

Extract from
Integrated
Annual Report 2023

British American Tobacco Bangladesh Company Limited

Roadmap to Sustainability

BAT
BANGLADESH

LEADERSHIP MESSAGES ON SUSTAINABILITY



Mr. Golam Mainuddin,
Chairman, BAT Bangladesh

BAT Bangladesh has a proud legacy of over 113 years. Since its inception, the Company has been committed to being a sustainable development partner of the nation. In 2023, BAT Bangladesh remained devoted to its sustainability targets, prioritizing sustainability principles at the core of its corporate values. Our approach to sustainability resonates within our operations and our multilayered approach encompasses a diverse array of initiatives aimed at fostering positive environmental, social and economic impact.

Looking back at 2023, BAT Bangladesh continued to expand its afforestation program by distributing approximately 5 million saplings of fruit, medicinal and forestry across 24 districts. Our objective remains aligned with the Government's goal to increase the share of land to tree ratio across the country. Concurrently, our safe drinking water initiative extended its reach to communities faced with arsenic contamination and salinity, underscoring our commitment to public health and well-being. By implementing innovative measures in agriculture, we are also actively working towards maximizing output and combating the impact of climate change. We also supported the Government's agenda of land productivity improvement through our sugarcane project, executed in partnership with Bangladesh Sugar and Food Industries Corporation (BSFIC). Moreover, by upholding ethical standards and implementing transparent policies, we aim to ensure the long-term success of our business while fostering trust and accountability within our stakeholder community.

As we stride forward, our gaze extends far into the future and we ardently uphold our commitment to perpetuating this legacy- contributing to a sustainable tomorrow for all.



Ms. Zakia Sultana,
Board CSR Committee Chairman, BAT Bangladesh

Amidst the multifold challenges in the global economy, Bangladesh has shown strong resilience and made considerable progress on several fronts. As a company, BAT Bangladesh has also responded with great strength and spirit to overcome the prevailing challenges. The Company's commitment to social responsibility has not wavered and despite the complexities, it has successfully delivered on impactful initiatives like Bonayan and Probaho. This reflects the Company's ability to navigate through adversity and adapt to circumstances while staying true to the organizational mission.

Sustainability is more than a commitment; it is part of BAT Bangladesh's identity. A noteworthy example is BAT Bangladesh's collaboration with Bangladesh Sugar and Food Industries Corporation (BSFIC) to revive the local sugar industry and support in improving sugarcane productivity. By empowering sugarcane farmers, BAT Bangladesh aims to develop economically viable and sustainable practices, which can contribute to the industry's self-sufficiency.

As the Chairman of BAT Bangladesh's CSR Committee, I find it rewarding to observe the widespread influence of our initiatives. Our dedication to supporting farming communities emphasizes our commitment to social responsibility. By promoting sustainable farming practices and empowering local farmers, we are not only aiming to protect environmental health but also foster economic prosperity at the grassroots level.

BAT Bangladesh remains steadfast in its commitment to supporting the nation's aspirations. As the CSR Committee, it is our duty to guide the company towards fulfilling its purpose and maintaining its role as a catalyst for transformation.

MANAGING DIRECTOR'S REVIEW ON SUSTAINABILITY



Our purpose is clearly set out in our strategy: to build A Better Tomorrow™ by transforming our business for a sustainable future.



Dear Stakeholders,

BAT Bangladesh continued its journey as a progressive company in 2023, overcoming the numerous challenges in the global and local economy. Despite economic and political uncertainties, our commitment to make progress in our sustainability agenda remained steadfast, reflecting our dedication to creating shared values for consumers, employees, society, and shareholders.

A Purpose Driven Strategy

Spanning from a community of 52,000 farmers to 1.6 million retailers, 2 factories, 1600+ workforce and an extensive pool of suppliers, our strategy focuses on creating shared value for all stakeholders.

Building on our legacy, we are now on track to address pressing modern challenges. Our objective is to become carbon neutral in both Scope 1 and Scope 2 by 2030 and expand the footprints of our sustainability programs like afforestation and safe drinking water to support the Government in reaching their SDG goals. Our efforts have been acknowledged through various recognitions, highlighting our commitment:

- We take pride in being the first company in Bangladesh to get Alliance for Water Stewardship (AWS) certification for 3 of our operation sites for good water governance.
- BAT Bangladesh got featured in Bloomberg's Sustainability List attributed to our ESG initiatives.
- BAT Bangladesh received the Honorable Prime Minister's Afforestation Award for 5 times
- BAT Bangladesh has also been recognized as the Top Employer for the 5th time in 2024
- For the 10th consecutive year starting in 2014, BAT Bangladesh received the Highest Taxpayer Award

Embracing ESG Principles

BAT Bangladesh aims to drive sustainability forward by integrating ESG principles across every facet its business and investment strategy. Drawing upon decades of experience, we recognize our responsibility to share our best practices with broader communities.

Our commitment is evident through comprehensive ESG reporting, a powerful tool to raise awareness among diverse stakeholders. This reporting not only aims to ensure transparency but also fosters greater accountability.

As the Managing Director of BAT Bangladesh, the evolution from traditional CSR to a comprehensive broader ESG approach has been enlightening. Our focus is no longer on mere checklist compliance; rather, sustainability is intricately embedded in our core business strategy. The transition from CSR to ESG necessitates a profound mindset shift, urging companies to adopt a holistic societal approach with sustainability at its heart. Drawing from our experience, I recommend strategic partnerships and collaborative approach to sustainability, where commitment and collaboration across functions are crucial. BAT Bangladesh's multiple governance processes help ensure the effective execution and long-term viability of our sustainability initiatives.



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BAT BANGLADESH

SUSTAINABILITY AT A GLANCE

BAT Bangladesh is part of the BAT Group, a leading multi-category consumer goods business operating in over 150 markets. BAT Bangladesh is a locally incorporated public listed company, with a rich legacy of over 113 years. We have a proud heritage of being a development partner of the nation, helping promote sustainability.

We make high quality and regulatory-compliant tobacco products that meet the diverse choices of our consumers through our integrated 'seed-to-consumer' operation.



125 Mn

Saplings distributed

BONAYAN: Largest private sector driven afforestation initiative since 1980



121

Water filtration plants

PROBAHO: Safe drinking water initiative since 2009



2591

Solar-powered home systems installed

DEEPTO: Renewable energy initiative since 2011



Supporting 8 SDGs

Integrated across value chain



52k

Farmer's livelihood enhanced through Good Agricultural Practices (GAP)



5th

Time recognised with Top Employer Award



First

Company to publish ESG Report in Bangladesh



Recognised

for good Corporate Governance in Bangladesh



First

Company to be Alliance for Water Stewardship (AWS) certified in Bangladesh

BAT BANGLADESH'S PURPOSE

To transform our business for a sustainable future.

BAT Bangladesh's sustainability agenda outlines how we are delivering in line with the purpose and working towards embedding sustainability across our business. It provides detailed information about BAT Bangladesh's policies, management approach, targets and performance for all its Environmental, Social, and Governance (ESG) priorities and covers ESG performance for the calendar year 2023.

BAT Bangladesh's sustainability targets in alignment with BAT Group's sustainability targets

► BY 2025



35% reduction in water withdrawn vs 2017 baseline



30% of water recycled



100% of operations sites Alliance for Water Stewardship (AWS) certified



90% recycling rate of waste generated



<1% waste going to landfill



Increase the proportion of women in management roles to 45%

► BY 2030



Carbon neutral in direct operations



50% renewable energy use

► BY 2050



Net Zero across our value chain by 2050 at the latest

OUR SUSTAINABILITY AGENDA

BAT Bangladesh continues to align its own efforts to BAT Group's sustainability strategy. It is a testament to our commitment towards achieving excellence across Environmental, Social and Governance (ESG) matters relevant to our business.

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

Outlined here are the priority areas that form the core of BAT Bangladesh's Sustainability Agenda, in alignment with BAT Group's:



Reducing the Health impact of our business



Excellence in Environmental management



Climate Change



Circular Economy



Biodiversity and Ecosystems



Water



Delivering a positive Social impact



Human rights



Farmer Livelihoods and Communities



Employees, Diversity & Culture



Robust Corporate Governance



Marketing and Communications



Ethics and Integrity



Sustainability Governance

Creating Shared value for



Consumers



Society



Employees



Shareholders



BAT BANGLADESH'S ESG PERFORMANCE HIGHLIGHTS

BAT Group conducts a double materiality assessment to identify sustainability topics that matter most and, as appropriate, we seek to align our ESG performance to those material topics. This Roadmap contains BAT Bangladesh's current performance against key Group ambitions and targets.

Material Topics	BAT Group's Goals and Targets	BAT Bangladesh's 2023 Progress	Status
Excellence in Environmental Management	Climate Change	Carbon neutral in direct operations (Scope 1 and 2 emissions) by 2030	■
		50% renewable energy use by 2030	■
		Net Zero across our value chain by 2050 at the latest	■
	Circular Economy	<1% waste going to landfill by 2025	✓
		90% recycling rate of waste generated by 2025	✓
	Biodiversity and Ecosystems	Deforestation and Conversion free tobacco supply chain ² by 2025	■
		Forest Positive in our Tobacco Supply Chain by 2025 (vs 2021 baseline)	■
	Water	30% of water recycled by 2025	✓
		100% of operation sites Alliance for Water Stewardship (AWS) certified by 2025	■
		35% reduction in water withdrawn by 2025 vs 2017 baseline	■
Delivering a positive social impact	Human Rights	Aiming for zero child and forced labour in our tobacco supply chain ² by 2025	✓
		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	■
	Farmer Livelihoods and Communities	We are committed to working to enable prosperous livelihoods for all farmers in our tobacco supply chain ²	■
	Employees, Diversity and Culture	Zero accidents Group-wide each year	✓
		Increase the proportion of women in management roles ³ to 45% (37% for BAT Bangladesh) by 2025	■
Robust Corporate Governance	Marketing and Communications	Aiming for full compliance with marketing regulations	✓
	Ethics and Integrity	Aiming for 100% adherence to our Standards of Business Conduct (SoBC)	✓
	Sustainability Governance	Effective management of sustainability governance	■
Key	<div> <div>✓ Achieved - Met target/ ambition on or ahead of time</div> <div>■ On track - Likely to meet target/ ambition on time</div> <div>■ Ongoing focus - Continued progress towards target/ ambition required</div> <div>■ Not on track - Significant progress required to meet target/ambition on time</div> </div>		

FOOTNOTE:

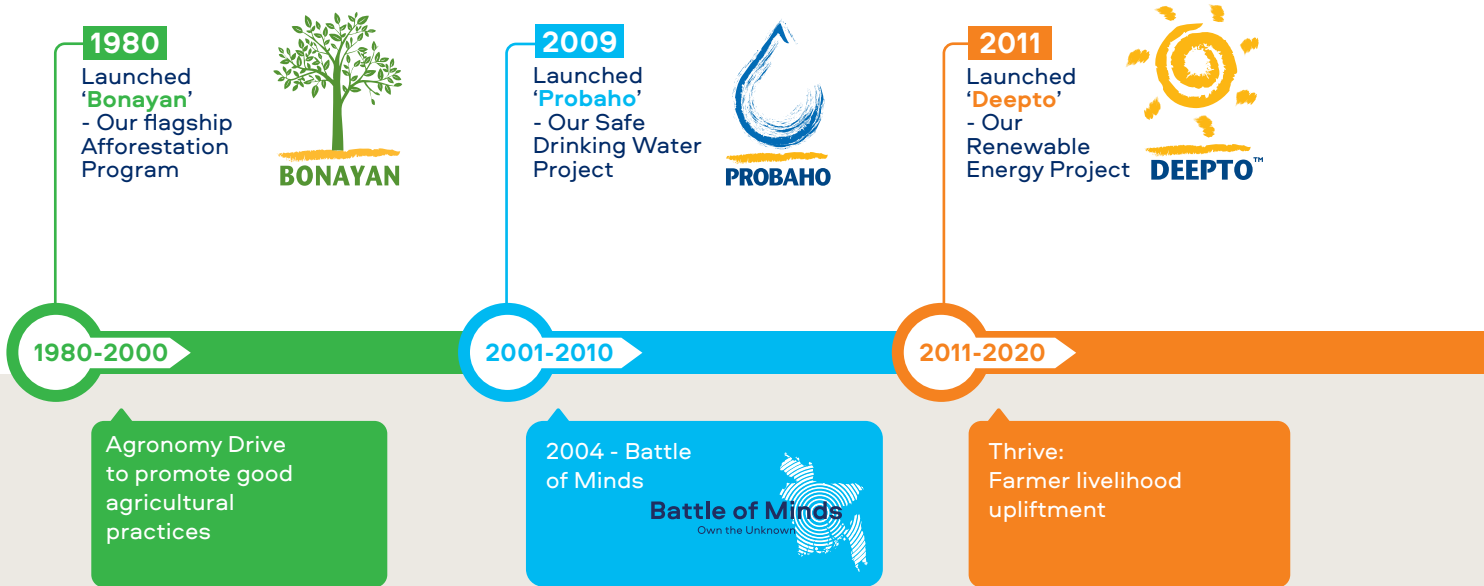
¹Digi-Chill: Read more on page 194

²Tobacco Supply Chain refers to all tobacco we purchase for our products which is used in our combustibles.

³Management-grade employees include all global graduates and all employees at job grade 34 to grade 41, being the highest grade immediately prior to the Management Board

* Stop category- attack and assault, vehicle related, manual handling and slip and trip

OUR SUSTAINABILITY PROGRESS SO FAR



Prime Minister's National Award for Afforestation

Ministry of Environment, Forest & Climate Change, BD Govt.

- 5 Times (1993, 1999, 2002, 2005, 2019)



SDG Brand Champion Award in Climate & Environment

Sustainability Brand Forum of Bangladesh in association with a2i - Aspire to Innovate
- 2023



Top Employer Award

- Top Employer Bangladesh 2024
- Top Employer Asia Pacific certification 2024

Top Employer Institute.

- Only Company in Bangladesh to be recognized for 5 times



2022

1st company in the country to be AWS certified

Implemented Alternate Furrow Irrigation

Dhaka Head Office Received LEED certification for a Green Work Environment

AWS certified for all of BAT Bangladesh's operation sites



Featured in Bloomberg's Sustainability List
Bloomberg

20 years of Battle of Minds Legacy

Achieve 35% Water withdrawal reduction

Target set to achieve Carbon Neutral operations by 2030 and aiming for Net Zero emission across our value chain by 2050

2021-2022

2023

2025

2030-2050

- Eliminated single-use plastic from BAT Bangladesh's head office
- Achieved zero waste to landfill in all manufacturing & processing sites
- Achieved 99.2% waste recycling ratio



Highest Taxpayer Award



The Large Taxpayers Unit (Income Tax) of the National Board of Revenue (NBR)

- 10 years in a row (from 2014 to 2023)



ICMAB Best Corporate Award



The Institute of Cost Management Accounts of Bangladesh (ICMAB)

- 9 times (2014, 2016-2023)



SAFA Award



South Asian Federation of Accountants (SAFA)

- 7 years in a row (2017-2023)



ICAB National Award

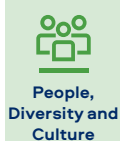


The Institute of Chartered Accountants of Bangladesh (ICAB)

- 8 years in a row (from 2016- 2023)

ALIGNING OUR SUSTAINABILITY AGENDA TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG)

The UN Sustainable Development Goals (SDGs) were designed to provide a shared blueprint for Governments, civil society and the private sectors to create a sustainable future. At BAT Bangladesh, we have mapped our sustainability agenda and our material sustainability topics to the SDGs to determine those that are the most relevant for our business and stakeholders.



GOOD HEALTH AND WELLBEING

Our Health and Safety Policy, backed by the Board and managed by our Managing Director and Operations Director on behalf of the management board, holds a central position in prioritizing the health, safety and welfare of all our employees, third-party personnel and others affected by our business activities. For instance, BAT Bangladesh requires Personal Protective Equipment (PPE) availability to 100% of its farmers in alignment with its Group ambitions.

This commitment reflects our dedication to create an environment that emphasizes the overall well-being of all individuals engaged in our operations.

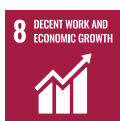


INDUSTRY, INNOVATION AND INFRASTRUCTURE

BAT Bangladesh is dedicated to pioneering innovative practices. Our commitment extends to cultivating a future-ready farming system, where initiatives such as farm mechanization are helping to enhance the efficiency of our farming community.

We have a farmer community club named “Shikor”, which has been established in Kushtia to provide trainings to the farming community to improve livelihoods.

Innovation is seamlessly integrated into our major operational sites, exemplified by the adoption of a Zero Discharge Modality and Digi-Chill project. These initiatives are a testament to showcasing a future where cutting-edge technology plays a pivotal role in shaping a more sustainable office environment.



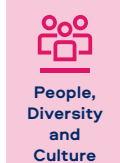
DECENT WORK AND ECONOMIC GROWTH

BAT Bangladesh, with a diverse value chain comprising over 1,600 employees and 52,000 farmers, prioritizes the sustainability of these communities, recognizing their success as integral to its own.

BAT Bangladesh through its various initiatives like Apprentice Academy, Supernova and Be the Change Community Development Programme is helping capable individuals into a skilled labour force to serve the growing economy of the country.

BAT Bangladesh also extended its support to the revival of the sugar industry. With a primary focus on capacity-building amongst the sugarcane farming community, BAT Bangladesh aims to support the industry in becoming self-sustaining by harnessing its longstanding experience in the agriculture sector.

Aligned with BAT Group's wider goals, BAT Bangladesh aims for zero child labour in its Tobacco Supply Chain by 2025, having achieved 100% monitoring of tobacco farmers for child labour with external support. This commitment reflects BAT Bangladesh's dedication to responsible practices within its extensive value chain to respect fundamental human rights.



REDUCED INEQUALITIES

We are dedicated to promoting equality across our value chain. Our diversity, equity and inclusion strategy permeate our system, creating an inclusive working environment for female talents. Currently, 30% of BAT Bangladesh's management consists of women, with a target to reach 45% by 2025. Additionally, inclusive policies, including 9 months of maternity leave, facilitate a smoother transition for new parents returning to work.

As a part of ongoing initiatives, BAT Bangladesh actively explores innovative ways to boost the earnings of farming communities. An example is the 'Nokshi' project in collaboration with Rangpur Women Chamber of Commerce and Industry (RWCCI), which aims to empower women with skill enhancement training. Additionally, in partnership with the Department of Agricultural Extension, women in the farming community are trained to cultivate mushrooms in curing barns, offering an opportunity for additional income source.

For over 14 years, 'Probaho'- BAT Bangladesh's safe drinking water initiative, has provided clean water to underprivileged communities, addressing waterborne diseases and reducing inequalities, particularly in arsenic and salinity-prone zones.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Circular Economy



Climate Change



Responsible Marketing and Transparent Communications

RESPONSIBLE CONSUMPTION AND PRODUCTION

We are committed to responsible practices aimed at reducing waste and resource consumption. We are consistently exploring and implementing approaches to reduce our environmental impact. Our ongoing efforts reflect a commitment to responsible resource management.

KEY ACHIEVEMENTS:

- Single Use Plastic (SUP) eliminated from head offices
- Waste segregation bins placed across sites
- 35.8% water recycled across sites

BAT Bangladesh provides training to farmers on initiatives like Shurokha, focusing on the safe disposal of Crop Protection Agent (CPA) containers and packets. We also strictly adhere to our policies that aim to ensure responsible marketing is targeted to adult consumers only.

15 LIFE ON LAND



Water



Biodiversity and Ecosystems

LIFE ON LAND

BAT Bangladesh is at the forefront of a significant private sector-driven afforestation effort across 24 districts in Bangladesh. Having distributed over 125 million saplings, the initiative aims to bolster the land-to-tree ratio, aligning with the Government's objectives. Recognizing the significance of biodiversity in ecological conservation, BAT Bangladesh has established 119 medicinal gardens to raise awareness and help conserve rare and endangered indigenous medicinal plant species.

Aligned with the broader BAT Group's commitment, BAT Bangladesh collaborates directly with its contracted farmers to promote sustainable agricultural practices and safeguard natural resources. In Bangladesh, this involves the Riverine Buffer Protection Campaign aimed at protecting the buffer zones of major rivers and streams, where a total of 291 buffer zone farmers from Khagrachari, Bandarban, Lama and Naikhongchari covered 62.7 hectares with 1.4 metric tonnes of vegetable seeds which were distributed by BAT Bangladesh at free of cost.

13 CLIMATE ACTION



Climate Change



Biodiversity and Ecosystems



Water

CLIMATE ACTION

BAT Bangladesh has an integrated climate plan in place incorporating initiatives across the entire value chain to address the challenges presented by climate change. We are aiming to achieve Net Zero GHG emissions by the year 2050. This commitment underscores our dedication to drive excellence in environmental stewardship.

KEY ACHIEVEMENT:

- 1596 kWp solar panels have been installed across our operational sites
- Purchasing 11,400 MWh of renewable electricity via TIGR certification scheme was done to reduce the carbon emission on top of the energy optimization
- Distributed a total 350 metric tonnes of Dhaincha seeds (80% green manuring, 20% alternate fuel) among BAT Bangladesh's farmers
- Conducted the ESG Supplier Summit to develop capability of our strategic suppliers and get their pledge to adopt sustainable practices

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Sustainability Governance



Ethics and Integrity

PEACE, JUSTICE AND STRONG INSTITUTIONS

At BAT Bangladesh, we firmly believe that success is achievable only through integrity and collaborative efforts. To reinforce these values, we have established numerous partnerships and agreements, particularly concerning our flagship ESG initiatives, with central and local Governmental authorities. Our commitment to these practices has garnered local like ICMA Best Corporate Award and international recognitions like Top Employer Award.

REDUCING HEALTH IMPACTS OF OUR PRODUCTS

As a Group, BAT has set a clear purpose to build A Better Tomorrow™ by reducing the health impact of our business. This is why, globally, BAT Group has adopted a consumer-centric, multi-category approach - offering a broad range of new products that are backed by science and industry-leading standards, that provide adult consumers with less risky alternatives*†.

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 one billion people today continue to smoke¹. Tobacco Harm Reduction is a well-recognised public health strategy that aims to minimise the harm caused by smoking. This is done by encouraging adult smokers, who would otherwise continue to smoke, to switch completely to scientifically substantiated, reduced-risk*† alternatives. Over 100 million² adults worldwide are now using reduced-risk*† products as an alternative to cigarettes. For those who would otherwise continue to smoke, BAT Group supports Tobacco Harm Reduction by providing adult consumers with a range of scientifically substantiated reduced-risk*† smoking alternatives that deliver comparable satisfaction. These products need to be 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*† 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.



Consumer Choice

BAT Group is transforming to a multi-category portfolio of non-combustible products, tailored to meet the preferences of adult consumers. The Group is embracing new technologies and innovation to provide New Category products that deliver greater choice and satisfaction for its consumers.



World Class Science

BAT Group uses a weight-of-evidence approach using 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 guides its research and fuels the relentless innovation that sets it apart.



Standards and Regulation

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.

¹WHO: Tobacco, Key Facts. May 24 2022 (who.int).

²www.gsthr.org/briefing-papers/82-million-vapers-worldwide-in-2021-the-gsthr-estimate/

³www.ox.ac.uk/news/2022-11-17-e-cigarettes-are-more-effective-nicotine-replacement-therapy-helping-smokers-quit



A SNAPSHOT OF THE BAT GROUP'S WIDE RANGE OF SMOKELESS PRODUCTS:

While BAT as a group has embarked on this journey, at BAT Bangladesh we are yet to launch harm reduction products in Bangladesh. Some of the most prominent harm reduction products globally include -



VAPOUR PRODUCTS

Battery-powered devices that heat liquid formations – e-liquids – to create vapour which is inhaled.

As 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[†].



HEATING PRODUCTS (HPs)

HPs are devices that use heat to generate a nicotine-containing aerosol, which is inhaled.

Because the tobacco or herbal substrate is heated instead of burned, the resulting aerosol comprises mainly water, glycerol, nicotine and flavours – different from cigarette smoke[†].



MODERN ORAL PRODUCTS

A relatively new product category, these come in the form of nicotine pouches that are placed under the lip.

The weight of laboratory chemical studies for Velo, our Modern Oral brand, show that the pouches produce substantially lower levels of toxicants than is contained in cigarette smoke and lower levels than snus[‡] – a type of traditional oral tobacco with a wealth of scientific evidence, including epidemiological data, that indicates it is considerably less risky than continued smoking.



[†]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>

[‡]Based on the weight of evidence and assuming a complete switch from cigarette smoking. These products are not risk-free and are addictive.

^{††}These products are not risk-free. This is a comparison between smoke from a 1R6F reference cigarette (approx. 9mg tar) and vapour from the Vuse e-Pod and ePen3 in terms of the average of the 9 harmful components the World Health Organisation recommends to reducing in cigarette smoke.

^{†††}Our products as sold in the US, including Velo, Grizzly, Kodiak and Camel Snus, are subject to Food and Drug Administration (FDA) regulation and no reduced-risk claims will be made as to these products without agency clearance. Vuse is the first of its kind vaping product to be approved by the US FDA.



BAT BANGLADESH

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 address climate change and environmental management.



125 Mn
saplings
distributed



1st
Company in
Bangladesh to be
AWS certified



2,591
units of solar
panel installation



2 ha
conservation
forest in CY23



ZERO
waste
to landfill



35.8%
of water recycled
across operation
sites



BONAYAN: BAT BANGLADESH'S AFFORESTATION LEGACY OF 43 YEARS

'Bonayan' - BAT Bangladesh's flagship afforestation initiative has been helping communities for more than four decades.



To maintain the balance of biodiversity across different regions of the country, Bonayan has so far distributed over 125 million fruit, forestry and medicinal plant saplings since 1980s to farmers and stakeholders across 24 districts free of cost.

43 YEARS OF LEGACY



Bonayan's vision aligns with the Government's roadmap to achieve United Nation's Sustainable Development Goals (SDGs): #13 Climate Action and #15 Life on Land. The two targets set for SDG #15 include enhancing forest area as a proportion of total land area of Bangladesh.

These afforestation initiatives play a significant role in the socio-economic development of communities by improving livelihoods and living standards of the local people. The majority of the earning members from the communities in Bonayan intervention areas are farmers, while others are engaged in small businesses working as agricultural or non-agricultural day-labourers.



MEDIA HIGHLIGHTS



BAT BANGLADESH'S CONSERVATION FOREST AND MEDICINAL CORNER INITIATIVES

BAT Bangladesh recognizes the vital role of medicinal corners in sustaining the ecosystem. Hence, 119 medicinal corners have been created to raise awareness and conserve rare and endangered indigenous medicinal plant species.

CONSERVATION FOREST

BAT Bangladesh Leaf Operations have started the "Conservation Forest" in partnership with Bangladesh Bridge Authority (BBA). The objective is to increase primary native forests' extent and biodiversity value. Chief guest Mr. Rupam Anwar, Additional Secretary & Director (Administration), Bridge Division, Ministry of Road Transport and Bridges inaugurated in the presence of Head of Leaf, Leaf Ops Transformation Manager and other leaf operations managers of BAT Bangladesh in July 2023. Considering this as just the starting point, BAT Bangladesh's Leaf operations want to continue this program in different locations of the country. A total of 6,500+ trees are planted at Bangabandhu Jamuna Bridge premise.



The collaboration with BAT Bangladesh has been invaluable, showcasing a profound dedication to preserving our natural heritage. This conservation forest will not only enhance the surrounding ecosystem but will also serve as a beacon of hope and inspiration for future generations.

On behalf of the Bangladesh Bridge Authority, I extend our heartfelt thanks to BAT Bangladesh for their unwavering support, vision and determination in making this project a reality. Their dedication to environmental stewardship is truly commendable and we look forward to further collaborations in our collective pursuit of a greener and more sustainable future.

- **Md Rupam Anwar**, Additional Secretary and Director (Administration), Bangladesh Bridge Authority, Ministry of Road Transport and Bridges



CASE STUDY: KUMARI MEDICINAL CORNER



Kumari medicinal corner is one of the largest medicinal corners and Mr. Momtaj is its proud owner. The key objective of this medicinal corner is to preserve the native flora and fauna and to conserve the natural biodiversity.

In last 43 glorious years of nationwide afforestation program, BAT Bangladesh has established medicinal corners in all leaf growing locations. This medicinal corner is one of the forty-five that make up the Chattogram Leaf

Division. However, we have 119 established medicinal corners in our growing locations.

Mr. Momtaj, with the support from BAT Bangladesh, started plantation in this medicinal corner back in 1998 with native timber species. In 2002, he established the native fruit corner. Currently, the area of this medicinal corner is 1.4 hectares and a total of 58 tree species are available here including native fruit, medicinal, timber and flowering plants. He received Prime Minister's National Award on Tree Plantation in 2011. Till now, he has made additional income of approximately USD 15,000 from this medicinal corner by harvesting fruits and pruning of branches which helped him to uplift his livelihood.

Mr Momtaj is very grateful to BAT Bangladesh's Bonayan initiative for supporting his passion for afforestation, contributing to a greener future.



FORGING PARTNERSHIPS FOR AFFORESTATION

BAT Bangladesh believes that public-private partnerships play a key role in allowing it to be a sustainable development partner of the nation.

COLLABORATIONS INITIATED IN 2023



SPOTLIGHT

TREE PLANTATION IN COLLABORATION WITH RAJSHAHI CITY CORPORATION

Back in 2019, Rajshahi City Corporation (RCC) launched a tree plantation programme in Rajshahi city. BAT Bangladesh participated in this programme with its afforestation initiative as the sole private sector enterprise.

Following its success, in 2020, BAT Bangladesh signed a Memorandum of Understanding (MoU) with RCC for tree plantation in Rajshahi city until 2025.



Bornali - Oitijho Chatter Road

KEY HIGHLIGHTS SINCE 2020



52,000+
Seedlings



15+ Kilometers
of roadsides



Biman Chatter - Bihas Road



Rajshahi City Corporation expresses profound gratitude to BAT Bangladesh for their pivotal role in the remarkable transformation of our city. The 'Zero Soil' initiative and extensive tree plantations have not only adorned our streets but have also significantly improved the overall environment, making Rajshahi a model for urban greening. We appreciate BAT Bangladesh's commitment to environmental sustainability, as evidenced by the positive impact on our city's biodiversity and air quality. The city was recognized as the most successful city in the world in reducing harmful particles PM10 and PM2.5 in the air in 2014-2016, according to World Health Organization (WHO) report. As a result of long-term planning for urban development and adoption of the zero-soil program, Rajshahi city received the "Environment Friendly City of the year 2020" award for its green look and clear air. The city was also awarded the National Environmental Award in 2012 and 2021 and bagged Prime Minister's national awards for tree plantation in 2009, 2012 and 2021.

Thank you, BAT Bangladesh, for contributing to Rajshahi's journey towards excellence in environmental stewardship.

- Syed Mahmud-ul-Islam, Environmental Development Officer, Environment Dept. Rajshahi City Corporation

ALLIANCE FOR WATER STEWARDSHIP (AWS) PROGRESS OF BAT BANGLADESH

BAT Bangladesh started its journey to achieve Alliance for Water Stewardship (AWS) core certification in 2021. Through relentless efforts it has acquired the core certification in 2022 for its Dhaka Factory (DF) and Green Leaf Threshing Plant (GLTP) and in 2023 for Savar Factory (SF), making it the first Company in Bangladesh to receive the prestigious recognition.



Water stewardship is the use of water that is socially and culturally equitable, environmentally sustainable and economically beneficial; achieved through a stakeholder-inclusive process that includes both site and catchment-based actions. BAT Bangladesh worked hand in hand with all its stakeholders (both internal and external) in an open and transparent manner by raising awareness and sharing best practices to foster good water quality, identify shared water challenges and sustain water availability in its catchments.

BAT Bangladesh has developed, defined and established processes for preventing possible violation of any of these practices as well. During this journey, Dhaka and Savar Factory achieved zero liquid discharge and GLT is on track to being a zero liquid discharge plant. Through sharing the best practices within BAT Bangladesh sites and its stakeholders, we are leading a positive impact in the water availability and quality of its catchments.



IN-HOUSE WATER TESTING LAB IN DHAKA AND SAVAR FACTORY

In our dedicated in-house water testing laboratory, BAT Bangladesh prioritizes the meticulous examination of key water parameters to ensure the quality and quantity of our water resources. Through routine testing, we monitor essential factors such as pH levels, Biological Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Total Dissolved Solid (TDS), among other criteria. Besides, through shift-wise testing report, we consistently evaluate water quality based on a predetermined priority system. The data generated from these tests is systematically recorded and updated in our utility DDS*, providing us with a comprehensive overview of the water quality landscape. This practice not only facilitates the identification of trends but also allows for swift action

in response to any deviations from the established standards.

DHAKA FACTORY ACHIEVING 50% WATER RECYCLING

BAT Bangladesh has introduced Department Level Metering (Level 2 metering) to effectively track and reduce the consumption of fresh water in Dhaka Factory. To enhance our water efficiency, we have transitioned from fresh water to recycled water usage in various areas. The most refined water now flows into Boilers and Cooling Towers, while the lesser refined streams are used for activities such as gardening, road cleaning and in Cold Plasma/Bio Filter Odor Control Technology. This made each different stream of recycled water "Fit for Purpose".

*Daily Direction Setting: Daily meetings to check utilities consumptions and optimization

OUR ZERO WATER DISCHARGE FACTORY

BAT Bangladesh's Savar Factory started operations in 2022 and reached its normal capacity in 2023. The factory operates in a Zero-Water Discharge (ZWD) modality. This means that the factory does not discharge any water from its operations into the environment. The ZWD system at the Savar Factory involves a series of processes that treat and recycle wastewater for reuse within the factory. This helps eliminate the environmental pollution associated with water-intensive production processes. The factory's water withdrawal baseline was 46,837 m³ for the year 2023, with a target water withdrawal for 2025 set at 42,000 m³. The Savar Factory's commitment to zero water discharge is not just about compliance with regulations or achieving certifications. It reflects the factory's broader commitment to enhance water efficiency. The factory's water stewardship efforts are part of a larger sustainability strategy that includes reducing energy consumption, minimizing waste and implementing technologies to prevent chemical discharge.



WATER LINE RE-NETWORKING AT GREEN LEAF THRESHING PLANT (GLTP)

The re-networking process is a crucial initiative that GLTP undertook to rectify underground water leakage and prevent potential leaks. Besides, the condensate returns for one of its processing lines was also implemented in GLTP which operates by collecting the condensed water that is generated in the steam production pipes, which is then transported back to the boiler. This process enables recycling of the water used in the production of steam, thereby reducing water withdrawal and minimizing the environmental impact of wastewater discharge. GLTP has implemented an innovative solution to reduce water withdrawn by reusing RO* wastewater for toilet flush and gardening purposes. Through these initiatives, water recycling went from 14.7% in 2022 to 20.4% in 2023 in leaf operations.

The revamping process serves as a critical component of the GLTP overall water saving efforts, demonstrating their commitment to responsible and sustainable action in the face of water scarcity challenges.



* RO-Reverse Osmosis

SUSTAINABLE AGRICULTURAL PRACTICES

BAT Bangladesh is actively involved in contributing towards the country's socioeconomic development. Our activities include raising awareness on best-in-class sustainable agricultural methods amongst our farming community of over 52,000 farmers so that we can collaboratively work towards cultivating a sustainable landscape. Some notable initiatives are detailed below:

GREEN MANURING



In 2000, BAT Bangladesh introduced the green manuring initiative among its farmers with a view to reduce the need for chemical fertilisers. Green Manuring with 'dhaincha' (Sesbania sp.) cultivation fixes atmospheric nitrogen through its root nodules and when it is ploughed back to the soil, the nitrogen as well as organic matter of the soil is increased. Dhaincha can be used as an alternative fuel and green manure. Notable to mention that BAT Bangladesh has a mandate to engage farmers to use 'dhaincha' plant both as a source of alternate fuel and green manure. Dhaincha as a green manure not only increases yield, but also reduces chemical fertilizer cost.

In 2023, BAT Bangladesh has bought and distributed a total 350 metric tonnes of 'dhaincha' seeds (80% green manuring, 20% alternate fuel) free of cost with 31% contracted hectare coverage and covered 56% contracted farmers to ensure sustainable agriculture, which we have been continuing for over a decade.

RIVERINE BUFFER PROTECTION CAMPAIGN



Bangladesh has a scenic landscape with rivers and to retain the quality of these river water, tobacco cultivation is strongly discouraged within 50 ft of the river water level. Since 2018, Riverine Buffer Protection Campaign is a sustainability initiative taken by BAT Bangladesh that adheres to this rule and encourages farmers to cultivate other crops such as groundnut, different pulses (falon, khaiysha etc.), pumpkin etc. BAT Bangladesh drives this initiative with the co-operation of the Hill Tract Affairs authority and local Government stakeholders like Border Guard Bangladesh, Army, Department of Agricultural Extension, other Tobacco Companies, farming communities etc.

A total of 291 beneficiary farmers from Khagrachari, Bandarban, Lama and Naikhongchari received 1.4 metric tonnes of vegetable seeds which were distributed by BAT Bangladesh at free of cost and with these seeds, they cultivated 62.7 hectares of land. The campaign is appreciated by various stakeholders as it protects the valuable water source, while aiming to generate additional income for the farming community.

ALTERNATE FURROW IRRIGATION

BAT Bangladesh has worked in partnership with the Bangladesh Agricultural Research Institute to identify ways to reduce the amount of water used in irrigation techniques for increasing water efficiency. We conducted a pilot study and found that, by irrigating every other row of crop, a method known as Alternate Furrow Irrigation (AFI), farmers could achieve the same yield and quality, but with a reduction in water use. Water usage in fields deployed with AFI found to reduce water by 5-8%.

ACHIEVEMENT



~14,000 hectares of land coverage



400+ field demonstration of AFI method and benefit



4+ million m³ water saved in 2023



INTEGRATED PEST MANAGEMENT (IPM) CLUBS



Integrated Pest Management clubs are pivotal to disperse pest and farm management best practices among the farming community in both tobacco and non-tobacco crops. There are around 2-3 IPM clubs in each tobacco growing region under BAT Bangladesh. BAT Bangladesh organizes different training sessions during the crop growing season, where farmers identify crop production and protection problems and discuss solutions. Then we set up trial and demonstration plots to compare local and improved practices. Finally, we then assess which solution works best in those specific contexts. Each group of 25 farmers, is supported by trained facilitator using non-formal education methods to foster social capital building at a community level. This participatory and learning centered training model is known as farmers field school model. Through this model we share our IPM approaches to the farming community and achieve higher productivity.

PROJECT SUROKKHA



Bengali word 'surokkha' means protection and the project is intended to protect the health of the people living and working in farms, as well as safeguarding the environment. Currently, there is no established supply chain in Bangladesh to collect back empty CPA (Crop Protecting Agent) containers and safely dispose of or recycle them.

BAT Bangladesh partnered with Garbageman (third-party waste collector) to execute this project in collaboration with the Department of Agricultural Extension (DAE) authority to collect back empty CPA packets/containers from BAT Bangladesh's registered farmers and to safely dispose of or recycle. The project is piloting in three growing regions covering 1300 farmers in crop year 2023 with an aim to achieve 100% farmers' participation.

CARBON SMART FARMING



BAT Bangladesh's pilot program Carbon-Smart Farming takes a strategic approach that is focused on both reducing emissions from tobacco farming and leveraging the positive effects agriculture could have in removing carbon from the atmosphere. BAT Bangladesh's goal with carbon-smart farming is carbon sequestration, which can be achieved through reforestation, conservation tillage and other methods that keep the soil covered and undisturbed to reduce the possibility of carbon escaping. The methods used across this pilot program also have additional benefits, such as increasing water retention capacity, improving drainage and making the soil richer and more fertile. As a result, many farmers are seeing increased yields and better-quality crops.

USAGE OF RENEWABLE ENERGY FOR IRRIGATION



BAT Bangladesh, through its pilot initiative of solar irrigation systems, aims to help registered farmers save cost compared to diesel or electrically powered irrigation and extend access to remote location with limited connection to the national power grid. Hence, enhancing profitability while also reducing its impact on the environment.

BAT BANGLADESH'S APPROACH TO EXCELLENCE IN ENVIRONMENTAL MANAGEMENT

ORGANIC WASTE MANAGEMENT

BAT Bangladesh's organic waste management involves collection, treatment and recycling of food scraps and yard waste. It is a crucial factor because proper handling of organic waste reduces landfill burden, minimizes methane emissions and promotes sustainable agriculture, a resource-efficient approach to waste disposal.

We have piloted and introduced an energy efficient device named TMK-1 to our Regional TM&D* offices to ensure organic waste is not exposed to environment. It takes about 1.5-5 hours to process all solid waste including kitchen food waste into fertilizer with a capacity of 1kg/day. The device is automated and does odourless composting. The activated carbon filter allows deodorizing more than 99% of odour. It sterilizes at high temperature of 126°C and reduces the weight by 90%.

It intends to encourage a circular economy where resources are recycled and reused, promoting responsible consumption and waste reduction.



* TM&D - Trade Marketing and Distribution

INCLUSION OF HYBRID ELECTRIC VEHICLES (HEV) AS TOOL OF TRADE (TOT)

Inclusion of Hybrid Electric Vehicles is important in addressing the risks posed by climate change due to their lower emissions. HEVs contribute to reduced air pollution, decreased reliance on fossil fuels and a smaller carbon footprint.



KEY HIGHLIGHTS



48 conventional models have been replaced by HEV



Covers **40% more** mileage than previous cars

We incorporated these vehicles into TM&D. By utilizing electricity alongside conventional fuels, HEVs decrease dependency on gasoline or diesel. This diversification contributes to energy security and helps mitigate the environmental impacts associated with extracting and processing fossil fuels.

PROJECT SKYLINE: DRIVE TOWARDS NET ZERO ACROSS OUR VALUE CHAIN BY 2050

In our journey to make progress towards the Group's targets of Net Zero GHG emissions across value chain by 2050, BAT Bangladesh launched an innovative initiative called Project Skyline in 2023. The project

involved piloting nine electric two-wheel vehicles across nine distinct markets, aiming to address the pressing issue of carbon dioxide emissions linked to conventional mechanized vehicles. These

electric vehicles cover a range of 80 kms and have practical advantages over traditional counterparts. The initiative emphasized the ease of maintenance and substantial reduction in fuel costs and operating expenditures associated with electric vehicles.



WORKING TOWARDS A SUSTAINABLE WORKPLACE

WORLD ENVIRONMENT DAY CELEBRATION AT BAT BANGLADESH

On World Environment Day 2023, BAT Bangladesh launched a transformative campaign, “Beat Plastic Pollution”. The primary focus of this initiative was to increase awareness among employees on the issue of plastic pollution.

KEY HIGHLIGHTS



Awareness and Empowerment: Educated employees about the harmful effects of plastic pollution and encouraged them to make a positive change.



Plastic Waste Collection: Encouraged employees to collect and bring their household plastic wastes. 165+ employees actively participated in the “Drop the Plastic” initiative.



Recycling Transformation: Plastic waste was recycled into boards which were converted into recycled penholders.



The campaign marked the distribution of over 3000 saplings among BAT Bangladesh's employees, illustrating how organizations can drive change through raising awareness.



**Think Sustainable
Act Responsible**



World Environment Day Celebration 2023 was also conducted across leaf growing regions, which included sapling distribution, tree plantation and discussion sessions. BAT Bangladesh also provided saplings to its distributors across trade marketing regions.



PROJECT IRIS: UTILITY CONTROL CENTER AT GLTP

Project IRIS is the installation of Level 3 metering for all the energy and natural resource usage at GLTP and the connection of all these meters to one single digital platform (IRIS Portal). IRIS can monitor and analyze minute by minute consumption data of all electrical meters, fuel flow meters and water meters in GLTP at a component base via the online portal which is also handy through our smart phone. It also provides information such as, equipment efficiency, equipment operational data, energy and water indexes, data trends, loss tree etc. Moreover, this is a major digital transformation in terms of ESG management and control where we have been dependent on manual data collection and computation.



Using power apps for reporting, which allows us to reduce the usage of paper



Eliminating Single-Use Plastic (SUP)

DHAKA FACTORY DIGI-CHILL PROJECT

Introducing “Digi-Chill,” a solution in our pursuit of operational excellence at BAT Bangladesh, where cutting-edge artificial intelligence seamlessly converges with innovation to elevate the efficiency of our central chiller system. Digi-Chill employs sophisticated algorithms to dynamically optimize flow rates.

This initiative is aimed to achieve a remarkable reduction of approximately 30%+ in electricity consumption, a feat that resonates with our approach to environmental stewardship. The implementation of Digi-Chill is forecasted to slash carbon emissions by an impressive 1085 tonnes in our factory sites.



Incorporating cutting-edge innovative technology is at the heart of BAT Bangladesh's strategy, driving us to elevate experiences for all our stakeholders. From our employees to valued consumers, we are driving growth and efficiency across our stakeholder spectrum. As we embrace the forefront of technological advancements, we are not only shaping our own future but also contributing to a dynamic landscape where innovation paves the way for sustainable success and meaningful impact.

- **Sarzil Sarwar**, Head of Information & Digital Technology (IDT), BAT Bangladesh



DEEPTO: 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.

KEY HIGHLIGHTS



2,591 solar-powered home systems installed free of cost since 2011



25 villages in Bandarban, Khagrachhari and Rangamati districts



~15,000 beneficiaries



The biggest success of this initiative is reflected in the economic upliftment of these people who no longer need support from us as they are now able to afford electricity from the national grid.

CASE STUDY: DEEPTO: RENEWABLE ENERGY INITIATIVE

Not less than 10 years ago, lives in the remote villages, up in the hilly areas of Bandarban, Khagrachhari and Rangamati districts of Bangladesh were overshadowed by darkness caused by the lack of access to electricity. Sunsets were not a scenic wonder, rather a call for halt, after which working meant struggling by a hurricane lamp. This affected not only their way of life but also dictated the loss in their economic activities, along with countless other sufferings.

According to Ms. Naumecheng Marma, a 28-year-old woman from Monglapara, Bandarban, Deepto sparked a ray of light, through its renewable energy project of introducing electricity in the form of solar energy, to her locality. After Deepto, the entire story of the people in her village has transformed. They are enlightened and energized by the light of solar power.

Today, ordinary tasks are being done at ease, which were quite impossible earlier due to the scarcity of light. Now, women from her locality are able to do household chores at night.





SOLAR PANEL INSTALLATION AT GREEN LEAF THRESHING PLANT (GLTP) & MIRPUR LEAF DEPOT (MLD)

Over the last few years, BAT Bangladesh has delivered a reduction in energy intensity by 8-10% per annum through several energy initiative projects. Renewable energy sources like Solar Photovoltaic Power Plants are one the effective means of energy savings and reduction of carbon footprint. Installation of solar panels and expected

renewable (solar) energy generation is a key milestone for BAT Bangladesh to move towards using alternative sources of energy in its factories.

In this regard, we have completed the installation of 0.95 MW and 0.27 MW equivalent of solar panels on the roof top of GLTP and Mirpur Leaf Depot respectively. The expected outcome is 4% of the total electrical consumption of the entire BAT Bangladesh Leaf operations which will be coming from these solar panels.

FIRST EVER IN BAT BANGLADESH: RENEWABLE ENERGY PURCHASE VIA TIGR

As per BAT Group's commitment, BAT Bangladesh aims to use 50% renewable energy by 2030. To complement our renewable energy strategy which consists of optimizing energy consumption and on-site solar power generation, we purchased renewable energy certificates.

After engaging with 10+ global vendors, through a strategic sourcing modality BAT Bangladesh purchased renewable energy via TIGR certification scheme for the first time in its history to reduce the carbon emissions. The total amount is 11,400 MWh.



“At BAT Bangladesh, it is imperative that we recognize the urgency of incorporating renewable energy sources into our operation sites. Beyond meeting regulatory requirements, investing in renewables underscores our aim to mitigate climate change impacts and protect the environment. By diversifying our energy portfolio with renewables, we aim to reduce our carbon footprint and inspire positive change within our industry and communities.”

- **Jorge Macedo Pavon**, Head of Operations, BAT Bangladesh



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.



PROBAHO®

121

water filtration
plants



52k

farmer's livelihood
upliftment



450+

apprentices
till date

Light of Hope

100%

of tobacco farms
monitored for child
labor



20

years of Legacy

POWER OF PASSION
PRESENTS

3

dynamic
segments



SAFEGUARDING OUR PEOPLE'S HEALTH AND SAFETY

We commit to ensuring a safe working environment for our employees and contractors and expect our third-party suppliers to do the same.

BAT Bangladesh believes in the capability building of every individual in the organization. Rather than simply building awareness, ownership is encouraged at the organization. EHS runs campaigns and training sessions to ensure the steady and sustained growth of the organization's people. 'EHS Awareness Week' is one example of the continuous effort our team puts in, to cover office safety, road safety, fire safety, electrical safety, manual handling and ergonomics and other aspects.



KEY HIGHLIGHTS



BAT Bangladesh arranges Company-wide health and safety programmes and employee training



Focused zero loss mindset initiatives for higher-risk areas of our business



Use of risk assessment, safe work procedure and protective equipment while conducting operation and hazardous tasks



Any risk of injury, death, or ill health to employees and those who work with the business is a huge concern and one we take extremely seriously



TELEMATICS UTILIZATION

The Telematics Standard is intended to serve as a point of reference for our TM&D, Fleet managers, Procurement, Sustainability and other involved parties; to act as a guide and enable decision making in the acquisition, tracking and measuring performance of all owned and leased vehicles in BAT Bangladesh. 100% of the company vehicle must have a vehicle tracker. In total 252 vehicles of BAT Bangladesh are monitored by Telematics which includes TM&D, Leaf and other functions as well.

It involves collection of data, transmitting and receiving data from vehicles to improve safety, efficiency and overall performance. By utilizing this device, we have been tracking various criteria i.e., over speeding, harsh acceleration, harsh braking and historical tracking. Telematics relies on wireless communication networks, such as cellular or satellite networks, to transmit data in real-time. This enables continuous connectivity and allows information to be sent to a central server or back to the vehicle.



The data is shared with relevant team members as part of internal communication and awareness build up. Based on the information we emphasize on "Defense Driving Training" for our drivers. It is a virtual co-pilot, fostering a heightened sense of situational awareness for drivers. This not only encourages safer driving practices but also helps drivers understand address potential risks.

BAT BANGLADESH ESG SUPPLIER SUMMIT 2023

BAT Bangladesh became the first end market to host an ESG Supplier Summit 2023. This Summit brought industry experts, academics and top suppliers together for a dynamic exchange of ideas to advance sustainable business practices.



KEY HIGHLIGHTS



Cross-Sector Collaboration: The summit facilitated a unique convergence of academic and industry perspectives, with a vibrant panel discussion featuring a renowned University professor and the Executive Director of Foreign Investors' Chamber of Commerce and Industry.



Supplier Commitments: Strategic suppliers pledged to prioritize ESG principles, embracing sustainability, ethical practices and supply chain transparency.



Collective Responsibility: ESG was emphasized as a shared responsibility, transcending businesses to include suppliers, institutions and governments.

BAT Bangladesh's ESG Supplier Summit 2023 served as a pivotal event in the journey towards a collaborative, sustainability-focused supplier engagement.



The ESG Supplier Summit 2023 was an important landmark for BAT Bangladesh, as we proactively engaged our suppliers for capacity building through emphasizing the journey towards sustainability and responsibility. It underscored the importance of integrating ESG principles into our progress, ultimately benefiting all stakeholders involved. This event showcased our commitment to leveraging our interactions to encourage suppliers on their sustainability journey, by sharing our best practices and insights on reducing carbon footprint and enhancing environmental performance.

- Sudesh Peter, Head of Legal, BAT Bangladesh



PROBAHO: SAFE DRINKING WATER INITIATIVE

Safe drinking water is essential for good health. Keeping such a crucial goal of sustainable development in sharp focus, the Government of Bangladesh is working hard to accelerate access to safe drinking water for 100 percent of the population by the year 2030.



Inspired by the same spirit, BAT Bangladesh launched 'Probaho' - its safe drinking water initiative in 2009 to support the government to alleviate the residents' clean water scarcity. Its work is critical, as climate change continues to impact the availability and quality of freshwater. Even today, many regions of Bangladesh face major health risks due to arsenic contamination and high levels of salinity in drinking water.

The initiative supports Bangladesh Government's aim to achieve Sustainable Development Goals (SDGs) #3 (Good Health and Wellbeing) and #10 (Reduced Inequalities) and to ensure 100% population using safely managed drinking water services by 2030.



PROBAHO'S IMPACT TILL DATE



121

water filtration plants



23

districts



~600,000 Litres
of safe drinking water
provided every day



~300,000
beneficiaries
every day



MEDIA HIGHLIGHTS



PROBAHO: AIMING TO ACHIEVE SAFE DRINKING WATER IN SALINITY PRONE AREAS

There is an acute shortage of safe drinking water in the country's southern belt as it is a highly salinity prone area. Keeping in line with the Government's initiatives to ensure safe drinking water in these regions, Probaho expanded its footprint in these areas. In 2023, the flagship initiative has successfully installed two plants in Satkhira and one in Koyra which have enabled more than 10,000 people in those communities to have access to safe drinking water.

2023 IMPACT



**3 new
plants**

Satkhira 2 and Khulna 1



**New area
coverage:**
Koyra, Khulna



BAT Bangladesh Management with DC, Satkhira

CASE STUDY: SATKHIRA STORY

In the southern coastal districts of Satkhira, families are being hit by a prolonged and unusual drought, which has affected the groundwater supply, leading to increasing levels of salinity and a lack of clean, safe drinking water. The crisis is putting women and girls mostly at the risk of rising genderbased violence, child marriage and health problems, including cholera and dysentery. When asked about safe drinking water to Rani Parvin (45), a housewife from Neeldum village, stated,

"Due to the increased salinity, sources of fresh water like ponds and tube wells are decreasing day by day. People are being forced to drink contaminated water which is leading to an increase in diseases such as diarrhoea, cholera, dysentery, jaundice, skin diseases and sores. Women and girls, who are traditionally responsible for collecting water for use at home, are bearing the brunt of the crisis. Probaho has been responding to the humanitarian crisis by providing safe drinking water to the most vulnerable people in Neeldum village of Shyamnagar upazila at Satkhira since 2022. It made their life not only easier but also healthier."

On a short note, Probaho has become a part of their daily life. Now, not only Rani Parvin but also thousands of people of this village are surviving by having this pure drinking water from Probaho.



Satkhira's Self-Sustaining Model



PROBAHO: WORKING TOWARDS CLEAN WATER ACCESS IN THE HILLS

People living in the remote areas of Chittagong Hill Tracts are more vulnerable to lack of adequate and safe water. Many people are experiencing severe water shortages due to the degradation of natural resources, including streams and the unsustainable depletion of forest resources. This situation worsens in the dry season and persists from February to May due to a reduction in natural stream flow.

Amid such dire situations, BAT Bangladesh is helping more than 5,000 people in the hill tracts district of Bandarban in getting access to safe drinking water through its flagship initiative Probaho– the safe drinking water project. Probaho started its journey in Chittagong Hill Tracts after its previous establishments in different arsenic-prone locations of the country. When the water level goes down in the dry season, the people of the hill tracts district face extreme water crisis. During this time, the local people usually meet their water demand by collecting water from waterfalls or digging wells in the hills. Moreover, due to the rocky layers, it is very difficult and expensive for locals to draw water from such depth.

It is estimated that 5,000 litres of water can be provided every day from the plant, which can easily meet the daily need of water for more than five thousand people.

CASE STUDY

Mohammad Ayub, a local resident of Naikhongchari district shared that he used to spend around BDT 3,000 every month to avail clean and safe drinking water. That cost has now been saved since the initiation of the Probaho project. He expressed his gratitude for having water filtration plant in his community and thanked BAT Bangladesh.



WORKING TOWARDS PROSPEROUS LIVELIHOODS FOR OUR FARMERS IN BANGLADESH

BAT Bangladesh recognizes the potential in alternative sources of income for improving farmer livelihood. We are actively exploring new ways to enhance farmer livelihoods in Bangladesh. Below are some initiatives we have undertaken to support the farming communities:

FARM MECHANIZATION



BAT Bangladesh has produced automated ridge-makers with fertilizer applicators and handed 165 of them to farmers. In CY23, more than 2000 farmers benefited from this and were able to save time and money by using a mechanical ridge maker. Along with lowering overall production costs and guaranteeing optimal fertilization, this enhances crop quality. 19,459 hectares were covered in Crop Year 2023.

BAT Bangladesh also introduced Leaf Stitching Machine (LSM) for the harvesting cycle to facilitate quicker leaf stitching and avoiding manual labour deployment. For the first year, BAT Bangladesh distributed 54 LSM to popularize this device among the farmer community.

BAT Bangladesh's agronomy team developed a locally made mini tiller for intercultural operations. This device can be used for weeding, soil spading, re-earthing up and deep spading. This year 8,512 hectares of land were covered by mini tillers for intercultural operations.

In 2021, two spreaders were issued for the first time to popularize mechanical rice harvesting. Covering an area of 248 hectares, 564 farmers directly benefited and the cost of rice rust was reduced by 10%. This is also in line with Government requirements of the program to promote the mechanization of rice harvesting.


VEGETABLE CULTIVATION IN CLUSTER SEEDBED



To support the national demand for vegetable production and fulfilling nutrient requirement, BAT Bangladesh took the initiative of distributing vegetable seeds which are mainly red amaranthus, spinach and yard long bean. The contracted farmers were instructed to cultivate these in cluster seedbeds or homestead gardens as it would ensure maximum utilization of land. Cluster seedbed is the practice of organizing seedling production on a cooperative basis, which also allows production of vegetables on the periphery.

This project was initiated in Kushtia, Rangpur and Chattogram areas where:

KEY HIGHLIGHTS

 603 Kg of seeds distributed

 13,000+ farmers

 160 hectares covered

Farmers who participated financially benefited from this initiative, while getting necessary nutritional intakes.

CROP DIVERSIFICATION

BAT Bangladesh's Leaf operations trained and supported tobacco farmers on crop diversification, with over 250+ training sessions held in 2023, with around 7,885 attendees. We promote crops such as rice and vegetables through farm demonstrations and distributing seeds among tobacco-growing communities. It improves food security and increases farmers' resilience by providing additional sources of income. Growing the same crop continuously on the same land depletes soil nutrients, so crop rotation is recognized as one of the most efficient ways to protect and enhance soil health. 99% of our contracted farmers grow diversified crop portfolios.



MUSHROOM CULTIVATION



BAT Bangladesh with the help of Department of Agricultural Extension (DAE) professionals, organized six beneficiary training sessions on mushroom cultivation for progressive farm women. To date, 125 women farmers received training.

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

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

EMPOWERING WOMEN THROUGH NOKSHI



BAT Bangladesh in collaboration with the Rangpur Women's Chamber of Commerce and Industries (RWCCI) is running the Project 'Nokshi' to enhance the capability of women farmers on different handicrafts to create small to medium women entrepreneurs amongst farming communities. Preliminary 30 women have been selected from Rangpur leaf region who are wives, daughters, sisters or relatives of BAT Bangladesh's registered farmers. Their training sessions were created and carried out by RWCCI's skilled trainers.

Initially, 10 sessions have been conducted on block, tie-dye, ambush and hand paint. After successfully completing the first batch at Rangpur, trainings for another two batches were conducted at Rangpur and Lalmonirhat in December 2021. In 2021, the participants were 60. In 2023 crop year, there were 120 farm women both at Rangpur and Lalmonirhat.

Celebration of World Day Against Child Labour

BAT Bangladesh conducted 8 awareness rallies across its leaf-growing regions along with awareness sessions on the harms of child labour. BAT Bangladesh also invited local stakeholders to the awareness sessions to award the company's selected farmers who are champions in their communities in terms of child development.



KEY HIGHLIGHTS

-  **8** rallies in leaf regions
-  **775** participants in rallies
-  **27** stakeholders participated
-  **40** farmers awarded
-  **~44,3000** farmers communicated*

* communicated through voice message

FARMER SUSTAINABILITY MANAGEMENT (FSM)

BAT Group's Farmer Sustainability Management (FSM) is a digital platform that supports the work of its field technicians in collecting data during farm visits. FSM is used to monitor 100% of BAT Bangladesh contracted farmers. FSM data is tracked and analysed centrally to ensure senior oversight and drive management action. The Group works to strengthen its monitoring systems and training for field technicians to help better identify issues and spot early warning signs.



SUSTAINABLE TOBACCO PROGRAMME (STP)

Sustainable Tobacco Programme (STP) was developed collectively by the tobacco industry in 2015, replacing BAT Group's previous Social Responsibility in Tobacco Production programme which, from 2000 until 2015, set the standard for all its tobacco suppliers worldwide. The STP is aligned to international standards, including those of the ILO and the UN Guiding Principles and it is BAT Group's policy that all of its leaf operations and third-party suppliers are to participate in the programme. The programme includes criteria on a range of our ESG focus areas, structured under the key themes of environmental protection, human rights and farmer livelihoods, climate change, natural habitats, soil management, crop protection and development and governance. Examples of the human rights criteria include child and forced labour, health and safety and living income. The environmental criteria include the use of agrochemicals, soil and water management, biodiversity protection and forest management.

STP is governed by a Steering Committee, formed by industry members. The programme has recently undergone a detailed review to evolve and improve it. This included engagement with suppliers and other relevant stakeholders, as well as reviews of external standards and emerging issues. The updated STP has taken effect from 2021, aligned with the UN Sustainable Development Goals and has a stronger focus on impact, risk and continuous improvement. It is BAT Group's policy that all its leaf operations and suppliers participate in STP. Each year, they complete a comprehensive self-assessment against the STP themes, as well as a review of risk assessments

and respective action plans. Information for the farm-level criteria is gathered by our leaf operations and suppliers through their respective farm-monitoring procedures. For BAT Group's leaf operations, data for STP assessments is collected via BAT Bangladesh's Farmer Sustainability Management (FSM) digital monitoring tool.

THRIVE

The Thrive programme is based on the internationally recognised 'Five Capitals' framework, first developed by the UK Department for International Development and then adopted by the Food and Agriculture Organization (FAO) of the United Nations. To be sustainable, farming communities must be 'in credit' across five types of 'capital': financial, natural, physical, human and social. Strength in all five creates resilience and enables farmers and rural communities to prosper. It was first piloted in 2014 and 2015 and BAT Group then used the results to further refine the strategy in consultation with external consultants with expertise in livelihoods programmes. This has included defining a core set of indicators to measure strength in each capital. Each year, BAT Group collects data and review performance against these indicators from its leaf operations. BAT Group's Thrive assessments cover 100% BAT-contracted farmers. These insights help us to set benchmarks, measure improvements, prioritise our resources and monitor progress and impact over time.

THRIVE Five Capitals of Success



■ Skills, knowledge and human rights, including capacity building, developing the next generation of farmers, health and safety, and eliminating child and forced labour

■ Resources and safety nets for self-sufficiency and resilience, including networks, grievance mechanisms and women's empowerment

■ Technology to enhance growing practices and basic infrastructure to live and work, including clean water and sanitation, energy, housing and healthcare

■ Climate change resilience and the natural resources upon which farming and landscapes rely, including soil, water, biodiversity and forests

■ Profitable farms and sustainable living incomes, as well as crop diversification and food security

REDEFINING STANDARDS IN THE SUGARCANE INDUSTRY

Historically, sugarcane was a vital industrial crop grown in Bangladesh, playing an important role in country's economy and employment. However, in the recent years, there has been a downfall in the rich heritage of this industry. The sugar output in Bangladesh reached its lowest point in the recent decade in 2021, due to a sharp decline in sugarcane processing resulting in the suspension of operations at six sugar mills because of the inability of sugarcane farmers to supply sugarcane. According to Bangladesh Sugar and Food Industries Corporation (BSFIC), only 9 out of its 15 mills are currently operational along with a 45% decrease in land area, thus exposing the country to a major deficit of the key consumer commodity. Although investments are being sought to revive and modernise this struggling industry, there is a pressing need to ensure sustainable sugarcane supply.

BAT Bangladesh supports the revival of the sugar industry, as part of its commitment towards aligning to Bangladesh's SDGs. BAT Bangladesh and Bangladesh Sugar and Food Industries Corporation (BSFIC) have taken collaborative approach to improve sugarcane productivity (yield per hectare) aiming to ensure economically viable and viable sugarcane cultivation. This venture started with a workshop in presence of the Honourable Secretary- Ministry of Industries, Chairman-BSFIC and representatives from Bangladesh Sugar Crop Research Institute (BSRI), Sugar mills and BAT Bangladesh.



Apart from suitable site selection, disease free-high yielding sugarcane setts* are prerequisite for healthy cane production which were supplied across all mills by BSRI and BSFIC. BAT Bangladesh ensures continuous support of GAP and technical resource deployment, crop inputs, capability enhancement along with project funding as per the Terms of Reference (TOR). Moreover, by utilising Bondshusheba, a real-time communication channel with farmers, BAT Bangladesh kept 5,000+ farmers informed about crop activities and weather forecasts, ensuring a successful pilot and long-term sustainability for the industry.



With a primary focus on capacity-building amongst the sugarcane farming community, BAT Bangladesh aims to make the industry self-sufficient by harnessing its longstanding experience in the agriculture sector. A workshop was held with government and industry representatives to develop a model for sustainable growth, which was piloted in five different sugar mills (Natore, Mubarakganj, Joypurhat, North Bengal, Carew and Co) over 30 acres in 2021. The goal was to increase sugarcane yield by 3 times compared to traditional practices through the implementation of Good Agricultural Practices (GAP). To ensure successful implementation, BAT Bangladesh facilitated regular farmer meetings, GAP seminars and field visits, as well as disease-free sugarcane setts* and ongoing technical support and resources.



* In Sett method, new canes are usually planted by taking cuttings from the old plants

PILOT HIGHLIGHTS

The pilot project proved to be a resounding success, surpassing expectations by cultivating 30.25 acres with an impressive yield of 60 metric tonnes per acre. Beyond the immediate output, it yielded a surplus of healthy seedlings for an additional 750 acres. Farmers reaped substantial benefits, with an average net profit of BDT 78,000 per acre - 12 times higher than traditional methods. This achievement not only boosted confidence within the farming community but also highlighted the positive impact possible through innovative agricultural practices.



2023 HIGHLIGHTS



Navigating the hurdles of 2023, BAT Bangladesh and BSFIC forged a resilient partnership. Despite a harsh drought and labour crisis, they successfully cultivated 50 acres, yielding an impressive ~80 metric tonnes per acre. The collaboration also generated robust seedlings, extending the potential for cultivation to an additional 1250 acres. This helped improved farmers' livelihoods, who reaped an average net profit of BDT 1,30,000 per acre—surpassing traditional methods by 20 times.

The impact of this project was not confined to one location. It expanded its footprint to the Thakurgaon mill, exemplifying the scalability and replicability of the successful model and bringing the total number of participating mills to six.

CASE STUDY

Mr. Md. Doulat Islam is a resident of Moheshpur (10 nos. of Jamalpur Union), Thakurgaon. He comes from a long line of farmers who have been growing sugarcane for around 35 years. He remembers well his first childhood memories of taking in the pleasant scent of the many kilometres of sugarcane fields as he strolled beside them. Regretfully, he was forced to abandon his sugarcane farming practice three years ago because of declining interest in the farmer community, stagnating revenues and inadequate management of crop inputs.

Mr. Md. Doulat Islam was given hope again last year as his conventional sugarcane output nearly quadrupled because of BAT Bangladesh's partnership with BSFIC. Mr. Md. Doulat Islam is now encouraged even more to keep growing sugarcane on a bigger scale. In addition to being self-motivated, he also promised to help and counsel other local farmers in growing sugarcane with the hope to increase yields.



MEDIA HIGHLIGHTS



SPOTLIGHT ON EMPLOYEE WELLBEING

MENTAL HEALTH AWARENESS DAY

As an organization, BAT Bangladesh understands that our mental wellbeing is as important as our physical wellbeing. This year on World Mental Health Day, we partnered with Psychological Health and Wellness Clinic (PHWC) for a wellbeing session following which we organized a fun-filled zone at work for two days where our employees could take some time off from their usual schedule and immerse in relaxing activities such as latte art, meditation, gardening, etc. This brought the entire organization together for some therapeutic activities.

We have also collaborated with LifeSpring for mental wellbeing where employees and their immediate family members can avail the service.



PROGRESSIVE TRADE UNION PRACTICES

BAT Bangladesh proudly houses one of the oldest trade unions in the country, a legacy dating back to 1974. Amidst the unpredictable landscape of industrial relations in Bangladesh, BAT Bangladesh has upheld a tradition of co-existence, fostering continuous dialogue and support.

Over the years, the union and BAT Bangladesh representatives have collaboratively navigated challenges, working in tandem to ensure the BAT Bangladesh remains adaptable and in sync with the evolving times. This collaborative effort has significantly contributed to creating a favourable factory environment, facilitating the transformation of the factory workforce from a labour-centric force to a technically adept one.

This longstanding partnership between the union and BAT Bangladesh has been pivotal, not only in sustaining but also enhancing the factory's operational efficiency and relevance. It is a testament to the power of collaboration and dialogue in fostering a conducive and progressive workplace environment.



SUPPORTING OUR PARENTS AT BAT BANGLADESH

As a part of our commitment towards inclusivity and empowerment, BAT Bangladesh has established Angel's Nest, a day-care facility accessible to all parents within the company. This initiative strongly echoes our progressive parental policies, illustrating our commitment to supporting working parents.

In addition to this facility, we organize special events commemorating various parental days. These initiatives aim to create a bridge between employees' children and their parents' workplace. Through organizing events such as the Kid's Carnival and Family Day, our goal is to cultivate enduring connections between the families of our employees and their work community. This year the Family Day Celebration reached remarkable heights with an impressive attendance of over 6,300 people, making it the largest gathering yet. These annual celebrations serve as moments for families to come together, fostering a sense of unity and cohesion between their home and professional spheres.

Recently, we have introduced progressive policies to support our parents at BAT. We have introduced 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. In the new policy, the work from home option has also been extended for new fathers for 1 month after returning from paternity leave.



FINANCIAL WELLBEING

At BAT Bangladesh, all shop floor and management employees are encouraged to develop their financial literacy. This year, 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. By opting for voluntary participation and making the modality flexible— online for management and offline for shopfloor employees- the platform was targeted at achieving maximum participation.

SPOTLIGHT

We have proudly contributed BDT 18.42 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 12 years, BAT Bangladesh has contributed a total of BDT 103 Crore to the Labour Welfare Foundation Fund.

20 YEARS OF BATTLE OF MINDS

2023 was a milestone year for the pioneering business case competition Battle of Minds (BoM). BAT Bangladesh celebrated the legacy of the competition with the theme "Lead The Legacy". 3800+ Participants from 22 universities across the country battled for the title of DRBU winner, who would go on to represent the area in the global BoM rounds. The teams submitted their brilliant ideas in 4 themes; Energy, Bio, Tech and Inclusion. We continued to hold impactful campus engagements including STEM* Connect where attendees from STEM universities came under one roof. The top 300 participants were invited to a daylong bootcamp where the participants went to the market for researching on real products and brainstormed ideas. Top 5 teams competed in the grand finale and team IBA-DU was crowned the winner from Bangladesh. The team competed with 5 other teams in the global round and they went on to become the global runners-up holding the Bangladesh flag high. BAT Bangladesh also spearheaded the Asia Pacific, Middle East & Africa (APMEA) campaign for battle of minds leading 16 markets through several cross-market events. Leaders' Symposium: a live online panel session with 5 panels consisting of industry experts, BAT managers and BoM alumni to guide participants through the four challenges. The symposium drew over 650 participants from 14 different markets. LinkedIn was also coloured orange for a week for a consolidated campaign from BoM alumni and 2023 participants. All of these efforts helped to achieve 1100+ pitch submissions from all of APMEA.



POWER OF PASSION

Inclusivity inside an organization is fostered the best through shared passion. Employees of different backgrounds and different ranks within the organization connect when they are involved in a shared activity other than work through sports, music or other platforms. Under the banner 'Power of Passion', 3 dynamic segments emerged.

BAT BALLERS



One of its kind mixed-gender basketball tournament in the corporate world of BAT Bangladesh. BAT Ballers was launched with a mission to kickstart the first ever mixed gender sports initiative in BAT Bangladesh.

CHAMPIONS TROPHY



A cricket tournament consisting of shopfloor and management employees breaking the hierarchical biases within the factory floor, building a cohesive culture within the organization.

VSTUDIOS



One of a kind intra-company band tournament where the members of the organization formed bands with musicians and vocalists from cross-functional teams.

* STEM- Science, Technology, Engineering and Mathematics

DRIVING RESPONSIBILITY THROUGH INCLUSION AND AWARENESS

SUPERNOVA: DRIVING INCLUSION

Three years ago, we introduced Supernova, an enriching initiative geared towards empowering and shaping the future of female leadership in STEM. This mentorship network is a pioneering platform designed to cultivate talented young women in science, technology, engineering and mathematics. Since the inaugural batch, many have already made significant strides by joining BAT Bangladesh in various operational capacities.

Building on our commitment to supporting female talent in STEM, this program creates the opportunity to mentor and develop a strong network of aspiring female leaders. To achieve this, we have crafted a comprehensive learning framework, drawing on the wisdom and experience of distinguished executives in the industry with interventions, personalized mentorship and a curated learning plan. Supernova aims to not just empower individuals but also establish a community of talented female leaders, fostering a network that supports and propels each other forward in their professional journeys.



FOSTERING POSITIVE IMPACT WITH BE THE CHANGE FELLOWSHIP

In alignment with the Group's redefined talent brand, 'Be the Change,' our Fellowship Program was initiated, spanning an immersive two-week period. This unique endeavour was crafted to connect and immerse young leaders into diverse communities, fostering purpose-driven initiatives that resonate with the Sustainable Development Goals (SDGs).

Since its inception, we have curated five cohorts of emerging leaders, guiding them through an enriching journey that blends learning and impactful contributions. The program encompasses a wide spectrum, from exploring innovative grassroots farming methods to imparting fundamental literacy skills. The Fellowship Program has proven to be transformative, not just for the participants but also for the communities they engage with. It is a testament to BAT Bangladesh's commitment to nurturing a new generation of leaders who are not only adept in their fields but also deeply connected to societal needs and purposeful action.





The creation of the self-sustaining resource group – Lean In Circle has been one of our proudest initiatives this year. This group has ensured that women all over BAT Bangladesh can come together under one platform to engage and grow to be the leaders of tomorrow. The group consists of multiple circles, where each circle is led by one person and more than 200 female employees are part of these circles. Within a very short time Lean In Circle has proved to be a platform which has driven purpose-led changes within the organization. Starting from hygiene issues, daily life updates, to policy amendments and new initiatives, Lean In Circle has achieved it all. Constantly striving towards community upliftment, it keeps on inspiring and positively impacting women in BAT Bangladesh nationwide.

INTERNATIONAL WOMEN'S DAY 2023

International Women's Day 2023 was an event where BAT Bangladesh focused on equity, reinforcement of commitments and purpose driven initiatives. We had a weeklong celebration consisting of a Privilege Test- Realising inherent biases and awareness session with external partners such as Friendship colors of the char and TransEnd.



We also did a week-long initiative called Passion Week- showcasing passion outside work by female employees of BAT Bangladesh. The highlight of IWD 2023 was the initiation of Lean in Circle. A self-sustaining Employee Resource Group (ERG) that inspires and positively impacts women in the corporate sector. The group consists of multiple circles, where each one is led by one person and more than 200 female employees are part of these circles. Within a very short time Lean-In-Circle has proved to be a platform which has driven purpose-led changes within the organization. We are proud to say that lean in circle has proposed and implemented policies that has increased our maternity benefits and has improved our infrastructure in outstation offices.



Diversity and inclusion (D&I) are not just pillars of strength; they are the very foundation upon which BAT Bangladesh's success stands, embracing the unique perspectives and talents of all, enriching our culture and driving innovation forward. Our D&I strategy is built on strategic pillars for ownership, accountability, diverse talent pipelines and enablers, all fostering an inclusive culture. To us, D&I is not just limited to the concept of equality between men and women, but also to foster an environment where people from different backgrounds come and grow together. We embrace the uniqueness that each individual brings to our organization and then make customized plans for their development. As new generations enter the workforce, the business will face new expectations and different demands. This presents the opportunity to develop our culture and grow our impact across diversity and inclusion. Through our values, we strive to empower our people and foster an exciting, rewarding workplace, emphasizing inclusivity and collaboration to deliver sustainable growth..

- Saad Jashim, Head of Talent, Culture & Inclusion, BAT Bangladesh

APPRENTICE ACADEMY

In 2021, BAT Bangladesh, in line with the government's target for SDG 8: Decent Work and Economic Growth, launched the Apprentice Academy, a development program designed to mentor capable individuals for a seamless transition to permanent Equipment Owner (EO) in Bangladesh and beyond. The program offers a rigorous capability development journey, structures recruitment for permanent Equipment owner (EO) roles and fosters effective partnerships with freshly graduating individuals. The year 2023 marked an era of achieving new goals and ideas in capability building and digitalization, with the Apprentice Academy standing as one of BAT Bangladesh's most significant achievements.



Since its inception in 2021, the Apprentice Academy has trained a total of 550 apprentices, with 149 graduating employees currently working as permanent employees in BAT Bangladesh. The remaining 401 apprentices are either still undergoing training or have joined other companies' industrial divisions. This is contributing to meeting the targets for SDG 8- Promote inclusive and sustainable economic growth, employment and decent work for all set by the government including - increasing annual growth rate of GDP to 10%, reducing unemployment rate below 3% and reducing the proportion of youth population (15-29 years) not in education, employment or training to 10% by 2030.

CASE STUDY

Joni Chandra Sutra Dhar, holding a Diploma in Mechanical Engineering from Dhaka Poly technique Institute, embarked on his career journey by joining BAT Bangladesh as an Apprentice. It was an opportunity that promised not just a job but a pathway to growth and development. The Apprentice Academy at BAT Bangladesh became his gateway to the professional world, offering him first-hand training and exposure at the company's manufacturing unit. Under the guidance of seasoned mentors, Joni delved into Technical Level 1 training, immersing himself in the complexities of mechanical systems. The IWS (Integrated Work Systems) process training provided him with a comprehensive understanding of the manufacturing processes. BAT Bangladesh adopted the 70-20-10 development framework, which emphasized learning through experience (70%), coaching and mentoring (20%) and formal training (10%).

Fast forward to the present day, Joni finds himself in a new role as a section engineer with the maintenance team at Bangladesh Metro Rail. Here, he applies the learning from his IWS process training to ensure the smooth functioning of the metro rail system. His expertise in optimizing processes and his attention to detail make him a valuable asset to the team.

Reflecting on his journey, Joni credits the Apprentice Academy at BAT Bangladesh for laying the foundation for his success. The skills, knowledge and experiences gained during his apprenticeship paved the way for his transition to a fulfilling career as an engineer.



“A lot of the magic in the quality apprenticeship space in Bangladesh is happening within MNCs and national enterprises. It was a pleasure visiting and learning from the future-fit Apprentice Academy and knowing of the willingness to share learning across the board. The International Labour Organization is keen on understanding these initiatives, exhibiting good practices and innovations, and co-designing high impact, future of work focused quality apprenticeship systems led by the Private Sector.”

We thank BAT Bangladesh for the opportunity and the team for the insights.

- Saif Islam, Senior Programme Officer at International Labour Organization



ROBUST GOVERNANCE

At BAT Bangladesh, we operate under a robust framework of established policies, procedures and standards, which are becoming increasingly important in today's complex operating environment.



1st

end market in BAT
Group to publish ESG
Report



100%

adherence
to IMP



100%

employees completed
SoBC sign-off and
training



ETHICS AND INTEGRITY

At the core of our work ethos, we prioritize a dedicated commitment to integrity and ethical practices. We communicate to all our employees, suppliers and partners that adherence to ethical standards remains paramount, never to be compromised for any reason.

We empower our workforce through a comprehensive suite of policies, guidelines and extensive training sessions, ensuring a thorough understanding of their roles and obligations. BAT Group's Standards of Business Conduct (SoBC) establish explicit guidelines, supported by tools and procedures facilitating consistent risk assessment which apply to every company and all staff worldwide, including BAT Bangladesh. We foster an environment where employees feel empowered to report any suspected breaches, nurturing a culture of openness and accountability.

WHY ETHICS AND INTEGRITY MATTER

In an organisation as diverse and multinational as BAT Bangladesh, it is essential that there is a consistent set of rules and standards of behaviour across the organization. BAT Bangladesh's culture is based on ethical values. Unethical behaviour, such as corruption, money laundering, or tax evasion, can be extremely damaging to a business. Operating with honesty, integrity and transparency is not only the right thing to do – it is critical to our continuing success. Our Delivery with Integrity programme drives its consistent approach to managing key risks, including bribery and corruption.

WE AIM TO HAVE 100% ADHERENCE TO OUR STANDARDS OF BUSINESS CONDUCT

POLICIES AND ACCOUNTABILITY

Our commitment to maintaining rigorous standards is articulated through the Standards of Business Conduct (SoBC). These standards encompass a range of crucial topics such as 'Speak Up,' bribery and corruption, tax evasion and money laundering.

The SoBC is complemented by our Supplier Code of Conduct (SCoC), which outlines the minimum standards expected of our suppliers. This includes provisions

addressing bribery and corruption, sanctions, tax evasion and illicit trade. As an integral part of our compliance program, we actively oversee and mitigate third-party risk through the implementation of our Third-Party Anti-Financial Crime (AFC) Procedure and the utilization of an AFC risk-assessment tool. This underscores our proactive approach to identifying and managing risks associated with external entities.

BAT Bangladesh expects all of its employees and business partners to adhere to both set of standards.

ANNUAL REPORTS



According to the Bangladesh Securities and Exchange Commission's (BSEC) financial reporting and disclosure requirements BAT Bangladesh is obligated to publish an annual report that includes a statement attesting BAT Bangladesh's compliance with all provisions of the Corporate Governance Code (CGC).

The annual report strives to offer a comprehensive and precise portrayal of our corporate governance policies, regulatory compliance measures, strategic direction, performance metrics, opportunities and future perspectives concerning significant financial and ESG (Environmental, Social and Governance) matters. Its primary aim is to address concerns related to value creation for long-term investors while also providing relevant information to our broader spectrum of key stakeholders.



At the heart of our organizational culture lies a commitment to ethics and integrity. We firmly believe that upholding these principles is not just a choice but an obligation, essential for sustaining our success and fostering trust among all stakeholders. Through robust policies, comprehensive training and a culture of accountability, we ensure that every member of our team, as well as our partners, operate with the highest standards of conduct. By prioritizing ethics and integrity, we not only safeguard our reputation but also contribute to a more sustainable and responsible business environment.

- Numayer Alam, Head of Commercial, BAT Bangladesh

SUSTAINABILITY GOVERNANCE

BAT Bangladesh is fully committed to robust corporate governance, adhering to high business standards. The organisation builds trust with stakeholders through principles like integrity, transparency and fairness. The company fosters a culture of high ethical standards, individual accountability and transparent disclosure.

BAT Bangladesh ensures well-informed and equipped boards for cohesive strategic direction, striving for long-term shareholder value. BAT Bangladesh aims to be an employer of choice, promoting a safe, healthy workplace and emphasizing Environmental, Social and Governance (ESG) performance aligned with the Sustainable Development Goals.

Preserving key governance principles within a two-tier framework, BAT Bangladesh goes beyond regulatory mandates, incorporating voluntary norms and international best practices. This governance approach reinforces its competitive edge through improved accountability, risk management, transparent performance and effective leadership.

OUR CORPORATE GOVERNANCE CULTURE IS ANCHORED ON



Strong leadership



Strong risk management culture



Effective internal controls



Prudent financial practices



Accountability towards shareholders.

WHY SUSTAINABILITY GOVERNANCE MATTERS

Strong governance is the cornerstone of our ESG practices' excellence. BAT Bangladesh's Corporate

Social Responsibility (CSR) Committee, comprising skilled members, actively oversees initiatives, guiding and monitoring strategies to maximize societal impact. Empowered by the Board of Directors, this committee convenes quarterly to ensure compliance, review performance and provide crucial guidance in our sustainability journey. This diligent oversight ensures that we remain aligned with our objectives, guaranteeing responsible and impactful practices.

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 established internal controls.

Comprising of 15 distinguished individuals with core competencies relevant to BAT Bangladesh, our Board of Directors plays a pivotal role and is responsible for providing strategic leadership, overseeing managerial activities and upholding compliance with ethical standards. The Board diligently ensures alignment with the guidelines outlined by the Bangladesh Securities and Exchange Commission's (BSEC's) Corporate Governance Guidelines, alongside the Company's internal governance policies, always prioritizing the long-term welfare of our stakeholders.

INTERNAL AUDIT AND COMPLIANCE TEAM

BAT Bangladesh's internal audit and compliance team is responsible for maintaining a robust internal control system to facilitate the smooth operations of the company. Their responsibilities extend to ensuring



BAT Bangladesh continues to focus on allocating capital optimally to foster sustainable growth. Our commitment lies in directing investments towards expanding our brand range and driving innovation across our portfolio, all while enforcing sensible cost management strategies. We emphasize the importance of sustainable governance, ensuring that our decisions are anchored in responsible practices. With steadfast confidence in our ability to generate lasting value for our shareholders, we prioritize agility and innovation to accelerate our transformation. Today, BAT Bangladesh stands ready to navigate evolving consumer landscapes and achieve sustainable growth in the long run.

- Nirala Nandini Singh, Finance Director, BAT Bangladesh

compliance with both internal policies and external regulations. Additionally, they coordinate the analysis of risks across various operational areas.

This team is accountable for establishing an internal accountability and assurance framework, which involves defining how internal audit collaborates with other providers of assurance within the organisation. The team takes the lead in developing an annual risk-based internal audit plan, subject to review and approval by BAT Bangladesh's Audit Committee. This strategic approach enhances the effectiveness of our internal processes and ensures adherence to established standards and regulations.

COMPLIANCE

BAT Bangladesh aims to ensure compliance with regulatory bodies by furnishing comprehensive financial statements and relevant documents to entities like the Bangladesh Securities and Exchange Commission (BSEC), Stock Exchanges, National Board of Revenue (NBR), Registrar of Joint Stock Companies and Firms (RJSC) and

other relevant government bodies. Additionally, it actively organizes awareness sessions on existing and proposed laws to promote adherence throughout the organization. In essence, BAT Bangladesh remains dedicated to being a fully compliant company.

GOOD GOVERNANCE FOR SUSTAINABLE GROWTH

Strengthening the sustainability agenda involves maintaining strong credit ratings and cost control, key factors in building long-term shareholder value and securing BAT Bangladesh's position as the country's largest corporate taxpayer. Integrating Environmental, Social and Governance (ESG) practices into operations seeks to make progress towards sustainable growth, long-term profitability and a positive reputation among stakeholders. Emphasizing strong governance, including transparent reporting and ethical decision-making, boosts investor confidence and mitigates risks. BAT Bangladesh's focus on ESG considerations reflects its commitment to building a resilient and profitable business model for the long term.



STANDING FOR LEFT TO RIGHT

Mr. Mohammad Salahuddin
Dr. M Harunur Rashid

Mr. Md. Abul Hossain
Ms. Zakia Sultana

Mr. Shehzad Munim
Mr. Md. Azizur Rahman FCS

RESPONSIBLE MARKETING

Responsible marketing entails the clear and transparent presentation of information, consciously avoiding any content or visuals that might appeal to underage individuals or non-smokers. This practice is essential to ensure the exclusive use of tobacco and nicotine products by adult consumers. Moreover, it is vital to establish stringent regulations to prevent the sale and distribution of these products to minors and to actively monitor and enforce compliance with marketing protocols. We maintain stringent marketing standards and actively support our employees, partners and customers in their effective implementation. At BAT Bangladesh, strict adherence to marketing guidelines and principles that promote responsible marketing is a fundamental practice.






OUR WELL-ESTABLISHED APPROACH TO MARKETING PRODUCTS RESPONSIBLY

BAT Bangladesh complies with the laws and regulations established by the Government of Bangladesh. The company is dedicated to ensuring that all marketing activities align with the Tobacco Control Act of 2015, which imposes stringent guidelines as well as restrictions on the marketing and sale, on advertising, promotion and sponsorship of tobacco products.

In navigating Bangladesh's intricate retail landscape, which comprises over 1.6 million stores selling cigarettes, BAT Bangladesh's distribution network serves more than 789,000 retail outlets. These outlets, adhere not only to the Smoking and Tobacco Products Usage (Control) Act but also to BAT Bangladesh's IMP. This collective adherence reflects the company's commitment to responsible business practices while navigating the complexities of the local retail environment.

INTERNATIONAL MARKETING PRINCIPLES (IMP)

BAT Bangladesh is committed to promoting responsible marketing practices across all of its product categories. BAT Group's International Marketing Principles (IMP) was first introduced in 2001. It outlines five key principles for marketing its products in a responsible manner:

-  Responsible
-  Accurate and not misleading
-  Targeted at adult consumers only
-  Transparent and
-  Compliant with all applicable laws

COMMITTED TO COMMUNICATING TRANSPARENTLY AND OPENLY

At BAT Bangladesh, we recognize the significance of fostering strong and lasting relationships, acknowledging trust and transparency as their foundational pillars. To achieve this, we strive to craft communication and marketing initiatives that uphold ethical standards and transparency, regardless of the communication channels, content nature, or target audience. Moreover, we maintain stringent standards for data quality and the disclosure of Environmental, Social, and Governance (ESG) and Sustainability information. All statements and claims in our communications undergo a rigorous review process involving representatives from all relevant functions including Business Communications, Corporate and Regulatory Affairs and Legal. Additionally, in collaboration with our suppliers, we actively gather information about materials and production processes, conducting thorough checks to ensure the accuracy of the content we communicate.



At BAT Bangladesh, our focus is to responsibly cater to and satisfy adult consumers' needs, while our dedication extends to responsible marketing practices, ensuring our products are marketed in alignment with local laws and adhere to the key principles outlined in the International Marketing Principles (IMP). Here, transparency is ensured through rigorous review processes, responsibility is upheld by adhering to local laws, targeting adult consumers exclusively and ensuring compliance with all relevant regulations is non-negotiable. Moreover, we are committed to creating economic opportunities and fostering community growth in the regions we serve. By upholding these principles, we strive to make a positive impact on society while navigating the complexities of the retail landscape comprising over 1.6 million tobacco-selling retailers.

- Syed Mahbub Ali, Head of Marketing, BAT Bangladesh

BETTER TOGETHER

At BAT Bangladesh, sustainability is embedded in our business operations. Having a crop to consumer model in Bangladesh, the scope of ESG is spread across various aspects of the business, starting from the farmers to the consumers. It is therefore not up to any particular individual or team to drive the sustainability agenda, rather it involves a collective efforts among all involved in facilitation and delivering effective community initiatives. Together we all complement each other towards 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 immensely proud of the progresses we have made in executing sustainability initiatives. In 2023, we have implemented initiatives to reduce carbon emissions, increased utilization of renewable energy, reduced water use intensity, minimized waste generation, and improved re-use & recycling of wastes in leaf supply chain. We have made significant strides in promoting farm women participation in farm decision making and in economic farm activities. BAT Bangladesh's community outreach programs have positively impacted the farming community. Guided by our sustainability principles and values, we are committed to continuous improvement and innovation across all facets of our operations, driving towards a more sustainable future.



Ahmed Raihan Ahsanullah

Head of Business Communications & Sustainability, BAT Bangladesh

BAT Bangladesh emphasized on the importance of a comprehensive societal approach to sustainability in 2023. Building on our longstanding commitment to ESG principles in alignment with the SDGs, our initiatives continued to prioritize supporting marginalized communities through fit for purpose development programs. We also advocate for collaboration through public-private partnerships, which enabled us to enhance the scope and impact of initiatives. Transparency and ethical practices remain at the heart of all our initiatives to foster trust and accountability within and beyond our operations. We would like to continue building on our flagship sustainability programs and seek greater support from both public and private institutions to build a better tomorrow for all.



Hector Tamez Perez

Regional Head of Sustainability,
APMEA, BAT

Sustainability is at the core of our strategy. Investing in ESG initiatives is crucial for our company to mitigate climate change, minimize water consumption, and reduce waste, thereby safeguarding the environment for future generations. By prioritizing these efforts, we not only fulfill our corporate responsibility but also contribute positively to the sustainability of our planet.



To know more, get in touch with

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