly disclose any actual or perceived conflict of interest to the Chair and fellow Directors, providing full assessment in accordance with applicable regulations.

Any Director with a conflict of interest must abstain from the decision-making process related to the issue. BAT Bangladesh's conflict management procedures are structured to uphold integrity and protect stakeholders' interests.

## BOARD PRACTICES

The Board considers ethical standards and regulatory compliance as fundamental to sustainable corporate governance. To reinforce these principles, a structured governance framework has been implemented, incorporating:

A comprehensive Code of Conduct sets clear expectations for ethical behaviour and corporate responsibility.

A robust internal control system is continuously reviewed, assessed, and refined to align with evolving organizational needs and regulatory requirements.

Ethical principles are embedded into Company policies and procedures, ensuring governance integrity in everyday decision-making, activities, and operations.

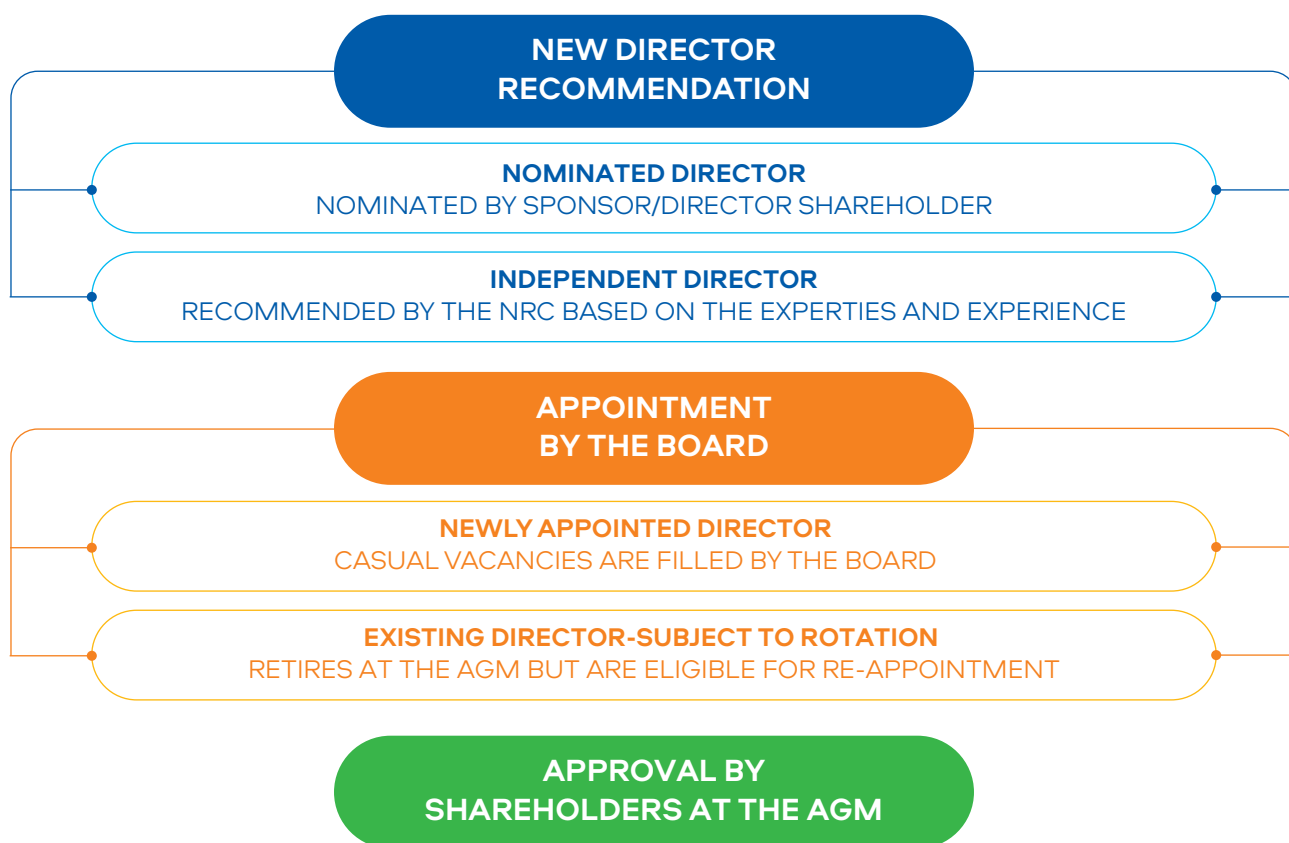
A well-defined organizational structure assigns clear roles, responsibilities, and authority for various functions, fostering accountability for individual actions at all levels.

The independent internal audit function, reporting directly to the Audit Committee, provides operational transparency and accountability across the organization.

## POLICY ON APPOINTMENT OF BOARD OF DIRECTORS

The Board of Directors of BAT Bangladesh brings together a balanced combination of skills, experience and personal attributes enabling them - individually and collectively - to discharge their responsibilities effectively.

- **Nominated Non-Executive Directors:** Senior government officials are nominated by the relevant ministries to represent government shareholding, while senior management are nominated by the Sponsor.
- **Non-Executive Independent Directors:** The recommendations received from the NRC are based on the expertise and experience of highly capable and seasoned professionals who fully meet the criteria for appointment, as set by the Corporate Governance Code of the BSEC.



The Managing Director of the Investment Corporation of Bangladesh was appointed as a Non-Executive Director to the Board, representing its shareholding, while the sponsor shareholder, Raleigh Investment Company Limited, nominated its representative to the Board. To uphold governance excellence, the Nomination and Recommendation Committee (NRC) identified and recommended qualified professionals for appointment as Independent Directors, in accordance with the Corporate Governance Code of the BSEC. Additionally, the Board appointed a Finance Director and Non-Executive Directors to fill casual vacancies, based on NRC's recommendations. These appointments will retire at the next Annual General Meeting (AGM) and may be re-elected at the AGM.

The Managing Director is appointed by the Board for a fixed term of up to five years, based on the NRC's recommendation, with reappointment for an additional five-year term requiring members approval through a simple majority vote at the general meeting. Additionally, one-third of the Directors retire by rotation at each Annual General Meeting (AGM), while Independent Directors serve three-year terms, with the possibility of reappointment for two consecutive terms, in accordance with BSEC regulations. By adhering to the relevant roles and regulation of the

Company, the Companies Act, and the Company's Articles of Association, the Board reinforces its commitment to Independent oversight, sound governance, and long-term value creation for stakeholders.

#### RETIREMENT AND RE-ELECTION OF DIRECTORS

According to the Companies Act and BAT Bangladesh's Articles of Association, one-third of the Board of Directors must step down at each Annual General Meeting (AGM). Those who have served the longest since their last election will be the ones to retire. However, they are eligible for re-election. Meanwhile, under the Corporate Governance Code 2018 of BSEC, Independent Directors are appointed for a three-year term, with the possibility of renewal for an additional three years. Their appointments are made by the Board and must be ratified by shareholders at the AGM. The following Non-Executive Directors are due to retire from the Board at the upcoming AGM:

Ms. Zakia Sultana, Non-Executive Director, Mr. Md. Abul Hossain, Non-Executive Director and Mr. Stuart Kidd, Non-Executive Director will retire by rotation at the ensuing AGM. All the retiring Directors, being eligible, offer themselves for re-election at the 52<sup>nd</sup> AGM. The Board recommends their re-appointment.



## THE FUNCTIONS OF THE BOARD SEGREGATED INTO FOUR CATEGORIES AS SPECIFIED BELOW:



The Board and executive management work in synergy to drive corporate objectives, enhance operational performance, and maximize shareholder value. The Board firmly believes that the Company's success is rooted in strong corporate governance practices. The Board sets the strategic direction, oversees operations, and establishes the necessary policy framework to ensure sustainable growth and regulatory compliance.

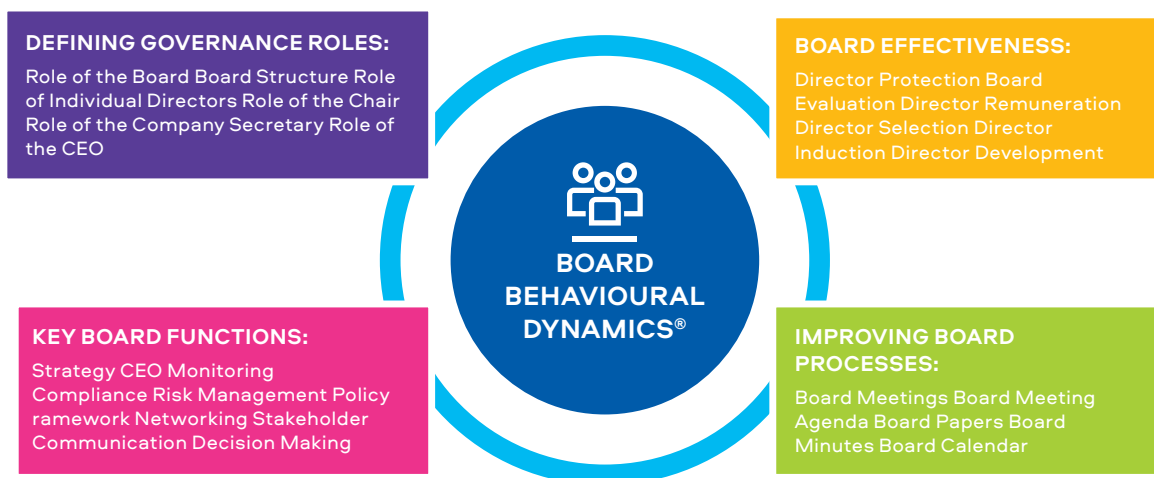
### TERMS OF REFERENCE OF THE BOARD

As part of its governance commitment, the Board periodically reviews the Code of Conduct, as recommended by the Nomination and Remuneration Committee (NRC). This ensures alignment with the BSEC code and evolving business needs, for the Chairperson, other Board members, and the Chief Executive Officer. The Code of Conduct outlines principles of ethical conduct, confidentiality,

conflict of interest management, legal and regulatory compliance, insider trading restrictions, and responsible engagement with stakeholders, including society, employees, customers, suppliers, and society at large.

The Board's core responsibilities include:

- **Strategies:** Approved long-term strategies, setting clear goals and direction to drive growth.
- **Policies:** Approved Company policies to guide employee operations within the established framework.
- **Risk Assessment:** Reviewed the Company's risk management strategies and ensured the implementation of systems to address and mitigate these risks.
- **Delegation of Authority:** Delegated authority to management while ensuring robust internal controls to safeguard business objectives.



### BOARD'S AFFAIRS IN COMPANY BUSINESS:

The Board of BAT Bangladesh provides strategic leadership and regulatory oversight, ensuring effective governance and sustainable growth. Comprising 13 directors with diverse expertise, the Board includes 7 Non-Executive Directors (NED), of whom 3 are Independent Directors, and 3 Executive Directors (including the Managing Director and the Finance Director). A clear distinction exists between

the Board and Management. The Board focuses on policymaking and regulatory oversight, while operational responsibilities are delegated to Management. In 2024, the Board addressed several key matters, including:

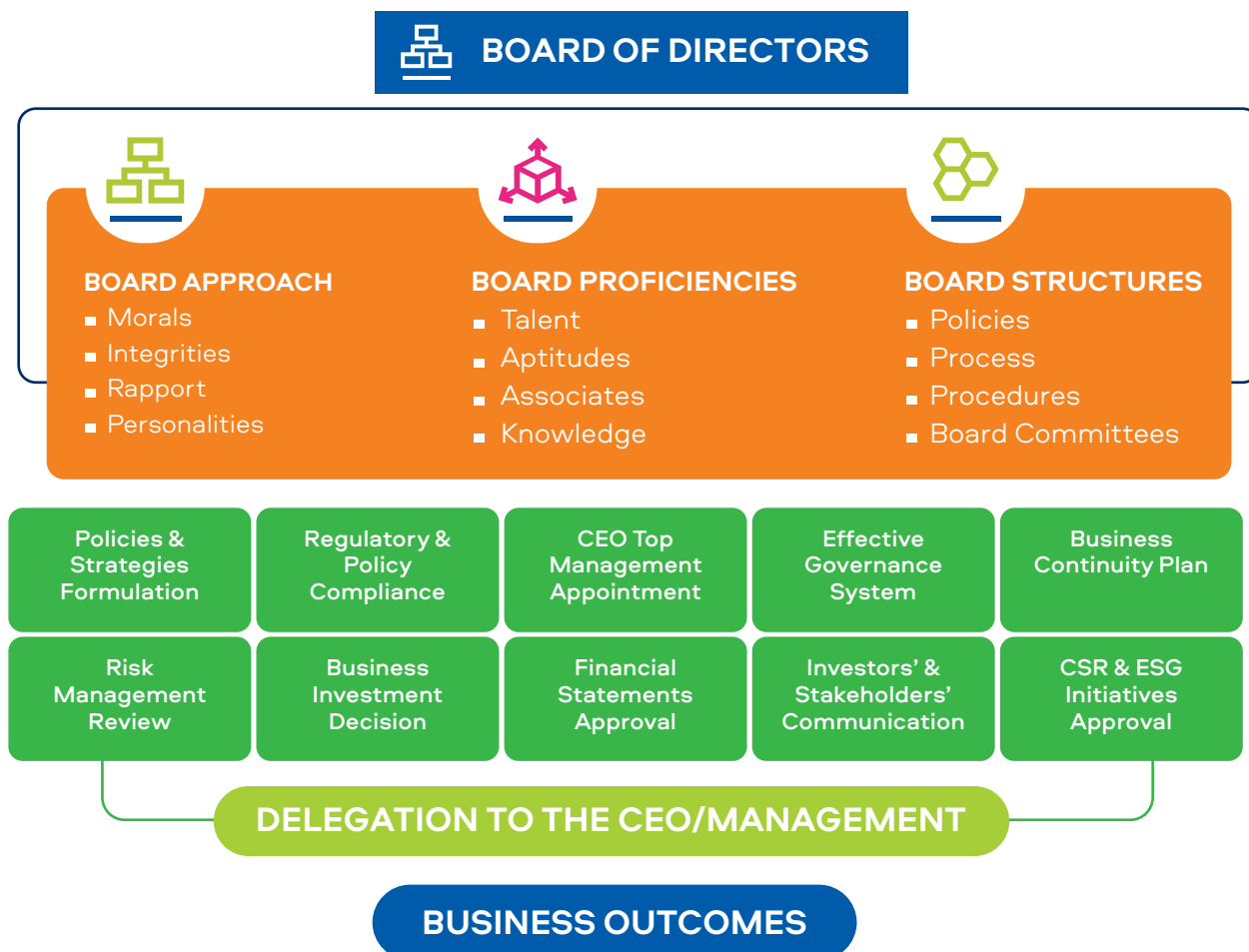
- Policies Approval
- Operational Review
- Performance Review
- Corporate Governance Review

- Financial Statements
- Dividend Declaration
- Internal Audit & Compliance
- Risk Management
- Strategic Capital Investment for Future Outlook
- Business Proposal Approval
- Guide Management & Assign Delegation.

- Ensure Shareholders' Interests
- Sustainability & ESG Initiatives

### PRINCIPAL RESPONSIBILITIES OF THE BOARD

The core responsibilities of the Board include supervising management activities, guiding the organization with strategic leadership, setting ethical standards and values, ensuring compliance for financial stability, and representing the Company as its corporate ambassador.



### THE ROLE AND RESPONSIBILITIES OF THE BOARD ARE CATEGORISED AS FOLLOWS:



## BOARD'S DECISION-MAKING PROCESS

- Establishment of new business ventures
- Allocation of capital investments and divestiture of tangible assets
- Acquisition or sale of trademarks
- Proposals for borrowings or the extension of credit facilities
- Corporate restructuring initiatives
- Appointment of senior management and expatriate personnel

## DUTIES ALLOCATION

Name	Duties
<b>DIRECTORS</b>	<ul style="list-style-type: none"><li>• Assessing the size and structure of the Board.</li><li>• Appointing Board members.</li><li>• Evaluating the Board's performance.</li><li>• Approving business strategies and policies.</li><li>• Authorizing business and capital expenditure proposals.</li><li>• Establishing and overseeing the capital structure.</li><li>• Reviewing and monitoring financial reporting processes.</li><li>• Supervising risk management, internal controls, and compliance frameworks.</li><li>• Recommending statutory and corporate governance auditors, defining their terms of appointment, and setting their remuneration.</li><li>• Approving financial statements.</li><li>• Endorsing HR initiatives and activities.</li><li>• Approving and monitoring CSR and ESG programs.</li><li>• Evaluating and overseeing internal controls and governance practices.</li><li>• Supervising succession planning for the Managing Director (Chief Executive Officer), executive leadership, and senior management roles.</li></ul>
<b>SHAREHOLDERS</b>	<ul style="list-style-type: none"><li>• Adopting the Company's financial statements and the reports from the Directors and Auditors.</li><li>• Declaring the final dividend.</li><li>• Electing or re-electing Directors of the Company.</li><li>• Appointing Statutory Auditors for the year and determining their remuneration.</li><li>• Appointing a Compliance Auditor in line with the BSEC Corporate Governance Code 2018 requirements.</li></ul>
<b>MANAGEMENT</b>	<ul style="list-style-type: none"><li>• Conducting business operations within the delegated authority framework.</li><li>• Developing business plans and budgets.</li><li>• Establishing and executing internal controls, risk management, and governance systems.</li><li>• Driving value creation for customers, distributors, and partners through benchmarking.</li><li>• Managing talent development and human resources effectively.</li><li>• Enhancing corporate culture and reinforcing core values</li></ul>
<b>CONSUMERS</b>	<ul style="list-style-type: none"><li>• Fostering the development of a sustainable and trustworthy organization.</li></ul>

## KEY ACTIVITIES OF THE BOARD IN 2024

In 2024, The Board focused on maintaining sound

governance, strategic oversight, and regulatory compliance. Board meetings were conducted in compliance with the Companies Act 1994, the Corporate Governance

Code 2018, and relevant securities laws. These meetings served as a forum for in-depth discussions and strategic decision-making. Decisions were taken with a long-term

perspective, ensuring alignment with corporate objectives and stakeholder interests. Over the year, the Board made the following key decisions:

Quarter	Focus points
<b>Q1 of 2024</b>	<ul style="list-style-type: none"> <li>Approval of the Directors' Report, Audit Committee Report, NRC Report, and CSR Committee Report.</li> <li>Endorsement of the 2024 Corporate Bonus and Salary Revision.</li> <li>Recommendation for the appointment of statutory and Corporate Governance Compliance Auditors, including approval of their fees.</li> <li>Organization of the 51<sup>st</sup> Annual General Meeting.</li> <li>Approval of capital expenditures for the Savar Factory.</li> <li>Authorization of capital expenditures for the Dhaka Factory.</li> <li>Approval of investments in machinery and equipment to enhance manufacturing capacity, meet demand, and support export growth at the Savar Factory.</li> </ul>
<b>Q2 of 2024</b>	<ul style="list-style-type: none"> <li>Considered Q2 Financial Statements 2024</li> <li>Amendment of procurement Policy</li> <li>Approved the Company HR policies</li> </ul>
<b>Q3 of 2024</b>	<ul style="list-style-type: none"> <li>Considered Q3 Financial Statements 2024</li> <li>Appointment of the Non-Executive Directors Nominated by the Govt.</li> <li>Approved Company EHS Policy and Repairs &amp; Renewable Spares Policy.</li> </ul>
<b>Q4 of 2024</b>	<ul style="list-style-type: none"> <li>Considered Financial Statements 2024</li> <li>Sanctioned capital investments for the Savar and Manikganj facilities.</li> </ul>

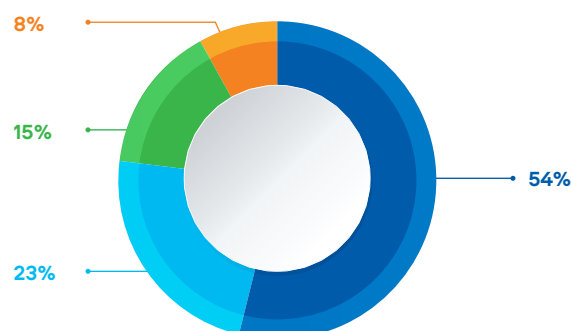
## FINANCIAL KNOWLEDGE AND EXPERTISE OF DIRECTORS

The Board of Directors is composed of highly experienced professionals with diverse expertise in corporate management, industry, finance, accountancy, business administration, marketing, and law. This extensive knowledge base enables the Board to provide informed decision-making and strategic oversight and to remain up to date with all relevant laws and notifications. With many Directors serving the Company for several years, they bring

deep institutional knowledge and insights that effectively steer the organization toward sustainable growth.

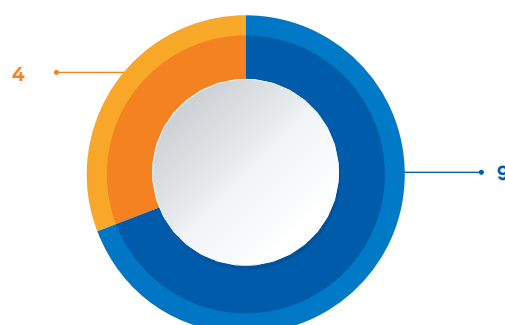
The Board's financial acumen is a key strength. Notably, Mr. A K M Aftab UI Islam, Chairman of the Audit Committee and a fellow of the Institute of Chartered Accountants of Bangladesh (ICAB), plays a crucial role in overseeing financial matters. His expert guidance on accounting and audit matters ensures compliance with regulations, enhances internal controls and supports reliable, transparent financial reporting.

### Specialized Areas



• Corporate Management • Accountancy • Finance • Industry

### Gender diversity of the Board of members



• MALE • FEMALE



## CHAIRMAN OF THE BOARD

The Board of Directors appoints the Chairman annually, immediately following the Annual General Meeting (AGM) to ensure a clear separation of leadership responsibilities within the Board, in line with BSEC guidelines.

## ROLES & RESPONSIBILITIES OF THE CHAIRMAN

Leads and governs the Board to foster overall effectiveness, both collectively and individually, ensuring timely discussion of all critical and relevant matters

- Facilitates effective relationships and open communication, encouraging an environment for constructive debates and challenges within the Boardroom and between non-executive Directors and management.
- Ensures the Board actively contributes to the formulation of the Company's strategies and policies, with decisions reflecting collective consensus and serving the Company's best interests.
- Operates in alignment with the BSEC's CGC as defined by the Board.
- Refrains from exercising policymaking or executive authority and avoids interference in the Company's administrative or routine operations.
- Operates in accordance with the Company's Memorandum and Articles of Association and applicable laws.
- Presides over board meetings and General Meetings (AGM/EGM), promoting sound corporate governance practices.

- Represents the Company in consultation with stakeholders, alongside the Board and Managing Director, upholding the Company's role as a responsible corporate entity.
- Undertakes additional responsibilities as delegated by the Board, provided they align with applicable rules, regulations, acts, and articles.
- Promotes exemplary corporate governance practices, ensuring the highest standards of integrity, probity, and governance, particularly at the Board level and across the Group.

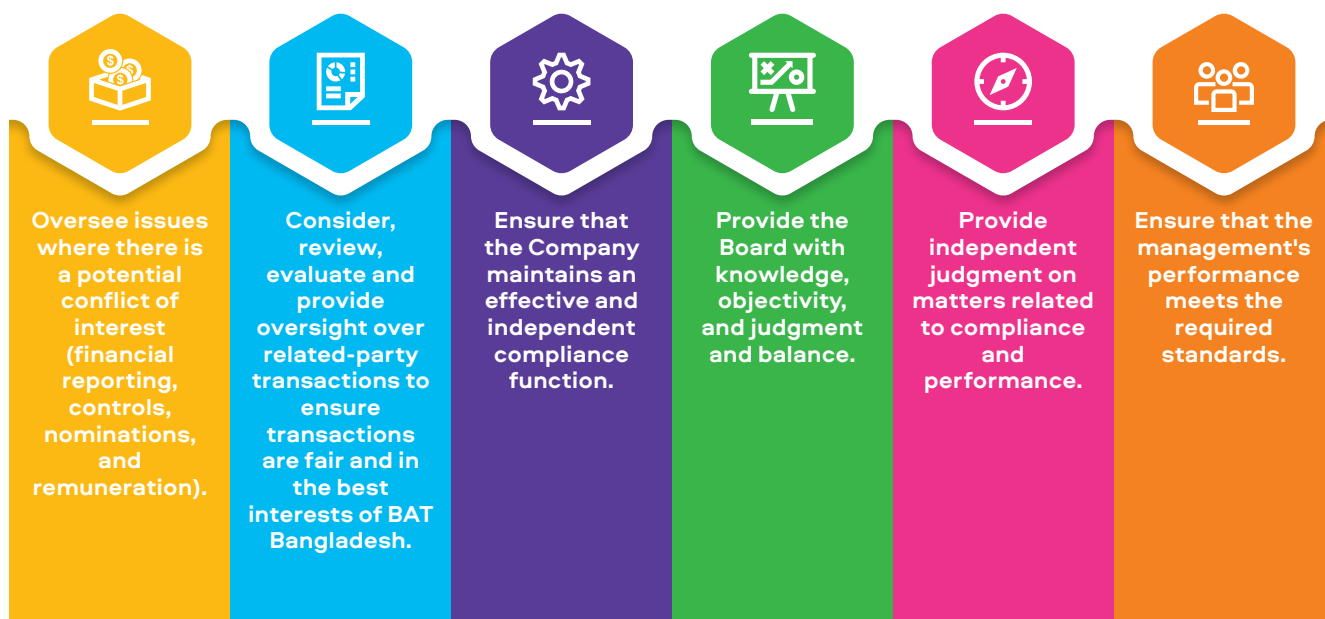
## INDEPENDENT DIRECTORS

In line with the BSEC Corporate Governance Code 2018 (CGC), BAT Bangladesh's Board comprises three Independent Directors, each distinguished professional with significant expertise and a respected reputation. Among them is a former government secretary, alongside a Director at Bangladesh Bank. These Independent Directors are selected by the Board based on the recommendation of Nomination & Remuneration Committee (NRC) and confirmed by shareholders at the Annual General Meeting. As per the CGC, Independent Directors are appointed for an initial term of three years, with the possibility of reappointment for one additional three-year term. Both the Audit Committee and the Nomination & Remuneration Committee (NRC) are chaired by Independent Directors, ensuring compliance with governance standards and CGC guidelines.

### ROLE OF INDEPENDENT DIRECTORS:

Independent Directors provide essential independent judgment and strategic advice to the Board, contributing to the integrity and transparency of the decision-making process. Along with their statutory roles as Directors, they also undertake additional key roles.

## ROLE OF INDEPENDENT DIRECTORS



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

In accordance with the Corporate Governance Code 2018 (CGC) of the Bangladesh Securities and Exchange Commission (BSEC), at least one-fifth of the Board of Directors must be Independent Directors. BAT Bangladesh meets this requirement by appointing three Independent Directors out of a total of 13 on the Board. These Directors have no ownership or financial interest in the Company, ensuring their objectivity and impartiality in decision-making. Their independence is thoroughly verified during the selection process and is consistently upheld throughout their tenure.

## MANAGING DIRECTOR

In a historic move, the Board appointed Ms. Monisha Abraham as Managing Director in 2024, making her the first female to hold this position in the Company's history. Ms. Abraham brings over 29 years of experience in general management and marketing within the FMCG and tobacco sectors.

Prior to commencing her career in Abu Dhabi in 1995, Ms. Abraham obtained her B.Com. from Jyoti Nivas College and her MBA in Marketing and Finance from the Birla Institute of Technology, India. In 2005, she moved to Heineken in Dubai as Trade Marketing Manager and within 1.5 years, she took over the position as Marketing Manager for the Gulf region. In 2009, she moved to the Netherlands as Regional Marketing Director for the Africa and Middle East region. From 2014 to 2017, she was the Managing Director for Almaza in Lebanon, an operating Company in which Heineken owns the majority of shares. From 2017 to 2019, Ms. Abraham was the Managing Director for Heineken Hanoi, overseeing the northern area of Vietnam. In 2019, Ms. Abraham moved to Brussels, Belgium, to take over as Managing Director of Ibecor, a 100% Heineken-owned Company that is specialized in inbound logistics and transportation for Africa and Middle East. She joined the Ceylon Tobacco Company as Managing Director / CEO in 2021. Her strategic focus on networking and aligning business priorities has been instrumental in facilitating cross-functional collaborations and driving business success.

## ROLES AND RESPONSIBILITIES OF THE MANAGING DIRECTOR (CEO)

The Managing Director is responsible for overseeing the implementation of Board policies and managing the overall operations of the Company. Acting with delegated financial, business, and administrative authority from the Board, the MD ensures the effective execution of responsibilities, driving both the short-term and long-term objectives of the Company.

## Key responsibilities of the Managing Director (MD) include:

- Overseeing business and administrative authority delegated by the Board, ensuring achievement of financial and operational targets through strategic planning, effective execution, and optimum resource management.
- Certifying the annual financial statements to the Board, confirming that, to the best of their knowledge, no fraudulent or illegal transactions occurred during the year.
- Leading the development and execution of long-term strategies aimed at enhancing shareholder value and fostering sustainable growth.
- Making day-to-day management decisions to ensure the successful implementation of both short and long-term strategic goals.
- Acting as the primary communication link between the Board and the Management, representing Management in all Board communications.
- Assembling and leading a high-performing executive team, holding full accountability to the Board for all aspects of the Company's operations.
- Representing the Company in external communications with employees, government authorities, stakeholders, and the broader public. The MD also engages with shareholders, regulatory bodies such as BSEC, and stock exchanges, coordinating these interactions through the Company Secretary.
- Managing Director chair the Leadership Team.

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

To ensure strategic alignment and operational excellence, The Board of Directors systematically evaluates the performance of the Managing Director, considering both financial and non-financial objectives. Key areas of focus in quarterly assessments include:

- Achievement of business objectives and budgetary commitments.
- Continuous improvement in business performance compared to the previous year.

Additionally, a detailed annual review is conducted at year-end to assess progress against set targets. Any variances are thoroughly examined, with discussions centered on identifying factors and potential corrective actions.

## NOMINEE DIRECTOR'S INDEPENDENCE

At BAT Bangladesh, we uphold the highest standards of corporate governance by ensuring that Non-Executive Directors, except for Independent Directors, are appointed by their respective institutions. These Directors operate

with complete autonomy, allowing them to fulfill their responsibilities with integrity and diligence. Their active participation in Board, Audit Committee, NRC Committee and CSR Committee meetings strengthens decision-making and reinforces transparency and accountability. All Directors, including Independent Directors, bring a wealth of expertise and independent judgment to the Board, playing a pivotal role in shaping the Company's strategic direction. While not involved in daily operations, they provide invaluable guidance, support, and strategic input, driving sustainable growth and long-term value creation.

To ensure continued governance excellence, the NRC regularly reviews the independence and performance of Non-Executive and Independent Directors.

### BOARD PERFORMANCE EVALUATION

The Board of Directors is committed to upholding the trust and confidence of the Company's shareholders. Each year, an Annual General Meeting (AGM) serves as a key forum for shareholders to review the Company's performance, provide insights, and offer constructive feedback. This input is carefully evaluated and, where feasible, integrated into the Company's strategic initiatives to drive continuous improvement.



Distinguished by its diversity and excellence, the Board comprises senior government officials, accomplished professionals, and seasoned business leaders, each bringing extensive experience, deep expertise, and strategic insight. To enhance governance effectiveness, the Board employs a structured self-assessment approach, fostering continuous learning and improvement beyond traditional evaluation methods.

In compliance with the BSEC CGC, the performance of the Directors is periodically reviewed and assessed by the Board, the NRC and the Chairman. Stakeholders, including shareholders, may evaluate Board members based on key business indicators such as financial performance, asset growth, corporate reputation, and contributions to environmental, social, and governance (ESG) initiatives. Additionally, the Board conducts an annual evaluation of the Managing Director, Finance Director and Commercial Director while systematically reviewing the Company's business performance on a quarterly basis.

### BOARD MEETINGS, 2024

The Board of Directors remains steadfast in its commitment to effective governance, meeting regularly - typically every two months - with additional emergency meetings convened as needed to address emerging priorities. Attendance records are maintained in accordance with the code of conduct, reflecting our dedication to accountability and transparency. Under the guidance of the Chairman, meetings are structured to ensure meaningful discussions on all agenda item, facilitating well-informed decision-making.

To support seamless governance, the Company Secretary, Chief Financial Officer/Finance Director, and Head of Internal Control and Compliance are present at every Board meeting. In adherence to regulatory best practices and secure communication, the Company continues to conduct its meetings via Microsoft Teams, a highly secure digital platform.

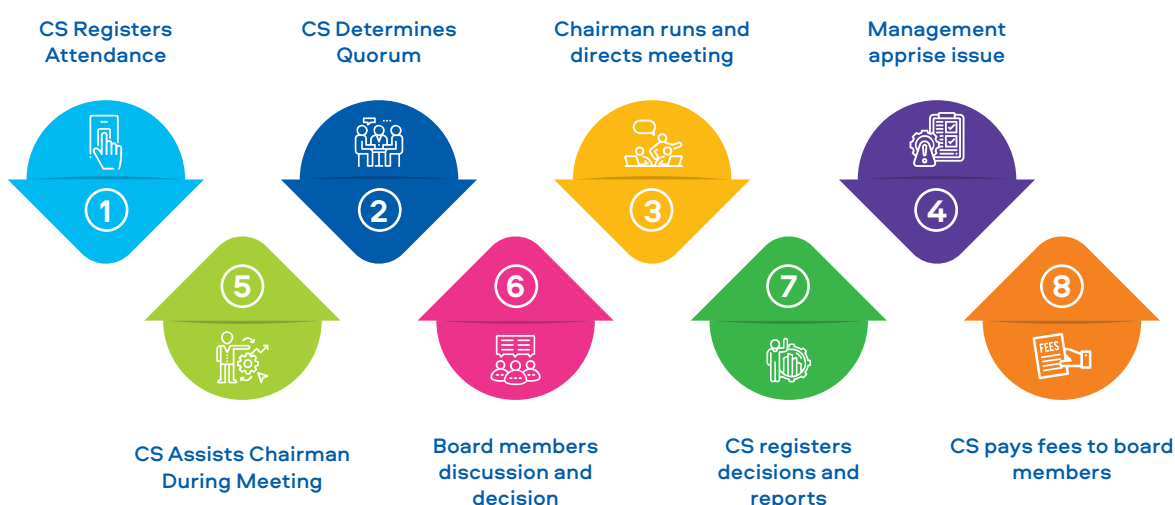
In 2024, the Board convened 13 times, reflecting its proactive approach to oversight and strategic direction.

### PROCESS OF HOLDING BOARD MEETINGS

The Company Secretary, in consultation with the Chairman and Managing Director, prepares the Board meeting agenda and ensures timely circulation of notices, explanatory notes, and relevant documents at least seven days in advance. Board members may propose additional agenda items under "Any Other Business" subject to the Chairman's approval. The Company Secretary, Finance Director and Head of Internal Audit are present all the Board Meetings.

As a custodian of governance, the Company Secretary ensures full compliance with regulatory requirements and Bangladesh Secretarial Standards (BSS) by maintaining accurate minutes, statutory books, and records. Meeting minutes are circulated for Board confirmation, and approved extracts are shared with management to facilitate the effective implementation of strategic decisions.

## FLOW CHART OF HOLDING BOARD MEETING



The Board and Board Committee member's attendance for the year 2024 is as follows:

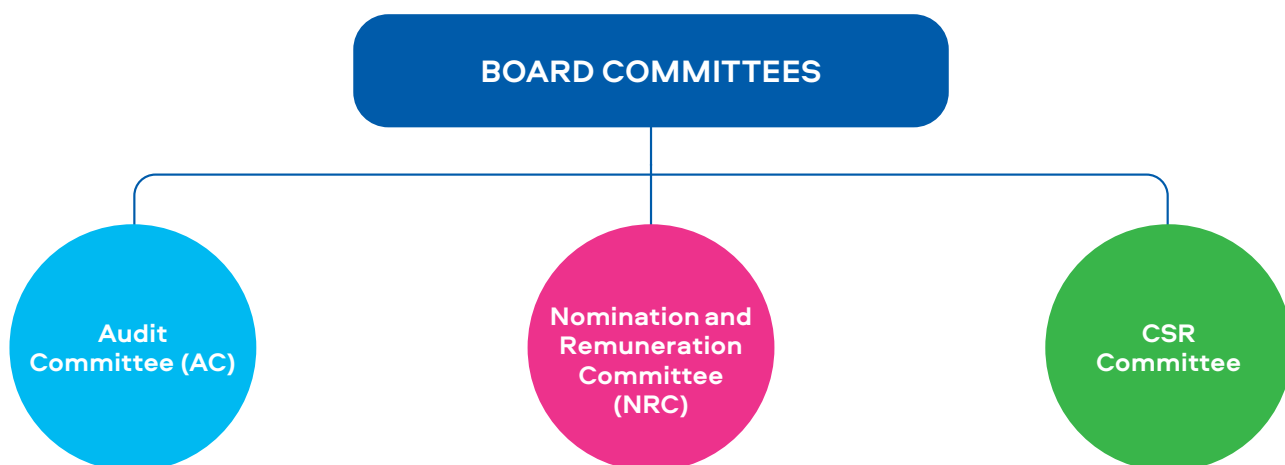
Name	Board	Audit	NRC	CSR	AGM
<b>Mr. Wael Sabra</b> Chairman to the Board, (Nominated by Raleigh Investments Co. Ltd.)	12/13	N/A	N/A	N/A	1/1
<b>Ms. Monisha Abraham</b> Managing Director (Nominated by Raleigh Investments Co. Ltd.)	12/13	3/4	3/3	N/A	1/1
<b>Mr. A.K.M. Aftab Ul Islam FCA</b> Independent Director, Chairman of Audit Committee	13/13	4/4	7/7	N/A	1/1
<b>Mr. Masud Khan</b> Independent Director, Chairman to the NRC (Appointed on 29 <sup>th</sup> October 2024)	4/4	N/A	1/1	N/A	N/A
<b>Professor Dr. Melita Mehjabeen</b> Independent Director (Appointed on 12 <sup>th</sup> November 2024)	2/2	N/A	N/A	N/A	N/A
<b>Ms. Zakia Sultana</b> Non-Executive Director (Representing Government's shareholding )	13/13	4/4	N/A	1/1	1/1
<b>Mr. Shirajun Noor Chowdhury</b> Non-Executive Director (Representing Government's shareholding)	13/13	4/4	5/5	N/A	1/1
<b>Mr. Md. Abul Hossain</b> Non-Executive Director, (Representing Investment Corporation of Bangladesh)	13/13	N/A	N/A	1/1	1/1
<b>Mr. Gary Tarrant</b> Non-Executive Director, (Nominated by Raleigh Investments Co. Ltd.)	10/13	N/A	N/A	N/A	1/1
<b>Mr. Stuart Kidd</b> Non-Executive Director (Nominated by Raleigh Investments Co. Ltd.)	8/13	N/A	N/A	N/A	1/1
<b>Mr. Francisco Javier Toso Canepa</b> Non-Executive Director (Nominated by Raleigh Investments Co. Ltd.)	5/13	N/A	N/A	N/A	1/1



Name	Board	Audit	NRC	CSR	AGM
<b>Ms. Nirala Nandini Singh</b> Finance Directors (Nominated by Raleigh Investments Co. Ltd.)	13/13	4/4	2/2	N/A	1/1
<b>Mr. Numayer Alam</b> Commercial Director (Nominated by Raleigh Investments Co. Ltd.) (Appointed on 25 <sup>th</sup> September 2024)	4/4	N/A	N/A	N/A	N/A
<b>Mr. Prof. M Harunur Rashid</b> Independent Director (Resigned on 25 <sup>th</sup> June 2024)	7/7	N/A	N/A	1/1	1/1
<b>Mr. Mohammad Salahuddin</b> Non-Executive director (Representing Government shareholding) (Resigned on 25 <sup>th</sup> September 2024)	3/9	N/A	N/A	0/1	0/1
<b>Mr. K. H. Masud Siddiqui</b> Independent Director, Chairman to the NRC (Completed his 2 <sup>nd</sup> tenure on 16 <sup>th</sup> October 2024)	9/9	3/4	6/7	N/A	1/1
<b>Mr. Shehzad Munim</b> Managing Director, (Nominated by Raleigh Investments Co. Ltd.) (Resigned on 1 <sup>st</sup> July 2024)	7/7	2/2	4/4	N/A	1/1
<b>Mr. Golam Mainuddin</b> Non-Executive Director, Chairman to the Board, (Resigned on 25 <sup>th</sup> June 2024)	5/7	1/2	2/4	1/1	1/1
<b>Mr. Azizur Rahman FCS</b> Company Secretary (Resigned on 31 <sup>st</sup> March 2024)	4/4	1/1	3/3	1/1	1/1
<b>Syed Afzal Hossain</b> Company Secretary (Appointed on 1 <sup>st</sup> April 2024)	9/9	3/3	4/4	N/A	N/A

## BOARD COMMITTEES

To uphold strong corporate governance and comply with the BSEC Corporate Governance Code 2018 (CGC), the Board has established 3 sub-committees:



These committees operate in line with the BSEC Corporate Governance Code 2018 and their respective Terms of Reference (ToR), ensuring effective review, evaluation and recommendations to the Board. To maintain governance best practices, the Board periodically reviewed and refined the ToRs In 2024, ensuring alignment with evolving regulatory standards. Committee members and Chairpersons for each committee were appointed in accordance with BSEC provisions.

Further details on the scope and activities of the Audit Committee, NRC and CSR Committee are provided in the Annual Report on pages 139, 145, and 151, respectively.

### AUDIT COMMITTEE & ITS COMPOSITION

In accordance with the CGC of BSEC, the Board has established an Audit Committee, a critical sub-committee designed to support the Board in fulfilling its governance responsibilities. As of 2024, the Audit Committee consists of two Independent Directors, and two Non-Executive Directors, with an Independent Director serving as the Committee Chairman, as stipulated by the Code.

The Audit Committee convened four times throughout the year via a virtual platform, with a quorum requiring the presence of at least one Independent Director. The Company Secretary serves as the Committee's secretary, ensuring seamless coordination and record-keeping.

### RELEVANT EXPERTISE OF THE COMMITTEE

The Audit Committee at BAT Bangladesh is composed of experienced professionals with extensive expertise in Accountancy, Finance, Industry, and Audit. The qualifications of its members are detailed in their brief profiles on Page No 34 of this annual report. The Internal Audit function, led by the Internal Audit Manager, operates independently, reporting directly to the Committee to maintain transparency and accountability.

In 2024, under the leadership of Chairman Mr. A.K.M. Aftab UI Islam FCA, the Audit committee - comprising Mr. K. H. Masud Siddiqui, Mr. Shehzad Munim, Ms. Monisha Abraham, and Ms. Nirala Nandini Singh - played a crucial role in ensuring rigorous oversight. The report of the Audit Committee and the Statement of Risk Management & Internal Control are available on page no. 139 and 154 of this annual report respectively. At the start of the year, the Committee approved the 2024 annual audit plan and regularly reviewed and monitored its execution throughout the year.

The tables below summarize the meeting attendance and the Committee's performance during 2024.

Composition of the Audit Committee	Audit Committee	%
<b>Mr. A.K.M. Aftab UI Islam FCA</b> Independent Director, Chairman of Audit Committee	4/4	100
<b>Mr. K. H. Masud Siddiqui</b> Member (Retired on 16 <sup>th</sup> October 2024)	3/3	100
<b>Ms. Zakia Sultana</b> Non-Executive Director, Chairman of CSR Committee	4/4	100
<b>Mr. Shirajun Noor Chowdhury</b> Non-Executive Director	4/4	100
<b>Syed Afzal Hossain</b> Company Secretary (Appointed on April, 2024)	3/3	100

### ROLE OF THE AUDIT COMMITTEE:

As outlined in the Corporate Governance Code 2018, the Audit Committee of BAT Bangladesh performs the following key functions:

- Ensures the integrity of the financial reporting process.
- Monitors the selection and application of accounting policies and principles.
- Supervises the Internal Audit and Compliance processes, including resource allocation, plan approvals, and report reviews.
- Manages the appointment and evaluation of external auditors.
- Conducts meetings with external/statutory auditors to review the annual financial statements before Board approval.
- Reviews audited financial statements with management before submission to the Board.
- Examines quarterly and half-yearly financial statements with management prior to Board approval.
- Assesses the adequacy and effectiveness of the internal audit function.
- Reviews the Management's Discussion and Analysis for inclusion in the Annual Report.
- Examines related party transaction statements submitted by management.
- Reviews Management Letters or reports on internal control weaknesses issued by statutory auditors.
- Additionally, the Audit Committee promptly reports to the Board on critical issues, including:
  - Conflicts of interest.
  - Suspected or identified fraud, irregularities, or material deficiencies in internal audits.

## NOMINATION AND REMUNERATION COMMITTEE

In compliance with the provisions of the BSEC Code, BAT Bangladesh has established a Nomination & Remuneration Committee (NRC) to ensure robust governance and

oversight. Chaired by an Independent Director, the NRC plays a crucial role in advising the Board on matters of nomination and remuneration. In 2024, the Committee convened seven times. Its composition is detailed below:

Composition of the NRC	No. of meeting	%
<b>Mr. Masud Khan</b> Independent Director, Chairman of Audit Committee (Appointed as chairman of the committee on 29 <sup>th</sup> October 2024)	1/1	100
<b>Mr. K.H. Masud Siddiqui</b> Independent Director, Chairman of Audit Committee (Retired on 16 <sup>th</sup> October 2024)	6/6	100
<b>Mr. A.K.M. Aftab Ul Islam FCA</b> Member	7/7	100
<b>Mr. Shirajun Noor Chowdhury</b> Member (Appointed as member of the committee on 28 <sup>th</sup> March 2024)	5/5	100
<b>Mr. Abul Hossain</b> Member (Appointed as member of the committee on 29 <sup>th</sup> October 2024)	1/1	100
<b>Syed Afzal Hossain</b> Company Secretary (Appointed on 1 <sup>st</sup> April 2024)	5/5	100

### FUNCTIONS:

- Collaborates with the Human Resource function to integrate workforce strategies with business goals.
- Ensures standardized and consistent application of policies and procedures throughout the organization.
- Promotes a culture of fairness and transparency in recruitment, performance evaluations, and benefits management.

### NOTABLE ACTIVITIES OF 2024:

In 2024, the NRC undertook the following activities:

- Reviewed and approved the remuneration framework for Company Management.
- Assessed bonus payout structures.
- Approved key HR policies, including the Employment Probation & Confirmation Policy and the Recruitment & Selection Policy.
- Recommended enhancements to the Company's HR policies.
- Proposed amendments to the Company's Benefit Car Policy.
- Appointing International assignees and expats.

NRC meetings were attended by the Managing Director, Finance Director, and Head of Human Resources as invitees, while the Company Secretary facilitated proceedings as the Committee's Secretary.

BAT Bangladesh remains committed to maintaining a competitive and performance-driven remuneration strategy that attracts, retains, and motivates, high-caliber professionals with proven expertise and experience.

### REMUNERATION GOVERNANCE:

The Remuneration Committee ensures that BAT Bangladesh remains aligned with changing legislation and industry best practices by continuously monitoring remuneration trends, with particular emphasis on "equal pay for equal work." As we integrate global standards, our commitment to transparency, fairness, and shareholder engagement remains paramount. To ensure accountability, the committee chairman regularly updates the Board, with remuneration governance as a standing agenda item in every Board meeting. These reports provide insights into the overall remuneration strategy, progress on policy goals, and the implementation of those policies throughout the annual cycle.

### FAIR AND RESPONSIBLE REMUNERATION

At BAT Bangladesh, we are committed to fair and responsible reward management, ensuring that high-performing individuals who reflect our values and principles are rewarded equitably. Our structured performance measurement systems ensure the consistent application of rewards. Beyond competitive salaries, we prioritize employee well-being by offering comprehensive benefits that enhance quality of life. Throughout the reporting period, we have emphasized our commitment to aligning pay structures with key factors such as job responsibilities, tenure, experience, and performance-- ensuring that all our employees are fairly rewarded for their contributions.

### KEY POLICIES REGARDING REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

We prioritize a transparent, equitable, and performance-driven approach to human capital management. The committee ensures that recruitment, compensation, and career advancement are based on merit, qualifications, and

competence. It also oversees training and development, performance assessments, and promotions to align individual contributions with the Company's strategic objectives. Additionally, the committee ensures that benefits and remuneration policies are competitive and aligned with market benchmarks and Company performance.

- Directors receive compensation solely for attending Board and sub-committee meetings.
- The remuneration structure for the Managing Director and Top-Level Management is approved as per the NRC's recommendations.
- Employee compensation is based on competitive industry standards.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

BAT Bangladesh aims to make a meaningful impact by addressing essential societal needs while maintaining ethical business conduct and corporate social responsibility

(CSR). Guided by BSEC regulations, our CSR focuses on maximizing positive social impact and contributing to sustainable development.

Recognizing the gap between societal needs and the impact required, the Company concentrates on initiatives that provide the greatest benefit and reach the widest audience in the shortest time. Our initiatives are designed to strike a balance between economic growth, environmental protection, and social progress, ensuring long-term benefits for communities and shareholders alike.

The CSR Committee was established on 11<sup>th</sup> April, as a sub-committee of the Board and currently comprises 7 directors. This committee is responsible for ensuring business sustainability, enhancing the corporate reputation, and spearheading impact full social initiatives that strengthen stakeholders' trust and community engagement.

The composition of the committee is as follows:

Composition of the CSR Committee	No. of meeting	%
<b>Ms. Zakia Sultana</b> Non-Executive Director, Chairman of CSR Committee	1/1	100
<b>Ms. Monisha Abraham</b>	N/A	-
<b>Mr. A.K.M. Aftab UI Islam FCA</b>	N/A	-
<b>Mr. Shirajun Noor Chowdhury</b>	N/A	-
<b>Mr. Md. Abul Hossain</b>	1/1	100

In addition to the appointed members, BAT Bangladesh extends meeting invitations to relevant Directors, consultants, managers, and stakeholders.

### Succession Plan:

Recognizing the importance of leadership continuity, BAT Bangladesh is committed to periodically reassessing its

Board composition to align with the Company's long-term goals and objectives. Effective succession planning guarantees that the Board remains well-equipped with the necessary expertise, industry knowledge, and diverse skill sets to navigate the evolving challenges of the dynamic financial industry.





## SUCCESSION POLICY

The NRC, operating in full compliance with the BSEC Code, plays a pivotal role in Board and senior management recruitments, succession planning, remuneration reviews, performance bonus recommendations, and HR policy evaluations. By working closely with the Board, the NRC ensures a seamless leadership transition, fostering a balanced mix of experience and innovation. Annual evaluations of the Board and its committees further solidify this structured approach, adhering to the BSEC Code recommendations.

## DIRECTORSHIP COMMITMENTS

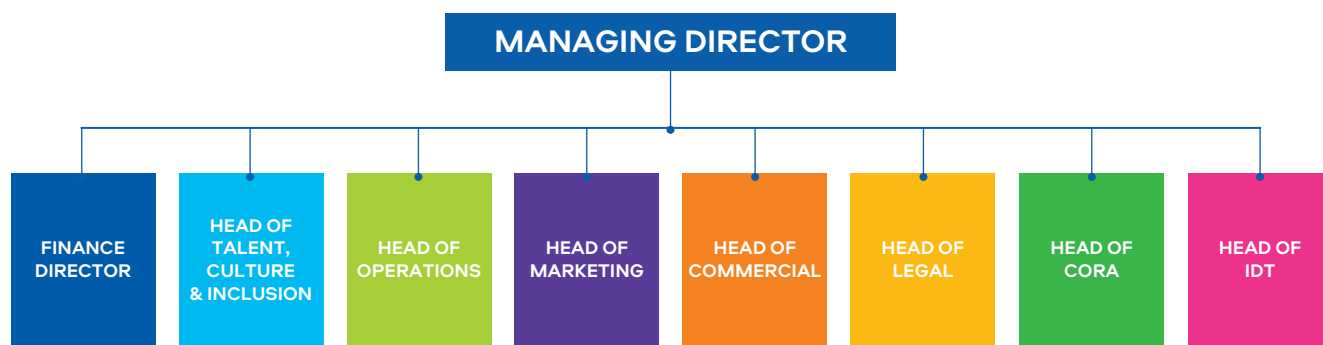
All Directors disclose their other commitments to ensure they can dedicate sufficient time and focus to the Company's affairs. Executive Directors do not hold directorships in other public companies, ensuring undivided leadership. As the largest taxpayer in the private sector and listed on both the Dhaka and Chittagong Stock Exchanges,

BAT Bangladesh remains a key contributor to the national economic growth, disbursing BDT **34,173** crore in taxes to the national exchequer in 2024.

The Board remains steadfast in upholding its valued relationship with the Government of Bangladesh, respected shareholders, and other stakeholders, maintaining the highest standards of ethical governance and accountability.

## LEADERSHIP TEAM

The Leadership Team, led by the Managing Director and comprising key functional heads is responsible for executing the Company's strategic vision and overseeing daily operations. They hold monthly meetings to review the progress of the Company's strategy and ensure that daily operations align with the overall corporate plans. Leadership Team members actively engage with the Board whenever their expertise or insights are required. For more information on individual profiles, please refer to pages 50 to 58 of this Annual Report.



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

The roles of the Chairman and the Managing Director are clearly defined and independent. The Chairman is responsible for overseeing the overall functioning of the Board, while the Managing Director focuses on leading the Company's management and operational execution. This well-structured division of responsibilities enhances corporate oversight, fosters accountability, and strengthens the organization's governance framework.

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

### COMPANY SECRETARY (CS)

The Company Secretary is instrumental in ensuring regulatory compliance, governance effectiveness, and smooth communication across all levels of the organization. In compliance with the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC), listed companies are mandated to appoint a Company Secretary. Accordingly, the Board of Directors at BAT Bangladesh has appointed a Company Secretary and outlined their duties and responsibilities.

The Company Secretary plays a critical role in ensuring seamless governance and compliance within the organization. Their key responsibilities include:

- **Regulatory Compliance:** Ensuring adherence to all regulatory procedures related to the appointment of Directors and providing detailed guidance and support to the Board for informed decision-making. Highlighting matters that require the Board's attention.
- **Board and Committee Facilitation:** Assisting in forming Board sub-committees as per regulatory requirements, mediating to resolve Board disputes in accordance with laws and regulations, and ensuring the execution of Board decisions.
- **Policy Updates:** Keeping the Board and management informed about directives, circulars, and notifications from regulatory authorities, ensuring timely action.
- **Meeting Coordination:** Finalizing notices for Board and Shareholders' meetings, assisting the Chairman and committees, and ensuring smooth execution.
- **Stakeholder Liaison:** Maintaining transparent communication with government offices, regulatory bodies, and other stakeholders on corporate matters, acting as a bridge between the Board, management, and shareholders to promote excellence in governance.

- **Policy Awareness and Compliance:** Driving awareness of compliance policies among employees and liaising with external regulators, auditors, and legal advisors.
- **Capital Market Responsibilities:** Ensuring compliance with laws and directives from regulatory bodies like the BSEC and Stock Exchanges, disclosing price-sensitive information (PSI), and addressing capital market issues.
- **Documentation and Reporting:** Preparing the Company's Annual Report and managing Board, committee, and shareholder meetings. Monitoring legislative and regulatory changes and taking necessary actions.
- **Statutory Filings:** Submitting necessary filings to regulatory bodies, including RJSC, Bangladesh Bank, BSEC, Stock Exchanges, and Central Depository System.
- **Stakeholder Engagement:** Engaging with stakeholders on public affairs related to the Company.
- **Governance Advice:** Ensuring adherence to Board procedures as per Bangladesh Secretarial Standards (BSS), ICSB guidelines, and best practices, and advising the Board on these matters.
- **Administering Shares Management:** Overseeing the issuance, transfer, and transmission of shares while ensuring compliance with regulatory requirements. Maintaining the shareholder registry, managing dividend distributions, and addressing shareholder inquiries. Coordinating with depositories and stock exchanges to ensure accurate record-keeping and smooth execution of corporate actions.

By executing these responsibilities, the Company Secretary ensures that BAT Bangladesh remains at the forefront of governance excellence, regulatory compliance, and effective communication across all levels of the organization.

#### FINANCE DIRECTOR (FD) OR CHIEF FINANCIAL OFFICER (CFO):

The Chief Financial Officer (CFO) is responsible for ensuring effective financial management and strategic oversight across the Company. Key responsibilities include:

- **Financial Oversight:** Managing overall financial activities, ensuring budget accuracy, optimizing fund flows, and maintaining strong financial controls.
- **Tax and Compliance Management:** Overseeing tax compliance systems and ensuring adherence to local and International Accounting Standards (IAS, BAS), while proactively addressing evolving financial and regulatory requirements.
- **Strategic Planning:** Actively contributing to business strategy, long-term financial planning, and corporate policy development to align financial resources with corporate goals.
- **Audit Coordination:** Liaising with External Auditors and supervising audit procedures to ensure transparency and accountability.

- **Reporting:** Preparing and distributing the statutory Annual Report to stakeholders within prescribed timelines.
- **Driving Improvements:** Leading financial initiatives to support business improvement processes, including cost optimization, procurement strategies, and pricing frameworks.
- **Asset Protection:** Safeguarding Company assets, ensuring compliance with financial regulations, maintaining accurate financial records, and providing strategic risk insights to the Board and investors.
- **Strategic Leadership:** Offering financial insights and strategic guidance to drive sustainable growth and corporate success.

Through these responsibilities, the CFO ensures that financial resources are effectively managed and aligned with the Company's strategic vision.

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

The internal audit function plays a crucial role in ensuring robust governance, risk management, and operational efficiency within the Company. Key responsibilities include:

- **Audit Planning:** Developing risk-based annual audit plans that align with business objectives and internal control frameworks.
- **Internal Controls:** Establishing and maintaining a strong internal control environment to facilitate smooth business operations.
- **Regulatory Compliance:** Verifying adherence to internal policies and external regulations to mitigate risks.
- **Risk Assessment:** Identifying vulnerabilities, analyzing risks across various operational areas, and recommending mitigation strategies.
- **Reporting:** Preparing preliminary audit reports, conducting exit meetings to obtain management feedback, and presenting findings to the Board and auditors.
- **Fraud Investigations:** Conducting special investigations into allegations of fraud or forgery, providing insights and preventive recommendations.
- **Assurance Framework:** Aligning internal audits with other assurance frameworks to enhance governance and risk oversight.
- **Audit Plan Development:** Preparing a risk-based internal audit plan annually for the Audit Committee's review and approval.
- **Advisory Role:** Providing expert guidance on special audits, identifying gaps, recommending risk mitigation strategies, and proposing cost-saving measures.
- **Documentation and Monitoring:** Maintaining a detailed system to record audit plans, work papers, findings, reports, and follow-up audits for continuous improvement.

- Policy Recommendations: Suggest updates to policies and procedures to enhance operations and strengthen internal controls.

Through these responsibilities, the internal audit function ensures the Company operates with transparency, accountability, and regulatory compliance, supporting long-term sustainability and stakeholder confidence.

## FINANCIAL REPORTING

At BAT Bangladesh, we are committed to the highest standards of financial integrity, transparency, and accountability. Our financial reporting framework adheres to International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act, 1994, the Securities and Exchange Rules, 1987, and other relevant regulatory requirements. This ensures transparency and full compliance with BSEC guidelines, and facilitates timely, accurate financial disclosures, reinforcing stakeholder confidence.

Financial data is systematically recorded through the Enterprise Resource Planning (ERP) system, ensuring precision and efficiency in financial statement preparation. These statements undergo regular multi-tier reviews by the CFO, CEO, and Audit Committee, followed by an additional evaluation by Group Accounting and Group Finance to maintain the highest standards of accuracy and accountability.

To further strengthen financial governance, External Auditors conduct independent assessments, ensuring compliance with regulatory and corporate policies. After thorough internal and external scrutiny, the reports are presented to the Board for final review and approval.

## GUIDELINES AND SOME KEY POLICIES

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

The Company maintains a strong corporate governance framework, reinforced by a comprehensive set of policies, guidelines, procedures, and codes. This framework encompasses key areas, including:

- Ensuring value-driven procurement, quality, and timely delivery of goods and services to meet the Company's business needs efficiently.
- Establishing responsible marketing policies, distributor and trade guidelines, credit policies, and adherence to international marketing principles.
- Governing key financial policies, including treasury management, dividend distribution, asset management, insurance, inventory control, budgeting, payments, and foreign currency transactions.

- Reinforcing environmental, health, safety, and security policy
- Safeguarding information technology infrastructure
- Business information guidelines
- Security, risk management, and business continuity processes
- Competition compliance guidelines outline the principles and standards employees must follow to adhere to competition laws and ensure good business practices.
- Business security policies
- Dawn raid guidelines outline the procedures to follow during a raid by authorities, ensuring necessary cooperation is provided.
- HR policies cover employment standards, working hours, remuneration, travel, disciplinary procedures, employee relations, equal opportunity, grievance management, industrial relations, education assistance, medical reimbursements, benefits, retirement, and early separation schemes.
- Guidelines for handling cases that involve employees and law enforcement authorities.
- Employment principles and procedures for managing credit for trade debtors and inter-company balances.
- Tobacco leaf policies cover social responsibility in production, export pricing, farmer registration, crop input, and climate change. They also include guidelines for tobacco seed production and field experiments, addressing the impact of climate change on tobacco growing and green leaf threshing.
- Records & Information Procedure and Central Records Depository System
- Agreement policy and guidance
- Data protection policy
- Billing guidelines
- Codes for Audit Committee, Nomination & Remuneration Committee, and CSR Committee

These governance principles are embedded in the Company's management staff manual, ensuring all employees and Directors align with the highest standards of corporate integrity, accountability, and sustainability.

## RISK MANAGEMENT AND CONTROL ENVIRONMENT

BAT Bangladesh has established a comprehensive internal control system in alignment with the BSEC Code to protect assets, ensure accurate financial reporting, and uphold regulatory compliance. The Company's risk management framework proactively identifies and mitigates potential risks in line with BSEC recommendations.

At BAT Bangladesh, risk management is a structured and integral process that aims at mitigating uncertainty that could impact business objectives. The Company adopts a systematic approach to identifying, evaluating, and addressing potential risks, ensuring a proactive stance in safeguarding its objectives. By continuously monitoring and

communicating risks across all functions, BAT Bangladesh enhances its resilience and strategic decision-making. Risks are categorized into the following categories:

- **Strategic Risks:** High-level, organization-wide risks that could affect strategic objectives.
- **Operational Risks:** Risks impacting specific business units, directorates, or service unit level.
- **Specific Risks:** Risks unique to particular operational activities.

The Finance Director leads the Risk Management Committee (RMC), which includes a cross-functional team of managers and the internal auditor. The RMC conducts biannual reviews, ensuring that risk mitigation plans remain effective and aligned with business goals. Departmental risk controllers provide ongoing risk assessment, with key risks reviewed and endorsed by the Leadship Team and formally ratified by the Audit Committee. The RMC is ultimately accountable for reviewing and ensuring the effectiveness of the Company's risk management processes.

## FUNCTIONS

The Company establishes a comprehensive risk management strategy to effectively address and mitigate potential risks. Key elements of this strategy include:

- **Defining and Communicating Risk Culture and Appetite:** The Board and senior management establish and communicate a strong risk management culture, ensuring Company-wide alignment.

- **Risk Management Policies and Procedures:** Develop and implement robust risk management policies and procedures to provide clear guidelines for identifying, assessing, and managing risks.
- **Monitoring Risk Appetite Limits:** Regular monitoring ensures risks remain within the prescribed limits of the Company's defined risk appetite.
- **Risk Measurement Models:** Utilize appropriate models to assess, measure, and track risks, ensuring a structured approach to risk management.
- **Stress Testing:** Develop and manage stress testing frameworks to evaluate the potential impact of extreme scenarios on the Company's operations and financial stability.
- **Market and External Threats:** Continuously assess market dynamics, identify potential external threats, and offer relevant recommendations for proactive precautionary measures.
- **Risk Register:** Maintain a detailed risk register to track all identified risks and their associated action plans, ensuring proper documentation and follow-up on mitigation efforts.

## INTEGRATED RISK MANAGEMENT FRAMEWORK

To enhance the current risk management approach, we have outlined the following strategic steps, which are continuously revisited and executed throughout the year:



The risk management process at BAT Bangladesh follows a systematic approach, involving the following strategic steps, which are revisited and refined throughout the year:

- **Risk Management Planning:** Establishing a clear risk management strategy, defining the scope and objectives, selecting appropriate tools and techniques, setting thresholds for acceptable risks for various stakeholders, and outlining roles and responsibilities.
- **Risk Identification:** Systematically identifying and documenting potential risks, analyzing their root causes, and evaluating their potential impact.
- **Risk Assessment/Analysis:** Prioritizing risks based on likelihood and severity, identifying high-exposure areas, and leveraging analyzing models to understand cumulative risk implications.
- **Risk Response Development:** Designing and implementing practical, achievable, and cost-effective mitigation strategies, ensuring that they are aligned with business priorities, and assigning ownership for execution.
- **Risk Monitoring:** Tracking the implementation of risk response responses, evaluating their effectiveness, and providing stakeholders with timely, data-driven insights.
- **Risk Review:** Conduct regular evaluations of identified risks, evaluating the success of the implemented responses, recognizing emerging challenges, and enhancing the overall risk management approach.



## INTEGRATED RISK MANAGEMENT STRATEGY

BAT Bangladesh's integrated risk management strategy seamlessly integrates our vision, mission, and tactical objectives with a focus on proactive risk management. This approach addresses risks at strategic and operational levels while ensuring a balanced perspective on both opportunities and threats.

The successful implementation of this strategy includes:

- **Aligning Strategy with Tactics:** Ensuring that project delivery is closely aligned with the organization's goals and vision, bridging the gap between strategy and execution.
- **Focusing on Project Benefits:** Directing attention to the benefits projects are meant to achieve, rather than just completing deliverables.
- **Proactive Risk Management at the Strategic Level:** Identifying and managing risks at the strategic level that could have a significant impact on the organization, taking steps to address them early.
- **Opportunities Management:** Integrating the proactive management of opportunities into business processes at both strategic and tactical levels, avoiding delayed reactions to emerging opportunities.
- **Supporting Informed Decision-Making:** Providing key decision-makers with timely, relevant information, especially in uncertain environments, to support better decisions at all levels.
- **Managing Uncertainty:** Preparing in advance for known risks, which enhances efficiency, reduces stress, and minimizes waste.

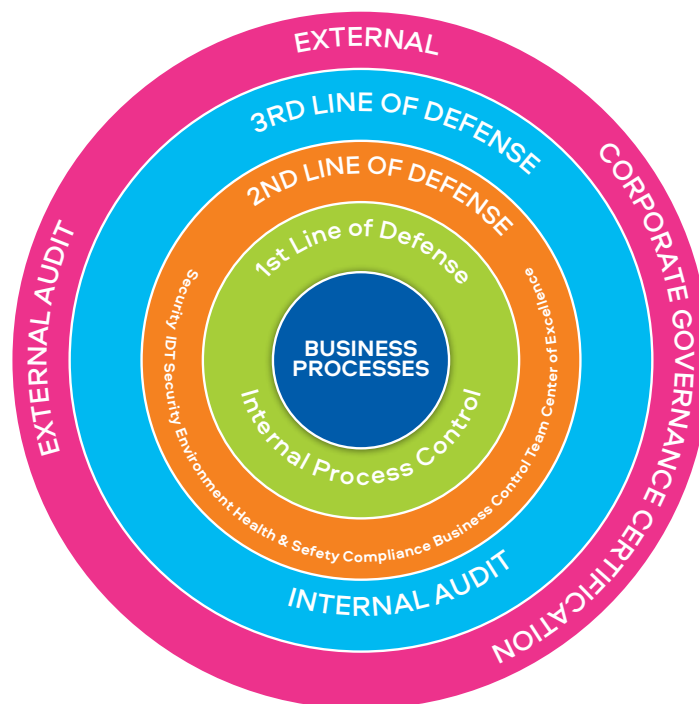
- **Maximizing Benefits:** Minimizing threats while capitalizing on opportunities, increasing the likelihood of meeting both strategic and tactical goals.
- **Intelligent Risk-Taking:** Encouraging the organization and its projects to take on an appropriate level of risk, with a clear understanding of uncertainty and its potential impact, opening opportunities for greater rewards through managed risk-taking.
- **Developing a Risk-Aware Culture:** Fostering a culture where risk is recognized at all levels of the organization and managed proactively to deliver tangible benefits.

By integrating strategy with execution and addressing uncertainty, our integrated approach enables us to manage both risks and opportunities effectively, ensuring successful project outcomes and maximizing business benefits.

## SYSTEM OF INTERNAL CONTROL

BAT Bangladesh upholds a robust internal control environment through a structured governance framework. The Board delegates oversight responsibilities to its various committees and senior leadership team, ensuring that control mechanisms align with corporate governance standards and operational best practices. A comprehensive risk management and Management Information Systems (MIS) framework strengthens the Company's control environment.

To ensure a structured approach to risk assurance, the Company follows the "Three Lines of Defense" model, as detailed below:



## INTERNAL CONTROL ASSURANCE FRAMEWORK

1 <sup>st</sup> 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

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

## INTERNAL AUDIT

3 <sup>rd</sup> Line of Defense		
Teams	Assessment tools	Frequency
International Audit	International Audit	Per Global Audit Plan & AC Approval
	Local Audit	AC Approved

## STANDARDS OF BUSINESS CONDUCT

In line with the Bangladesh Securities and Exchange Commission's (BSEC) Corporate Governance Code, 2018, BAT Bangladesh has established its Standards of Business Conduct (SoBC) applicable to the Chairman, Board members, Managing Director (CEO), and senior management. The SoBC, available on the Company's website, is periodically reviewed periodically by the Board to ensure alignment with evolving governance standards and global best practices, with the most recent revision completed in January 2024.

The SoBC is mandatory for all employees and Directors, promoting a culture of transparency, accountability, and compliance across the organization. It includes policies on the Speak Up process, conflict of interest declarations, anti-bribery, human rights, and operational practices. Additionally, it provides clear guidelines on gifts, record-keeping, asset protection, confidentiality, information security, insider trading, compliance with competition laws, anti-money laundering, anti-terrorism measures, and sanctions.

## CERTIFICATE OF COMPLIANCE WITH THE ETHICS AND BUSINESS CODE OF CONDUCT

The Board affirms the Company's commitment to ethical practices and compliance with the established Ethics and Business Code of Conduct, in accordance with the BSEC Code and other relevant regulations. The Board has certified that the Company adheres to applicable regulatory requirements, internal policies, and industry standards. Our certification process reinforces transparency, trust, and accountability, strengthening our corporate governance framework. The certification process includes the following key steps:

1. Development & Review of the Code of Conduct
2. Training & Awareness Programs
3. Declaration of Compliance
4. Monitoring & Enforcement
5. Reporting & Whistleblower Protection
6. Review & Improvement
7. Directors' Declaration on the Financial Statements (Page 74)

## OUR VALUES

For over 114 years, BAT Bangladesh has been a steadfast partner in the nation's sustainable development journey, setting industry benchmarks in compliance and governance, and corporate excellence. Our commitment extends beyond business-- we take pride in nurturing world-class leaders who drive meaningful impact on both national and global organizations. With a forward-looking mindset, we continuously innovate and adopt new approaches to shape a brighter future.

- Truly inclusive
- Passion to win
- Do the right thing
- Empowered through trust
- Love our consumer
- Stronger together

## HUMAN CAPITAL

Our people are our greatest asset-- passionate, skilled, and empowered individuals who drive our business forward. We are committed to cultivating a high-performing, inclusive, and dynamic workforce where talent is nurtured, achievements are recognized, and collaboration drives innovation. This commitment has earned us the prestigious "Top Employers" certification from the Top Employer Institute, highlighting our dedication to best-in-class HR practices.

To ensure long-term success, the Company prioritizes a recruitment and selection process based on skill and merit, offering competitive compensation packages, structured training and development programs, and clear career advancement opportunities. Our high-performance culture is promoted through strategic succession planning, an engaging and supportive work environment, and open communication channels that empower employees to raise concerns and receive support.

## RECRUITMENT AND SELECTION

Talent development and recruitment are key priorities for BAT Bangladesh. Our flagship initiative, Battle of Minds (BoM), has been a cornerstone of employer branding for over 20 years. Since its global launch in 2019, BoM has continued to be a premier talent platform, successfully transitioning to a virtual format during the pandemic while maintaining its impact. The 2024 edition returned to a physical format, featuring new features and functionalities, and was a major success.

Our rigorous recruitment process includes interactive assessments designed to identify individuals with exceptional potential. Additionally, the Global Graduate Program recruits exceptional fresh graduates and develops them into future leaders of the Company.

## LEARNING & DEVELOPMENT

We are committed to unlocking the full potential of our people through continuous learning and development. Recognizing the importance of work-life balance, we provide

tailored training sessions at regular intervals, designed to support both personal and professional development. Furthermore, our state-of-the-art technical training center is dedicated to delivering in-depth technical training, reinforcing our commitment to skills enhancement.

## COMPENSATION & BENEFITS

Our competitive and performance-driven remuneration framework is designed to attract, retain, and motivate top talent across all levels of the organization. Compensation is aligned with industry benchmarks and considers individual qualifications, skills, performance, contributions, and responsibilities, ensuring that employees feel valued and motivated.

## COMPREHENSIVE PERFORMANCE MANAGEMENT PROGRAM

At BAT Bangladesh, our performance appraisal system enables employees to measure their achievements against strategic business objectives while identifying opportunities for further development. High-performing individuals are recognized and rewarded, while all employees are encouraged to enhance their capabilities, ensuring they contribute meaningfully to the Company's goals and objectives.

## REWARDS AND RECOGNITION PROGRAM

A culture of recognition is central to our work philosophy. BAT Bangladesh's rewards and recognition program acknowledges employee performance, actions, behaviour, and consistent effort. The program is designed to incentivize both short-term business results and long-term organizational goals. We acknowledge outstanding performance through both monetary and non-monetary incentives, ensuring that employees feel valued and motivated.

## GRIEVANCES AND COUNSELLING

We are committed to creating a work environment where employees feel supported in every aspect of their professional journey. Our grievance resolution procedure provides an accessible platform for employees to voice concerns. Additionally, our counselling initiatives offer guidance and support, helping them navigate professional challenges while maintaining productivity and engagement.

## ENSURING A SOUND WORKPLACE

Our people are our greatest asset, and we continuously invest significant time and resources to foster a positive and conducive work environment. We uphold a strict zero-tolerance policy against any form of discrimination and actively promote equal opportunities, ensuring that all employees, regardless of gender or background have the opportunity to thrive. Additionally, we promote a merit-based culture where talent and dedication are the key drivers of success.

## ASSETS & RECORDS MANAGEMENT

As custodian of shareholders' assets, the Board of Directors of BAT Bangladesh oversees investments aimed at maintaining cutting-edge operational efficiency.

From asset acquisition to disposal, the Board ensures full transparency and accountability, prioritizing shareholders' interests. Regular physical audits, safety protocols, and comprehensive insurance coverage safeguard corporate resources and confirm the accuracy of reported data, while secure archiving practices ensure efficient record management. The Company Secretary oversees recordkeeping, ensuring easy retrieval of essential documents.

### STATUTORY AUDITORS

Following the recommendation of the Audit Committee, the Board approves the appointment of an Auditor, which is subject to shareholders' approval at the Annual General Meeting, where shareholders also determine the Auditor's remuneration. The appointment of the Statutory Auditor is governed by the Companies Act, 1994, the Securities & Exchange Rules, 1987, and the BSEC Corporate Governance Code 2018.

In accordance with BSEC regulations, a Statutory Auditor can serve no more than three consecutive years. To ensure full regulatory compliance, the Company obtains a Compliance Certificate from a licensed professional firm, certifying that the Company has adhered to all required regulations under the Corporate Governance Code 2018 (CGC) of the BSEC. This report is made available to shareholders and included in the Company's Annual Report. Additionally, the appointment of the Compliance Auditor requires shareholders' approval at the Annual General Meeting, ensuring continued transparency in financial oversight.

### INDEPENDENT SCRUTINIZER TO THE 52<sup>ND</sup> AGM

In accordance with condition no. 9 of Directive No. BSEC/CMRRCD/2009-193/08, dated March 10, 2021, from BSEC,

the Company is required to appoint an 'Independent Scrutinizer' for the AGM. During the Board of Directors' meeting on date, name, was appointed as the Independent Scrutinizer for the 52<sup>nd</sup> Annual General Meeting (AGM) of the Company, scheduled to be held virtually on 25<sup>th</sup> March 2025. The Independent Scrutinizer plays a pivotal role in ensuring the integrity and transparency of the election process, overseeing all election procedures, and validating the results. An authenticated report summarizing the voting outcome will be submitted to the BSEC within 48 hours of the conclusion of the AGM.

### TRANSPARENT DISCLOSURE

The financial statements are prepared in compliance with applicable laws and regulations, including:

- Bangladesh Accounting Standards (BAS)
- International/Bangladesh Financial Reporting Standards (IFRS/BFRS)
- Companies Act, 1994
- Securities and Exchange Rules, 1987
- BSEC directives
- Corporate Governance Code 2018

The Board is responsible for designing, implementing, and maintaining internal controls to ensure the accurate preparation and fair presentation of financial statements, free from material misstatements, whether due to fraud or error. Through diligent oversight, appropriate accounting estimates are made based on prevailing circumstances, adhering to established accounting policies and interpretations. The reports are regularly reviewed by the relevant authorities to ensure compliance, transparency, and the highest standards of corporate accountability.



Ensuring financial accuracy and transparency remains a top priority. The external auditor collaborated with the Audit Committee to review the Company's quarterly financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Company policies. The Board further assesses these statements at the end of each quarter. To uphold transparency, these quarterly financial statements, along with detailed notes, are published in two major daily newspapers and also made available on the Company's website. In addition, half-yearly and annual financial statements are also distributed promptly to shareholders. The Directors' Report, an integral part of the Annual Report, presents a holistic view of the Company's financial performance, covering key areas such as growth, productivity, responsibilities, and

more, in compliance with BSEC regulations. Additionally, the Company fully complies with relevant regulations concerning Price Sensitive Information (PSI).

### ANNUAL GENERAL MEETING (AGM) & COMMUNICATION

Shareholders receive a 21 days' notice before the AGM, along with all necessary documents for full information. Financial updates, including quarterly and half-yearly results, are published on the Company's website and communicated to stakeholders for transparency. The AGM serves as a key platform for shareholders to engage directly, ask questions and vote on individual resolutions. The Annual Report is shared in advance to enable meaningful discussions.



## SUMMARY OF AGM/EGM

Particulars	2024	2023	2022	2021	2020	2019
Date of the AGM	28 <sup>th</sup> March	29 <sup>th</sup> March	30 <sup>th</sup> March	28 <sup>th</sup> March	22 <sup>nd</sup> April	28 <sup>th</sup> April
EGM Date/ Agenda (MoA Clause-5 & AoA 80a amendment)	-	29 <sup>th</sup> March	-	-	-	28 <sup>th</sup> April
Ordinary Business Agenda	5	5	5	5	5	5
Special Business Agenda	-	-	-	1	-	-

### ENSURING PARTICIPATION OF SHAREHOLDERS AT THE AGM

BAT Bangladesh prioritizes shareholder engagement. To ensure maximum participation, the Annual Report is shared at least 21 days before the AGM, giving shareholders adequate time to analyze key agenda items. The date, time, venue, and agenda are communicated well in advance, allowing shareholders to prepare for meaningful discussions. Meeting materials are distributed via both physical delivery and digital channels for ease of access. Additionally, in strict adherence to regulatory requirements, the AGM notice is published in two widely circulated newspapers and submitted to the stock exchanges and the BSEC.

To comply with BSEC Directive No. BSEC/CMRRCD/2009-193/08, BAT Bangladesh hosts its AGM through a secure online platform, ensuring convenient participation for all shareholders. To uphold transparency and fairness, an Independent Scrutinizer with expertise in Company secretarial and chartered accountancy matters oversees the voting process, ensuring full compliance with due diligence during both online and offline voting.

### COMMUNICATION WITH SHAREHOLDERS

At BAT Bangladesh, we recognize the importance of clear, timely and accessible communication to empower our shareholders. In alignment with BSEC guidelines, the Company strives to act in the best interests of its shareholders, demonstrating transparency through the provision of comprehensive information on our website, which helps foster investor trust and confidence. Our website ([www.batbangladesh.com](http://www.batbangladesh.com)) serves as the primary gateway for shareholders and stakeholders to access essential financial and corporate information.

At the Annual General Meeting (AGM), shareholders can interact with the Board, inquire about the Company's operations, and discuss future strategies. Beyond the AGM, shareholders remain well-informed through:

- Monthly updates on the shareholding pattern are available on the website
- Compliance reports submitted to the Dhaka Stock Exchange and Chittagong Stock Exchange
- Timely updates on quarterly financial results and Price Sensitive Information (PSI)
- Regular disclosures through the Annual Report
- Ongoing material information updates through appropriate channels.

### COMMUNICATION THROUGH THE WEBSITE

The Company's website, [www.batbangladesh.com](http://www.batbangladesh.com), serves as a central hub for financial disclosures, including Annual Reports, half-yearly and quarterly financial reports, and updates on price-sensitive information. In full compliance with the requirements of the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, and Chittagong Stock Exchange listing regulations, we disclose all Price Sensitive Information (PSI), in a timely and transparent manner. By leveraging both print and digital media, we ensure that stakeholders receive critical updates promptly, reinforcing our commitment to governance and investor engagement.

### WELL-DEFINED SHAREHOLDERS' RIGHTS

BAT Bangladesh is committed to upholding trust, transparency, and accountability in its engagement with shareholders. The Board ensures that shareholders are treated with fairness, respect, and integrity, and that their rights are safeguarded through the Investor Relations function. The Company Secretary plays a crucial role in facilitating communication between the management, shareholders, and the Board, ensuring compliance with applicable laws and the Company's Articles of Association. Shareholders are regularly updated on significant developments and changes in the business, reinforcing our commitment to responsible corporate governance.

### SHAREHOLDERS' COMPLAINT MANAGEMENT PROCESS

BAT Bangladesh is dedicated to ensuring the fair treatment of all shareholders. A structured Complaint Management Policy ensures prompt resolution of inquiries while upholding stakeholder rights and responsibilities. Our approach focuses on:

- Providing easy access to shareholder information
- Ensuring efficient and timely handling of shareholder inquiries and complaints
- Ensuring timely access to material information

### OUR COMPLAINT MANAGEMENT SYSTEM

When a complaint or inquiry is received, the Investor Relations department, in collaboration with the Registrars, takes prompt action to ensure it is addressed within the following time frame:

- I. Complaints or inquiries submitted via email receive an acknowledgement within 24 hours, and those sent by post receive a response within two working days.

- II. Efforts are made to resolve all complaints within 10 working days, provided all necessary conditions and requirements are met.
- III. If a complaint or inquiry cannot be resolved within the specified time frame, the resolution period may be extended with prior notice. If the issue remains unresolved, the complainant may be referred to a relevant authority for further action.
- IV. Responses are provided through the same medium as the original inquiry unless otherwise agreed upon with the shareholder. The Investor Relations department strives to resolve all complaints amicably and ensures shareholders are kept informed of the progress.

### WAYS TO RAISE ANY COMPLAINTS

#### i. Company Secretary

Syed Afzal Hossain  
Company Secretary  
Email: syed\_afzal\_hossain@bat.com

#### ii. Investor Relations Department (Share Office)

Md. Atiqur Rahman  
Assistant Company Secretary  
Email: Atiqur\_Rahman@bat.com  
batbshareoffice@bat.com  
Mobile: +8801313701925, +8801755532753

#### Address:

British American Tobacco Bangladesh  
New DOHS Road, Mohakhali, Dhaka-1206

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

BATB's **Speak Up Policy** encourages employees, suppliers, and anyone associated with the Company to report any wrongdoings or potential policy violations. This policy is designed not only to address actual violations but also to allow reporting of situations where a violation may occur in the future.

Reports can be submitted directly to the Company's designated officers through email, letter, or phone call. The designated officers include:

- Managing Director (CEO)
- Finance Director (CFO)
- Head of Legal
- Company Secretary

Alternatively, individuals can use the **Speak Up Portal** (convercent.com) to report incidents anonymously. Once a report is made, it is investigated, and appropriate measures are taken to prevent future occurrences.

The Company takes every complaint seriously, responds promptly, and learns from the feedback. No consequences are faced by those who make reports, even if the allegations are not substantiated. All reported incidents are swiftly communicated to the Board Audit Committee for further

action, ensuring accountability and the prevention of any wrongdoing.

### BOARD COMMITMENTS / LEADING TAXPAYERS / CONTRIBUTION TO NATIONAL EXCHEQUER

BAT Bangladesh takes pride in being a key contributor to the nation's economic growth, consistently ranking as the leading corporate taxpayer in the private sector. Listed on both the Dhaka and Chittagong Stock Exchanges, the Company contributed BDT **34,173** crore in taxes in 2024. BAT Bangladesh deeply values its strong relationship with the Government of Bangladesh, its esteemed shareholders, and all other stakeholders, ensuring that the highest ethical and governance standards are upheld.

### SUMMARY

BAT Bangladesh reaffirms its commitment to the highest corporate governance standards set by the BSEC. Our business model is built on transparency, accountability, and ethical business practices, ensuring that we create long-term value for stakeholders, investors and the communities we serve. The Board continues to guide the Company with a forward-looking strategy - both short-term and long-term goals-- leveraging a three-year action plan that integrates financial performance with environmental and social sustainability.

Despite global and domestic challenges, including inflation, demand uncertainty, and climate change, BAT Bangladesh has demonstrated resilience and strong revenue growth. We are committed to a climate-resilient business model and deepening stakeholder engagement. The Board and its Committees uphold best governance practices, aligning with the Standards of Business Conduct (SoBC) and terms of reference (ToR).

As a transparent and responsible corporate entity, BAT Bangladesh fosters openness, accountability, and effective governance, reinforcing its dedication to ethical and regulatory-compliant operations. This unwavering commitment to corporate governance continues to drive long-term value creation, advancing the shared prosperity towards "**A Better Tomorrow.**"

### DISCLAIMER:

BAT Bangladesh would like to clarify its position regarding the non-pursuance of ISO certification for its production processes. After a comprehensive evaluation of our operational environment, the Company has determined that pursuing ISO certification at this time does not fully align with the current industry practices. While we acknowledge the importance of ISO certification as a mark of compliance with international standards, we have instead opted to direct our resources towards the Integrated Work System (IWS), which we believe is more suited to enhancing our operational excellence. Please be assured that our commitment to maintaining high standards of quality and efficiency remains unwavering.



**Wael Sabra**  
Chairman



**Syed Afzal Hossain**  
Company Secretary



# AUDIT COMMITTEE

## STANDING FROM LEFT

- **Mr. Tamzeed Ahmed** Senior Manager - Internal Audit
- **Mr. Shirajun Noor Chowdhury** Member
- **Mr. Masud Khan** Member
- **Mr. A. K. M. Aftab Ul Islam FCA** Chairman
- **Ms. Zakia Sultana** Member
- **Mr. Syed Afzal Hossain** Secretary

# REPORT OF THE AUDIT COMMITTEE

The Audit Committee of British American Tobacco Bangladesh Company Limited plays a critical role in ensuring financial integrity, risk management, and regulatory compliance. It operates as a sub committee of the board. Established in accordance with the Corporate Governance Code 2018 set forth by the Bangladesh Securities and Exchange Commission (BSEC), the Committee ensures accuracy, transparency, and fairness of the Company's financial statements, while also overseeing the implementation of robust internal controls and governance practices.

The Committee is empowered to investigate any issue within its Terms of Reference (ToR), access all Company records, request relevant information from any Director or employee, and engage any resource, including external experts, as necessary to fulfill its duties. It may also engage external experts, including legal advisors, tax consultants, and statutory auditors, to ensure well-informed decision-making. While the Committee does not perform an executive role, its primary focus is to review, challenge, and provide guidance to address issues within its scope, rather than assume direct responsibility for them.

The Committee ensures transparency and accountability by presenting a summary of its activities to shareholders, stakeholders, and other interested parties through this report. Additionally, the Committee Chairman actively participates in all General Meetings, addressing shareholder concerns and providing insights into the Committee's work.

The Committee also supports the Board in ensuring that the financial statements present an accurate and fair view of the Company's financial position. It further oversees the establishment of effective monitoring and financial oversight systems across the organization and its operations.

The Committee's purpose is to ensure oversight of key areas, including the accuracy of financial statements, management of business risks, the business continuity plan, internal controls, regulatory compliance, whistleblowing mechanisms, and audit processes.

The following are the Committee's fundamental responsibilities:

- Enhance good practices in financial reporting and risk management.
- Oversee the implementation of effective internal controls and ensure compliance with applicable laws and regulations.
- Verify that financial statements are prepared, presented, and submitted in alignment with relevant laws, standards, and regulations.
- Execute and fulfill all other designated responsibilities.

## THE COMPOSITION OF THE COMMITTEE

In compliance with condition 5 of the Corporate Governance Code 2018 issued by the BSEC, the Board has established the Committee with specific responsibilities outlined in its Terms of Reference (ToR). The Committee is composed of the following Directors of the Company:

Names	Status with the Board	Status with the Audit committee
<b>Mr. A. K. M. Aftab UI Islam FCA</b>	Independent director	Chairman
<b>Mr. Masud Khan</b> (Appointed on 29 <sup>th</sup> October 2024)	Independent director	Member
<b>Ms. Zakia Sultana</b>	Non-Executive Director	Member
<b>Mr. Shirajun Noor Chowdhury</b>	Non-Executive Director	Member
<b>Mr. Syed Afzal Hossain</b>	Secretary	Secretary

All members of the Committee are required to be financially literate, with the ability to analyze and interpret financial statements, enabling them to effectively fulfill their duties and responsibilities as Committee members.

## AUDIT COMMITTEE COMPOSITION

Independent Director



Non-Executive Director



Secretary



AREA OF EXPERTISE

1

Accounting

1

Law

1

Marketing  
& Finance

1

Environmental  
Management



### Qualification of the chairman of the Audit Committee

The Audit Committee is led by Mr. A. K. M. Aftab UI Islam FCA, an Independent Director with extensive experience in financial and corporate governance matters. His detailed qualifications are provided in his brief profile on page 36 of this annual report. All Committee members possess financial literacy as required by the Corporate Governance Code 2018. If the Chairman of the Audit Committee is unavailable for a meeting, the remaining members may select a substitute Chairperson from among themselves. This ensures compliance with quorum requirements under condition No. 5(4)(b), which mandates the presence of an independent director. The Chairman's absence and the reason for it will be appropriately documented in the meeting minutes.

### Chairman of the Audit Committee shall Remain Present in the Annual General Meeting (AGM):

In the event of the Chairman's absence, another member of the Committee shall be designated to attend the AGM. The reason for the Chairman's absence will be duly documented in the AGM minutes.

### TERMS OF REFERENCE

The Audit Committee's Terms of Reference (ToR) clearly define its roles and responsibilities. These terms undergo periodic reviews and updates, subject to Board approval, to reflect evolving business dynamics and regulatory requirements. The Committee's roles and functions are also governed by the provisions of the "CGC" issued by the BSEC.

### ROLES AND RESPONSIBILITIES

The Committee's core responsibilities are outlined below. These serve as a framework, but it may undertake additional duties as necessitated by evolving business, legislative, regulatory, legal, or other conditions, as well as any tasks assigned by the Board from time to time.

The Committee is empowered to monitor, review, and examine:

- Oversight of all financial matters concerning the Company.
- Evaluation of the effectiveness of internal control systems and risk mitigation measures.
- Assessment of the quality of accounting policies and their adherence to statutory and regulatory requirements.
- Examine the Annual Report, Accounts, and Interim Financial Statements prepared for disclosure prior to submission to the Board.
- Ensure the establishment of a robust financial reporting system that delivers timely and accurate information to the Board, regulatory authorities, management, and other relevant stakeholders.
- Uphold the highest standards of corporate governance, ethical practices, and operations that serve the best interests of all stakeholders.

### MEETINGS

In the year under review, the Committee convened 4 meetings, with member attendance detailed in the table. The Head of Internal Audit & Compliance (HIAC), as a permanent invitee, reported directly to the Committee and participated in every meeting. Key management personnel, including the Finance Director (CFO), Managing Director (CEO), along with other senior executives, attended meetings by invitation as required. Additionally, the Engagement Partner from the Company's external auditors, KPMG Rahman Huq, Chartered Accountants, was invited by the Committee and attended all meetings throughout the year.

### The Board Audit Committee convened its meetings during 2024 as follows:

S.L No	Meeting	Date of the Meeting
1	150 <sup>th</sup> Board Audit Committee Meeting	28 <sup>th</sup> October 2024
2	149 <sup>th</sup> Board Audit Committee Meeting	23 <sup>rd</sup> July 2024
3	148 <sup>th</sup> Board Audit Committee Meeting	12 <sup>nd</sup> May 2024
4	147 <sup>th</sup> Board Audit Committee Meeting	7 <sup>th</sup> February 2024

### The Board Committee Members and their attendance for the year 2024 are as follows:

S.L No.	Name of the Directors	Designation in the committee	Presence of the Directors in the meeting during their tenure			
			No. of Meeting	Present	Absent	% of attendance
1	Mr. A.K.M. Aftab UI Islam FCA	Chairman	4	4	-	100
2	Ms. Zakia Sultana	Member	4	4	-	100
3	Mr. Shirajun Noor Chowdhury	Member	4	4	-	100
4	Mr. Masud Siddiqui Retired on 16 <sup>th</sup> October 2024	Member	4	3	-	100
5	Mr. Syed Afzal Hossain Appointed on 1 <sup>st</sup> April 2024	Secretary	3	3	-	100



## ACTIVITIES

The Committee undertook the following activities throughout 2024:

### (i) Reviewing Financial Reporting

The Committee reviewed the Company's quarterly financial statements for the periods ending 31<sup>st</sup> March 2024, 30<sup>th</sup> June 2024, and 30<sup>th</sup> September 2024, along with the annual financial statements for the year ending 31<sup>st</sup> December 2024. The key areas of focus included:

- Material changes in accounting policies.
- Major adjustments resulting from the audits.
- Adherence to relevant financial reporting standards and legal/regulatory requirements.
- Assessment of the going concern assumption.

### (ii) Reviewing Related Party Transactions

Examined related party transactions that did not present any conflicts of interest with the Company, including any transactions, procedures, or actions that could raise concerns about management integrity.

### (iii) Preparation of Audit Committee Reports

The Audit Committee's Report, prepared in compliance with the BSEC Code, was submitted to the Board. It includes details about the Committee's composition, Terms of Reference (ToR), the number of meetings held and attendance, and a summary of activities, along with a review of internal audit services.

### (iv) Review and Ensure Internal Control

- Assessed the Risk Management and Corporate Governance framework implemented within the Company and were satisfied with the approach used to identify, analyze, assess, monitor, and communicate risks on a regular and timely basis.
- Reviewed the level of compliance with internal policies, standards, guidelines, and procedures.
- Gained assurance through internal and external audits that appropriate controls were designed and implemented before any significant changes were made within the Company.

### (v) Monitoring of Internal Audit

At BAT Bangladesh, the Internal Audit function is structured to comply with local legal and regulatory requirements. Additionally, in line with the Corporate Governance Code 2018, the Company has implemented a compliance review mechanism to assess cross-functional processes.

Internal Audit adopts a risk-based approach in planning and conducting audits, focusing primarily on commercial operations, factory and supply chain processes, IT systems, and business transformation projects. Additionally, reviews may be initiated by specific requests from the Committee or Management. By employing a robust audit methodology

and tools, Internal Audit provides an independent evaluation of the effectiveness and efficiency of internal controls, playing a key role in developing a risk management framework that supports the achievement of strategic goals and change management initiatives.

The annual audit planning process is informed by the Company's risk register and inputs from the Committee, with the Committee formally approving the Internal Audit & Compliance plan on an annual basis. The Committee review the process quarterly and approves any necessary changes, ensuring alignment with evolving business needs. The scope of Internal Audit & Compliance encompasses all units and operations within the Company.

The Committee performed the following activities related to Internal Audit in 2024:

- Established an Internal Audit team with the required qualifications and expertise, ensuring adequate resources were allocated for executing the approved audit plans. The Committee granted Internal Audit full access to all activities, records, and assets.
- Evaluated the internal audit plan, methodology, and resource allocation to confirm their adequacy before granting approval.
- Monitored the implementation of audit recommendations, ensuring all necessary actions were taken.
- Offered guidance on audit findings and recommendations for additional reviews where necessary.

Conducted and monitored the following Internal Audit during 2024:

- Review of Recruitment Processes
- Evaluation of Procurement Processes
- Assessment of Brand Management Processes
- Comprehensive Audit of All Company Operations (excluding Factory)
- End-to-end Audit of Leaf Processes
- Review of Third-Party Contractor Management
- Furthermore, the Committee reviewed the quarterly Internal Audit & Compliance Report, including updates on the status of action plans for Internal Audit & Compliance.

## RESPONSIBILITY RELATED TO EXTERNAL AUDIT:

Maintaining the integrity, independence, and transparency of the external audit process is a top priority for the Audit Committee. To uphold this standard, the Committee strictly prohibits external auditors from performing any services that could create a conflict of interest or compromise their objectivity. As part of this policy, the Company does not engage external auditors for significant non-audit services, including:

- Appraisal, valuation services, or fairness opinions.
- Design and implementation of financial information systems.

- Bookkeeping or other accounting-related services.
- Broker-dealer services.
- Actuarial services.
- Internal audit services.

In 2024, the Committee evaluated the external auditors' expertise, resources, independence, objectivity, and overall effectiveness. The Committee carried out the following responsibilities concerning the External Audit:

- Assessed the hiring and performance of the external auditors and reviewed the nature and scope of the audit plan, audit report, internal control evaluations, and coordination with the external auditor.
- Held meetings with the external auditor to review the audited financial statements, audit findings, and recommendations before presenting them to the Board for approval or adoption.
- Examined any findings from the external auditor, including comments or responses in management letters, and evaluated the support provided by the Company's employees, ensuring that appropriate actions were being taken.
- Reviewed the external auditor's evaluation of the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- Considered matters related to the appointment, reappointment, audit fees, and the resignation or dismissal of the external auditor.
- Assessed factors affecting the independence of the external auditor and supported efforts to maintain their independence.
- Sought advice and made decisions on whether to utilize the external auditor for non-audit services within the Company, carefully considering the types of services provided and associated fees to avoid compromising their role as auditor.

In addition to the above responsibilities, the Committee also addressed other matters as directed by the Board, ensuring these did not conflict with the CGC established by BSEC.

## REPORTING OF THE AUDIT COMMITTEE

- Reporting to the Board of Directors: As per the BSEC Corporate Governance Code 2018, the Committee's main responsibility is to report to the Board of Directors in consultation with Management, in accordance with its Terms of Reference (ToR). The Committee promptly escalates any concerns to the Board if the following findings arise:
  - Reports on conflicts of interest.
  - Suspected or identified fraud, irregularities, or material defects in the internal audit and compliance processes or financial statements.
  - Suspected violations of laws, including securities laws, rules, and regulations.

- Any other matters that the Committee considers necessary to disclose to the Board without delay.

In accordance with condition no. 5 of the Corporate Governance Code outlined in BSEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3<sup>rd</sup> June 2018, the Committee ensured that the Managing Director (CEO) and Finance Director (CFO) provided formal certification to the Board. This certification affirmed their review and endorsement of the Company's financial statements for the year ended 31<sup>st</sup> December 2024.

Following a comprehensive review, the Audit Committee confirms that the financial statements for the year ending 31<sup>st</sup> December 2024:

- Do not contain materially false statements, significant omissions, or misleading information.
- Provide an accurate and fair view of the Company's financial position, fully complying with relevant accounting standards and applicable laws.
- Reflect a financial year free from fraudulent, illegal, or non-compliant transactions, in adherence to the Board of Directors' code of conduct.

### (ii) Reporting to the Authorities

The Audit Committee plays a critical role in safeguarding financial integrity by maintaining direct communication with the Board of Directors. It ensures that any significant financial or operational concerns are promptly identified and addressed. In the event of unresolved matters, the Committee escalates the issue to BSEC after three formal reports to the Board or within 6 months of the initial report, whichever occurs first.

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

The Committee's key decisions, actions, and reports to the Board of Directors are documented, signed by the Chairman of the Committee, and published in the Company's Annual Report. This ensures transparency and compliance with condition No. 5(6)(a)(i) of the BSEC Corporate Governance Code 2018,

## SUMMARY OF ACTIVITIES DURING THE YEAR 2024

In alignment with its Terms of Reference, the Committee fulfilled its responsibilities and undertook the following activities in 2024:

### Reviewing Financial Reporting 2024:

The Committee examined the Company's quarterly and annual financial statements, engaging closely with the Finance Director (CFO) and Managing Director (CEO). After thorough analysis, it provided recommendations for Board approval, ensuring that the financial statements accurately represented the Company's financial performance.

### Monitoring Internal Control

The Committee evaluated the Company's Risk Management framework, conducting an in-depth analysis

of key functional risks and the effectiveness of mitigation strategies. Additionally, the Committee reviewed the status of action plans resulting from various assessments, including updates on policy violations and whistle-blowing incidents.

#### Monitoring Internal Audit process

In 2024, through strategic oversight, the Committee reviewed and approved the annual Internal Audit plan. It also evaluated findings from the Internal Audit team, reviewed recommendations and ensured corrective measures were effectively implemented. Regular reports are shared with both the Committee and the Management Leadership Team to enhance internal controls.

#### REVIEWING EXTERNAL AUDIT REPORT 2024

The Committee reviewed the external auditor's audit plan, covering its nature, scope, and findings, along with the evaluation of internal controls and ensured effective coordination between internal and external auditors. Upon comprehensive assessment, it recommended the Company's quarterly and annual financial statements for Board approval.

#### Appointment Of Auditors

The Committee evaluated and provided recommendations to the Board regarding the appointment and remuneration of the statutory auditor.

#### Reviewing Related Party Transactions

The Committee reviewed reports on related party transactions and potential conflicts of interest. Additionally, it examined the projected recurrent related

party transactions for the upcoming year and advised the Board to seek shareholder approval at the Company's forthcoming Annual General Meeting.

#### Ethical and Integrity Areas

The Committee reviewed reports on whistle-blowing cases, policy breaches, security and safety issues, and loss incidents. It also conducted periodic evaluations of environmental, health, and safety reports.

#### Review Annual Report Process

The Committee reviewed the Corporate Governance disclosures, Audit Committee Report, and the Statement on Risk Management and Internal Control for the financial year ending 31<sup>st</sup> December 2024. These were assessed for inclusion in the 2024 Annual Report and subsequently recommended to the Board for approval.

#### Evaluation of the Committee

An independent Board-led committee reaffirm that the Audit Committee functions effectively, delivering strong financial and governance oversight.

Following a thorough evaluation, the Committee believes that the Company's internal control and compliance mechanisms are well-structured to provide an accurate and fair representation of financial position information while ensuring the proper safeguarding of assets against business and operational risks. This enabled the Committee to identify key risk areas, guide management in strengthening control measures, and facilitate the provision of accurate, timely, and relevant information to the Board of Directors, regulatory authorities, and shareholders.



**Syed Afzal Hossain**  
Company Secretary



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



# NOMINATION AND REMUNERATION COMMITTEE

## STANDING FROM LEFT

- Mr. Shirajun Noor Chowdhury Member
- Mr. A. K. M. Aftab Ul Islam FCA Member
- Mr. Masud Khan Chairman
- Mr. Abul Hossain Member
- Mr. Syed Afzal Hossain Secretary

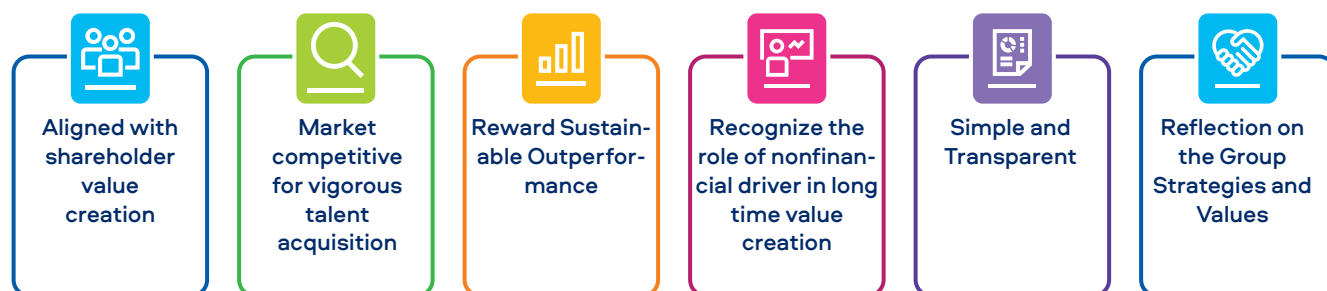


# NOMINATION AND REMUNERATION COMMITTEE REPORT



THE NOMINATION AND REMUNERATION COMMITTEE (NRC) PLAYS A PIVOTAL ROLE IN GUIDING MANAGEMENT ON STAFFING NEEDS AT VARIOUS LEVELS, AND IN ESTABLISHING CRITERIA FOR EMPLOYEE SELECTION, TRANSFER, REPLACEMENT, AND PROMOTION. THIS COMMITTEE OPERATES UNDER THE NRC CHARTER, WHICH IS PRIMARILY ALIGNED WITH THE CORPORATE GOVERNANCE (CG) GUIDELINES OF BSEC AND INCORPORATES OTHER GLOBAL BEST PRACTICES.

## OUR REMUNERATION PRINCIPLES



BAT Bangladesh places a high priority on human capital as a key driver of organizational growth. The Company remains deeply invested in talent development, fostering a work environment where its valuable resource of intelligent, experienced, disciplined, clear-thinking, and energetic individuals can consistently drive growth and innovation within defined risk parameters. By continuously refining HR policies and practices, BAT Bangladesh cultivates a performance-driven culture that encourages active contributions to corporate objectives. The Company recognizes that the skills, innovation and enthusiasm of its employees are integral to achieving sustainable success.

## THE COMPOSITION OF THE COMMITTEE

The Board of Directors of BAT Bangladesh has established a Nomination and Remuneration Committee in accordance with the BSEC's Corporate Governance Code 2018. As an independent subcommittee, the NRC safeguards the rights and value of the Company's human resources. The Committee assists the Board in developing nomination criteria to assess the qualifications, attributes, experience, and independence of Directors and senior executives. Additionally, it is responsible for formulating a formal process to determine the remuneration of directors and top-level executives. The Committee is composed of the following Directors of the Company:

Name	Status in the Board	Position in NRC
<b>Mr. Masud Khan</b> (Appointed on 29 <sup>th</sup> October 2024)	Independent director	Chairman
<b>Mr. A.K.M. Aftab Ul Islam FCA</b>	Independent director	Member
<b>Mr. Shirajun Noor Chowdhury</b>	Non-Executive Director	Member
<b>Mr. Abul Hossain</b>	Non- Executive Director	Member
<b>Mr. Syed Afzal Hossain</b>	Secretary	Secretary

## NRC COMPOSITION

Independent Director



Non-Executive Director



Secretary



AREA OF EXPERTISE

1

Accounting

1

Marketing & Finance

1

Statistics

1

Law



## PURPOSE AND AUTHORITY OF THE COMMITTEE

The NRC supports the Board in defining and overseeing a formal and ongoing policy for determining the remuneration and honorarium of Directors and top-level executives. Additionally, the NRC guides management in assessing the Company's staffing needs across various levels and sets criteria for employee selection, transfer, replacement, and promotion. This Report, prepared in compliance with the Corporate Governance Code 2018 of BSEC, outlines the NRC's nomination and remuneration policies, evaluation criteria, and key activities.

## TERMS OF REFERENCE

The Nomination and Remuneration Committee has effectively carried out its responsibilities as assigned by the Board of Directors, in alignment with the NRC Charter. This Charter is grounded in the CG guidelines of BSEC and incorporates global best practices.

## ROLES AND RESPONSIBILITIES

With clearly defined terms of reference, the NRC ensures that the Company adheres to a nomination and remuneration policy, which meets market-recognized standards. This policy is crafted to address both the current and future needs of the Company. The key criteria for the selection of Directors, top-level executives, and all other employees are as follows:

### a) Nomination Criteria

- Strict adherence to Company policies, guidelines, and applicable national regulations.
- Maintenance of a fully transparent selection process.
- Alignment of the process with international standards and local best practices.
- Identification of core competencies relevant to various management and employee roles within the Company.
- Commitment of promoting diversity across age, experience, qualifications, expertise, and gender.

### b) Recruitment and Selection Guidelines

The NRC Charter provides a strategic framework for assessing the Company's staffing requirements at various levels, as determined by management. The recruitment and selection of Directors, top-level executives, and other employees are conducted in accordance with the following guidelines:

- **Executive Director:** The NRC recommends candidates for Executive Director(s) based on nominations from the majority shareholders. The Board of Directors formally appoints the Executive Director(s) following the NRC's nomination and recommendation.
- **Non-Executive Director:** The NRC proposes candidates for Non-Executive Director(s) based on nominations from majority shareholders, government shareholders, and other general shareholders. The Board of Directors appoints the Non-Executive Directors following the NRC's nomination and recommendation.
- **Independent Director:** An Independent Director must be an individual of high integrity and strong reputation, with the expertise necessary to ensure compliance with financial, regulatory, and corporate laws. They

should contribute meaningfully to the business, possessing sector-specific knowledge and meeting the qualifications prescribed by BSEC regulations. The Board of Directors appoints Independent Directors based on the NRC's nomination and recommendation, subject to shareholder approval at the Company's Annual General Meeting.

- **Top-level executives:** The NRC identifies and recommends candidates for top-level executive positions following a comprehensive review process conducted by the Finance Director (CFO), Executive Committee, and Human Resources Function. This process assesses candidates' qualifications, experience, skills, and leadership attributes, and alignment with the Company's internal selection procedures.

**Explanation:** The term 'top-level executives' of the Company includes the Managing Director (CEO), Finance Director (CFO), Head of Talent Culture & Inclusion, Head of Legal and Head of CORA, all Executive Committee Members (heads of functions), the Company Secretary, the Head of Internal Audit & Compliance, and other officials of equivalent rank, status, or salary.

- **Other Employees:** The NRC sets clear guidelines to assess the Company's staffing needs at various levels and delegates responsibilities to HRD management for selecting, transferring, replacing, and promoting employees in accordance with the Company's internal processes.

### Remuneration Criteria

- The structure, scale, and composition of remuneration and honorarium are designed to be fair and competitive, and aligned with industry standards to attract, retain, and motivate qualified Directors, top-level executives, and employees. The compensation packages, which include monthly, annual, and long-term benefits, are structured to align with appropriate performance benchmarks.
- A clear balance is maintained between fixed and incentive-based pay for Executive Directors and senior management, ensuring alignment with both short- and long-term performance Company goals and objectives.
- The NRC determines the remuneration, including bonuses, compensation, and benefits (in any form) for Executive Directors, top-level executives, and other employees, following the Company's policies and guidelines, which are subject to Board ratification when necessary.
- The remuneration for Executive Directors adheres to the Company's policies and guidelines, with adjustments, including salary increases, being decided by the NRC in accordance with these policies, subject to Board ratification as needed.
- The NRC also recommends the fees for Board meeting attendance, honorarium, and any incidental expenses, if applicable.
- No NRC member receives any remuneration, directly or indirectly, for advisory or consultancy services, other than Director's fees or honorarium from the Company.

## EVALUATION CRITERIA

### a) Executive Directors

The performance of Executive Directors is reviewed annually, guided by a clear framework of role profiles and responsibilities. At the beginning of each calendar year, the line authority defines these performance criteria through the Company's appraisal system. The Executive Directors are then responsible for submitting performance reports at both the half-year and year-end intervals, which are used by the line authority to assess their performance based on these established criteria.

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

The performance of Independent Directors and Non-Executive Directors is evaluated by the Board of Directors at least once annually, taking into consideration the following factors:

- Attendance at Board and committee meetings
- Active participation in Board and committee discussions
- Contribution to enhancing the Company's corporate governance practices

### c) Disqualification of appointment of directors

According to Section 94 of the Companies Act, 1994, an individual is not eligible to be appointed as a director of a Company if:

- He/she has been declared of unsound mind by a competent court and the finding is still in force;

- They are an undischarged insolvent;
- They have applied to be declared insolvent and their application is still pending;
- They have failed to pay any call on shares held in the Company, either solely or jointly, and six months have passed since the last payment date; or
- They are a minor.

### Top-level Executives & Other Employees

Top-level executives and other employees are guided by a structured performance management system, which is aligned with the Company's strategic objectives. Performance criteria are established at the beginning of each calendar year, based on the individual's roles and responsibilities, through the Company's formal appraisal process. Employees are then tasked with submitting performance reports at both half-year and year-end intervals. These reports are evaluated by line authority to assess employee performance in accordance with the established criteria.

## MEETINGS

During the year under review, the Committee held 7 meetings. The table below provides detailed attendance information for each Committee member. Members of the senior management of the Company were invited to participate in meetings as and when required. The proceedings of the NRC meetings were duly reported to the Board of Directors. At the invitation of the Committee, the Managing Director (CEO) and Head of Talent Culture & Inclusion attended all Committee meetings during the year.

S.L No	Meeting	Date of Meeting
1	1 <sup>st</sup> NRC Meeting of 2024	23 <sup>rd</sup> January 2024
2	2 <sup>nd</sup> NRC Meeting of 2024	18 <sup>th</sup> March 2024
3	3 <sup>rd</sup> NRC Meeting of 2024	8 <sup>th</sup> April 2024
4	4 <sup>th</sup> NRC Meeting of 2024	24 <sup>th</sup> June 2024
5	5 <sup>th</sup> NRC Meeting of 2024	30 <sup>th</sup> July 2024
6	6 <sup>th</sup> NRC Meeting of 2024	21 <sup>st</sup> August 2024
7	7 <sup>th</sup> NRC Meeting of 2024	10 <sup>th</sup> December 2024

### NRC Meetings and Attendance:

S.L No.	Name of the Directors	Designation in the committee	Presence of the Directors in the meeting during their tenure			
			No. of Meeting	Present	Absent	% of attendance
1	<b>Mr. Masud Khan</b> (Appointed as chairman on 29 <sup>th</sup> October 2024)	Chairman	1	1	-	100
2	<b>Mr. A.K.M. Aftab UI Islam FCA</b>	Member	7	7	-	100
3	<b>Mr. Shirajun Noor Chowdhury</b> (Appointed as member on 28 <sup>th</sup> March 2024)	Member	5	5	-	100
4	<b>Mr. Abul Hossain</b> (Appointed as member on 29 <sup>th</sup> October 2024)	Member	1	1	-	100
5	<b>Mr. Masud Siddiqui</b> (Retired on 16 <sup>th</sup> October 2024)	Member	6	6	-	100
6	<b>Mr. Syed Afzal Hossain</b> (Appointed on 1 <sup>st</sup> April 2024)	Secretary	4	4	-	100

### Activity Summary of Nomination and Remuneration Committee during the year

- The NRC periodically assessed the backgrounds and independence of Independent Directors, in addition to reviewing the performance attributes of Non-Executive Directors.
- It also reviewed the structure and composition of the Board and its committees.
- In alignment with its mandate, the NRC reviewed and approved the remuneration package for the Management team for the year 2024, while also evaluating the bonus pay-out ranges applicable to the Management.
- It approved the appointment of a local specialist to a senior management position in the Company.
- The Committee recommended the appointment of a new Chairman of the Board, a new Managing Director (CEO), an Executive Director, two Independent Directors and a new Company Secretary of the Company.
- Furthermore, the NRC recommended the appointment of a New Head of HR and endorsed five short-term international assignments within various roles across the Company.

### STANDARDS OF BUSINESS CONDUCT

At BAT Bangladesh, our Standards of Business Conduct (SoBC) integrates global and local policies to ensure we consistently uphold the highest ethical standards. Adherence to the SoBC is vital to the integrity of our operations and aligns with our commitment to responsible business practices.

The SoBC applies to all members of the Company, from the Board of Directors to every employee, ensuring full compliance with relevant laws and regulations. Responsibility and trust are the foundational principles that shape our conduct, extensively outlined within the SoBC. As a cornerstone of our Corporate Governance framework, the SoBC underscores our commitment to ethical and responsible business practices.

Our SoBC encompasses the following key principles that all employees are expected to uphold:

- Ensure all decisions and actions are lawful and ethically sound.
- Provide clear guidance for employees when faced with challenging decisions.
- Foster a corporate culture and tone that supports responsible business practices.
- Instill trust and confidence among the stakeholders through consistent adherence to ethical standards.



**Syed Afzal Hossain**  
Company Secretary

The Standards of Business Conduct cover a wide range of critical areas, including:

- Reporting malpractice or wrongdoing through whistleblowing
- Managing conflicts of interest
- Preventing bribery and corruption
- Guidelines on entertainment and gifts
- Promoting respect in the workplace
- Upholding human rights in our operations
- Making ethical charitable contributions
- Ensuring accurate accounting and record-keeping
- Safeguarding corporate assets
- Maintaining confidentiality and information security
- Preventing insider dealing and market abuse
- Adhering to competition and anti-trust regulations
- Combating money laundering
- Preventing illicit trade
- Complying with sanctions policies

### ETHICS AND COMPLIANCE

To ensure continued adherence to ethical standards, all management employees and members of the Board of Directors are required to annually affirm their commitment to the SoBC, including disclosing any potential conflicts of interest.

Such disclosures are essential for fostering transparency and upholding the spirit of compliance. A conflict of interest may occur if an employee or their immediate family has any interest or association with the Company's operations or business activities. Immediate family members include parents, spouses, children, siblings, and step or adoptive relations.

The Board of Directors and the Audit Committee play an active role in overseeing compliance with the SoBC, with regular monitoring in place. The Legal & CORA Department or the Company Secretary submits annual reports to the Board on the Company's and its member's adherence to these Standards. Employees are expected to take a proactive role in identifying and reporting any wrongdoing or instances of noncompliance in the workplace, ensuring swift resolution when necessary.

The Company is dedicated to ensuring a safe and secure workplace, with a strict no-tolerance policy for bullying, as detailed in the "Human Rights and Operations" section of this report. Additionally, the Company strictly opposes and does not engage in the employment of child labour. To further reinforce the SoBC's principles, the Head of Legal and Head of CORA, along with the Company Secretary, conducts region-wide and Head Office-based training sessions. The SoBC is also available to all employees and Board members on the Company's web portal.



**Masud Khan**  
Chairman





## BONAYAN'S REFORESTATION INITIATIVE AT ROHINGYA REFUGEE CAMP



About 1.1 million Rohingya refugees have taken shelter at Cox's Bazar in Bangladesh since 2017. As the settlements began, the refugees started using wood and bamboo from the adjacent forests to fulfill their daily needs. This resulted in massive levels of deforestation, creating devastating impact on the area's environment and biodiversity. The government estimated the initial loss of forest area to be around 1500 hectares. In 2018, Refugee Relief and Repatriation Commission (RRRC), under the Ministry of Disaster Management & Relief of Bangladesh Government along with the support of UNHCR, Inter Sector Coordination Group (ISCG) and Energy & Environment Technical Working Group (EETWG) initiated the much required reforestation campaign to restore the environment and biodiversity in and around the camps, which were particularly vulnerable to the impacts of climate change.

'Bonayan' stepped up to support the government's vision of restoring the natural balance. Currently in its 44th year, 'Bonayan' has planted 330,000 saplings since 2018 in the Kutupalong Rohingya Camp area covering almost 33.7 hectares of blocks and 18.7 km of roadsides. In order to ensure sustainability, 'Bonayan', also took responsibility of ensuring maintenance of the saplings post plantation to ensure maximum survivability. We have planted trees like krishnachura, kadam, amlaki, arjon, moringa etc.



Impact of  
Reforestation  
at Kutupalong  
Rohingya Camp 5,  
in which **Bonayan**  
has contributed

📍 Kutupalong Rohingya Camp, Ukhiya, Cox's Bazar



The signage marks Bonayan's presence in Kutupalong Rohingya Camp area



18.7 km roadside plantations carried out by Bonayan



Bonayan helped enrich greenery in Kutupalong Rohingya Camp area

### Bonayan across the country



**130+ Million**  
Saplings Distributed



**24 Districts**  
Covered



**25,000+**  
People Served Annually





# CSR COMMITTEE

## STANDING FROM LEFT

- **Mr. Shirajun Noor Chowdhury** Member
- **Mr. A.K.M. Aftab UI Islam FCA** Member
- **Ms. Monisha Abraham** Member
- **Ms. Zakia Sultana** Chairman
- **Mr. Md. Abul Hossain** Member
- **Mr. Syed Afzal Hossain** Secretary

# REPORT OF THE CSR COMMITTEE

**THE CSR COMMITTEE OVERSEES THE COMPANY'S INITIATIVES TO ADDRESS SOCIAL, ENVIRONMENTAL, AND COMMUNITY NEEDS. GUIDED BY THE CSR CHARTER, IT ENSURES THAT ALL INITIATIVES ALIGN WITH BSEC CG GUIDELINES AND GLOBAL BEST PRACTICES FOR SUSTAINABLE AND RESPONSIBLE CORPORATE ACTIONS.**

At British American Tobacco Bangladesh Company Limited (BATB), Corporate Social Responsibility (CSR) reflects our commitment to making a positive impact across all areas of our influence. It underscores our dedication to serving our customers, communities, shareholders, and the government, both in times of prosperity and challenges. Our CSR strategy emphasizes our role as responsible stewards working toward a more equitable and sustainable future.

Embedded in our corporate culture, CSR is integral to contributing to both business sustainability and long-term stakeholder value. Our efforts focus on three key projects







that address fundamental societal needs, delivering meaningful and lasting impact in the communities we serve.

## THE COMPOSITION OF THE COMMITTEE

To reinforce the Company's commitment to corporate social responsibility, the Board of Directors established the CSR Committee on 11<sup>th</sup> April, 2012, as a dedicated sub-committee. Comprising 5 nominated directors, the Committee was formed to enhance the management of the Company's CSR initiatives that align with business sustainability and foster a positive and lasting impact on the Company's reputation.

**The CSR Committee for 2024 included the following Board members:**

S.L No	Name of the Directors	Designation to the committee
1	<b>Ms. Zakia Sultana</b>	Chairman
2	<b>Ms. Monisha Abraham</b>	Member
3	<b>Mr. A.K.M. Aftab UI Islam FCA</b>	Member
4	<b>Mr. Shirajun Noor Chowdhury</b>	Member
5	<b>Mr. Md. Abul Hossain</b>	Member
6	<b>Mr. Syed Afzal Hossain</b>	Secretary

CSR COMMITTEE COMPOSITION		
Independent Director		AREA OF EXPERTISE
Non-Executive Director	  	
Managing Director		
Secretary		
		2 Marketing & Finance
		1 Environmental Management
		1 Statistics
		1 Law

The Head of CORA, along with the Head of Business Comms & Sustainability, are permanent invitees to the CSR Committee meetings due to their roles. Additionally, other key managers and stakeholders participated in the meetings as invited attendees.

## AUTHORITY

The CSR Committee, authorized by the Board of Directors, is responsible for guiding, monitoring, and evaluating the Company's CSR strategy and ongoing initiatives to maximize

its societal impact. Any revisions to the Committee's terms of reference require prior approval from the Board.

To promote business sustainability and enhance the Company's image and reputation among stakeholders and society at large, the CSR Committee undertakes key initiatives that align with corporate and societal priorities.

## ACTIVITIES SUMMARY

At BAT Bangladesh, we recognize the significant influence our Company has on the lives of our employees, the surrounding communities, the environment, and the economic landscape of the regions where we operate.

Our CSR initiatives align with the Government's development agenda and the Sustainable Development Goals (SDGs).

The Company's CSR portfolio features three flagship programs-- Bonayan, Probaho, and Deepto-- which are designed to make a meaningful and positive impact on society.

## BONAYAN: THE AFFORESTATION INITIATIVE - PAVING THE WAY TOWARDS A GREENER TOMORROW

The Government of Bangladesh continues its efforts towards sustainability through the National Tree Plantation Campaign, observed annually on World Environment Day. This initiative promotes biodiversity and environmental awareness, reinforcing the nation's commitment to a greener future.

In line with this vision, Bonayan, BAT Bangladesh's flagship initiative, marked 44 years of impact in 2024. Throughout its journey, Bonayan has successfully distributed over 130 million saplings, with 5 million being distributed in 2024 alone-- a testament to its role in biodiversity conservation.

Supporting the UN Sustainable Development Goals #13 (Climate Action) and #15 (Life on Land), Bonayan remains dedicated to increasing the land-to-tree ratio across Bangladesh, contributing to long-term ecological sustainability.

Bonayan champions the value of public-private partnerships, collaborating with various government bodies and private organizations. In 2024, notable partnerships included:

- Enroute Foundation
- JCI Dhaka
- Rotary Club
- Bangladesh Machine Tools Factory, among others

The mass migration of approximately 1.1 million Rohingya refugees to Cox's Bazar since 2017 has led to extensive deforestation as wood was harvested from nearby forests. To address this environmental challenge, the Bangladesh Refugee Relief and Repatriation Commission (RRRC)

initiated a reforestation program in 2018. As the only private sector partner under its 'Bonayan' ESG initiative, BAT Bangladesh has played an instrumental pivotal role in supporting this reforestation effort.

In 2024, Bonayan facilitated the plantation of over 30,000 saplings across 4.5 hectares of reforestation blocks. Since the inception of the program in 2018, approximately 330,000 saplings have been planted in the Kutupalong Rohingya Camp area, covering 33.7 hectares of blocks and 18.7 kilometers of roadside greenery. These extensive efforts are dedicated to reducing the environmental footprint of the refugee settlement and restoring ecological balance.

Recognizing the crucial role that biodiversity plays in sustaining ecosystems, BAT Bangladesh has taken proactive measures to conserve rare and endangered indigenous medicinal plant species. Through the establishment of 119 medicinal corners, the Company aims to raise awareness about the importance of these plants and their contribution to the environment.

The Company's dedication to afforestation and environmental sustainability has been acknowledged with the prestigious Prime Minister's Award on five separate occasions. This recognition underscores the Company's ongoing efforts in environmental preservation and commitment to sustainable practices.

## PROBAHO: THE SAFE DRINKING WATER INITIATIVE - PAVING THE WAY FOR A SAFER FUTURE

Access to clean water is essential for health and well-being. For over 15 years, BAT Bangladesh's Safe Drinking Water Initiative, known as 'Probaho,' has been dedicated to providing arsenic-free drinking water to communities in need. Aligned with Sustainable Development Goals (SDGs) No. 3 (Good Health & Wellbeing) and No. 10 (Reduced Inequalities), Probaho plays a pivotal role in supporting the nation's goal of ensuring 100% access to safe drinking water by 2030.

Launched in 2009 as a response to the prevalent water scarcity resulting from arsenic contamination impacting millions, Probaho has evolved into a leading ESG initiative. This project currently serves more than 310,000 individuals in 25 districts by delivering approximately 620,000 liters of clean drinking water daily. This substantial effort has notably alleviated the necessity for individuals to travel long distances in search of safe water sources.

To further enhance water security, BAT Bangladesh is expanding Probaho to regions affected by salinity and water scarcity, such as Satkhira, Chattogram's hill tracts, and the islands of Saint Martin. Tailored water filtration plants are being deployed to meet local challenges and provide sustainable solutions.

Recognized for its impactful contribution, Probaho has received notable awards, including the prestigious 'Asia Responsible Entrepreneurship Award 2018' and the 'Centenary Award 2014' from the Metropolitan Chamber of Commerce and Industries, reaffirming BAT Bangladesh's commitment to sustainable development and community welfare.

### DEEPTO, A RENEWABLE ENERGY INITIATIVE: PAVING THE WAY TOWARDS A BRIGHTER TOMORROW

For many remote communities in Bangladesh, access to electricity was once a distant dream. Before the launch of BAT Bangladesh's 'Deepto' project in 2011, villages in the Chittagong Hill Tracts plunged into darkness once the sun set, limiting productivity and economic opportunities. In response to this pressing issue, the 'Deepto' initiative introduced complimentary Solar Home Systems to provide sustainable energy solutions, significantly improving daily life and community well-being.

To date, the 'Deepto' initiative has installed 2,591 solar-powered home systems in 25 villages across Bandarban, Khagrachhari, and Rangamati districts, benefiting nearly

15,000 individuals. Previously reliant on kerosene lamps, these communities now enjoy stable electricity, enabling local women to participate in income-generating activities such as garment making, handicrafts, knitting, and turmeric processing. This has not only improved their quality of life but has also contributed to the economic development of these communities.

In alignment with SDG, Deepto supports SDG #8 (Decent Work & Economic Growth) and SDG #13 (Climate Action), by promoting renewable energy adoption and reducing reliance on nonrenewable energy sources.

Deepto's long-term impact is evident in the economic empowerment of the beneficiary communities, many of whom have transitioned to self-sufficiency and can now afford electricity from the national grid. This underscores the initiative's impact not only on energy access but also on the broader economic transformation it has catalyzed.

BAT Bangladesh's CSR Committee remains committed to sustainability, meeting quarterly to ensure compliance, evaluate project performance, and offer strategic guidance to further advance BAT Bangladesh's sustainability goals.



**Syed Afzal Hossain**  
Company Secretary



**Zakia Sultana**  
Chairman



# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## AWARENESS

The Board of Directors of British American Tobacco Bangladesh acknowledges its critical role in safeguarding shareholders' investments and protecting the Company's assets. Recognizing the strategic importance of robust risk management and effective internal controls, the Board has established a robust control framework that is regularly assessed for adequacy, integrity, and effectiveness.

The Board oversees the strategic risks associated with achieving business objectives, ensuring an optimal balance between risk management and internal control systems. Given the competitive and evolving nature of the industry, the Board adopts a structured and proactive approach to risk and reward, striving to keep risks at manageable and controllable levels.

The Board offers strategic guidance to management in identifying, assessing, and addressing key business risks the Company faces. While complete elimination of risks is impractical, the Company's internal control framework is designed to minimize exposure and provide reasonable, though not absolute, assurance against significant financial, operational, and compliance-related uncertainties.

BATB has implemented a continuous and dynamic process for identifying, assessing, monitoring, and managing significant risks, ensuring adaptability to changes in regulatory, business, and external environments. This process is subject to oversight by the Audit Committee, which plays a critical role in maintaining the effectiveness of internal controls. Further details of the Audit Committee's responsibilities are outlined in the 'Audit Committee Report' of this Annual Report. The Standards of Business Conduct (SoBC) reflect our commitment to ethical corporate practices and form a core part of our governance framework. The SoBC mandates that all employees uphold the highest standards of business integrity, comply with applicable laws and regulations, and prioritize ethical practices over business outcomes. The SoBC is accessible to both employees and stakeholders on our corporate website: [www.batbangladesh.com](http://www.batbangladesh.com).

## RISK MANAGEMENT FRAMEWORK: THREE LINES OF DEFENSE

### OPERATIONAL 1<sup>ST</sup> LINE: MARKETS/FACTORY

- Take ownership of identifying and managing risks.
- Execute frontline controls in accordance with established policies and procedures.
- Incorporate risk considerations into business plans.

### BOARD 2<sup>ND</sup> LINE: RISK MANAGEMENT COMMITTEE AND OTHERS

- Establish a framework of policies, procedures, and controls aligned with legal requirements.
- Offer guidance, advice, support, training, and share best practices.
- Monitor the effectiveness of controls and evaluate related performance.

### AUDIT COMMITTEE 3<sup>RD</sup> LINE: INTERNAL

- Assess the effectiveness of the risk management and control framework.
- Deliver independent assurance to the Audit Committee and the Board.
- Offer constructive challenges and actionable recommendations.

## ENTERPRISE RISK MANAGEMENT FRAMEWORK



At, BAT Bangladesh, effective risk management is central to sustainability and shareholder value creation. The Company has integrated risk management into its operational framework, following a three-lines-of-defense approach

that ensures open communication and timely escalation of risk-related issues.

The BATB Board sets the strategic direction and defines the Company's risk appetite, while the Risk Management Committee oversees the operational aspects of the business, ensuring accountability for identified risks and implementing appropriate internal control measures.

**Key risk areas include:**

- Financial Risk
- Compliance Risk
- Transformation Risk
- Operational Risk
- Risk from Policy Changes

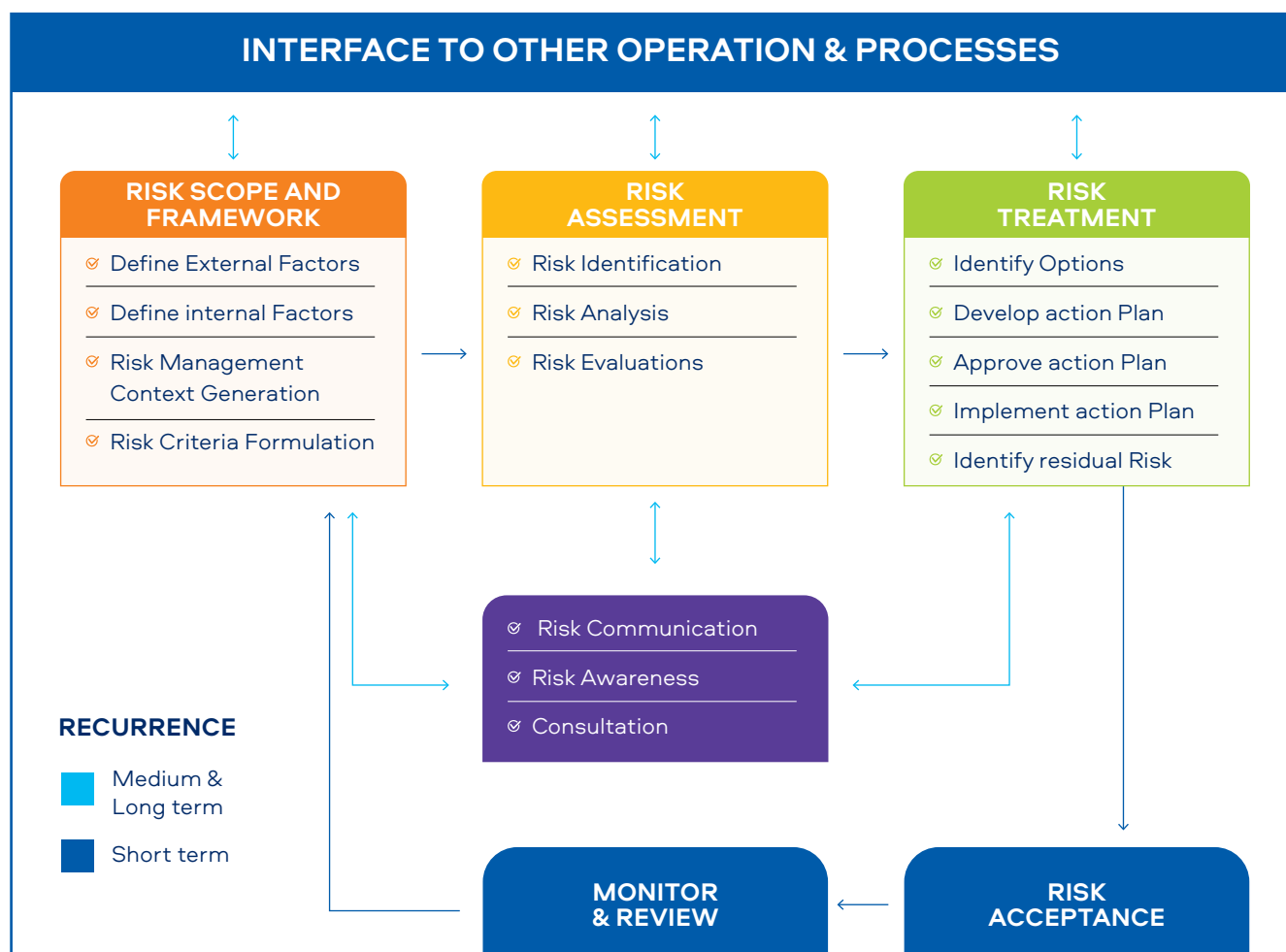
The IT function plays a key role in aligning business plans with the Company's overall strategic objectives. Operational performance and risk management are the responsibilities of the respective business units and functional management teams, ensuring strategic execution while adhering to Company policies, standards, and our Code of Conduct. Led by our Management Committee, the Company's risk governance framework enables a continuous process

for identifying, evaluating, managing, and mitigating key risks. This structured approach ensures early detection of both current and emerging risks and allows for timely interventions - either minimizing adverse impacts or capitalizing on new opportunities - to drive business success.

## RISK MANAGEMENT PROCESS

The core objectives of BAT Bangladesh's Enterprise Risk Management (ERM) framework include objectives are as follows:

- Safeguard the health, safety, and security of its employees.
- Maintain uninterrupted product supply to consumers and customers.
- Safeguard its assets, investments, and reputation.
- Ensure that operations do not adversely affect the environment or surrounding communities.
- Protect the interests of all stakeholders.
- Foster a culture of risk awareness, integrating it into corporate decision-making and operational processes.
- Comply with the BSEC's Corporate Governance Code 2018 and all relevant laws and regulations.



## RISK MANAGEMENT TEAM AND RESPONSIBILITIES

The Company's Risk Management Team, led by the Finance Director (CFO), comprises senior managers from all key functions. This team meets formally at least twice a year to:

- Review and update the risk register.
- Assess and track the progress of risk mitigation action plans.

Additionally, the Enterprise Risk Manager provides an annual briefing to the Audit Committee, outlining the Company's Risk Management activities and program updates during the Audit Committee meeting.

Core responsibilities of the Risk Management Team:

- Overseeing the Enterprise Risk Management (ERM) program
- Promoting a proactive culture of risk awareness across the organization
- Conducting a bi-annual review to identify emerging threats
- Coordinating the development and execution of risk mitigation action plans
- Establishing and maintaining business continuity plans (BCPs) for key risks
- Planning and coordinating BCP testing.
- Organizing risk management training and education for employees

**The risk management process consists of four stages: Identification, Assessment and Evaluation, Management, and Monitoring, as shown in the diagram below:**



## BUSINESS CONTINUITY AND CRISIS MANAGEMENT

Business continuity involves developing a strategy to identify potential threats and risks, ensuring the protection of personnel and assets, and enabling operations to continue during a disaster. BAT Bangladesh's Business Continuity Planning (BCP) framework includes identifying potential risks and assessing their impact on business operations, implementing mitigation strategies and response mechanisms, conducting regular testing for effectiveness, and periodically reviewing and updating processes to align with evolving risks.

To address disruptions, such as Manufacturing Contingency Sourcing Plans and Information Technology Disaster Recovery/Service Continuity Plans, the Company has 22 BCPs in place. These plans undergo desktop reviews, simulations, and live activations, ensuring operational readiness through a structured testing schedule. BCM facilitators support plan-specific response teams to enhance crisis preparedness.

Furthermore, the Company's Crisis Management Framework enables swift and effective decision-making during emergencies. A Crisis Management Team (CMT) provide strategic direction, while an Incident Response Team (IRT) ensures operational execution. The clearly defined roles and responsibilities of these teams enable an effective and coordinated approach to crisis resolution.

### CMT

The Crisis Management Team (CMT) is responsible for safeguarding employees and business operations during crises. By assessing risks and analyzing available information, the team makes strategic decisions to minimize disruptions to operations, workforce, and reputation.

### IRT

The on-site senior manager gathers incident details and reports to the CMT Coordinator. With support from local employees, the manager takes charge of managing the situation on-site until further instructions are provided by the CMT.

## RISK PROFILE

The latest risk assessment conducted during the business planning process shows minimal changes compared to the previous year. The likelihood and impact of identified risks remain steady. The Company acknowledges that operating within the tobacco industry continues to present inherent challenges, including the evolving regulatory landscape, which could significantly impact performance. Additionally, the ongoing threat of competitor actions remains a key concern, requiring proactive measures to predict, mitigate, and address these risks.

## RISK MANAGEMENT ACTIVITIES IN 2024

### Review of the Company's Risks

BAT Bangladesh maintains a structured and proactive approach to risk management. The Risk Management Team, in collaboration with senior managers, convenes biannually to review and update the risk register and mitigation action plans. These meetings focus on identifying, assessing, and formulating mitigation strategies for emerging risks. Additionally, the status of Business Continuity Plans undergoes periodic testing for operational resilience.

### Promotion of Risk Awareness

Effective communication about risks is a critical component of risk management. Ensuring that employees and stakeholders have access to relevant risk information enhances preparedness and mitigation efforts. To facilitate a culture of risk awareness, BAT Bangladesh provides feedback channels for employees to contribute insights on risk management improvements. The Risk Management Team also conducts a risk awareness induction program for new recruits, equipping them with knowledge of the Company's risk management framework and internal controls. The Company also enhances management's capacity to assess and respond to risks effectively.

### Crisis Management Activation

The Company demonstrated resilience by swiftly activating its crisis management team to address disruptions and maintain operational continuity. This proactive approach safeguarded the business, resulting in negligible financial impact. A key challenge was the post-recovery phase, which BAT Bangladesh successfully executed through a carefully planned and coordinated approach, minimizing disruption and restoring normalcy.

### Business Continuity Plan

During the year, Business Continuity Plan (BCP) owners, in collaboration with members of the Incident Response Team, carried out desktop exercises, simulations, and operational activations across 22 BCPs. The review and testing confirmed that the current plans remain well-aligned with the existing business environment.

### System of Internal Control

The Self-Assessment of Controls (SAC) Process is a fundamental component of the Company's internal control framework. The Control Navigator serves as a structured guide, defining essential controls and process requirements across all functions within the organization. Annual assessments by responsible managers ensure the effectiveness of these controls, helping to identify and address potential control gaps or weaknesses.

The findings from the SAC process and trend analysis are reported to the Audit Committee annually to ensure ongoing risk reviews. To further enhance monitoring



capabilities, BAT Bangladesh has implemented a new SAP-enabled tool, providing a standardized, centralized solution for tracking key risks and controls at the business level. This tool integrates automated workflows, certifications, manual controls, and interactive reports to oversee compliance activities, leading to improved transparency in issue management and remediation and streamlined reporting processes across the Company.

## FINANCIAL REPORTING CONTROLS

The Company has established a comprehensive set of policies, practices, and controls to manage financial reporting and consolidation risks, including those arising from business changes or updates to accounting standards. The Finance Director (CFO) must confirm that all relevant financial information has been provided to the Board of Directors through the Audit Committee and full disclosure has been ensured in response to external auditor inquiries. Additionally, a thorough review of account reconciliations is conducted twice a year by the Finance Director. The effectiveness of the Company's financial reporting controls is evaluated through a self-certification process as part of the previously mentioned Control Navigator initiative. Furthermore, several assurance measures, including Audit Committee reviews, recommendations, and Board approval, ensure the accuracy and reliability of public financial reports.

## INTERNAL AUDIT

The Company's Internal Audit is aligned with local legal requirements and the Global Audit functions of British American Tobacco plc. This alignment enhances audit independence and provides access to skilled and specialized resources, particularly in Information Technology (IT). The annual audit planning process incorporates input from the risk register and the Audit Committee, which formally approves the annual audit scope. When required, and with the Audit Committee's approval, the Head of Internal Audit & Compliance may seek assistance from Global Audit for specific matters. The Internal Audit and Compliance function conducts risk-based reviews in alignment with the Group's framework for designing, implementing, and monitoring control systems. Audits primarily focus on key areas such as Commercial processes, Factory and Supply Chain operations, IT systems, and significant business change initiatives involving projects and programs. Additionally, ad-hoc audits are performed as requested by Management or the Audit Committee. For a detailed overview of the year's audit activities, please refer to the Audit Committee Report in this Annual Report.

## EXTERNAL AUDIT

During the annual statutory audit of the Company's financial statements, the external auditors review and, where necessary, report any significant findings related to accounting practices, internal controls, and audit matters to both the Board and Audit Committee. Upon substantial completion of the year-end audit, a detailed report is presented to the Audit Committee and management for

review. In addition to annual reporting, the external auditors attend quarterly Audit Committee meetings, offering insights on relevant issues. The Audit Committee also meets with the external auditors at least once a year without the presence of Executive Directors or management. This year, two such meetings were held. As part of the annual statutory audit, the external auditors also examine the Company's financial reporting controls and processes. While no significant issues with material financial impact were identified, the auditors provided recommendations for improvements, which were shared with the Board and Audit Committee for further consideration.

## OTHER KEY ELEMENTS OF THE SYSTEM OF INTERNAL CONTROL

In addition to the previously mentioned controls, the Company's internal control and risk management system includes several key elements that have been reviewed and approved by the Board, as detailed below:

### Policies, Procedures and Limits of Authority

**Delegation of Responsibilities:** Clear responsibilities are assigned to Board committees and Management, with well-defined organizational structures and authority levels to ensure effective oversight and decision-making.

**Internal Policies and Procedures:** The Company maintains a comprehensive set of internal policies, standards, and procedures that are regularly updated to address evolving risks and operational challenges. All policies are approved by the Board, and any instances of noncompliance are reported to the Board and Audit Committee on an exception basis.

### Immediately Reportable Incidents

The Company follows a control procedure known as 'Immediately Reportable Incident' to address prompt resolution of control breakdowns. This procedure ensures swift reporting and immediate corrective action. Its primary aim is to enhance greater transparency within the control environment and provide early visibility of potential issues to relevant management. By promoting early awareness, the procedure facilitates timely discussions and reinforces a control-conscious culture across the organization.

Incidents or events that warrant an 'Immediately Reportable Incident' include:

- Control issues related to internal controls over financial reporting.
- Weaknesses in IT General Controls for critical systems.
- Failures in basic Financial or IT controls.
- Noncompliance with IT policies.
- Significant control issues in other business processes unrelated to financial reporting but exposing the Company to substantial risk.
- Suspected or actual incidents of fraud.

## Strategic Business Plan, Budget and Performance Review

Management provides regular and comprehensive updates to monitor performance against the strategic plan, with a focus on key financial and operational metrics.

**Quarterly Reviews:** On a quarterly basis, the Finance Director reviews all key performance indicators with the Board, addressing any issues requiring corrective action.

**Annual Budgeting:** A detailed budgeting process is conducted annually, with monthly reviews comparing actual performance to the budgeted figures, which are analyzed by management.

**Asset Protection:** The Company ensures adequate insurance coverage and physical security measures to safeguard major assets and minimize potential material losses.

### WRITTEN DECLARATIONS

- All management personnel provide written declarations confirming their compliance with the Company's Standards of Business Conduct and disclose any conflicts of interest, where applicable.
- Additionally, both the Finance Director (CFO) and Managing Director (CEO) submit written confirmations

of their adherence to the Company's Standards of Internal Control.

### WRITTEN CONFIRMATION OF DUE DILIGENCE BY THE CEO AND FD AS REQUIRED UNDER THE BSEC GUIDELINES

#### Board Assessment

The Board of Directors recognizes the risks posed by factors such as political instability, violence, social unrest, and terrorist attacks, which could disrupt operations. Despite these challenges, the Board believes that the Company's risk management and internal control systems are functioning effectively and efficiently. This assessment is supported by assurances from the Managing Director (CEO) and Finance Director (CFO). The Board confirms that the processes for identifying, evaluating, and managing significant risks have been in place throughout 2024 and are operationally effective up to the date of this statement's approval. Additionally, the Board is confident that the Company's internal control system is robust enough to detect any material losses, contingencies, or uncertainties that would necessitate disclosure in the Annual Report.

This statement is issued in accordance with the resolution passed by the Board of Directors on 5<sup>th</sup> February 2025.

# STANDARDS OF BUSINESS CONDUCT (SoBC)

BAT Bangladesh maintains strong ethical standards in all aspects of corporate conduct.

The Company's Standard of Business Conduct (SoBC) is a strategy that considers both international and regional norms. Compliance with SoBC is required to maintain the integrity of our Company activities, which means that SoBC expresses our basic reason for existence.

The SoBC reflects the Company's core governance. The policy must always be followed by all members of the Company, including the Board of Directors, as well as all other employees and third-party suppliers. This must be done in accordance with all applicable rules and regulations that govern our Company's activities. Responsible and trustworthy behavior are the foundations of our SoBC.

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

- Truly Inclusive- adhere to diversity and celebrate the differences.
- Passion to win- Equally value “HOW” and “WHAT” and go that extra mile for success.
- Love our Consumer- We have the courage to test fail fast and learn to improve
- Stronger Together- We help each other grow and succeed
- Empowered through Trust- We start with trust and believe in each other
- Do the right Thing- We act with Integrity to achieve results

2024 is a year for change and aiming for a better tomorrow, thus six chapters and nineteen policies (some of which are new) have been established to protect the Company's ethics, further strengthening the SoBC this year.



## INTRODUCTION

- Our Purpose and Ethos
- The Way We Work
- The Role of Line Managers
- Using Your Own Ethical Judgment



## SPEAK UP

- Speak Up



## SOCIAL AND ENVIRONMENT

- Our People: Respect in the Workplace
- Human Rights
- Health, Safety and Welfare
- Environment



## PERSONAL AND BUSINESS INTEGRITY

- Conflicts of Interest
- Anti-Bribery and Corruption
- Gifts and Entertainment (G&E)



## EXTERNAL STAKEHOLDERS

- Lobbying and Engagement
- Political Contributions
- Community Investments



## CORPORATE ASSETS AND FINANCIAL INTEGRITY

- Accurate Books and Records
- Protection of Corporate Assets
- Cybersecurity, Confidentiality and Information Security
- Data Privacy, Ethics and Artificial Intelligence
- Insider Dealing and Market Abuse



## NATIONAL AND INTERNATIONAL TRADE

- Competition and Antitrust
- Sanctions and Export Controls
- Anti-Illicit Trade
- Anti-Tax Evasion and Anti-Money Laundering

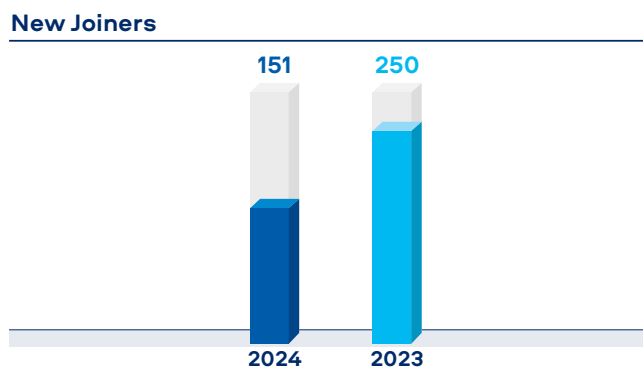
All the items previously mentioned serve as instruments for effective corporate governance. The esteemed Board of Directors and senior executives make certain that every action taken aligns with ethical and proper practices. Annually, training sessions aimed at raising awareness are conducted throughout

- Trade Marketing regional offices
- Regional Leaf Offices
- Head office

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



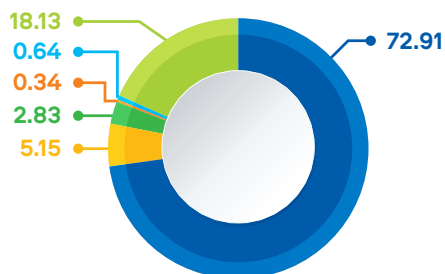
The graph shows the SoBC onboarding session for the new joiners.





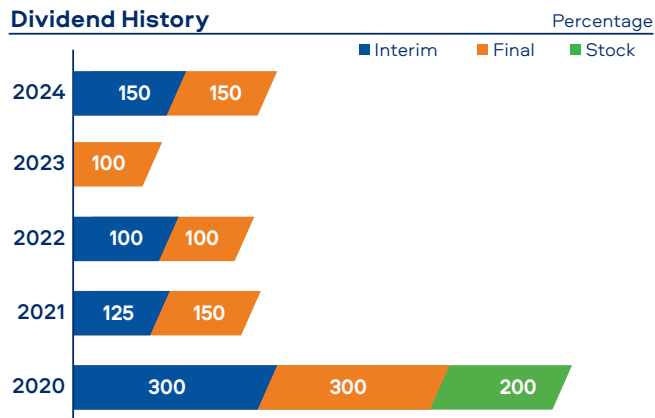
# SHAREHOLDERS' INFORMATION

## Shareholding Pattern as on 31<sup>st</sup> December 2024



- Raleigh Investment Co. Ltd.
- Investment Corporation of Bangladesh
- Sadharan Bima Corporation
- Bangladesh Development Bank Limited
- President of the People's Republic of Bangladesh
- Others

## Dividend History



## MONTH-WISE SHAREHOLDING UPDATE 2024

Month	Sponsor	Govt	Institute	Foreign	Public
January	72.91%	0.64%	13.03%	6.04%	7.38%
February	72.91%	0.64%	13.04%	6.05%	7.36%
March	72.91%	0.64%	13.20%	5.79%	7.46%
April	72.91%	0.64%	12.89%	5.75%	7.81%
May	72.91%	0.64%	13.20%	5.69%	7.56%
June	72.91%	0.64%	14.24%	4.29%	7.92%
July	72.91%	0.64%	12.37%	7.59%	6.49%
August	72.91%	0.64%	14.13%	4.37%	7.95%
September	72.91%	0.64%	13.74%	4.60%	8.11%
October	72.91%	0.64%	13.75%	4.61%	8.09%
November	72.91%	0.64%	13.80%	4.58%	8.07%
December	72.91%	0.64%	12.73%	6.50%	7.22%

## DIVIDEND INFORMATION

Year	Dividend Type	Declared %	Record Date	Payment Date
2024	Final	Cash 150%	26-Feb-25	24-Apr-25
	Interim	Cash 150%	19-Nov-24	15-Dec-24
2023	Final	Cash 100%	03-Mar-22	18-Apr-24
2022	Final	Cash 100%	02-Mar-22	20-Apr-24
	Interim	Cash 100%	21-Nov-22	20-Dec-22
2021	Final	Cash 150%	03-Mar-22	21-Apr-22
	Interim	Cash 125%	16-Nov-21	02-Dec-21
2020	Final	Cash 300%	03-Mar-21	18-Apr-21
		Stock 200%		
	Interim	Cash 300%	11-Nov-20	30-Nov-20
2019	Final	Cash 400%	12-Mar-20	14-May-20
2018	Final	Stock 200%	04-Apr-19	16-May-19
		Cash 500%		

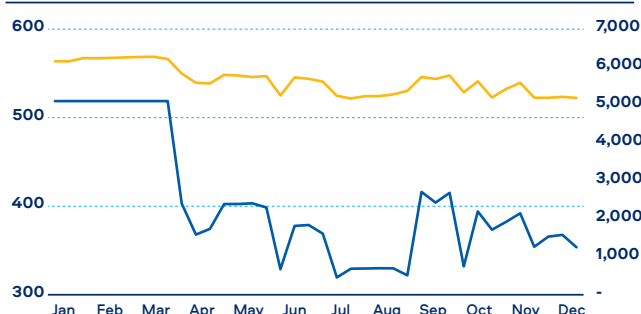
## SHARE SHAREHOLDING - DHAKA STOCK EXCHANGE

Month	High (BDT)	Low (BDT)	Close (BDT)
January	518.70	518.70	518.70
February	518.70	518.70	518.70
March	409.00	396.80	403.00
April	374.00	366.90	367.90
May	329.80	320.30	328.80
June	324.00	319.00	322.80
July	332.00	328.30	329.80
August	420.00	410.00	419.70
September	400.00	393.10	394.10
October	384.00	371.30	373.40
November	359.90	352.80	354.20
December	370.00	360.10	367.60

## SHARE TREND

In 2024, the total market capitalization of the Company ended at BDT. 198,504 mn. Due to the unstable market condition and economic volatility, the price dive negative after lifting the floor price on 3rd March 2024 despite consistent business growth.

### Share Price Movement



## COMPANY WEBSITE

Anyone can get information regarding the Board of Directors, Top Management, key financial information of the Company including price sensitive disclosure. The

website also has information about sustainable agricultural initiatives of the Company and Career opportunities for potential applicants.

## INVESTOR RELATIONS

Local and international investors, financial analysts and other members of the professional financial community requiring additional financial information can visit the Investor Relations section of the Company.

**Website:** [www.batbangladesh.com](http://www.batbangladesh.com)

## SHAREHOLDER SERVICES

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

**batbshareoffice@bat.com;**

**Syed\_Afzal\_Hossain@bat.com**

**Atiqur\_Rahman@bat.com**



**AGM  
HELPLINE**

**Md Atiqur Rahman  
Marufa Ferdous  
Muhibbur Rahaman Chowdhury**

**Tel:** +880248811279-83, Ext – 394

**Hotline:** +8801313701925; +8801755532753, +8801521211916;

**Fax:** +880 2 8714819

**Email:** [batbshareoffice@bat.com](mailto:batbshareoffice@bat.com)

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

# HORIZONTAL & VERTICAL ANALYSIS

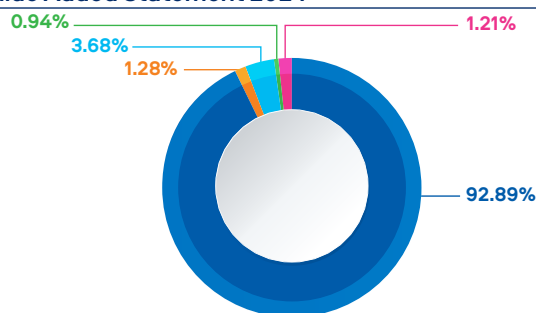
Horizontal	2024	2023	2022	2021	2020
<b>Statement of profit or loss and other comprehensive income</b>					
Net revenue from contracts with customers	8%	9%	13%	24%	6%
Gross profit	-1%	1%	10%	36%	10%
Operating profit	4%	-1%	12%	43%	18%
Profit before tax	-4%	1%	17%	42%	21%
Profit for the year	-2%	0%	19%	38%	18%
Earnings per share	-2%	0%	19%	37%	18%
<b>Statement of financial position</b>					
Total non-current assets	2%	4%	15%	8%	-1%
Total current assets	-5%	42%	2%	31%	20%
<b>Total assets</b>	-2%	24%	8%	20%	9%
Share capital	0%	0%	0%	200%	0%
Retained earnings	8%	35%	14%	-3%	-5%
<b>Total equity attributable to owners of the Company</b>	8%	30%	12%	8%	-5%
Total non-current liabilities	4%	3%	19%	22%	-1%
Total current liabilities	-17%	23%	0%	35%	42%
Total liabilities	-13%	19%	4%	33%	30%
<b>Total equity and liabilities</b>	-2%	24%	8%	20%	9%

Vertical	2024	2023	2022	2021	2020
<b>Statement of profit or loss and other comprehensive income</b>					
Net revenue from contracts with customers	100%	100%	100%	100%	100%
Gross profit	44%	49%	53%	54%	49%
Operating profit	36%	38%	42%	42%	37%
Profit before tax	34%	38%	42%	40%	35%
Profit for the year	18%	20%	21%	20%	18%
<b>Statement of financial position</b>					
Total non-current assets	40%	39%	46%	43%	48%
Total current assets	60%	61%	54%	57%	52%
<b>Total assets</b>	100%	100%	100%	100%	100%
Share capital	5%	5%	6%	7%	3%
Retained earnings	52%	46%	43%	40%	50%
<b>Total equity attributable to owners of the Company</b>	57%	52%	49%	47%	53%
Total non-current liabilities	10%	9%	11%	10%	10%
Total current liabilities	33%	39%	39%	42%	37%
Total liabilities	43%	48%	51%	53%	47%
<b>Total equity and liabilities</b>	100%	100%	100%	100%	100%

# VALUE ADDED STATEMENT

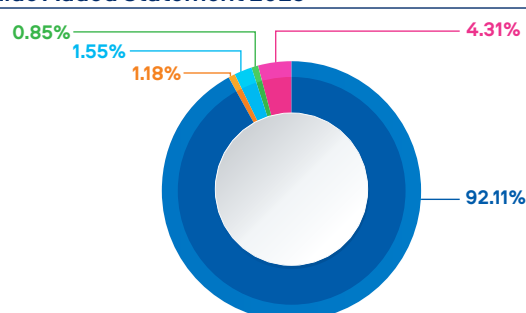
Particulars	2024		2023	
	Amount	%	Amount	%
Gross Turnover	432,318,508		403,792,965	
Less Purchase of materials & service	65,634,645		56,397,606	
Value added	366,683,863	100%	347,395,359	100%
<b>Applications</b>				
Government	340,612,093	92.89%	319,980,824	92.11%
Employee benefits	4,686,504	1.28%	4,105,283	1.18%
Shareholders dividend	13,500,000	3.68%	5,400,000	1.55%
Depreciation	3,445,503	0.94%	2,943,744	0.85%
Reserves and Surplus	4,439,763	1.21%	14,965,508	4.31%
<b>Total</b>	<b>366,683,863</b>	<b>100%</b>	<b>347,395,359</b>	<b>100%</b>

Value Added Statement 2024



● Government ● Employee Benefits ● Shareholders Dividend  
● Depreciation ● Reserves and Surplus

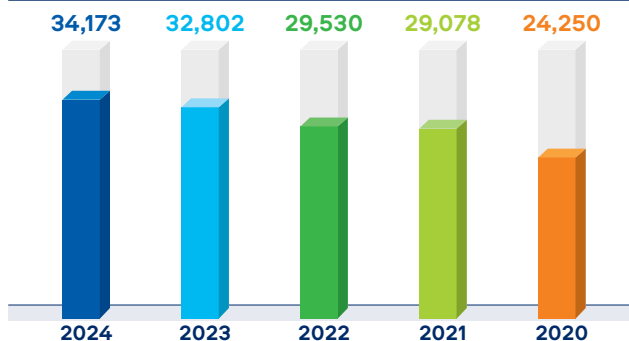
Value Added Statement 2023



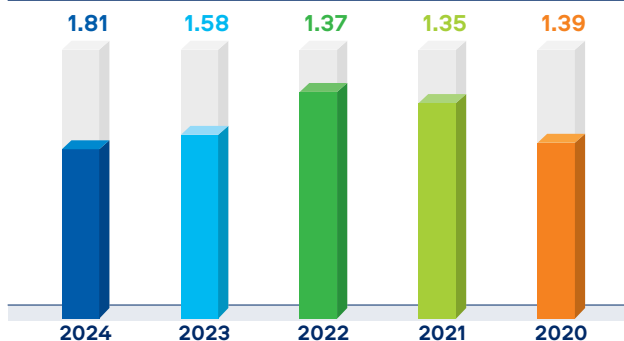
● Government ● Employee Benefits ● Shareholders Dividend  
● Depreciation ● Reserves and Surplus

# KEY PERFORMANCE INDICATORS

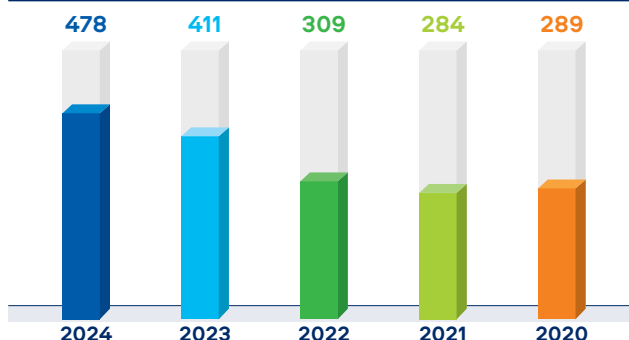
Contribution to Exchequer In BDT Crore



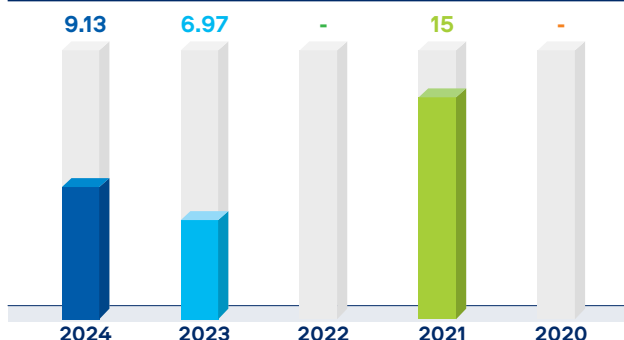
Current ratio



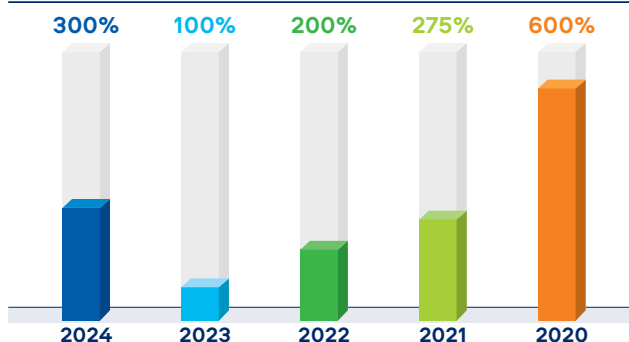
Custom Duty In BDT Crore



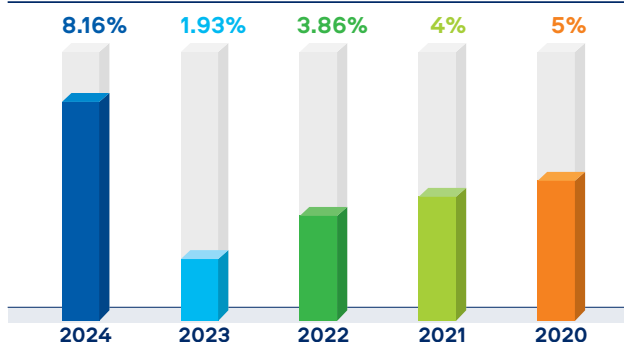
Debt Equity Ratio (%)



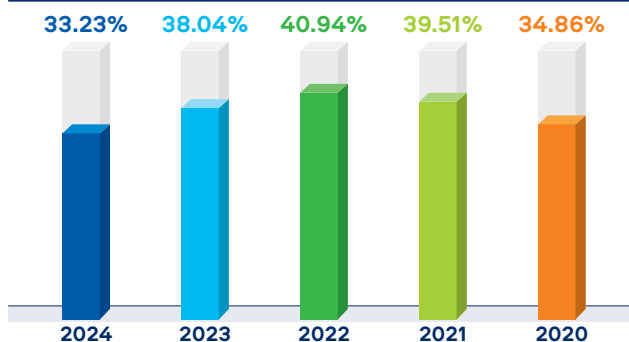
Dividend Per Share (%)



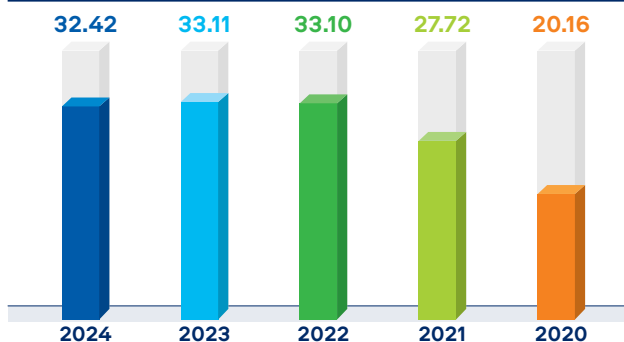
Dividend Yield



Earning before interest and Tax

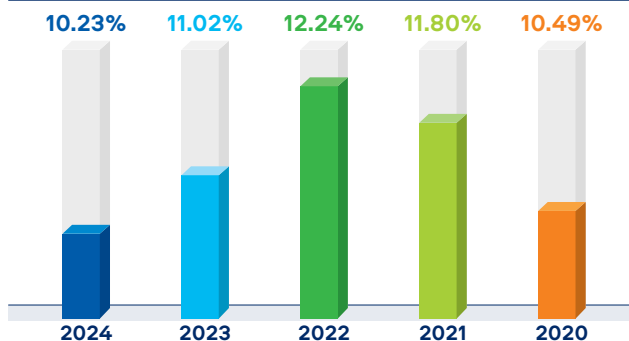


Earning Per Share (Tk)



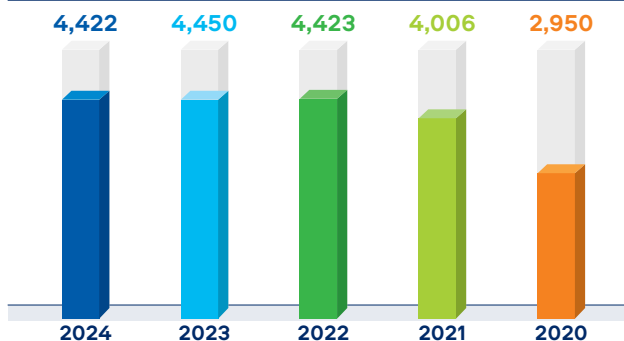


Gross profit ratio



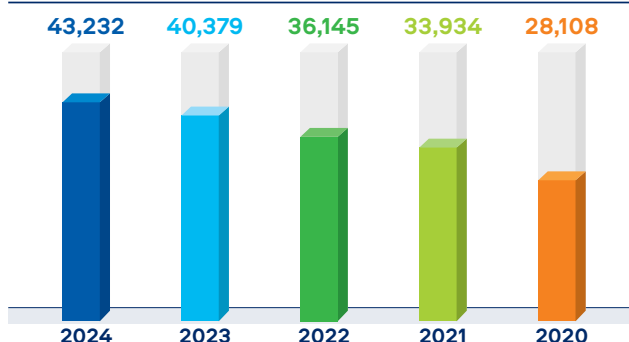
Gross Profit

In BDT Crore



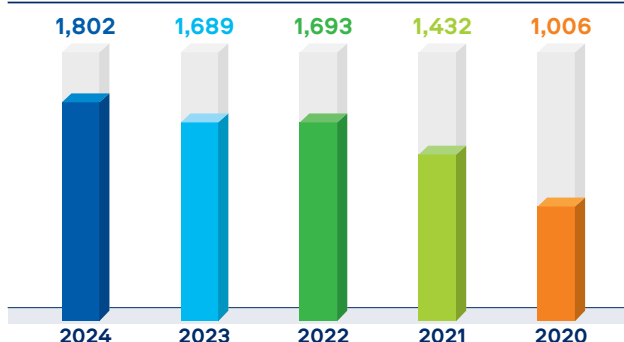
Gross Turnover

In BDT Crore

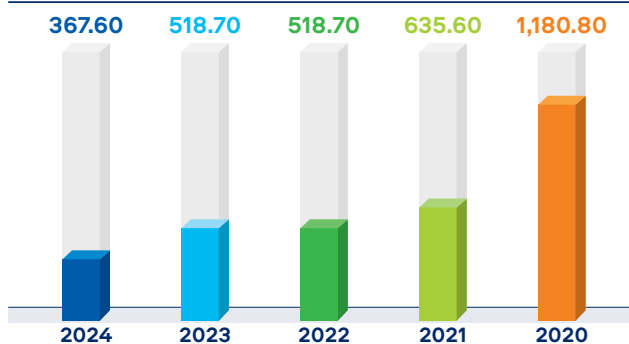


Income tax

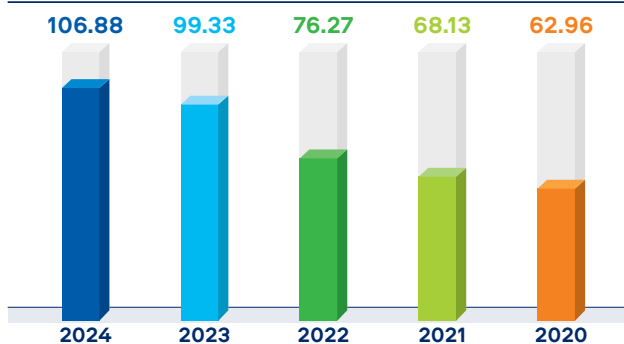
In BDT Crore



Market Value Per Share at year end (Tk)

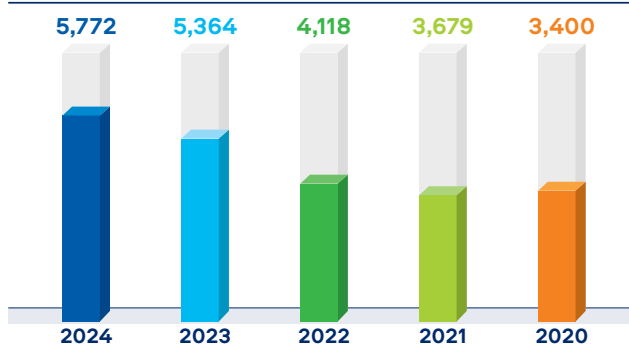


Net Asset Value Per Share

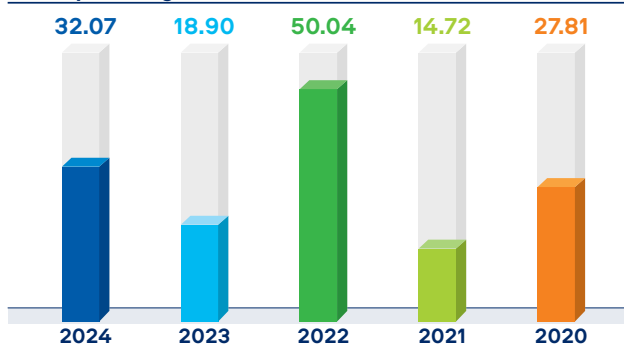


Net Asset Value

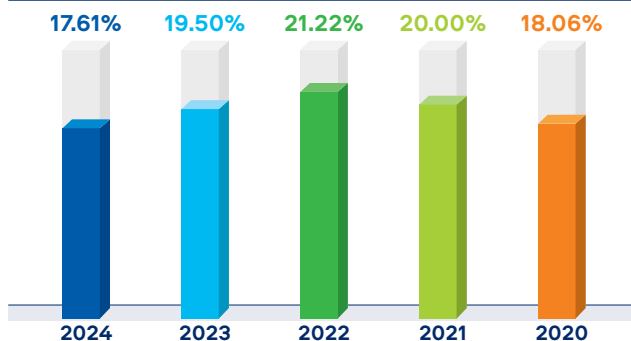
In BDT Crore



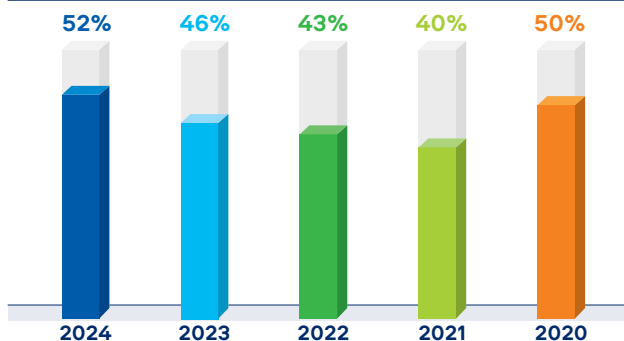
Net Operating cash flow Per share (NOCFPS)



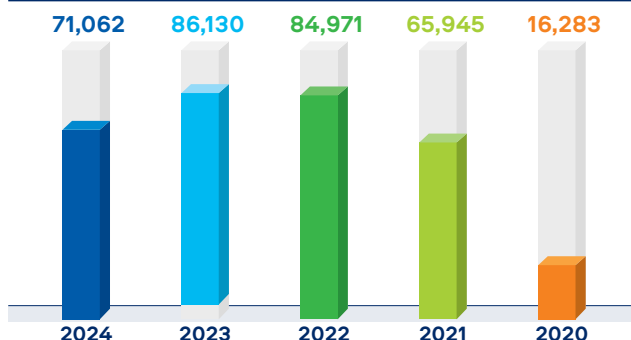
Net profit ratio



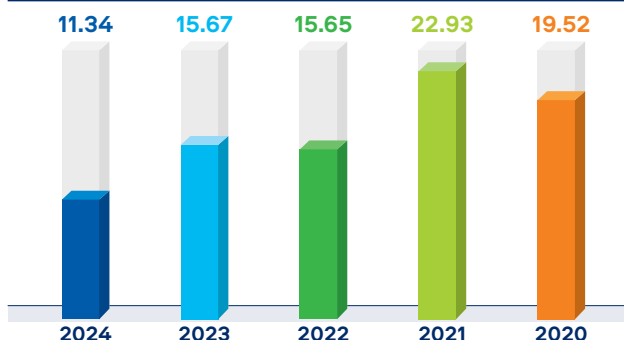
Retained Earnings



Number of Ordinary Shareholders

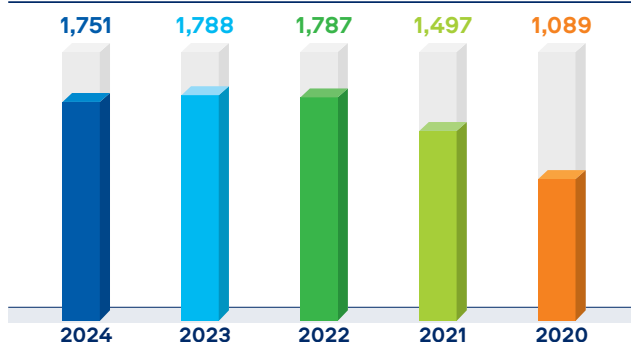


Price Earnings Ratio



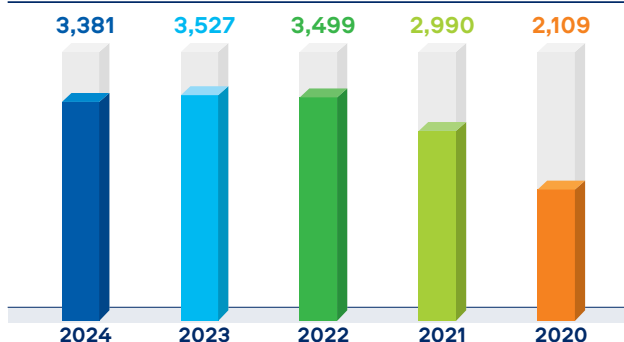
Profit After Tax

In BDT Crore

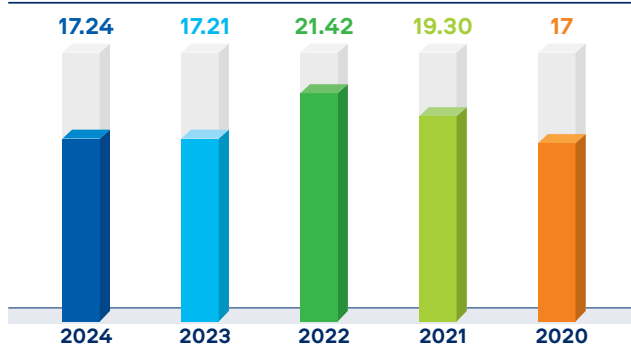


Profit Before Tax

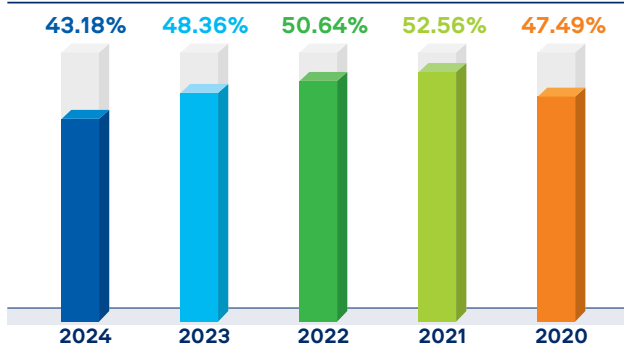
In BDT Crore



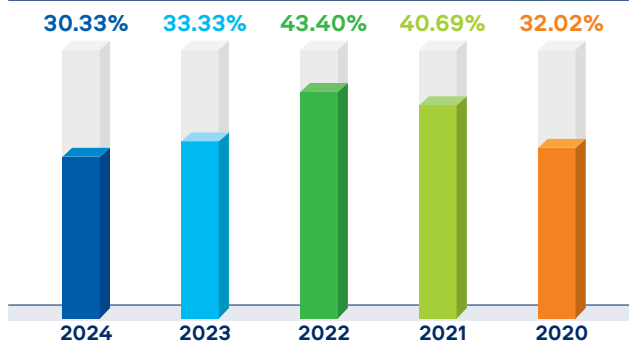
Return on Asset(%)



Debt Ratio

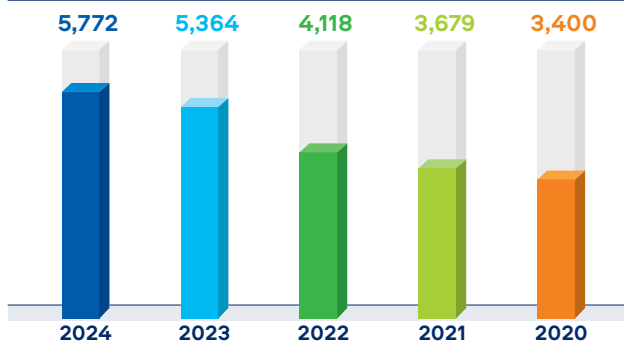


#### Return on Equity



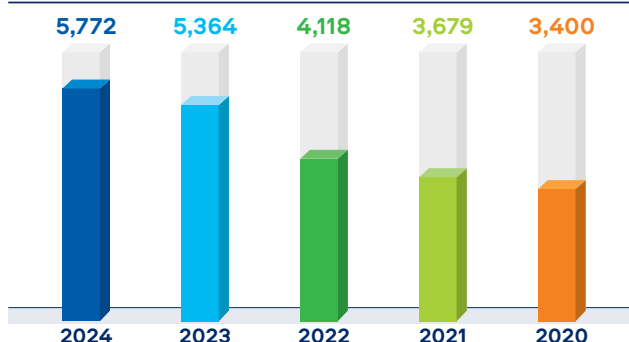
#### Shareholder Funds

In BDT Crore



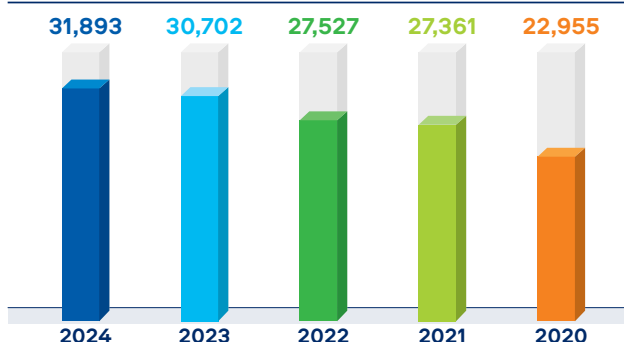
#### Total equity attributable to owners of the Company

In BDT Crore

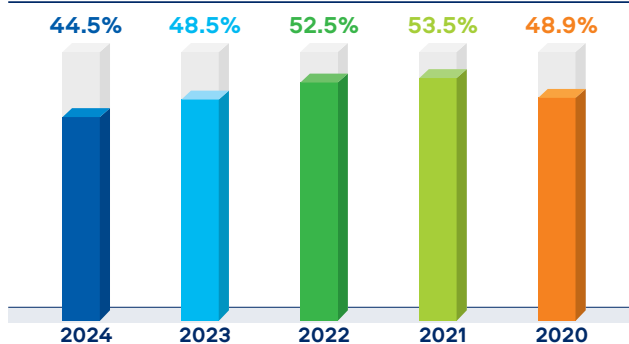


#### VAT+SD+HSDC

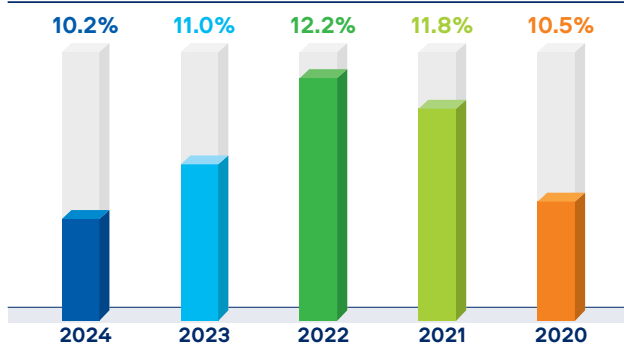
In BDT Crore



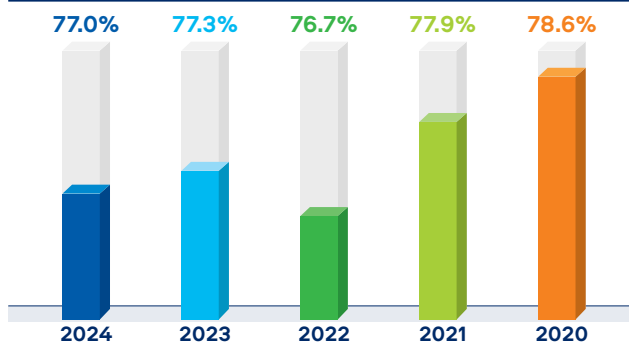
#### Gross Profit Ratio



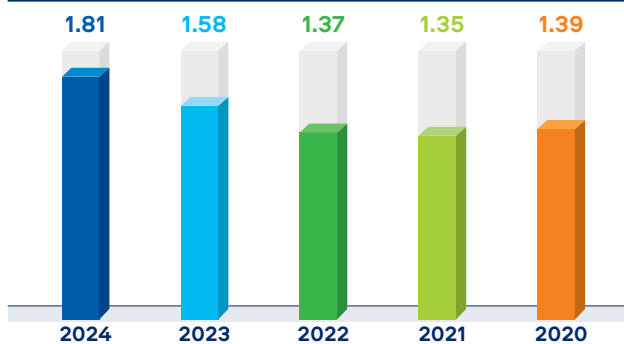
#### Gross Profit to Sales



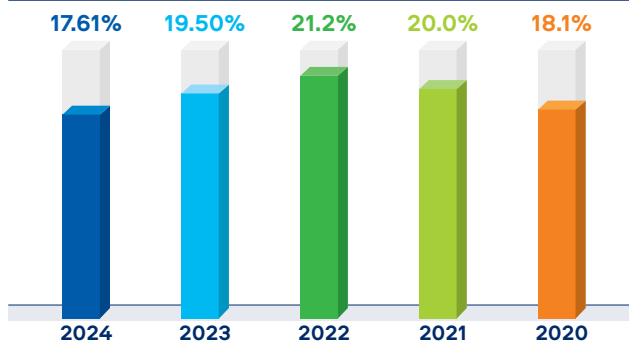
#### Supplementary Duty and VAT to Sales



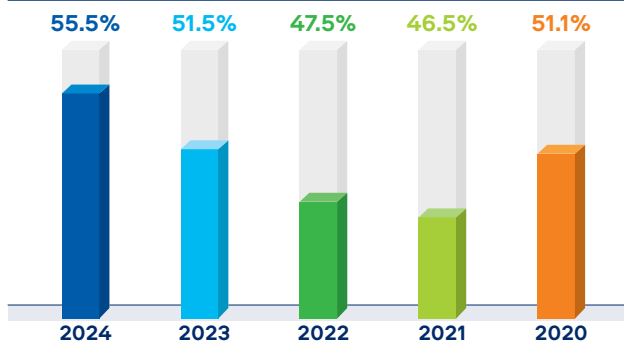
#### Current Ratio



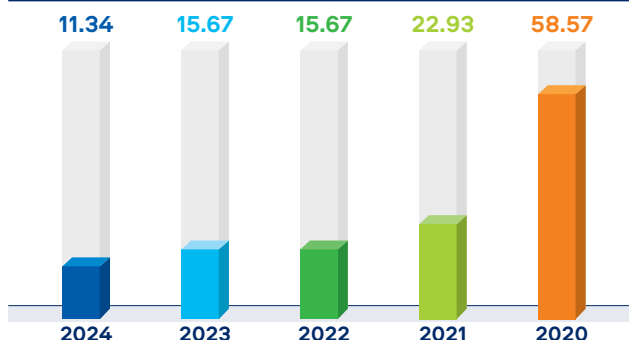
Net Profit to Sales



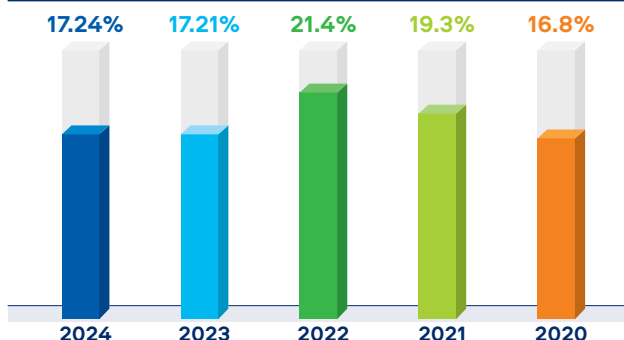
Cost of Sales to Sales



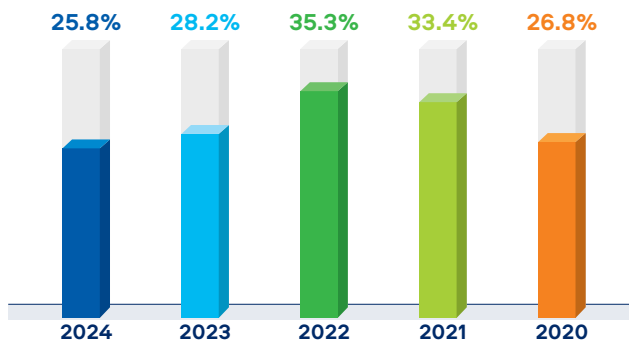
Price Earnings Ratio



Return on Assets

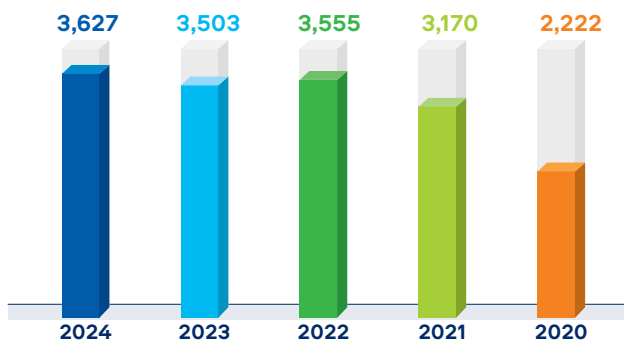


Return on Capital Employed



Operating Profit

In BDT Crore





Extract from  
Integrated  
Annual Report 2024  
British American Tobacco Bangladesh Company Limited

# Committed to Sustainability





# LEADERSHIP MESSAGES ON SUSTAINABILITY



**MR. WAEL SABRA** CHAIRMAN, BAT BANGLADESH

BAT Bangladesh has a history spanning over 114 years, during which the Company has engaged in various sustainable development initiatives. In 2024, BAT Bangladesh reiterated its goals for sustainability, with these principles integrated into its corporate values. The Company's approach to sustainability includes numerous initiatives aimed at creating positive environmental, social, and economic impacts.

In 2024, BAT Bangladesh expanded its afforestation program by distributing approximately 5 million saplings of fruit-bearing, medicinal, and forestry trees across 24 districts. This initiative aligns with the Government's goal of increasing the nation's tree-to-land ratio. Additionally, the Company's safe drinking water initiative reached communities affected by arsenic contamination and salinity.

Through the adoption of innovative agricultural practices, BAT Bangladesh aims to maximize productivity while mitigating the effects of climate change. By adhering to ethical standards and transparent policies, the Company aims to ensure the long-term sustainability of its business and maintain trust and accountability within its stakeholder community.

Looking ahead, BAT Bangladesh plans to continue building on its legacy and contributing to a sustainable future for all. The Company's vision guides its efforts to make a lasting positive impact on society and the environment.

In the face of numerous challenges within the global economy, Bangladesh has demonstrated remarkable resilience and progress on various fronts. Similarly, BAT Bangladesh has exhibited great strength and determination in overcoming these challenges. BAT Bangladesh's commitment to social responsibility is evident through the successful implementation of impactful initiatives such as Bonayan and Probaho. This showcases BAT Bangladesh's ability to navigate adversity while remaining true to its organizational mission.

Sustainability is a significant focus for BAT Bangladesh. A prime example of this is the collaboration between BAT Bangladesh and Bangladesh Sugar and Food Industries Corporation (BSFIC) to revitalize the local sugar industry and enhance sugarcane productivity. By empowering sugarcane farmers, BAT Bangladesh aims to promote economically viable and sustainable practices that can contribute to the industry's self-sufficiency.

As the Chairman of BAT Bangladesh's CSR Committee, I am pleased to witness the far-reaching impact of our initiatives. Our dedication to supporting farming communities underscores our commitment to corporate social responsibility. Through the promotion of sustainable farming practices and the empowerment of local farmers, we not only strive to promote environmental protection but also foster economic prosperity at community level.

BAT Bangladesh remains resolute in its dedication to supporting the nation's aspirations. As the CSR Committee, it is our responsibility to steer the Company towards fulfilling its purpose and upholding its role as a catalyst for transformation.



**MS. ZAKIA SULTANA** BOARD CSR COMMITTEE CHAIRMAN, BAT BANGLADESH

# MANAGING DIRECTOR'S REVIEW ON SUSTAINABILITY



**At BAT Bangladesh, our objective is to drive sustainability by integrating ESG principles into every aspect of our business and investment strategy.**

**MONISHA ABRAHAM**  
MANAGING DIRECTOR,  
BAT BANGLADESH



In 2024, BAT Bangladesh has maintained its position as a progressive Company, effectively overcoming the obstacles posed by the global and local economy. Despite encountering economic and political uncertainties, our steadfast dedication to advancing our sustainability agenda showcases our commitment to generating mutual benefits for our stakeholders.

## OUR PURPOSE DRIVEN STRATEGY

Our organization operates within a vast network of stakeholders, which includes 50,500 farmers, 1.6 million retailers, 2 factories, over 1700 employees, and a wide array of suppliers. By prioritizing the creation of shared value for all parties involved, we are leveraging our rich footprint of legacy to manage challenges. We are committed to minimizing our use of natural resources, supporting the communities where we operate, and advancing our sustainability efforts. This includes initiatives such as afforestation and providing safe drinking water to contribute to the Government's Sustainable Development Goals.

Our endeavors have garnered recognition through various accolades which include being the first Company in Bangladesh to secure Alliance for Water Stewardship (AWS) certification for three of our operation sites, being featured in Bloomberg's Sustainability List for our initiatives, receiving the Honorable Prime Minister's Afforestation Award five times, being acknowledged as the Top Employer for the sixth consecutive year in 2025, and receiving the Highest Taxpayer Award for the tenth consecutive year starting from 2014.

Through our unwavering commitment to sustainability and the creation of shared value, BAT Bangladesh takes pride in leading the charge for positive change within our industry and beyond.

## EMBRACING ESG PRINCIPLES

BAT Bangladesh is committed to driving sustainability by integrating ESG principles into all facets of its business and investment strategy. Drawing upon a wealth of experience, we recognize the importance of sharing our best practices with a broader audience. Our dedication is exemplified through comprehensive ESG reporting, a valuable tool for increasing awareness among diverse stakeholders. This reporting not only fosters transparency but also promotes greater accountability.

In my role as Managing Director of BAT Bangladesh, the transition from traditional CSR to a more holistic ESG approach has been enlightening. Moving from CSR to ESG necessitates a significant shift in mindset, urging companies to adopt a comprehensive approach to societal well-being with sustainability at its heart.

Based on our experiences, I advocate for forging strategic partnerships and embracing a collaborative approach to sustainability, where commitment and cooperation across all functions are imperative. BAT Bangladesh's robust governance processes play a pivotal role in ensuring the successful implementation and long-term sustainability of our initiatives.

Our focus is no longer solely on meeting checklist requirements; instead, we seek to embed sustainability in all our business strategies.

# AREA HEAD OF CORA'S MESSAGE ON SUSTAINABILITY

BAT Bangladesh's legacy of over 114 years has been built on a foundation of integrity, compliance, and responsible business practices. As a company committed to upholding the highest standards, we continue to strengthen our focus on sustainability, aligning our strategies with both national priorities and global expectations. In 2024, we continued our commitment to sustainability, balancing regulatory requirements with meaningful contributions to society.

In line with our purpose-driven approach, we continued to adhere to and exceed the expectations set by regulatory frameworks, ensuring that our operations are both transparent and ethically sound. As we navigate through an increasingly complex landscape of regulations, our responsibility as a corporate leader is to not only comply but to actively drive positive change. Our sustainability efforts extend beyond compliance; they reflect our commitment to creating long-term value for all stakeholders.

This year, we made significant strides in reinforcing our partnerships with regulatory bodies, private institutions, and local communities. One of our key initiatives, the promotion of responsible agricultural practices, aligns with both our sustainability goals and the nation's objectives for agricultural transformation. Additionally, our afforestation program, 'Bonayan,' which has distributed over 130 million saplings since 1980, stands as one of the largest private-sector afforestation initiatives in Bangladesh, further demonstrating our commitment to environmental stewardship. Our work in promoting gender equality and supporting communities remains central to our sustainability vision, and initiatives such as 'Probaho,' our safe drinking water program, have been instrumental in providing access to clean water in tobacco farming communities and salinity-prone areas. Since its inception in 2009, 'Probaho' has installed 126 water filtration plants across the country, ensuring safe drinking water free from arsenic and other impurities where it is needed most.

At BAT Bangladesh, we recognize that true sustainability is not simply a business metric—it is about making a meaningful difference. As we move forward, we will continue to leverage our legacy of compliance and responsibility, ensuring that our actions foster trust and set an example for others to follow.

After all the successful ESG platforms BAT Bangladesh has executed, now as Area Head of CORA, I am proud to witness & drive the recalibrated ESG strategy, which is more purpose-driven and impactful.



**SHABAB AHMED CHOUDHURY** AREA HEAD OF CORPORATE & REGULATORY AFFAIRS, BAT BANGLADESH

# AREA OPERATIONS DIRECTOR'S VIEW ON SUSTAINABILITY

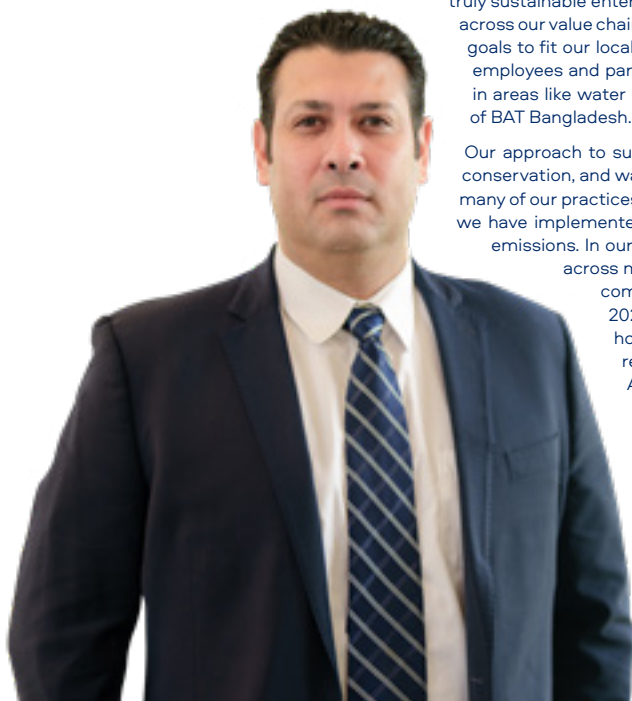
At BAT Bangladesh, sustainability is at the core of our operations, guiding every aspect of our business. As part of a truly sustainable enterprise, we are committed to driving meaningful change by integrating responsible practices across our value chain. In alignment with BAT's global sustainability roadmap, we have successfully adapted these goals to fit our local context, allowing us to make steady progress. Thanks to the dedication and efforts of our employees and partners, we have been able to achieve several key milestones ahead of schedule, particularly in areas like water conservation and waste management—an achievement that reflects the pioneering spirit of BAT Bangladesh.

Our approach to sustainability spans multiple areas, including climate change, circular economy, biodiversity conservation, and water stewardship. Through these initiatives, we continue to set a benchmark for others, with many of our practices serving as an inspiration for End Markets across the region. To reduce our carbon footprint, we have implemented modular industrial UPS at our Savar factory, contributing to lower Scope 1 and 2 GHG emissions. In our journey towards achieving 50% renewable energy by 2030, we have installed solar panels across multiple sites, which now account for nearly 10% of our factory electricity consumption. Our commitment to waste management has helped us sustain less than 1% waste to landfill since 2023, with additional steps being taken to ensure long-term impact, such as introducing in-house composting. Today, over 90% of the waste generated at our operational sites is being recycled, and 39.1% of our water usage is currently being recycled across different locations. As a testament to our water stewardship, we are proud to be the first company in Bangladesh to receive AWS certification for 3 of our operational sites.

Beyond our operational footprint, we actively contribute to the country's socioeconomic development by promoting sustainable agricultural practices among our network of over 50,000 farmers, enhancing efficiency, improving safety, and empowering communities.

Many of our best practices have gained global recognition, frequently being highlighted in BAT's Annual and Sustainability Reports, while other End Markets within APMEA have adopted several of our initiatives.

At BAT Bangladesh, we remain dedicated to push the boundaries of sustainable innovation, ensuring that our business continues to make a positive impact. Through collaboration and commitment, we will keep driving progress towards a more responsible and resilient future.



**MR. JORGE MACEDO PAVON** AREA OPERATIONS DIRECTOR, BAT BANGLADESH



# SUSTAINABILITY AT A GLANCE

BAT Bangladesh is part of the BAT Group, a leading multi-category consumer goods business operating in over 140 markets. BAT Bangladesh is a locally incorporated public listed Company, with a proud legacy of over 114 years. We have a proud heritage of being a development partner of the nation, helping promote sustainability.



**130 Mn**

**Saplings distributed**

Bonayan: one of the largest private sector driven afforestation initiative since 1980



**126**

**Water filtration plants installed**

PROBAHO: Safe drinking water initiative since 2009



**50.5 k**

**Farmer's livelihood**

Enhanced through Good Agricultural Practices (GAP)



**6<sup>th</sup>**

**Time recognised with  
Top Employer Award**



**3**

**Awards**

For corporate governance in 2024



**1978**

**Listed as  
Public Listed Company**

3<sup>rd</sup> in market capitalisation



**114**

**Years of legacy**

Since 1910



**1<sup>st</sup>**

**Company with Alliance  
for Water Stewardship  
(AWS)**

Certified sites in Bangladesh

# BAT BANGLADESH'S PURPOSE

As the BAT Group works towards a building Sustainable Future, BAT Bangladesh is committed to enhancing its operations. Our sustainability agenda demonstrates how we plan on aligning our actions with our values. This agenda provides information on BAT Bangladesh's policies, management strategies, goals, and achievements in addressing Environmental, Social, and Governance (ESG) priorities. Additionally, our ESG performance for the calendar year 2024 is highlighted in this report, reflecting our progress towards a more sustainable and ethical business model.

**BAT Bangladesh's sustainability targets are aligned with BAT Group's sustainability targets:**

## BY 2025



**35%** reduction in water withdrawn (vs 2017 baseline)



**30%** water recycling rate



**100%** of operations sites to be Alliance for Water Stewardship (AWS) certified



**25%** reduction in waste generated in own operations (vs 2017 baseline)



**90%** recycling rate of total waste generated



**<1%** of our operational waste going to landfill



Increase the proportion of women in Management roles to **45%** (**37%** for BAT Bangladesh by 2025)

## BY 2030



**50%** reduction in Scope 1 & 2 GHG emissions (vs 2020 baseline)



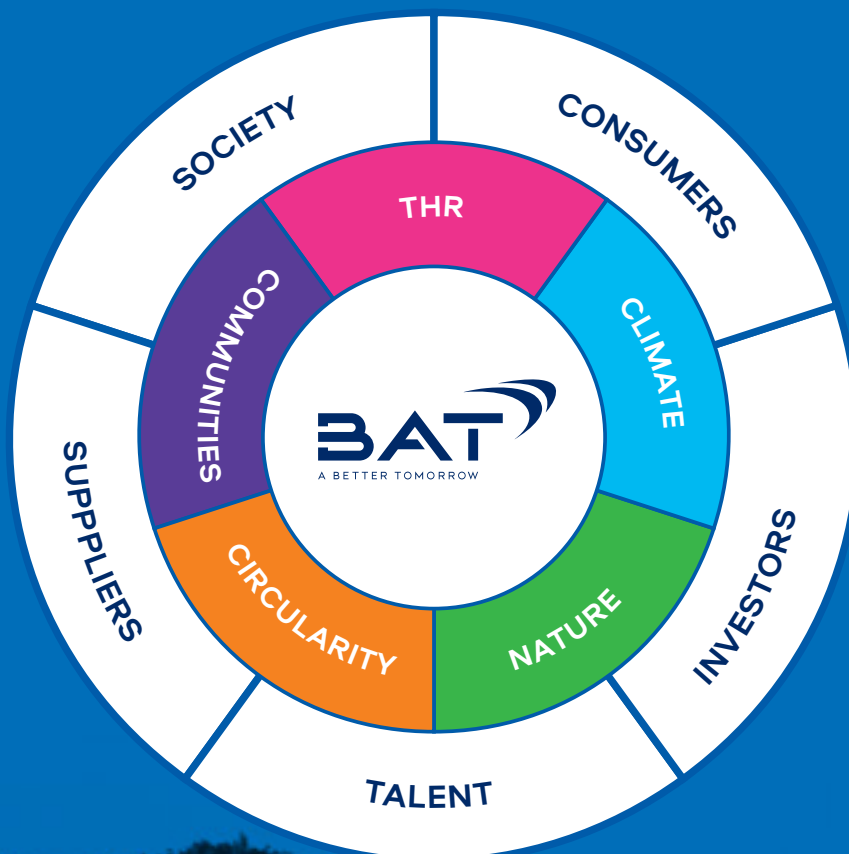
**50%** renewable energy use



# BAT GROUP'S SUSTAINABILITY STRATEGY

BAT Bangladesh continues to align its own efforts to BAT Group's sustainability strategy.

## FIVE STRATEGIC IMPACT AREAS



**BAT**  
BANGLADESH

# BAT BANGLADESH'S SUSTAINABILITY PERFORMANCE HIGHLIGHTS

The BAT Group conducts a Double Materiality Assessment to identify sustainability topics that are the most material for the business and we seek to align our Sustainability performance to those material topics. This Roadmap contains BAT Bangladesh's current performance against key Group ambitions and targets.

Strategic Impact Areas		Targets	BAT Bangladesh's 2024 Progress																									
Climate	50% absolute reduction in Scope 1 and 2 GHG emissions by 2030 versus 2020 baseline	<p>To reduce BAT Bangladesh's Scope 1 and 2 GHG emissions, several key initiatives have been implemented:</p> <p>In response to the 586 blackouts experienced annually, BATB's Savar Factory has taken a significant step forward by installing a Modular Industrial Online UPS. This shift from diesel generators to a more sustainable solution will not only remove the reliance on fossil fuel-based backup but also reduce CO<sub>2</sub> emissions projected at over 1,070 tons annually.</p> <p>Addressing the escalating gas crisis, a crucial project was launched to modify the gas boilers enabling us to adapt to low gas pressure scenarios, thereby enhancing system performance through innovative solutions. This initiative aims to tackle rising costs and higher carbon emissions. Over a 40-day period of real-life implementation, these changes resulted in an approximate 95% reduction in diesel usage, saving BDT ~3.2 million, 29,080 liters of diesel, and reducing carbon emissions by ~80 tons.</p>																										
	50% renewable energy use by 2030	<p>BAT Bangladesh is demonstrating its commitment to achieving 50% renewable energy by 2030 through the implementation of solar panels at multiple sites. The table below highlights the solar capacity installed at different locations, showcasing BAT's proactive approach to integrating renewable energy into its operations.</p> <table><tr><th>Site/Location</th><th>Dhaka Factory (MW) Savar Factory</th><th>Savar Factory (MW)</th><th>GLTP (MW)</th><th>RDP (MW)</th><th>MLD (MW)</th><th>Khulna (MW)</th><th>Sylhet (MW)</th><th>Total (MW)</th></tr><tr><td>Solar Capacity Mw</td><td>0.376</td><td>3.2</td><td>1.2</td><td>0.54</td><td>0.22</td><td>0.02</td><td>0.015</td><td>5.59</td></tr></table> <p>By leveraging net metering, BAT Bangladesh is able to efficiently manage and utilize the solar energy generated at these sites. This approach not only reduces reliance on non-renewable energy sources but also contributes significantly to BATB's sustainability goals. The combined solar capacity of 5.59 MW across these locations covers 10% of BATB's total energy consumption, underscoring the Company's dedication to environmental responsibility and its strategic efforts to meet the 50% renewable energy target by 2030.</p> <p>Initiatives like purchasing 12 MWH IREC were rolled out to support in reducing the carbon emission on top of the energy optimization. Above actions reflect a strong commitment to carbon emission reduction by actively investing in sustainable energy solutions and supporting the transition to a low-carbon economy. It demonstrate a proactive approach to environmental responsibility and a dedication to achieving sustainability goals.</p>									Site/Location	Dhaka Factory (MW) Savar Factory	Savar Factory (MW)	GLTP (MW)	RDP (MW)	MLD (MW)	Khulna (MW)	Sylhet (MW)	Total (MW)	Solar Capacity Mw	0.376	3.2	1.2	0.54	0.22	0.02	0.015	5.59
	Site/Location	Dhaka Factory (MW) Savar Factory	Savar Factory (MW)	GLTP (MW)	RDP (MW)	MLD (MW)	Khulna (MW)	Sylhet (MW)	Total (MW)																			
	Solar Capacity Mw	0.376	3.2	1.2	0.54	0.22	0.02	0.015	5.59																			
	Net Zero GHG emissions in our value chain by 2050	<p>Along with above mentioned activities for scope 1 &amp; 2, to address net zero emission, we have conducted an Sustainability Supplier Summit to develop capability of our suppliers and get their commitments on sustainable practices. Three key local suppliers in Bangladesh have invested in solar energy. Collectively, they have added 1.2MW of solar capacity to their operations, which will account for approximately 20% of their annual electricity consumption.</p>																										
25% reduction in waste generated in our own operations by 2025 vs 2017	<p>Both the Dhaka and Savar factories are planning to install in-house composting machines at their sites. This initiative will reduce organic waste volume by 80%, leading to a 25% reduction in overall waste generation compared to our baseline. This is a significant step towards our 2025 Sustainability goal of a 25% reduction in waste generation.</p> <p>Our commitment to reducing waste generation by 2025 is further demonstrated through comprehensive waste management strategies, including recycling programs and waste minimization initiatives.</p>																											
90% recycling rate of waste generated at site by 2025	<p>On this continuous journey of waste recycling, BAT Bangladesh is taking multiple initiatives to recycle the wastes generated on site. The graphs given from 2024 shows how BATB sites are performing in terms of waste recycling-</p> <div><p><b>BAT Bangladesh Waste Recycled (%)</b></p><table><thead><tr><th>Site</th><th>Waste Recycled (%)</th></tr></thead><tbody><tr><td>Dhaka</td><td>93.2%</td></tr><tr><td>Savar</td><td>91.0%</td></tr><tr><td>Kushtia</td><td>99%</td></tr><tr><td>Manikganj</td><td>99%</td></tr></tbody></table></div>									Site	Waste Recycled (%)	Dhaka	93.2%	Savar	91.0%	Kushtia	99%	Manikganj	99%									
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Kushtia	99%																											
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<1% of our operational waste going to landfill by 2025	<p>BAT Bangladesh is making significant strides towards achieving 100% Zero Waste to Landfill at all our operation sites. This commitment not only reduces our environmental impact but also demonstrates our dedication to sustainability and responsible resource management. We are proud to lead by example and contribute to a more sustainable future.</p>																											

Strategic Impact Areas	Targets	BAT Bangladesh's 2024 Progress																																	
Nature	Deforestation and Conversion free tobacco supply chain 2 by 2025 (vs 2021 baseline)	<ul style="list-style-type: none"><li>Around 46% of curing fuel is sourced from alternatives of wood fuel, e.g., jute stick, dhaincha stick, sugarcane bagasse etc. Remaining 54% comprises of branches and by-products of wood, of which 14% comes from on farm plantation and 86% comes from off-farm plantation or production forests</li><li>During crop season 2024 no incidence of deforestation was reported.</li></ul>																																	
	Forest Positive in our Tobacco Supply Chain by 2025 (vs 2021 baseline)	<ul style="list-style-type: none"><li>Initiated forest positive program in 1.72 hectares of barren land by planting 6,500 saplings of different native species to support &amp; conserve biodiversity ( verified in 2024)</li></ul>																																	
	Reduce 35% Water Withdrawn by 2025	<p>Initiatives such as- Effluent Treatment Plants (ETP), Sewage Treatment Plants (STP), and a condensate recovery system on-site are helping BATB to achieve 35% reduction in water withdrawn by 2025. Additionally, a central monitoring system has been implemented for real-time data tracking and efficient loss identification.</p> <div><div><p>Dhaka Factory Water Withdrawn (m3)</p><table><tr><th>Year</th><th>Water Withdrawn (m3)</th></tr><tr><td>2020</td><td>122.82</td></tr><tr><td>2021</td><td>151.12</td></tr><tr><td>2022</td><td>130.31</td></tr><tr><td>2023</td><td>99.32</td></tr><tr><td>2024</td><td>72.14</td></tr></table></div><div><p>Savar Factory Water Withdrawn (m3)</p><table><tr><th>Year</th><th>Water Withdrawn (m3)</th></tr><tr><td>2020</td><td>19.43</td></tr><tr><td>2021</td><td>46.84</td></tr><tr><td>2022</td><td>36.47</td></tr><tr><td>2023</td><td>36.47</td></tr></table></div></div>	Year	Water Withdrawn (m3)	2020	122.82	2021	151.12	2022	130.31	2023	99.32	2024	72.14	Year	Water Withdrawn (m3)	2020	19.43	2021	46.84	2022	36.47	2023	36.47											
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30% Water Recycle by 2025	<p>Committing to the recycling water target, In RDP, BAT has implemented an Effluent Treatment Plant (ETP) and a Reverse Osmosis (RO) system to increase water recycling rate. Currently, 39.1% of water is recycled across operation sites.</p> <div><div><p>Dhaka Factory Water Withdrawn Reduction (%)</p><table><tr><th>Year</th><th>Reduction (%)</th></tr><tr><td>2020</td><td>15.20%</td></tr><tr><td>2021</td><td>20%</td></tr><tr><td>2022</td><td>32.10%</td></tr><tr><td>2023</td><td>42.70%</td></tr><tr><td>2024</td><td>46.50%</td></tr></table></div><div><p>Savar Factory Water Withdrawn Reduction (%)</p><table><tr><th>Year</th><th>Reduction (%)</th></tr><tr><td>2020</td><td>45.90%</td></tr><tr><td>2021</td><td>36%</td></tr><tr><td>2022</td><td>46.10%</td></tr><tr><td>2023</td><td>46.10%</td></tr></table></div><div><p>Kushtia Water Withdrawn Reduction (%)</p><table><tr><th>Year</th><th>Reduction (%)</th></tr><tr><td>2020</td><td>6.20%</td></tr><tr><td>2021</td><td>6%</td></tr><tr><td>2022</td><td>14.70%</td></tr><tr><td>2023</td><td>20.30%</td></tr><tr><td>2024</td><td>20.50%</td></tr></table></div></div>	Year	Reduction (%)	2020	15.20%	2021	20%	2022	32.10%	2023	42.70%	2024	46.50%	Year	Reduction (%)	2020	45.90%	2021	36%	2022	46.10%	2023	46.10%	Year	Reduction (%)	2020	6.20%	2021	6%	2022	14.70%	2023	20.30%	2024	20.50%
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Achieve 100% of operation sites Alliance for Water Stewardship (AWS) certified by 2025	3 out of 4 operation sites (Dhaka Factory, Savar Factory, Green Leaf Threshing Plant- Kushtia, and Manikganj) have received AWS certification. RDP plant at Manikganj is also in line for AWS certification in 2025.																																		
Communities	Aiming for zero child and forced labour in our tobacco supply chain by 2025	<ul style="list-style-type: none"><li>100% of tobacco farms monitored for child labour</li></ul>																																	
	Support prosperous livelihoods for all farmers in our tobacco supply chain	<ul style="list-style-type: none"><li>100% of tobacco farmers have reported growing other crops for food or as additional sources of income</li></ul>																																	
	100% of our product materials and high-risk indirect service suppliers to have undergone at least one independent labour audit within a three-year cycle by 2025	<ul style="list-style-type: none"><li>14 supplier third-party audits were conducted on product materials and high-risk indirect service suppliers</li></ul>																																	
	Zero accidents Group-wide each year	<ul style="list-style-type: none"><li>Zero accidents-Top-losses</li></ul>																																	
	Increase the proportion of women in management roles to 45% by 2025 (37% for BAT Bangladesh)	<ul style="list-style-type: none"><li>34% female representation in management roles</li></ul>																																	
Marketing and Communications	Aiming for full compliance with marketing regulations	<ul style="list-style-type: none"><li>100% compliance with the Responsible Marketing Principles (RMP)</li></ul>																																	
Ethics and Integrity	Aiming for 100% adherence to our Standards of Business Conduct (SoBC)	<ul style="list-style-type: none"><li>100% of BAT Bangladesh's employees completed SoBC sign-off and training</li></ul>																																	
Sustainability Governance	Effective management of sustainability governance	<ul style="list-style-type: none"><li>Our governance is overseen by our Board of Directors as well as relevant committees, e.g. CSR Committee, Audit Committee, etc</li></ul>																																	

# OUR SUSTAINABILITY JOURNEY SO FAR

## 1980-2000



**1980**

Launched '**Bonayan**'  
- Our flagship  
Afforestation Program

Agronomy Drive to promote  
good agricultural practices

## 2001-2010



**2009**

Launched '**Probaho**'  
- Our Safe Drinking  
Water Project

**2004**

Battle of Minds  
launched



## 2011-2020



**2011**

Launched '**Deepto**' -  
Our Renewable Energy  
Project

**2011**

Thrive launched to uplift  
farmers' livelihood

## 2021-2022

**2021**

Embraced new sustainability targets

**2022**

1<sup>st</sup> Company in the country to be AWS certified

Implemented Alternate Furrow Irrigation

Dhaka Head Office received LEED certification  
for a Green Work Environment



ALLIANCE FOR  
WATER STEWARDSHIP

## 2023

**2023**

3 out of 4 operation  
sites have received AWS  
certification

Featured in Bloomberg's  
Sustainability List  
**Bloomberg**

## 2024

**2024**

Achieved  
**35% Water**  
withdrawal reduction

Featured in Bloomberg's  
Sustainability List  
**Bloomberg**



# REDUCING HEALTH IMPACTS



**AS A GROUP, BAT HAS SET A CLEAR PURPOSE WITH A VISION OF CREATING A BETTER TOMORROW™ BY BUILDING A SMOKELESS WORLD. THIS IS WHY, GLOBALLY, BAT GROUP HAS ADOPTED A CONSUMER-CENTRIC, MULTI-CATEGORY PORTFOLIO OF SMOKELESS PRODUCTS TO ACTIVELY ENCOURAGE SMOKERS TO ‘SWITCH TO BETTER’. THE GROUP IS COMMITTED TO DELIVERING LONG-TERM MULTI-STAKEHOLDER VALUE AND AIMS TO BECOME A PREDOMINANTLY SMOKELESS BUSINESS BY 2035.**

## WHY HARM REDUCTION MATTERS?

We know combustible products pose serious health risks. The only way to avoid those risks is to not start smoking or to quit. Yet more than 1.3 billion people today continue to smoke<sup>1</sup>. Tobacco harm reduction is a well-recognised public health strategy that aims to minimise the harm caused by combustible cigarettes by encouraging adult smokers, who would otherwise continue to smoke, to switch completely to scientifically substantiated, reduced-risk<sup>†</sup> alternatives. Over 100 million<sup>2</sup> adults worldwide are now using reduced-risk<sup>†</sup> products as an alternative to cigarettes. For those who would otherwise continue to smoke, BAT Group encourages making the switch by provides consumers with a range of scientifically substantiated reduced-risk<sup>†</sup> alternatives to smoking that deliver comparable satisfaction in nicotine delivery, use and sensorial aspects. For example, some studies suggest that Vapour products are more successful than nicotine replacement therapy in helping people stop smoking, by providing a satisfactory alternative to cigarettes<sup>3</sup> despite not being smoking cessation products nor marketed as such. These products are supported by world-class science and industry-leading product safety and quality standards. Responsible, science-backed, and well-thought-through regulation is also crucial for enabling adult smokers to access and enjoy reduced-risk<sup>†</sup> products with confidence while allowing governments and health bodies to know that these products are manufactured to high product safety and quality standards.

## THE KEY ENABLERS FOR HARM REDUCTION

BAT Group acknowledges the need for the application of robust science, a deep dive into consumer insights and best-in-class innovation to facilitate the tobacco harm reduction journey.



BAT Group is transforming to a multi-category portfolio of smokeless products tailored to meet the preferences of adult consumers. The Group is committed to providing adult consumers with a wide range of enjoyable and less risky<sup>†</sup> products.



BAT Group uses a weight-of-evidence approach with a nine-step risk assessment framework to assess emissions, exposure and risk of our New Category products. The Group's breadth and depth of expertise guide our research and fuel the relentless innovation that sets us apart.



BAT Group follows strict standards for all its products and openly shares its approach and expertise to contribute to and advocate for industry-wide product standards and evidence-based regulation.

<sup>1</sup>WHO: Tobacco, Key Facts. May 24 2022 (who.int).

<sup>2</sup>[www.gsthr.org/briefing-papers/82-million-vapers-worldwide-in-2021-the-gsthr-estimate/](https://www.gsthr.org/briefing-papers/82-million-vapers-worldwide-in-2021-the-gsthr-estimate/)

<sup>3</sup>[www.ox.ac.uk/news/2022-11-17-e-cigarettes-are-more-effective-nicotine-replacement-therapy-helping-smokers-quit](https://www.ox.ac.uk/news/2022-11-17-e-cigarettes-are-more-effective-nicotine-replacement-therapy-helping-smokers-quit)



## A SNAPSHOT OF BAT GROUP'S RANGE OF NEW CATEGORY PRODUCTS:

BAT Group has established an important New Categories 'bridgehead' which underpins its transformation to accelerate tobacco harm reduction. BAT Bangladesh has not launched New Category products in Bangladesh yet.

The categories of New Category Products that play a role in tobacco harm reduction globally include:



### VAPOUR PRODUCTS

Battery-powered devices that heat liquid formations – e-liquids – to create vapour which is inhaled.

Our vapour products do not contain tobacco and do not involve combustion, the vapour contains substantially fewer and lower levels of toxicants found in cigarette smoke.<sup>†</sup> Additionally, according to UK Health Security Agency and Office for Health Improvement and Disparities (Previously known as Public Health England), "Vaping is at least 95% less harmful than smoking"<sup>\*\*</sup> making it an alternative for smokers who want to quit smoking.



### MODERN ORAL PRODUCTS

Pouches that contain high-purity nicotine, water and other high-quality ingredients.

Already, chemical studies have shown that our modern oral products produce substantially lower levels of toxicants from cigarette smoke and even lower levels than snus – a type of traditional oral tobacco. There is epidemiological evidence that indicates modern oral products are considerably less risky than smoking.



### TOBACCO HEATING PRODUCTS (THPs)

THPs are devices that heat tobacco to generate an aerosol which is inhaled. Our flagship THP brand, glo, comprises an electronic handheld device that contains a lithium-ion battery which powers a heating chamber. A specially designed rod containing homogenized tobacco, called a Neostick, is then inserted into the device.

Because the tobacco is heated instead of burned, the resulting aerosol comprises mainly water, glycerol, nicotine and tobacco flavours – different from cigarette smoke.<sup>†</sup>



<sup>†</sup> Bishop E, East N, Bozhilova S, et al. (2020). An approach for the extract generation and toxicological assessment of tobacco-free 'modern' oral nicotine pouches. Food Chem Toxicol 2020; 145: 111713.

<https://pubmed.ncbi.nlm.nih.gov/32998027>

<sup>\*</sup> Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive

<sup>\*\*</sup> Public Health England, Vaping in England: 2020 evidence update summary. 2020. Available at: <https://www.gov.uk/government/publications/vaping-in-england-evidence-update-march-2020/vaping-in-england-2020-evidence-update-summary> (Accessed: 18 July 2024)

<sup>†</sup> Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance



# EXCELLENCE IN ENVIRONMENTAL MANAGEMENT

At BAT Bangladesh, sustainability is pivotal in creating shared value for our stakeholders. That is why our sustainability strategy is aligned to support addressing climate change and environmental management.



**5 Mn**  
saplings  
distributed in 2024



**1<sup>st</sup>**  
Company in  
Bangladesh to be  
AWS certified



**1.7 ha**  
conservation  
forest in CY24



**<~2%**  
waste  
to landfill



**39.1%**  
of water recycled  
across operation  
sites





# BONAYAN: 44 YEARS OF LEGACY IN DRIVING AFFORESTATION



**‘BONAYAN, BAT  
BANGLADESH’S  
FLAGSHIP  
AFFORESTATION  
INITIATIVE, HAS  
BEEN HELPING IN  
TRANSFORMING  
COMMUNITIES AND  
ECOSYSTEMS FOR  
OVER FOUR DECADES.**



Since the 1980s, Bonayan has been a cornerstone of biodiversity conservation, distributing over 130 million fruit, timber, and medicinal plant saplings free of cost to farmers and stakeholders across 24 districts, contributing to environmental and socioeconomic development.



The program strives to address critical needs such as environmental restoration, income generation, and energy supply for communities. By blending fast-growing fuelwood, native and medicinal species in a 70:30 ratio, Bonayan aims for both ecological and economic benefits.

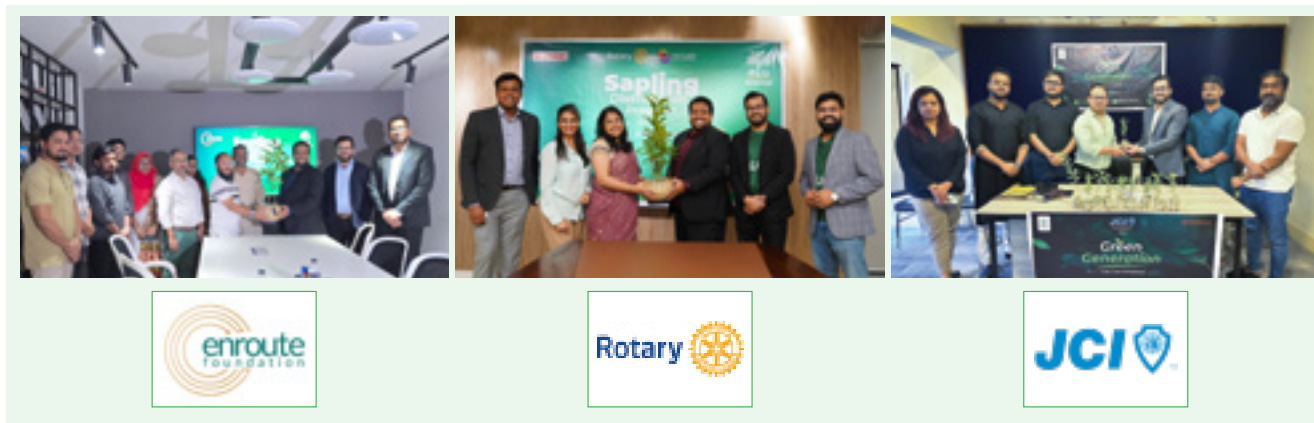
Engaging over 35,000 farmers, including 1,000 in 2024, the initiative promotes tree planting among farmers, entrepreneurs, and community members. Bonayan has also established 19 nurseries to support this mission. Most income earners in Bonayan-supported areas are farmers, while others own small businesses or work as agricultural and non-agricultural day labourers, encouraging economic resilience and growth.

Bonayan's excellence has been recognized with multiple accolades, including the prestigious Prime Minister's Award on five occasions and the Chief Advisor's Award. Looking ahead, the program aims to further expand its reach, by engaging 36,000 beneficiaries by 2025.

# FORGING PARTNERSHIPS FOR AFFORESTATION



**BAT BANGLADESH BELIEVES THAT PUBLIC-PRIVATE PARTNERSHIPS PLAY A KEY ROLE IN ALLOWING US TO BE A SUSTAINABLE DEVELOPMENT PARTNER OF THE NATION.**



## BONAYAN'S REFORESTATION INITIATIVE AT ROHINGYA CAMP:

About 1.1 million Rohingya refugees have taken shelter at Cox's Bazar in Bangladesh since 2017. As the settlements began, the refugees started using wood and bamboo from the adjacent forests to fulfill their daily needs. This led to significant deforestation, having a considerable impact on the area's environment and biodiversity. The government estimated the initial loss of forest area to be around 1500 hectares. In 2018, Refugee Relief and Repatriation Commission (RRRC), under the Ministry of Disaster Management & Relief of Bangladesh Government along with the support of United Nations High Commissioner for Refugees (UNHCR), Inter Sector Coordination Group (ISCG) and Energy & Environment Technical Working Group (EETWG) initiated the much-required reforestation campaign to restore the environment and biodiversity in and around the camps, which were particularly vulnerable to the impacts of climate change.

As a responsible organization, BAT Bangladesh was the only private sector Company to step up and support the government's initiative of restoring natural balance through its flagship CSR program 'Bonayan'. Currently celebrating its 44th anniversary, 'Bonayan' has planted 330,000 saplings since 2018 in the Kutupalong Rohingya Camp area covering almost 33.7 hectares of blocks and 18.7 km of roadsides. So far, Bonayan has planted various types of forest, medicinal and ornamental plants such as Mahogany, Chickrassy, Garjan, Margosa, Indian gooseberry, Indian hog plum, Arjun, Beleric, Royal poinciana, Queen Flower, Frangipani etc. BAT Bangladesh through the appointment of a third party also took responsibility of ensuring maintenance of the saplings post plantation to ensure maximum survival levels. BAT Bangladesh has signed off a Memorandum of Understanding (MOU) with RRRC (2019-2025) of Bangladesh Government, assuring them of our continued support through afforestation during the journey.



The signage marks Bonayan's presence in Kutupalong Rohingya Camp area



Bonayan helped enrich greenery in Kutupalong Rohingya Camp area



18.7 km roadside plantations carried out by Bonayan



# CELEBRATING WORLD ENVIRONMENT DAY: BAT'S SUSTAINABILITY LEADERS VISIT BANGLADESH



BAT Bangladesh marked World Environment Day 2024 with a special visit from BAT Group's Chief Sustainability Officer Donato Del Vecchio and Group Head of Ops Development, Sustainability & Quality, Jonathan Upward. During their first visit to Bangladesh, they witnessed a series of impactful environmental initiatives from BAT Bangladesh.

Over the course of three days, BAT Bangladesh's sustainability initiatives were showcased, including Bonayan (afforestation program), Probaho (clean water filtration initiative), and the newly inaugurated Asian Agri-Tech Hub.

## KEY HIGHLIGHTS OF THE VISIT INCLUDED:

- The BAT Bangladesh's Savar factory, which operates under a Zero Water Discharge process, ensuring wastewater is treated and recycled internally with no environmental discharge. This enabled BAT Bangladesh to earn an Alliance for Water Stewardship (AWS) certification.\
- A Cerulean Sanctuary dedicated to preserving biodiversity was also inaugurated by the Group CSO and the Group Ho SMQ at Savar Factory premises.\
- the Asian Agri-Tech Hub, where agronomists working on climate-resilient agricultural practices.







On the afforestation front, Bonayan has distributed over 5 million saplings in 2024, contributing to its aim of reforestation, including the restoration of green cover at Kutupalong Camp, home to 1.1 million Rohingya refugees.

Water sustainability was another focal point of the visit. BAT Bangladesh's Probaho initiative currently provides clean drinking water daily through 126 filtration plants across 25 districts. Donato and Jon met with beneficiaries, witnessing first-hand the transformative impact of this initiative.

The visit concluded with a sapling distribution campaign, reinforcing BAT Bangladesh's commitment to community engagement. Over 3,500 saplings were distributed among employees at the Head Office and Savar Factory, while farmers in Kushtia received saplings as part of the broader Bonayan campaign. This milestone visit highlighted BAT Bangladesh's progress towards environmental contributions but also underscored its role in sustainability within the region.



# BAT BANGLADESH'S ALLIANCE FOR WATER STEWARDSHIP (AWS) JOURNEY

Since 2021, BAT Bangladesh has embarked on its AWS journey from Dhaka, aiming for all four sites (Dhaka, Savar, Kushtia, and Manikganj) achieve AWS Certification by 2025. This milestone will solidify BAT Bangladesh's commitment to water-related goals, contributing to five key AWS agendas for both BAT Bangladesh and the broader catchment area.

## GOOD WATER GOVERNANCE:

### BATB prioritizes water governance through:

- Implementing Level 2 metering in all factories.
- Establishing a Utility Central Metering System for regular water data tracking.
- Disclosing policies and extending water stewardship to government, non-government, and industrial stakeholders to promote sustainable water consumption.

## SUSTAINABLE WATER BALANCE

### BATB has set ambitious targets to:

- Reduce water withdrawal by **35% – 26%** achieved by 2024
- Increase water recycling by **30% - 39%** achieved by 2024

Each BAT Bangladesh factory employs advanced recycling processes, including STP systems in Dhaka, WWTP in Savar, and ETPs in Manikganj and Kushtia. The installation of condensate recovery systems in these factories has significantly enhanced recycling and reuse efforts. Beyond the mandatory wastewater treatment facilities (ETP, STP, and WWTP), BAT Bangladesh sites utilize Reverse Osmosis (RO) plants for further treatment, ensuring recycled water is used for the site's utilities and facilities. Additional initiatives, such as utilizing RO reject water for gardening sprinklers and washroom flushing, have further reduced water withdrawal.



## GOOD WATER QUALITY STATUS BAT BANGLADESH:

BAT Bangladesh has consistently prioritized maintaining high water quality standards for both usage and discharge.

At Kushtia GLT, the Effluent Treatment Plant (ETP) has been upgraded to include Moving Bed Biofilm Reactor (MBBR) and Upflow Sludge Blanket Reactor (USBR) technologies, resulting in a 67% reduction in Biological Oxygen Demand (BOD) and a 38% reduction in Chemical Oxygen Demand (COD) in discharge water, thereby enhancing the quality of catchment water. Additionally, on-site drinking facilities have been upgraded to UV Reverse Osmosis (UV RO) systems to provide optimal quality drinking water for employees, addressing common contaminants such as arsenic and iron found in hand pump water in Bangladesh. Furthermore, an in-house laboratory facility has been established in Savar to regularly monitor and analyze water quality, ensuring prompt rectification of any deterioration.

## IMPORTANT WATER-RELATED AREAS:

BAT Bangladesh ensures that Important Water-Related Areas (IWRAs) are well-maintained. The Company has established 126 PROBAHO plants across Bangladesh to address the scarcity of safe drinking water. On World Water Day 2024, 4 new PROBAHO plants were inaugurated in Satkhira, providing safe water containers for numerous families.





### SAFE WASH FOR ALL:

BAT Bangladesh maintains ambitious standards for WASH facilities, focusing on hygiene and technological advancements such as sensor-based taps and handwash auto dispensers. Special attention is given to women's washroom facilities to ensure hygiene and convenience. Additionally, UV RO filters have been installed across all factory premises to ensure safe drinking water for all employees.

### DHAKA FACTORY ACHIEVES RAINWATER SEGREGATION MILESTONE

Our Dhaka Factory has reached a significant milestone in the segregation of rainwater. This endeavor represents

a pivotal advancement in our pursuit of AWS Gold Certification, demonstrating our commitment to not only meeting global standards but also exceeding them as a conscientious business.

Through the strategic rerouting of pipelines, we have successfully separated process and rainwater streams, in accordance with industry best practices for resource management and environmental conservation. By implementing cutting-edge techniques, we have not only improved operational efficiency but also reinforced our pledge to sustainable growth.

This accomplishment highlights our emphasis on compliance, resource efficiency, and environmental stewardship.

## RDP WATER RECYCLING

### ETP & RO:

At Re-drying plant (RDP), we have made significant strides in our water management strategy by implementing an Effluent Treatment Plant (ETP) and a Reverse Osmosis (RO) system. These cutting-edge systems boast a combined treatment capacity of 1000 liters per day and are specifically engineered to process wastewater generated during our production processes. The treated water is efficiently recycled within our facility, thereby reducing our dependence on external water sources and ensuring strict adherence to environmental regulations.



### Condensate Recovery System:

Furthermore, the implementation of a Condensate Recovery System (CRS) has significantly improved water usage efficiency at our facility. This innovative system effectively recovers condensate from steam processes and reintroduces it into the water cycle, resulting in a reduction of our overall water withdrawal by approximately 18%. By embracing this technology, we not only reduce water wastage but also decrease operational costs associated with water procurement and treatment.

These initiatives exemplify Re-Drying Plant's dedication to integrating technical solutions for sustainable resource management. Through the optimization of water usage, we are aligning our operations with global water resources management standards.



# SUSTAINABLE AGRICULTURAL PRACTICES



**BAT BANGLADESH IS DEDICATED TO CONTRIBUTING TO THE SOCIOECONOMIC DEVELOPMENT OF THE COUNTRY. WE ARE ACTIVELY ENGAGED IN RAISING AWARENESS ABOUT SUSTAINABLE AGRICULTURAL PRACTICES AMONG OUR COMMUNITY OF OVER 50,000 FARMERS. BY WORKING TOGETHER, WE AIM TO PROMOTE RESPONSIBLE LAND USE AND ENVIRONMENTAL CONSERVATION. BELOW ARE SOME OF OUR NOTABLE INITIATIVES**

## THE ASIAN AGRI TECH HUB: ADVANCING AGRICULTURAL SUSTAINABILITY THROUGH INNOVATION:

At BAT Bangladesh, we aim to implement sustainable practices in our operations. As part of our commitment to addressing climate change impacts, promoting environmental management, and delivering social value, we are innovating to create a positive impact across the communities we serve.

The **Asian Agri Tech Hub (AATH)** is a pioneering initiative that underscores our commitment to transforming agricultural practices in Asia. As a modern research facility based in Bangladesh, AATH serves as a strategic enabler for our leaf business across the Asia-Pacific region. Its primary focus is to advance agricultural sustainability by developing innovative solutions and elite hybrid crop varieties tailored to local climatic conditions.



### DRIVING SUSTAINABLE AGRICULTURE

AATH is dedicated to supporting marginal farming communities by addressing key challenges, improving livelihoods, and fostering sustainable agriculture. Through its initiatives, AATH is helping farmers increase productivity, reduce costs associated to farm labor & crop management, and embrace environmentally friendly practices. Key projects include:

- **Crop Breeding Program:** Developing high-performing hybrid varieties that offer adaptability and resilience in diverse local environments.
- **Fuel-efficient curing technology:** Introducing a fuel-efficient curing technology (LLB) that reduces carbon emissions from tobacco curing.
- **Low-Cost Drip Irrigation Solutions:** Providing affordable irrigation systems to help conserve underground water resources.
- **Integrated Pest and Disease Management:** Partnering with Bangladesh Agricultural University to develop innovative pest control strategies.
- **4R Fertilizer Recommendations:** Promoting responsible nutrient management for sustainable crop production.
- **Farm Mechanization Solutions:** Addressing labour shortages and reducing production costs with affordable mechanized tools.

## EMPOWERING FARMERS AND COMMUNITIES

The innovations driven by AATH are designed to not only improve agricultural practices but also enhance the financial well-being of farmers and create employment opportunities for rural youth. By focusing on solutions that balance economic viability with environmental responsibility, we aim to support our farming communities.



## COMMITMENT TO ENVIRONMENTAL STEWARDSHIP

AATH is actively working to improve soil health and biodiversity in collaboration with the Department of Agricultural Extension. Initiatives such as green manuring, cover cropping, roadside plantations, and Integrated Pest Management (IPM) practices reflect our dedication to safeguarding the environment and promoting sustainable farming practices.

## FOSTERING A SUSTAINABLE FUTURE

Through its innovative research and collaboration, AATH is emerging as a regional agritech hub, providing scalable solutions for Bangladesh and other Asian markets with similar agricultural challenges.



## OTHER INITIATIVES

**PLANTING PROSPERITY: TRANSFORMING RURAL LIVELIHOODS THROUGH CLUSTER SEEDBEDS**

In Bangladesh, agriculture plays a vital role, contributing 15% to the nation's GDP. Recognizing the increasing demand for vegetables and the need to enhance rural livelihoods, BAT Bangladesh introduced a vegetable seed distribution program in 2021. This initiative aimed to encourage farmers to cultivate crops such as red amaranth, spinach, yard-long beans, sweet gourds, and cauliflower in household gardens or cluster seedbeds to maximize land utilization.

In 2024, the program had successfully distributed 605 kilograms of seeds, involved 16,322 farmers and covered

115.1 hectares of land. This initiative now accounts for 25% of seedbed area utilization in its operational areas.

With the support of the Department of Agricultural Extension (DAE) and local stakeholders, the project aims to narrow the income disparity between rural farmers and urban workers. In addition to financial gains, it promotes community resilience and empowers farmers to enhance their quality of life.

Looking forward, the initiative sets a target of achieving 70% coverage of cluster seedbed areas by 2025.

This will not only help bridge the vegetable supply-demand gap in Bangladesh but also continue to drive economic and social progress in rural communities.

**PEST CONTROL: IPM INITIATIVE**

Since 2008, BAT Bangladesh has been at the forefront of promoting Integrated Pest Management (IPM), advocating for non-chemical pest control methods to mitigate the negative effects of agrochemicals on human health, the environment, and non-target organisms. Through the utilization of biological solutions such as Trichoderma bio-fungicide and pheromone traps, our initiative empowers farmers to effectively manage pests while encouraging sustainable agricultural practices.

In 2024 alone, our project successfully distributed 22.5 metric tons of Trichoderma and deployed 23,500

pheromone pots. Trichoderma is primarily utilized for seed and soil treatment to combat fungal pathogens, while pheromone traps attract male moths, disrupting their reproductive cycle. These strategies have significantly reduced the reliance on chemical pesticides, leading to a more non-chemical approach to pest control.

Our collaboration with esteemed institutions such as the Bangladesh Agricultural Research Institute (BARI), Bangladesh Agricultural University (BAU), and Ispahani Agro Limited ensures the implementation of scientifically sound practices and widespread adoption among farmers.



## ALTERNATE FURROW IRRIGATION INITIATIVE

In response to the water scarcity challenges faced during Bangladesh's dry winter season, BAT Bangladesh introduced the Alternate Furrow Irrigation (AFI) initiative in 2021. Developed by the Bangladesh Agricultural Research Institute (BARI), this scientifically approved technique involves alternating watering between furrows, resulting in a ~10% reduction in irrigation water usage while maintaining crop yield and quality.

The AFI method entails irrigating one furrow while leaving the adjacent one dry, filling the furrow to two-thirds of the ridge height. This innovative practice helps prevent overwatering, decrease energy costs for water pumping, and enhance crop resilience to drought conditions. Farmers implement AFI during the first and second irrigations after transplantation, with significant water savings of 82 m<sup>3</sup>/ha observed during trials conducted across various locations. In 2024, the initiative had successfully engaged 39,735 farmers and covered 15,492 hectares, reaching 39% of the targeted farmland. Farmers like Md. Abdur Rahim from

Aria village have reported higher yields, healthier crops, and reduced disease incidence under AFI plots compared to traditional methods.

The initiative is supported by partnerships with the Bangladesh Agricultural University (BAU) and the Soil Resource Development Institute (SRDI), highlighting collaboration to ensure sustainable outcomes.



## SAFEGUARDING RIVERS: RIVERINE BUFFER PROTECTION CAMPAIGN

Recognizing the crucial role that rivers play in providing water, transportation, and food, BAT Bangladesh launched the Riverside Program in 2019 with the aim of safeguarding these vital water sources. The program is dedicated to preventing tobacco cultivation within a 50-foot radius of riverbanks and promoting the cultivation of alternative crops such as groundnut, pumpkin, khesari, and felon. To facilitate this transition, farmers are supplied with complimentary seeds and receive educational support through awareness campaigns.

In 2024, the program successfully distributed 1852 kilograms of seeds, across 52 hectares of land, involving 639 farmers promoting sustainable practices and mitigating the risk of river water contamination from tobacco farming.

The program collaborates closely with key stakeholders, including the Department of Agricultural Extension (DAE), Chattogram Hill District Parishad, NGO Caritas, and local government authorities. These partnerships ensure the effective implementation of the program and help raise awareness among farming communities residing near water bodies.

By prioritizing water quality preservation and promoting food production through sustainable agricultural methods, BAT Bangladesh demonstrates its unwavering commitment to long-term environmental conservation. BAT Bangladesh's future objective is to achieve full compliance among targeted farmers in the Chattogram South Region, ultimately eradicating tobacco cultivation near riverbanks.

This initiative not only safeguards the purity of rivers but also empowers farmers by introducing diversified and sustainable farming practices that enhance food security and community well-being.





## PROJECT SHUROKKHA: SAFEGUARDING HEALTH AND ENVIRONMENT

BAT Bangladesh has launched Project Shurokkha to tackle the absence of a structured system for collecting and recycling empty CPA (Crop Protection Agent) containers in tobacco farming regions. This initiative, which was introduced in 2023, is centered around establishing a supply chain to gather used containers, guaranteeing their safe disposal or recycling to safeguard human health, soil quality, and water resources.

To date, the project has successfully involved around 2,900 farmers, with 1,157 contracted farmers participating in 2024 alone. Farmers are encouraged to return their used

CPA containers to designated collection points, where the containers undergo decontamination and are repurposed into non-food-grade products.

With the support of key stakeholders such as the Bangladesh Crop Protection Association (BCPA), Department of Environment (DoE), and Department of Agricultural Extension (DAE), the program aims to encompass 100% of contracted farmers by 2025. A third-party recycling process is being implemented to extend this initiative to all tobacco growing areas.

Project Shurokkha is an important step in encouraging sustainable farming practices, supporting a safer environment for farming communities, and improving waste management.



## EMPOWERING FARMERS: FIGHT AGAINST CHILD AND FORCED LABOUR

Since 2010, BAT Bangladesh's Farmers Training on Child Labour (CL) and Forced Labour (FL) initiative has been dedicated to address child labour and forced labour by equipping farmers with knowledge and resources.

In 2024, a total of 15,933 farmers received physical training on child and forced labour, with an additional 2,230 farmers participating in 'Uthan Boithok' sessions that focused on women's empowerment, skill development, and household income enhancement. These training sessions not only educate farmers on their rights but also emphasize the importance of protecting the rights and well-being of their children and workers.

Key tools utilized in this initiative include Bondhusheba, a web-based SMS platform that provides essential information on child labour prevention, health and safety, and education, as well as Shikor, a farmers' club that serves as a platform for training and addressing concerns within the farming community.

Through partnerships with Bangladesh Labour Directorate Officials and local stakeholders, the program also conducts farm monitoring using the FSM App to ensure compliance. Farmers are required to adhere to ethical standards, and those who do not may be subject to measures that ensure accountability within the supply chain.

By 2025, BAT Bangladesh is committed to providing training on child labour prevention to all of its farmers and monitoring all farms.



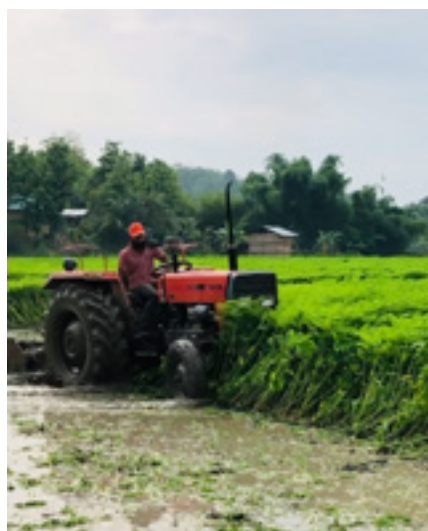
## GREEN MANURING WITH SESBANIA: RESTORING SOIL HEALTH AND FARMER LIVELIHOODS

Since 2000, BAT Bangladesh has been at the forefront of promoting sustainable agriculture among farmers through the pioneering use of Green Manuring with Sesbania (commonly known as Dhaincha). This initiative addresses critical challenges such as soil degradation, overreliance on artificial fertilizers, and the need for alternative fuel sources, all while enhancing farmer livelihoods.

The program places a strong emphasis on raising awareness about soil management, crop diversification, and productivity enhancement. Through various initiatives such as free seed distribution, cultivation demonstrations, and educational activities, the program has gained significant momentum. To date, BAT Bangladesh has

distributed a total of 3,900 metric tons of Dhaincha seeds to registered farmers. In 2024 alone, 100 metric tons of seeds were distributed, covering 5,112 hectares of farmland. These efforts have led to improved soil organic matter levels and reduced dependence on chemical fertilizers. Additionally, the program offers an alternative fuel source, further contributing to sustainability. Farmers have readily embraced this eco-friendly practice, thanks to collaborations with stakeholders such as the Department of Agricultural Extension (DAE) and local administrations.

Looking ahead, our future plans involve expanding the reach of the initiative, with a goal to cover 204 hectares by 2030. BAT Bangladesh's Green Manuring initiative serves as a prime example of how sustainable practices can simultaneously benefit the environment and bolster farming communities.





# BAT BANGLADESH'S APPROACH TO EXCELLENCE IN ENVIRONMENTAL MANAGEMENT

## ORGANIC WASTE MANAGEMENT (COMMERCIAL SITES)

In the commercial regions of BAT Bangladesh, we have successfully implemented the TMK machine (Capacity 1kg) for the past 10 months in 2024. This modern, fully automatic solution efficiently processes organic waste into high-quality compost within a mere 5 hours. This has seen a 80% reduction in organic waste volume and a 31% decrease in overall waste generation compared to our 2023 baseline. The review on this initiative has been overwhelmingly positive.

Organic waste accounts for 12% of total waste generation in our factories, making it imperative to manage it in accordance with the Solid Waste Management Rules (SWMR). To further enhance our waste management practices, we are planning

to install larger TMK machines (Capacity 300kg, 500kg, and 1000kg) within our factory compound. These machines will be capable of processing organic waste into high-quality compost within just 24 hours, resulting in an impressive 80% reduction in organic waste volume and a 25% decrease in overall waste generation compared to our baseline. This significant step aligns with our 2025 Sustainability goal of a 25% reduction and will ensure compliance with environmental regulations while reducing waste disposal costs.

The compost produced by these machines can be utilized within our operations or sold, adding further value to our sustainability efforts. Implementing TMK machines not only supports our sustainability goals but also provides a compliant, cost-effective, and eco-friendly solution for managing organic waste.



## INCLUSION OF HEV AS TOOL OF TRADE

In accordance with our environmental sustainability objectives, the integration of Hybrid Electric Vehicles (HEVs) is imperative due to their myriad ecological benefits. HEVs play a crucial role in reducing air pollution, decreasing reliance on fossil fuels, and minimizing our carbon footprint.

To fully leverage these advantages, we have successfully incorporated HEVs into our vehicle fleet, achieving a conversion rate of approximately 40% of our existing vehicles to hybrids. By combining electricity with traditional fuels, HEVs reduce our dependence on gasoline or diesel, while also providing a 40% increase in mileage compared to our previous vehicles. This strategic diversification not only enhances energy security but also mitigates the environmental impact of fossil fuel extraction and processing.

HEVs are meticulously engineered to optimize fuel efficiency through innovative technologies such as regenerative braking and automatic start-stop systems. The integration of an electric motor further enhances fuel economy, leading to

decreased fossil fuel consumption and lower carbon dioxide emissions.

The promotion of HEVs aligns with global initiatives to combat climate change and facilitates the transition to cleaner, more sustainable transportation alternatives. This progressive initiative ultimately contributes to a healthier environment for all individuals.



# CERULEAN SANCTUARY

## LAUNCH OF CERULEAN SANCTUARY FOR BIODIVERSITY PRESERVATION

As part of BAT Bangladesh's broader Environmental, Social, and Governance (ESG) commitments, the Cerulean Sanctuary stands as a beacon of biodiversity preservation and environmental stewardship. Inaugurated on World Environment Day 2024, this initiative is dedicated to protecting the endangered white cerulean butterfly—an essential pollinator in the Indomalaya region and a vital indicator of ecological health.



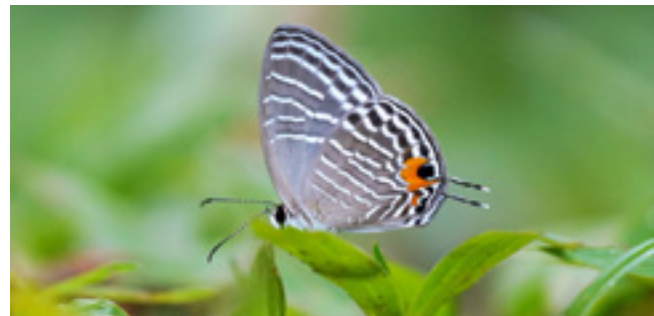
## SUPPORTING BIODIVERSITY

The white cerulean butterfly plays a critical role in sustaining the reproduction of various fruits and flowering plants, supporting a wider ecosystem that includes birds, bees, and dragonflies. By creating a sanctuary for this species, BAT Bangladesh aims to help preserve a natural balance that benefits both the environment and the communities that depend on it.

## INNOVATIVE APPROACH AND COLLABORATIVE EFFORTS

Inspired by Reynold's Monarch Waystation in the U.S., BAT Bangladesh collaborated with SGS and distinguished entomologists to design the sanctuary. The initiative involved selecting native host and nectar plants to support the butterfly's metamorphosis and establishing a habitat with optimal environmental conditions:

- **Noise Levels:**  
Below 50 dB during the day and 40 dB at night.
- **Air Quality:**  
PM2.5 below 12 µg/m<sup>3</sup> and PM10 below 20 µg/m<sup>3</sup> (annual mean).
- **Temperature & Humidity:**  
Daytime temperatures between 25°C and 35°C with humidity maintained at 60-80%.



These measures help ensure the sanctuary not only supports the survival of the white cerulean butterfly but also contributes to enhancing the overall biodiversity of the region.

## COMMITMENT TO SUSTAINABILITY

The Cerulean Sanctuary is a testament to BAT Bangladesh's dedication to integrating biodiversity into its sustainability framework. This initiative goes beyond preserving a single species—it strengthens local ecosystems, reduces environmental degradation, and aligns with BAT's mission to mitigate its ecological footprint.

## FUTURE EXPANSION AND COMMUNITY ENGAGEMENT

BAT Bangladesh aims to expand the reach of this project and seeks to engage with local governments and encourage private stakeholders to establish similar sanctuaries. Plans are also underway that seek to replicate this model at other BAT sites, connecting a network of sanctuaries that further promote biodiversity across the region.

# WORKING TOWARDS A SUSTAINABLE WORKPLACE

## ACTIVATING DIGITAL DNA

### Integration of Sustainability Dashboard: Transforming Visibility and Ownership

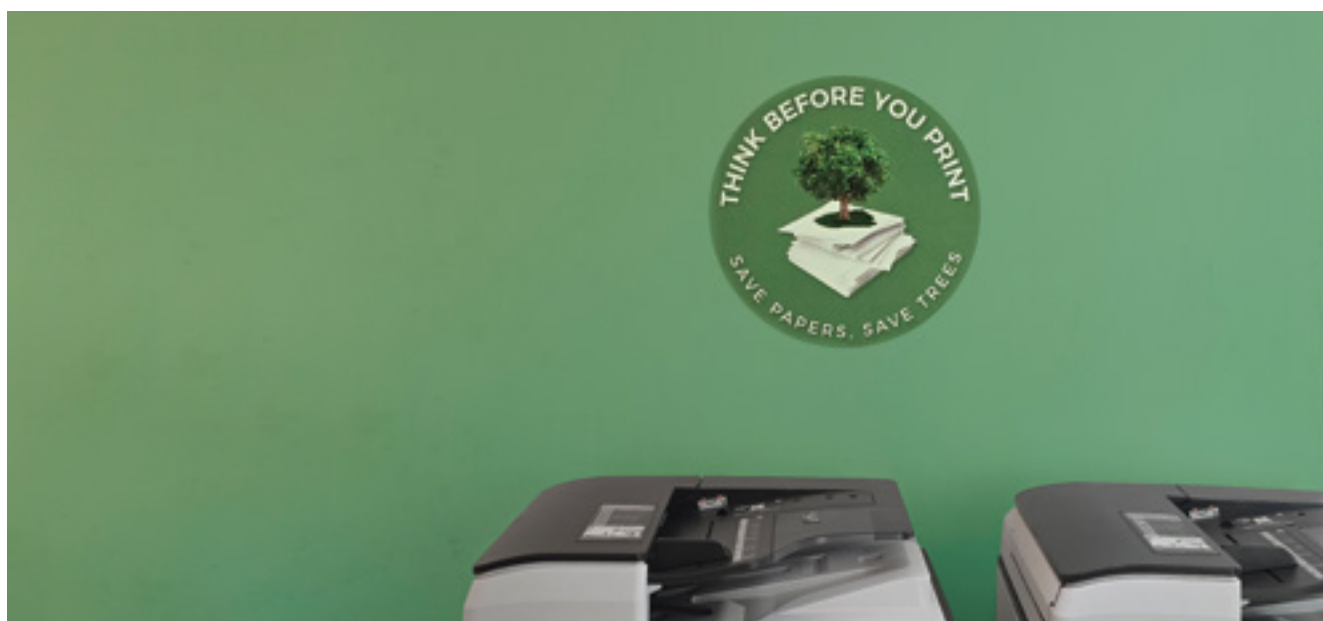
We seek to foster innovation and efficiency in our manufacturing processes, with Avenir managing end-to-end control processes. The launch of the Sustainability Dashboard within Avenir has improved Incident Elimination Daily Management Systems (IE DMS) tools, which helps us to prioritize safety. The dashboard has four sections: EHS Summary, STS Summary, PULSAR, and Hazards/Near Misses. The digitalization of these processes has led to efficiency and sustainability improvements, saving paper and man-hours, while simplifying processes. Future developments include integrating work group safety committee meetings into Avenir and gradually incorporating more processes. The Sustainability Dashboard reflects BAT Bangladesh's commitment to innovation and efficiency.

### Project StreetGuard: Digitalizing Road Hazard Assessment

BAT Bangladesh conducts annual road hazard assessments using a manual process, which has drawbacks such as outdated information, time-consuming data collection, limited analytical tools, and generalized training. To address these issues, BAT Bangladesh has developed an app called StreetGuard. The app offers real-time data collection, automated data analysis using Power BI, and dynamic training programs tailored to current hazards. The app consists of two main components for data input and analysis. By leveraging telematics incident records, BAT Bangladesh identifies hazardous routes and communicates the latest route conditions to managers. BAT Bangladesh plans to extend the initiative to fleet vendors help to improve safety and enhance its image as a responsible client.

### Project Innometrics: Enhancing Contractor Management at BAT Bangladesh

Project Innometrics is an initiative led by BAT Bangladesh to modernize and optimize our contractor management system. It impacts over 4,000 direct contractor workers and various facilities. Key features include a centralized contractor database, enhanced training management, access card optimization, compliance monitoring, and contractor evaluation. The project tackles current challenges by streamlining verification, improving visual oversight, digitizing documentation, simplifying access processes, and promoting sustainability.





# RENEWABLE ENERGY INITIATIVE



**BACK IN 2011, BAT BANGLADESH'S RENEWABLE ENERGY INITIATIVE HELPED PEOPLE LIVING IN THE REMOTE COMMUNITIES IN CHATTOGRAM HILL TRACTS THROUGH ITS SOLAR HOME SYSTEM PROJECT.**

## ON-SITE RENEWABLE GENERATION FROM SOLAR TECHNOLOGY

At BAT Bangladesh's Savar Factory, we are implementing sustainable energy practices. Our 3.2 MW Solar Panel Installation project utilises rooftop solar technology on our energy center, SMD, and LSW buildings. This £1.85 million investment is an example of our aim to reduce our dependence on traditional energy sources in favor of more sustainable energy solutions.

By generating an estimated 3.48 thousand MWh of solar power annually, this project will decrease our reliance on purchased electricity, resulting in annual savings of £0.52 million. Not only will this initiative save costs, but it will also reduce CO<sub>2</sub> emissions by 2,024 tons annually, which aligns with our sustainability objectives.

Furthermore, our solar panel installation project opens up the opportunity for net metering, allowing excess solar energy produced during government holidays to be shared with the national grid. This not only enhances our energy efficiency but also contributes renewable electricity to the wider community, supporting the broader energy ecosystem.

The 3.2 MW Solar Panel installation at BAT Bangladesh's Savar Factory is an example of our commitment to our sustainability objectives. By investing in renewable energy today, we are hoping to contribute to a more environmentally resilient future.



RDP Factory has installed a 0.56 MW solar panel system. The solar energy system is designed to generate 24% of the factory's total electricity needs, meeting 10% of its operational energy requirements. This transition to renewable energy is projected to decrease CO<sub>2</sub> emissions by 187 tons annually.

This approach to reducing our environmental impact is an element of our long-term strategy to embed sustainability into our operations. In addition to cutting carbon emissions, the shift to renewable energy reduces our dependence on traditional energy sources, ultimately helping to lower energy costs over time.

This initiative demonstrates our dedication to a future where environmental responsibility and business success go hand in hand. By investing in sustainable practices, we

not only ensure the ongoing efficiency of the RDP Factory but also make a contribution to global sustainability efforts.





## RENEWABLE ENERGY CERTIFICATE PURCHASE

The International Renewable Energy Certificate (IREC) is a widely acknowledged standard used to monitor the production and consumption of renewable energy on a global scale. IRECs are granted to renewable energy producers for each megawatt-hour (MWh) of electricity generated and supplied to the grid from sources like wind, solar, hydro, and biomass. These certificates act as evidence that the energy utilized by a company or organization originates from renewable sources.

International Renewable Energy Certificates (IRECs) are useful for promoting the adoption of renewable energy by providing a transparent method to monitor usage and reduce greenhouse gas emissions. By purchasing Renewable Energy Certificates (RECs) in both our Savar and Dhaka factories, BAT Bangladesh is actively working towards the BAT Group's ambition to increase the amount of renewable energy sourced to 50% by 2030. Overall, IRECs can support companies in achieving their sustainability objectives.

## ONLINE UPS INSTALLATION: ENHANCING RESILIENCE WITH ADVANCED TECHNOLOGY



In response to the 586 blackouts experienced annually in Savar, BAT BANGLADESH's Savar Factory has installed a Modular Industrial Online UPS, developed in partnership with ABB Switzerland. Previously, power outages were managed using diesel generators, leading to increased fuel consumption and carbon emissions. The shift to this innovative UPS system is one initiative to transition from fossil fuel dependency to a more efficient, sustainable solution.

The UPS system boasts several features:

- **Microgrid Control:** Seamlessly integrates with renewable energy sources, optimizing power distribution and reducing overall energy consumption.
- **5X Faster Charging:** Charges five times faster than conventional systems, allowing rapid recovery and ensuring uninterrupted operations during power fluctuations.
- **Space Efficiency:** Its modular design has freed up space equivalent to two volleyball fields, enhancing operational flexibility and creating room for future initiatives.

By moving away from diesel generators, the factory aims to eliminate the need for fossil fuel-based backup and achieve a reduction of 1,070 tons of CO<sub>2</sub> emissions annually. The £1.92 million investment also has financial benefits, generating £1.1 million in yearly savings. The Online UPS Installation represents another step in BAT BANGLADESH's journey toward energy resilience and environmental sustainability. This transition showcases our commitment to aim to reduce our carbon footprint, improve operational reliability, and drive innovation to aim to implement more energy efficient practices at our Savar Factory.

## PROJECT FOR TRANSITION TO ADVANCED INVERTER AC UNITS STARTED IN DHAKA FACTORY

In BAT Bangladesh Dhaka Factory has made the transition from traditional non-inverter AC units to advanced inverter AC units.

During the initial phase of this transition, 22 units were replaced, resulting in energy savings of 1068 GJ and a reduction of 172.3 tons of CO<sub>2</sub> emissions. These outcomes not only demonstrate our dedication to sustainable practices but also align with the strict standards set forth by the Montreal Protocol, an international treaty aimed at

protecting the ozone layer and ensuring compliance with global environmental regulations.

The newly installed units utilize R32 gas, which is known for its zero Ozone Depletion Potential. Additionally, this initiative has led to substantial annual electricity cost savings of BDT 3.02 million, improving operational efficiency and reducing overall manufacturing costs.

As we move into the second phase of this transition in 2025, with plans to replace additional units, our focus remains on achieving better environmental performance and cost-effectiveness.

## INNOVATIVE BOILER MODIFICATION: TACKLING THE GAS CRISIS

In response to the growing gas crisis, a project was initiated to upgrade gas boilers, improving system performance with innovative solutions to combat increasing costs and higher carbon emissions.

By Q3 2024, 53% of boiler operations were dependent on diesel, an increase from 20% in Q2 2024, resulting in a 58% rise in costs (49.7K GBP) and an additional 200 tons of CO<sub>2</sub> emissions. Despite limited support from TITAS, innovative gas

inflow modifications and critical component replacements were successfully implemented.

During a 40-day period of real-world implementation of the system infrastructure and process transformation, these adjustments led to a 95% decrease in diesel usage, saving BDT 3.2 million, 29.08K liters of diesel, and reducing carbon emissions by 80 tons. The successful replication of these modifications at both the Dhaka and Savar factory sites holds great promise for 2025, demonstrating our continuing commitment to sustainability and operational excellence.



## ACCELERATING ESG TRANSFORMATION: EMPOWERING SUPPLIERS

Three key local suppliers for BAT Bangladesh have invested in solar energy. Collectively, they have added 1.2MW of solar capacity to their operations, which will account for approximately 20% of their annual electricity consumption by 2024.

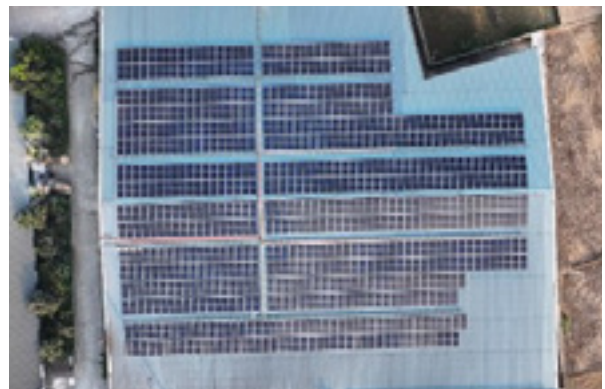
BAT Bangladesh with an aim to achieve “net zero” carbon emission by 2030, has been driving the agenda with the strategic suppliers who supplies material for our products. With the shared drive- Orchid, MAST and Robin, the 3 major material suppliers for BAT Bangladesh have done major investment in green energy and installed 1.2 MW of solar power capacity. This will help them to go green for ~20% of their annual electricity consumption.



**ORCHID PRINTERS - 620 KW**



**MAST PACKAGING - 272 KW**



**ROBIN PRINTERS - 350 KW**



# DELIVERING A POSITIVE SOCIAL IMPACT

At BAT Bangladesh, we highly prioritize our employees, the communities we operate in and our stakeholders, all of whom have played a vital role in the success of our Company.



**126**  
Safe drinking water  
filtration plants for  
communities



**50.5K**  
farmers  
impacted



**580+**  
apprentices  
till date



**21**  
years of  
Legacy



# SAFEGUARDING OUR PEOPLE'S HEALTH AND SAFETY

We are dedicated to providing a secure working environment for both our employees and contractors, and we hold our third-party suppliers to the same standard.

At BAT Bangladesh, we strongly believe in the development of every individual within our organization. Instead of simply raising awareness, we promote a culture of ownership among our employees. Our Environment, Health, and Safety (EHS) team conducts campaigns and training sessions to ensure the ongoing growth and well-being of our workforce. An example of our commitment is the annual 'EHS Awareness Week', during which we cover topics such as office safety, road safety, fire safety, electrical safety, manual handling, ergonomics, and other relevant areas.

Through these initiatives, we strive to create a workplace where safety and well-being of our employees are top priorities, and where every individual is empowered to take ownership of their own health and safety.

## NATIONAL ROAD SAFETY DAY SEMINAR



In honor of National Road Safety Day, a significant session was organized with Md Amanullah, the National Project Director for the Road Safety Project. This session was a pivotal moment for us, as it marked our first participation in a national event dedicated to road safety. It provided a valuable opportunity to gain insights into national strategies for enhancing road safety and served as a platform to discuss and acknowledge the challenges faced in this domain. Additionally, it allowed us to showcase our best practices to national stakeholders.

The primary objectives of the session were to engage in meaningful dialogue with government stakeholders to assess our current position in the realm of road safety. We aimed to use this seminar as a platform to share BAT Bangladesh's best practices and to inform external stakeholders about our dedicated efforts and commitment to ensuring road safety for our employees. During the session, we discussed our internal controls for BAT managers, such as Telematics, the ToT guideline, and the Night Travel Policy. We also highlighted the external controls we have in place, such as enforcing vehicle and employee safety standards for our third-party freight vendors.

One of our core activities focuses on creating awareness and building the capabilities of our drivers. We observed that similar initiatives are part of the national project, reflecting the essential need for knowledge sharing and awareness in road safety. The session underscored the critical importance of collaborative efforts in achieving road safety.

The session's key highlights included an engaging discussion on national road safety strategies and the exchange of best practices. This interactive dialogue emphasized that road safety is a collective responsibility, requiring a unified commitment to ensure safer

roads for all. Our in-house digital app, which simplifies the process of collecting road hazard data, was highly appreciated. Additionally, we received positive feedback on our efforts to enhance road safety within our organization.

## 2 MN SAFE MAN HOUR- SAVAR FACTORY



Project Auctus is pleased to announce the milestone of reaching 2 million safe man-hours in Q4 2024, a significant achievement that highlights BAT Bangladesh's unwavering dedication to contractor management and health & safety compliance.

With an average of 500 contractors working daily on Project Auctus, engaging in a wide range of hazardous and often unprecedented activities, our success can be attributed to our strict adherence to group EH&S compliance. This ensures that every contractor's worker returns home safely and in good health.

This accomplishment was made possible through the implementation of various safety initiatives resulting in:

- **5,600** hours of training delivered
- **2,800** qualified workers trained and prepared
- **5,760** near-miss incidents reported and addressed
- **9,440** work permits issued with strict adherence to protocols

These numbers reflect our commitment to maintaining a safe work environment and prioritizing the well-being of all individuals involved in Project Auctus.

These efforts were enhanced by a series of key initiatives, including

- **Timely evaluations,**
- **Daily toolbox talks,**
- **Identification and closure of unsafe conditions, and pulsar observations, as well as**
- **Regular monthly and quarterly safety meetings.**

Furthermore, rigorous risk assessments, detailed methodology analyses, strict adherence to the permit-to-work process, and thorough inspections and maintenance of contractor tools, Personal Protective Equipment (PPE), and access equipment played a crucial role in bolstering EH&S compliance throughout the project.

The commitment to BAT Group's value of Doing the Right Thing was commemorated through Reward & Recognition programs for contractors and the distribution of care packs to all workers, creating a festive atmosphere to celebrate this collective achievement.



# PROBAHO: BETTERING LIVES FOR 15 YEARS



ACCESS TO SAFE DRINKING WATER IS A FUNDAMENTAL NECESSITY FOR MAINTAINING GOOD HEALTH. UNFORTUNATELY, MANY REGIONS IN BANGLADESH STILL FACE SIGNIFICANT HEALTH RISKS DUE TO ARSENIC CONTAMINATION AND HIGH LEVELS OF SALINITY IN THEIR WATER SOURCES. RECOGNIZING THE IMPORTANCE OF THIS ISSUE, THE GOVERNMENT OF BANGLADESH HAS SET A GOAL TO ENSURE 100 PERCENT OF THE POPULATION HAS ACCESS TO SAFE DRINKING WATER BY THE YEAR 2030.

'Probaho' - a safe drinking water initiative, started its journey in 2009 to support the government in addressing the clean water scarcity faced by citizens. The initiative plays a crucial role, especially as climate change continues to impact the availability and quality of freshwater sources. Since its inception, Probaho has been dedicated to providing farming communities and salinity prone areas with water that is free from arsenic and other impurities, particularly in areas where water is either hazardous or scarce.

This initiative is crucial in improving the health and well-being of communities throughout Bangladesh. Probaho has been recognized with prestigious awards, including the Asia Responsible Entrepreneurship Award and the Bangladesh Innovation Award.



## PROBAHO'S IMPACT TILL DATE



**126**  
water filtration plants



**25**  
districts



**~620,000** Litres  
of safe drinking water  
provided every day



**~310,000**  
beneficiaries served  
every day

*\* Data based on plants capacity*

## 2024 IMPACT



**5 NEW  
PLANTS  
INTRODUCED**

Satkhira 3,  
Feni 1,  
Rangamati 1

## BENEFICIARY STORY



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

- Madina Khatun, Jhenaidah

# PROBAHO: PROVIDING SAFE DRINKING WATER IN SALINITY PRONE AREAS



**SATKHIRA IS ONE OF THE TOP MOST CLIMATE VULNERABLE DISTRICTS IN BANGLADESH DUE TO SALINITY INTRUSION, DROUGHT, FLOOD, WATER LOGGING, CYCLONE AND STORM SURGES, ALL OF WHICH HAVE LED TO A SHORTAGE OF CLEAN DRINKING WATER. THE CRISIS IS EXPOSING INHABITANTS/RESIDENTS TO VARIOUS WATER BORNE DISEASES. A RECENT UNDP SURVEY REVEALS THAT 73% OF THE PEOPLE LIVING IN ASHASHUNI AND SHYAMNAGAR UPAZILAS OF SATKHIRA DRINK UNSAFE SALINE WATER AND 63% HOUSEHOLDS FACE DIFFICULTIES IN GETTING DRINKING WATER.\***

'Probaho', has responded to the humanitarian crisis by setting up safe drinking water filtration plants to provide safe drinking water to the most vulnerable communities in Ashashuni, Shyamnagar and Kaliganj upazilas in Satkhira. Having a self-sustaining model in these water filtration plants supports their long-term sustainability.



● New  
○ Existing



\*(Source: Gender-responsive coastal adaptation project of UNDP in 2021)



## CELEBRATING WORLD WATER DAY: EMPOWERING COMMUNITIES WITH CLEAN WATER

On 22<sup>nd</sup> March 2024, Probaho marked the occasion with a series of impactful activities that highlighted its commitment to providing clean water across Bangladesh. As part of BAT Bangladesh's flagship program, Probaho supplies safe drinking water to approximately 310,000 people daily through 126 filtration plants spread across 25 districts.

The day's activities included internal activations at the Dhaka and Savar factories, where booths were set up to engage employees and raise awareness about the importance of responsible water use. External efforts focused on the inauguration of four new filtration plants in Satkhira, which will provide safe water to even more people. In addition, over 300 water containers were provided to the local community as part of our efforts towards helping the communities.

Probaho's work extends far beyond World Water Day, with extensive media coverage highlighting its achievements, including a feature in one of the prominent English dailies, where Head of Operations of BAT Bangladesh shared his thoughts on the program's contribution to Bangladesh's water sustainability efforts. The celebration also included active participation in a government rally and stakeholder meetings, reinforcing our partnerships with local communities and authorities.

Our Dhaka facility, Savar factory, and Green Leaf Threshing Plant is certified by the global Alliance for Water Stewardship (AWS). These certifications demonstrate our commitment to maintaining the highest standards in water stewardship and ensuring that water resources are used responsibly.

As we continue to expand our reach and impact, Probaho remains committed to providing safe drinking water and contributing towards a sustainable future for Bangladesh.



# WORKING TOWARDS PROSPEROUS LIVELIHOODS FOR OUR FARMERS IN BANGLADESH

BAT Bangladesh acknowledges the potential of alternative sources of income in improving the livelihoods of farmers. We support enhancing farmers' livelihoods in Bangladesh. The following are some initiatives that we have implemented to support farming communities:

## 1. DRIVING EFFICIENCY: AFFORDABLE MECHANIZATION INITIATIVE



BAT Bangladesh launched its Affordable Local-Fit Farm Mechanization initiative in 2021 to combat labour shortages and escalating costs in tobacco farming. By introducing innovative tools such as ridge-makers, fertilizer applicators, and inter-cultivators, the program has successfully enabled farmers to decrease their reliance on labour, cut costs, and boost efficiency.

In 2024, the initiative reached out to 37,700 farmers and encompassed 15,096 hectares, covering 42% of the targeted farmland. Since its inception, more than 53,524 farmers have reaped the benefits of this program. The implementation of mechanization has led to a 4% reduction in production costs,

which has contributed to improving farm incomes and narrowing the income gap between rural and urban areas.

This endeavor has been made possible through strategic partnerships with esteemed organizations such as the Bangladesh Agricultural Research Institute (BARI) and the Department of Agricultural Extension (DAE). An important milestone has been the development of a local-fit ridge-maker fertilizer applicator, which has significantly improved labor-intensive tasks such as transplantation, harvesting, and curing.

Looking forward, the initiative aims to expand its coverage to 90% of the targeted farmland by 2025.

## 2. ENHANCING SAFETY: PPE DISTRIBUTION INITIATIVE



BAT Bangladesh prioritizes farmer safety through its Personal Protective Equipment (PPE) initiative, which was launched in 2010. This program is designed to provide specialized protective gear for Crop Protection Agent (CPA) and harvesting, with the goal of safeguarding farmers from potential health and safety risks.

From Year 2022 to 2024, BAT Bangladesh has supplied 27,476 sets of PPE for CPA application and 124,652 pairs

of gloves for harvesting in 2024, with additional support offered to marginal farmers through free or subsidized gear. Since its inception, this initiative has engaged 50,586 farmers, with 5,711 participating in 2024 alone. Training has played a crucial role in the success of the program. Training has played a crucial role in the success of the program, with 84% of farmers now well-versed in the proper use of PPE. BAT Bangladesh has also collaborated with



key stakeholders such as the Department of Agricultural Marketing (DAM), Department of Agricultural Extension (DAE), and CPA manufacturers to enhance the impact of the program.

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has also collaborated with key stakeholders such as the Department of Agricultural Marketing (DAM), Department of Agricultural Extension (DAE), and CPA manufacturers to enhance the impact of the program. Looking ahead to 2025, BAT Bangladesh is committed to ensuring that 100% of contracted farmers and workers have access to PPE and receive proper training, solidifying its dedication to safety and sustainable farming practices.



### 3. EMPOWERING COMMUNITIES: MUSHROOM CULTIVATION INITIATIVE



BAT Bangladesh initiated its mushroom cultivation program in 2019 with the aim of providing farmers with additional income opportunities during the non-tobacco season. By repurposing empty tobacco curing barns from May to January, this initiative not only empowers farm women but also fosters entrepreneurship and enhances family nutrition. In partnership with the Department of Agricultural Extension (DAE) and the Bangladesh Mushroom Development Institute, BAT Bangladesh organized training sessions for 125 farm women to date. Each barn can

accommodate 300-350 mushroom spawns, resulting in a yield of approximately 600 kg of mushrooms over a 70-80 day cycle. This harvest translates to market earnings of around BDT 126,000 per cycle (BDT 210/kg). Farmers obtain quality mother mushroom seeds from development centers and established farms, which has been crucial to the program's success. Beyond financial gains, the initiative also plays a vital role in strengthening community ties, empowering women, and improving the nutritional well-being of participating families.

### 4. SHELAI: ENHANCING LIVELIHOODS OF RURAL WOMEN IN BANGLADESH

In 2024, the SHELAI initiative (Sustainable Household Enterprise for Livelihood & Accelerated Income) was launched in the Rangpur leaf region of Bangladesh with the goal of empowering rural farm women through skill development and economic opportunities. The program is dedicated to fostering women's socioeconomic growth by focusing on building sewing and handicraft skills to help them generate additional income and improve their living standards.

The inaugural program engaged 36 farm women who participated in a structured training consisting of 30 sessions. The curriculum included hands-on instruction in 15 types of cutting and sewing techniques. To recognize achievement and encourage excellence, the top three performers were awarded sewing machines, enabling them to start their own entrepreneurial ventures. The initiative has already shown promising results, with the trained women beginning to contribute to their households'

financial stability, boosting their confidence, and enhancing their quality of life. SHELAI not only advances individual livelihoods but also strengthens community resilience by promoting women's empowerment.

Looking ahead, SHELAI aims to expand its reach by training 240 women annually, building on the success of the Rangpur program to establish similar initiatives in other growing regions. By doing so, it seeks to create a ripple effect, driving broader rural economic development and sustainability.



## 5. FARMER SUSTAINABILITY MANAGEMENT (FSM)

BAT Group's Farmer Sustainability Management (FSM) is a digital platform designed to assist field technicians in gathering data during farm visits. FSM is utilized to oversee all BAT Bangladesh contracted farmers, ensuring

that data is collected, tracked, and analyzed centrally to provide senior management with valuable insights and drive strategic decision-making.

## 6. SUSTAINABLE TOBACCO PROGRAMME (STP)

The Sustainable Tobacco Programme (STP) was collaboratively developed by the tobacco industry in 2015, replacing BAT Group's previous Social Responsibility in Tobacco Production program. Aligned with international standards such as those of the ILO and the UN Guiding Principles, all BAT Group's Leaf suppliers are expected to participate in the STP.

The STP encompasses criteria across various ESG focus areas, organized under key themes including environmental protection, human rights and farmer livelihoods, climate change, natural habitats, soil management, crop protection and development, and governance. Human rights criteria address issues such as child and forced labor, health and safety, and living income, while environmental criteria focus on agrochemical use, soil and water management, biodiversity protection, and forest management.

Governed by a Steering Committee comprised of industry members, the STP recently underwent a comprehensive review to enhance its effectiveness. This process involved engagement with suppliers and stakeholders, as well as assessments of external standards and emerging issues. The updated STP, effective as of 2021, aligns with the UN Sustainable Development Goals and emphasizes impact, risk management, and continuous improvement.

All BAT Group Leaf suppliers are required to complete an annual self-assessments against the program's themes, along with risk assessments and action plans. Data for farm-level criteria is collected through leaf operations and suppliers' farm-monitoring procedures, with BAT Bangladesh's use of the BAT Group Farmer Sustainability Management (FSM) digital monitoring tool for data collection in BAT Group's leaf operations

## 7. THRIVE

The Thrive Programme is built upon the globally recognized 'Five Capitals' framework, originally developed by the UK Department for International Development and later embraced by the Food and Agriculture Organization (FAO) of the United Nations. Sustainable farming communities must maintain a positive balance across five key areas of 'capital': financial, natural, physical, human, and social. A robust presence in all five categories fosters resilience and empowers farmers and rural communities to thrive.

The programme was initially tested in 2014 and 2015, with

BAT Group leveraging the results to enhance the strategy in collaboration with external consultants specializing in livelihood programs. This process involved establishing a core set of indicators to gauge strength in each capital. Annually, BAT Group gathers data and evaluates performance against these indicators within its leaf operations. The Thrive assessments encompass all BAT-contracted farmers, providing valuable insights to establish benchmarks, track improvements, allocate resources effectively, and monitor progress and impact over time.



# STRIVING FOR BETTER STANDARDS IN SUGARCANE CULTIVATION

Historically, sugarcane has been a crucial industrial crop in Bangladesh, playing a significant role in the country's economy and employment landscape. However, in recent years, there has been a decline in the once thriving sugarcane industry. In 2021, Bangladesh experienced its lowest sugar output in a decade, primarily due to a sharp decrease in sugarcane processing. This decline led to the suspension of operations at six sugar mills, as sugarcane farmers struggled to meet supply demands.



The Bangladesh Sugar and Food Industries Corporation (BSFIC) reported that only 9 out of its 15 mills are currently operational, with a 45% decrease in land area dedicated to sugarcane cultivation. This situation has left the country facing a significant deficit in this essential commodity. While efforts are underway to attract investments and modernize the struggling industry, there is an urgent need to ensure a sustainable supply of sugarcane.



BAT Bangladesh is committed to supporting the revival of the sugar industry as part of its dedication to uplift farmers' livelihood. BAT Bangladesh and the BSFIC have joined forces to enhance sugarcane productivity, with a focus on achieving economically viable cultivation practices. This collaborative initiative kicked off with a workshop attended by the Honourable Secretary of the Ministry of Industries, the Chairman of BSFIC, and representatives from the Bangladesh Sugar Crop Research Institute (BSRI), sugar mills, and BAT Bangladesh.

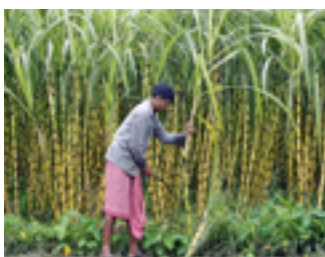
Together, these stakeholders are working towards revitalizing the sugarcane industry in Bangladesh, ensuring its sustainability and contribution to the country's economic growth.

In addition to selecting suitable sites, the production of disease-free, high-yielding sugarcane setts is essential for ensuring healthy cane production. These setts were provided to all mills by BSRI and BSFIC. BAT Bangladesh is committed to providing continuous support through the implementation of Good Agricultural Practices (GAP), technical resource deployment, crop inputs, capability enhancement, and project funding in accordance with the Terms of Reference (TOR).

Furthermore, BAT Bangladesh utilized Bondshusheba, a real-time communication channel with farmers, to keep over 5,000 farmers informed about crop activities and weather forecasts. This proactive approach ensured the success of the pilot program and laid the foundation for long-term sustainability in the industry.

With a primary focus on capacity-building within the sugarcane farming community, BAT Bangladesh aims to promote self-sufficiency in the industry by leveraging its extensive experience in the agriculture sector. A workshop was conducted with government and industry representatives to develop a model for sustainable growth, which was then piloted in five different sugar mills (Natore, Mubarakganj, Joypurhat, North Bengal, Carew and Co) across 30 acres in 2021. The objective was to triple sugarcane yield compared to traditional practices through the adoption of Good Agricultural Practices (GAP).

To ensure the successful implementation of the program, BAT Bangladesh facilitated regular farmer meetings, GAP seminars, field visits, and provided disease-free sugarcane setts, as well as ongoing technical support and resources.





## PILOT HIGHLIGHTS

The pilot project was a success, exceeding all expectations by cultivating 30.25 acres and producing an impressive yield of ~40 metric tonnes per acre. In addition to this remarkable output, the project also generated a surplus of healthy seedlings for an additional 750 acres. As a result, farmers were able to reap significant benefits, with an average net profit of BDT 78,000 per acre - a staggering 12 times higher than traditional methods. This achievement not only instilled confidence within the farming community but also showcased the transformative impact that innovative agricultural practices can have.

## 2024 HIGHLIGHTS

In the face of the challenges presented in 2024, BAT Bangladesh and BSFIC joined forces to create a strong and enduring partnership. Despite facing a severe drought and labour shortages, the two organizations managed to cultivate 33 acres of land, resulting in an impressive yield of approximately 38 metric tonnes per acre. This successful collaboration also led to the production of high-quality seedlings, opening up the possibility of expanding cultivation to additional lands. As a result, local farmers experienced a significant improvement in their livelihoods, with an average net profit of BDT 1,30,000 per acre—exceeding traditional farming methods by 20 times.

The impact of this project was not limited to a single location. It extended its reach to the Panchagarh mill, showcasing the scalability and replicability of the successful model. This expansion brought the total number of participating mills to six, demonstrating the widespread benefits of the partnership between BAT Bangladesh and BSFIC.

# SPOTLIGHT ON EMPLOYEE WELLBEING

## LEAN-IN CIRCLE

2024 marked one year since the formation of the Lean-In Circle at BAT Bangladesh, and the journey has been nothing short of inspiring. What began as a platform for women to connect and grow has now expanded into 10 active circles, empowering more than 240 female employees across the organization.

In just one year, the Lean In Circle has solidified its role as a catalyst for purpose-driven change within BAT Bangladesh. From addressing workplace well-being and everyday concerns to influencing policy enhancements and launching impactful initiatives, the Circle continues to break barriers.

## INTERNATIONAL WOMEN'S DAY 2024

This year, Lean-In Circle redefined how we celebrate International Women's Day by focusing on creating lasting impact rather than just celebration. Aligned with the global theme, #InspireInclusion, we brought together all managers at BAT Bangladesh for a day of meaningful discussions and reflections on building a more inclusive workplace.

To extend this impact beyond the organization, we led a charity drive that enabled us to contribute 160 wheelchairs to the Centre for the Rehabilitation of the Paralysed (CRP) Bangladesh, supporting mobility and independence for those in need. Additionally, we launched a social media campaign encouraging people to share personal stories of inclusion, amplifying voices and inspiring collective action.



## INTERNATIONAL MEN'S DAY 2024

In another milestone, International Men's Day was celebrated for the first time at BAT Bangladesh, thanks to the efforts of the Lean-In Circle. All male managers received thoughtful tokens of appreciation along with heartfelt messages from their colleagues, fostering a culture of mutual respect and recognition across the organization.





## INTERNATIONAL MOTHER'S DAY 2024

In 2024, we celebrated Mother's Day at BAT HO in a unique way by inviting, for the first time, the mothers and children of all our managers to join us. The event was filled with joy and connection as mothers experienced the workplace where their children thrive, and kids got a glimpse into their parents' professional lives. With engaging activities like arts and crafts, it was a memorable day that brought families together.



## PROGRESSIVE TRADE UNION PRACTICES

The Trade Union of BAT Bangladesh, established in 1974, has been a cornerstone in fostering continuous dialogue and support within the dynamic landscape of industrial relations in the country. Over the years, BAT Bangladesh has effectively navigated the complexities and challenges faced by the workforce through its strong and collaborative relationship with trade union representatives. These efforts have ensured that both the management and employees are aligned with the common goal of improving working conditions, promoting employee welfare, and supporting organizational growth.

One of the most significant outcomes of this partnership has been the transformation of the factory workforce to a technically adaptable one, with their capabilities reaching beyond borders, reflecting not only their exceptional skills and dedication but also highlighting the global recognition of their expertise. This pivotal relationship has contributed to creating a favorable work environment, where open communication and mutual trust foster wellbeing and productivity.

Beyond the workplace, this collaboration extends to fostering a strong sense of community and unity within the

organization. Events such as the Kids Carnival and Family Day have been organized to bring together both union and management employees, along with their families, reinforcing the idea of one united family. These events provide a platform for both sides to bond outside of the work environment, fostering deeper relationships, mutual respect, and a spirit of collaboration. By celebrating these shared experiences, BAT Bangladesh and its trade unions have created a work culture that values the well-being of employees and their families, further strengthening the partnership between management and the workforce. Each event had its own intricacies to uniquely cater to our employees' wellbeing contributing to increased productivity & renewed spirit. Kid's Carnival focuses on the educational support & growth for our Employees' Children whereas Family Day prioritizes thanking the families for their sacrifices throughout the year.

The long-standing collaboration between BAT Bangladesh and its trade unions exemplifies how thoughtful, engaged industrial relations, along with initiatives that promote family-oriented engagement, can help drive both social and economic progress in a challenging business environment.



# EMPOWERING OUR WORKFORCE

Investing in our workforce is a priority for us at BAT Bangladesh. We are committed to enhancing the skills and capabilities of our employees through a combination of general and technical training. By focusing on areas such as leadership, digital proficiency, and compliance, we aim to build a workforce that is not only competent but also adaptable to the ever-evolving demands of the industry. One of our signature initiatives, the Apprentice Academy, offers hands-on training in key areas such as process management, Integrated Work Systems (IWS), Health and Safety, and digitalization. This program not only nurtures the potential future generation of BATB workforce but also contributes to the development of a skilled industrial workforce for Bangladesh as a whole. The two-year apprenticeship equips participants with essential technical skills and a broad understanding of various functions, preparing them for successful careers and opening up new opportunities for growth.

## SHARING TECHNICAL EXPERTISE BEYOND BORDERS

BAT Bangladesh's skilled technical workforce plays an important role in supporting global operations through the Technical Service Hub program. Their expertise in process optimization and technical projects contributes to best practices across different markets.

In 2024, 20 technical experts from Bangladesh participated in key projects 5 different countries - South Africa, Brazil, Singapore, Nigeria, and Zimbabwe. Their involvement reflects our commitment to cross-market collaboration and continuous improvement.

By sharing knowledge and expertise, BAT Bangladesh continues to support operational efficiencies and contribute to global technical excellence.





# EMPOWERING OUR PEOPLE THROUGH PROGRESSIVE & FLEXIBLE POLICIES

As a part of our commitment towards inclusivity and empowerment, we have introduced flexible work location policies at BAT Bangladesh. Employees in non-frontline roles can avail work from home 2 days a week, while frontline employees, due to their nature of job have an extended annual leave of 25 days.

## EMPOWERING PARENTS AT BAT

BAT Bangladesh has established an in-house day-care facility within the premises for better flexibility of the parents. The day-care provides childcare and learning services, in an effort to encourage female employees with small children to work in a more comfortable way. This initiative strongly echoes our progressive parental policies, illustrating our commitment to supporting working parents.

The policies around Maternity-Paternity have also been revamped to support the parents at BAT. We have work from home policy during the whole maternity period and post 3 months of maternity leave upon agreement with Line Manager. We have also extended the paternity leave to 15 working days. The work from home option has also been extended for new fathers for 1 month after returning from paternity leave.

These policies reflect our ongoing commitment to fostering a more flexible and supportive work environment for all our employees.

In addition to this, we organize special events commemorating various parental days. These initiatives aim to create a bridge between employees' children and their parents' workplace.

## FINANCIAL WELLBEING

At BAT Bangladesh, all shop floor and management employees are encouraged to develop their financial literacy. Hence, the organization sought help from an external financial expert to organize a learning platform for the employees to improve their understanding of investment, savings and long-term financial planning during the time when the major payouts at BAT are made.

By opting for voluntary participation and making the modality flexible—online for management and a physical guide for shopfloor employees - the initiative was targeted at achieving maximum reach.



## VALUES PREMIER LEAGUE (VPL)

To make values engagement more interactive and impactful, we launched the Values Premier League (VPL)—a dynamic, gamified initiative designed to strengthen employees' connection to Group's 6 core values. Through this platform, employees participated in an engaging game that tested their understanding of BAT Group's values.

Beyond the game, VPL integrated participation in other values-driven programs. Employees earned points for completing self-directed learning and actively engaging in key initiatives spanning around cost optimization, welfare and compliance which encouraged innovation, collaboration, and doing the right thing. This multi-faceted approach ensured that values weren't just concepts but were actively practiced and celebrated across the organization.

## EMBEDDING OUR VALUES

In 2024, BAT Group embedded 6 core values—Truly Inclusive, Empowered Through Trust, Stronger Together, Love Our Consumer, Passion to Win, and Do the Right Thing—across all levels of the organization. This effort extended beyond communication employees, thus focusing on transforming the work environment and culture to reflect these guiding principles.

To visually reinforce the values, physical & digital touchpoints were refreshed as daily reminders of the values we uphold alongside closely tying recognition to the values. One of the most meaningful initiatives was the creation of the "Wall of Impact," where employees shared their personal pledges to embody BAT's values, fostering a sense of accountability and collective ownership.

## CONTRIBUTION TO LABOUR WELFARE FOUNDATION

We have proudly contributed BDT 18.54 Crore to the Labour Welfare Foundation Fund under the Ministry of Labour and Employment. This fund is committed to standing by the workers and their relatives in any major calamity ranging from accidents to bringing relief to the worker's career and family life. We are honoured to be a part of this journey and contribution to labour safety.

In the last 13 years, BAT Bangladesh has contributed a total of BDT 121.5 Crore to the Labour Welfare Foundation Fund.



## BATTLE OF MINDS 2024: DISRUPT WITH PURPOSE



2024 marked the 21<sup>st</sup> year of Battle of Minds (BoM), BAT Bangladesh's flagship business case competition. Under the theme "**Disrupt with Purpose**," the competition engaged 3,750 participants from diverse universities across the country.

The journey began with an extensive Trophy Tour across 12 universities. Having received 500 bold ideas from the 1,250 teams registered, the top 240 teams advanced to the Bootcamp, where participants were tasked with transforming the Tourism industry, translating their disruptive ideas into vibrant canvases.

Following the Bootcamp, the Top 12 teams progressed to the Semi-Finals, which took on a carnival-like atmosphere as teams showcased their innovative products through

interactive stalls. Managers at BAT Bangladesh actively participated, voting for the most impactful ideas that would move forward.

The competition culminated in a thrilling Grand Finale, where the Top 5 teams presented their solutions. Team 'Pardon Us, Coming Through' from Bangladesh University of Professionals emerged as the winners, earning the opportunity to compete on the global stage and represent Bangladesh with pride, subsequent to which they have bagged the 2<sup>nd</sup> Runner up podium position globally.

This year's Battle of Minds was a transformative journey, paired with extensive mentorship and networking thus fostering collaboration and innovation between the brightest young minds & seasoned professionals.





# DRIVING RESPONSIBILITY THROUGH INCLUSION AND AWARENESS

## SUPERNOVA MENTORSHIP PROGRAM: EMPOWERING WOMEN IN STEM

The Supernova Mentorship Program by BAT Bangladesh is a transformative initiative aimed at empowering female STEM students and bridging the gap between academia and the corporate world. Launched in 2021, it provides 3rd and 4th-year female students in engineering disciplines, primarily Mechanical Engineering, Industrial Production

Engineering, EEE, and Computer Science Engineering, with the skills, confidence, and exposure needed to excel in leadership roles.

Each year, around 200 top female STEM talents are identified and assessed through a tailored process. 50 candidates advance to final interviews, from which 20 Supernovas are selected. This ensures only the most promising individuals are chosen for the yearlong program.

### The program equips participants with:

- 1. Early Corporate Exposure:** Familiarizes participants with corporate culture to prepare them for real-world challenges.
- 2. Skill Development:** Focuses on leadership, communication, networking, and functional expertise.
- 3. One-on-One Mentorship:** Senior leaders coach participants on leveraging strengths, addressing weaknesses, and building professional acumen.
- 4. Leadership Training:** Develops advocacy, branding, and confidence to navigate corporate dynamics effectively.

Over three batches, 18 successful corporate conversions demonstrate the program's effectiveness. By empowering women in STEM, Supernova is driving greater gender diversity in male-dominated industries while enabling participants to compete on equal footing with peers from business disciplines. This program is a catalyst for change, fostering inclusivity and innovation. By equipping young women with the tools to succeed, it not only prepares them for corporate leadership but also creates a more equitable future in STEM and beyond.



# GOVERNANCE

At BAT Bangladesh, we operate under a framework of established policies, procedures and standards, which are becoming increasingly important in today's complex operating environment.



**1<sup>ST</sup>**  
end market in BAT  
Group to publish  
ESG Report



**100%**  
adherence to  
Responsible  
Marketing Principles



**100%**  
employees  
completed SoBC  
sign-off and training





# OUR ETHICS AND INTEGRITY



**BAT BANGLADESH  
AIMS TO FOSTER  
A CULTURE OF  
COMPLIANCE,  
INTEGRITY, AND  
GOOD CORPORATE  
GOVERNANCE. THESE  
PRINCIPLES ARE KEY  
DRIVERS OF OUR  
BUSINESS STRATEGY  
AND ARE ESSENTIAL  
FOR SAFEGUARDING  
OUR PEOPLE,  
STAKEHOLDERS,  
BRANDS, AND  
FINANCIAL  
PERFORMANCE.**

Our corporate governance structure and compliance program are firmly rooted in our core values which are guided by our Group's Standards of Business Conduct (SoBC). These principles shape our strategic business decisions and actions as we strive to cultivate a culture of integrity, transparency, inclusivity, and respect for all. We firmly believe that a shared ethical culture is vital to achieving sustainable growth in a competitive marketplace.

## WHY ETHICS AND INTEGRITY MATTER

As a diverse organization, BAT Bangladesh ensures a consistent set of rules and standards of behavior across the Company. Our culture is deeply rooted in ethical values, where employees act with integrity to achieve results, remain mindful of our societal and environmental impact, and make thoughtful decisions by prioritizing what is right.

Unethical behavior, such as corruption, money laundering, or tax evasion, poses significant risks to our business and reputation. Operating with integrity and transparency is not only a moral imperative but also essential for our sustained success.

## POLICIES AND ACCOUNTABILITY

BAT Bangladesh aims to uphold the highest ethical standards, as outlined in our Standards of Business Conduct (SoBC). The SoBC addresses key areas such as whistleblowing (Speak Up), bribery, corruption, tax evasion, and money laundering. In addition, our Supplier Code of Conduct (SCoC) sets out the minimum standards required of our suppliers, covering critical areas such as bribery, corruption, sanctions, tax evasion, and illicit trade.

As a vital part of our compliance framework, we actively manage third-party risks through the implementation of the Third-Party Anti-Financial Crime (AFC) Procedure and the use of an AFC risk-assessment tool.

BAT Bangladesh expects all employees and business partners to adhere fully to the SoBC and SCoC, underscoring our unwavering dedication to integrity, accountability, and responsible business practices.

## ANNUAL REPORT

In compliance with the financial reporting and disclosure requirements of the Bangladesh Securities and Exchange Commission, BAT Bangladesh is obligated to publish an annual report. This report includes a statement affirming BAT Bangladesh's adherence to all provisions of the Corporate Governance Code (CGC).

The annual report serves as a comprehensive and accurate representation of our corporate governance policies, regulatory compliance efforts, strategic objectives, performance metrics, and future outlook on significant financial and Environmental, Social, and Governance (ESG) matters. Its primary purpose is to drive value creation for long-term investors while providing relevant and meaningful information to a broader range of key stakeholders.

# GOVERNANCE EXCELLENCE



**BAT BANGLADESH  
IS DEDICATED TO  
CONTINUOUSLY  
ENHANCING  
CORPORATE  
GOVERNANCE  
EXCELLENCE, GUIDED  
BY THE GROUP'S CORE  
VALUES: DO THE RIGHT  
THING, STRONGER  
TOGETHER, LOVE  
OUR CONSUMERS,  
TRULY INCLUSIVE,  
PASSION TO WIN  
AND EMPOWERED  
THROUGH TRUST.  
WITH A FOUNDATION  
BUILT ON INTEGRITY,  
TRANSPARENCY,  
FAIRNESS, AND HIGH  
ETHICAL STANDARDS,  
BAT BANGLADESH  
AIMS TO MEET  
AND EXCEED THE  
EXPECTATIONS OF  
ITS SHAREHOLDERS,  
CUSTOMERS, AND ALL  
STAKEHOLDERS.**

BAT Bangladesh has a long-standing commitment to strong corporate governance practices, recognizing that excellence in governance is vital for delivering sustainable, long-term shareholder value. Our Corporate Governance Statement (CGS) 2024 highlights our governance practices and policies, including Board structure and independence, Board oversight, and shareholder rights, along with other key governance initiatives.

BAT Bangladesh aims to foster well-informed and empowered Boards that provide cohesive strategic direction, ensuring long-term shareholder value. We aspire to be an employer of choice by maintaining a safe, healthy, and inclusive workplace.

Operating under a two-tier governance framework, BAT Bangladesh upholds essential governance principles and goes beyond regulatory requirements by adopting voluntary standards and international best practices.

## OUR CORPORATE GOVERNANCE CULTURE IS ANCHORED ON

1. Strong leadership
2. Efficient risk management culture
3. Effective internal controls
4. Prudent financial practices
5. Accountability towards shareholders

## BAT BANGLADESH'S BOARD OF DIRECTORS

The Board of Directors at BAT Bangladesh serves as the highest governing body, responsible for policy formulation, endorsing business plans, ensuring business sustainability, and providing effective guidance within a framework of internal controls.

The Board comprises 13 (Thirteen) distinguished members with core competencies aligned with BAT Bangladesh's strategic objectives. It plays a pivotal role in delivering strategic leadership, overseeing managerial activities, and ensuring adherence to ethical standards.

Strong independent leadership is central to the Board's effectiveness, enabling independent oversight of management. Currently, one-fourth of the Board consists of independent directors, and 31% of its members are women, reflecting our commitment to diversity and inclusion.

The Board strictly adheres to the Corporate Governance Code 2018 established by the Bangladesh Security Exchange Commission (BSEC) and aligns with BAT Bangladesh's internal governance policies. Its focus remains on prioritizing the long-term welfare of stakeholders while upholding the highest standards of accountability and integrity.

BAT Bangladesh's CSR Committee, composed of experienced and skilled members, actively oversees its corporate social responsibility initiatives. Empowered by the Board of Directors, the committee ensures that CSR activities are strategically guided, monitored, and optimized to maximize societal impact. Meeting quarterly, the committee reviews compliance, assesses performance, and provides essential guidance to advance BAT Bangladesh's sustainability goals.

The CSR Committee receives periodic updates from management throughout the year on key ESG matters, including sustainability services provided to clients, the Company's role as a responsible corporate citizen, and progress toward ESG-related commitments.

## INTERNAL AUDIT AND COMPLIANCE TEAM

BAT Bangladesh's internal audit and compliance team is tasked with maintaining a robust internal control system that supports the efficient operation of the Company.



The team ensures strict adherence to both internal policies and external regulations while coordinating risk assessments across various operational areas.

The team is responsible for establishing a comprehensive internal accountability and assurance framework, outlining the collaboration between internal audit and other assurance providers within the organization.

Furthermore, the team develops an annual risk-based internal audit plan, which is subject to review and approval by BAT Bangladesh's Audit Committee. This structured approach enhances the effectiveness of internal processes, strengthens risk management, and ensures compliance with established standards and regulatory requirements.

## COMPLIANCE

BAT Bangladesh is dedicated to maintaining full compliance with all relevant regulatory authorities by submitting comprehensive financial statements and requisite documentation to entities such as the BSEC, stock exchanges, the National Board of Revenue (NBR), the Registrar of Joint Stock Companies and Firms (RJSC), and other pertinent government bodies. Moreover, to foster a culture of compliance across the organization, BAT Bangladesh proactively conducts awareness sessions on existing and proposed legislation, ensuring employees remain informed and aligned with regulatory requirements. This commitment reflects BAT Bangladesh's dedication to upholding the highest standards of regulatory adherence and corporate responsibility.

## BUILDING A STRONG ETHICAL CULTURE

To guide our people in making ethical choices and understanding the full impact of their decisions, we lean on our core values. We provide a wide array of resources, including ethics & compliance training, to help our employees fully understand our Standards of Business Conduct (SoBC).

## ETHICAL & COMPLIANCE TRAINING

All individuals working with us, including fixed-term employees, workers, and contractors, are expected to adhere to our Ethics and Compliance standards. This ensures a unified understanding of ethical conduct across the organization.

Our ethics and compliance training programs are continually updated to offer interactive, visually engaging courses on our SoBC. These courses cover a variety of relevant topics, such as safeguarding information, data protection, recognizing disrespectful behavior, and promoting inclusion and diversity within the workplace.

## RESPONSIBLE DECISION MAKING, LEGAL POLICY WEEK & LEGAL CLINIC: PROMOTING COMPLIANCE

As part of its commitment to fostering a culture of compliance and ethical conduct, BAT Bangladesh has launched the Responsible Decision-Making Campaign (RDM). This initiative is a culture and behavior transformation program that focuses on 3 key priority areas. As an organization, we encourage all employees to take personal ownership of their actions, always do what is "right," and represent both ourselves and BAT Bangladesh with pride, both within and outside the Company.

with a view to uphold responsible business practices, BAT Bangladesh's Legal and Compliance Team launched a unique campaign, The Legal Policy Week. This initiative focused on training employees on essential policies and procedures, reinforcing BAT Bangladesh's compliance framework and ensuring alignment with internal standards and regulatory requirements. The sessions featured valuable insights from senior leadership and international experts, covering topics such as the Standards of Business Conduct (SoBC), Anti-Financial Crime (AFC) Procedure, Contract Policy, Records & Information Management Procedure, and Security Procedures.



This initiative, conducted through interactive workshop and scenario-based learning, provided employees with a thorough understanding of the BAT Bangladesh's policies and their role in upholding compliance. By fostering awareness and accountability, the Legal Policy Week reinforced BAT Bangladesh's commitment to building a strong ethical foundation and maintaining its reputation as a responsible corporate citizen.

The Legal Policy Week received a very good response from the Company. The Legal team successfully delivered interactive training sessions covering more than 400 managers via 9 face to face and online sessions.

BAT Bangladesh pulled off another first ever event with the Legal Clinic which featured the Legal Team and emphasized "empowering through awareness" by addressing current topics of interest and importance that matter the most to us.



The booths focused on Inheritance Law and Family Law, Road safety and traffic rules offered attendees direct access to legal professionals, providing personalized advice, answering questions, and simplifying legal processes in an accessible way. This interactive experience empowered individuals by enhancing their understanding of the law and breaking down complex legal procedures into clear, comprehensible terms.

## EXCELLENCE IN GOVERNANCE FOR SUSTAINABLE GROWTH

BAT Bangladesh strengthens its sustainability efforts by maintaining strong credit ratings and effective cost control, both of which drive long-term shareholder value and reinforce its position as the country's largest corporate taxpayer. By integrating

Environmental, Social, and Governance (ESG) practices, BAT Bangladesh supports sustainable growth, profitability, and a positive reputation. A focus on robust governance, transparent reporting, and ethical decision-making builds investor confidence and mitigates risks. BAT Bangladesh's commitment to ESG reflects its dedication to building a resilient and profitable business for the long term.

# BETTER TOGETHER

At BAT Bangladesh, sustainability is ingrained in our business operations. With a crop-to-consumer model in Bangladesh, the scope of Environmental, Social, and Governance practices permeates various aspects of our business, spanning from farmers to consumers. The responsibility of driving the sustainability agenda does not fall solely on any individual or team; rather, it requires collective efforts from all stakeholders involved in facilitating and implementing effective community initiatives. Together, we collaborate to complement each other's efforts in transforming our business for a sustainable future.



**Mohammad Serajul Haque**

*Leaf Sustainability & ESG Manager  
BAT Bangladesh*

As I reflect on the efforts of our leaf operations, I am incredibly proud of the progress we have made in implementing sustainability initiatives. Throughout 2024, we have successfully increased the utilization of renewable energy, decreased water use intensity, minimized waste generation, and enhanced the re-use and recycling of waste within our leaf supply chain. Additionally, we have taken significant steps to promote the participation of women in farm decision-making and economic activities.

BAT Bangladesh's community initiatives have had a positive impact on the farming community, further demonstrating our commitment to sustainability and social responsibility. Our goal is to drive towards a more sustainable future, ensuring that we leave a positive legacy for future generations.



**Ahmed Raihan Ahsanullah**

*Area Head of Business  
Communications & Sustainability,  
BAT Bangladesh*

In 2024, BAT Bangladesh underscored the importance of a holistic approach to sustainability. Continuing our longstanding commitment to sustainability, we focused on supporting marginalized communities through targeted development programs. We also encouraged collaboration through public-private partnerships, helping to expand the reach and impact of our initiatives. Upholding transparency and ethical practices remain a priority, fostering trust and accountability across our operations. Moving forward, we aim to strengthen our flagship sustainability programs and seek greater support from both public and private sectors to contribute to a better future for all.



**Hector Tamez Perez**

*Regional Head of Sustainability,  
APMEA, BAT*

Sustainability is central to our strategy. Investing in ESG initiatives helps us combat climate change, conserve water, and reduce waste, ensuring a better environment for future generations. As a leader in ESG, BAT Bangladesh has embraced sustainable practices since its inception. Our Environment, Health, and Safety (EHS) team drives sustainability across our value chain, from seed to smoke. Divided into Factory EHS, Leaf & PSC EHS, and Commercial EHS, the team focuses on innovation, aiming for zero accidents, efficiency, and reducing carbon emissions. Join us in our commitment to sustainability and help create a greener future. Together, we can make a difference.



# ABOUT OUR INTEGRATED REPORT



**OUR INTEGRATED REPORT'S PRIMARY PURPOSE IS TO COMMUNICATE BAT BANGLADESH'S VALUE CREATION TO ALL STAKEHOLDERS. IT IS ALSO AN IMPORTANT WAY OF EXPLAINING OUR BUSINESS IN ACCORDANCE WITH THE INTEGRATED REPORTING FRAMEWORK. IT AIMS TO ASSIST OUR STAKEHOLDERS IN MAKING AN INFORMED ASSESSMENT OF OUR PERFORMANCE, PROSPECTS AND IMPACTS.**

## OUR APPROACH TO REPORTING

BAT Bangladesh has consistently adhered to the values of our Group while considering our operations and formulating our strategic priorities. The synergies derived from a shared purpose, common values, and a unified strategic focus create significant benefits for all stakeholders.

This integrated report outlines our governance approach and key decisions made during the review period, along with our progress toward achieving strategic objectives. It provides a comprehensive analysis of the risks, opportunities, and trade-offs associated with each strategic element, as well as the interrelationship between external and internal factors that enable BAT Bangladesh to create shared value.

Additionally, we present our outlook, taking into account these risks, opportunities, and trade-offs, offering stakeholders a well-rounded perspective on our operations and future prospects.

## OUR INTEGRATED ANNUAL REPORT

This integrated report provides a thorough evaluation of our capacity to create value, incorporating both financial statements and an ESG report. The ESG report emphasizes key environmental, social, and governance factors that could influence our performance if not properly managed.

Intended for a broad range of stakeholders—including employees, communities, customers, investors, and government entities—this report offers a detailed overview of our performance, aligned with established reporting standards.

The audited annual financial statements present statutory and regulatory information required by the:

- The Companies Act 1994 including amendment in 2020

- International Financial Reporting Standards (IFRS)
- Regulatory Requirements (BSEC, DSE, CSE) and other applicable laws
- The Sarbanes-Oxley Act of 2002
- BSEC Corporate Governance Code 2018
- Listings Requirements of Dhaka and Chittagong Stock Exchange
- The Standards issued by Institute of Chartered Secretaries of Bangladesh

This integrated report is one of our primary communications with stakeholders. While it is prepared mainly for providers of capital and shareholders, financial information is balanced with commentary on our most material sustainability issues for a holistic view of the Company.

## REPORTING PERIOD

This report covers the period from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024. Significant events, if any, after year-end and before the approval date of this report, are also included and are covered under the subsequent events section of the annual financial statements.

## MATERIALITY

This report provides information on all those matters that we believe could have a significant influence on our ability to create and sustain value over the short, medium and long term. The process of identifying and prioritising the material matters for inclusion in this report involved reviewing: the needs of our stakeholders through constructive engagement with them, our operating context, key business risks, the value exchange and/or opportunity costs of applying our available capitals and responsible management of these; and our responsibility to provide relevant and transparent reporting. The BAT Group's strategic objectives and related key performance indicators ("KPIs") constitute our material issues and that these are appropriately

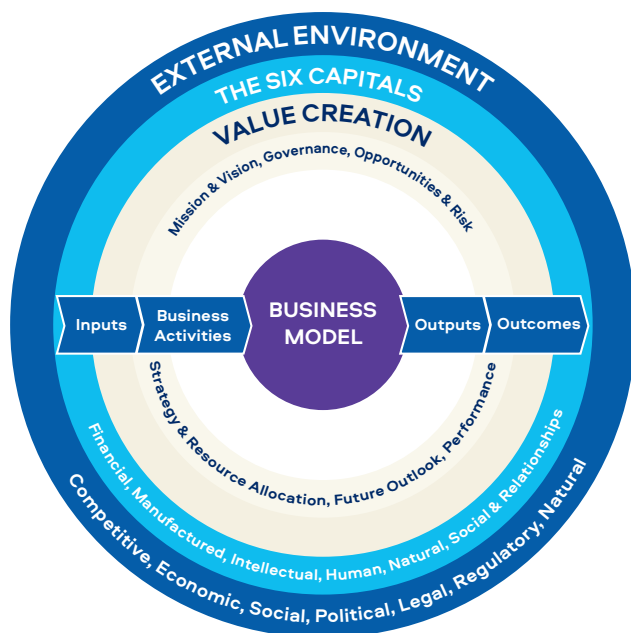


aligned with our approach to managing risks & while operating with excellence.

## REPORTING PRINCIPLES AND APPROACH

We utilize the principle of materiality to determine the content of our Integrated Report. The report primarily highlights the issues, opportunities, and challenges that significantly affect our capital and the Company's ability to maintain sustainable operations while continuously creating, safeguarding, and minimizing the erosion of value for our stakeholders.

Identifying material matters is a shared responsibility across the Group, requiring contributions from all business units and divisions. This process includes evaluating the risks and opportunities in our operating environment, as well as incorporating feedback from all stakeholders. These material matters play a crucial role in shaping our long-term corporate strategy, guiding the evolution of our business model, and setting our short-, medium-, and long-term objectives.



Moreover, our integrated report is structured against the framework of the International Integrated Reporting Council (IIRC) and considers its guiding principles:

## CONSISTENCY AND COMPARABILITY

Year-on-year comparisons demonstrate progress towards our strategic goals.

## STRATEGIC FOCUS AND FUTURE ORIENTATION

Insight on how our strategy influences our ability to create value in the short, medium and long term.

## ACCOUNTABILITY

Our leaders are accountable for the Company's actions, and they are the custodians of our governance framework. The governance structures and key issues they dealt with in 2024 are detailed in Corporate Governance Statement.

## RELIABILITY AND COMPLETENESS

We provide assurance that this report includes all our material priorities in a balanced way, and without any intentional material error.

## CONNECTIVITY OF INFORMATION

This report is a holistic view of BAT Bangladesh, covering financial, operational and non-financial aspects. This report includes disclosure on all entities in our consolidated financial statements and the relevant information to engage with the stakeholders. For completeness, we also consider threats, opportunities and outcomes emanating from other entities or stakeholders with a significant effect on our ability to create value.

As the only publicly listed Company in the Tobacco Sector, we disclose our performance and information in compliance with the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange and other Compliance bodies to engage with our stakeholders in a well-structured way.

## REPORT CONTENT

As noted, in 2024 we report against our strategic progress, after repositioning our business in recent years to establish the platform for sustainable growth in the next phase of our strategy.

Importantly, given the recent spate of corporate challenges, we have expanded disclosure on our approach to governance and key decisions in the review period, to highlight to stakeholders how our governance structures reduce risk and ensure we create value for all.

Our material issues (from page 28) are woven into this narrative and defined as issues with the greatest real and potential impact.

- positive and negative.
- on achieving our business objectives.

These is related to our internal or external environments, significant risks and opportunities identified in our integrated risk management process (page 155).

This integrated report illustrates how BAT Bangladesh considers the six capital by the International Integrated Reporting Council (IIRC) in creating value, as well as the trade-offs. The six capitals under the IIRC framework translate across our pillars of value creation with the following capitals:

IIRC CAPITAL	Financial	Manufactured	Human	Social & Relationship	Natural	Intellectual
The Pillars of value	Financial/ Cost	Production	People, Health & Safety	Socio Economic & Political	Environment	IT Assets, Knowledge Sharing, Trainings

## WHAT THE SIX CAPITALS MEAN TO US

### Human capital

Skilled and experienced high-performing people whose diversity, inclusion, ethics, health, safety and development are important.

### Manufactured capital

State-of-the-art equipment and modernised factories to enable us in excellence in production with a reduced environmental impact.

### Intellectual capital

Our R&D team's expertise supports our competitive advantage. Along with our experience in operations, processes and licensed technologies, we ensure our manufacturing excellence.

### Financial capital

Financials generated from sales and where appropriate proceeds from disposals to sustain and grow our business.

### Social capital

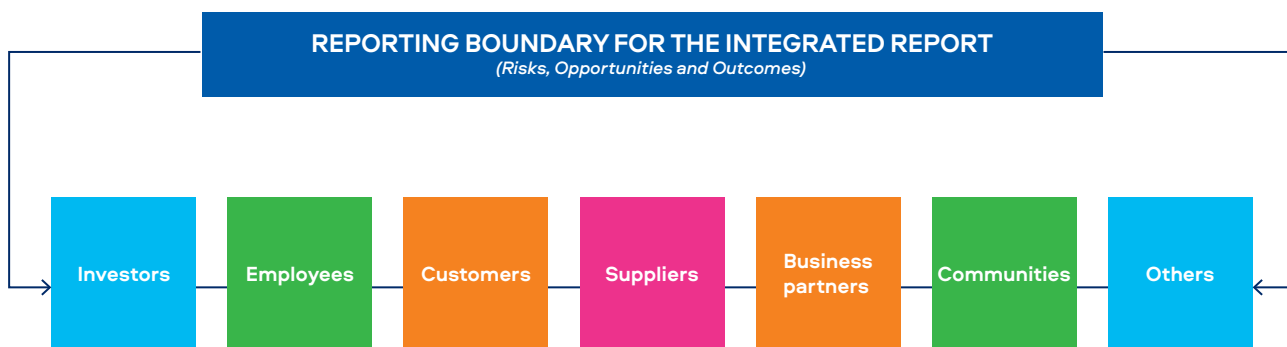
Trusted relationships with our stakeholders that create an enabling environment for our business and for the communities in which we operate.

### Natural capital

Reliable and affordable supplies of water, energy, land and air are essential. We take seriously our responsibility to care for the environment.

## DETERMINING THE REPORTING BOUNDARY

In line with the IIRC framework, in determining the boundary, we work outward from the financial reporting entity, BAT Bangladesh, to consider control, risks, opportunities and outcomes associated with other entities or stakeholders that have a significant effect on our ability to create value.



The Board of Directors, with the support of the Audit Committee, is responsible for overseeing the Company's internal control system, which is designed to identify, assess, manage, and provide reasonable assurance against significant misstatements and losses. We employ a combined assurance approach, optimizing the assurance derived from both management and internal and external assurance providers, while maintaining a robust ethical monitoring system to ensure compliance.

Through a risk management process approved by the Board, management identifies key risks and establishes internal controls to mitigate these risks, ensuring the Company's sustainable growth. The effectiveness of the internal control system is monitored and assessed by the internal audit function, while external auditors review key controls and accounting matters. Additional external assurance is sought as necessary.

The Board and Audit Committee evaluated the effectiveness of controls for the year ending 31<sup>st</sup> December 2024, and deemed them satisfactory. This assessment was primarily based on management's self-assessment process, which included formal confirmation from executive management. Additionally, they reviewed reports from internal audits, external audits, and other assurance providers. The consolidated financial statements accurately reflect our financial position, operational results, and cash flows for the period, in all material respects.

Moreover, sound corporate governance is a critical foundation for protecting stakeholder value and achieving the group's strategic growth objectives. Our governance universe utilizing our six values shows how the pillars of value are monitored via the four governance segments – board, finance, risk, and social and sustainable – in support of the BAT Bangladesh's purpose and strategy. The elements in each segment are governed by appropriate processes, systems and resources to ensure we demonstrate the desired governance outcomes.

## FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements with respect to our future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of emerging risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance.

The integrated report of 2024 is presented in addressing all material matters to offer a balanced view of our strategy and how it relates to BAT Bangladesh ability to create value in the short, medium, and long term.

**Syed Afzal Hossain**  
Company Secretary

Our pillars of value (below) are fundamental to how we manage all aspects of our business to achieve our purpose and strategy:

PILLARS OF VALUE



GOVERNANCE ELEMENTS OF THE BUSINESS MODEL AND VALUE-CREATION PROCESS

# HOW WE CREATE VALUE

## OUR VALUE-CREATION PROCESS

Through our pillars of value creation, we deliver significant value from the large resource base of BAT Bangladesh.

### KEY FACTORS AFFECTING OUR ABILITY TO DELIVER SHARED VALUE:

#### INTERNAL FACTORS:

- High-quality reserve, and resource base
- Stakeholder relationships and collaboration
- Product quality and mix
- Sales contracts and customer relations
- Operational efficiency and improvements
- Cost control and capital allocation

#### EXTERNAL FACTORS:

- Exchange rate volatility
- Commodity prices
- Macro-economic impacts and political influences
- Government and Regulators
- Illicit trade

### CAPITAL INPUTS

#### FINANCIAL

- Capital Reserve
- Working capital
- Capital Investment
- Cash flow
- Operating Expense
- Cost of Sales

#### MANUFACTURED

- Inventory & Raw materials
- High Performance Organization
- Production Capacity
- Capital investment production.
- Technological advancements
- Shopfloor employee number

#### INTELLECTUAL

- Intellectual property applied to employees.
- Training and development Cost
- Intellectual property and technological advantages in processing
- Elimination-of-fatalities taskforce to create safer work environments.
- Company culture
- Brand and reputation

#### HUMAN

- Workforce of 1,720 employees
- Diversity and inclusive policy
- Hiring the best talent after comprehensive screening
- Strong leadership team
- Reskilling the workforce for the modern mining environment
- Culture of care and respect
- Diverse and skilled board

#### SOCIAL AND RELATIONSHIP

- Respecting human rights of all stakeholders
- Extensive engagement with trade unions to ensure good labor relations.
- Engagement with government and regulators
- ESG Initiatives
- Collaborative partnerships with communities
- Increased engagement with communities to build relations.

#### NATURAL

- Water Treatment
- Effective use of Energy Efficiency
- Biodiversity
- Carbon Emission
- Waste management





By reinvesting the value inherent and generated from our six capital which our business depends, we maintain our capacity to create sustainable value for all stakeholders.

### KEY ENABLERS THAT HELP US DRIVE VALUE CREATION:

- Driving socio-economic growth to establish diverse and sustainable communities, while ensuring we are recognized as a trusted corporate citizen in sustainability.
- Achieving safe production by fostering a strong safety culture.
- Promoting a healthy and productive workforce through effective risk management.
- Optimizing resource management with a focus on minimizing environmental impact.
- Advancing leadership, culture, and skill development to create an engaged, collaborative, and team-oriented workforce.
- Pursuing best practices, modernization, and innovation across our value chain to exceed industry benchmarks.
- Delivering exceptional performance in processes and equipment.

### Our capital outputs and outcomes:

#### FINANCIAL

- 9,167 cr. in net revenue.
- 3,503 cr. in operating profit
- 4,011 cr. In Property, Plant and Equipment
- 810 cr. declared in dividends.

#### MANUFACTURED

- Modernization and mechanization of invested in new Production technology
- Improve component localization and value addition
- Increase resource utilization through waste circularity
- Enhance production efficiencies and optimize costs
- Reduce leaf, energy, water consumption

#### INTELLECTUAL

- Adoption of advanced technologies
- Fully equipped Digital Business Solutions wing
- Robotic process tools to automate routine manual processes
- Technology-driven solutions

#### HUMAN

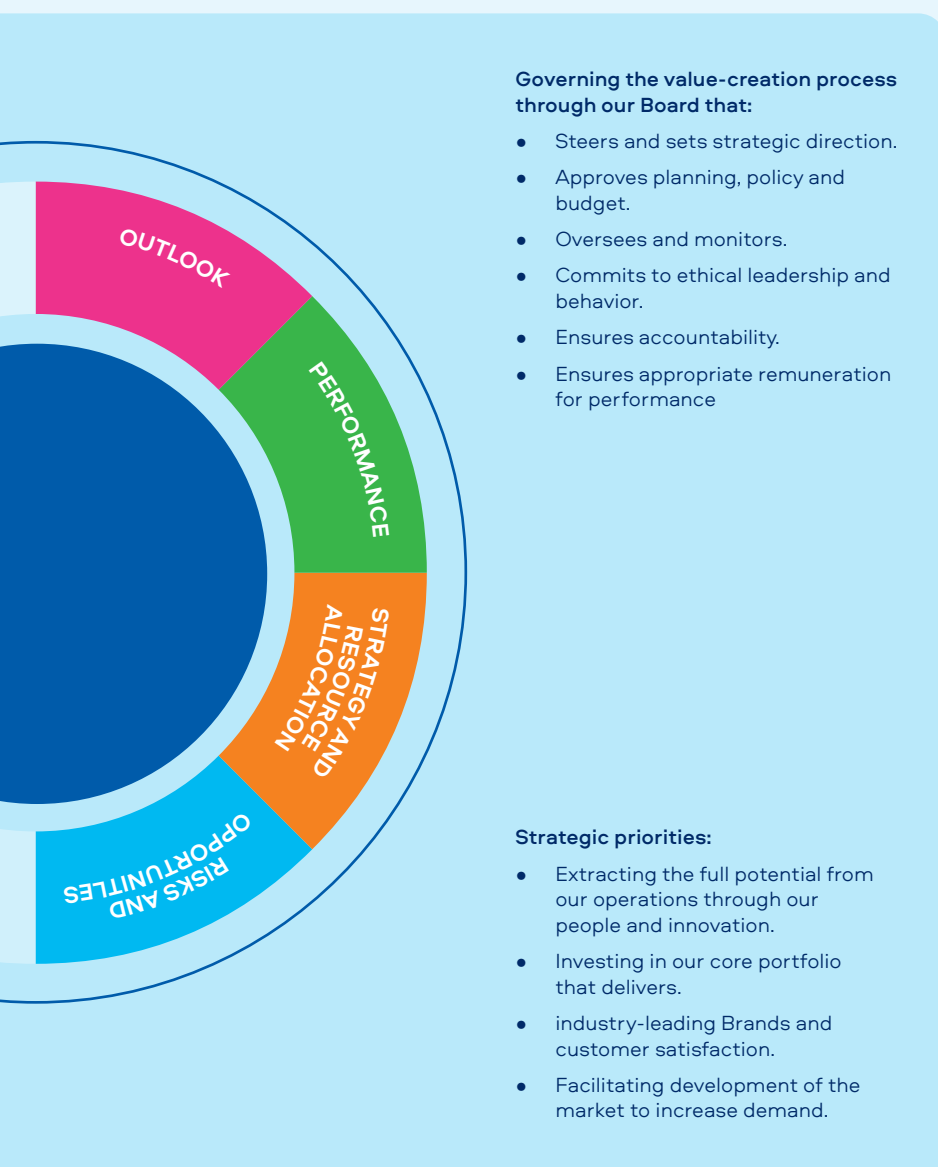
- 151 New Recruits in 2024
- 15 Cross-industry Hires
- 28 BATB Managers newly expatriated in 2024

#### SOCIAL AND RELATIONSHIP

- BDT 34,173 crore contribution to the National Exchequer
- Strong citizenship initiatives that help drive societal prosperity and sustainability
- Maintained an ailment free environment with an acute emphasis on promoting good health, holistic wellbeing and happiness.
- 130 million saplings distributed in the community through Bonayan
- 126 water filtration plants for safe drinking water through probaho
- 2,591 solar-powered home systems installed free of cost through Deepto

#### NATURAL

- 39.1% Water recycling ratio
- 99% waste recycled
- 35% water withdrawal reduction by 2025
- Alliance for Water Stewardship (AWS) core certification in 2021



← VALUE CREATION, PRESERVATION OR EROSION OVER TIME →

# MANAGING OUR APPROACH FOR LONG-TERM VALUE CREATION

BAT Bangladesh's operations are integrated – each activity/ process feeds into the next one until a final product is manufactured.

To achieve our purpose, our underlying business model focuses on effectively converting one capital stock into value across all six capitals.

For over 114 years, BAT Bangladesh has invested its financial and human resources into effective and efficient production, supply chain and value addition, to create value for our stakeholders, employees, local communities,

customers, suppliers, government and regulators while minimizing our impact on the environment.




The challenge is to understand how the continued availability, quality and affordability of significant capitals affect our ability to achieve our strategic objectives and continue creating value. Managing this process to enhance value inevitably involves trade-offs – how and when value is shared between different stakeholders, and how that value is created, transformed or depleted across the capitals. Below, we summarize trade-offs across the capitals, and detail the key trade-offs in 2023-24:

Capital*	Pillar of value	Our Approach	Capital Impact
Financial	FINANCIAL RETURNS COST	Our future hinges on modern, mechanized, and efficient production processes. To achieve this, we must invest in technology to enhance operational efficiency and focus on reskilling our workforce. Our capital expenditure toward maintaining assets and funding growth projects, while our training and development initiatives aimed at upskilling our employees. However, we face significant challenges, including a shortage of technical and specialized skills, as well as cost pressures caused by currency depreciation.	Financial Manufactured People
Manufactured	PRODUCTION		
Human	PEOPLE SAFETY AND HEALTH	<p>Our unwavering commitment to eliminating fatal risks has resulted in managed operations being fatality-free. We have also strengthened our proactive approach to employee well-being. The primary challenge in both safety and health lies in human behavior. To address this, we are leveraging our intellectual capital to create innovative solutions that inspire individuals to strike a balance between personal and professional life, make prompt decisions, act proactively, and become bold and self-empowered.</p> <p>In 2021, we established the Apprentice Academy, a unique initiative focused on building technical skills. This academy recruits graduates with technical backgrounds, primarily diploma engineers, for a rigorous two-year program. Here, they gain in-depth knowledge of industry best practices and graduate either as recruits for BATB or as qualified professionals for other factories. To date, the academy has welcomed three batches, totaling over 450 apprentices. Of these, 180 have graduated, with 150 joining our organization. The Apprentice Academy has been recognized as a best practice by the International Labour Organization (ILO) in Bangladesh.</p>	Intellectual Manufactured Financial People

Capital*	Pillar of value	Our Approach	Capital Impact
<b>Social and relationship</b>	SOCIO-ECONOMIC	As a responsible corporate entity, BAT Bangladesh has consistently prioritized the socio-economic environment by engaging with social and relationship capital. Given the increasingly negative perception of the tobacco industry in recent years, rebuilding trust based on a shared understanding of our challenges and goals has become essential. In FY24, we contributed BDT 34,173 crore contribution to the National Exchequer. Our strong, well-defined procedures and policies, along with a deeply rooted culture that respects and upholds the rights of all employees, business partners, and the wider community, ensure alignment with the Standards of Business Conduct (SoBC). Our dedication to human rights goes beyond our direct suppliers and extends across the entire value chain.	Financial Social and relationship
<b>Natural</b>	ENVIRONMENTAL	BAT Bangladesh has set several targets to deliver in accordance to its commitment to environmental sustainability. By 2025, the Company aims to ensure 30% water recycling across sites. Ensuring zero waste-to-landfill at all manufacturing sites, eliminating use of all unnecessary single-use plastic and achieving Alliance for Water Stewardship certification for all manufacturing sites are also goals set for the same year. 2025 targets further include 35% reduction in water withdrawn (2017 base year) and 50% carbon emission reduction for Scope 1 and 2 (2020 base year). In addition, by 2030, we wish to achieve carbon neutrality for Scope 1 and 2 emissions and ensure 50% renewable energy in use at our sites.	Natural Social and relationship
<b>Intellectual</b>	ALL PILLARS	BAT Bangladesh's emphasis on innovation and the development of new initiatives and frameworks allows it to deliver value to stakeholders and achieve sustainable growth. Furthermore, our Intellectual Capital includes deep insights into adult consumer preferences and market trends, as well as access to world-class research and development (R&D) capabilities. These are essential for meeting market demands and ensuring compliance with quality standards. Strategic planning and focused execution are key elements of our innovation strategy, which enhances our Intellectual Capital. In 2024, we invested significantly in capital utilization, with 5,359.5 hours dedicated to managerial training sessions, 37,580 hours to shopfloor training sessions, and 8,468 hours to the GRID online learning portal.	Financial People Intellectual




# ENGAGING WITH OUR STAKEHOLDERS

We work with, take into account and respond to the views and concerns of our shareholders & stakeholders. This enables us to adapt to emerging risks and work to meet the expectations placed upon us as a multinational business.

	 Consumers	 Shareholders & Investors	 Our People
<b>Why this stakeholder is important to us</b>	As preferences and consumption change in an evolving industry, understanding our consumers is essential to both successful portfolio and business growth.	It is essential that we maintain the support of our shareholders to maintain access to capital. This allows us to implement our strategy and achieve our business objectives.	The quality of our people is a major reason why the Company continues to perform well. We understand the value of listening and responding to feedback from our people to maintain a fulfilling, rewarding and responsible work environment.
<b>Examples of how we engaged in 2024</b>	<ul style="list-style-type: none"> <li>- Consumer care helplines</li> <li>- Responsible marketing and transparent communication</li> </ul>	<ul style="list-style-type: none"> <li>- Annual General Meeting</li> <li>- Annual General Meeting</li> <li>- Price Sensitive Information &amp; Material Information</li> <li>- Annual Report</li> <li>- Suite of focused ESG reports and wider disclosures</li> <li>- Stock exchange compliances</li> <li>- Shareholder information on website</li> </ul>	<ul style="list-style-type: none"> <li>- Your Voice Employee Survey 2024</li> <li>- Virtual forums</li> <li>- Employee town halls</li> <li>- Global and regional webcasts</li> <li>- Graduate and management trainee events</li> <li>- Individual performance reviews</li> <li>- Speak Up channels</li> <li>- Top Employer award for the 5<sup>th</sup> time</li> <li>- Innovative employee learning and training programs</li> </ul>
<b>What matters to our stakeholders</b>	<ul style="list-style-type: none"> <li>- Health impact of our products and other social considerations</li> <li>- Product quality</li> <li>- Affordability and price</li> <li>- Ingredients/nicotine levels</li> <li>- Post-consumption product waste</li> </ul>	<ul style="list-style-type: none"> <li>- Business performance</li> <li>- ESG agenda</li> <li>- Corporate governance</li> <li>- Directors Report</li> <li>- Company Performance</li> <li>- Dividend</li> <li>- Strength of leadership</li> <li>- Board succession planning</li> </ul>	<ul style="list-style-type: none"> <li>- Reward</li> <li>- Career development</li> <li>- Diversity and inclusion</li> <li>- Corporate responsibility</li> <li>- Health and safety</li> <li>- Business ethics</li> </ul>
<b>How we respond</b>	<ul style="list-style-type: none"> <li>- Development of products</li> <li>- Product stewardship, quality and safety standards</li> <li>- Responsible Marketing Principles</li> <li>- Circular economy strategy and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>- Regular communications with shareholders and investors</li> <li>- Robust corporate governance</li> <li>- Continual improvement of our Delivery with Integrity programme</li> <li>- On time in full communication on Price Sensitive Information and Material Information</li> </ul>	<ul style="list-style-type: none"> <li>- Extensive communications and engagement with our people</li> <li>- Feedback on workforce engagement</li> <li>- Training and development programme</li> <li>- Diversity &amp; Inclusion Strategy</li> <li>- Legal Policy Week</li> <li>- Legal Clinic</li> <li>- Legal on Wheels</li> <li>- Your Voice Survey</li> </ul>
<b>Principal risk impact</b>	<ul style="list-style-type: none"> <li>- Competition from illicit trade</li> <li>- Significant increases or structural changes in tobacco, nicotine and New Categories related laws &amp; taxes</li> <li>- Inability to develop, commercialise and deliver the New Categories strategy</li> <li>- Supply Chain Disruption</li> </ul>	<ul style="list-style-type: none"> <li>- Political &amp; Geopolitical tensions</li> <li>- Tobacco regulation that interrupts growth strategy</li> <li>- Litigation</li> <li>- Significant increases or structural changes in tobacco related laws &amp; taxes</li> <li>- Disputed taxes, interest and penalties</li> <li>- Foreign exchange rate exposures</li> </ul>	<ul style="list-style-type: none"> <li>- Injury, illness or death in the workplace</li> </ul>



Listening to our stakeholders helps us better understand their views and concerns, and enables us to respond to them appropriately. It gives us valuable inputs to, and feedback on, our strategic approach, as well as our policies, procedures and ways of working.

	 Suppliers	 Customers	 Government & Wider Society
	<p>Effective relationships with farmers and suppliers of tobacco leaf, product materials and indirect services are essential to an efficient, productive and secure supply chain.</p>	<p>Our customers include distributors, global &amp; local key accounts that are essential for driving growth and embedding responsible marketing practices.</p>	<p>We seek to be part of the debate that shapes the regulatory environment in which we operate, and to work collaboratively to develop joint solutions to common challenges.</p>
	<ul style="list-style-type: none"> <li>- Extension Services farmer support</li> <li>- Ongoing dialogue and relationship management</li> <li>- Strategic partnerships</li> </ul>	<ul style="list-style-type: none"> <li>- Sales calls and visits by trade representatives</li> <li>- Ongoing dialogue and account management</li> <li>- Suppliers Code of Conduct (SCoC)</li> </ul>	<ul style="list-style-type: none"> <li>- Meetings and engagement dialogues</li> <li>- Multi-stakeholder enagement</li> <li>- Community partnering programmes</li> </ul>
	<ul style="list-style-type: none"> <li>- Productivity/quality/cost</li> <li>- Sustainable agriculture</li> <li>- Farmer livelihoods</li> <li>- Human rights</li> <li>- Health and safety</li> <li>- Climate change impacts</li> </ul>	<ul style="list-style-type: none"> <li>- Route-to-market planning</li> <li>- Contingency planning</li> <li>- Cost, price and quality</li> <li>- Stock availability</li> <li>- Consumer buying behaviour</li> <li>- Youth access prevention</li> </ul>	<ul style="list-style-type: none"> <li>- Product regulation</li> <li>- Tax/excise/illicit trade</li> <li>- Responsible marketing</li> <li>- Public health impacts</li> <li>- Human rights</li> <li>- Laws &amp; Taxes</li> <li>- Climate change impacts</li> </ul>
	<ul style="list-style-type: none"> <li>- Supplier Code of Conduct</li> <li>- Thrive sustainable agriculture and farmer livelihoods programme</li> <li>- Leaf operational standards for PPE and child labour prevention</li> <li>- Farmer Extension Services support and training</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible Marketing Principles</li> </ul>	<ul style="list-style-type: none"> <li>- Standards of Business Conduct (SoBC)</li> <li>- Delivery with Integrity programme</li> <li>- Carbon neutrality target for 2030 and Net Zero target for 2050</li> <li>- Human rights and climate impact assessments</li> <li>- Community investment and CSR programmes</li> </ul>
	<ul style="list-style-type: none"> <li>- Government regulations</li> <li>- Political Tension</li> <li>- Supply Chain Disruption</li> <li>- Injury, illness or death in the workplace</li> <li>- Availability of Stock</li> <li>- Circular Economy</li> </ul>	<ul style="list-style-type: none"> <li>- Competition from illicit trade</li> <li>- Significant increases or structural changes in tobacco related laws &amp; taxes</li> <li>- Inability to develop, commercialise and deliver the New Categories strategy</li> <li>- Climate and circularity</li> </ul>	<ul style="list-style-type: none"> <li>- Competition from illicit trade</li> <li>- Geopolitical tensions</li> <li>- Tobacco related regulation interrupts growth strategy</li> <li>- Significant increases or structural changes in tobacco related laws taxes</li> </ul>

# HUMAN CAPITAL



BUILT ON THE FOUNDATION OF OUR VALUES, WE STRIVE TO PROVIDE A SAFE, CHALLENGING AND REWARDING ENVIRONMENT FOR EACH OF OUR EMPLOYEES. OUR STRENGTH LIES IN OUR DIVERSE, EXPERIENCED AND TALENTED WORKFORCE. THIS POSITIONS US FAVORABLY TO SHAPE OUR BUSINESS AND TO REACT TO THE FAST CHANGING, COMPLEX AND INTERDEPENDENT WORLD IN WHICH WE OPERATE.



**Raiyan Ahmed**  
Head of Operations HR  
BAT Bangladesh

## BATB'S HUMAN CAPITAL AT A QUICK GLANCE



## OUR PEOPLE STRATEGY





## HIGHLIGHTS OF 2024

## STATEMENT BY OUR HEAD OF HR

## PROGRESS ACHIEVED IN 2024

Total employees

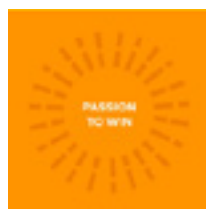
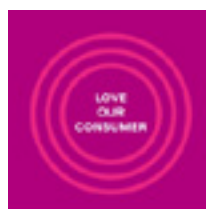
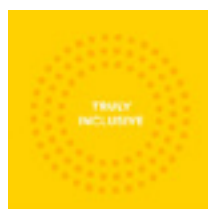
**1,720**

Total female employees

**232**

Over the years, our diverse and versatile workforce has created value by addressing the various challenges of society, industry and customers and incorporating independent and global perspectives into business creation and execution for A Better Tomorrow. Our goal is to create a vibrant organization by interconnecting with members of our diverse and versatile talent pool.

- Bestowed with the Top Employer award for the 6th time by the Top Employer Institute.
- Significant stride in the female management population standing at 35%.
- Continued with our innovative employee learning and training programs.



## OVERVIEW

BAT Bangladesh is committed to sustainable growth in harmony with society through its business activities, while staying ahead of emerging needs. Acknowledging the unique characteristics of our business, we see the diverse and adaptable human resources that have driven our growth as a key source of value creation, and we will continue to invest in developing our human capital.

At BAT Bangladesh, we consider strategic talent acquisition to be the foundation of our competitive advantage. To ensure the long-term success of the Company, we prioritize recruitment based on merit and skill.

Our ability to attract top talent is reinforced by our industry-leading approach to people development and retention. For the sixth year, the Top Employer Institute has recognized

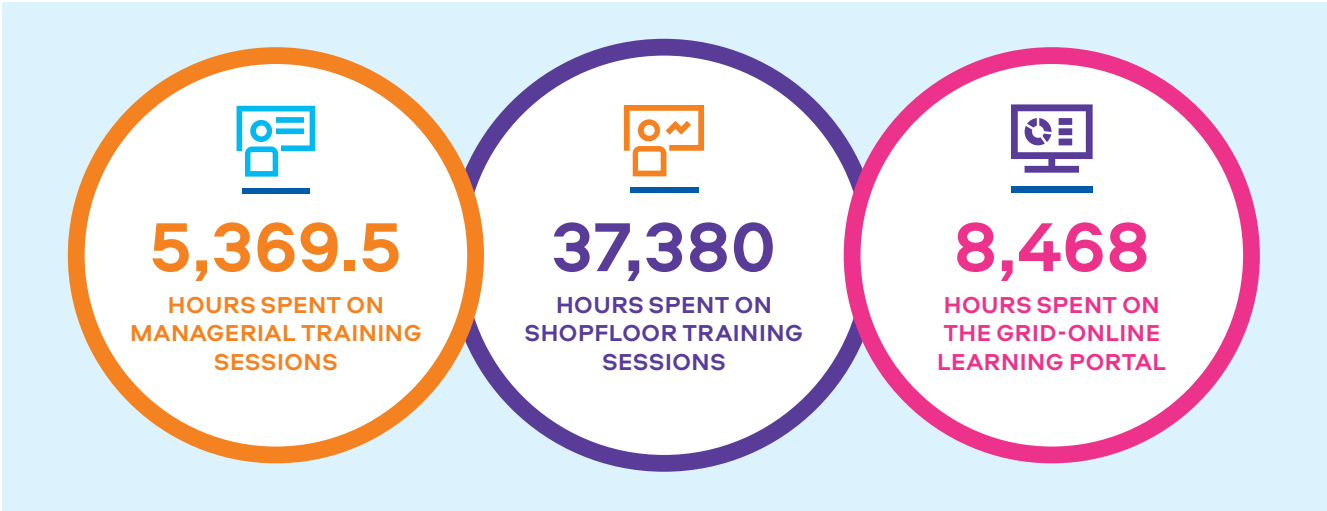
BAT Bangladesh as the “Top Employer” in the country, reflecting our excellence in people practices across all HR competency areas.

We place great emphasis on cultivating a collaborative and supportive culture, understanding that human capital is vital to our growth strategy. We nurture this culture by offering a multidisciplinary environment and programs that present both challenges and rewards. These initiatives equip individuals with the competencies and experiences necessary to advance their careers and elevate the Company to new heights.

Our employees are the driving force behind our success, and we are fully committed to fostering a culture that is supportive and engaging, empowering them to pursue excellence in their roles.



In 2024, we provided several trainings for our co-workers in a variety of different areas, including process and technical knowledge, soft skills development, and leadership training. Training and development are an essential component of our employee value package. In 2024, we had:



Our leadership capabilities work together with our Values to describe what great leadership looks like at BAT. They also create focus on the skills needed to achieve our corporate strategy. Embedding the leadership capabilities into development plans, feedback, and learning helps us talk the same leadership language. This makes it easier for us to own our development, embrace new challenges and lead for impact.

**FIT-FOR-PURPOSE ORGANIZATION DESIGN**

With a future-fit organization structure in 2024, BATB experienced several adjustments to its methods of operation. Despite all the changes, we remained committed to maintaining a flexible and resilient workforce. Thus, notwithstanding the changes, we maintained a lean and future-proof framework in our organizational architecture. Our human capital is distributed across roles and grades as per the following:

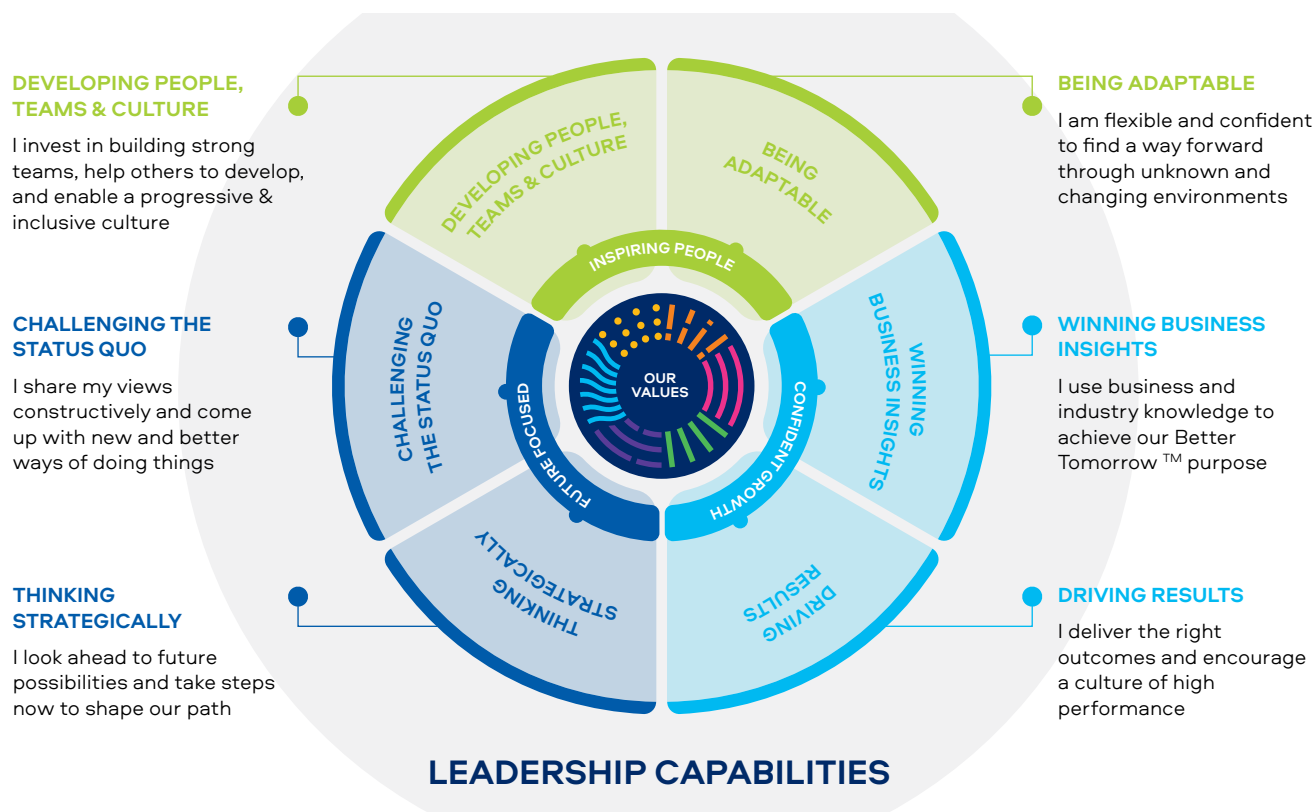
Category	Number of employees	%	Male	Female
Top management	8	0.46	6	2
Senior employees	71	4.13	58	13
Mid-level employees	233	13.54	166	67
Junior employees	379	22.08	284	95
Shopfloor employees	1029	59.79	974	55
Total	1,720	100	1,488	232

**TALENT MANAGEMENT THAT LEVERAGES INDIVIDUALITY**

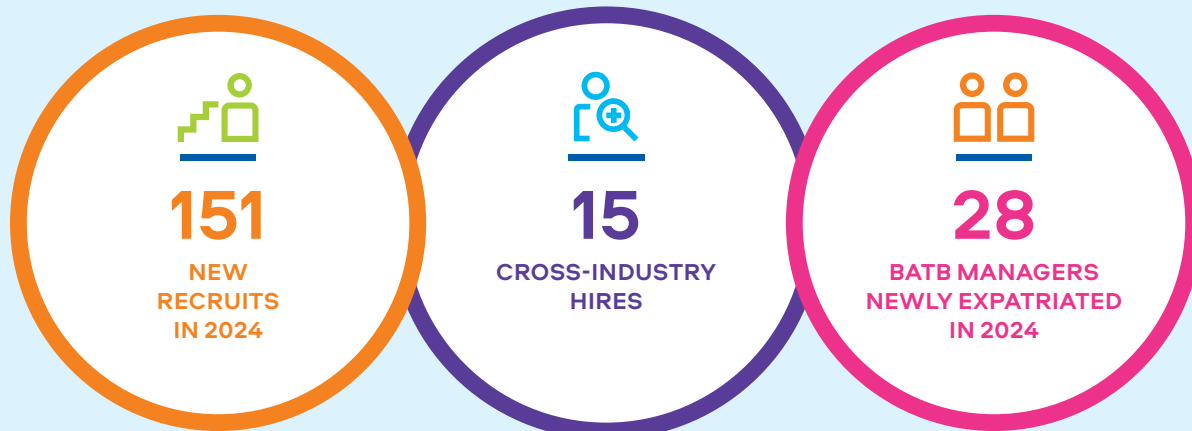
We value the diverse work styles and values of individuals and are expanding our initiatives to support career autonomy, ensuring that our diverse talent pool feels a sense of fulfillment and pride in their work. We aim to provide opportunities for growth, allowing employees to contribute actively and maximize their potential. Our objective is to develop the most capable leaders for the future, equipped to effectively lead the Company both now and in the years to come. To achieve this, we focus

on offering career opportunities to individuals with the necessary skills, ambition, passion, and drive to succeed. At BATB, we believe every employee has the right to be informed about their performance, potential, and career progress. Our career development approach aims to provide clear, practical, and actionable guidance for advancing within the Company, while aligning with our overall personnel management strategy. The global principles form the foundation of our career planning at BATB and are applicable across all departments and levels of management.





## TALENT WITH WINNING CAPABILITIES



### Growth Dialogues

With the goal of increasing the effectiveness of employees' autonomous growth, we conduct annual reviews focusing on employee skill development and career building and provide opportunities for dialogue with supervisors.

### Feedback Supporting Growth

Prior to growth dialogues, employees who lead certain organizations undergo a 360-degree management review from their superiors, subordinates, and colleagues, while other employees receive team feedback from their subordinates and colleagues. This provides opportunities for growth support leading to increased awareness and improvement of behavior.

### Talent Review Program

BAT Bangladesh has established a mechanism to encourage the development of employees' skills and career through observation and assessment from multiple perspectives by sharing skill growth and career aspirations of employees confirmed through growth dialogues with a wider population.

### CAMPUS-TO-CORPORATE INITIATIVES

#### Xceed Campus Ambassador Program

The Xceed Campus Ambassador Program, which was launched in 2019, is a platform promoting campus engagement and sustaining partnership with universities

that serve as a vibrant talent hub for BATB. These predominantly second- and third-year individuals, who serve as talent “ambassadors” within their respective colleges, also participate in many coaching sessions that help in advancing skill development. Our diversified group of Xceeds in 2024 was made up of participants from Bangladesh’s top 15 institutions.



### Xcelerate Internship Program

Our five-month long Xcelerate internship program is a platform created to welcome bright soon-to-be graduate participants into the Company and expose them to the experience of working in a dynamic multinational Company. BATB makes sure that interns work on engaging projects that refine their skill sets while providing adequate learning opportunities.



### Supernova



Supernova, the first-of-its-kind innovative mentorship network that aims to develop future female leaders in the fields of science, technology, engineering, and mathematics (STEM), was established in 2021. The platform aims to

mentor ambitious female talent and further develop the strong network of young female leaders majoring in STEM subjects. They are provided with a comprehensive learning plan with interventions from notable female industry executives.

### Elevate



Elevate is a pioneering platform dedicated to groom and develop students from agricultural background, making them more capable and fit for the corporate world. Elevate was launched in 2023, with the program offering a plethora of learning and mentorship opportunities both through classroom sessions and practical learning experiences, giving them an overview of BATB’s operations and culture.

### Battle of Minds

2024 witnessed the 21st year of the pioneering business competition Battle of Minds, with the theme being “Disrupt with Purpose” – a testament to the purposeful initiatives that participants initiate and execute. 3700+ participants from 70+ universities across the country competed for the title of the local winner. The teams submitted their brilliant ideas under the umbrella of driving innovation in the wellbeing and simulation industry either through product or AI revolution. We conducted impactful campus engagement upholding the valuable contribution of our brilliant youth, reaching thousands of students.

The top 240 participants were invited to a daylong bootcamp where they engaged in meaningful group activities and discussions. Finally, the top five teams competed in the grand finale and team “Pardon Us, Coming Through” from BUP was crowned the winner from Bangladesh. The team competed in the global round and went on to become the second global runners-up holding the Bangladesh flag high.





## CROSS-INDUSTRY CAPABILITIES

At BAT Bangladesh, we believe that attracting the smartest and brightest people of the nation is the key source of our competitive advantage. We require seasoned individuals with special expertise as we build the Company on many fronts to reach new milestones. Throughout the year, we made use of our lucrative talent brand and superior employee value propositions to bring a wide range of cross-industry competencies to the Company, totaling 15 individuals, which is 10% of our total number of hires.

## OUR TALENT IN THE GLOBAL ARENA

Free knowledge exchange and sharing of best practices across BAT Group companies worldwide are seen as a fundamental aspect of our culture and a sign of the caliber of our resources. This shows that we have completed the circle, moving from inviting foreign partners to currently sharing our own distinctive best practices with the Group spread over the globe.

We deployed 28 of our talents to several end markets in various roles as a Company determined to make progress every day with a relentless emphasis on attaining business excellence through international benchmarking. Although some of them are young, talented individuals who are raising the Bangladesh flag high in various parts of the globe, others are members of the leadership teams and heads of departments who oversee large teams.

## DIVERSITY, EQUITY, INCLUSION

We are promoting and strengthening initiatives to ensure that each of our diverse and versatile employees can thrive and flourish.

The concept of diversity, equity, and inclusion (DEI) continues to be an important focus in the corporate world and is one of the most significant aspects of the HR agenda at BATB. As a result of the effectiveness of our recruitment and development initiatives, the percentage of women working in management grades at the Company has grown over time. Meanwhile, ongoing efforts in women's empowerment continue to empower our female colleagues across the organization by providing them with meaningful opportunities for involvement and networking.

In this context, "empowerment" refers to the process of giving women more control over their lives and choices. In addition to this, we made significant strides toward improving the social wellness of our workforce.

Throughout the course of the year 2024, several wellness projects were initiated with the goal of enhancing work-life integration and the overall wellbeing of our employees. These projects included the implementation of engagement activities that encouraged employees to interact with one another and participate in the activities. This also contributed to strengthen the bonds between teams.

Thus, the constant goal in our talent strategy framework is DEI. Over time, we have made sound progress in ensuring better gender diversity within the organization by extending our ground-breaking campus project, Supernova, and introducing the first-ever co-ed competitive sports event.



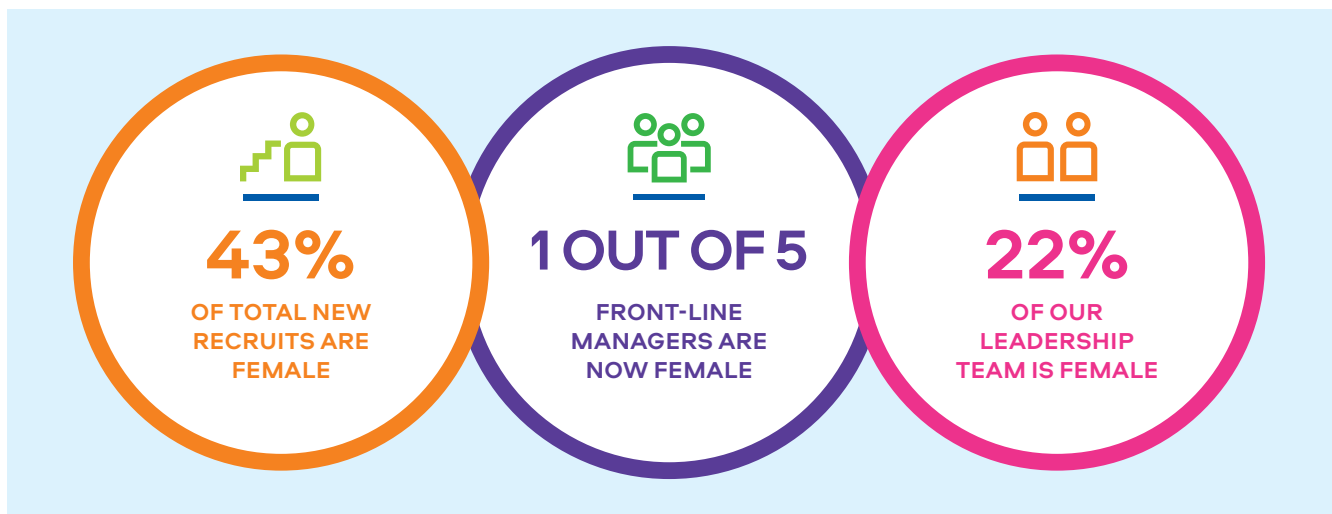
### Supporting Women's Careers

We are expanding measures to support work-life balance beyond the level required by law to empower employees to autonomously develop their careers and to further maximize their abilities, even after life events, such as childbirth and child-rearing. Additionally, to increase the number of women in managerial positions and to accelerate their appointment to key positions, we are promoting career

support tailored to women such as a mentorship programs for women in managerial positions.

### Encouraging the Appointment of a Diverse Talent Pool

We are working to maintain and increase diversity by appointing employees based on their abilities and performance, ensuring to assign the right person in the right position, regardless of age, gender or nationality or any other irrelevant factors.



### Apprentice Academy

In 2021, we created apprentice academy, a unique technical skill building academy where we recruit technical background graduates (mostly diploma engineers) in a 2-year long intensive academy. Here, they can learn about the industry best practices in-depth and can graduate from the academy as a recruit in BATB or as a qualified resource in other factories. Till now, we have had 3 batches of apprentices in the academy with 450+ apprentices. Of them, 180 have graduated the academy with 150 joining our organization. Apprentice academy has been noted as a best practice by International Labor Organization (ILO) in Bangladesh as well.

### EMPLOYEE WELLBEING IN THE SPOTLIGHT

The holistic well-being of our co-workers plays a crucial part in promoting a pleasant workplace culture. In 2024, we continued our path towards mental and physical wellness and expanded upon it to include other facets of wellbeing, such as financial wellbeing.

All our employee work locations – Dhaka, Savar and Kushtia – are equipped with 24-hour clinics to support the shift operations of our factories. All our workers have free access to these dispensaries, staffed with trained physicians and pharmacists.



In addition, we established the BAT Olympiad, which consists of several athletic activities, such as our intra-BAT football competition, The Changemakers' League, and a cricket tournament. We also established an intra-gender basketball tournament for the first time, BAT Ballers, as a demonstration of BAT Bangladesh's commitment to an open and equal workplace.

At BATB, we also took conscious steps to alleviate the financial constraints that our employees faced due to inflation. These actions were taken considering the economic volatility and inflation that have been experienced in the country.







To leverage the enthusiasm of our people, we organized V Studios, a one-of-a-kind intra-company band tournament where members of the organization formed bands with

musicians and vocalists from cross functional teams. The tournament broke down barriers between shopfloor and management employees. The entire organization vote to select the winners after having gathered to attend the concert and groove as one. To create more opportunities for members of the organization to pursue their passion and foster an inclusive culture, this platform invited all talented in-house artists to come together and take the stage by storm.

With its wellness efforts, BATB fosters an inclusive atmosphere among its shopfloor and management personnel. In a variety of corporate projects, shopfloor personnel frequently collaborate with other co-workers. This has permitted an influx of management from the shop floor, fostering equity, optimism and cohesion.

## FUTURE ROADMAP

A year to remember on many counts – that was 2024. We envision doing more in the current year and anticipate more opportunities to promote sustainable development as we move forward. By the end of 2025, we intend to:

- Become the most diverse, inclusive and ethical organization in the nation.
- Continue to cultivate our talent at a faster pace to keep up with the Company's expanding needs and hasten the export of talent.
- Concentrate on attracting and fostering more women in STEM fields and attracting recent graduates in agriculture, so that we may become the leading platform for their professional development.
- Collaborating with universities to integrate the necessary contemporary skills into business through highly qualified graduates, which has an impact across all industries as Bangladesh's economy continues to expand at a healthy pace.

The country needs to fast-track the rate at which it produces talent during this crucial period. In a highly competitive global economy, the nation requires high caliber personnel to cater to its economic ascension. To address this challenge, academics and businesses must work together strategically to build the nation's human capital. We as a Company are delighted to lead the HR practice and people empowerment from the front, and in the future years we will step up our efforts to accelerate towards A Better Tomorrow.

# MANUFACTURING CAPITAL



OUR MANUFACTURING PROCESSES FORM A CRITICAL COMPONENT OF A HIGHLY INTEGRATED VALUE CHAIN, DESIGNED TO ENSURE THE DELIVERY OF HIGH-QUALITY PRODUCTS THAT MEET OUR CUSTOMER'S NEEDS. WE ARE STEADFAST IN OUR COMMITMENT TO MAINTAINING WORLD-CLASS MANUFACTURING STANDARDS WHILE SUSTAINING A COST-COMPETITIVE OPERATIONAL BASE.

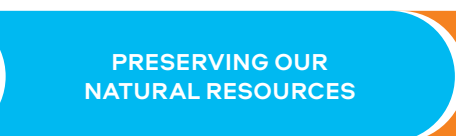


**Ahmed Istiak Al Razi**  
Factory Manager  
BAT Bangladesh

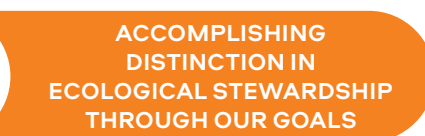
## BATB'S MANUFACTURING CAPITAL AT A QUICK GLANCE



**MANUFACTURING CAPITAL**



**PRESERVING OUR NATURAL RESOURCES**



**ACCOMPLISHING DISTINCTION IN ECOLOGICAL STEWARDSHIP THROUGH OUR GOALS**

Our Manufacturing Capital is built upon a strong operational foundation, focused on enhancing efficiency, improving quality, optimizing costs, and ensuring full regulatory compliance.

BATB's Manufacturing Capital comprises essential production resources such as machinery, equipment, and facilities, all of which play a pivotal role in achieving production goals. This category also includes buildings, infrastructure, communication systems, waste management setups, and other critical elements. Proper management of these assets is vital for ensuring manufacturing excellence and sustaining reliable operational performance.

BATB remains committed to adopting innovative and state of the art methods to boost efficiency and refine production management. These efforts support continuous improvement in the supply chain, on-site operations, cost management, and workforce development. By focusing on cutting-edge manufacturing practices and strong managerial oversight, BATB ensures high standards of quality and productivity.

- Strengthen local sourcing strategies and maximize value creation within the supply chain.
- Promote sustainable practices by repurposing waste to improve efficiency and minimize environmental impact.
- Strategize the core manufacturing processes to enhance productivity and achieve cost-effectiveness.
- Streamline the use of leaf, energy, and water resources through innovative and sustainable practices.
- Maintain stringent oversight and compliance of inventory management to consistently meet performance targets.



**SDG GOALS SERVED**



## OVERVIEW:

At BAT Bangladesh, we place a strong emphasis on investing in innovative and advanced methodologies to drive efficiency and implement integrated production control. This strategic focus enables continuous improvement across our supply chain, cultivates manufacturing excellence, enhances cost efficiency, and supports the ongoing professional growth of our workforce.

## KEY INITIATIVES

- Continuous improvement initiatives across the end-to-end value chain to sustain a cost competitive manufacturing base.
- Monitoring manufacturing quality standards, compliance with GMP and other applicable regulatory requirements.
- Investment in manufacturing capability, technology, and capacity.
- Vertical integration between strategic manufacturing facilities providing a synergistic competitive advantage.

## COST CONTAINMENT AND INCREASED EFFICIENCIES:

We maintain a strong commitment to continuous improvement initiatives and strategic savings plans aimed at boosting production efficiency and achieving economies of scale. These comprehensive, multi-year savings plans, which encompass every aspect of our operations, are progressing on track as intended.

Regular monitoring ensures steady progress toward these objectives. By owning and managing our strategically vital manufacturing capital, we maintain stringent control over product quality, operational efficiency, and cost competitiveness. This proactive approach allows us to respond swiftly to supply chain and macroeconomic dynamics, supporting the Group's ability to sustain healthy margins.

## MANUFACTURING FOOTPRINT OPTIMIZATION FOR SUSTAINABILITY

At BAT Bangladesh, our unwavering commitment to sustainability takes center stage as we proudly showcase the transformative milestones of 2024. Guided by our ambition to achieve carbon neutrality by 2030, we have turned this vision into actionable progress through strategic initiatives implemented throughout the year.

To strengthen our role as environmental stewards, we have embraced advanced technologies such as online UPS systems with microgrid control, solar energy optimization, and a digital HVAC management system. In 2024, BATB Savar Factory site has equipped with 3.2MW equivalent rooftop solar panels which is effectively contributing to 9% integration of renewable energy to the site. We are not only committed to upgrade our own infrastructure to support the ultimate ESG agendas, even our major key suppliers

have also joined us in this journey of clean and renewable energy by installing solar panels. These innovations not only reduce dependence on fossil fuels but also accelerate our transition to renewable energy sources. Furthermore, our enhanced digital capabilities allow us to anticipate and prevent equipment failures, driving greater efficiency and reliability in our operations.

## OUR MANUFACTURED CAPITAL WITH THE SDGs

### Driving Sustainability and Excellence at BAT Bangladesh

In alignment with the Sustainable Development Goals (SDGs), BAT Bangladesh places Environmental, Social, and Governance (ESG) principles at the core of our operations. Our manufacturing team continues to lead initiatives aimed at achieving carbon neutrality by 2030.

Our efforts extend beyond operational upgrades. Collaborating with the Rural Electrification Board (REB) and DESCO, we have strengthened our resilience against power disruptions. We've also prioritized water conservation, achieving over 30% water recycling, thereby minimizing our impact on this critical resource. All our key manufacturing sites are AWS Certified, accrediting our industry standard for water usage utilization and recycling.

The results of these initiatives are evident in the low energy and water usage indexes recorded at our Dhaka and Savar factories. These metrics underscore our commitment to sustainable practices and our broader goal of a greener future. BAT Bangladesh is proud to be a catalyst for positive change, dedicated to creating long-term value for both our stakeholders and the planet.

### Operational Milestones and Environmental Impact

In 2023, we successfully completed the optimization and integration of our two manufacturing sites, elevating the Savar Factory as the crown jewel of the BAT Group. Both factories have reached IWS Phase 2 maturity, a testament to advancements in workforce capabilities and process efficiency. Notable achievements during this phase include record-breaking reductions in wastage, setting new environmental benchmarks.

These improvements, coupled with delivering the highest-ever Overall Equipment Efficiency (OEE) and product quality in our history, represent a groundbreaking milestone for BAT Bangladesh, reinforcing sustainability at the heart of our operations.

### Enhanced Safety and Security Measures

Recognizing the importance of safety and security of our people and assets, we've upgraded our factory and warehouse systems with advanced DF security technologies, mitigating potential risks and safeguarding our assets. Additionally, our fire suppression systems have been modernized to enhance emergency readiness, particularly in high-risk areas like the transformer room.

## Empowering Our Workforce

Investing in our workforce remains a top priority. Through general and technical training, we are enhancing employees' leadership, digital, and compliance capabilities while building their overall capacity. Our signature initiative – Apprentice Academy - provide valuable hands-on training in areas such as process management, Integrated Work Systems (IWS), Health, and Safety, and digitalization. The apprentice program not only develops the potential future generation of BATB workforce, but also invests to develop skilled industrial population for all the relevant industries of Bangladesh. The two-year apprenticeship program equips participants with foundational technical skills and cross-functional knowledge, preparing them for rewarding career opportunities and enhancing their potential.

The skilled technical workforce of BAT Bangladesh also provides critically technical support beyond borders. In 2024, 20 people have represented Bangladesh to 5 different countries on highly technical and process-oriented projects under the global Technical Service Hub program. This global representation is a testament to our continuous development of our workforce and upskilling them to the global industrial standard.

## A FUTURE-FOCUSED COMMITMENT

By integrating sustainability practices across our operations and fostering a safe, resilient workplace, BAT Bangladesh remains steadfast in achieving the SDGs. These accomplishments, along with our ongoing workforce development and commitment to excellence, pave the way for a sustainable and prosperous future.

## FUTURE ROADMAP

Transforming organizational culture is a journey that requires time, dedication, and a steadfast commitment to change. At its core, this transformation starts with visible, actionable shifts in behavior. In 2022, we launched a strategic initiative to address cultural gaps by embedding the principles of a High Performance Organization (HPO) into our operations & we are continuously driving to embed these principles in our people

We believe that a thriving workplace culture is built on a foundation of mutual respect and trust among colleagues. With this belief as our guide, we initiated a cultural transformation journey focused on leadership development, championing diversity and inclusion, and promoting a healthy work-life balance.

Recognizing that a high-performing culture and empowered individuals are key drivers of success, we made substantial progress across years. Our efforts have cultivated an environment that fosters excellence, supports employee well-being, and reinforces the values essential for sustainable growth and organizational success.



# NATURAL CAPITAL



THROUGH THE PRUDENT MANAGEMENT OF OUR NATURAL CAPITAL, WE STRIVE TO SIGNIFICANTLY REDUCE THE ENVIRONMENTAL FOOTPRINT OF OUR OPERATIONS. THIS INVOLVES THE RESPONSIBLE UTILIZATION OF NATURAL RESOURCES TO ENSURE THEIR SUSTAINABLE USE. ADDITIONALLY, WE ARE COMMITTED TO MANAGING WASTE, WATER, AND EMISSIONS WITH INNOVATIVE AND ECO-FRIENDLY SOLUTIONS. OUR COMMITMENT TO MANAGING NATURAL CAPITAL EXTENDS BEYOND COMPLIANCE; IT IS INTEGRAL TO OUR BUSINESS STRATEGY. BY INTEGRATING THESE PRACTICES INTO OUR OPERATIONS, WE NOT ONLY REDUCE OUR ENVIRONMENTAL IMPACT BUT ALSO CONTRIBUTE TO THE WELL-BEING OF THE COMMUNITIES WHERE WE OPERATE. OUR GOAL IS TO CREATE A SUSTAINABLE FUTURE WHERE ECONOMIC GROWTH AND ENVIRONMENTAL STEWARDSHIP GO HAND IN HAND.



**Hector Tamez Perez**  
Regional & Central  
Head of Sustainability

## BATB'S NATURAL CAPITAL AT A QUICK GLANCE



**NATURAL  
CAPITAL**

**PRESERVING OUR NATURAL  
RESOURCES STRATEGY**

**ACCOMPLISHING  
DISTINCTION IN ECOLOGICAL  
STEWARDSHIP THROUGH  
OUR GOALS**

As with social capital, consideration for the environment and nature is also an indispensable element in maintaining the foundation of societal trust critical to business continuity, and we recognize the Earth as our greatest stakeholder.

As a pioneer in Environmental, Social, and Governance (ESG) practices, BAT Bangladesh has consistently embraced sustainable business stewardship since its establishment. The Operations Sustainability, previously known as Environment, Health, and Safety (EHS) function at BATB play a pivotal role as key facilitators of environmental sustainability, aligning with the cultivation of a workplace culture that places a high value on environmental responsibility. Sustainability team is dedicated to fostering sustainability across BATB's entire value chain, from seed to smoke. Organized into three segments—Factory Sustainability, Leaf & PSC Sustainability, and Commercial Sustainability—the team emphasizes innovation with a fundamental approach of achieving 0 accident, implement frugal economy concepts (produce more with fewer resources), while actively pursuing targets for reducing Scope 1 and 2 carbon emissions, among other objectives.

- **Environmental Protection:** Use advanced manufacturing methods to reduce pollutants, avoid hazards, and eliminate health and safety risks.
- **Workforce Involvement:** Engage all employees across various sites in Environment, Health, and Safety (EHS) activities through active participation.
- **Safety and Environmental Culture:** Continuously integrate safety, health, and environmental care principles into the Company's culture and processes.
- **Innovative Risk Reduction:** Seek cost-effective technology solutions to minimize human safety and property risks, and reduce environmental impact by eliminating, substituting, reducing, recycling, reusing, and recovering resources at the source.
- **Compliance:** Follow all legal and regulatory requirements related to environment, health, and safety.



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## HIGHLIGHTS OF 2024

## STATEMENT BY OUR HEAD OF HR

Water recycling ratio

**39.1%** (2023: 35.8%)

% of Waste Recycled

**98%** (2023: 99%)

% of Renewable Energy

**~10%** (2023: 8.64%)

Over the years, our diverse and versatile workforce has created value by addressing the various challenges of society, industry and customers and incorporating independent and global perspectives into business creation and execution for A Better Tomorrow. Our goal is to create a vibrant organization by interconnecting with members of our diverse and versatile talent pool.

### FOR US, A BETTER TOMORROW IS GREEN!

BATB has set several ambitious targets to demonstrate its commitment to environmental sustainability. By 2025, the Company aims to achieve a 30% water and 90% waste recycling rate across all its sites. Additionally, it seeks to achieve zero waste-to-landfill at all manufacturing locations and obtain Alliance for Water Stewardship certification for all manufacturing sites. The 2025 goals also include a 35% reduction in water withdrawal, 25% waste generation reduction compared to the 2017 baseline.

Looking ahead to 2030, BATB aims to reduce its carbon emissions for Scope 1 and 2 by 50% from the 2020 baseline, achieve carbon neutrality for Scope 1 and 2 emissions, and ensure that 50% of the energy used at its sites is sourced from renewables.

Furthermore, by 2050, the Company ambitiously plans to achieve net zero emissions for Scope 1, 2, and 3. These targets underscore BATB's dedication to promoting environmental sustainability and minimizing its ecological footprint.

### EHS POLICY THAT GUIDES OUR ACTIONS

BATB's EHS policy comprises two crucial pillars: the Environmental Policy Statement & the Health and Safety Policy Statement. These statements affirm the Company's dedication to vital environmental considerations, spanning agriculture, manufacturing, distribution, and health and safety throughout the supply chain. The EHS function at BATB plays a pivotal role, encompassing tasks such as risk assessment, environmental impact analysis, adherence to legal requirements, and the formulation of EHS management and contingency plans. The Company's commitment to safety and sustainability is reinforced by the VALUES framework.

BATB conducts thorough compliance checks, utilizing technology for future-proof solutions, and analyzes top losses through methods like FGD (Focus Group Discussion) and ESG loss analysis. Compliance with NEBOSH, ISO 14001, and SAFEX, along with EHS Masterclasses, equips the organization with the necessary competencies to uphold safety and sustainability. LT sponsorship, emphasis

on cultural factors, and organization-wide communication establish a zero-tolerance policy towards environmental neglect, encouraging each employee to take ownership.

The Company believes in the delegation of responsibility and ownership, incorporating campaigns and training sessions into the core EHS strategy for professional development and increased awareness of environmental impact. The 'EHS Awareness Week' recognizes the team's continuous efforts to ensure safe practices in factories, warehouses, and offices.

In 2022, the Global EHS Compliance Assessment, held in October, marked a significant achievement for BATB, as Dhaka Factory Operations were declared compliant in all aspects, with recognition for adhering to best practices globally. EHS also endeavors to minimize the Company's environmental footprint, aiming for the reduction and eventual elimination of carbon emissions, water withdrawal, and direct energy consumption. The EHS Steering Committee, headed by the Head of Operations, serves as the highest authority for major decisions regarding EHS plans, policies, guidelines, procedures, and the approval of related expenditures.

### Our alignment with sustainability

In its pursuit of fostering "A Better Tomorrow," BATB has placed a heightened focus on contributing to the achievement of the Sustainable Development Goals (SDGs), many of which align with BAT's Environmental, Social, and Governance (ESG) agendas.

For example, the Company addresses SDG #13, Climate Action, by striving for carbon neutrality within its operations. BATB also works to enhance processes for member farmers to improve crop yields while ensuring agricultural practices align with environmental stewardship. The emphasis on minimizing the environmental footprint includes improved supervision of water and waste recycling, water stewardship, and the adoption of renewable energy sources such as solar power. These efforts directly align with BAT's ESG Agendas related to Climate Change, Biodiversity and Afforestation, and Water.

Goal #15, Life on Land, holds a central position in BATB's operational framework. The Company achieves this by ensuring the responsible use of land, implementing large-scale projects like Bonayan to combat and reverse the effects of deforestation, and eliminating waste-to-landfill. These initiatives not only contribute to meeting SDG #15 but also align with BATB's ESG Agendas related to Water, Biodiversity and Afforestation.

## OUR LOW CARBON STRATEGY



To accomplish this objective, the Company has implemented a series of crucial initiatives. These include the installation of online UPS in Savar factory, digital chiller in Dhaka Factory, AVC (Air Volume Control) systems, fitting energy-efficient motors, deploying condensation-free steam supply systems, reducing generator run time, adopting energy-efficient motors, and utilizing economizers for boilers. These initiatives play a pivotal role in not only reducing direct energy consumption but also curbing carbon emissions at BATB, aligning with the Company's commitment to environmental sustainability and carbon neutrality.

Our ambition, supported by our updated strategy, sets a clear path for us towards Net Zero. We will undertake this by:

- an enhanced focus on innovation to drive sustainability;
- substantially increasing our focus on partnerships to build credibility, momentum and augment competitive advantages;
- leveraging our modern technology for sustainable growth at scale; and
- Positioning our businesses as growth engines with an energy transition phase for existing businesses.

## Paving the way towards carbon neutrality

BATB's commitment to sustainability has earned it recognition through various awards over the years, with programs like Probaho (drinking water program) and the Bonayan project receiving several accolades and distinctions. The Company remains vigilant in exploring new initiatives that are both feasible and beneficial for employees, society, and the broader community.

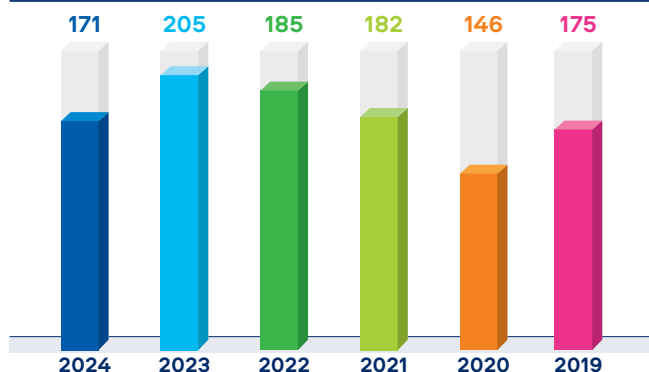
## Ensuring water consumption efficiency

BATB is committed to addressing water-related challenges both at the community level and within its operations, placing equal importance on responsible water management. In 2022, BAT Bangladesh achieved the core certification for Alliance for Water Stewardship (AWS) at its Dhaka Factory and GLT Plant. And with all the internal and external water related best practices Savar Factory achieved AWS Core certification in 2023. Recognizing AWS as a certification that aligns with sustainable development objectives, BATB is optimistic that it will significantly contribute to the goals, particularly in the realm of water stewardship. BAT Bangladesh also extended the scope of the AWS core certification journey for its RDP, Manikganj plant.

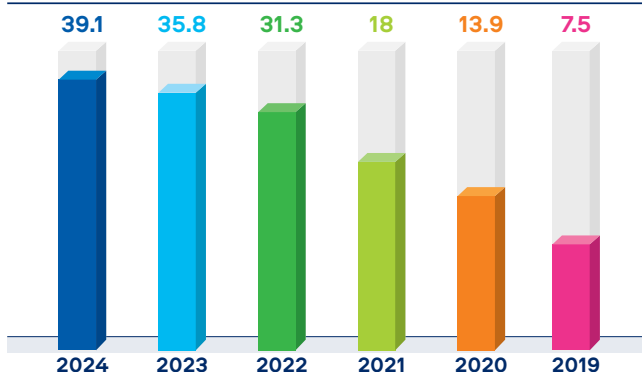
Taking tangible steps to improve water sustainability, the Dhaka Factory, Savar Factory, Kushtia GLTP and Manikganj RDP installed a Reverse Osmosis (RO) plant to enhance water recycling and reduce groundwater withdrawal as per set target. As a result of these initiatives, water withdrawal has seen a notable reduction. Furthermore, the Company achieved an average water recycling rate of 39.1% across all its sites during the year. These efforts underscore BATB's commitment to sustainable water management practices and its contribution to broader environmental goals.

Water Withdrawn ('000 m3)

m3



Water Recycling (%)



## WORLD WATER DAY CELEBRATION

BAT Bangladesh celebrated the World Water Day on March 22, aiming to raise public awareness about water consumption, water recycling, and the importance of ensuring access to clean drinking water. The day was marked with a range of activities, including awareness sessions conducted by the leadership team, engaging games, and knowledge-sharing exercises. The top management recognized and rewarded participating staff for their involvement in these activities.

As part of the initiative, notable rewards were presented to the winning staff, and exquisite Probaho gift baskets were distributed among the employees. The program was designed to foster a culture where individuals are cognizant

of the critical importance of clean drinking water, are informed about the measures undertaken by BATB, and understand the significance of water recycling and reuse. These efforts align with BAT's Environmental, Social, and Governance (ESG) agendas, emphasizing the Company's commitment to sustainable water management and broader environmental goals.

## WORLD ENVIRONMENT DAY CELEBRATIONS

On World Environment Day 2023, BAT Bangladesh launched a transformative campaign, "Beat Plastic Pollution". The primary focus of this initiative was to cultivate a heightened sense of environmental consciousness and responsibility among employees to address the pressing issue of plastic pollution.

### KEY HIGHLIGHTS



**Awareness and Empowerment:** Educated employees about the harmful effects of plastic pollution and encourage them to make a positive change.



**Recycling Transformation:** Plastic waste was recycled into sustainable boards which converted into recycled penholders.



**Plastic Waste Collection:** Inspired employees to collect and bring their household plastic waste. 165+ Employees actively participated in the "Drop the Plastic" initiative.



That resulted in, significant plastic waste diversion from landfills. Along with that distribution of 3000+ saplings was done. Which is a powerful demonstration of how organizations can effect positive changes in the fight against plastic pollution.

## BATB WASTE MANAGEMENT JOURNEY:

To reduce soil and groundwater contamination, BATB has implemented a robust waste management system, recycling over 98% of its waste. In specific locations, such as in GLT Plant (GLTP), vermicomposting units have been installed, also in 16 TM&D locations we introduced in house composting machines (TMK-01) to convert organic wastes into fertilizer, BATB is investing on the innovative solutions for contributing to sustainable waste disposal practices.

Additionally, the Company is actively addressing the issue of unnecessary single-use plastic. BATB initiated Project Terra (OPM), the organization's first-ever effort to instigate

a cultural shift regarding plastic usage. This initiative is part of a comprehensive, enterprise-wide strategy aimed at reducing and eliminating wasteful single-use plastic.

Several key efforts are driving waste management practices across BATB's operations:

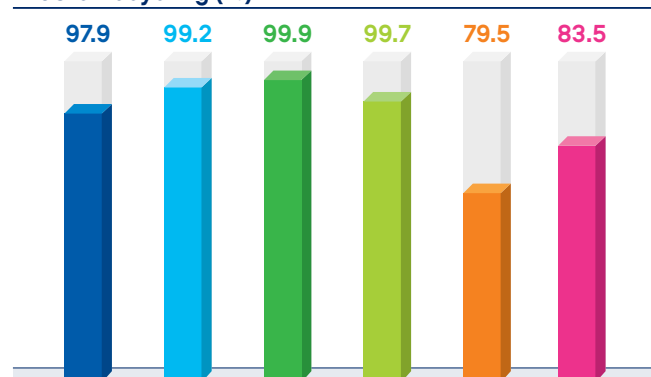
- Tobacco Waste Management:** Implementing strong tobacco waste management practices in both manufacturing and the GLTP.
- Wrapping Material Waste Management:** Increasing focus on managing waste from wrapping materials.



3. **Replication of the Global Best Practices:** Having global waste management system owners based in Bangladesh, enabling faster access to global best practices.
4. **Plastic Waste Reduction Drive:** Actively driving initiatives for the reduction of plastic waste, starting from the second quarter of 2021.
5. **Proper Segregation and Recycling:** Ensuring proper segregation of waste at its source, storing it in designated locations, and implementing proper recycling practices.

These efforts collectively contribute to BATB's commitment to environmentally responsible waste management practices and its broader sustainability goals.

**Waste Recycling (%)**



As part of our commitment to promoting the reuse of waste and preventing environmental harm through indiscriminate landfilling, we have implemented several significant recycling initiatives:

1. **Metallic waste:** Dispatched to local foundry shops for recycling into useful metallic gears and other components.
2. **Filter tow waste changeovers:** Used in the production of bed mattresses.
3. **General paper waste:** Utilized for pulping with the intention of onward reuse.
4. **Wooden scraps:** Converted into wooden blocks for further use.
5. **Tow boards changeover to CBC (corrugated box carton):** Ensures multipurpose reuse.
6. **Plastic ties changeover:** Transformed into mats, holders, and shades.
7. **Kitchen waste:** Used for composting, ultimately contributing to the production of fertilizers.

These initiatives not only extend the usable life of various materials but also contribute to environmental conservation by avoiding the adverse impacts associated with uncontrolled landfilling. Through these recycling efforts, we actively participate in the responsible management of waste, aligning with our commitment to sustainable and eco-friendly practices.

# INTELLECTUAL CAPITAL



OVER THE PAST FEW YEARS, BAT BANGLADESH HAS UNDERGONE A COMPREHENSIVE DIGITAL TRANSFORMATION ACROSS VARIOUS BUSINESS FUNCTIONS, DRIVING OPERATIONAL EXCELLENCE AND BUSINESS AGILITY. BY LEVERAGING DATA-DRIVEN INSIGHTS, WE HAVE UNLOCKED NEW AVENUES OF VALUE CREATION, ENABLING SMARTER DECISION-MAKING AND ENHANCED EFFICIENCY. AT THE SAME TIME, WE ARE PREPARING THE ORGANIZATION TO HARNESS THE FULL POTENTIAL OF EMERGING TECHNOLOGIES, ARTIFICIAL INTELLIGENCE (AI) AND GENERATIVE AI, ENSURING WE REMAIN AT THE FOREFRONT OF INNOVATION IN A RAPIDLY EVOLVING DIGITAL LANDSCAPE



**Saif Zahur Al Islam**  
Sr. Manager - IDT Services  
BAT Bangladesh

## BATB'S INTELLECTUAL CAPITAL AT A QUICK GLANCE



### INTELLECTUAL CAPITAL

Our Intellectual Capital encompasses our robust operational and technical expertise, driving business transformation and enabling a seamless transition to digital solutions. Furthermore, it includes our advanced capabilities in information technology, data analytics, and automation, which play a pivotal role in optimizing processes and enhancing efficiency.

### OUR INNOVATION STRATEGY

BAT Bangladesh is committed to innovation-driven transformation, embedding a strong Data DNA to fuel smarter decision-making and sustainable growth. Our Intellectual Capital extends beyond consumer insights to driving operational excellence, digital automation, and AI-driven analytics, ensuring we remain future-fit.

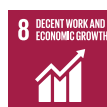
By leveraging world-class R&D and emerging technologies, we continuously enhance consumer experiences, optimize operations, and empower farmers, fostering excellence across our value chain. Through strategic execution and continuous innovation, we are shaping a resilient, forward-looking organization ready for the future.

### ACCOMPLISHING INNOVATION EXCELLENCE

- Gaining deeper consumer insights to continuously enhance our portfolio and meet evolving consumer needs
- Facilitating the transformation of our product portfolio
- Utilizing emerging technologies in distribution, operations and other business domains
- Ensuring high standards of compliance



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## HIGHLIGHTS OF 2024

## STATEMENT BY OUR HEAD OF HR

Through the establishment of our Information and Digital Transformation (IDT) team, we have made significant strides in fostering a digital mindset and enhancing capabilities to drive business transformation. Extensive training and upskilling initiatives have equipped our workforce with automation skills, empowering teams to rethink and optimize work methodologies through digital solutions.

Beyond capability building, we have also created tangible business value by consolidating and optimizing digital platforms, reducing complexity and improving efficiency. At the same time, we have focused on simplifying and automating processes, enhancing speed, accuracy, and productivity across functions. Leveraging data-driven insights, we continue to unlock new opportunities, enabling informed decision-making and driving sustainable growth. Our ultimate goal is to embed a culture of digital adoption, ensuring that technology is not just a tool but a driver of operational excellence and strategic advantage, enabling a seamless transition to the future.

In the pursuit of fostering Intellectual Capital, our business has made significant strides, resulting in a transformative impact on various facets of our organization. For that we have ensured:

- Creation of a specialized and fully equipped Information and Digital Transformation wing
- Deployment of digital solutions to automate and simplify routine manual processes
- Provision of comprehensive and state-of-the-art digital tools to empower our workforce, fostering innovation within the workplace
- Developing technology-driven solutions to create business value for all business functions
- Focus on compliance and cybersecurity, to ensure protection and appropriate usage of sensitive data
- Upscaled the processes through the implementation of Artificial Intelligence
- By embedding digital at the core of our enterprise, we have harnessed the power of Artificial Intelligence (AI) to derive deep, data-driven consumer insights, enabling us to anticipate and respond to evolving preferences with precision

## INTELLECTUAL CAPITAL: FUELING INNOVATION AND SUSTAINING COMPETITIVE ADVANTAGE

Innovation is integral to our strategy as we aim to be a forward-looking digital enterprise. We've focused on simplification, self-service solutions, data analytics, and cutting-edge practices to establish idea hubs, boosting productivity and cost optimization. Our commitment to digital transformation includes leveraging AI and NLP technologies, resulting in business process optimization, accelerated manufacturing, and streamlined Sales & Distribution. Additionally, investments in low-code applications demonstrate our agility in supporting business needs. These initiatives position us as a frontrunner in digitization, ensuring competitiveness in a dynamic business landscape.

## CATALYST FOR INNOVATION AND COMPETITIVE EDGE:

At BAT Bangladesh, Intellectual Capital emerges as a strategic cornerstone, driving innovation, fostering resilience, and shaping the Company's competitive edge. This intangible wealth is delineated into three integral facets: Human Capital, Structural Capital, and Relational Capital.

### 1. Human Capital: Cultivating Expertise for Innovation

Human Capital at BAT Bangladesh encapsulates the collective skills, knowledge, and creativity embedded within the workforce. Bat Bangladesh believes investing in the development and well-being of employees enhances human capital thus throughout the year, the Company has arranged training programs, continuous learning initiatives, and a positive work culture for nurturing the human capital. The collective skills of the workforce contribute to innovation, problem-solving, and the overall adaptability of the organization.

#### Our Initiatives:

- **Rigorous Training Programs:** Investment in continuous employee development and skill enhancement.
- **Positive Work Culture:** Cultivating an environment that encourages innovation and collaboration.
- **Talent Acquisition and Retention:** Attracting and retaining top-tier talent to bolster intellectual capabilities.



HIGH  
PERFORMANCE



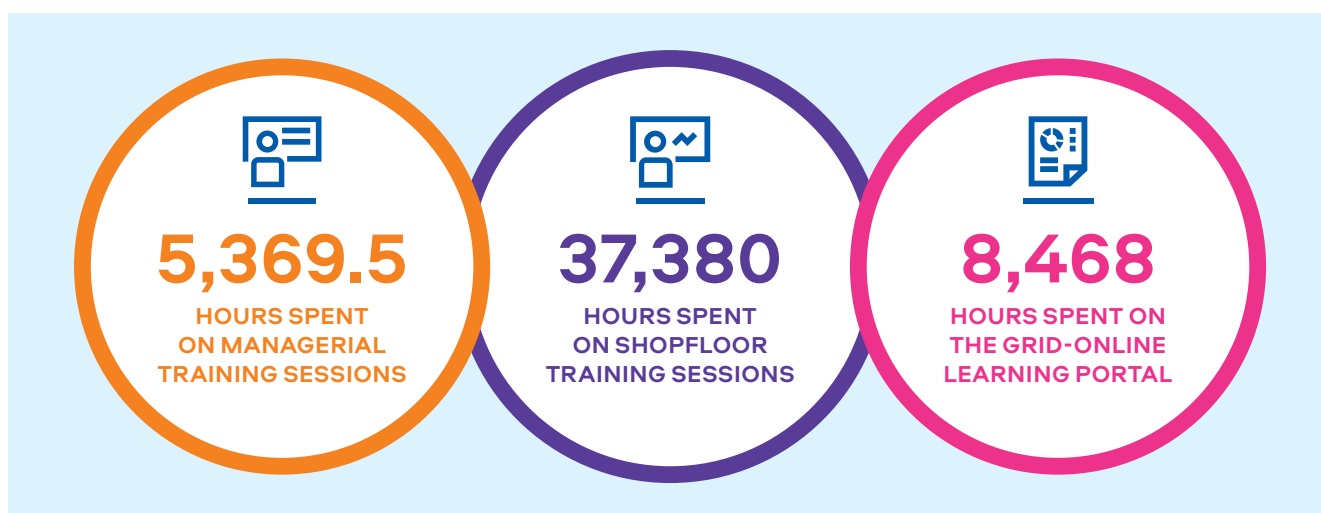
LEADERSHIP  
CAPABILITY



FOCUS ON CRITICAL  
EXPERIENCES



BUILD OWN  
DEVELOPMENT PLAN



## 2. Intellectual Capital: Architecting the Foundation of Knowledge

AT BAT Bangladesh, Intellectual Capital encompasses internal infrastructure supporting knowledge creation, organization, and application. The organization's internal infrastructure supports the creation, organization, and utilization of knowledge. This includes intellectual property, processes, systems, databases, and other intangible assets. Bat Bangladesh's well-designed information systems, effective knowledge management practices, and streamlined processes contribute to the accumulation and utilization of intellectual capital for protecting and leveraging intellectual property, such as patents and trademarks, is crucial for maintaining a competitive edge.

### Our Elements:

- **Intellectual Property Management:** Safeguarding patents, trademarks, and proprietary information.
- **Knowledge Management Systems:** Implementing sophisticated information systems for efficient knowledge sharing.
- **Best Practices and Processes:** Institutionalizing efficient operational processes to enhance productivity.

## 3. Social & Relationship Capital: Building Networks of Trust and Value

Social & relationship Capital at BAT Bangladesh extends to external relationships with stakeholders. BAT Bangladesh focuses on the external relationships with customers, suppliers, partners, and the community where the Company is operating. BAT Bangladesh always pursues for a positive brand image, customer loyalty, and strong partnerships to contribute to the relational capital of an organization. Transparent communication, ethical practices, and social responsibility initiatives enhance the Company's reputation and foster trust among stakeholders.

### OUR BUILDING BLOCKS:

- **Customer Engagement:** Nurturing customer loyalty through transparent communication and quality products.
- **Supplier Partnerships:** Establishing robust partnerships with suppliers for a seamless supply chain.
- **Corporate Social Responsibility:** Engaging in initiatives that contribute positively to the community, enhancing brand reputation.

Strategic Priorities for BAT Bangladesh for the Intellectual Capital

### 1. Innovation and Creativity:

- **Strategic Focus:** Foster a culture of continuous learning and cross-functional collaboration.
- **Outcome:** Position BAT Bangladesh as an industry innovator, adapting to evolving market demands.

### 2. Market Differentiation:

- **Strategic Approach:** Leverage Intellectual Capital to create unique value propositions.
- **Outcome:** Differentiate BAT Bangladesh products in the market, solidifying brand identity.

### 3. Risk Management:

- **Strategic Measures:** Vigilantly protect intellectual assets, including trademarks and proprietary information.
- **Outcome:** Mitigate risks associated with market volatility and technological advancements.

### 4. Long-term Value Creation:

- **Strategic Investments:** Allocate resources to employee development, innovation, and sustainable practices.
- **Outcome:** Ensure BAT Bangladesh's resilience and sustained value creation over the long term.

## ACHIEVEMENTS IN OUR DIGITAL TRANSFORMATION

Through the establishment of our Information and Digital Transformation (IDT) team, we have achieved significant milestones in embedding a digital-first mindset across the organization. This initiative has been instrumental in enhancing digital capabilities, increasing automation, and fostering business transformation across key functions. Recognizing the importance of upskilling and retooling, we have prioritized continuous learning and capability building, ensuring our workforce is future-fit and equipped to maximize the potential of emerging technologies such as AI, Generative AI, and Data Analytics.

Beyond capability development, we have delivered tangible business value by consolidating and optimizing digital platforms, reducing complexity, and improving efficiency across operations. Our focus on process simplification and automation has led to significant time savings, enhanced accuracy, and improved productivity. By leveraging data-



driven insights, we continue to unlock new opportunities, empowering teams with actionable intelligence to drive smarter decision-making and sustainable growth.

The impact of our digital strategies extends beyond efficiency gains. Our commitment to technology-driven transformation has resulted in higher employee satisfaction, reduced error margins, shortened lead times, and improved output quality, positioning us to navigate future challenges with agility. With digital embedded at the core of our operations, we are ensuring that technology is not just a tool, but a strategic enabler of operational excellence, commercial success, and long-term competitive advantage.

## ENABLING DIGITAL INCLUSION AND EMPOWERING INDIVIDUALS

To drive digital transformation at scale, our Information and Digital Transformation (IDT) team is laying a strong foundation for sustainable change, ensuring positive business outcomes while creating long-term value. We believe that true digital adoption comes from inclusivity, engagement, and capability building, empowering individuals across all levels of our workforce.

By sharing transformation success stories and fostering a culture of change, we help employees—from shopfloor workers to field teams—understand the strategic direction of the business and the role digital solutions play in their daily work. One of our key enablers has been the deployment of robotic process automation (RPA) to eliminate repetitive, low-value tasks, allowing employees to focus on high-impact work, improve productivity, and enhance operational output. Similarly, our digital tools have empowered field employees, equipping them with real-time insights, automated reporting, and AI-driven recommendations, improving efficiency, decision-making, and responsiveness to market dynamics.

As we strive for operational excellence, we continue to strengthen our market presence and explore new growth opportunities by leveraging rigorous analytical frameworks and data-driven decision-making. Additionally, our impact evaluation initiatives assess emerging technologies with the potential to generate commercial value and ensure future competitiveness.

By embedding digital inclusion at the core of our transformation, we are building a workforce that is agile, data-savvy, and future-ready, ensuring that technology is not just an enabler but a driver of growth, efficiency, and empowerment across the organization.

## ACCOMPLISHMENT

BAT Bangladesh has undergone a comprehensive digital transformation, embedding technology at the core of our operations to drive efficiency, innovation, and business value. Through process transformation and digital ways of work, we have significantly enhanced productivity, operational excellence, and data-driven decision-making.

Our Information and Digital Transformation (IDT) wing has played a crucial role in enabling this transformation, fostering a digital-first mindset across the organization. By deploying digital solutions to automate and simplify routine manual processes, we have optimized workflows, improved accuracy, and unlocked new efficiencies. Additionally, the provision of state-of-the-art digital tools has empowered employees at all levels, from shop floor workers to commercial teams, fostering an environment of continuous learning and innovation.

We continue to develop technology-driven solutions that generate business value across all functions, from streamlined trade operations and marketing excellence to supply chain efficiency and financial process automation. By harnessing the power of Artificial Intelligence (AI), we are extracting deeper consumer insights, enhancing predictive analytics, and enabling a more data-driven approach to decision-making.

Furthermore, our commitment to cybersecurity and compliance ensures that sensitive data is protected and responsibly utilized, reinforcing trust and resilience in an increasingly digital landscape. We have also upscaled critical business processes by implementing AI-driven automation, simplifying complex operations while maintaining agility in a rapidly evolving market. Additionally, we are leveraging AI to enhance workplace compliance, ensuring adherence to regulatory and operational standards in our factories and leaf buying areas, further strengthening governance and accountability.

As part of our continuous improvement efforts, our upscaled payroll processes, employee medical benefits digitalization, and share management system have further streamlined internal efficiencies, benefiting employees and stakeholders alike.

Through these accomplishments, BAT Bangladesh reaffirms its commitment to innovation, digital inclusion, and sustainable business transformation, ensuring we remain future-ready and positioned for long-term success.

## TRADE OFFS 2025

As we continue our digital transformation journey, navigating a fast-evolving technological landscape remains a key challenge. The rapid emergence of new digital tools, AI advancements, and automation solutions demands continuous adaptation and upskilling to remain competitive. At the same time, external uncertainties, including shifting regulatory frameworks and geopolitical complexities, add layers of complexity to our operations, requiring agility and resilience in our strategic approach. Additionally, consumer preferences continue to evolve at an unprecedented pace, pushing us to enhance our data-driven insights and digital capabilities to anticipate market needs effectively. Despite these challenges, our commitment to innovation, operational excellence, and future readiness ensures that we remain well-positioned to navigate this dynamic landscape.

## GOING ABOVE AND BEYOND

BAT Bangladesh continues to push the boundaries of digital transformation, leveraging cutting-edge digital platforms and modern technologies to streamline processes, enhance efficiency, and drive cost optimization. Our approach integrates new systems and applications, agile methodologies, and data-driven decision-making, ensuring that operational excellence and business sustainability remain at the forefront.

At the heart of this transformation is our specialized Information and Digital Transformation (IDT) team, serving as a catalyst for innovation and change. By embedding automation, digitization and simplification, we are enhancing business agility, optimizing workflows, and future-proofing our operations.

As the business landscape continues to evolve, we remain committed to leveraging technology as a strategic enabler, ensuring that BAT Bangladesh is well-positioned for long-term success, resilience, and sustained growth in an increasingly digital world.

# SOCIAL CAPITAL



AT BAT BANGLADESH, WE STRIVE TO GENERATE A MEANINGFUL AND MEASURABLE SOCIO-ECONOMIC IMPACT BY ADDRESSING CRITICAL SOCIETAL CHALLENGES WITHIN OUR AREAS OF OPERATION, AIMING TO BUILD A BRIGHTER FUTURE FOR OUR COMMUNITIES.



**Mr. Arafat Jaigirdar**  
Head of External Engagement  
BAT Bangladesh

## BATB'S SOCIAL CAPITAL AT A QUICK GLANCE

 <b>SOCIAL CAPITAL</b>	<b>MAINTAINING SOUND RELATIONSHIPS</b>	<b>ADOPTING A MULTISTAKEHOLDER APPROACH</b>
<p>As part of our dedication to Social &amp; Relationship Capital, BAT Bangladesh focuses on fostering and maintaining respectful, meaningful, and mutually beneficial relationships with a diverse range of stakeholders. Through these efforts, we strive to establish a positive and collaborative business environment that aligns with and supports our broader business goals to support our communities.</p>	<p>We remain steadfast in our commitment towards corporate responsibility and sustainability initiatives, driving actions that enhance community well-being and build trust-based relationships with our stakeholders. BAT Bangladesh actively engages with stakeholders, dedicating resources to social impact projects aligned with the United Nations' Sustainable Development Goals (SDGs). Our focus is on creating sustainable value that fulfills stakeholders' needs, expectations, and aspirations. At the heart of our Social &amp; Relationship Capital lies a thoughtfully designed Corporate Social Responsibility strategy.</p>	<ul style="list-style-type: none"> <li>• Our commitment to society is to act as a catalyst for positive socio-economic change, fostering shared value within our communities.</li> <li>• We meticulously segment and analyze our stakeholders, mapping both their unique and collective needs and expectations.</li> <li>• Every long-term decision is made with a strong focus on sustainable value creation for all stakeholders.</li> <li>• We engage in meaningful and productive dialogue with our stakeholders to gain valuable insights that drive business growth.</li> <li>• Maintaining meaningful relationships are a top priority, and we strive to inclusively involve everyone, ensuring no one is left behind in our efforts.</li> </ul>



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## FOCUSED ON STAKEHOLDER VALUE

## PROGRESS ACHIEVED, 2024

With a proud legacy of 114 years of continuous business operations, Social & Relationship Capital forms a core part of BAT Bangladesh's identity. This capital reflects our unwavering commitment to addressing the nation's critical needs, supporting the well-being of the surrounding ecosystem, and nurturing meaningful relationships with the formal and informal entities and institutions linked to our operations.

Our goal is to implement impactful and relevant programs that generate shared value for diverse stakeholders while fostering strong connections between our employees, communities, and other key partners.

Guided by a conscientious approach to business, we actively embrace responsibility of our social impact. This includes recognizing our social accountability, adhering to the law of the land and demonstrating a steadfast commitment to upholding human rights with integrity and sincerity.

- Contribute to the well-being of the communities surrounding our business operations.
- Forge partnerships that drive socio-economic value creation.
- Ensure a just and responsible transition in all aspects of our activities.
- Place key stakeholders and partners at the heart of the implementation process.
- Achieve zero harm across the organization through operational excellence.
- Maintain a healthy and safe working environment with a strong focus on promoting good health, holistic well-being, and happiness.
- Uphold and respect human rights with the utmost care and attention.

## OVERVIEW

At BAT Bangladesh, we are dedicated to driving socio-economic transformation and empowering rural grassroots communities through a diverse range of community engagement and development initiatives. Our initiatives focus on equipping farmers with agricultural knowledge to boost their income generation skills, while also providing access to infrastructure and capacity-building resources for both our farmer network and surrounding communities.

Contracted farmers within the tobacco cultivation value chain are at the heart of our stakeholder ecosystem. We prioritize the well-being of these farming communities and are committed to ensuring a sustainable livelihood by guaranteeing them a stable income.

Our Leaf team works closely with contracted farmers to build resilience and enhance their capabilities. This collaboration includes supplying essential agricultural inputs and offering critical technical expertise. Through these efforts, we aim to establish sustainable livelihoods for the contracted farmers and their families, that will foster a prosperous future for them.



Furthermore, we are committed to ensuring financial security for our contracted farmers through a guaranteed buy-back system conducted with the highest standards of ethics and transparency. In addition, we actively collaborate

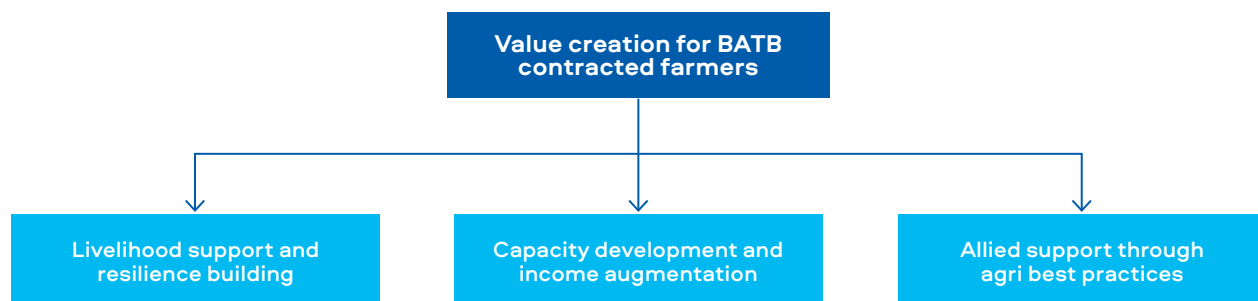
with farmers to identify opportunities in allied cultivation and initiatives like farm waste recycling and reuse. These efforts aim to help farmers diversify their income sources while also promoting cost-saving measures, fostering

economic resilience, and encouraging sustainable farming practices.

## UPHOLDING HUMAN RIGHTS

BATB is deeply committed to upholding BAT Group's rigorous policies, procedures, and processes, adopting a zero-tolerance approach to any violations of human rights. As part of this

commitment, BAT's Standards of Business Conduct (SoBC) serve as a comprehensive guide for ethical conduct and decision-making within the organization. This document is meticulously aligned with the UN Guiding Principles on Business and Human Rights, as well as the ILO's Declaration on Fundamental Principles and Rights at Work. This alignment reinforces our unwavering dedication to maintaining and promoting human rights standards across all facets of our business operations.



Furthermore, the BAT Supplier Code of Conduct complements the Standards of Business Conduct (SoBC) by setting forth the minimum standards expected of our suppliers. This code includes specific provisions on human rights, addressing critical issues such as child and forced labor.

At BATB, our well-defined policies and procedures, prioritizes and values the rights of all employees, business partners, and the wider community. Our commitment to human rights extends beyond our direct suppliers, encompassing the entire value chain.

For instance, our Leaf operations are required to comply with the Sustainable Tobacco Program (STP), an industry-wide best practice standard that covers areas such as human rights, environmental conservation, and occupational health and safety. Moreover, any red flags indicating risks associated with prohibited practices are swiftly reported, prompting immediate corrective actions to resolve and rectify the situation. This approach highlights our unwavering dedication to upholding high ethical standards throughout our operations.

## SAFETY – PURSUING A ZERO-HARM STRATEGY

At BATB, the preservation of life is paramount, and our commitment to a zero-harm strategy underscores the value we place on the safety and well-being of our employees and service providers. We strive to ensure that every individual returns to their loved ones safely each day.

### Accomplishments:

- Utilized our robust environment, health, and safety program, placing a strong emphasis on pre-task risk assessment, lifesaving rules, critical controls, and meticulous adherence to management of change protocols.
- Fostered an awareness-centric work environment where risks and potential outcomes are thoroughly understood, supported by dedicated leadership.
- Implemented and continuously refined critical risk controls for logistics processes.

### Ongoing Initiatives:

- Continued emphasis on the significance of the first level of assurance, ensuring that verification systems operate as designed.

- Cultivated a culture that promotes reporting, feedback, and shared lessons from all incidents.
- Humanized safety as a leadership imperative.
- Maintained effective implementation, monitoring, and evaluation of safety measures.

Our unwavering dedication to safety is not just a goal but a leadership imperative, and we persist in our efforts to create an environment where every individual is safeguarded, and lessons learned contribute to ongoing improvements in our safety practices.

## EMPLOYEES AND ORGANISED LABOUR WELFARE

In our commitment to providing a safe working environment and mitigating the threat of any contagions, we have implemented a range of precautionary measures. Numerous COVID-19 risk assessments for the workplace are conducted, following the established hierarchy of controls, rules, and procedures in accordance with applicable legislation. In the event of a positive case, we employ "contact tracing" across all operations, facilitated by enabling technologies, enabling an efficient and swift response to infectious diseases.

Specific measures are in place to support workers who may be more susceptible to risks, with regular sharing of up-to-date information on our plans and control methods.

Through BAT Bangladesh's employee volunteering program, we ensure that workers actively participate in well-being initiatives, including intra- and inter-company cricket and football matches, leisure activities, and the celebration of special occasions. Our shared Values serves as the driving force to grow careers with integrity and a future-focused mindset, uniting us as a collective force.

## COMMUNITIES AND SOCIETIES

Our community development strategy is built on the understanding that our influence extends beyond the workplace, and our long-term sustainability is intricately linked to the well-being of the communities around us. Guided by our Care philosophy, we strategically allocate resources to meet community needs, identify valuable partnership opportunities, and focus our efforts to achieve lasting and meaningful impact.



Acknowledging our responsibility to support those in need, particularly in regions with significant socioeconomic challenges, such as in certain rural areas, BAT Bangladesh is dedicated to making a positive difference. This underscores our commitment to addressing critical challenges and contributing to the welfare of the communities where we operate.

## OUR APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRINCIPLES

Aligned with the expectations of our stakeholders, Environmental, Social, and Governance (ESG) considerations have remained a central focus for both the Board and the Leadership Team. This commitment is reflected in the endorsement of BATB's new mission, "Creating A Better Tomorrow," and the development of a fresh strategy. Our unwavering dedication to ESG performance is evident through the establishment of clear benchmarks, demonstrating our commitment to advancing ESG initiatives. Key areas of focus include:

- Regular engagement with key stakeholders
- Tracking progress on stakeholder commitments
- Implementation of a reputation management program
- Execution of social investment programs
- Management of customer and supplier relationships

This approach reinforces our commitment to responsible business practices, transparency, and continuous efforts to create a positive impact on environmental, social, and governance aspects of our operations.

## DEI, SKILLS AND SOCIAL DEVELOPMENT

Managing both direct and indirect consequences is a core principle of our strategy to minimize the risks our operations may pose to society. We accomplish this by implementing a comprehensive stakeholder engagement approach that is responsive to the needs of the community. This includes fostering local vendor development, promoting the purchase of local products and services, and delivering tangible benefits through community development initiatives. This approach demonstrates our commitment to addressing the broader societal impacts of our operations and actively contributing to the well-being of the communities where we operate.

## CREATING AN IMPACT

Our Corporate Social Responsibility (CSR) approach is rooted in the belief that education is a powerful catalyst for empowerment. We understand that awareness in its various forms empowers individuals, inspiring them to make informed decisions. At BATB, we actively seek opportunities to contribute to the well-being of the communities surrounding our operations with integrity and compassion. Whether addressing public health, environmental sustainability, or the United Nations' Sustainable Development Goals, we are dedicated to the idea that progress requires collaboration among the government, civil society, and the private sector. This commitment is reflected in our adoption of the Public-Private Partnership (PPP) model to foster collaboration and drive positive societal impact.

At BAT Bangladesh, our approach to community development is comprehensive, aiming to reach as many people as possible through our social and societal initiatives. We have three major community development programs: Bonayan, Deepto, and Probaho.

1. **Bonayan:** This flagship CSR initiative focuses on sustainable agroforestry and other programs that benefit individuals and households. Operating in over 22 districts, Bonayan has contributed significantly to expanding green cover in Bangladesh. Notable projects include afforestation efforts at significant locations such as Lalon Shah Bridge, Hazrat Shah Amanat International Airport, and the Rohingya Camp in Cox's Bazar.
2. **Probaho:** This initiative provides clean drinking water to families by installing 117 water filtration plants across 22 districts. Probaho addresses challenges related to waterborne diseases, ensuring easy access to safe drinking water and contributing to better health and safety, especially for women.
3. **Deepto:** This sustainable solar electrification initiative has impacted 25 villages in Bandarban, Khagrachhari, and Rangamati districts. By installing 2,591 solar-powered home systems at no cost, Deepto has improved household health by eliminating the use of hazardous fuels and provided round-the-clock lighting, offering communities clean, reliable, and safe energy.

In line with our goal of creating a sustainable impact, BAT Bangladesh aims to institutionalize best practices throughout its ecosystem. The Company is actively involved in activities that promote environmental protection and the conservation of valuable resources, such as energy, paper, and water. This commitment reflects an integrated approach to ecological sensitivity and fosters awareness among stakeholders, retailers, farmers, and farming communities.

## ECO-FRIENDLY LOGISTICS

BAT Bangladesh has made notable progress in environmental sustainability through its focus on green logistics. This initiative ensures that the transportation of goods, both incoming and outgoing, follows environmentally conscious distribution practices, optimizing fuel usage and actively reducing the Company's carbon footprint.



In addition to green logistics, BAT Bangladesh has adopted innovative methods to strengthen its commitment to environmental stewardship. These include rainwater collection, bio-pest management through neem plantations, and the installation of prismatic skylight glass to optimize daylight usage. These initiatives highlight BAT Bangladesh's comprehensive and proactive approach to environmental responsibility.

# FINANCIAL CAPITAL



**MAINTAINING STRONG CREDIT RATINGS AND THE COMPANY'S CAPACITY TO CONTROL COSTS AND EXPENSES BOTH SIGNIFICANTLY ENHANCE OUR SUSTAINABILITY AGENDA. ADDITIONALLY, OUR EFFECTIVE FINANCIAL MANAGEMENT TECHNIQUES INCREASE OUR CAPACITY TO BUILD LONG- TERM VALUE FOR OUR SHAREHOLDERS AND ALLOW US TO MAINTAIN OUR PROUD STATUS AS BANGLADESH'S LARGEST CORPORATE TAXPAYER.**



**Ms. Nashva Hamid**  
Area Head of Corporate Finance  
BAT Bangladesh

## STATEMENT

The sustenance of sound credit ratings, and the Company's ability to manage its costs and expenses, makes a significant contribution to our sustainability agenda. Furthermore, our robust financial management strategies expand our ability to create sustainable value for our share owners, as well as enable us to retain our proud position as the largest corporate tax-payer in Bangladesh.

## FINANCIAL CAPITAL

At BATB, our financial capital comprises our financial capabilities required to sustain and grow our operations.

As an essential part of our financial capital strategies, we embrace long-term thinking and allocate capital optimally to maximize returns.

## FINANCIAL PERFORMANCE:

The financial performance of the Company is measured in terms of various key financial metrics, which includes operating profit, cash flow generation, gearing and liquidity. Key operating and financial information for the year 2024, along with the preceding four years' information is presented below:

INCOME STATEMENT	2024	2023	2022	2021	2020
Gross Turnover	43,232	40,379	36,145	33,934	28,108
Supplementary Duty & Vat	33,287	31,212	27,722	26,451	22,079
Net Turnover	9,945	9,167	8,423	7,483	6,029
Gross Profit	4,422	4,450	4,423	4,006	2,950
Profit before tax	3,381	3,527	3,499	2,990	2,109
Profit after tax	1,751	1,788	1,787	1,497	1,089

Net turnover increased by 8% in 2024, driven by higher leaf and FG export. Even though there has been growth in turnover, cost has increased significantly as well due to various economic factors. Still BAT Bangladesh has effectively managed to ensure significant control over operating expense throughout the year to land on 2% decrease of profit after tax compared to previous year.

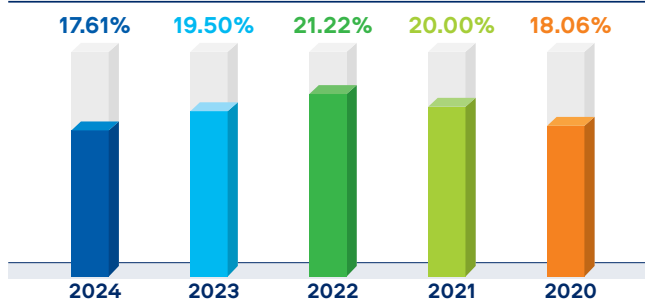
The overall cost of goods sold increased during the year mainly due to Higher inflationary and cost impact from leaf and wrapping materials slightly offset by decrease in volume and cost optimization activities.

However, despite the increase in costs we managed to contain the year-on-year growth to 17% by taking various efficiency measures and cost savings initiatives across a wide array of spectrums.

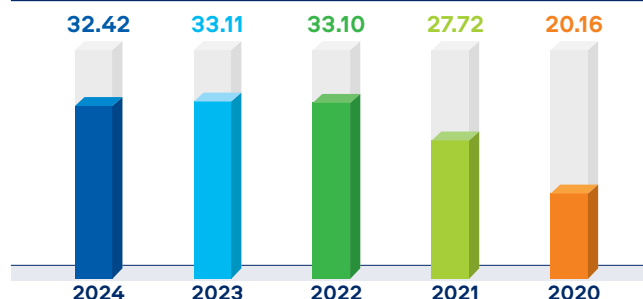
Year on year net finance expenses increased due to increased borrowing requirement coupled with higher interest rate.

Current tax expense is in line with profit growth & EPS for the full year stands at BDT 32.42.

### Net profit ratio

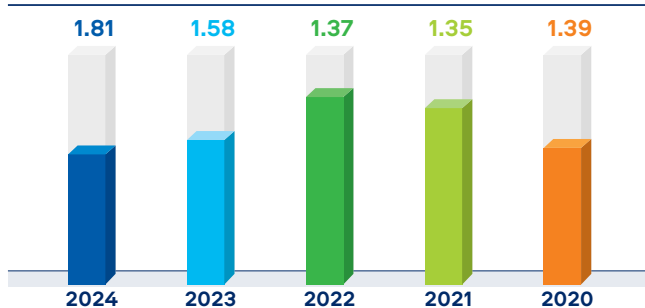


### Earning Per Share (Tk)

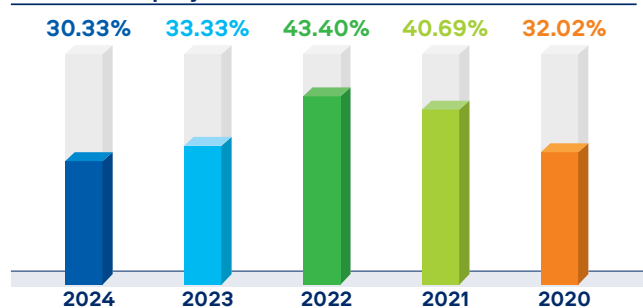


FINANCIAL POSITION	2024	2023	2022	2021	2020
Current Asset	6,076	6,375	4,485	4,409	3,374
Current Liability	3,365	4,041	3,274	3,278	2,419
Non-Current Asset	4,083	4,011	3,858	3,346	3,101
Non-Current Liability	1,022	982	951	798	656
Paid Up Capital	540	540	540	540	180

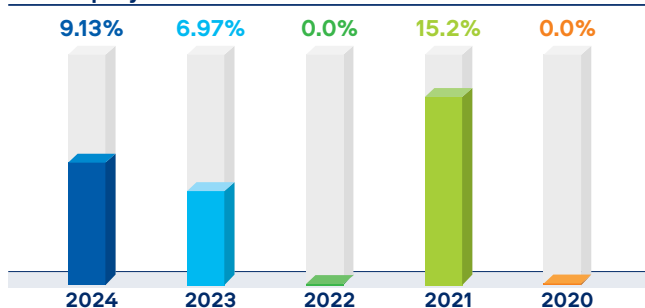
### Current ratio



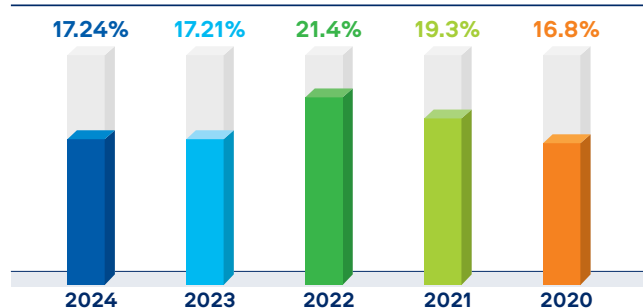
### Return on Equity



### Debt Equity Ratio



### Return on Assets



CASH POSITION (BDT CRORE)	2024	2023	2022	2021	2020
Cash flow from operating	1,732	1,021	2,702	795	1502
Cash flow from investing	(470)	(610)	(606)	(530)	(140)
Cash flow from financing	(1,315)	34	(1,765)	(712)	(1314)
Borrowings	527	374	0	560	-
Paid Up Capital	540	540	540	540	180

Overall cash position in 2024 is at par with last year due to higher collections from sales proceeds. However, this was partially offset by increased payments for VAT, duties, taxes to the government exchequer, and payments to suppliers for materials and expenses.

### DIVIDEND

The Board of Directors has recommended a final dividend for the year ended 31 December 2024, i.e., BDT 15.00 per

share as cash. The dividend is subject to final approval by shareholders at the Company's during the 52nd Annual General Meeting on 25th March 2025.

### TAXATION

The effective tax rate decreased from 49.31% in 2023 to 48.22% in 2024. The current tax decrease is in line with the decrease in profit before tax. Change in deferred tax has occurred mainly due to actuarial valuation movement.



# CELEBRATING OUR AWARDS

SAFA Awards for  
Best Presented  
Annual Report



Top Employer Award from  
Top Employers Institute  
for consecutive five years





We are known for the way we conduct business. Achieving awards are not how we measure our performance. We do, however, appreciate that our efforts have been noticed. This is important to us because it affirms our approach and commitment to operating in the best interest for **A Better Tomorrow™**.

Highest Taxpayer Recognition by National Board of Revenue (NBR)



ICAB Award for the Best Presented Annual Report



ICMAB Best Corporate Award





# SNAPSHOTS 2024



The Grand Finale of BAT Bangladesh's "WE RACE AS ONE" - Celebrating the people and manufacturing capabilities in a competitive spirit.

The Grand Finale of the 21st Battle of Minds celebrated the finalists st with BAT Bangladesh's top management, showcasing the participants' exceptional talent and innovative spirit. This year was a transformative journey, paired with extensive mentorship and networking.



BAT Bangladesh EHS Safety Sync - Celebrating Commitment to Excellence in Environmental, Health, and Safety Standards

To ensure compliance, the BAT Bangladesh legal team organized a three-day-long Legal Policy Week. During this event, the regional head of compliance, Ms. Clair Chan, attended and actively engaged with participants by addressing issues and answering questions.



Last year, BAT Group Operations Director, Mr. Zafar Khan, and Regional Operations Director, Mr. Francisco Toso Canepa, visited BAT Bangladesh. During their visit, they toured various manufacturing and leaf regions, including our Savar factory.

During the “Legal Clinic,” BAT Bangladesh’s Managing Director, Ms. Monisha Abraham, delivered a speech during the panel discussion on sexual harassment in the workplace, alongside the Head of Litigation & Commercial, Ms. Sabrina Zarin.







BAT Bangladesh provides technical support globally to various countries under TSH (Technical Service Hub) program. TSH team appreciates BAT Regional Operations Director, Mr. Francisco Toso Canepa for extensive global opportunities



The manufacturing team is celebrating the cultural heritage



Collaboration with Philip Morris Bangladesh Limited (PMBL) for strategic Finished Goods Production



In an effort to foster and celebrate our culture and traditions, BAT Bangladesh organized a Pohela Boishakh event. Our multicultural team came together at the BAT Bangladesh head office to celebrate this vibrant occasion, showcasing the diversity and unity within our organization.



Celebrating Christmas at the BAT Bangladesh: The BAT Bangladesh head office was filled with festive cheer as employees gathered to celebrate Christmas. The event featured decorated spaces, joyful music, and various activities, bringing everyone closer.

Celebrating Durga Puja at BAT Bangladesh: The BAT Bangladesh head office came alive with the vibrant festivities of Durga Puja. Employees gathered to celebrate this significant cultural event, fostering a sense of unity and cultural appreciation within the BAT Bangladesh family. This celebration highlighted the rich diversity that defines our organization.





The Values Premier League (VPL) was officially inaugurated at Comms Day, bringing our Company values to life through an engaging and competitive platform. This initiative has inspired teams to embody our values in action, fostering collaboration and a shared commitment to excellence.

BAT Bangladesh celebrating International Women's Day, honoring the incredible achievements and contributions of women across the organization



BAT Bangladesh Family Day 2024: The event marks the commencement of a day brimming with joy, camaraderie, and unforgettable experiences for all our employees and their families.





In this auspicious occasion of BAT Bangladesh Family Day, we honor one of our esteemed employees who has completed his entire career with BAT Bangladesh and is now retiring



Handing over the esteemed EHS Innovation Award, recognizing exceptional contributions and groundbreaking advancements in environmental, health, and safety practices

BAT Bangladesh concludes Supernova 2.0, a flagship mentoring program designed to empower women in STEM.



# BAT BANGLADESH

## MEDIA HIGHLIGHT 2024

**DhakaTribune**

**Wael Sabra new BAT Bangladesh chairman**

Wael Sabra, a seasoned professional serving BAT for 17 years, will succeed Sheikh Monisha as the Chairman of BAT Bangladesh from August 1, 2024.



Wael Sabra, a seasoned professional serving BAT for 17 years, will succeed Sheikh Monisha as the Chairman of BAT Bangladesh from August 1, 2024. He is currently the vice president for BAT Middle East, North Africa, South Africa, Pakistan and Egypt. He is also a former Chairman of the Board of Directors of BAT Bangladesh. He is also a former Chairman of the Board of Directors of BAT Bangladesh. He is also a former Chairman of the Board of Directors of BAT Bangladesh.

**The Daily Star**

**Monisha Abraham becomes new MD of BAT Bangladesh**



Monisha Abraham has been appointed as managing director of the British American Tobacco (BAT) Bangladesh Company, effective from July 1.

Monisha is the first female managing director to lead BAT Bangladesh in the company's history of 134 years.

She will replace Shehzad Munir, who has built a strong legacy at BAT Bangladesh with commendable business results and visionary leadership, the company said in a press release today.

Monisha has been a non-executive director of the BAT Bangladesh board of directors since March 2023.

She will be joining BAT Bangladesh from Capgemini Tobacco Company PLC, a part of the BAT Group, where she served as managing director and chief executive officer.

Monisha brings with her almost 30 years of experience in marketing and sales across the South Asian region, including India.

**dailyobserver**

**BATB appoints Mauro Khan as Independent Director**

Mauro Khan, a seasoned professional serving BAT for 17 years, will succeed Sheikh Monisha as the Chairman of BAT Bangladesh from August 1, 2024.



Mauro Khan, a seasoned professional serving BAT for 17 years, will succeed Sheikh Monisha as the Chairman of BAT Bangladesh from August 1, 2024. He is currently the vice president for BAT Middle East, North Africa, South Africa, Pakistan and Egypt. He is also a former Chairman of the Board of Directors of BAT Bangladesh. He is also a former Chairman of the Board of Directors of BAT Bangladesh.

**NEWAGE**

**BAT Bangladesh holds 51st AGM**



BAT Bangladesh held its 51st Annual General Meeting (AGM) on July 1, 2024, at the Sheraton Dhaka Hotel. The meeting was presided over by Wael Sabra, Chairman of BAT Bangladesh. The AGM was attended by over 100 shareholders and representatives of various stakeholders. The meeting discussed the company's performance for the year 2023 and approved the dividend for the year 2023.

**The Financial Express**

**Shubab Ahmed appointed Head of Corporate & Regulatory Affairs at BATB**




Shubab Ahmed, a seasoned professional serving BAT for 17 years, will succeed Sheikh Monisha as the Chairman of BAT Bangladesh from August 1, 2024.

Shubab Ahmed, a seasoned professional serving BAT for 17 years, will succeed Sheikh Monisha as the Chairman of BAT Bangladesh from August 1, 2024. He is currently the vice president for BAT Middle East, North Africa, South Africa, Pakistan and Egypt. He is also a former Chairman of the Board of Directors of BAT Bangladesh. He is also a former Chairman of the Board of Directors of BAT Bangladesh.

**DhakaTribune**

**Prof Dr Melita Mahabadi joins BAT Bangladesh board as independent director**



Prof Dr Melita Mahabadi, a seasoned professional serving BAT for 17 years, will succeed Sheikh Monisha as the Chairman of BAT Bangladesh from August 1, 2024.

Prof Dr Melita Mahabadi, a seasoned professional serving BAT for 17 years, will succeed Sheikh Monisha as the Chairman of BAT Bangladesh from August 1, 2024. He is currently the vice president for BAT Middle East, North Africa, South Africa, Pakistan and Egypt. He is also a former Chairman of the Board of Directors of BAT Bangladesh. He is also a former Chairman of the Board of Directors of BAT Bangladesh.

**জৈনিক**

**বাটার বাংলাদেশ বিজ্ঞান ও বিপণনিক বিভাগের প্রধানের পদে**



বাটার বাংলাদেশ বিজ্ঞান ও বিপণনিক বিভাগের প্রধানের পদে

বাটার বাংলাদেশ বিজ্ঞান ও বিপণনিক বিভাগের প্রধানের পদে

**কালের কণ্ঠ**

**বাটার বাংলাদেশের পরিচালনা পর্ষদের সদস্য পদে**



বাটার বাংলাদেশের পরিচালনা পর্ষদের সদস্য পদে

বাটার বাংলাদেশের পরিচালনা পর্ষদের সদস্য পদে

**বণিকবাহী**

**বাটার বাংলাদেশের পরিচালনা পর্ষদের সদস্য পদে**



বাটার বাংলাদেশের পরিচালনা পর্ষদের সদস্য পদে

বাটার বাংলাদেশের পরিচালনা পর্ষদের সদস্য পদে











## বনিবা বাত্রা

বিএটি বাংলাদেশের ৫১তম এজিএম অনুষ্ঠিত

### ৫১তম বার্ষিক সাধারণ সভা

#### 51<sup>st</sup> ANNUAL GENERAL MEETING

British American Tobacco Bangladesh Company Limited



১১তম বার্ষিক সাধারণ সভা অনুষ্ঠিত হয়েছে। সভাপতিত্ব করেছেন বিএটি বাংলাদেশের ১১তম বার্ষিক সাধারণ সভা। সভাপতিত্ব করেছেন বিএটি বাংলাদেশের ১১তম বার্ষিক সাধারণ সভা।

১১তম বার্ষিক সাধারণ সভা অনুষ্ঠিত হয়েছে। সভাপতিত্ব করেছেন বিএটি বাংলাদেশের ১১তম বার্ষিক সাধারণ সভা। সভাপতিত্ব করেছেন বিএটি বাংলাদেশের ১১তম বার্ষিক সাধারণ সভা।

## THE BUSINESS STANDARD

### Bonayan's afforestation efforts playing significant role in restoring ecosystem

World Environment Day, led by the United Nations Environment Programme (UNEP), is the largest international event for the environment, bringing governments and stakeholders to take action to protect our planet.



In celebration of World Environment Day, Bonayan, the largest private sector-driven afforestation program in Bangladesh, is set to distribute 3 million saplings nationwide. The initiative marks Bonayan's 4th year of significant contributions to environmental restoration.

Bangladesh faces increasing challenges from climate change, including severe cyclones, floods, heat waves, and desertification. Trees play a crucial role in mitigating these impacts, and afforestation programs are vital for climate change adaptation.

## মানবজমিন

বিশ্ব পরিবেশ দিবস ২০২৪-এ অধ্যায়ের ১৪তম প্রতিষ্ঠাপত্রিকী উদ্বোধন



বিশ্ব পরিবেশ দিবস ২০২৪-এ অধ্যায়ের ১৪তম প্রতিষ্ঠাপত্রিকী উদ্বোধন। বিশ্ব পরিবেশ দিবস ২০২৪-এ অধ্যায়ের ১৪তম প্রতিষ্ঠাপত্রিকী উদ্বোধন। বিশ্ব পরিবেশ দিবস ২০২৪-এ অধ্যায়ের ১৪তম প্রতিষ্ঠাপত্রিকী উদ্বোধন।

বিশ্ব পরিবেশ দিবস ২০২৪-এ অধ্যায়ের ১৪তম প্রতিষ্ঠাপত্রিকী উদ্বোধন। বিশ্ব পরিবেশ দিবস ২০২৪-এ অধ্যায়ের ১৪তম প্রতিষ্ঠাপত্রিকী উদ্বোধন। বিশ্ব পরিবেশ দিবস ২০২৪-এ অধ্যায়ের ১৪তম প্রতিষ্ঠাপত্রিকী উদ্বোধন।

## বাংলাদেশ প্রতিদিন

সংকটগ্রস্ত এলাকায় ও লাগ মনুষ্যের মধ্যে নিরাপত্তা স্থাপন



সংকটগ্রস্ত এলাকায় ও লাগ মনুষ্যের মধ্যে নিরাপত্তা স্থাপন। সংকটগ্রস্ত এলাকায় ও লাগ মনুষ্যের মধ্যে নিরাপত্তা স্থাপন। সংকটগ্রস্ত এলাকায় ও লাগ মনুষ্যের মধ্যে নিরাপত্তা স্থাপন।

সংকটগ্রস্ত এলাকায় ও লাগ মনুষ্যের মধ্যে নিরাপত্তা স্থাপন। সংকটগ্রস্ত এলাকায় ও লাগ মনুষ্যের মধ্যে নিরাপত্তা স্থাপন। সংকটগ্রস্ত এলাকায় ও লাগ মনুষ্যের মধ্যে নিরাপত্তা স্থাপন।

## NEW AGE

### Private hands in tackling water crisis



Private hands in tackling water crisis. Private hands in tackling water crisis. Private hands in tackling water crisis. Private hands in tackling water crisis. Private hands in tackling water crisis.

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## THE BUSINESS STANDARD

### BAT Bangladesh secures "Top Employer" award for fifth time



BAT Bangladesh has become the first company in Bangladesh to receive certification from the Top Employers Institute based on excellence in people practice for the fifth time.

The company won the award for both the Asia Pacific and global categories in 2024, for best practices in talent attraction, development, well-being, and engagement, made a press release.

Top Employers Institute is an international body that has assessed more than 4,000 organizations in 125 regions since its inception in 1990. Headquartered in Amsterdam, the institute confirmed the certification for BAT Bangladesh on January 15th this year. It has evaluated BAT Bangladesh's career and growth opportunities, robust business and people strategy, simplification, employee engagement, and benefits.

## THE BUSINESS STANDARD

### BAT Bangladesh awarded for corporate governance




BAT Bangladesh has been honored with two prestigious awards for excellence in corporate governance. BAT Bangladesh has been honored with two prestigious awards for excellence in corporate governance. BAT Bangladesh has been honored with two prestigious awards for excellence in corporate governance.

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## প্রথম প্রজ্ঞাপনা

### টেকসই উন্নয়ন তালিকায় মুক্ত হলো ১০ বাংলাদেশি প্রতিষ্ঠান



টেকসই উন্নয়ন তালিকায় মুক্ত হলো ১০ বাংলাদেশি প্রতিষ্ঠান। টেকসই উন্নয়ন তালিকায় মুক্ত হলো ১০ বাংলাদেশি প্রতিষ্ঠান। টেকসই উন্নয়ন তালিকায় মুক্ত হলো ১০ বাংলাদেশি প্রতিষ্ঠান।

টেকসই উন্নয়ন তালিকায় মুক্ত হলো ১০ বাংলাদেশি প্রতিষ্ঠান। টেকসই উন্নয়ন তালিকায় মুক্ত হলো ১০ বাংলাদেশি প্রতিষ্ঠান। টেকসই উন্নয়ন তালিকায় মুক্ত হলো ১০ বাংলাদেশি প্রতিষ্ঠান।

## ল্যান্সার্স রিপোর্ট

### শীর্ষ করোনার টিকিট দেশে বিএটি বাংলাদেশ



শীর্ষ করোনার টিকিট দেশে বিএটি বাংলাদেশ। শীর্ষ করোনার টিকিট দেশে বিএটি বাংলাদেশ। শীর্ষ করোনার টিকিট দেশে বিএটি বাংলাদেশ।

শীর্ষ করোনার টিকিট দেশে বিএটি বাংলাদেশ। শীর্ষ করোনার টিকিট দেশে বিএটি বাংলাদেশ। শীর্ষ করোনার টিকিট দেশে বিএটি বাংলাদেশ।

# INDEPENDENT AUDITORS' 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<sup>st</sup> December 2024, 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.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31<sup>st</sup> December 2024, 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 31<sup>st</sup> December 2024. These matters were addressed in the context of the audit of the financial statements, 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.

The key audit matter	How the matter was addressed in the audit
<b>Revenue recognition</b>  Revenue of BDT 99.5 billion (Note 23 of the financial statements) is recognized in the Statement of Profit and Loss and Other Comprehensive Income 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.	<ul style="list-style-type: none"> <li>- We assessed the appropriateness of revenue recognition accounting policy in line with IFRS 15 Revenue from contracts with customers;</li> <li>- Performed walkthroughs to understand the adequacy and the design of the revenue cycle;</li> <li>- 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;</li> </ul>



The key audit matter	How the matter was addressed in the audit
	<ul style="list-style-type: none"> <li>- We performed substantive analytical procedures to understand revenue trends over the year among other parameters and performed a detailed testing on transactions around the year-end, to test revenues were recognized in the correct accounting period.</li> <li>- We also tested journal entries for recognizing in revenue focusing on unusual or irregular transactions.</li> </ul>
<p><b>Tax positions</b></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p><b>Our procedures also included among others:</b></p> <ul style="list-style-type: none"> <li>- Discussing with the management regarding tax matters, tax jurisdictions and tax communications;</li> <li>- Identifying and testing relevant controls over tax accounts and financial statement disclosures;</li> <li>- Analysis of responses in letters independently obtained from the tax consultant and external counsels of the Company on various matters;</li> <li>- Substantive procedures performed including vouching account reconciliations and tracing amounts to the appropriate underlying support and trial balances.</li> <li>- Analysis of the accounting of the pre-tax effects of transactions and the tax technical application to specific transactions.</li> </ul>
<p><b>Litigation and contingent liabilities in relation to indirect tax</b></p> <p>The Company has various indirect tax related claims and legal actions arising in the course of business. The potential amounts in question are significant. Determining whether there is a liability, and if so, the amount thereof, is subject to judgement, interpretation and estimation. This renders such litigation and contingent liabilities as a key audit matter.</p>	<p>Our audit procedures included, on all such significant claims and litigations:</p> <ul style="list-style-type: none"> <li>- Review of the Company's correspondence with the tax authorities, court verdicts obtained to date and management's assessment of the merits of each such matter.</li> <li>- Obtaining opinions from the Company's external legal counsel.</li> <li>- Assessment of adequacy of disclosures.</li> </ul>

#### Other matters

The financial statements of British American Tobacco Bangladesh Company Limited for the year ended 31<sup>st</sup> December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 08<sup>th</sup> February, 2024.

#### Other information included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 Annual Report other than the financial statements and our auditor's report thereon. We obtained Director's Report, Management Discussion and Analysis, five years financial information, 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 2020 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

- 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 due 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

FRC Registration Number: CAF-001-129



**Akhtar Sanjida Kasem FCA**

Engagement Partner

ICAB Enrolment Number: 0643

DVC: 2502190643AS547815

Dated: Dhaka, 05 February 2025

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2024

In thousands of BDT

PARTICULAR	Notes	31 December	
		2024	2023
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	37,273,404	36,860,089
Right of use (ROU) assets	8	3,551,766	3,251,843
<b>Total non-current assets</b>		<b>40,825,170</b>	<b>40,111,932</b>
<b>Current assets</b>			
Inventories	9	30,885,866	31,810,969
Trade and other receivables	10	13,385,771	11,904,577
Advances, deposits and prepayments	11	7,513,810	7,660,044
Investment asset	12	-	2,937,131
Net defined benefit plans	17	11,037	-
Cash and cash equivalents	13	8,965,135	9,440,371
<b>Total current assets</b>		<b>60,761,619</b>	<b>63,753,092</b>
<b>Total assets</b>		<b>101,586,789</b>	<b>103,865,024</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	5,400,000	5,400,000
Capital reserve	15	64,896	64,896
Retained earnings	16	52,252,545	48,172,592
<b>Total equity attributable to owners of the Company</b>		<b>57,717,441</b>	<b>53,637,488</b>
<b>Non-current liabilities</b>			
Net defined benefit plans	17	-	150,302
Deferred tax	18	6,695,912	6,314,612
Lease liabilities	8.3	3,525,130	3,351,011
<b>Total non-current liabilities</b>		<b>10,221,042</b>	<b>9,815,925</b>
<b>Current liabilities</b>			
Borrowings under supplier financing arrangement	19	5,268,070	3,737,605
Trade and other payables	20	13,847,536	18,470,667
Unclaimed Dividend	34	452,928	2,820,957
Lease liabilities	8.3	671,054	451,061
Current tax liabilities	21	11,225,302	13,257,905
Provisions	22	2,183,416	1,673,416
<b>Total current liabilities</b>		<b>33,648,306</b>	<b>40,411,611</b>
<b>Total liabilities</b>		<b>43,869,348</b>	<b>50,227,536</b>
<b>Total equity and liabilities</b>		<b>101,586,789</b>	<b>103,865,024</b>

The notes on pages 279 to 317 are an integral part of these financial statements.

**A. Qasem & Co.**  
Chartered Accountants  
FRC Registration Number: CAF-001-129

  
**Akhtar Sanjida Kasem FCA**  
Engagement Partner  
ICAB Enrolment Number: 0643

DVC: 2502190643AS547815

Place: Dhaka  
Date: 05 February 2025

  
**Wael Sabra**  
Chairman

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

  
**Nirala Nandini Singh**  
Finance Director

  
**Monisha Abraham**  
Managing Director

  
**Masud Khan**  
Director

  
**Syed Afzal Hossain**  
Company Secretary



British American Tobacco Bangladesh Company Limited

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

In thousands of BDT

PARTICULAR	Notes	2024	2023
Gross revenue		432,318,508	403,792,965
Supplementary duty and VAT		(332,869,640)	(312,124,982)
<b>Net revenue from contracts with customers</b>	23	<b>99,448,868</b>	<b>91,667,983</b>
Cost of sales	24	(55,225,220)	(47,165,324)
<b>Gross profit</b>		<b>44,223,648</b>	<b>44,502,659</b>
Operating expenses	25	(7,954,676)	(9,468,753)
<b>Operating profit</b>		<b>36,268,972</b>	<b>35,033,906</b>
Net finance income/(expenses)	26	(763,750)	(399,445)
Non-operating income/(expenses)	27	84,898	2,492,252
<b>Profit before contribution to WPPF</b>		<b>35,590,120</b>	<b>37,126,713</b>
Contribution to WPPF		(1,775,897)	(1,856,336)
Profit before tax		<b>33,814,223</b>	<b>35,270,377</b>
Current tax	28	(15,989,072)	(17,754,032)
Deferred tax	29	(316,652)	362,327
<b>Income tax expense</b>		<b>(16,305,724)</b>	<b>(17,391,705)</b>
<b>Profit for the year</b>		<b>17,508,499</b>	<b>17,878,672</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</b>			
Remeasurement gain/(loss) on defined benefit plans	30	136,103	(47,215)
Deferred tax impact on defined benefit plans	30	(64,649)	22,427
<b>Other comprehensive loss for the year, net of tax</b>		<b>71,454</b>	<b>(24,788)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>17,579,953</b>	<b>17,853,884</b>
In BDT			
<b>Earnings per share</b>	31	<b>32.42</b>	<b>33.11</b>

The notes on pages 279 to 317 are an integral part of these financial statements.

**A. Qasem & Co.**  
Chartered Accountants  
FRC Registration Number: CAF-001-129

  
**Akhtar Sanjida Kasem FCA**  
Engagement Partner  
ICAB Enrolment Number: 0643

DVC: 2502190643AS547815

Place: Dhaka  
Date: 05 February 2025

  
**Wael Sabra**  
Chairman

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

  
**Nirala Nandini Singh**  
Finance Director

  
**Monisha Abraham**  
Managing Director

  
**Masud Khan**  
Director

  
**Syed Afzal Hossain**  
Company Secretary

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December

In thousands of BDT

PARTICULAR	Attributable to owners of the Company			
	SHARE CAPITAL	CAPITAL RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>Balance at 1 January 2023</b>	5,400,000	64,896	35,718,708	41,183,604
Profit for the year	-	-	17,878,672	17,878,672
Other comprehensive income for the year	-	-	(24,788)	(24,788)
<b>Total comprehensive income for the year</b>	-	-	<b>17,853,884</b>	<b>17,853,884</b>
<b>Transactions with owners of the Company</b>				
Contributions and distributions				
Final cash dividend 2022	-	-	(5,400,000)	(5,400,000)
<b>Total transactions with owners of the Company</b>	-	-	<b>(5,400,000)</b>	<b>(5,400,000)</b>
<b>Balance at 31 December 2023</b>	<b>5,400,000</b>	<b>64,896</b>	<b>48,172,592</b>	<b>53,637,488</b>
<b>Balance at 1 January 2024</b>	<b>5,400,000</b>	<b>64,896</b>	<b>48,172,592</b>	<b>53,637,488</b>
Profit for the year	-	-	17,508,499	17,508,499
Other comprehensive income for the year	-	-	71,454	71,454
<b>Total comprehensive income for the year</b>	-	-	<b>17,579,953</b>	<b>17,579,953</b>
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Final cash dividend 2023	-	-	(5,400,000)	(5,400,000)
Interim cash dividend 2024	-	-	(8,100,000)	(8,100,000)
<b>Total transactions with owners of the Company</b>	-	-	<b>(13,500,000)</b>	<b>(13,500,000)</b>
<b>Balance at 31 December 2024</b>	<b>5,400,000</b>	<b>64,896</b>	<b>52,252,545</b>	<b>57,717,441</b>

The notes on pages 279 to 317 are an integral part of these financial statements.

British American Tobacco Bangladesh Company Limited

**STATEMENT OF CASH FLOWS**

For the year ended 31 December

	In thousands of BDT	
	2024	2023
<b>Operating activities</b>		
Collection from distributors, leaf export and others	433,745,761	392,046,940
Payment for costs and expenses	(72,637,822)	(60,485,199)
Supplementary duty and VAT paid	(325,278,870)	(306,428,686)
<b>Cash generated from operating activities</b>	<b>35,829,069</b>	<b>25,133,055</b>
<b>Income tax paid</b>	<b>(18,021,675)</b>	<b>(14,887,397)</b>
Interest received/(paid)	(490,999)	(37,940)
<b>Net cash flows from operating activities</b>	<b>17,316,395</b>	<b>10,207,718</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,749,350)	(6,102,856)
Proceeds from sale of property, plant and equipment	53,888	79
<b>Net cash flows used in investing activities</b>	<b>(4,695,462)</b>	<b>(6,102,777)</b>
<b>Financing activities</b>		
Net proceeds from short term loan	1,530,465	-
Borrowings under supplier financing arrangement	-	3,737,605
Lease movement	1,191,453	1,384,158
Dividend paid	(15,868,030)	(4,782,125)
<b>Net cash flows used in financing activities</b>	<b>(13,146,112)</b>	<b>339,638</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>(525,179)</b>	<b>4,444,579</b>
<b>Cash and cash equivalents at 1 January</b>	<b>9,440,371</b>	<b>4,912,340</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>49,943</b>	<b>83,452</b>
<b>Cash and cash equivalents at 31 December</b>	<b>8,965,135</b>	<b>9,440,371</b>

The notes on pages 279 to 317 are an integral part of these financial statements.

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# NOTES TO THE FINANCIAL STATEMENTS

## 1 Corporate information

### 1.1 Company profile

British American Tobacco Bangladesh Company Limited (the "Company" or "BATB") is a public limited Company incorporated in Bangladesh and its shares are quoted on the Dhaka and Chittagong Stock Exchanges. The address of the Company's registered office is New D.O.H.S. Road, Mohakhali, Dhaka-1206, Bangladesh.

The immediate parent Company of BATB is Raleigh Investment Co. Ltd. and the ultimate parent Company of BATB is B.A.T plc, UK.

### 1.2 Nature of business

The Company manufactures tobacco products and market brands including Benson & Hedges, John Player Gold Leaf, Capstan, Star, Royals, Lucky Strike, Derby, Pilot and Hollywood. The Company has its head office in Dhaka and the cigarette factories in Dhaka and Savar, a green leaf threshing plant in Kushtia, a green leaf redrying plant in Manikganj and a number of leaf and sales offices throughout the country.

## 2 Basis of preparation

### 2.1 Statement of compliance

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

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

### 2.2 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 05 February 2025 for publication.

### 2.3 Reporting period

The financial period of the Company covers one year from 1 January to 31 December and is followed consistently.

## 3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is both functional and presentational currency of the Company. The amounts in these financial statements have been rounded off to the nearest thousand BDT (000) unless otherwise indicated. Because of such rounding off, in some instances the total may not match the sum of individual balances.

## 4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**Judgements:** In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

**Estimates and Assumptions:** Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key estimates and assumptions used in preparation of these financial statements are :

1. Applicable tax rate for Income Year 2024 will be declared by Finance Act 2025. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (45%) and surcharge (2.5%) will be applicable for Income Year 2024 as well.

2. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary to measure defined benefit obligations as at 31 December 2024.
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 7	Property, plant and equipment
Note 8	Lease
Note 9	Inventories
Note 10	Trade and other receivables
Note 17	Net defined benefit plans
Note 18	Deferred tax
Note 21	Current tax liabilities
Note 22	Provisions
Note 43	Commitments
Note 44	Contingencies

## 5 Basis of measurement

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

## 6 Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2024. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies.

Set out below is an index of the significant accounting policies, the details of which are available on the current and following pages:

- A. Current versus non-current classification
- B. Property, plant and equipment
- C. Financial instruments
- D. Share capital
- E. Impairment
- F. Lease
- G. Inventories
- H. Employee benefits
- I. Provisions
- J. Contingencies
- K. Revenue from contracts with customers
- L. Income tax expense
- M. Foreign currency transactions
- N. Finance income and expenses
- O. Earnings per share (EPS)
- P. Statement of cash flows
- Q. Dividends and capital management
- R. Materiality and aggregation
- S. Events after the reporting period

**A. Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period;
- All other liabilities are classified as non-current;
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**B. Property, plant and equipment***(i) Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Buildings constructed by the Company on leasehold land are capitalised and included under the category of leasehold property.

*(ii) Subsequent costs*

Subsequent to initial recognition, cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other repair and maintenance expenses are charged in the statement of profit or loss and other comprehensive income as they are incurred.

*(iii) Depreciation*

All items of property, plant and equipment have been depreciated on straight line basis. Depreciation on additions are charged from the month of acquisition. On disposal of an asset, depreciation is charged up to the month prior to the disposal. No depreciation is charged for land and assets under construction. The Company is following this policy consistently from past years.

The estimated useful lives and the rates of residual value of property, plant and equipment for the current and comparative years are as follows:

Categories	Useful life in years		Residual value	
	2024	2023	2024	2023
Freehold building - Manufacturing	50	50	1%	1%
Freehold building - Non Manufacturing	40	40	1%	1%
Leasehold building	Maximum 40 years, depreciation rates based on a case by case basis	Maximum 40 years, depreciation rates based on a case by case basis	0%	0%
Plant and machinery	5 / 10 / 20	5 / 10 / 20	0% / 1%	0% / 1%
Laboratory equipment	10	10	0%	0%
Office equipment	5 / 10	5 / 10	0%	0%
Furniture and fixtures	3 / 5 / 10	3 / 5 / 10	0%	0%
Vehicles	5	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 2024.

**(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**

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 USD 5,000 (or BDT equivalent) or short term leases (less than 12 months) have been excluded from the recognition requirements and expensed in operating profit as rental costs. Lease reassessment and lease modification to increase/decrease the value of an asset depending on a change in scope of lease agreement can be made if necessary.



The asset is written off on a straight-line basis over the tenure of the lease agreements. Hence, the useful life of any lease assets depends on the number of periods the assets can be used. The useful life of such assets are dependent on individual agreement and can vary from one agreement to another.

## C. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise deposits, trade and other receivables, cash and cash equivalents, trade and other payables, intercompany payables, share capital and interest-bearing borrowings.

### (i) Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company's financial assets comprise trade and other receivables, financial investment assets, 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 as per the credit policy.

#### b) Investment asset

Investment in Government securities (Treasury bills):

Investment in Government securities shall be classified as financial asset measured at amortised cost, fair value through other comprehensive income and fair value through profit and loss on the basis of both:

- a) the entity's business model for managing the financial assets; and
- b) the contractual cash flow characteristics of the financial assets.

Amortised cost: A financial asset shall be measured at amortised cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income: A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit and loss: A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

#### c) Deposits

Deposits are measured at payment value which are expected to be recovered after completion of a certain period or purpose.

#### *d) Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, cash at banks and fixed deposits receipt which are held and available for use by the Company without any restriction, except for the dividend account. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### *e) Advances and prepayments*

After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or inventory etc. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges for the period.

#### *(ii) Financial liabilities*

The Company initially recognises financial liabilities in its statement of financial position when the Company becomes a party to the contractual provisions of the liability. The Company recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company's financial liabilities comprise trade and other payables.

#### *a) Trade and other payables*

Trade and other payables are recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits. Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

#### *(iii) Offsetting a financial asset and a financial liability*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### **D. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

### **E. Impairment**

#### *i) Recognition*

Financial assets not carried at fair value through profit or loss and receivables are assessed at each reporting date to determine whether there is objective evidence that any particular asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The carrying value of the non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

### *ii) Calculation of recoverable amount*

The recoverable amount of asset is the greater of its net selling price or its value in use. The latter is determined by discounting the estimated future cash flows to a present value using a discount rate which reflects the current market assessment of the time value of money and risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

### *iii) Reversal of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **F. Lease**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

### *Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### *i) Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received.

### *ii) Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in interest-bearing loans and borrowings.

### *iii) Short-term leases and leases of low-value assets*

The Company is not applying the recognition and measurement requirements of IFRS 16 to short-term leases (leases of less than 12 months maximum duration). It is also not applying the recognition and measurement requirements of IFRS 16 to leases for which the underlying asset is of low value (i.e. less than USD 5,000 or BDT equivalent 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 green leaf and processed leaf. Hence, leaf inventory cost and leaf consumption cost include price paid to farmer for the green leaf purchased and all the overhead and input services incurred in converting the green leaf into processed leaf. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Material in transit represents the cost incurred up to the date of the statement of financial position for the items that were not received till to the date of reporting. Inventory losses and abnormal losses are recognised as expenses.

## **H. Employee benefits**

### *(i) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### *(ii) Defined benefits plans*

#### *a) Management Gratuity Scheme*

The Company operates an funded gratuity scheme for the local management employees irrespective of date of joining the Company. Members of this scheme become eligible to receive gratuity on completion of five years of continuous services with the Company. The fund is managed by a Board of Trustees.

#### *b) Management Pension Fund*

The Company operates a funded pension scheme for the management employees who joined the Company from 1<sup>st</sup> January 1987 to 31<sup>st</sup> August 2007. Members of this fund become eligible to receive pension on completion of five years of continuous service with the Company. The fund is managed by a Board of Trustees.

Present value of defined benefit obligations and the fair value of the plan assets were determined by professional actuary for both the funds. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service costs and mutually compatible actuarial assumptions about demographic and financial variables were used. The difference between fair value of the plan assets and present value of obligation is recognised as a liability or an asset in the statement of financial position. In respect of any actuarial gains or losses arising from actuarial valuation, it is fully recognised in the other comprehensive income.

### *(iii) Defined contributions plan*

#### *a) Employee Gratuity Scheme*

The Company operates funded gratuity scheme for the non-management employees whereby the Company contributes 16% of basic salary as contribution to the fund for the non management employees from the date of joining. The Fund is managed by a Board of Trustees. Members of this fund become eligible to receive gratuity on completion of five years of continuous services with the Company.

#### *b) Provident Fund*

The Company operates provident funds for all the Management and Non-Management employees irrespective of date of joining the Company. Members, on confirmation, in regular employment of the Company, are required by the Company to join the provident fund to which members contribute 10% of their basic salaries and the Company makes a matching contribution. The Fund is managed by a Board of Trustees. Members become eligible to receive the Company's contribution on completion of five years of continuous services with the Company.



The Company recognises the contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for those contributions. The legal and constructive obligation is limited to this amount and it agrees to the fund contribution.

*(iv) Others*

*a) Worker's Profit Participation Fund*

The Company operates fund for workers as "Workers' Profit Participation Fund" and 5% of the profit before charging such expense has been transferred to this fund as per section 234 of Bangladesh Labour Act 2006 (amended in 2013).

The Company recognises a contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for the contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

**I. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provisions are reversed.

**J. Contingencies**

*Contingent liability*

Contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Company discloses contingent liability in the financial statements. A provision is recognised in the period in which the recognition criteria of provision is met.

*Contingent asset*

Contingent asset is a possible asset that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

**K. Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT), Supplementary Duty (SD) and Health Surcharge for domestic sale of cigarettes. Gross turnover comprises domestic sales of cigarettes, export of leaf and finished goods and includes SD, VAT and Health Surcharge for domestic sales paid to the Government of Bangladesh.

The Company's typical performance obligations include the following:

Performance obligation	When performance obligation is typically satisfied	When payment is typically due	How stand alone selling price is typically estimated
<b>Domestic sales:</b>			
Distributor	Point in time at factory/ warehouse gate	At the beginning of the contract	As per regulator approved prices
Duty free	Point in time at factory gate	Within 30 days of delivery	As per regulator approved
<b>Export sales:</b>			
Related parties and external parties	Point in time; Free on board as issued by ICC	a) At the beginning of the contract; and b) for certain transactions at the date of bill of lading	As per agreed price As per agreed price

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of domestic sales to distributors, the Company considers the effects of variable consideration payable to the customer.

The Company has variable considerations included in the contracts with customers which are netted off against the revenue to determine the transaction price. The variable considerations are pre-determined. The effect of variable considerations on revenue is only from contracts with domestic customers.

The Company estimates variable consideration using either the 'expected value' method or the 'most likely amount' method, based on whichever better predicts the amount of consideration to which the entity is entitled. The entity applies the selected method consistently throughout the contract and for similar types of contracts.

## L. Income tax expense

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. Income tax expense comprises current and deferred tax. It is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any. Current tax assets/liabilities are offset if certain criteria are met. It is measured using tax rates enacted or substantively enacted at the reporting period. The applicable tax rate for the Company is currently 45% corporate tax and 2.5% surcharge on income.

### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**M. Foreign currency transactions**

Transactions in foreign currencies are translated to Bangladesh Taka at the exchange rate prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of statement of financial position. Foreign currency differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transactions.

**N. Finance income and expenses**

Finance income comprises interest on financial deposits with banks. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income. Finance costs comprise interest expense on overdraft, borrowings from bank and lease interest.

**O. Earnings per share (EPS)**

The Company presents its basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares at the reporting date.

**P. Statement of cash flows**

Cash flows from operating activities have been presented under direct method as per IAS 7: Statement of Cash Flows.

**Q. Dividends and capital management**

Final dividend distribution to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid. The Company may issue bonus share as a part of stock dividend in any financial year, subject to approval from the board and Company's shareholders at the Annual General Meeting.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

**R. Materiality and aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

**S. Events after the reporting period**

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

The Company has adequate resources to continue in operation for the foreseeable future. For this reason management continues to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient funds and attributable credit facilities to meet the present requirements of its existing business.

## 7 Property, plant and equipment

See accounting policy in Notes 6A and 6B

In thousands of BDT	Freehold building	Freehold land	Furniture and fixtures	IT equipment	Laboratory equipment	Leasehold building	Office equipment	Plant and machinery	Vehicles	Assets under construction (AUC)	Total
<b>Cost</b>											
<b>Balance as at 1 January 2023</b>	<b>5,577,484</b>	<b>1,526,496</b>	<b>560,215</b>	<b>539,588</b>	<b>487,518</b>	<b>1,174,327</b>	<b>1,320,156</b>	<b>32,359,995</b>	<b>1,498,233</b>	<b>6,421,193</b>	<b>51,465,205</b>
Additions	286,815	81,160	113,946	113,844	25,296	5,229	169,242	555,485	133,029	3,091,119	4,575,165
Disposals/transfers	-	-	(1,112)	(549)	-	(8,715)	(6,348)	-	-	(1,221,449)	(1,238,173)
<b>Balance as at 31 December 2023</b>	<b>5,864,299</b>	<b>1,607,656</b>	<b>673,049</b>	<b>652,883</b>	<b>512,814</b>	<b>1,170,841</b>	<b>1,483,050</b>	<b>32,915,480</b>	<b>1,631,262</b>	<b>8,290,863</b>	<b>54,802,197</b>
<b>Balance as at 1 January 2024</b>	<b>5,864,299</b>	<b>1,607,656</b>	<b>673,049</b>	<b>652,883</b>	<b>512,814</b>	<b>1,170,841</b>	<b>1,483,050</b>	<b>32,915,480</b>	<b>1,631,262</b>	<b>8,290,863</b>	<b>54,802,197</b>
Additions	1,344,162	233,746	361,906	147,936	34,616	2,339	176,908	5,319,074	143,044	2,746,320	10,510,051
Disposals/transfers	-	-	(3,116)	(76,976)	-	-	(10,803)	(115)	(149,075)	(741,773)	(765,785)
<b>Balance as at 31 December 2024</b>	<b>7,208,461</b>	<b>1,841,402</b>	<b>1,031,839</b>	<b>723,843</b>	<b>547,430</b>	<b>1,173,180</b>	<b>1,649,155</b>	<b>38,234,439</b>	<b>1,625,231</b>	<b>3,619,410</b>	<b>57,654,390</b>
<b>Accumulated depreciation</b>											
<b>Balance as at 1 January 2023</b>	<b>526,341</b>	-	<b>351,885</b>	<b>359,362</b>	<b>262,599</b>	<b>334,646</b>	<b>946,970</b>	<b>12,011,958</b>	<b>883,442</b>	-	<b>15,677,203</b>
Depreciation for the year	125,150	-	60,664	103,857	38,031	58,867	152,469	1,525,357	212,465	-	2,276,860
Disposals/transfers	-	-	(1,112)	(549)	-	(4,996)	(5,298)	-	-	-	(11,955)
<b>Balance as at 31 December 2023</b>	<b>651,491</b>	-	<b>411,437</b>	<b>462,670</b>	<b>300,630</b>	<b>388,517</b>	<b>1,094,141</b>	<b>13,537,315</b>	<b>1,095,907</b>	-	<b>17,942,108</b>
<b>Balance as at 1 January 2024</b>	<b>651,491</b>	-	<b>411,437</b>	<b>462,670</b>	<b>300,630</b>	<b>388,517</b>	<b>1,094,141</b>	<b>13,537,315</b>	<b>1,095,907</b>	-	<b>17,942,108</b>
Depreciation for the year	146,242	-	90,863	111,968	39,106	57,636	160,787	1,894,643	176,431	-	2,677,676
Disposals/transfers	-	-	(3,116)	(76,976)	-	-	(10,791)	(110)	(147,805)	-	(238,798)
<b>Balance as at 31 December 2024</b>	<b>797,733</b>	-	<b>499,184</b>	<b>497,662</b>	<b>339,736</b>	<b>446,153</b>	<b>1,244,137</b>	<b>15,431,848</b>	<b>1,124,533</b>	-	<b>20,380,986</b>
<b>Net book value</b>											
<b>As at 31 December 2023</b>	<b>5,212,808</b>	<b>1,607,656</b>	<b>261,612</b>	<b>190,213</b>	<b>212,184</b>	<b>782,324</b>	<b>388,909</b>	<b>19,378,165</b>	<b>535,355</b>	<b>8,290,863</b>	<b>36,860,089</b>
<b>As at 31 December 2024</b>	<b>6,410,728</b>	<b>1,841,402</b>	<b>532,655</b>	<b>226,181</b>	<b>207,694</b>	<b>727,027</b>	<b>405,018</b>	<b>22,802,591</b>	<b>500,698</b>	<b>3,619,410</b>	<b>37,273,404</b>



**7.1 Allocation of depreciation (excluding ROU assets)**

	In thousands of BDT	
	For the year ended 31 December	
	2024	2023
Manufacturing overhead	1,994,594	1,591,281
Operating expenses	285,208	301,940
Charge to leaf	397,874	383,639
	<b>2,677,676</b>	<b>2,276,860</b>

**7.2 Assets under construction**

Property, plant and equipment as at 31 December 2024 included expenditure on Plant and Machinery, Office equipment, Freehold building and Leasehold Building in the course of construction.

**7.3 Disposals of property, plant and equipment**

See note no. 27.1 for details

**8 Schedule of leases**

See accounting policy in Notes 6F

The Company has leases for warehouse, forklift, office, equipments and rented apartment which have been capitalised and accounted for in accordance with IFRS 16: Leases. Information related to right-of-use asset and lease liability are depicted below:

**8.1 ROU assets**

In thousands of BDT	Rented apartment	Forklift	Office	Warehouse	Equipments	Total
<b>Cost</b>						
Balance as at 1 January 2023	77,860	356,996	193,170	3,587,901	-	4,215,927
Additions/modifications	37,406	23,032	23,391	968,194	75,936	1,127,959
Disposals	(68,534)	-	(3,918)	(82,753)	-	(155,204)
<b>Balance as at 31 December 2023</b>	<b>46,732</b>	<b>380,028</b>	<b>212,643</b>	<b>4,473,342</b>	<b>75,936</b>	<b>5,188,681</b>
Balance as at 1 January 2024	46,732	380,028	212,643	4,473,342	75,936	5,188,681
Additions/modifications	60,331	18,691	173,873	814,855	-	1,067,750
Disposals	(4,822)	(56,630)	(8,688)	(474,606)	-	(544,746)
<b>Balance as at 31 December 2024</b>	<b>102,241</b>	<b>342,089</b>	<b>377,828</b>	<b>4,813,591</b>	<b>75,936</b>	<b>5,711,685</b>
<b>Accumulated depreciation</b>						
Balance as at 1 January 2023	57,017	82,705	71,555	1,213,883	-	1,425,160
Depreciation for the year	24,431	59,944	25,998	550,409	6,101	666,883
Disposals/modifications	(68,534)	-	(3,918)	(82,753)	-	(155,205)
<b>Balance as at 31 December 2023</b>	<b>12,914</b>	<b>142,649</b>	<b>93,635</b>	<b>1,681,539</b>	<b>6,101</b>	<b>1,936,838</b>

In thousands of BDT	Rented apartment	Forklift	Office	Warehouse	Equipments	Total
Balance as at 1 January 2024	12,914	142,649	93,635	1,681,539	6,101	1,936,838
Depreciation for the year	48,352	53,180	42,548	610,294	13,453	767,827
Disposals/ modifications	(4,822)	(56,630)	(8,688)	(474,606)	-	(544,746)
<b>Balance as at 31 December 2024</b>	<b>56,444</b>	<b>139,199</b>	<b>127,495</b>	<b>1,817,227</b>	<b>19,554</b>	<b>2,159,919</b>
<b>Net book value</b>						
As at 31 December 2023	33,818	237,379	119,008	2,791,803	69,835	3,251,843
<b>As at 31 December 2024</b>	<b>45,797</b>	<b>202,890</b>	<b>250,333</b>	<b>2,996,364</b>	<b>56,382</b>	<b>3,551,766</b>

## 8.2 Allocation of depreciation (ROU assets)

	In thousands of BDT	
	For the year ended 31 December	
	2024	2023
Manufacturing overhead	174,730	150,863
Operating expenses	178,643	128,557
Charge to leaf	414,454	387,463
	<b>767,827</b>	<b>666,883</b>

## 8.3 Lease liabilities

	In thousands of BDT	
	31 December	
	2024	2023
<b>Non-current</b>		
Lease liabilities	4,949,669	4,645,187
Interest liabilities	(1,424,539)	(1,294,176)
	<b>3,525,130</b>	<b>3,351,011</b>
<b>Current</b>		
Lease liabilities	1,072,175	809,808
Interest liabilities	(401,121)	(358,747)
	<b>671,054</b>	<b>451,061</b>
<b>Total lease liabilities</b>	<b>4,196,184</b>	<b>3,802,072</b>

## 8.4 Lease liabilities payable

Within the next 12 months	1,072,175	809,808
Between one and two years	975,193	767,178
Between two and three years	847,936	735,163
Between three and four years	760,648	676,016
Between four and five years	624,255	607,849
Beyond five years	2,299,637	1,858,980
	<b>6,579,844</b>	<b>5,454,994</b>

		In thousands of BDT	
		31 December	
		2024	2023
	<b>Interest liabilities payable</b>		
	Within the next 12 months	(959,121)	(358,747)
	Between one and two years	(339,625)	(314,385)
	Between two and three years	(277,351)	(268,735)
	Between three and four years	(222,962)	(221,891)
	Between four and five years	(172,232)	(177,832)
	Beyond five years	(412,369)	(311,332)
		<b>(2,383,660)</b>	<b>(1,652,922)</b>
<b>9</b>	<b>Inventories</b>		
	See accounting policy in Note 6G		
	Inventories in hand	9.1 29,387,680	30,811,558
	Inventories in transit	9.2 1,498,186	999,411
		<b>30,885,866</b>	<b>31,810,969</b>
<b>9.1</b>	<b>Inventories in hand</b>		
	Leaf	17,263,656	12,130,853
	Wrapping materials	3,852,747	3,127,406
	Work in process	530,639	169,319
	Finished goods	6,146,259	13,939,372
	<i>Cost of finished goods</i>	3,229,999	3,831,189
	<i>VAT, Supplementary Duty and HDS* on finished goods</i>	2,916,260	10,108,183
	Consumable stores	<b>1,594,379</b>	<b>1,444,608</b>
		<b>29,387,680</b>	<b>30,811,558</b>
	*Health development surcharge		
<b>9.2</b>	<b>Inventories in transit</b>		
	Leaf	116,622	46,666
	Wrapping materials	1,250,671	800,472
	Consumable stores	130,893	152,273
		<b>1,498,186</b>	<b>999,411</b>
<b>10</b>	<b>Trade and other receivables</b>		
	See accounting policy in Note 6(C) (i) (a)		
	Trade receivables	12,794,416	11,384,901
	Expected credit loss	(12,794)	(11,440)
	<b>Net trade receivables</b>	<b>12,781,622</b>	<b>11,373,461</b>
	Intercompany receivables	520,855	249,896
	Sundry receivables	83,294	281,220
		<b>13,385,771</b>	<b>11,904,577</b>
<b>11</b>	<b>Advances, deposits and prepayments</b>		
	See accounting policy in Note 6(C) (i) (e)		
	<b>Advances</b>		
	Advance to suppliers	5,002,043	4,798,948
	Supplementary duty and VAT	2,283,055	2,681,902
	Advance to employees	24,582	33,221
		<b>7,309,680</b>	<b>7,514,071</b>

		In thousands of BDT	
		31 December	
		2024	2023
	<b>Security deposit</b>	-	-
		-	-
	<b>Prepayments</b>		
	Insurance	204,130	145,973
		204,130	145,973
		<b>7,513,810</b>	<b>7,660,044</b>
<b>12</b>	<b>Investment asset</b>		
	See accounting policy in Note 6(C) (i) (b)		
	91-Day Treasury Bill	-	2,937,131
		-	<b>2,937,131</b>
<b>13</b>	<b>Cash and cash equivalents</b>		
	See accounting policy in Note 6(C) (i) (d)		
	Cash in hand	6	6
		<b>6</b>	<b>6</b>
	Cash at bank		
	Dividend account	13.1 452,901	70,359
	Foreign currency accounts	2,105,917	536,077
	Current accounts	2,894,329	2,195,062
	Fixed deposit receipt (FDR) - Local	-	300,000
	Short term deposit (STD)	3,511,982	6,338,867
		8,965,129	9,440,365
		<b>8,965,135</b>	<b>9,440,371</b>

All the above balances are held with scheduled and nationalised banks. Interest bearing accounts under cash at bank earns interest at floating rates based on daily bank deposit rates.

#### 13.1 Restricted cash balance

Dividend account is used only to pay dividends to the shareholders. The balance of this account moves with dividend transactions only.

#### 13.2 Banking facility arrangements

Short term running funded facilities available with the banks amount to BDT 17,016 million. Facilities are renewable on annual basis.

		For the year ended 31 December	
		2024	2023
<b>13.3</b>	<b>Reconciliation of net operating cash flow</b>		
	<b>In thousands of BDT</b>		
	<b>Profit after tax</b>	17,508,499	17,878,672
	<b>Adjustment for:</b>		
	Depreciation and impairment	3,445,503	2,943,743
	(Gain)/loss of sale of assets	(52,602)	4,689
	Other adjustments	17,019,531	17,707,698
		<b>37,920,932</b>	<b>38,534,802</b>



	In thousands of BDT	
	For the year ended 31 December	
	2024	2023
<b>Changes in:</b>		
(Increase)/decrease in inventories	925,103	(3,041,370)
(Increase)/decrease in trade receivables and others	1,455,936	(14,159,513)
(Increase)/decrease in advances, deposits and prepayments	(198,437)	3,272,946
Increase/(decrease) in trade payables and others	(4,623,131)	814,405
Increase/(decrease) in net defined benefit plans	(150,302)	55,127
Increase/(decrease) in provisions	510,000	(343,345)
Income tax and interest payments	(18,512,674)	(14,925,337)
<b>Net cash generated from operating activities</b>	<b>17,327,427</b>	<b>10,207,715</b>

	In thousands of BDT	
	31 December	
	2024	2023
<b>Share capital</b>		
See accounting policy in Note 6D.		
<b>Authorised:</b>		
60,000,000 ordinary shares of BDT 10 each	600,000,000	600,000,000
480,000,000 ordinary shares of BDT 10 each	4,800,000,000	4,800,000,000
	<b>5,400,000,000</b>	<b>5,400,000,000</b>
<b>Issued, subscribed and fully paid up:</b>		
Issued for cash:		
3 ordinary shares of BDT 10 each	30	30
Issued for consideration other than cash:		
59,999,997 ordinary shares of BDT 10 each	599,999,970	599,999,970
120,000,000 bonus shares of BDT 10 each	1,200,000,000	1,200,000,000
360,000,000 bonus shares of BDT 10 each	3,600,000,000	3,600,000,000
	<b>5,400,000,000</b>	<b>5,400,000,000</b>

14

**14.1 Shareholding position**

See accounting policy in Note 6D.

Name of shareholder	31 December 2024			31 December 2023		
	No. of shares	Value (BDT)	Percentage	No. of shares	Value (BDT)	Percentage
Raleigh Investment Co. Ltd., UK	393,708,222	3,937,082,220	72.91%	393,708,222	3,937,082,220	72.91%
Investment Corporation of Bangladesh	27,808,018	278,080,180	5.15%	30,552,217	305,522,170	5.66%
Sadharan Bima Corporation	15,285,423	152,854,230	2.83%	15,285,423	152,854,230	2.83%
Bangladesh Development Bank Limited	1,806,302	18,063,020	0.34%	1,807,863	18,078,630	0.33%
President of the People's Republic of Bangladesh	3,481,416	34,814,160	0.64%	3,481,416	34,814,160	0.64%
Others	97,910,619	979,106,190	18.13%	95,164,859	951,648,590	17.63%
	<b>540,000,000</b>	<b>5,400,000,000</b>	<b>100%</b>	<b>540,000,000</b>	<b>5,400,000,000</b>	<b>100%</b>

## 14.2 Share distribution schedule

A distribution schedule of the shares at the reporting date is given below following the requirement of listing regulations:

Name of shareholder	31 December 2024			31 December 2023		
	Number of shareholders	Total number of shares	Percentage of holding	Number of shareholders	Total number of shares	Percentage of holding
Less than 501 shares	57,652	6,244,041	1.16%	73,988	6,983,195	1.29%
501 to 5,000 shares	11,687	17,748,747	3.29%	10,671	15,895,851	2.94%
5,001 to 10,000 shares	899	6,420,805	1.19%	745	5,338,328	0.99%
10,001 to 20,000 shares	394	5,598,806	1.04%	339	4,781,630	0.89%
20,001 to 30,000 shares	133	3,237,262	0.60%	106	2,591,621	0.48%
30,001 to 40,000 shares	54	1,873,115	0.35%	46	1,575,921	0.29%
40,001 to 50,000 shares	36	1,647,200	0.30%	49	2,218,939	0.41%
50,001 to 100,000 shares	92	6,514,426	1.20%	86	6,031,269	1.12%
100,001 to 1,000,000 shares	96	23,280,088	4.31%	86	22,548,967	4.18%
Over 1,000,000 shares	19	467,435,510	86.56%	14	472,034,279	87.41%
	<b>71,062</b>	<b>540,000,000</b>	<b>100%</b>	<b>86,130</b>	<b>540,000,000</b>	<b>100%</b>

## 15 Capital reserve

Capital reserve represents non-remittable reserve of BDT 64.9 million which is 90% of the cumulative post tax profit on disposal of property, plant and equipment as historically defined and directed by Bangladesh Bank. The requirement to create such special reserve on profit from sale of property, plant and equipment has been withdrawn since 1993.

## 16 Retained earnings

	In thousands of BDT	
	For the year ended 31 December	
	2024	2023
Balance as at 1 January	48,172,592	35,718,708
Total comprehensive income for the year:		
Profit after tax	17,508,499	17,878,672
Other comprehensive income	71,454	(24,788)
	<b>65,752,545</b>	<b>53,572,592</b>
Dividends during the year:		
Final stock dividend for 2020	-	-
Final cash dividend for 2022/2021	(5,400,000)	(5,400,000)
Interim cash dividend 2023/2022	(8,100,000)	-
<b>Balance as at 31 December</b>	<b>52,252,545</b>	<b>48,172,592</b>

## 17 Net defined benefit plans

See accounting policy in Note 6H.

		In thousands of BDT		
	Notes	Gratuity fund	Pension fund	Total
<b>31 December 2024</b>				
Defined benefit obligation	17.1	(1,342,473)	(12,155)	(1,354,628)
Fair value of plan assets	17.2	1,353,548	12,117	1,365,665
<b>Net surplus/(deficit)</b>		<b>11,075</b>	<b>(38)</b>	<b>11,037</b>
<b>31 December 2023</b>				
Defined benefit obligation	17.1	(1,651,338)	(11,576)	(1,662,914)
Fair value of plan assets	17.2	1,500,529	12,083	1,512,612
<b>Net surplus/(deficit)</b>		<b>(150,809)</b>	<b>507</b>	<b>(150,302)</b>

### 17.1 Movement in defined benefit obligation

		In thousands of BDT		
		Gratuity fund	Pension fund	Total
<b>Defined benefit obligation at 1 January 2023</b>				
		1,537,964	14,410	1,552,374
Current service cost		144,592	-	144,592
Interest cost		113,948	1,097	115,045
Past service cost - plan amendments		-	-	-
Benefit paid by the fund		(165,345)	(2,373)	(167,718)
Benefit paid directly by the Company		-	-	-
Actuarial (gain)/loss		20,179	(1,558)	18,621
<b>Defined benefit obligation at 31 December 2023</b>		<b>1,651,338</b>	<b>11,576</b>	<b>1,662,914</b>
<b>Defined benefit obligation at 1 January 2024</b>				
		1,651,338	11,576	1,662,914
Current service cost		151,141	-	151,141
Interest cost		140,650	1,042	141,692
Past service cost - plan amendments		-	-	-
Benefit paid by the fund		(392,977)	-	(392,977)
Benefit paid directly by the Company		-	-	-
Actuarial (gain)/loss		(207,679)	(463)	(208,142)
<b>Defined benefit obligation at 31 December 2024</b>		<b>1,342,473</b>	<b>12,155</b>	<b>1,354,628</b>

### 17.2 Movement in the fair value of plan assets

		In thousands of BDT		
		Gratuity fund	Pension fund	Total
<b>Fair value of plan assets at 1 January 2023</b>				
		1,442,789	14,410	1,457,199
Employer's contribution		131,077	-	131,077
Interest Income on plan assets		119,551	1,097	120,648
Expected return on plan assets		-	-	-
Benefits paid by the plan		(165,345)	(2,373)	(167,718)
Actuarial gain/(loss)		(27,543)	(1,051)	(28,594)
<b>Fair value of plan assets at 31 December 2023</b>		<b>1,500,529</b>	<b>12,083</b>	<b>1,512,612</b>
<b>Fair value of plan assets at 1 January 2024</b>				
		1,500,529	12,083	1,512,612
Employer's contribution		173,816	-	173,816
Interest Income on plan assets		143,212	1,089	144,301
Expected return on plan assets		-	-	-
Benefits paid by the plan		(392,977)	-	(392,977)
Actuarial gain/(loss)		(71,032)	(1,055)	(72,087)
<b>Fair value of plan assets at 31 December 2024</b>		<b>1,353,548</b>	<b>12,117</b>	<b>1,365,665</b>

### 17.3 Defined benefit plan charge to profit or loss and other comprehensive income

	In thousands of BDT		
	Gratuity fund	Pension fund	Total
<b>For the year ended 31 December 2024</b>			
Profit or loss			
Current service costs	151,141	-	151,141
Interest accrued on benefit obligation	(2,562)	(47)	(2,609)
Settlement cost	-	-	-
Expected return on plan assets	-	-	-
<b>Net benefit expense/(income)</b>	<b>(2,562)</b>	<b>(47)</b>	<b>(2,609)</b>
	<b>148,579</b>	<b>(47)</b>	<b>148,532</b>
<b>For the year ended 31 December 2023</b>			
Profit or loss			
Current service costs	144,592	-	144,592
Interest accrued on benefit obligation	(5,603)	-	(5,603)
Settlement cost	-	-	-
Expected return on plan assets	-	-	-
<b>Net benefit expense/(income)</b>	<b>(5,603)</b>	<b>-</b>	<b>(5,603)</b>
	<b>138,989</b>	<b>-</b>	<b>138,989</b>

### 17.4 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	31 December 2024		31 December 2023	
	Gratuity fund	Pension fund	Gratuity fund	Pension fund
Discount rate	10.70%	10.70%	9.20%	9.20%
Salary escalation rate (Basic pay)	12.00%	N/A	12.00%	N/A
<b>Withdrawal rate (In service)*</b>				
Ages 20-35	15%	N/A	15%	N/A
Ages 36-45	10%	N/A	10%	N/A
Ages 46-58	5%	N/A	5%	N/A

\*As there are no published mortality tables in Bangladesh and hence the actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table on the mortality experience of assured lives in India, which the actuary believes to give a reasonable approximation.

## 18 Deferred tax

See accounting policy in Note 6L(ii).

### 18.1 Deferred tax asset

	In thousands of BDT		
	Carrying amount at reporting date	Tax base	Taxable/(deductible) temporary difference
<b>31 December 2024</b>			
Provision for inventories	(257,392)	-	(257,392)
Provision for gratuity	11,037	-	11,037
<b>Net temporary difference</b>	<b>(246,355)</b>	<b>-</b>	<b>(246,355)</b>
<b>Applicable tax rate</b>			47.5%
<b>Deferred tax asset</b>			<b>(117,019)</b>



In thousands of BDT			
	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
<b>31 December 2023</b>			
Provision for inventories	(91,444)	-	(91,444)
Provision for gratuity	(150,303)	-	(150,303)
<b>Net temporary difference</b>	<b>(241,747)</b>	<b>-</b>	<b>(241,747)</b>
<b>Applicable tax rate</b>			<b>47.5%</b>
<b>Deferred tax Asset</b>			<b>(114,830)</b>

## 18.2 Deferred tax liabilities

In thousands of BDT			
	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
<b>31 December 2024</b>			
Property, plant and equipment excluding land.	31,533,974	16,546,543	14,987,431
Net, right of use assets	(644,418)	-	(644,418)
Net temporary difference	30,889,556	16,546,543	14,343,013
<b>Applicable tax rate</b>			<b>47.5%</b>
<b>Deferred tax liabilities</b>			<b>6,812,931</b>

	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
<b>31 December 2023</b>			
Property, plant and equipment excluding land.	26,684,601	12,598,705	14,085,896
Net, right of use assets	(550,230)	-	(550,230)
<b>Net temporary difference</b>	<b>26,134,371</b>	<b>12,598,705</b>	<b>13,535,666</b>
<b>Applicable tax rate</b>			<b>47.5%</b>
<b>Deferred tax liabilities</b>			<b>6,429,442</b>

## 18.3 Deferred tax liabilities, net

In thousands of BDT		
	31 December	
	2024	2023
Deferred tax asset	(117,019)	(114,830)
Deferred tax liabilities / (asset) (ROU Assets)	(306,099)	(261,359)
Deferred tax liabilities (other than ROU assets)	7,119,030	6,690,801
<b>Net deferred tax liabilities</b>	<b>6,695,912</b>	<b>6,314,612</b>

		In thousands of BDT	
		31 December	
		2024	2023
<b>19</b>	<b>Borrowings under supplier financing arrangement</b>		
	Citibank, N.A.	1,181,662	591,374
	Commercial Bank of Ceylon PLC	961,627	198,488
	Standard Chartered Bank	2,463,656	1,926,345
	Eastern Bank Limited	656,127	-
	The Hongkong and Shanghai Banking Corporation Limited	4,998	1,021,398
		<b>5,268,070</b>	<b>3,737,605</b>

The Company has availed supplier financing arrangement through the non-funded facilities portion of the credit limit with the mentioned banks where supplier was paid by the bank as part of the agreement. The arrangement is interest bearing with terms of repayment between 6-12 months from its inception.

## 20 Trade and other payables

See accounting policy in Note 6C (ii) (a)

Trade payables	6,852,087	7,287,006
Intercompany payables	4,088,351	9,465,667
Workers' Profit Participation Fund (WPPF)	825,050	54,290
Wages and other benefits	783,677	751,999
Accrued expenses	882,108	489,824
Sundry payables	416,263	421,881
	<b>13,847,536</b>	<b>18,470,667</b>

Other payables contains amounts under supplier financing arrangement (UPAS)

## 21 Current tax liabilities

See accounting policy in Note 6L(i).

<b>Balance at 1 January</b>	13,257,905	10,391,270
Provision made during the year	15,989,072	17,754,032
	29,246,977	28,145,302
Advance payment of corporate tax	(18,021,675)	(14,887,397)
<b>Balance at 31 December</b>	<b>11,225,302</b>	<b>13,257,905</b>

## 22 Provisions

See accounting policy in Note 6I.

Provision for expenses	2,183,416	1,673,416
	<b>2,183,416</b>	<b>1,673,416</b>

## 23 Revenue from contracts with customers

See accounting policy in Note 6K.

Set out below is the disaggregation of the Company's revenue from contracts with customers:

		In thousands of BDT	
		For the year ended 31 December	
	Note	2024	2023
Quantity in million sticks		67,840	71,029
Gross revenue from domestic sale		422,272,262	399,063,343
Supplementary duty and VAT		(332,869,640)	(312,124,982)
<b>Revenue from domestic sale, net</b>		<b>89,402,622</b>	<b>86,938,361</b>

		In thousands of BDT	
		31 December	
		2024	2023
Quantity in million sticks		1,394	-
Gross revenue from finished goods export		1,631,561	-
<b>Revenue from export of finished goods, net</b>		<b>1,631,561</b>	<b>-</b>
Quantity in million kgs		16.08	12.91
Gross revenue from tobacco leaf export		8,414,685	4,729,622
<b>Revenue from leaf export, net</b>		<b>8,414,685</b>	<b>4,729,622</b>
<b>Total revenue from contracts with customers, net</b>		<b>99,448,868</b>	<b>91,667,983</b>
Net revenue from domestic sale			
External customer		89,402,622	86,938,361
Related party sale		-	-
		<b>89,402,622</b>	<b>86,938,361</b>
<b>Net revenue from export of finished goods</b>			
External customer		-	-
Related party sale	42	1,631,561	-
		<b>1,631,561</b>	<b>-</b>
<b>Net revenue from leaf export</b>			
External customer		4,418,312	2,321,369
Related party sale	42	3,996,373	2,408,253
		<b>8,414,685</b>	<b>4,729,622</b>
<b>Total revenue from contracts with customers, net</b>		<b>99,448,868</b>	<b>91,667,983</b>
		For the year ended 31 December	
		2024	2023
<b>24 Cost of sales</b>			
Opening stock of raw materials		16,105,397	11,572,641
Purchase of raw materials		50,028,553	41,689,173
<b>Raw materials available</b>		<b>66,133,950</b>	<b>53,261,814</b>
Closing stock of raw materials		(22,483,695)	(16,105,397)
<b>Raw materials consumption</b>		<b>43,650,255</b>	<b>37,156,417</b>
Opening work in process		169,319	96,516
Closing work in process		(530,639)	(169,319)
		<b>43,288,935</b>	<b>37,083,614</b>
Manufacturing overhead	24.1	10,510,120	9,621,644
<b>Total cost of goods manufactured</b>		<b>53,799,055</b>	<b>46,705,258</b>
Opening stock of finished goods		3,831,189	3,347,756
Closing stock of finished goods		(3,229,999)	(3,831,189)
<b>Total cost of goods sold excluding royalty</b>		<b>54,400,245</b>	<b>46,221,825</b>
Royalty		824,975	943,499
<b>Total cost of sales</b>		<b>55,225,220</b>	<b>47,165,324</b>
<b>24.1 Manufacturing overhead</b>			
Salaries and wages		2,786,998	1,942,273
Utilities		886,761	746,849
Rent and services		738,383	856,205
Repairs and maintenance		562,225	774,522
Depreciation	8.1 & 9.2	2,169,325	1,742,144
Travelling and training		94,072	205,978

		In thousands of BDT	
		For the year ended 31 December	
		2024	2023
	Printing and stationery	29,163	30,765
	Security and safety	275,141	267,176
	Distribution cost	982,136	1,287,944
	Insurance	149,908	122,467
	Research and development	36,902	15,934
	Spares consumption	942,982	1,339,945
	Other expenses	856,124	289,442
		<b>10,510,120</b>	<b>9,621,644</b>
<b>25</b>	<b>Operating expenses</b>		
	Salaries	1,899,506	2,163,010
	Utilities	75,351	70,274
	Rent and services	503,211	396,206
	Repairs and maintenance	290,571	220,327
	Depreciation 8.1 & 9.2	463,850	430,498
	Travelling and training	348,325	254,058
	Printing and stationery	64,497	52,452
	Security and safety	102,372	113,464
	Distribution Cost	283,263	214,413
	Insurance	22,917	22,819
	Trade support expenditure	469,702	573,228
	Social responsibility	15,039	138,066
	Legal, secretarial and professional fee	177,362	126,701
	Audit fee and audit related services*	12,433	10,529
	Information technology	65,107	48,072
	Technical and assistance fee	(2,119)	1,366,260
	Market research & operational expenditure	2,429,952	1,950,166
	Other expenses	733,337	1,318,210
		<b>7,954,676</b>	<b>9,468,753</b>
*Audit fee and audit related services include statutory audit fees of BDT 1,550,000 (2023:1,500,000)			
<b>26</b>	<b>Net finance income/(expenses)</b>		
See accounting policy in Note 6N.			
	<b>Finance income</b>	273,695	183,617
		-	
	<b>Finance costs</b>	-	
	Debt and borrowing	(764,694)	(221,557)
	Lease liabilities	(272,751)	(361,505)
		<b>(763,750)</b>	<b>(399,445)</b>
<b>27</b>	<b>Non-operating income/(expenses)</b>		
	Profit/(loss) on disposal of property, plant and equipment 27.1	52,602	(4,689)
	Other income *	32,396	2,496,941
		<b>84,898</b>	<b>2,492,252</b>
*The amount pertains to waiver of IT and other service costs following agreement with vendor along with income from scrap sales			



## 27.1 Property, plant and equipment disposed off during the year

In thousands of BDT	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit/ (loss)	Purchaser/ written off
<b>For the year ended 31 December 2024</b>						
Freehold building	-	-	-	-	-	Written off
Furniture and fixtures	(3,116)	3,116	-	(33)	(33)	Written off
Laboratory equipment	-	-	-	-	-	Written off
IT Equipment	(76,976)	76,976	-	719	719	Written off
Leasehold building	(544,746)	544,746	-	-	-	Written off
Office equipment	(10,803)	10,791	(12)	13	1	Written off
Plant and machinery	(115)	110	(5)	(2)	(7)	Written off
Vehicles	(149,075)	147,806	(1,269)	53,190	51,922	Employees of the Company
	<b>(784,831)</b>	<b>783,545</b>	<b>(1,286)</b>	<b>53,888</b>	<b>52,602</b>	
<b>For the year ended 31 December 2023</b>						
Freehold building	-	-	-	-	-	Written off
Furniture and fixtures	(1,112)	1,112	-	5	5	Written off
Laboratory equipment	-	-	-	-	-	Written off
IT Equipment	(549)	549	-	3	3	Written off
Leasehold building	(8,715)	4,996	(3,718)	41	(3,677)	Written off
Office equipment	(6,348)	5,298	(1,050)	30	(1,020)	Written off
Plant and machinery	-	-	-	-	-	Written off
Vehicles	-	-	-	-	-	Employees of the Company
	<b>(16,724)</b>	<b>11,955</b>	<b>(4,768)</b>	<b>79</b>	<b>(4,689)</b>	

## 28 Income tax expenses

	In thousands of BDT		
	For the year ended 31 December		
	Note	2024	2023
<b>Current income tax:</b>			
Current income tax charge	21	15,989,072	17,754,032
<b>Deferred tax:</b>			
Deferred tax (income)/expense relating to origination and reversal of temporary differences	29	316,652	(362,327)
<b>Income tax expense reported in the statement of profit or loss</b>		<b>16,305,724</b>	<b>17,391,705</b>

In thousands of BDT				
For the year ended 31 December				
		2024		2023
<b>28.1 Reconciliation of effective tax rate</b>				
Profit before tax		33,814,223		35,270,377
Current tax expense	47.28%	15,989,072	50.34%	17,754,032
Deferred tax expense	0.94%	316,652	-1.03%	(362,327)
<b>Total tax expense</b>		<b>48.22%</b>	<b>16,305,724</b>	<b>49.31%</b>
				<b>17,391,705</b>
Expected income tax using applicable tax rate	47.50%	16,061,756	47.50%	16,753,429
Prior year adjustment	-0.71%	(239,406)	-0.71%	(249,664)
Tax on non deductible expenses	0.49%	166,722	3.54%	1,250,267
<b>Effective current tax</b>		<b>47.29%</b>	<b>15,989,072</b>	<b>50.34%</b>
<b>Effective deferred tax</b>		<b>0.93%</b>	<b>316,652</b>	<b>-1.03%</b>
		<b>48.22%</b>	<b>16,305,724</b>	<b>49.31%</b>
				<b>17,391,705</b>

## 29 Deferred tax (expense)/income

In thousands of BDT			
For the year ended 31 December			
	Note	2024	2023
Deferred tax liabilities at the beginning of the year	18	6,314,611	6,699,365
Deferred tax liabilities at the end of the year	18	6,695,912	6,314,611
		<b>(381,301)</b>	<b>384,754</b>
Deferred tax attributable to actuarial loss recognised directly in equity		64,649	(22,427)
Deferred tax (expense)/income recognised directly in profit		<b>(316,652)</b>	<b>362,327</b>

## 30 Other comprehensive income

In thousands of BDT		
For the year ended 31 December		
	2024	2023
Actuarial gain/(loss) on defined benefit plans - Gratuity fund	136,648	(47,722)
Actuarial gain/(loss) on defined benefit plans - Pension fund	(545)	507
	<b>136,103</b>	<b>(47,215)</b>
Less: deferred tax on actuarial gain/(loss) on defined benefit plans @ 47.5%	(64,649)	22,427
<b>Net actuarial gain/(loss) on defined benefit plans charged to OCI</b>	<b>71,454</b>	<b>(24,788)</b>

## 31 Earnings per share

### 31.1 Basic earnings per share

Earnings Per Share (EPS) is calculated in accordance with the International Accounting Standard (IAS) 33: Earnings Per Share. The composition of EPS is given below:

Total profit attributable to shareholders	17,508,499	17,878,672
Weighted average number of shares outstanding	540,000	540,000
<b>Earning per share in BDT</b>	<b>32.42</b>	<b>33.11</b>

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. The weighted average number of shares is calculated by assuming that the shares have always been in issue. This means that they have been issued at the start of the year presented as the comparative figures.

**31.2 Diluted earnings per share**

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.

**32 Net operating cash flows per share (NOCFPS)**

In thousands of BDT			
	For the year ended 31 December		
	Note	2024	2023
Net cash flow from operating activities		17,316,395	10,207,718
Weighted average number of shares outstanding		540,000	540,000
<b>Net operating cash flows per share in BDT</b>		<b>32.07</b>	<b>18.90</b>
<b>33 Net asset value (NAV) per share</b>			
Net asset value		57,717,441	53,637,488
Weighted average number of shares outstanding		540,000	540,000
<b>NAV per share in BDT</b>		<b>106.88</b>	<b>99.33</b>
<b>34 Dividend paid</b>			
Opening unclaimed dividend		2,820,957	2,203,083
Dividend paid:			
Cash dividend declared for 2023/2022		5,400,000	5,400,000
Interim dividend paid for 2024		8,100,000	-
		<b>16,320,957</b>	<b>7,603,083</b>
Closing unclaimed dividend	34.1	452,928	2,820,957
<b>Dividend paid</b>		<b>15,868,029</b>	<b>4,782,126</b>

**34.1 Ageing analysis of unclaimed dividend**

In thousands of BDT						
	Prior to 2021	2021	2022	2023	2024	Total
Unclaimed dividend at 1 January 2024	10,240	34,689	2,776,028	-	-	2,820,958
Paid during the year	(220)	(789)	(2,751,161)	(5,383,236)	(7,732,623)	(15,868,030)
Dividend declared but not transferred**	-	-	-	2,750,597	-	-
Unclaimed dividend at 31 December 2024**	<b>10,020</b>	<b>33,900</b>	<b>24,867</b>	<b>16,764</b>	<b>367,377</b>	<b>452,928</b>

**35 Remittances of foreign currency**

In thousands of GBP		
	For the year ended 31 December	
	2024	2023
Technical and assistance fee (T&A)	33,400	7,409
Royalty	3,790	-
Dividend	33,391	21,064
	<b>70,581</b>	<b>28,473</b>

T&A Fees in 2024 consists of T&A fee for the year 2020-23. Royalty in 2024 consists of Royalty amount remitted to BAT Holdings Ltd for Benson & Hedges for 2020.

All these fees are remitted after obtaining approval from Bangladesh Investment Development Authority (BIDA). All of the above remittances represent the net amount after deduction of withholding tax as per law.

### 36 Value of imports on Cost, Insurance and Freight (CIF) basis

In thousands of BDT		
For the year ended 31 December		
	2024	2023
Raw and packing materials	9,432,107	12,879,052
Spares and others	2,085,544	2,578,342
Capital goods	429,469	576,397
	<b>11,947,120</b>	<b>16,033,791</b>
<b>37 Total export earnings</b>		
Export of leaf	69,939	41,825
Export of finished goods	11,407	-
	<b>81,346</b>	<b>41,825</b>

### 38 Capacity

The Company works on continuous operation basis and given the current installed machine configurations and planned expansions, there is sufficient capacity to meet forecast future demand in a variety of specification (e.g. Filter) and packaging (e.g. Hinge Lid, Shell and Slide) configurations. The Directors regularly review the production capability of the Company and are satisfied that the current and future capacities are adequate. Plans are in place to meet any anticipated future demand.

For the year ended 31 December		
	2024	2023
Actual production of cigarettes (in million sticks)	<b>67,969</b>	<b>71,198</b>

### 39 Segment reporting

The Company is domiciled in Bangladesh. The gross revenue from domestic sale of cigarettes is BDT 422,272 million (2023: BDT 399,063 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 24,401 million (2023: BDT 60,887 million) of the Company's total revenue.

The Company is primarily engaged in the manufacturing and sale of cigarettes in Bangladesh and this forms the focus of the Company's internal reporting system. While the Company has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the chief operating decision maker. Therefore, it is not possible to segment the Company's results by brand without a high degree of estimation.

Apart from cigarette manufacturing, the Company exports leaf outside Bangladesh, which contributes less than 10% of gross and net turnover. The break up of cigarette and export sales have been provided in Note 23.



## 40 Consumption of imported and local raw materials

	For the year ended 31 December			
	2024		2023	
	Wrapping material	Leaf	Wrapping material	Leaf
<b>Imported:</b>				
Opening	3,738,417	444,151	1,618,799	506,577
Purchases	12,933,353	881,552	13,335,418	464,941
Consumption	(11,780,543)	(670,144)	(11,215,800)	(527,367)
<b>Closing (a)</b>	<b>4,891,227</b>	<b>655,559</b>	<b>3,738,417</b>	<b>444,151</b>
<b>Domestic:</b>				
Opening	188,348	11,734,481	146,938	9,300,327
Purchases	10,648,403	25,553,384	9,869,867	18,018,948
Consumption	(10,625,709)	(13,750,356)	(9,828,457)	(11,891,294)
Export	-	(6,810,729)	-	(3,693,500)
<b>Closing (b)</b>	<b>211,042</b>	<b>16,726,780</b>	<b>188,348</b>	<b>11,734,481</b>
<b>Closing stock (a+b)</b>	<b>5,102,269</b>	<b>17,382,339</b>	<b>3,926,765</b>	<b>12,178,632</b>

## 41 Financial instruments - Fair values and risk management

### A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	Notes	Carrying amount						In thousands of BDT					
		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
31 December 2024													
Financial assets measured at fair value													
Trade and other receivables	10	-	-	-	-	-	13,385,771	-	-	-	-	-	13,385,771
Deposits	11	-	-	-	-	-	-	-	-	-	-	-	-
Cash at bank	13	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	13,385,771	-	-	-	-	-	13,385,771
Financial assets not measured at fair value													
Deposits	11	-	-	-	-	-	-	-	-	-	-	-	-
Investment Asset	12	-	-	-	-	-	-	-	-	-	-	-	-
Cash at bank	13	-	-	-	-	-	8,965,129	-	-	-	-	-	8,965,129
		-	-	-	-	-	8,965,129	-	-	-	-	-	8,965,129
Financial liabilities not measured at fair value													
Borrowings under supplier financing arrangement	19	-	-	-	-	-	-	5,268,070	5,268,070	-	-	-	5,268,070
Trade and other payables	20	-	-	-	-	-	-	13,847,536	13,847,536	-	-	-	13,847,536
		-	-	-	-	-	-	19,115,606	19,115,606	-	-	-	19,115,606
31 December 2023													
Financial assets measured at fair value													
Trade and other receivables	10	-	-	-	-	-	11,904,577	-	-	-	-	-	11,904,577
Deposits	11	-	-	-	-	-	-	-	-	-	-	-	-
Cash at bank	13	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	11,904,577	-	-	-	-	-	11,904,577
Financial assets not measured at fair value													
Deposits	11	-	-	-	-	-	-	-	-	-	-	-	-
Investment Asset	12	-	-	-	2,937,131	-	-	-	2,937,131	-	-	-	2,937,131
Cash at bank	13	-	-	-	-	-	9,440,365	-	-	-	-	-	9,440,365
		-	-	-	2,937,131	-	9,440,365	-	12,377,496	-	-	-	12,377,496
Financial liabilities not measured at fair value													
Borrowings under supplier financing arrangement	19	-	-	-	-	-	-	3,737,605	3,737,605	-	-	-	3,737,605
Trade and other payables	20	-	-	-	-	-	-	18,470,667	18,470,667	-	-	-	18,470,667
		-	-	-	-	-	-	22,208,272	22,208,272	-	-	-	22,208,272

## B. Financial risk management

The Company has exposures to the following risks from its use of financial instruments:

- I) Credit risk
- II) Liquidity risk
- III) Market risk

The Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. This note presents information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

### I) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other parties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. The Company's exposure to credit risk on receivables is mainly influenced by customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The letters of credit are considered as integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

In thousands of BDT						
	Trade receivables					
	Days past due					
	Current	<30 days	30-90 days	91- 180 days	181 days to 365 days	>365 days
<b>31 December 2024</b>						
Expected credit loss rate	0.10%	0.12%	0.14%	0.16%	0.18%	0.20%
Estimated total gross	12,794,416	-	-	-	-	-
Carrying amount at default						
<b>Expected credit loss</b>	<b>12,794</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
In thousands of BDT						
	Trade receivables					
	Days past due					
	Current	<30 days	30-90 days	91- 180 days	181 days to 365 days	>365 days
<b>31 December 2023</b>						
Expected credit loss rate	0.10%	0.12%	0.14%	0.16%	0.18%	0.20%
Estimated total gross	11,127,419	260,861	-	-	-	-
Carrying amount at default						
<b>Expected credit loss</b>	<b>11,127</b>	<b>313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### a) Exposure to credit risk

The carrying amount of the remaining financial assets represents the balancing credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	In thousands of BDT	
		31 December	
		2024	2023
Advances, deposits and prepayments	11	-	-
Cash at bank	13	8,965,129	9,440,365
		<b>8,965,129</b>	<b>9,440,365</b>

#### b) Ageing of trade and other receivables

At 31 December, the ageing of trade and other receivables that were not impaired were as follows:

Past due 30 days or below	566,382	508,208
Past due 31-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	37,768	22,908
	<b>604,150</b>	<b>531,116</b>

#### II) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

In thousands of BDT								
	Note	Carrying amount	Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
31 December 2024								
Trade and other payables	20	13,847,636	13,847,536	9,759,185	-	4,088,351	-	-
Borrowings under supplier financing arrangement	19	5,268,070	5,268,070	-	5,268,070	-	-	-
		19,115,606	19,115,606	9,759,185	5,268,070	4,088,351	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

#### 31 December 2023

Trade and other payables	20	18,470,667	18,470,667	9,005,000	-	9,465,667	-	-
Borrowings under supplier financing arrangement	19	3,737,605	3,737,605	-	3,737,605	-	-	-
		<b>22,208,272</b>	<b>22,208,272</b>	<b>9,005,000</b>	<b>3,737,605</b>	<b>9,465,667</b>	<b>-</b>	<b>-</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.



### III) Market risk

Market risk is the risk that any changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

#### a) Currency risk/foreign exchange rate risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro (EUR) and Great Britain Pound (GBP). Foreign exchange risk arises from future commercial transactions of recognized assets and liabilities. Management complies with the treasury policy to manage foreign exchange risk against their functional currency.

#### i) Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	In thousands of		
	USD	GBP	EUR
<b>31 December 2024 Foreign currency denominated assets</b>			
Cash at bank	17,627	-	-
Trade receivables	-	-	-
Intercompany receivables	2,075	116	-
	<b>19,702</b>	<b>116</b>	<b>-</b>
<b>Foreign currency denominated liabilities</b>			
Trade payables	21,622	308	4,078
Intercompany payables	1,253	1,955	2,315
	<b>22,875</b>	<b>2,263</b>	<b>6,393</b>
<b>Net exposure</b>	<b>(3,173)</b>	<b>(2,147)</b>	<b>(6,393)</b>
<b>31 December 2023 Foreign currency denominated assets</b>			
Cash at bank	4,890	-	-
Trade receivables	-	-	-
Intercompany receivable	786	54	-
	<b>5,676</b>	<b>54</b>	<b>-</b>
<b>Foreign currency denominated liabilities</b>			
Trade payables	40,164	10	1,520
Intercompany payables	1,551	43,198	47
	<b>41,715</b>	<b>43,208</b>	<b>1,567</b>
<b>Net exposure</b>	<b>(36,039)</b>	<b>(43,154)</b>	<b>(1,567)</b>

The following significant exchange rates have been applied against BDT:

	Average rate		Year-end spot rate	
	2024	2023	2024	2023
USD 1	115.59	108.35	120.00	109.75
GBP 1	147.80	134.75	152.94	139.91
EUR 1	125.07	117.16	126.76	121.24

#### ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

##### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Taka, as indicated below, against the USD, EUR and GBP at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecasted sales and purchases.

In thousands of BDT		
	Strengthening profit or (loss)	Weakening profit or (loss)
<b>31 December 2024</b>		
USD (5 percent movement)	19,036	(19,036)
GBP (5 percent movement)	16,415	(16,415)
EUR (5 percent movement)	40,521	(40,521)
	<b>75,972</b>	<b>(75,972)</b>
<b>31 December 2023</b>		
USD (5 percent movement)	197,764	(197,764)
GBP (5 percent movement)	301,884	(301,884)
EUR (5 percent movement)	9,499	(9,499)
	<b>509,147</b>	<b>(509,147)</b>

#### b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. At present the Company has no borrowings which is subject to interest rate risk.

#### Interest rate used to determine amortised cost for IFRS 16: Leases:

	2024	2023
<b>Lease liabilities</b>	10%	10%

## 42 Related party disclosures

#### i) Transactions with key management personnel

Key management personnel compensation comprised the following:

In thousands of BDT		
For the year ended 31 December		
	2024	2023
Meeting attendance fees & expenses	7,205	6,900
Remuneration	185,110	153,297
Retirement benefit scheme	4,162	5,860
Medical and welfare	95	198
Housing	26,308	15,704
	<b>222,880</b>	<b>181,959</b>

#### ii) Other related party transactions

The Company carried out a number of transactions with related parties in the normal course of business on arms length basis. The name of these related parties, nature of transactions and their total value have been set in accordance with the provisions of IAS 24: Related party disclosures.

		In thousands of BDT			
	Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2024	2023	2024	2023
Income					
a. Leaf, Cigarette export and sale of goods					
BAT (GLP) Limited	BAT Group Company	3,996,373	2,408,253	146,061	593
PTCL	BAT Group Company		-		-
BAT (Singapore) PTE LTD	BAT Group Company		-		11,602
Ceylon Tobacco Company PLC	BAT Group Company		-		-
British American Tobacco ME DMCC	BAT Group Company	1,631,561	-	134,095	
BAT PT. Export Leaf Indonesia, Malang	BAT Group Company		-		-
		5,627,934	2,408,253	280,156	12,195
b. Other fee					
Other fee received/to be received from:					
BAT (GLP) Limited	BAT Group Company		-		-
BAT Holdings Limited	BAT Group Company		25,437		9,960
BAT INVESTMENTS LTD	BAT Group Company	121,333	36,960	13,975	9,030
British-American Tobacco Polska S.A	BAT Group Company	-	-	-	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group Company	-	835	-	835
BAT Japan	BAT Group Company	10,415	10,256	9,594	10,256
British American Tobacco Exports Ltd	BAT Group Company	3,756	302	1,257	302
BASS GSD Ltd	BAT Group Company	7,816	2,881	7,816	1,450
BAT Global Travel Retail Limited	BAT Group Company	-	722	-	-
BAT DENMARK A/S (HOP A/S)	BAT Group Company	-	-	1,480	1,480
British American Tobacco Taiwan	BAT Group Company	-	-	1,599	1,599
British American Tobacco Asia	BAT Group Company	-	639	-	-
British-American Tobacco (Singapore)	BAT Group Company	13,827	42,652	20,279	38,043
EAA Services	BAT Group Company	-	-	-	-
British American Tobacco (PNG) Ltd	BAT Group Company	-	1,944	-	1,944
VINA-BAT JV HCMC Branch	BAT Group Company	3,838	-	3,838	-
BAT Co. (HK) Ltd	BAT Group Company	-	212	2,266	2,266
BAT AsPac Service Centre Sdn Bhd	BAT Group Company	-	3,128	-	-
BAT MARKETING (S) PTE LTD	BAT Group Company	-	-	-	-
British American Tobacco ME DMCC	BAT Group Company	1,941	3,239	5,180	3,239
Nicoventures Trading Limited	BAT Group Company	4,582	2,739	-	2,739
PT Bentoel Internasional Investama	BAT Group Company	-	6,906	-	-
British American Tobacco (Malaysia)	BAT Group Company	-	2,491	-	-
RAI Services Company	BAT Group Company	-	9,066	-	3,923
British American Tobacco Kenya Ltd	BAT Group Company	32,588	1,507	-	1,507
PAKISTAN TOBACCO CO LTD	BAT Group Company	-	2,884	2,884	2,884
ROTHMANS FAR EAST B.V. KOREA BRANCH	BAT Group Company	4,168		4,168	
BAT Nigeria Ltd	BAT Group Company	20		20	
British American Tobacco South Africa	BAT Group Company	7,124		7,124	
BAT KOREA MANUFACTURING LTD	BAT Group Company	15,062		-	
Ceylon Tobacco Company PLC	BAT Group Company	3,810	600	4,410	600
		230,280	155,400	85,889	92,057
Total related party income and balance receivables		5,858,215	2,563,653	366,045	104,252

In thousands of BDT					
	Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2024	2023	2024	2023
<b>Expenses</b>					
<b>c. Procurement of services</b>					
Procurement of information technology, products and other services:					
Agami Limited	Prerona Controlled Entity	463,359	452,479	(175)	16,530
BASS GSD Limited	BAT Group Company	167,808	449,175	(18,270)	(5,037)
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group Company	-	1,399	(9,455)	(9,455)
BAT GERMANY GMBH	BAT Group Company	-	-	-	-
BAT Holdings Limited	BAT Group Company	41,007	7,316	-	-
BAT AsPac Service Centre Sdn Bhd*	BAT Group Company	138,979	367,213	106,514	106,514
BAT GSD (KL) Sdn Bhd	BAT Group Company	-	-	(3,151)	(3,151)
BAT Investments LTD	BAT Group Company	19,376	8,952	296,501	(39,480)
BAT PT. Export Leaf Indonesia, Malang	BAT Group Company	8,727	-	(19,688)	(10,962)
BAT MARKETING (S) PTE LTD	BAT Group Company	-	-	-	-
PAKISTAN TOBACCO CO LTD (PTCL)	BAT Group Company	-	-	(415)	(415)
Prerona Foundation	Social Foundation	8,292	21,634	-	-
British American Tobacco Tutun	BAT Group Company	-	-	(47,053)	(47,053)
BAT (GLP) Limited	BAT Group Company	18,822	-	(18,924)	(103)
British American Tobacco Exports Ltd	BAT Group Company	-	7,918	(7,918)	(9,188)
BAT KOREA MANUFACTURING LTD	BAT Group Company	-	-	(10,870)	(10,870)
BAT (Singapore) PTE LTD	BAT Group Company	6,589	-	(8,377)	(1,788)
Souza Cruz Ltda.	BAT Group Company	-	-	(1,817)	(1,817)
Ceylon Tobacco Company PLC	BAT Group Company	2,449		(2,449)	
Nicoventures Trading Limited	BAT Group Company	2,992		(2,992)	
BAT Japan	BAT Group Company		-		(10,094)
		<b>878,400</b>	<b>1,316,086</b>	<b>251,461</b>	<b>(26,369)</b>
<b>d. Purchase of leaf &amp; goods</b>					
Purchase of leaf and wrapping materials from:					
BAT Singapore (Private) limited	BAT Group Company		20,306	1,758	1,758
BAT (GLP) Limited	BAT Group Company	211,266	118,677	59,849	19,466
BAT PT. Export Leaf Indonesia, Malang	BAT Group Company	-	91,172	2,619	(61,609)
British American Tobacco Exports Ltd	BAT Group Company	144,218	1,112	(116,628)	(1,112)
British American Tobacco South	BAT Group Company	-	34,512	-	-
British American Tobacco ME DMCC	BAT Group Company	173,710		(103,359)	
BAT KOREA	BAT Group Company			2,286	
British American Tobacco Kenya Ltd	BAT Group Company		17,596		-
		<b>529,194</b>	<b>283,375</b>	<b>(153,475)</b>	<b>(41,497)</b>
<b>e. Royalty</b>					
Royalty paid/payable to:					
BAT Holdings Limited	BAT Group Company	824,976	943,499	(3,634,820)	(4,181,661)
		<b>824,976</b>	<b>943,499</b>	<b>(3,634,820)</b>	<b>(4,181,661)</b>



				In thousands of BDT	
	Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2024	2023	2024	2023
<b>f. Technical and assisatance fee</b>					
Payment of fees for technical and assistance support services to:					
BAT Investments Ltd	BAT Group Company	(2,119)	1,366,260	(355,052)	(4,964,771)
		<b>(2,119)</b>	<b>1,366,260</b>	<b>(355,052)</b>	<b>(4,964,771)</b>
<b>g. Donations</b>					
Charitable contributions made to:					
Prerona Foundation	Social Foundation	140,473	180,725	-	-
		<b>140,473</b>	<b>180,725</b>	<b>-</b>	<b>-</b>
<b>h. Purchase of equipment</b>					
Purchase of equipment from:					
Agami Limited	Prerona Controlled Entity		700		-
BAT MARKETING (S) PTE LTD	BAT Group Company		-		-
BAT Pecs Dohanygyar KFT	BAT Group Company		-		-
BRITISH AMERICAN TOBACCO CHILE	BAT Group Company		-	(69)	(69)
BAT PT. Export Leaf Indonesia, Malang	BAT Group Company	176,397	-	(64,791)	(3,332)
British American Tobacco Kenya Ltd	BAT Group Company	-	-	-	(166)
BAT Nigeria Ltd	BAT Group Company	-	-	(516)	(516)
BAT Romania Investment	BAT Group Company	-	-	-	(1,093)
British American Tobacco Tutun	BAT Group Company	67,295	-	(986)	(986)
BAT (Singapore) PTE LTD	BAT Group Company	70,247	95,032	11,704	(99,058)
BAT KOREA MANUFACTURING LTD	BAT Group Company	2,126		(2,126)	
British American Tobacco Mexico	BAT Group Company	-	-	-	(181)
British American Tobacco South	BAT Group Company	66,294		(29,975)	
BAT SWITZERLAND SA	BAT Group Company	30,682		(30,682)	
BAT GERMANY GMBH	BAT Group Company		-		(327)
		413,041	95,732	(117,441)	(105,728)
<b>Total related party expenses and outstanding balances</b>		<b>2,783,965</b>	<b>4,185,677</b>	<b>(4,009,327)</b>	<b>(9,320,026)</b>

## 43 Commitments

### 43.1 Capital expenditure

		In thousands of BDT	
		2024	2023
Authorised but not provided for		<b>2,321,033</b>	<b>3,391,097</b>
<b>43.2 Letter of credit</b>			
Citibank, N.A.		1,886,641	1,482,229
Commercial Bank of Ceylon PLC		1,326,991	123,930
The Hongkong and Shanghai Banking Corporation Limited		4,998	182,206
Eastern Bank Ltd.		656,122	
Standard Chartered Bank		6,856,385	6,381,911
		<b>10,731,137</b>	<b>8,170,276</b>

		In thousands of BDT	
		2024	2023
Contingent liabilities of the Company that relate to bank guarantee to third parties as listed below:			
Bank Guarantee			
Standard Chartered Bank		262,621	262,621
Commercial Bank of Ceylon PLC		-	-
Eastern Bank Ltd.		29,303	29,303
Citibank, N.A.		2,000	2,000
		<b>293,924</b>	<b>293,924</b>

#### 44.1 Litigation

The Company has various claims and legal actions arising in the ordinary course of business. Management believes that there is a strong defence against each of these claims and legal actions and is not expected to have a material impact on Company's financial statements. Such claims and legal actions include the following:

- a) In January 2019, a competitor filed a writ petition against Government and NBR by which it initially challenged the failure of Government to implement the closing budget speech of the Hon'ble Finance Minister dated 27 June 2018 and reserving low segment for local brands. Thereafter, the competitor instead challenged the exclusion of protection given to local brands of cigarette manufactured by local manufacturers and sought a direction to continue the protection so granted to the local manufacturers of cigarettes in pursuance of a 2017 Special Order. The competitor further challenged the legality of a 2018 Special Order of NBR through which the said protection was revoked. BATB was initially not a party to the writ petition, subsequently it became a party through an addition of party application. Upon hearing on multiple occasions, the High Court (HC) passed judgment in the matter on 21 September 2020. By holding the prospective portion of the 2018 Special Order legal, the court did not allow the discriminatory regime to continue. However, by holding illegal the retrospective portion of the 2018 Special Order, the Court revived the discriminatory regime for only one year, that is from 01 June 2017 to 06 June 2018 and held that any shortfall of revenue under the 2017 Special Order may be recovered from any party or manufacturer during the period of 01 June 2017 to 06 June 2018.

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

- b) LTU-VAT issued show-cause notice to BATB in March 2020 claiming BDT 2054 crore as unpaid VAT & SD for allegedly producing 18 bn more cigarettes than declared, using an undisclosed purchase of local leaf based on a 2016 Annual Report and VAT – 1 discrepancy. BATB participated in the LTU-VAT hearing and claim was withdrawn post full inquiry on 19 August 2021. However, NBR started re-investigating the matter on 14 August 2023 and informed BATB to attend a hearing post the 2 year time bar. As per the law, NBR does not have the authority to examine the records of any proceedings after expiry of two years from the date of decision or order.

Instead of attending hearing, BATB filed a writ petition challenging re-investigation based on time bar. Rule was issued, which means, the HC found prime facie merit in BATB's position that NBR's decision to call BATB for re-investigation beyond time bar was illegal. Court, however, did not stay NBR proceedings but directed NBR not to call BATB for re-investigation. Thereafter, through a letter dated 21.09.2023, NBR cancelled the Order dated 19.08.2021 passed by LTU-VAT Commissioner (through which the claim was withdrawn) and directed LTU-VAT to recover BDT 2054 crore as unpaid VAT & SD. Challenging the NBR's letter dated 21.09.2023, BATB filed another writ petition. The High Court, having found prima facie merit in our case, was pleased to issue a Rule, that is, a show cause as to why the NBR's letter dated 21.09.2023 shall not be declared to have been issued without lawful authority. Thereafter, LTU made a demand of BDT 2054 crore as unpaid VAT & SD. In response, BATB filed an application before High Court to stay the demand. High Court mentioned that it will consider stay application during final hearing. The matter is currently pending before the High Court for final hearing.

- c) In the last reporting period, BAT Bangladesh received a show cause notice from the National Board of Revenue (NBR) alleging that the company has avoided duty payment amounting to BDT 2,109 million. The notice claimed that this duty avoidance allegedly occurred due to the supply of cigarettes in BAT Bangladesh's warehouse before budget and then selling the same after declaration of budget at higher prices. BAT Bangladesh responded to the show cause notice, asserting that it has always acted within the law and hence the basis of the allegation and claim is unfounded. Thereafter a hearing was held before NBR and the NBR subsequently issued a demand of BDT 1687 million. Challenging the demand, BAT Bangladesh filed a writ petition before High Court, which is currently pending.

## 45 Other disclosures

### 45.1 Dhaka factory lease update

Since 1964, BATB has been leasing its Dhaka factory premises located in Mohakhali DOHS from Cantonment Board, Dhaka. Under the terms of the lease agreement, each lease term shall last 30 years with BATB having the option to renew the same for an aggregate duration of up to 90 years. BATB applied for renewal of lease for the remaining 30 years. Since the cantonment board did not extend the lease, BATB has instituted legal proceedings to have it extended, as per contract.

### 45.2 Standard of Business Conduct (SOBC)

The Company periodically investigates allegations of misconduct, including allegations of corruption. Some of these allegations are currently being investigated and the Company cooperates with the relevant authorities where appropriate.

### 45.3 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	
	2024	2023
<b>Number of employees</b>	<b>1,745</b>	<b>1,669</b>

In addition, there was a varying number of seasonal and temporary workers working throughout the year, as required.

### 45.4 Comparatives and rearrangement

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged and reclassified whenever considered necessary to conform to current year's presentation.

## 46 Significant deviations

During 2024 Earning per share (EPS) decreased primarily due to higher supplementary duty, VAT, and increased costs driven by inflation and the devaluation of the Taka. Net operating cash flow per share (NOCFPS) improved due to higher collections from sales proceeds. However, this was partially offset by increased payments for VAT, duties, taxes to the government exchequer, and payments to suppliers for materials and expenses.

## 47 Events after reporting period

The Board of Directors of the Company recommended BDT 15 per share as final cash dividend for the year ended 31 December 2024 at the board meeting held on 5 February 2025. 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 2024 do not include the effect of the cash dividend which will be accounted for in the period when shareholders' right to receive payment is established.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

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NOTE: .....







**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 52<sup>nd</sup> Annual General Meeting of the Company to be held on Tuesday, 25<sup>th</sup> March 2025 and at any adjournment thereof

As witness my/our hand this ..... day of ..... 2025.

REVENUE  
STAMP  
TK. 100

.....  
(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 am of 22<sup>nd</sup> March 2025.
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 52<sup>nd</sup> Annual General Meeting (AGM) of the Company being held on Tuesday, 25<sup>th</sup> March 2025 at 10.30 am 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 am on the AGM date.



**ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি**  
নিউ ডিওএইচএস রোড, মহাখালী, ঢাকা -১২০৬

**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 মঙ্গলবার, ২৫শে মার্চ ২০২৫ তারিখ অনুষ্ঠিতব্য কোম্পানির ৫২তম বার্ষিক সাধারণ সভায় এবং তার মূলতবি ঘোষিত সভায় উপস্থিত হওয়া ও ভোটদানের জন্য নিযুক্ত করলাম।

রেভিনিউ  
স্ট্যাম্প  
১০০/-

(প্রতিনিধির স্বাক্ষর)

(শেয়ার হোল্ডারের স্বাক্ষর)

ফোলিও/বিও নম্বর:  -

শেয়ার সংখ্যা .....

দ্রষ্টব্য:

১. অনিবার্য কারণবশতঃ, 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 ২২শে মার্চ ২০২৪ সকাল ১০:৩০ মিনিটের মধ্যে জমা দিতে হবে।
৩. কোম্পানির নথিভুক্ত নমুনা স্বাক্ষর ও সদস্যের স্বাক্ষর একই হতে হবে।



**ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি**  
নিউ ডিওএইচএস রোড, মহাখালী, ঢাকা -১২০৬

**উপস্থিতিপত্র**

আমি/আমরা আগামী ২৫শে মার্চ ২০২৫, মঙ্গলবার সকাল ১০.৩০ টায় ভার্চুয়াল প্ল্যাটফর্মে-এ অনুষ্ঠিতব্য কোম্পানির ৫২তম বার্ষিক সাধারণ সভায় আমার/আমাদের উপস্থিতি রেকর্ড 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।





**TOWARDS A BETTER TOMORROW**



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of our Annual Report 2024



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