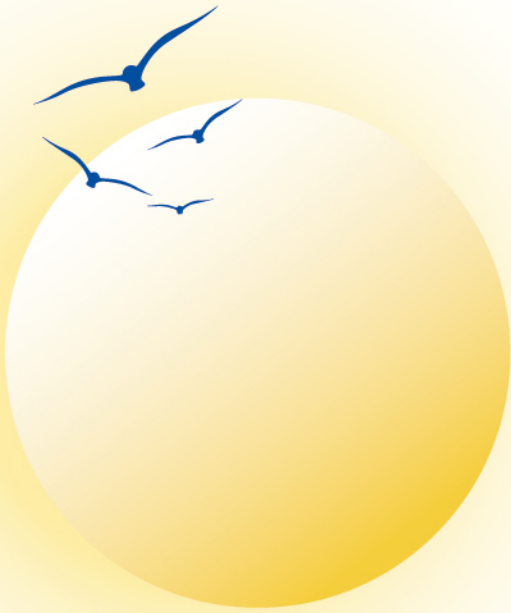


Integrated Annual Report 2023

British American Tobacco Bangladesh Company Limited



TRANSFORMING TOGETHER for a better tomorrow





TRANSFORMING TOGETHER: FOR A BETTER TOMORROW

EMBRACING CHANGE, DRIVING INNOVATION, CREATING VALUE

BAT Bangladesh has embarked on a visionary shift, acknowledging transformation to remain relevant and responsible in a dynamic business environment. Our commitment to shaping a better tomorrow is not just a corporate goal but a guiding principle embedded in every aspect of our operations.

With a rich legacy of 113 years, BAT Bangladesh has been an unwavering partner for the nation's sustainable growth since its inception. As Bangladesh has witnessed substantial socio-economic progress over the years, we recognize the need for a dynamic business model to ensure excellence today and tomorrow. Our Environmental, Social, and Governance (ESG) initiatives are at the front and center of all our actions. As a credible growth partner of the nation, we are committed to supporting 8 out of the 17 Sustainable Development Goals (SDGs), aligning our efforts with the government's aspirations to achieve these objectives and contribute to the overall progress and well-being of our society.

Innovation is the heartbeat of our transformation. BAT Bangladesh has invested significantly in research and development, embracing technological advancements to meet evolving consumer preferences responsibly. From product innovation to digital transformation, we are reshaping our industry landscape and redefining the future of responsible business.

The digital era is upon us, and BAT Bangladesh is at the forefront of this evolution. We are not only adopting cutting-edge technologies but also fostering a culture of digital literacy and innovation within our organization. Our commitment to digitization goes beyond operational efficiency; it is about enhancing customer experiences and creating a seamless, connected future.

Behind every successful transformation are the people who drive it. At BAT Bangladesh, our diverse and dedicated team is at the core of our journey toward a better tomorrow. We prioritize their growth, well-being, and development, recognizing that a motivated and skilled workforce is essential for sustainable transformation.

We believe in the power of collaboration. BAT Bangladesh actively collaborates with stakeholders, industry peers, and communities to co-create solutions and foster positive change. Our partnerships are not just transactional; they are built on shared values and a collective vision for a better, more sustainable future.

As the country marks its 53rd year of independence, we dedicate ourselves to aligning our ambitions with Bangladesh Government's Vision 2041, working collaboratively towards A Better Tomorrow.



BAT
BANGLADESH



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WELCOME!

The Board of Directors of British American Tobacco Bangladesh Limited is pleased to present the Company's Annual Report for the year ended 31 December 2023, which includes the Directors' Report, the Integrated Report, the Independent Auditors' Report on the Financial Statements conforming to all applicable statutory requirements, and the Audited Financial Statements. This report has been developed in compliance with the International Integrated Reporting Framework, which is overseen by the IFRS Foundation. As a result of aligning our reporting and analysis to globally acknowledged international corporate disclosure standards, we have benefited from the cycle of integrated thinking and reporting.



ABOUT THIS REPORT



SUSTAINABILITY is fundamental to our Company's evolving strategy, as evidenced by the numerous reporting and content sections of this Annual Report.

As we celebrate 113 years of unimpeded operations in Bangladesh, we recognise that our journey is far from ended. Even as we develop our sustainability agenda, we gaze forward 113 years and beyond, altering our strategy and material priority areas to our sustainability agenda and thereby corresponding closely with the government's goals and objectives in transforming Bangladesh.

This Annual Report illustrates our progress in implementing our updated sustainability strategy by embracing global best practices in corporate governance, talent management, livelihood development, social citizenship, and climate action. We nurture a world-class talent pool through our award-winning workforce development and transformation initiatives, which are well-known in Bangladesh's commercial sector. Our report emphasises our goal of reaching future carbon neutrality in Scope 1 and 2 GHG emissions across our GLTP, manufacturing operations, logistics, and distribution network. In the year, the successful deployment of IWS Phase 2 added another feather to the success of best-in-class standards.

We are devoted to the economic prosperity of Bangladesh and we will continue to play a significant part in our "A Better Tomorrow" route, leaving no one behind.

REPORT PROFILE

This Report's objective is to present a balanced, coherent, and accurate reflection of our strategy, operations, governance practices, ESG progress, financial stewardship, and regulatory compliance initiatives, as well as our future expectations. Though the Report has been constructed and presented to cater to the information needs of shareholders and investors, it also incorporates information that is beneficial for an even wider readership comprised of our many other stakeholders.

The Report covers the operations of BAT Bangladesh and includes disclosures for the fiscal year 2023, which runs from 1 January 2023 to 31 December 2023.

INTEGRATED THINKING-REPORTING CYCLE

Adopting the Integrated Reporting Framework and Integrated Thinking Principles has enabled us to not

only enhance our communication standards, but also to plan and execute initiatives that have fostered financial stability and sustainable development.

With sustainability at the core of our evolving strategy, the rotation of integrated reporting-thinking has served to promote a more cohesive and rational approach in our arena of "performance communication." It also allowed us to see the factors that have a significant impact on our potential to generate fortune over time, as well as improve our accountability and management of our six capitals. Indeed, integrated thinking has improved our decision-making abilities and practices, allowing us to comprehend value creation through three lenses: short, medium, and long-term.

Our comprehensive reporting process is overseen by the Board Audit Committee. During their audits, our internal and external audit teams cover essential controls and accounting issues, ensuring the accuracy of information. Other levels of external assurance are sought from appropriate government authorities, regulators, and professional bodies as needed.

Our corporate governance framework, which is governed by our Board and Leadership team, is the centrepiece of this report. It shows our joint commitment to fostering performance with integrity and ethics via the prism of our decision-making processes and effective management systems.

COMBINED ASSURANCE

To ensure the accuracy of the information in this Report, we use a blended assurance model.

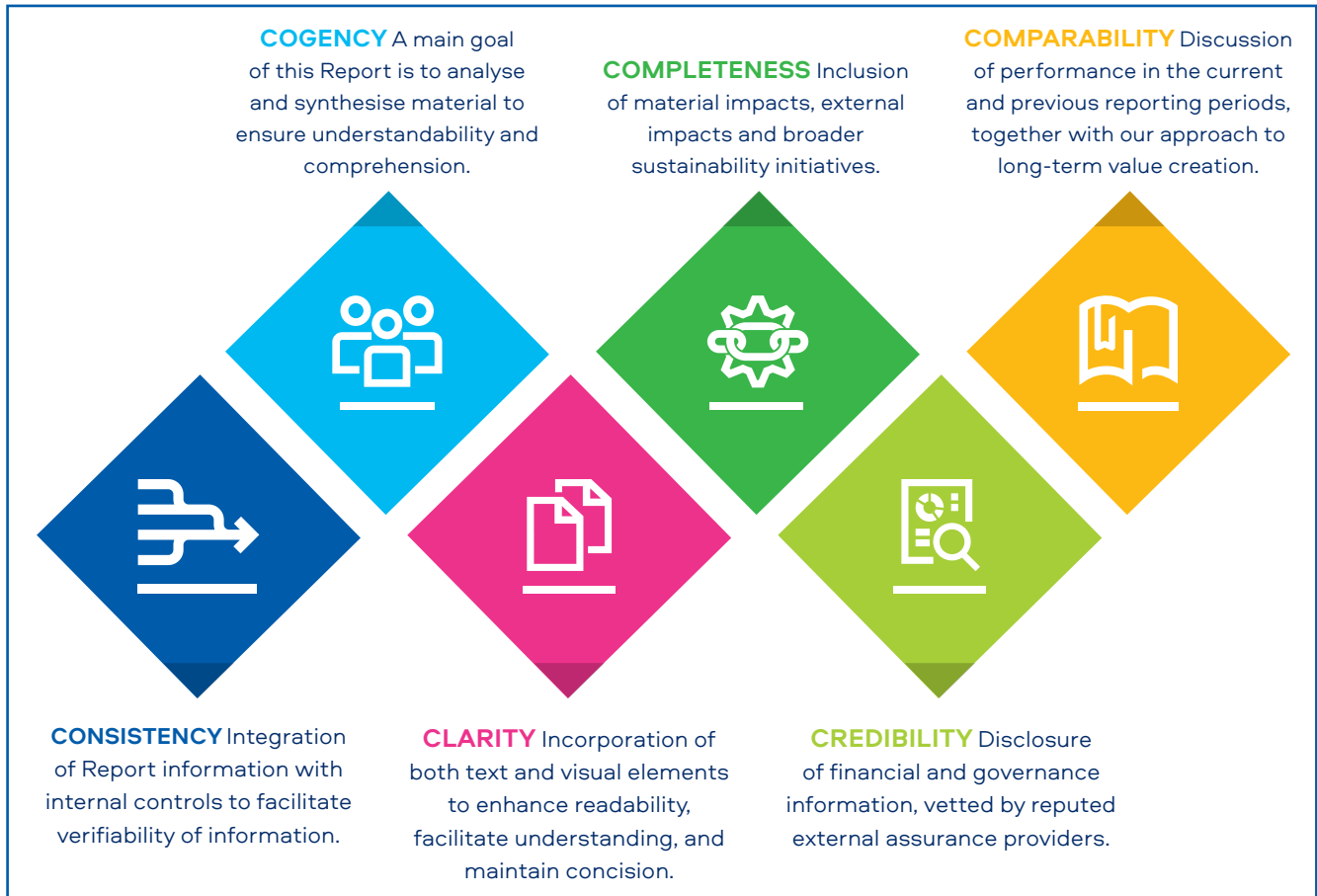
- ▶ The Management, led by the Company's Managing Director and other members of the Leadership, establishes and implements adequate internal controls to manage these risks while safeguarding operations in accordance with the Board-approved policies and procedures.
- ▶ The Internal Audit team monitors and evaluates this procedure, while the External Audit team assesses the accuracy of financial reporting and internal controls.

M/s KPMG Rahman Rahman Huq, Chartered Accountants, the Company's Independent Auditors, presented assurance on the financial accounts. As Compliance Auditor, Mohammad Sanullah and Associates, Chartered Secretaries, looked over the Company's governance process.

Except in a professional capacity, the Board of Directors and the Leadership Team have no interaction with the Company's external assurance providers.

INFORMATION ASSURANCE

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



MATERIALITY

We employ the materiality principle to determine what information should be included in our Integrated Report. This study focuses on the difficulties, possibilities, and our perspective of the future, all of which influence how we manage our six capitals to unleash potential and become a sustainable company that consistently generates and safeguards value for all stakeholders while trimming erosion.

Determining our material concerns involves collaboration from all business units, an assessment of the risks as well as possibilities in our operating environment and input and feedback from our stakeholders. Our material matters, as explained on the following pages, shape the formation of our business model, long-term business plans, and short, medium, and long-term goals.

ABOUT US



BAT Bangladesh is one of Bangladesh's most valuable corporate entity in existence for the last 113 years in the country. As the largest tax contributor to the Government exchequer, together with a strong presence in the rural agri-economy, the Company's socio-economic impacts have been widespread and largescale.

A HISTORY OF VALUE CREATION

British American Tobacco Bangladesh (BAT Bangladesh) was founded in 1910 as Imperial Tobacco and has a long and illustrious history. Its name was changed to Bangladesh Tobacco Company in 1972, and in 1998, it took over the brand name British American Tobacco Bangladesh (BATB or BAT Bangladesh) in order to align with the other operating companies of the UK-headquartered British American Tobacco Group.

A HISTORY OF VALUE SUSTAINMENT

BAT Bangladesh has a long and proud history of benefiting citizens and their livelihoods throughout its value chain and through its diverse ranged citizenship initiatives. With sustainability at its core, the Company has pursued sustainable value creation as the most effective strategy for enriching its stakeholders, strengthening ties with them and achieving the shared objective of collective prosperity.

The reasons that contribute to the Company's sustained success encompass its strong business fundamentals, talented staff, multi-category portfolio, wide distribution network and longtime collaborations with registered farmers. These have helped to drive the Company's strategic goals, particularly the most important goal of unified value creation.

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

OUR BELIEFS

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

With a momentous history dating back over 113 years, we are setting out on a transformational path with the specific goal of creating A Better Tomorrow for all of our stakeholders.

OUR EVOLVED STRATEGY

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

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

SECURING A BETTER TOMORROW FOR OUR STAKEHOLDERS

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

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

STAKEHOLDER IMPACT

	<p>CONSUMERS By responsibly offering enjoyable choices to our adult consumers for every mood and every moment, today and tomorrow</p>
	<p>SOCIETY By enhancing our environmental and social impacts</p>
	<p>EMPLOYEES By fostering a dynamic, inspiring, and purposeful place to work</p>
	<p>SHAREHOLDERS By delivering sustainable and superior returns</p>

OUR JOURNEY

1910

Journey started as Imperial Tobacco



1947

New identity as Pakistan Tobacco Company (PTC)



1949

First factory of BATB in Fauzderhat, Chittagong



1965

Established Dhaka Factory in Mohakhali DOHS



1977

Enlisted in Dhaka Stock Exchange



2010

Celebrated its centenary



2020

Started its journey with an evolved identity



113 YEARS & BEYOND...

TOWARDS A BETTER TOMORROW™



1972

New identity as Bangladesh Tobacco Company (BTC)



1996

Enlisted in Chittagong Stock Exchange



1998

Revamped identity aligned with BAT group

2003

New corporate head office built in Mohakhali, DOHS

AWARDS



Excellence in Corporate Governance

6 National awards in 5 years



Contribution to National Exchequer

Highest Taxpayer 9 times in a row



Best Presented Annual Report

4 International & 5 National awards in last 5 years

2021

Established its newest factory in Savar

2023

Transforming together



OUR BRANDS

Our business is not about encouraging people to start smoking or to smoke more, but about meeting the preferences of adults, who have chosen to consume tobacco, and differentiating our brands from the competitors.

We manufacture and market high quality and well-established international cigarette brands. Our current brands are Benson & Hedges, John Player Gold Leaf, John Player Series, Capstan, Lucky Strike, Star, Royals, Derby, Pilot, and Hollywood which are positioned in four segments in the Bangladesh cigarette market.

BENSON & HEDGES

P **BENSON & HEDGES**

PREMIUM

Benson & Hedges has been the leading premium tobacco brand of the country since it was first launched in 1997 with B&H Special Filter. Ever since its launch, it has led the premium tobacco segment and continued to grow the brand range by introducing a wide range of product offers. With a view to leading the premium segment by driving innovation, the house of Benson & Hedges launched the first ever capsule offer in this market, B&H Switch in 2012 and in 2018, introduced the Bangladesh tobacco market to its first ever tube filter offer in the premium segment - B&H Platinum. With the launch of the Alchemy Series in 2022, Benson & Hedges introduced two new SKUs: Alchemy 7mg and Alchemy Mix1. Through this launch, the brand launched the first double capsule offer and round corner packs of the country.

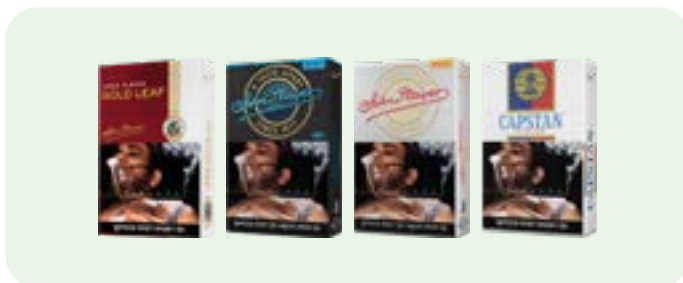
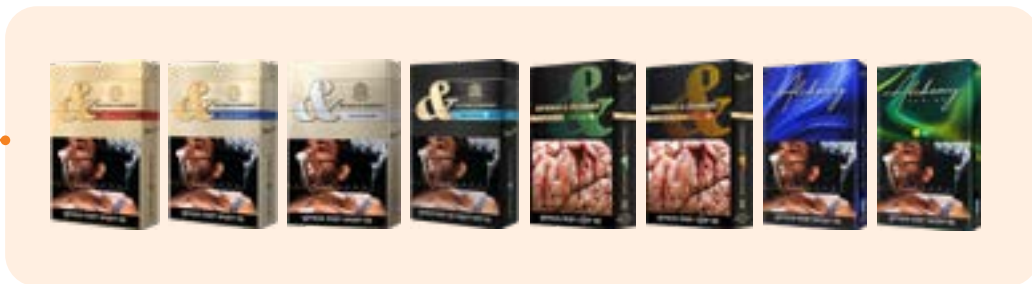


CAPSTAN

JOHN PLAYER GOLD LEAF, JOHN PLAYER SERIES AND CAPSTAN

John Player Gold Leaf, John Player Series and Capstan are positioned in the Aspirational Premium segment. Launched in 1980, as the first international tobacco brand in Bangladesh, John Player Gold Leaf has stood the test of time with leadership in this segment. Later, in 2020, built on the pioneering spirit of John Player, the founder of Gold Leaf cigarette, John Player Series was introduced with two progressive variants – John Player Switch and John Player Special.

HIGH





MEDIUM

LUCKY STRIKE

Lucky Strike is one of the most iconic international brands of BAT group. Ever since its inception in 1871 during the height of the California gold rush, it has been a companion of great moments throughout history and pop culture. Lucky Strike has been an icon of passion among impassioned adults in over 80 countries- From Germany to Indonesia, to Spain, Japan, and Argentina. This iconic brand has been launched in Bangladesh in 2021 and now comes in 4 distinct variants.

STAR

Star is positioned in the VFM segment and was launched in 1964. It has a long heritage of satisfying the needs of the consumers at an affordable price point. With the addition of STAR Switch in late 2022, it now offers a wide range of offers satisfying varied groups of consumers.



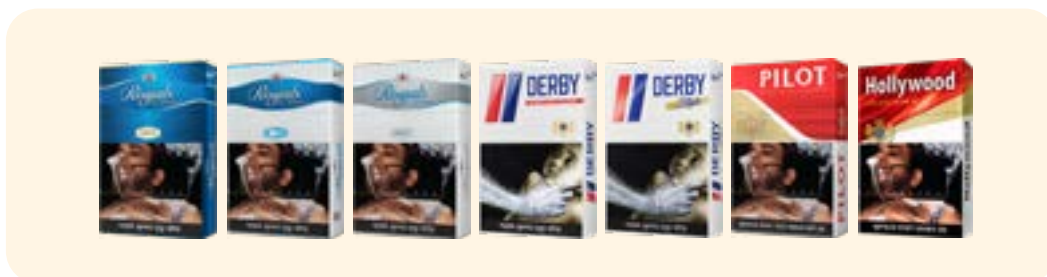
ROYALS

Royals was launched in July 2019 with three variants – Royals Gold, Royals NEXT & Royals LS. It enhanced its value proposition by offering greater value to its consumers with the launch of Royals London Cut in 2023. Royals has built its reputation as a progressive & a genuine value for money brand in the consumer mind-space. Within one year of launch, it has established itself as the segment leader.

DERBY, PILOT & HOLLYWOOD

Derby was launched in 2013 and is the biggest brand in low segment, offering taste differentiation to the consumers through its two variants. Pilot and Hollywood was launched in 2009 and 2011 respectively, in specific markets offering true and authentic smoke to the consumers.

LOW





British American Tobacco Bangladesh Company Limited

New D.O.H.S. Road, Mohakhali, Dhaka -1206

NOTICE OF THE 51ST ANNUAL GENERAL MEETING

Notice is hereby given that the 51st Annual General Meeting (AGM) of British American Tobacco Bangladesh Company Limited will be held on Thursday, 28th March 2024 at 10:30 am using Hybrid System in combination of physical presence of shareholders at the Ballroom of the Radisson Blu Water Garden to transact the following business:

AGENDA

1. To receive, consider and adopt the Directors and Auditor's Report and the Audited Financial Statements of the Company for the year ended 31st December 2023.
2. To declare Dividend for the year ended 31st December 2023.
3. To elect or re-elect Directors of the Company.
4. To appoint Statutory Auditors and to fix their remuneration.
5. To appoint Corporate Governance & Compliance Auditors and to fix their remuneration.

By order of the Board



Md. Azizur Rahman FCS
Company Secretary

5th March 2024

NOTES:

- The members whose names appear in the Members' Register and/or Depository Register on the Record Date, i.e. Sunday, 3rd March 2024 shall be eligible to attend the 51st AGM (Hybrid System) of the Company and shall be entitled to receive the Dividend to be approved at the 51st AGM;
- The link for the AGM for joining and voting online is www.batbagm.com and detailed procedures to attend and vote in the meeting will be communicated to the shareholders' email ID and/ or cell number in due course, and it will be available on the website of the Company: www.batbangladesh.com
- A member may appoint a proxy to attend and vote in his/her place by filling out a proxy form. The proxy form, duly completed and stamped, must be deposited at the office not later than 72 hours before, 25th March 2024 at 10:30am the time scheduled for holding the meeting, as per Articles 70 and 71 of the Articles of Association of the Company;
- Pursuant to Articles 70 and 71 of the Articles of Association, a corporate member of the Company, by resolution of the Board of Directors or other governing body of such body corporate, may authorize such person as it thinks fit, to act as its representative at any meeting of the Company.
- As per the BSEC notification No. BSEC/CMRRCD/2009- 193/169, dated 14th May 2015, we would request all stock brokerage houses to provide us with the list of margin shareholders' names, shareholdings, e-Tin, telephone, fax numbers, and e-mail addresses as on our "Record Date". We would further request them to provide us with the beneficiary's name (DP), bank name, bank account number, and routing number by 15th March 2024 positively to get the credit of the dividend;
- As per the BSEC notification No. BSEC/CMRRCD/2006 158/208/Admin/81, dated 20th June 2018, soft copies of the Annual Report along with the Attendance Slip, Proxy Form, and Notice will be forwarded to all the shareholders on their respective email addresses available with us as per CDBL record. Shareholders may also collect the Proxy Form from the registered office of the Company. The Proxy Form will also be available on the website of the Company;
- The soft copy of the Annual Report 2023 is also available on the Investor Relations Section of the Company's website: www.batbangladesh.com



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

৫১ তম বার্ষিক সাধারণ সভা (এজিএম) বিজ্ঞপ্তি

এতদ্বারা জানানো যাচ্ছে যে ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেডের ৫১ তম বার্ষিক সাধারণ সভা (এজিএম) ২৮শে মার্চ ২০২৪, বৃহস্পতিবার সকাল ১০:৩০ মিনিটে শেয়ারহোল্ডারদের স্বশরীরে উপস্থিতি এবং অনলাইন পোর্টাল এ উপস্থিতির সম্মিশ্রণে হাইব্রিড সিস্টেম এর মাধ্যমে রেডিসন ব্লু ওয়াটার গার্ডেনের বলরুমে অনুষ্ঠিত হবে। নিম্নলিখিত আলোচ্যসূচি সম্পাদনকল্পে এজিএম পরিচালিত হবে:

আলোচ্যসূচী

- ২০২৩ সালের ৩১শে ডিসেম্বর সমাপ্ত বছরের জন্য কোম্পানির আর্থিক বিবরণী এবং তার উপর পরিচালক এবং অডিটরের প্রতিবেদনগুলি বিবেচনা এবং গ্রহণ করার জন্য।
- ২০২৩ সালের ৩১শে ডিসেম্বর সমাপ্ত বছরের লভ্যাংশ অনুমোদনের জন্য।
- পরিচালক/নির্বাচিত পুনরায় নির্বাচিত করতে।
- নিরীক্ষক নিয়োগ এবং তাদের পারিশ্রমিক নির্ধারণের জন্য।
- বিএসইসি কর্পোরেট গভর্নেন্সের কোডস এর অধীন প্রয়োজনীয়তার সাথে সম্মতি রেখে কোম্পানির কমপ্লায়েন্স অডিটর নিয়োগ এবং তাদের পারিশ্রমিক নির্ধারণের বোর্ডের আদেশক্রমে

মোঃ আজিজুর রহমান এফসিএস
কোম্পানি সচিব

৫ মার্চ ২০২৪

দ্রষ্টব্য:

- যে সকল শেয়ারহোল্ডারদের নাম রেকর্ডের তারিখে অর্থাৎ ৩রা মার্চ ২০২৪, রবিবার, সদস্য রেজিস্ট্রেশন/অথবা ডিপোজিটরি রেজিস্টারে প্রদর্শিত হবে, কোম্পানির ৫১ তম এজিএম এ তাহারা যোগ দিতে পারবেন এবং অনুমোদিত হিসাবে লভ্যাংশ পাওয়ার অধিকারী হবেন;
- অনলাইনে যোগদান ও ভোট প্রদানের জন্য এজিএমের লিংক হচ্ছে www.batbagm.com এবং এজিএমে যোগদানের জন্য বিস্তারিত পদ্ধতি শেয়ারহোল্ডারদের ইমেল আইডি এবং/অথবা মোবাইল নম্বরে যথাযথভাবে জানানো হবে এবং এটি কোম্পানি ওয়েবসাইটে পাওয়া যাবে: www.batbangladesh.com
- একজন শেয়ারহোল্ডার একটি প্রক্সি ফর্ম পূরণ করে তার জায়গায় উপস্থিত থাকার এবং ভোট দেওয়ার জন্য একজন প্রক্সি নিয়োগ করতে পারবেন। কোম্পানির আর্টিকেল অফ অ্যাসোসিয়েশনের অনুচ্ছেদ নং ৭০ এবং ৭১ অনুসারে, প্রক্সি ফর্মটি যথাযথভাবে পূরণ করে এবং স্ট্যাম্প করে, অবশ্যই সাধারণ সভার জন্য নির্ধারিত সময়ের ৭২ ঘণ্টা পূর্বে অর্থাৎ ২৫শে মার্চ সকাল ১০:৩০ মিনিটের মধ্যে কোম্পানি অফিসে জমা দিতে হবে;
- আর্টিকেল অফ এসোসিয়েশন এর অনুচ্ছেদ নং ৭০ এবং ৭১ অনুসারে, কোম্পানির একজন কর্পোরেট সদস্য, পরিচালনা পর্ষদ বা এই ধরনের কর্পোরেট সংস্থার অন্যান্য গভর্নিং বডি রেজোলিউশনের মাধ্যমে, এই ধরনের ব্যক্তিকে উপযুক্ত হিসাবে বিবেচনা করতে পারে এবং তার প্রতিনিধি হিসাবে কোম্পানির যে কোনো সভায় কাজ করার জন্য অনুমতি দিতে পারে;
- বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের ১৪ মে ২০১৫ ইং তারিখের সার্কুলার নং-এসইসি/সিএমআরআরসিডি/২০০৯-১৯৩/১৬৯ মোতাবেক সকল স্টক ব্রোকারেজ হাউজকে জানানো যাচ্ছে যে, তাদের মার্জিন হোল্ডারদের নাম, শেয়ার হোল্ডিংস, ই-টিন, টেলিফোন, ফ্যাক্স নম্বর এবং ই-মেইল ঠিকানা আমাদের “রেকর্ডের তারিখ” অনুযায়ী সরবরাহ করতে হবে। নগদ লভ্যাংশ প্রাপ্তির জন্য তাদের আরও জানানো যাচ্ছে যে, কোম্পানির নিকট ৩রা মার্চ ২০২৪ এর মধ্যে তাদের সুবিধাভোগীর নাম (DP), ব্যাঙ্কের নাম, ব্যাঙ্ক অ্যাকাউন্ট নম্বর এবং রাউটিং নম্বর অবশ্যই জমা দিতে হবে;
- বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের সার্কুলার নং-বিএসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/২০৮/অ্যাডমিন/৮১, তারিখ ২০ জুন ২০১৮ অনুযায়ী, উপস্থিতি স্পি, প্রক্সি ফর্ম এবং নোটিশ সহ বার্ষিক প্রতিবেদনের সফট কপি সকল শেয়ারহোল্ডারদের সিডিবিএল রেকর্ড অনুযায়ী তাদের নিজ নিজ ই-মেইল ঠিকানায় প্রেরণ করা হবে। শেয়ারহোল্ডারগণ কোম্পানির নিবন্ধিত অফিস থেকে প্রক্সি ফর্ম সংগ্রহ করতে পারেন। প্রক্সি ফর্ম কোম্পানির ওয়েবসাইটেও পাওয়া যাবে;
- বার্ষিক প্রতিবেদন ২০২৩ -এর সফট কপি কোম্পানির ওয়েবসাইটের বিনিয়োগকারী সম্পর্ক বিভাগেও পাওয়া যাবে: www.batbangladesh.com

CORPORATE INFORMATION

COMPOSITION OF THE BOARD

Mr. Golam Mainuddin	Chairman
Mr. Shehzad Munim	Managing Director
Ms. Zakia Sultana	Non-Executive Director
Mr. Mohammad Salahuddin	Non-Executive Director
Mr. K. H. Masud Siddiqui	Independent Director
Mr. A. K. M. Aftab UI Islam FCA	Independent Director
Dr. M. Harunur Rashid	Independent Director
Mr. Md. Shirajun Noor Chowdhury	Non-Executive Director
Mr. Md. Abul Hossain	Non-Executive Director
Mr. Stuart Kidd	Non-Executive Director
Mr. Gary Tarrant	Non-Executive Director
Mr. Francisco Toso Canepa	Non-Executive Director
Mr. Wael Sabra	Non-Executive Director
Ms. Monisha Abraham	Non-Executive Director
Ms. Nirala Nandini Singh	Finance Director
Mr. Md. Azizur Rahman FCS	Company Secretary

BOARD COMMITTEES

BOARD AUDIT COMMITTEE

Mr. A. K. M. Aftab UI Islam FCA	Chairman
Mr. K. H. Masud Siddiqui	Member
Ms. Zakia Sultana	Member
Mr. Md. Shirajun Noor Chowdhury	Member
Mr. Md. Azizur Rahman FCS	Company Secretary

BOARD NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

BOARD CSR COMMITTEE

Ms. Zakia Sultana	Chairman
Mr. Shehzad Munim	Member
Mr. Mohammad Salahuddin	Member
Mr. Md. Abul Hossain	Member
Dr. M. Harunur Rashid	Member
Mr. Md. Azizur Rahman FCS	Company Secretary

COMPANY SECRETARY

Mr. Md. Azizur Rahman FCS

LEADERSHIP TEAM

Mr. Shehzad Munim	Managing Director
Ms. Nirala Nandini Singh	Finance Director
Mr. Jorge Macedo Pavon	Head of Operations
Mr. Sudesh Peter	Head of Legal
Mr. Mahbub Ali	Head of Marketing
Mr. Saad Jashim	Head of Talent, Culture & Inclusion
Mr. Sarzil Sarwar	Head of IDT
Mr. Numayer Alam	Head of Commercial

INTERNAL AUDIT & COMPLIANCE

Mr. Tamzeed Ahmed

STATUTORY AUDITORS

KPMG Rahman Rahman Huq, Chartered Accountants

GOVERNANCE COMPLIANCE AUDITOR

Mohammad Sanauallah & Associates

BANKERS

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

FACTORY & REGISTERED OFFICE

British American Tobacco Bangladesh Company Limited

New DOHS Road, Mohakhali, Dhaka 1206

Telephone: (+880) 248811279-83

Email: bangladesh@bat.com

BAT Group's Strategy



Purpose/Vision/Mission



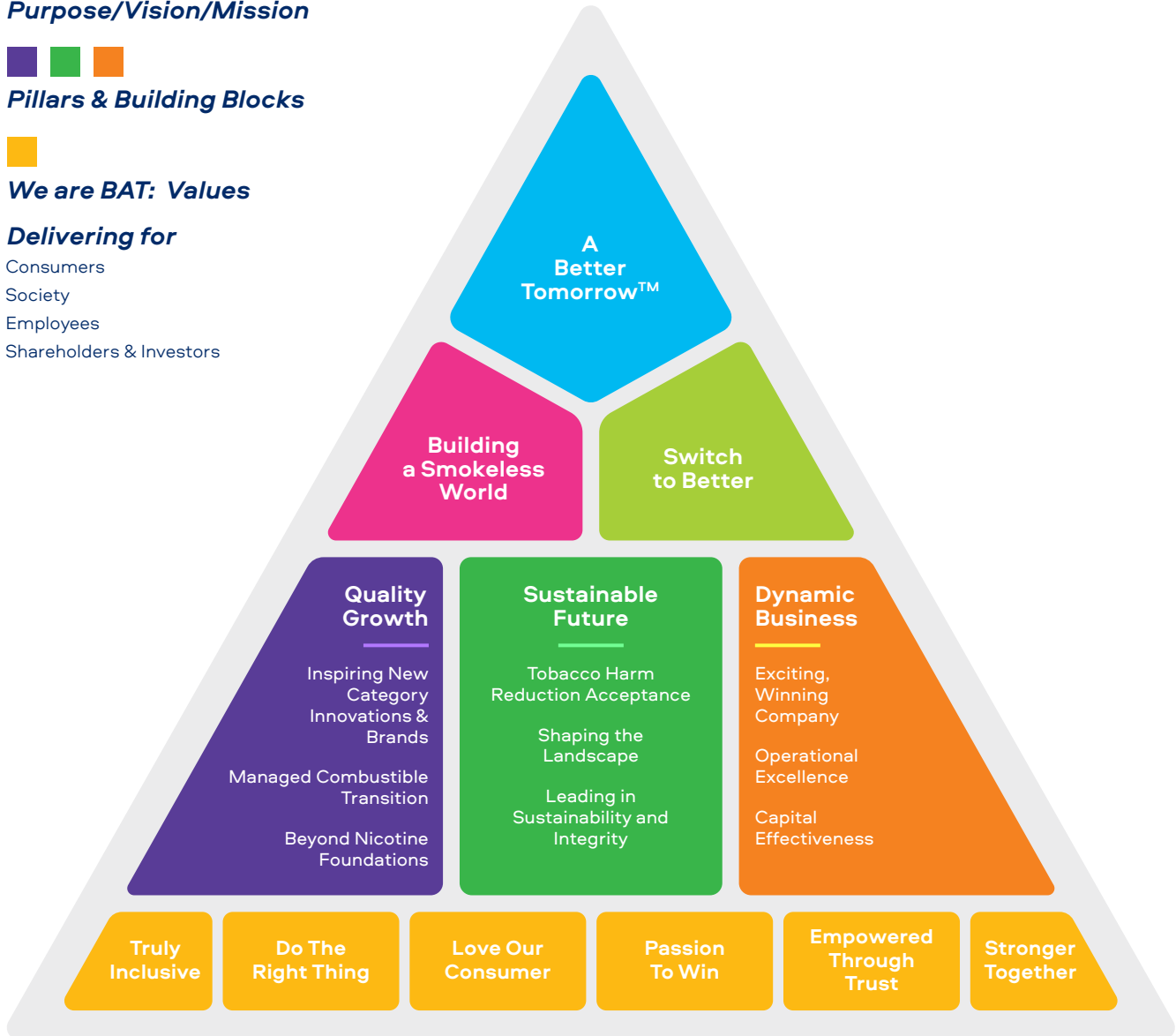
Pillars & Building Blocks



We are BAT: Values

Delivering for

- Consumers
- Society
- Employees
- Shareholders & Investors



Purpose:

A Better Tomorrow™

Vision:

Building a Smokeless World

Mission:

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

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

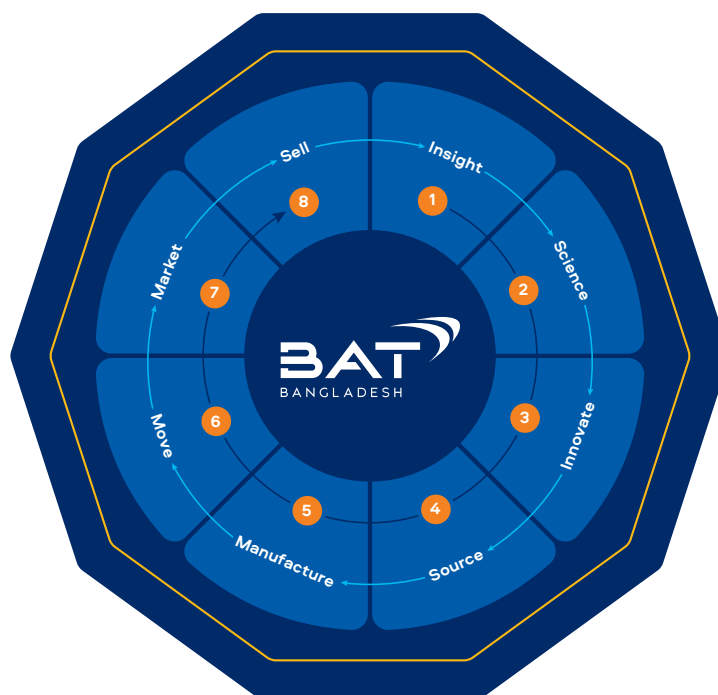
Business Model

As a global business, we strive to understand our diverse consumers, develop products to satisfy their preferences and ultimately distribute them to markets around the world. Taking into account feedback from stakeholders also enables us to refine our strategy, deliver sustainable value and build A Better Tomorrow™.

Eight-step business model

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

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



A Better Tomorrow™ for:



CONSUMERS

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

EMPLOYEES

We employ 1,669 people attracting and retaining an increasingly diverse workforce and providing a welcoming, inclusive working environment are key drivers in BAT's transformation journey to build A Better Tomorrow™. Our focus is on providing a dynamic, inspiring and purposeful place to work.

SOCIETY

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

SHAREHOLDERS & INVESTORS

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

OUR BUSINESS FRAMEWORK



Our methodology allows us to achieve growth today while also generating the investment required to complete our transformation objective. While combustible tobacco products will continue to be at the heart of our business for the foreseeable future, we recognise that long-term viability will be determined by customer demand for lower-risk alternatives.

BAT Bangladesh produces world-class, regulatory-compliant tobacco products to meet the diversified needs of its adult consumers. Our comprehensive 'crop-to-consumer' value chain enables us to not only ensure high standards of quality and operational excellence, but also to produce revenue at each intermediate stage of the network.

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

- ▶ A greater priority on climate action and EHS
- ▶ Emphasis on social efforts that result in improved lives and other benefits.
- ▶ Institutional stewardship and aspects of governance



OUR VALUES



Values that shape an exciting and winning company



Reflecting the increased speed of change in our business, our people must be dynamic, ambitious, courageous, and resilient, as well as continue to drive. We recognise that it is our people who will deliver our strategy. Our values developed with significant input from our employees, are the thread that must run through everything we do and how we do it - with a clear connection to our strategy and purpose. Our values, built on the strong foundations of our corporate culture, underpin how we will drive progress. As our business grows, we will continuously implement these six values with the time and foster an enabling culture. Those values are a framework that guides behaviour throughout the BAT Group and serves as a primary driver of our ethical standard. BAT Bangladesh

ensures that the way it does business always complies with the highest ethical standards with the guidance of our “Standards of Business Conduct” (SoBC), which are themselves upheld in accordance with our values, to develop a future-fit culture. Our values and SoBC have been built on responsible and trustworthy behaviour. We also developed and on practice our Supplier code of Conduct (SCoC), which includes standards expected from our suppliers, provisions relating to sanctions, anti-tax evasion and anti-illicit trade. With the help of our SoBC and SCoC we can ensure the highest business ethics with transparency not only for our employees but also for our suppliers as well.

OUR SIX VALUES



TRULY INCLUSIVE

We embrace diversity and celebrate our differences

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

We debate constructively yet progress together



PASSION TO WIN

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

We prioritise effectively and act like owners of the business

We own our purpose with determination and resilience



DO THE RIGHT THING

We act with integrity to achieve results

We care about our impact on society and our planet

We are thoughtful in our decision making



EMPOWERED THROUGH TRUST

We start with trust and believe in each other

We ensure decisions are made at the right level

We understand that empowerment comes with accountability



LOVE OUR CONSUMER

We understand the consumer better than anyone

We are obsessed with innovation and our brands

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



STRONGER TOGETHER

We pull together as one team, through good and bad

We collaborate beyond borders and functions

We help each other grow and succeed

OVERALL STRATEGIC OBJECTIVES



At BAT Bangladesh, we understand that the purpose underpinning our overall strategic objectives will not only allow us to expand our influence but also pave the way to creating our long-term vision. Envisioning that, we are concentrating on strengthening our foundations to assure durability, sustenance, and sustained contribution.

Our overall strategic objectives are described below.



DEMONSTRATED PERFORMANCE RECORD

BAT Bangladesh has a track record of consistently providing outstanding shareholder and stakeholder returns. We directly link our performance to our value generation objectives and so make all strategic decisions via this prism. Furthermore, a strong balance sheet has resulted in a more stable financial position over time, allowing us to accomplish our strategic value development aims and objectives.



STRONG HUMAN RESOURCE PRACTICES

Our highly skilled employees and emphasis on providing best-in-class learning, development, and grooming opportunities have propelled us to the #1 employer of choice in Bangladesh, with our strong employee value propositions connecting powerfully with competent aspiring applicants. We will continue to focus on advancing our strategic human resource objectives in order to prepare for the future through workforce transformation.



ROBUST BUSINESS FUNDAMENTALS

At the business level, we have a myriad of strategic competitive levers that assist our endeavours to create value over the long haul. These consist of a multi-category portfolio catering to our adult clients' preferences, a broad distribution network and long-standing ties with our member tobacco farmers. These factors work together to help us establish resilience and our robust business foundations have had a significant impact on delivering on our company's strategic goals despite unforeseen situations.



INTERNATIONAL PARENTAGE

BAT Bangladesh makes use of its parent company's expertise and skills. BAT's presence in over 180 countries has enabled it to gain a more comprehensive understanding of market insights. These global skills and network have increased the Company's resilience to external challenges and its ability to meet its long-term growth objectives. Furthermore, the Company has made significant contributions to the BAT group through talent exchanges, best practice sharing but constantly inspiring each other as a Unit. As a result of our collaboration with significant worldwide business, we have been able to expand on our strategic long-term value generation goal.



COMMITMENT TO SUSTAINABLE VALUE CREATION

The overarching sustainability strategy of BAT Bangladesh provides action plans for gradually reducing the Company's environmental footprint while achieving value-adding results. Through rigorous citizenship programmes and activities, BAT Bangladesh is committed to achieving excellence in environmental management, as well as supporting livelihoods and building communities. In addition, in keeping with our pledges in industry decarbonisation and climate action, we have vowed net-zero carbon emissions by 2050. Meanwhile, as a company, we make certain that our ethical ideals are never jeopardised in the quest of profit.

In a nutshell we believe that our overall strategic objectives of demonstrated performance, strong human resource policies, robust business fundamentals, international parentage and commitment to long-term value creation will continue to strengthen our position as one of Bangladesh's most influential companies.

INDUSTRY OVERVIEW



As per WHO, Bangladesh is the 13th largest tobacco market in the world in terms of production. One of the industry’s fundamental features is a large illicit tobacco market, which undermines the government’s public health objectives and results in significant exchequer loss. As Bangladesh’s largest legally incorporated tobacco company, we are committed to working with the government on monitoring and law enforcement, thereby helping the industry achieve the government’s expectations.

Even in an inconsistent operating atmosphere, we prioritised responsibility by maintaining our high consumer standards. In other words, harm reduction has been the foundation of our long-term strategy. Furthermore, we support product innovation to foster responsible consumption habits. Additionally, we adhere to all mandatory product labelling rules such as graphical health warnings (GHW), product marketing, advertising and sponsorships and so on.

OPERATING CONDITIONS

In Bangladesh, the unregulated and untaxed black market has surpassed consumption of legal cigarettes produced by legally licenced enterprises. The current state of the legal tobacco sector is a result of the growing price imbalance between legal and illicit items, which has resulted in pricing distortions for legal products due to recurrent excise-driven price increases. This has jeopardised the government’s public health and revenue aims and constant surveillance, identification and law enforcement are required to bring the black market under control.

ECONOMIC ENVIRONMENT

Bangladesh’s economy, like the rest of the globe, was hit by the COVID-19 pandemic and the Russia-Ukraine war.

Thus, a slow macroeconomic environment, selective pricing increases, distribution interruptions, and consumer pressure on disposable income impaired the country’s tobacco sector in 2023. These concerns were handled by the company through a proactive strategy and prompt action.

EXPORT OPPORTUNITIES

Bangladesh exports cigarettes to a number of nations, including China and the Maldives. Belgium, Spain, Belarus, Lithuania, Georgia, the Netherlands, Turkey, the United Arab Emirates, Dominican Republic, Jordan, Italy, Poland, Germany, the United Kingdom, the United States, Chile, Pakistan, Indonesia, Korea, Kenya, and South Africa are also among the countries that import tobacco green leaf. There is ample opportunity to cater to cigarette exports in global markets, which could enable the formation of an integrating industry in Bangladesh.

REGULATIONS

Tobacco is one of the most regulated and taxed industries in the country, with rules governing practically every aspect of the sector, including product labelling (including mandated graphical health warnings), marketing and distribution, advertising and sponsorships, and so on.



PESTEL FRAMEWORK



The acronym PESTEL, which stands for “Political, Economic, Social, Technical, Environmental, and Legal,” facilitates our ability to do a comprehensive examination of our organisation through the lens of these six key components, allowing for responsible stewardship. The COVID-19 pandemic repercussions, as well as the European conflict, have had a profound impact on our working environment, triggering us to rethink our value drivers in light of the PESTEL framework.



POLITICAL LANDSCAPE

Tobacco continues to be a state subject to stringent government rules governing labelling, pricing and distribution in Bangladesh. Tobacco is an industry that is profoundly taxed and controlled.

Our response

While we are aware of public health concerns, we operate responsibly by giving our adult clients options. We also maintain for legislation that are balanced and founded on principles, and we continue to emphasise the negative effects of illicit items on public health and the loss of exchequer money that the black market causes the national treasury.



ECONOMIC LANDSCAPE

The COVID-19 pandemic, major geopolitical tensions in Europe and a slowing global economy have all had an impact on Bangladesh’s economy, resulting in inflation-driven steep increases in commodity prices, slower external (export-import) trade, depressed domestic consumption with rural stress, and acute price pressure on the average consumer. Furthermore, post-COVID pent-up demand has been depleted, reducing consumption even further.

Our response

While our company has a profound connection to the economy, we attempted to develop opportunity pathways by leveraging our core assets such as a wide and well-segmented portfolio, brands across price points, and so on. We also concentrated on the cost-effectiveness of our products.



SOCIAL LANDSCAPE

Using tobacco is gradually losing its social stigma.

Our response

Through our legally created and regulatory compatible products, we give adult consumers a choice. Furthermore, we are always innovating in order to give our customers additional choices. We are also clear about our future focus on less risky products.

T

TECHNOLOGICAL LANDSCAPE

While our industry's manufacturing and processing are well-established, the likelihood of technology obsolescence is low. Nonetheless, technology plays a key role in evaluation, new product development, and so on.

Our response

We strive to make long-term investments in R&D in order to create innovation which caters to the diverse needs of adult consumers. With our deep behavioural understanding, we also assist with the regulatory-compliant launch of both new goods and versions of existing products. Furthermore, we have invested in cutting-edge equipment at our new Savar Factory, which strengthens our technological edge.

E

ENVIRONMENTAL LANDSCAPE

The COVID epidemic has considerably aided in the incorporation of climate change in public discourse. Climate action is of paramount importance for Bangladesh since the country has a fragile ecology and is located in a sensitive topography.

Our Response

We embrace the government's 2030 SDG goals and produce and measure our impact in accordance with the SDGs' concepts. We have achieved impressive results as a company committed to climate action and reducing its carbon footprint, including 98% waste recycling, widespread use of renewable solar power in our operations (which partially offsets grid-based electricity), and concentrated efforts to achieve 100% water recycling by 2023. In line with the BAT group, we are actively evaluating additional Scope 1 and 2 emission reductions in order to attain the ultimate future target of net-zero carbon emissions.

L

LEGAL LANDSCAPE

In Bangladesh, the tobacco sector is more regulated than any other, with many laws, regulations, and stipulations.

Our response

BATB's Values, Standards of Business Conduct (SoBC), and a number of well-established norms, processes, policies and standards drive our operations and ensure legal compliance. We have always expanded our efforts in society as a good corporate citizen, as evidenced by our position as the country's top corporate taxpayer, providing around BDT 32,802 crore in taxes in 2023 or almost 8% of the Government's total tax collection. Furthermore, as part of our external affairs strategy, we maintain profound relationships with taxing authorities and regulators.

MATERIALITY AND MATERIAL MATTERS



The assessment of our material concerns assists the Company in identifying and comprehending the issues that may have a quick, medium, or long-term impact on our ability to generate value. These concerns include elements that may have an immediate impact on our financial performance as well as our ESG objectives. The material issues listed below were chosen after a careful mapping of stakeholder concerns to business-critical factors based on our strategic goals, risk tolerance and corporate governance. Emerging material problems are examined on a regular basis, and their status is controlled and reported accordingly.

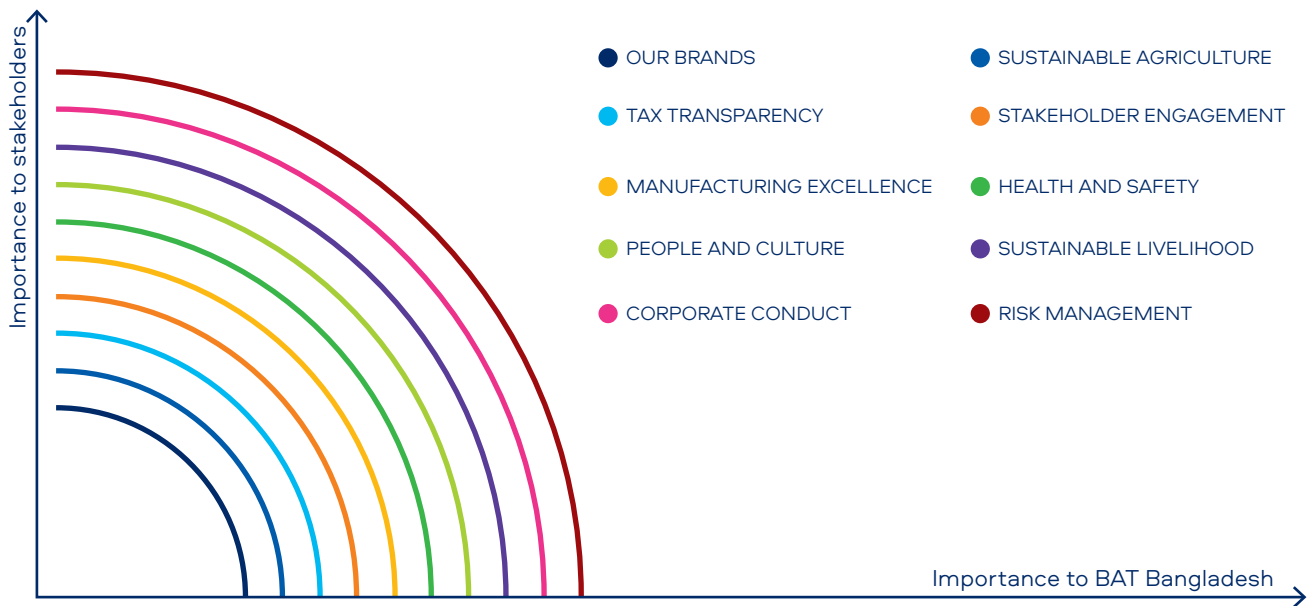
MATERIALITY AT BATB

Every aspect of our business is designed to be sustainable. It is important to our business approach of creating and distributing long-term value to all of our stakeholders. Furthermore, our long-term strategic planning process and approach are based on our stakeholder materiality matrix and are fully aligned with the Sustainable Development Goals (SDGs). Moreover, our primary focus areas, or material matters, reflect our company's value chain and account for the critical interests and expectations of all our stakeholders.

As an added degree of security, the materiality evaluation built into our management procedures ensures that we report on any material issues affecting our ability to create value. The materiality analysis and, by extension, meeting our stakeholders' interests and expectations are based on material stakeholder issues identified through ongoing stakeholder engagement, significant topics raised during Board and management committee discussions, and the results of the Company's risk management process.

OUR MAJOR MATERIAL MATTERS





OTHER MATERIAL MATTERS

	<p>Our Brands Our brands are focused on consumers' needs, which are the fundamentals of our business.</p>		<p>Agriculture Best Practices We are ensuring the sustainability of our farm community by introducing the GAP.</p>
	<p>Tax Transparency As a highest taxpayer (paid 32,802 core in 2023), transparency is one of the core of our governance, which makes us a well-reputed business in the country.</p>		<p>Stakeholder engagement Stakeholders' consultation and views are considered always to operate our business.</p>
	<p>Manufacturing excellence Our world-class factory & technology is a state-of-the-art which makes our manufacturing excellence</p>		<p>Health & safety Health & safety are the priority for our business, which safeguards us always, especially in the COVID-19 pandemic.</p>
	<p>People & culture People & culture are one of the core assets of the Company, which makes us difference</p>		<p>Sustainable livelihood Our ESG initiatives facilitate sustainable livelihoods for our farmers & our communities.</p>
	<p>Corporate conduct Our Standard of Business Conduct leads our business, applying best governance & practices.</p>		<p>Risk management Risk management addresses the operational risks that ensure internal control & governance.</p>

HIGHLIGHTS 2023

CONTRIBUTION
TO NATIONAL
EXCHEQUER

BDT
32,802
CRORE
Contributed during 2023

PROUDLY
SUPPORTING
8 SUSTAINABLE
DEVELOPMENT
GOALS



SHAREHOLDERS
86,130
AS ON 31ST DECEMBER 2023



EMPLOYEES &
ASSOCIATES

FARMERS
52,000



EMPLOYEES
1,669

RETAILERS
1.6 MN
APPROX.



TOP
EMPLOYER

5 TIMES



LEAF
EXPORT

BDT
473
CRORE



**CORPORATE SOCIAL
RESPONSIBILITY**



**WASTE
RECYCLED
99.2%**



**WATER
RECYCLED
35.8%**



BONAYAN

BONAYAN

125 MN SAPLINGS

Beneficiaries comprising
~30,000 people



PROBAHO

PROBAHO

121 PLANTS

Beneficiaries comprising
~300,000+ people



DEEPTO

DEEPTO

2,591 UNITS

Beneficiaries comprising
~15,000 people

COMPOSITION OF THE BOARD



STANDING FROM LEFT

- Mr. Stuart Kidd
Non-Executive Director
- Mr. Md. Shirajun Noor Chowdhury
Non-Executive Director
- Ms. Nirala Nandini Singh
Finance Director
- Dr. M. Harunur Rashid
Independent Director
- Mr. Mohammad Salahuddin
Non-Executive Director

SITTING FROM LEFT

- Mr. Shehzad Munim
Managing Director
- Mr. A. K. M. Aftab UI Islam FCA
Independent Director
- Mr. Golam Mainuddin
Chairman



STANDING FROM LEFT

- Mr. Francisco Toso Canepa
Non-Executive Director
- Ms. Monisha Abraham
Non-Executive Director
- Mr. Md. Abul Hossain
Non-Executive Director
- Mr. Wael Sabra
Non-Executive Director
- Ms. Zakia Sultana
Non-Executive Director
- Mr. Md. Azizur Rahman FCS
Company Secretary

SITTING FROM LEFT

- Mr. K. H. Masud Siddiqui
Independent Director
- Mr. Gary Tarrant
Non-Executive Director

DIRECTOR'S PROFILE



Mr. Golam Mainuddin
Chairman 2008-2023 (Continuing)

NATIONALITY
Bangladeshi

DATE OF APPOINTMENT TO BOARD
1986

EDUCATIONAL BACKGROUND
Master of Science (First Class First), Dhaka University

MEMBERSHIP OF BOARD COMMITTEE
Member, Nomination and Remuneration Committee (NRC)

ACHIEVEMENTS

- **“Lifetime Achievement Award”** by the Asia's Best Employer Brand Awards organization.
- **Commercially Important Person (CIP)** by the Government of Bangladesh (From 2010-2022)

Mr. Golam Mainuddin served as the company's chairman from August 2008 to the present. Despite having a Master's degree in science, Mr. Mainuddin spent over 30 years working in the agro-based industry before transitioning to corporate management, where he has been employed for over 22 years. He began his career in being working as the tea garden manager for Duncan Brothers before joining BAT Bangladesh.

CAREER HIGHLIGHTS

- Garden Manager, Duncan Brothers - 1969
- Head of Leaf, BAT Bangladesh - 1985
- Leaf Director, BAT Bangladesh - 1986
- Deputy Managing Director, BAT Bangladesh - 1997

OTHER RESPONSIBILITIES

- Director, Federation of Bangladesh Chamber of Commerce & Industries (FBCCI) (2010-2022)

- Director, Advanced Chemical Industries (ACI) Bangladesh
- Director, Infrastructure Investment Facilitation Company (IIFC)
- Director, Metropolitan Chambers of Commerce and Industries (MCCI)
- Independent Director, ACI Formulations Ltd.
- Independent Director, Apex Footwear Ltd.
- Chairman, Audit Committee, Apex Footwear Ltd.
- Chairman, Finance & Membership Committee, Metropolitan Chamber of Commerce & Industry



Mr. Shehzad Munim

Managing Director

NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BAT BANGLADESH

1997

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

- Member, Corporate Social Responsibility (CSR) Committee
- BAT Bangladesh Leadership Team
- BAT Asia Pacific, Middle East and Africa (APMEA) Leadership Team
- Foreign Investors Chambers of Commerce & Industries (FICCI),
Advisor of the President
- British Business Group (BBG), Treasurer

In the illustrious more than 113-year history of BAT Bangladesh, Mr. Shehzad Munim is the first Bangladeshi to hold the post of managing director. He just finished his tenth year as managing director at the helm of BAT Bangladesh.

CAREER HIGHLIGHTS

In 1997, Mr. Shehzad Munim started working for BAT Bangladesh as a territory officer. He worked in a variety of marketing capacities within BAT Bangladesh as well as abroad.

Because of his exceptional work ethic and business acumen, he was seconded to BAT New Zealand as Group Brand Manager in 2003 and subsequently, he took over the role of Head of Brand Marketing at BAT New Zealand in 2005.

He took on the challenge of creating BAT Australasia's innovation process in 2006 as the Product and Packaging Innovations Manager. In 2007, he returned to Bangladesh as Head of Brand Marketing completing a successful four-year stint in New Zealand & Australia.

In 2010, he has assumed the challenging position of Area Head of Marketing, South Asia, positioned in Islamabad, Pakistan.

In 2013, he became the managing director of BAT Bangladesh. With his visionary leadership abilities to ensure sustainable value creation and to increase the company's contribution to the nation's economic development to achieve the SDGs, in line with the government's vision, he has made a significant contribution to swiftly propelling the organisation to new heights. From this time to now, the company's gross turnover has grown by more than 268% to reach forty thousand crores.

In keeping with his cutting-edge corporate leadership, BATB began exporting finished goods in 2018, which resulted in a notable increase in the company's revenues. This drastic step opens the door to new opportunities for the company. As a result, BATB expanded their manufacturing capacity in 2021 by constructing the Savar Factory in order to meet opportunities and demand on a worldwide scale.

He has been honoured by multiple awards for his remarkable performance over the years; one of them is the "CEO/MD of the Year Award" (for business revenue per annum over 1000 crore) at the first ever Bangladesh C-Suite Award, organised by Bangladesh Brand Forum.



Ms. Zakia Sultana
Non-Executive Director

NATIONALITY
Bangladeshi

DATE OF APPOINTMENT TO BOARD
May 2021

EDUCATIONAL BACKGROUND

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

MEMBERSHIP OF BOARD COMMITTEE

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

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

CAREER HIGHLIGHTS

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

- She held various important positions in the Ministry of Women and Children Affairs, Ministry of Local Government, Ministry of Rural Development and Cooperatives, Ministry of Environment and Forests, Ministry of Finance and Ministry of Health and Family Welfare.

INTERNATIONAL TRAININGS

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



Mr. Mohammad Salahuddin

Non-Executive Director

NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BOARD

January 2023

EDUCATIONAL BACKGROUND

- Master's in philosophy- University of Dhaka

INTERNATIONAL TRAININGS

- Transforming Criminal Justice- UK
- Good Governance- India

MEMBERSHIP OF BOARD COMMITTEE

- Member, Corporate Social Responsibility (CSR) Committee

Throughout his extensive and distinguished career, Mr. Mohammad Salahuddin held a range of government positions in both the ministry and field administration. He studied from the University of Dhaka with a master's degree in philosophy. He formerly held several prominent positions in the Prime Minister's Office, the Ministry of Industries, the Power Division, and other entities.

CAREER HIGHLIGHTS

Since December 2022, Mr. Salahuddin has held the position of Secretary for the Prime Minister's Office. In 1994, he began working for the Divisional Commissioner's office in Khulna as an Assistant Commissioner. Mr.

Mohammad Salahuddin's previous roles before his current one included:

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



Mr. K. H. Masud Siddiqui
Independent Director

NATIONALITY
Bangladeshi

DATE OF APPOINTMENT TO BOARD
October 2010

EDUCATIONAL BACKGROUND

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

MEMBERSHIP OF BOARD COMMITTEE

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

CAREER HIGHLIGHTS

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

OTHER ACCOMPLISHMENTS

Mr. Siddiqui is a distinguished writer and has five publications to his credit, including: Lok Shadhonar Sangskriti, Tasauf and Other Contexts, Malgoody Days and Bihongo Abolokon.



Mr. A. K. M. Aftab UI Islam FCA
Independent Director

NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BOARD

October 2019

EDUCATIONAL BACKGROUND

- B.com in Commerce
- LLB
- Chartered Accountant

MEMBERSHIP OF BOARD COMMITTEE

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

With 42 years of experience in the private sector, Mr. A. K. M. Aftab UI Islam is enthusiastic to play a leading role in developing an enabling environment for the promotion of trade, commerce and industry, especially information technology, in Bangladesh. He began his career with NCR Corporation, a multinational information technology business based in the United States and has led it for more than 16 years.

CAREER HIGHLIGHTS

- Mr. Aftab is serving as a Director of the Board of the Directors of Bangladesh Bank, the Central Bank of Bangladesh since 2017 for a consecutive 3rd term (9 years) in a row.
- Chairman, IOE (Bangladesh) Ltd since 1996.
- Principal Partner, Islam Aftab Kamrul and Co. a Chartered Accounting Firm in Bangladesh.
- Member of the board of Directors, SMC EL.
- Executive Committee Member of the Board of International Chamber of Commerce (ICC).

- Former President, Bangladesh Computer Samity (BCS) (1998-1999).
- Former Chairman of the Small and Medium Enterprise (SME-Foundation) Foundation.
- Former President, Dhaka Chamber of Commerce and Industry (DCCI), 2000.
- Mr. Islam was also elected as President of the American Chamber of Commerce in Bangladesh (AmCham) for 10 years.
- Former Board member of Chittagong Stock Exchange (CSE).
- Former Country Director SAREC- South Asian Regional Energy Coalition.
- Former Member of the Governing Body of Institute of Business Administration (IBA), Dhaka University (2004-2023)



Dr. M. Harunur Rashid
Independent Director

NATIONALITY
Bangladeshi

DATE OF APPOINTMENT TO BOARD
2023

- EDUCATIONAL BACKGROUND**
- Ph.D. in Commerce Calcutta University, India
 - M. Com on Accounting University of Dhaka
 - B. Com University of Dhaka

- MEMBERSHIP OF BOARD COMMITTEE**
- Member, Corporate Social Responsibility Committee (CSR)

Dr. M Harunur Rashid was a former Professor and Chairman of the Department of Accounting and Information Systems at the University of Dhaka. During his long teaching career, he served as Vice Chancellor, Presidency University, Professor of Accounting at INTI International University, Malaysia (a member of Laureate Education Group, USA), and adjunct faculty of the University of Nottingham, UK in Malaysia campus. Dr. Rashid served as Honorary Director the 1st Governing Board of Marie Stopes (Bangladesh) for 12 years (1998-2010) representing Marie Stopes International, UK.

CAREER HIGHLIGHTS

In the professional arena, he was a senior Consultant (PFM Advisory) of the Economic Relations Division (ERD) of the Ministry of Finance for more than one and half decade (2006-2021) and authored good number of research studies on Public Financial Management, including the National Policy on Development Cooperation.

He served as one of the lead Consultants to ERD: (i) supporting Aid Effectiveness Survey (2006, 2008, 2011) on

Monitoring the impact of Paris Declaration; (ii) supporting LDC graduation support system, including the formulation of LDC graduation support systems project.

He served as lead Consultant to Effective Institutions Platform of OECD for study series on the ‘Use of Country Systems’ in the pursuit of effective development cooperation.

He was a member of ERD team on PFM and participated in many international conferences and consultative body meetings on PFM, including the 4th High Level Forum on Aid Effectiveness (2011) in Busan, Korea and 2nd Consultative Summit on Mutual Accountability (2016) in Paris, France and South-South Summit in Bogota, Colombia.

He has been providing financial management advisory services on project oversight management to UNDP Country Office Dhaka for about two decades.

Currently Dr. Rashid is the President of Bangladesh Accounting Association.



Mr. Shirajun Noor Chowdhury

Non-Executive Director

NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BOARD

2022

EDUCATIONAL BACKGROUND

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

MEMBERSHIP OF BOARD COMMITTEE

- Member, Audit Committee

He started his career as an Assistant Commissioner and magistrate. When he relocated to the Ministry of Finance, his responsibilities included managing sectoral policy development, planning, preparing, and coordinating the entire national budget, and developing policy documents to assist vulnerable individuals as a result of inflation, climate change, and unemployment. He was assigned from the Ministry of Finance to a major project, Deepening Medium-Term Budget Framework and Strengthening Financial Accountability, providing guidance on financial management throughout the government. He presently serves as an Additional Secretary for the Ministry of Finance. He always looks forward to examining crucial concerns about the basis for government action and methods in which government could contend with market challenges by engaging political masters, which will eventually help expedite sustainable growth.

OTHER RESPONSIBILITIES

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

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



Mr. Md. Abul Hossain
Non- Executive Director

NATIONALITY
Bangladeshi

DATE OF APPOINTMENT TO BOARD
2019

EDUCATIONAL BACKGROUND

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

MEMBERSHIP OF BOARD COMMITTEE

- Member, Corporate Social Responsibility (CSR) Committee

Mr. Md. Abul Hossain has been the Managing Director of the Investment Corporation of Bangladesh, the country's major public sector investment bank, since August 2019. Mr. Hossain has over 33 years of diverse expertise in investment banking, specialist and commercial banking, Islamic banking, asset management, and information and communication technology. He began his career as a system analyst and senior principle officer at ICB in 1998 and has held several positions within the organisation. Prior to joining ICB, he served as Managing Director of Karmasangsthan Bank. He has worked as the Managing Director (Additional Charge) and Deputy Managing Director of Bangladesh Krishi Bank.

CAREER HIGHLIGHTS

Currently, he is contributing his professional expertise as a Board member of British American Tobacco Bangladesh Co. Ltd. (BATBC), Unilever Consumer Care Limited (UNILEVERCL), Standard Bank Limited, National Tea Company Limited (NTC), Apex Tannery Limited, United Power Generation & Distribution Company Limited (UPGDCL), Apex Footwear Limited, Heidelberg Cement Bangladesh Limited and Padma Bank Limited. In

addition to perform his professional duties, Mr. Hossain is actively involved in different philanthropic activities of various national, social, cultural, religious and volunteer organizations.

OTHER RESPONSIBILITIES

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

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



Mr. Stuart Kidd
Non-Executive Director

NATIONALITY

Kiwi

DATE OF APPOINTMENT TO BOARD

2023

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

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

CAREER HIGHLIGHTS

Prior to joining BAT Australia as an internal auditor in 2001, Mr. Kidd started his career in 2000 as a senior external auditor for EY Australia.

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

After serving as the finance controller for BAT Vietnam for a brief period in 2008, Mr. Kidd joined the group headquarters' mergers and acquisitions division in the UK the following year. After then, he advanced to the position of Finance Director at BAT International (Zug, Switzerland).

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

the Asia Pacific Region. This included the establishment of the joint venture business in Myanmar.

In 2015, Mr. Kidd was appointed the Finance Director for the North Asia Area with a base in Tokyo after moving back to the Asia Pacific region in 2012 as the Regional Business Development Manager. He returned to the regional office as the regional head of finance in 2020.

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

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



Mr. Gary Tarrant
Non-Executive Director

NATIONALITY
British

DATE OF APPOINTMENT TO BAT BANGLADESH BOARD
2023

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

- Member, BATB Board
- APMEA Regional Leadership Team
- Solicitor of England & Wales

CAREER HIGHLIGHTS

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

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

Prior taking on his present position, he held the position of Head of LEX for the business in the Middle East, South Asia, and North Africa. He joined the Area Leadership Team in this capacity in 2019.

In 2023, he joined APMEA as General Counsel and Regional Head of LEX, which from 1 January 2024 has subsequently become Regional General Counsel and Head of Legal and CORA APMEA, and he is a member of the Regional Leadership Team. In his functional capacity, he is in charge of overseeing the Legal and Corporate and Regulatory Affairs teams and offering assistance and counsel to the BAT Group firms operating throughout APMEA with regard to all legal, compliance, security, and corporate and regulatory affairs matters, including business communication.



Mr. Francisco Toso Canepa
Non-Executive Director

NATIONALITY

Chileans

DATE OF APPOINTMENT TO BAT BANGLADESH BOARD

2023

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

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

CAREER HIGHLIGHTS

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

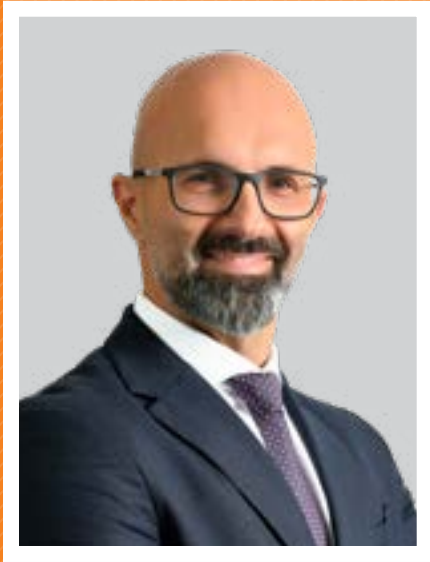
He received a position as a supply chain project manager in the UK in 2005, where he was given the responsibility for crafting BAT's future end-to-end supply chain planning hub organisation.

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

He was elevated to Operations Director in West Africa in 2013, where he was located in Nigeria and responsible for overseeing many plants as well as the end-market

supply chain throughout the region. He was appointed Area Operations Director for Southern and East Europe (located in Romania) after being appointed in Africa, where he oversaw nations including Romania, Italy, Greece, Malta, Cyprus, and so on.

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



Mr. Wael Sabra
Non-Executive Director

NATIONALITY
Lebanese

DATE OF APPOINTMENT TO BAT BANGLADESH BOARD
2023

EDUCATIONAL BACKGROUND

- Bachelor's in business administration from American University of Beirut
- Master's in finance from University of Florida
- Certified Management Accountant (CMA)
- Certified Prince 2 project manager

MEMBERSHIP

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

CAREER HIGHLIGHTS

Mr. Sabra started his journey with BAT in 2003 and had a number of important top positions in the financial department throughout the subsequent 20 years in BAT across the Middle East, Africa, and South Asia.

He joined BAT in 2003 as a marketing finance executive in Lebanon. Over the course of the following seven years, he performed a number of significant roles and in 2010 he was elevated to finance director in the Democratic Republic of Congo.

After being moved to South Africa in 2012, he obtained the position of Finance Director, Southern African Markets. He relocated to Cairo as the North Africa Area Finance Director in July 2014.

He moved to Pakistan in August 2016 to take up the position of Finance Director for the South Asia cluster. Later, he moved to Dubai to take up the position of Finance Director for the Middle East, South Asia, and North Africa.

At the moment, he serves as the Area Director for Middle East, North Africa, Caucasus, Central Asia, and Pakistan based in Dubai.



Ms. Monisha Abraham
Non-Executive Director

NATIONALITY
Indian

DATE OF APPOINTMENT TO BAT BANGLADESH BOARD
2023

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

- MEMBERSHIP**
- BATB Board
 - APMEA Regional Leadership Team

With over 27 years of experience in general management and marketing capacities in the FMCG, liquor, and tobacco industries, Ms. Monisha Abraham established herself as a capable leader who crafts robust business strategies while nurturing high-achieving teams and developing individuals. She has been working tirelessly to establish networks that will drive business priorities and enable cross-organizational and external collaboration, resulting in profits and volume growth that will last.

CAREER HIGHLIGHTS

After completing her studies, Ms. Abraham started working in Abu Dhabi in 1995 with a Beer / Spirits and Wine distributor.

She began working with Heineken in Dubai in 2005 as the Trade Marketing Manager, and in less than two years, she acquired the charge of the Gulf region's Marketing Manager position.

In 2009, she moved to the Netherlands as Regional Marketing Director for the Africa and Middle East region.

She subsequently became the Managing Director of Heineken in Lebanon where she managed to record breaking results for the company. After 3 years in Lebanon, she took on the role as Managing Director for Heineken Hanoi, an operating company overseeing the northern region of Vietnam, from 2017 to 2019. She played a key role in ensuring that the northern and southern operational entities integrated effectively during this time.

In 2019, Ms. Abraham moved to Brussels, Belgium, to take over as Managing Director of Ibecor, a 100% Heineken-owned company that is specialized in inbound logistics and transportation for Africa and Middle East. At Ibecor she was in charge of transforming the organisation by extending the company's commercial horizons to the Caribbean and Asia Pacific.

Ms. Abraham joined the Ceylon Tobacco Company (part of the BAT Group) as Managing Director and CEO in 2021. Currently she is performing the role as the Country Manager - Sri Lanka, BAT.



Ms. Nirala Nandini Singh
Finance Director

NATIONALITY
Trinidadian

DATE OF APPOINTMENT TO BAT BANGLADESH
2023

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

- BAT Bangladesh Leadership Team
- APMEA (Asia Pacific, Middle East, & Africa) Central Leadership Team
- APMEA Regional Finance Leadership Team

In 2023, Ms. Nirala Nandini Singh became the Finance Director of BAT Bangladesh. She has been a financial specialist for more than 22 years and at a reputable international corporation, she has proven her capacity to produce commercial success. This experience includes working in a range of finance positions, including finance director for a locally listed company and controller for a highly complicated business unit.

CAREER EXPERIENCE

In 2001, Ms. Sing began working with BAT as an internal auditor for the British American Tobacco Caribbean Area. She was given a promotion to Planning Analyst in the same area after two years in 2003, and two more years later, she was still in the same position but covering the Caribbean and Central America.

At The West Indian Tobacco Company Limited, a subsidiary of British American Tobacco, she was elevated to Financial Accountant in 2006 and Finance Controller in 2008.

She returned to her position as head of marketing finance at BAT, Central America and the Caribbean Area, in 2011.

In 2013, she came back to West Indian Tobacco Company Limited, based in Trinidad and was elevated to Finance

Director. In her capacity, she oversaw the finance function for the BAT operations in Trinidad. She was also a member of the local board of directors.

In 2013, she got a promotion and transferred to BAT Vietnam as a finance controller. During her tenure there, she oversaw transparency and accountability in marketing decisions and investments. She was a driving force behind analysis and opportunity assessment for marketing investments since she was an integral part of the Finance Leadership and Marketing Leadership teams.

In 2015, she transferred to BAT Central America & the Caribbean, based in Costa Rica, as a finance controller. In her capacity, she managed financial results for Central America and Caribbean Business Unit and efficiently led the team that successfully implemented SAP for 22 business entities.

In 2017, she became the Head of Record to Report, BAT Shared Services Europe, based in Romania. She oversaw Global shared services environment, leading a team of 250 people.

From 2020 to 2023, she oversaw the commercial strategy for more than 30 markets as Head of Commercial Finance for BAT Latin America and the Caribbean, which is based in Mexico.



Mr. Md. Azizur Rahman FCS

Company Secretary

NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BATB

2002

EDUCATIONAL BACKGROUND

- Master's degree in Accounting from Dhaka University
- Chartered Accountancy course from Institute of Chartered Accountants of Bangladesh (ICAB)

Mr. Rahman has 22 years of extensive job experience at BAT Bangladesh. He is the longest-serving Company Secretary at BAT Bangladesh. After joining BAT Bangladesh's management team, he embarked on a range of cross-functional and public affairs responsibilities as needed by the company.

CAREER HIGHLIGHTS

Secretary of different committees

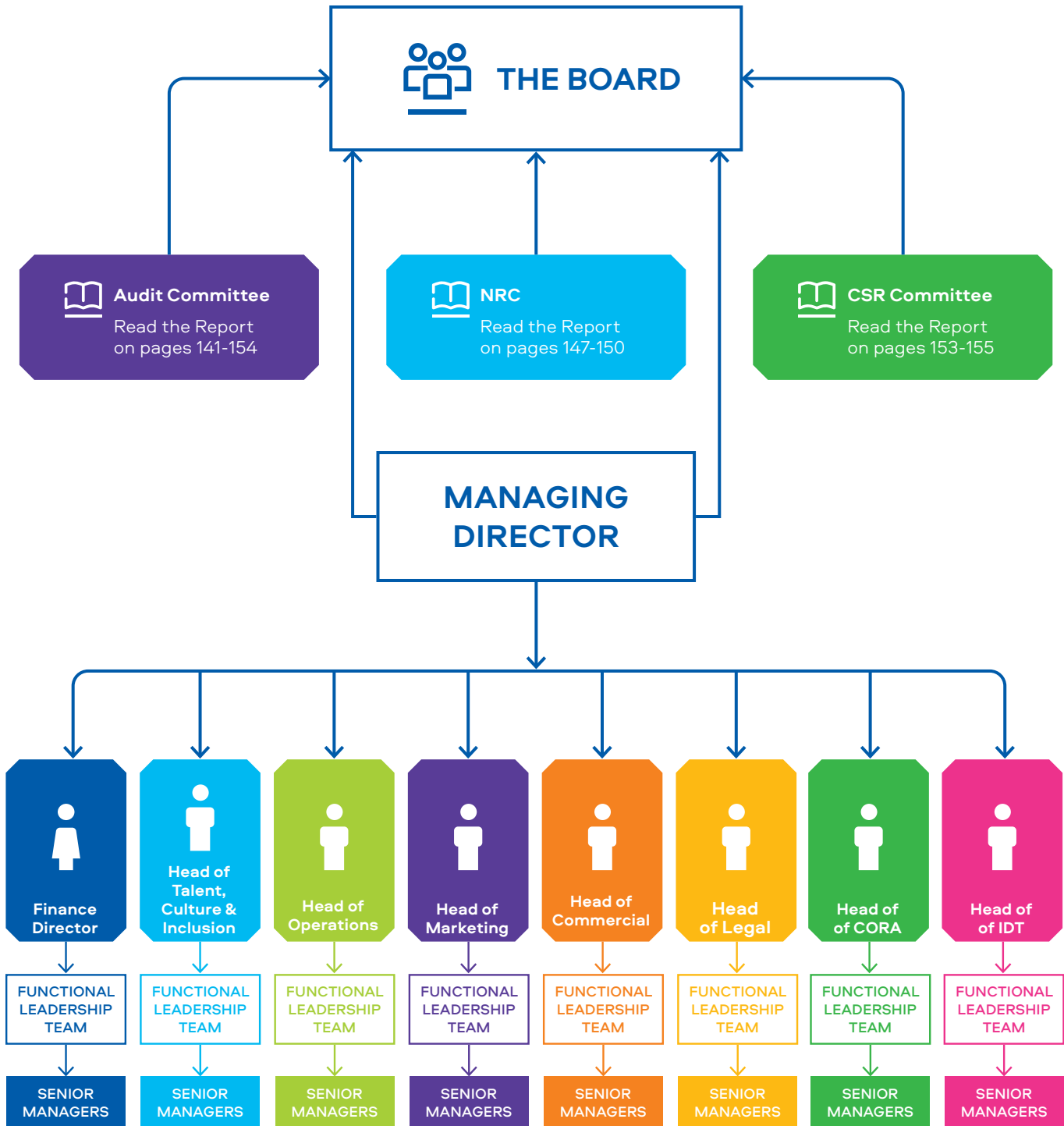
- Audit Committee
- CSR Committee
- NRC Committee
- 6(six) Trust Funds of the Company

OTHER RESPONSIBILITIES

- Director General of Intellectual Property Association of Bangladesh (IPAB)

- Chairman of IP Committee of FBCCI
- Council Member and Senior Vice President of ICSB
- Council member of Bangladesh Accounting Association
- Director of a Welfare Foundation
- Working with various national and international organisations for addressing IPR issues in Bangladesh. He is also performing as Media Spokesperson on IPR issues.
- Chairman of the Companies Law Review Committee of ICSB
- He has been delivered lectures on governance, Intellectual property rights, national budget overview and corporate affairs in different professional bodies as a keynote speaker.

ORGANIZATIONAL STRUCTURE



LEADERSHIP TEAM



STANDING FROM LEFT

- Mr. Numayer Alam
Head of Commercial
- Mr. Saad Jashim
Head of Talent, Culture & Inclusion
- Mr. Syed Mahbub Ali
Head of Marketing
- Mr. Sudesh Peter
Head of Legal
- Mr. Shehzad Munim
Managing Director
- Ms. Nirala Nandini Singh
Finance Director
- Mr. Sarzil Sarwar
Head of IDT
- Mr. Jorge Macedo Pavon
Head of Operations

Mr. Shehzad Munim

MANAGING DIRECTOR

NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BAT BANGLADESH

1997

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

- Member, Corporate Social Responsibility (CSR) Committee
- BAT Bangladesh Leadership Team
- BAT Asia Pacific, Middle East and Africa (APMEA) Leadership Team
- Foreign Investors Chambers of Commerce & Industries (FICCI), Advisor of the President
- British Business Group (BBG), Treasurer



In the illustrious more than 113-year history of BAT Bangladesh, Mr. Shehzad Munim is the first Bangladeshi to hold the post of managing director. He just finished his tenth year as managing director at the helm of BAT Bangladesh.

Career Highlights

In 1997, Mr. Shehzad Munim started working for BAT Bangladesh as a territory officer. He worked in a variety of marketing capacities within BAT Bangladesh as well as abroad.

Because of his exceptional work ethic and business acumen, he was seconded to BAT New Zealand as Group Brand Manager in 2003 and subsequently, he took over the role of Head of Brand Marketing at BAT New Zealand in 2005.

He took on the challenge of creating BAT Australasia's innovation process in 2006 as the Product and Packaging Innovations Manager. In 2007, he returned to Bangladesh as Head of Brand Marketing completing a successful four-year stint in New Zealand & Australia.

In 2010, he has assumed the challenging position of Area Head of Marketing, South Asia, positioned in Islamabad, Pakistan.

In 2013, he became the managing director of BAT Bangladesh. With his visionary leadership abilities to ensure sustainable value creation and to increase the company's contribution to the nation's economic development to achieve the SDGs, in line with the government's vision, he has made a significant contribution to swiftly propelling the organisation to new heights. From this time to now, the company's gross turnover has grown by more than 268% to reach forty thousand crores.

In keeping with his cutting-edge corporate leadership, BATB began exporting finished goods in 2018, which resulted in a notable increase in the company's revenues. This drastic step opens the door to new opportunities for the company. As a result, BATB expanded their manufacturing capacity in 2021 by constructing the Savar Factory in order to meet opportunities and demand on a worldwide scale.

He has been honoured by multiple awards for his remarkable performance over the years; one of them is the "CEO/MD of the Year Award" (for business revenue per annum over 1000 crore) at the first ever Bangladesh C-Suite Award, organised by Bangladesh Brand Forum.

Ms. Nirala Nandini Singh

FINANCE DIRECTOR

NATIONALITY

Trinidadian

DATE OF APPOINTMENT TO BAT BANGLADESH

2023

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

- BAT Bangladesh Leadership Team
- APMEA (Asia Pacific, Middle East, & Africa) Central Leadership Team
- APMEA Regional Finance Leadership Team



In 2023, Ms. Nirala Nandini Singh became the Finance Director of BAT Bangladesh. She has been a financial specialist for more than 22 years and at a reputable international corporation, she has proven her capacity to produce commercial success. This experience includes working in a range of finance positions, including finance director for a locally listed company and controller for a highly complicated business unit.

Career Highlights

In 2001, Ms. Sing began working with BAT as an internal auditor for the British American Tobacco Caribbean Area. She was given a promotion to Planning Analyst in the same area after two years in 2003, and two more years later, she was still in the same position but covering the Caribbean and Central America.

At The West Indian Tobacco Company Limited, a subsidiary of British American Tobacco, she was elevated to Financial Accountant in 2006 and Finance Controller in 2008.

She returned to her position as head of marketing finance at BAT, Central America and the Caribbean Area, in 2011.

In 2013, she came back to West Indian Tobacco Company

Limited, based in Trinidad and was elevated to Finance Director. In her capacity, she oversaw the finance function for the BAT operations in Trinidad. She was also a member of the local board of directors.

In 2013, she got a promotion and transferred to BAT Vietnam as a finance controller. During her tenure there, she oversaw transparency and accountability in marketing decisions and investments. She was a driving force behind analysis and opportunity assessment for marketing investments since she was an integral part of the Finance Leadership and Marketing Leadership teams.

In 2015, she transferred to BAT Central America & the Caribbean, based in Costa Rica, as a finance controller. In her capacity, she managed financial results for Central America and Caribbean Business Unit and efficiently led the team that successfully implemented SAP for 22 business entities.

In 2017, she became the Head of Record to Report, BAT Shared Services Europe, based in Romania. She oversaw Global shared services environment, leading a team of 250 people.

From 2020 to 2023, she oversaw the commercial strategy for more than 30 markets as Head of Commercial Finance for BAT Latin America and the Caribbean, which is based in Mexico.

Mr. Syed Mahbub Ali

HEAD OF MARKETING

NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BAT BANGLADESH

2000

EDUCATIONAL BACKGROUND

- Bachelor of Business Administration Institute of Business Administration, University of Khulna with distinction & was awarded University Gold Medal
- The London School of Economics (LSE) Leadership program: Competitive strategy and Innovation

MEMBERSHIP

- BAT Bangladesh Leadership Team
- APMEA (Asia Pacific, Middle East, & Africa) Central Leadership Team
- APMEA Regional Marketing Leadership Team



Mr. Syed Mahbub Ali has worked in the BAT for more than 23 years, both domestically and abroad. He has extensive experience in all facets of marketing, including trade marketing, business & brand portfolio strategy development, activation, marketing planning, route to market strategy development, total customer investment, P&T, and project management. He has a track record of setting examples and has strong commercial acumen. He possesses the ability to motivate others, spark transformative change, and bring forth excellent outcomes.

CAREER HIGHLIGHTS

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

The journey of his career started with BAT Bangladesh in 2000 as a Territory Officer. Over the years, he held several positions in trade and brand marketing.

In 2009, he oversaw the first-ever successful milestone entry into the sub-value segment as Brand Manager (Domestic Value for Money Brands), reclaiming BAT Bangladesh's market leadership.

He was seconded to BAT Vietnam as RTM Project Manager in 2013 following years of consistent performance in several roles within BAT Bangladesh.

In the middle of 2014, he relocated to Bangladesh as Group Brand Manager. Under his direction, BAT Bangladesh's low segment volume increased during this time, and JPGL Switch became the first successful new variant launch in the AP consideration area. By employing effective communication to foster knowledge, acceptance, and compliance, he played a crucial role in ensuring that Bangladesh's transition to a 50% graphic health warning proceeded well. He also served as chair of the BAT Bangladesh gender diversity platform "Symmetry" for two years at this time.

He was named the Head of Trade of BAT Bangladesh, the largest trade team in the BAT group, in the middle of 2016. Later, in January 2020, he was appointed Head of Trade and Planning and joined the BAT Bangladesh Leadership Team. He contributed to the creation of the new SLA and the establishment of a clear priority for the organization during COVID as a member of the BD leadership team.

During the pandemic, he compassionately handled a large workforce and made sure that vital business deliveries were made, which was crucial to the growth of the business. Along with automating the trading systems, he also worked with DBS teams to develop highly affordable solutions that were quite helpful during the pandemic. Additionally, he promoted ground-breaking trade solutions including microcredit for retail and the B2B2C model to advance trade loyalty systems.

Mr. Jorge Macedo Pavon

HEAD OF OPERATIONS

NATIONALITY

Mexican

DATE OF APPOINTMENT TO BAT BANGLADESH

2023

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

- BAT Bangladesh Leadership Team
- APMEA (Asia Pacific, Middle East, & Africa) Central Leadership Team
- APMEA Regional Operations Leadership Team



Mr. Macedo has recently been appointed as the Head of Operations for BAT Bangladesh. He began working with BAT Mexico in 2003 and during the subsequent 20 years, he rose through the ranks to become a resilient business leader.

CAREER HIGHLIGHTS

In 2003, Mr. Macedo began working with BAT Mexico as a management trainee. During his two years in the position, he implemented over nine projects that led to significant cost reductions and process development.

He was elevated to the position of Manufacturing Supervisor for BAT Mexico's Primary and Secondary Manufacturing Departments in 2004.

In 2006, he was promoted to Transformation Manager. He led the Strategic Leadership Agenda journey, attained the first place to work within BAT, the third best place to work in Mexico ('07 GPTW) and implemented work-life balance and recognition initiatives while serving in this capacity.

For a brief while in 2007, he took on the role of SMD Production Manager, overseeing the accountability of domestic cigarette production and putting strategic plans into action. He had introduced self-directed work teams by this point.

In December of the same year, he began working as a Quality Assurance Manager and within six months, he took over and promoted to the role as Logistics Manager, Supply Chain, May 2008 and he held this position for two years.

After that he was assumed the position of Planning Manager, Supply Chain, in 2010.

In 2012, he was promoted to TaO AMR, Lead for Operations and Logistics Planning for America's region. During this time, he provided the Target Operating Model (TOM) and One SAP (ECC) for Logistics and Operations Planning, successfully endorsed the E2E Supply Chain Integration and SNO Costa Rica Planning Hub (project lead).

His appointment as Regional Planning Manager-SNO (BASS Americas-Costa Rica) occurred in 2016 and in 2017, he was promoted to Canada Head of Supply Chain (Imperial Tobacco Canada), where his duties included secondary supply chain operation and the synchronised supply chain deliverables.

He was elevated to SNO Head of Plan, ENA (BAT-UK) in 2019. Where, he was responsible for the Europe and North Africa Region's multi category supply network planning execution, ensuring product availability to enable commercial growth.

Mr. Saad Jashim

HEAD OF TALENT, CULTURE & INCLUSION

NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BAT BANGLADESH

2006

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

- BAT Bangladesh Leadership Team
- BAT Asia Pacific, Middle East and Africa (APMEA) HR Leadership Team



Mr. Saad has been with BAT for over 18 years and has always delivered exceptional outcomes. He began his career in marketing before transitioning to human resources in 2008. Since then, he has worked in a wide range of jobs, including industrial relations and business partnerships for all functions within BAT Bangladesh. He also served as a regional organisational manager, supporting numerous marketing efforts in Asia-Pacific and leading the regional employee engagement process. Since 2016, he has also been in charge of the company's Talent Agenda, in addition to Business Partnering, and has made important contributions to BAT Bangladesh's talent development and recognition journey.

CAREER HIGHLIGHTS

- Senior HR Business Partner Operations – BAT Bangladesh (November 2016 – January 2019)

- HR Business Partner Marketing – BAT Bangladesh (January 2015 – October 2016)
- Regional Organizational Effectiveness Manager – BAT AsPac (April 2013 – December 2014)
- HR Business Partner Corporate – BAT Bangladesh (October 2011 – March 2013)
- HR Business Partner Leaf & GLT – BAT Bangladesh (May 2010 - September 2011)
- Supply Chain HR & Welfare Executive – BAT Bangladesh (April 2008 – April 2010)
- Territory Officer Marketing – BAT Bangladesh (February 2006 – April 2008)

Mr. Sudesh Peter

HEAD OF LEGAL

NATIONALITY

Sri Lankan

DATE OF APPOINTMENT TO BAT BANGLADESH

2023

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

- BAT Bangladesh Leadership Team
- APMEA (Asia Pacific, Middle East, & Africa) Central Leadership Team
- APMEA Regional Legal Leadership Team



Mr. Sudesh Peter is experienced senior personnel with a legal and regulatory background who is accountable for strategic business and people leadership with extensive legal and external affairs management expertise. He has significant experience in the tobacco sector and a successful track record of more than 10 years in legal, compliance and executive leadership roles.

CAREER HIGHLIGHTS

He held a range of senior positions at Ceylon Tobacco Company PLC a 12-year period before joining as Head of LEX in Bangladesh.

Earlier in his career, he was a junior counsel at K. Kanag-Isvaran, Sri Lanka, and then became in-house Counsel at F. J. & G. de Saram Attorneys-at-Law, a leading commercial law firm in Sri Lanka. He oversaw contentious litigation and arbitration during his time there, specialized in business, commercial, banking, intellectual property, and labor law. Additionally, he represented Citibank in the Singapore Oil Hedging Arbitration with the Sri Lankan government.

He joined Ceylon Tobacco Company PLC, Colombo, Sri

Lanka, as Corporate and Commercial Counsel in 2011. For his splendid performance in corporate commercial compliance, within a span of a year, he became Litigation Counsel in 2012, where he Successfully challenged the excessive graphic health warning regulations and reduced the size of the health warning on cigarette packs.

In 2015, he became the Regulatory Affairs Counsel and held it until 2019, when he managed Regulatory and Fiscal Affairs. During this time, he achieved the Chairman's Award 2017 for outstanding delivery in pricing and excise engagement.

In 2019, he became Director of Legal & External Affairs and Company Secretary of Ceylon Tobacco Company PLC, Colombo, Sri Lanka. In addition to serving as a member of the Executive Management Committee, he was an integral part in developing and advancing the organisation's strategic leadership agenda as well as extending people leadership to transform talent. He also assumed control of the Company Secretarial responsibilities, which included the management of the Board and shareholder management. Additionally, he oversees the Legal, Regulatory, Corporate Affairs, Sustainability, Compliance, Anti-Illicit trade, and Security management of the organisation.

Mr. Sarzil Sarwar

HEAD OF IDT

NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BAT BANGLADESH

2021

EDUCATIONAL BACKGROUND

- Executive MBA from Quantic School of Business and Technology
- Bachelor of Science in Management Information Systems (MIS) from University of Texas
- INSEAD Digital Leadership program
- IMD Transition Leadership program.

MEMBERSHIP

- BAT Bangladesh Leadership Team
- BAT Asia Pacific, Middle East and Africa (APMEA) IDT Leadership team
- BAT IDT Diversity and Inclusion (D&I) Leadership team



Mr. Sarzil Sarwar is a seasoned ICT professional with 20 years of global experience. During his tenure with Axiata Group Berhad, he served in several management roles in Robi Axiata since 2012, overseeing the Transformation office, Programme management, digital transformation, and customer experience functions. He has made contributions to outsourcing non-core functions, launching 3G & 4G technology, facilitating airtel merger integration & the MNP programme. He also served as the Chairman of the Business Operations Committee for the last 2 years. Besides serving Axiata Berhad, Sarzil has also served leading telecom companies such as Ooredoo, Airtel and Veon in various IT, B2B & Strategy functions across the Middle East, Africa and South Asian markets. He was part of the launch team of Banglalink and Warid Telecom in Bangladesh & Uganda.

CAREER HIGHLIGHTS

- Group Head of Technology Program & Performance Management, Axiata Group Berhad, 2020.

- EVP & Head of Customer Experience, Robi Axiata Ltd. - 2019-2020
- VP Enterprise PMO, Robi Axiata Ltd. - 2016-2018
- Head of Group Strategic PMO, Axiata Group Berhad - 2014-2016
- VP Transformation Office, Robi Axiata Ltd. - 2012-2014
- Head of Strategy & PMO, Asiacell - 2011-2012
- VP New Business & Projects, Viom Networks - 2010-2011
- Head of Infrastructure Business, Airtel Uganda Ltd. - 2008-2010
- Head of IT Services, Airtel Uganda Ltd. - 2007-2008
- IT Manager, Airtel Bangladesh - 2006-2007
- Systems Engineer, Banglalink - 2005-2006

Mr. Numayer Alam

HEAD OF COMMERCIAL

NATIONALITY

Bangladeshi

DATE OF APPOINTMENT TO BAT BANGLADESH

2004

EDUCATIONAL BACKGROUND

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

MEMBERSHIP

- BAT Bangladesh Leadership Team
- BAT Asia Pacific, Middle East and Africa (APMEA)
Marketing Leadership Team

ACCOLADES

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



Mr. Numayer Alam has over 20 years of working experience in BAT with around 6 years of leadership role experience in Marketing & Sales of Bangladesh & East Asia Area (Vietnam, Cambodia) Business. His key strengths are in areas of Sales & Trade Marketing, Commercial & Strategy Planning, Portfolio & Brand Management, Talent Development & Big Team Management.

CAREER HIGHLIGHTS

Back in 2004, Mr. Alam started his journey with BAT Bangladesh as a Territory Officer. In 2006, after two years of strong performance, he was first elevated to the position of Area Manager and subsequently moved to the role of Channel Development Executive in 2007.

Following a successful three-year stint in this capacity, he was promoted in a cross functional position of Enterprise Programme Manager (PMO) in 2010 where he closely worked with the Leadership Team in shaping organizational leadership agenda, and two years afterwards, he was promoted and assigned in a Global Project Deployment Role as the Project Manager – Bangladesh for the TAO (Target Operating Model and OneSAP) programme in 2012.

The most challenging years of his career were from 2014 to 2016, when he held three very distinct senior & important positions in quick succession. After completing the global project role, he came back to Marketing function and took over the role of Regional Manager of Dhaka in 2014 where he led the biggest business nationally and then moved to Strategy, Planning & Insights Manager in 2015. Based on his strong commercial and leadership strengths, he was elevated to the role of Head of Strategy, Planning & Insights in 2016 where he actively worked in long term business simulations and strategies.

His unwavering work ethic, leadership inclusivity and commercial acumen created a great opportunity for him to embark on a new journey as Head of Trade Marketing at BAT EAA (Vietnam & Cambodia) in 2017 and later took over the role of Head of Brands also. Under his leadership, the Vietnam business has witnessed strong volume, share and turnover growth which was driven by key strategic works around route to market, trade activations, portfolio enhancement and talent development.



MESSAGE FROM THE CHAIRMAN



THE YEAR 2023 HAS BEEN A TESTAMENT TO OUR RESILIENCE AND ADAPTABILITY IN AN EVER-EVOLVING BUSINESS LANDSCAPE. DESPITE GLOBAL UNCERTAINTIES, BAT BANGLADESH HAS CONTINUED TO THRIVE, ACHIEVING SIGNIFICANT MILESTONES, AND REINFORCING OUR POSITION AS A LEADER IN THE TOBACCO INDUSTRY. THIS YEAR, WE NAVIGATED THE COMPLEXITIES OF THE MARKET WITH AGILITY, LEVERAGING INNOVATIVE TECHNOLOGIES AND STRATEGIC INITIATIVES TO DRIVE SUSTAINABLE GROWTH. OUR UNWAVERING FOCUS ON CORPORATE RESPONSIBILITY AND ENVIRONMENTAL SUSTAINABILITY HAS NOT ONLY MET BUT EXCEEDED INDUSTRY STANDARDS, AS WE TAKE BOLD STEPS TOWARDS A MORE RESPONSIBLE AND ECO-FRIENDLY FUTURE.

Dear Esteemed Shareholders,

I am pleased to present the Chairman's Statement for the Annual Report of BAT Bangladesh for the fiscal year ended December 31, 2023.

OVERVIEW OF THE BUSINESS ENVIRONMENT:

The year 2023 brought both challenges and opportunities for the global economy, and BAT Bangladesh navigated through these dynamics with resilience and strategic focus. Despite uncertainties in the market, our commitment to delivering sustainable value to our stakeholders remained unwavering.

FINANCIAL PERFORMANCE:

I am delighted to report that despite shortage of the foreign exchange, high inflation, and liquidity crisis in the Country, BAT Bangladesh has delivered sustainable financial performance in 2023. In keeping with our values of creating a better tomorrow, our people have worked tirelessly to produce expected results for all of our stakeholders. As a result, BAT Bangladesh contributed to the national exchequer BDT 32,802 crore in 2023. The Company's Board of Directors has recommended a final cash dividend of 100% for the year 2023 considering future sustainability.

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

STRATEGIC INITIATIVES:

After the war in Ukraine with Russia and the unfortunate war continued in Middle East which impacted the operating landscape in 2023, BAT Bangladesh maintained flexibility in business adaptation for continued value creation.

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

In this context, I am pleased that we accomplished great strides in delivering the Company's objectives, and Environment, Social & Governance (ESG) strategy, therefore maintaining our status as one of Bangladesh's distinguished and high-impact organisation. Our commitment to sustainability reflected in our efforts to reduce our environmental impact, promote responsible sourcing, and contribute to the communities in which we operate.

During the year we further reinforced our commitment to sustainability by focusing on reducing the health impact of the business and promoting

environmental, social, and governance excellence. One of our major areas of focus in this regard is our mission of scientifically substantiated and reduced-risk products and believe this progressive transformation will result in a better tomorrow for our customers, shareholders, regulators, business partners, co-workers, and society at large.

MARKET DYNAMICS:

The regulatory landscape in the tobacco industry is evolving, and BAT Bangladesh remains committed to compliance and responsible business practices. We continue to engage with regulatory authorities, advocating for evidence-based logical as well as enforceable policies that balance public health concerns with the interests of our consumers and other stakeholders.

DETERMINED TODAY FOR A STRONGER TOMORROW:

BAT Bangladesh has been on its sustainability journey for a long. Thus, sustainability and ESG principles are ingrained in our Company which are a core part of our long-term business strategy. We continue to invest in our sustainability agenda, launching a holistic and bold ESG strategy, which among other goals, sets a framework for achieving the carbon neutrality target.

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

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

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

BAT Bangladesh's commitment to delivering with integrity underpins the Company's decision-making, strategic initiatives, and operations, ensuring that the highest standards of transparency, integrity and accountability are always maintained. This involves strict adherence to the Company Standards of Business Conduct (SoBC Policy) and applicable regulations.

FOCUSED TODAY FOR A BETTER TOMORROW.

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

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

BAT Bangladesh has a long and proud history of supporting livelihoods through both our corporate social initiatives and value chain. We are excited that our award-winning tree plantation effort, Bonayan, has contributed to afforestation which facilitate positive climate action. We are also involved in addressing social needs through our two other major programmes. One focuses on widening access to clean drinking water in arsenic-prone regions, coastal belts like as the Satkhira, Khulna, Cox's Bazar district, and isolated communities under our Probaho project.

The other is our 'Deepto' programme which has installed solar home systems free of cost in the off-grid areas of the country which has helped empowering the people of villages to earn their livelihood after dark. The biggest success of this initiative is reflected in the economic upliftment of these people and improved their livelihood.

FARMERS' PRODUCTIVITY IMPROVEMENT IN SUGARCANE CULTIVATION:

The other initiatives are the farmers productivity improvements in sugarcane cultivation, which were undertaken at the request of the Ministry of Industries. The Company setup demonstration plots in the different sugar mill zones and could improve the productivity from around 19 metric tons (mt) per acre to around 60 mt in the first year 2022, and then again raise the productivity to around 80 mt in the second year 2023. This had generated tremendous enthusiasm among the farming community, resulting in higher production of sugarcane to support the government's initiatives, employment generation, the viability of the sugar mills, and reduced imports of sugar, resulting in considerable savings in forex. The Government has further advised the Company to continue the demonstration plots in third year 2024 for wider publicity, and to generate further interest in the farming community.

ENTHUSIASTIC TODAY FOR AN ILLUSTRIOUS TOMORROW

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

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

OUTLOOK FOR 2024:

Looking ahead, we remain cautiously optimistic despite the uncertainties that persist in the global economy. BAT Bangladesh is well-positioned to adapt to changing market conditions, and our strategic initiatives will continue to drive sustainable growth.

APPRECIATION:

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

I would like to express my gratitude to our employees, whose hard work and commitment have been instrumental in our success. I also extend my appreciation to our valued shareholders, customers, suppliers, and regulatory authorities for their continued support.

I would like to express my deepest appreciation and gratitude to our honourable Directors who have made significant contributions to the strategic policy with their wisdom, guidance, and experience that helped the management across the Company to achieve the business targets. I also appreciate the management style, actions taken, and motivation offered by our Managing Director for proving leadership and aligned them to the company vision, and lead by example.

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

Sincerely,



Golam Mainuddin

Chairman

8th February 2024

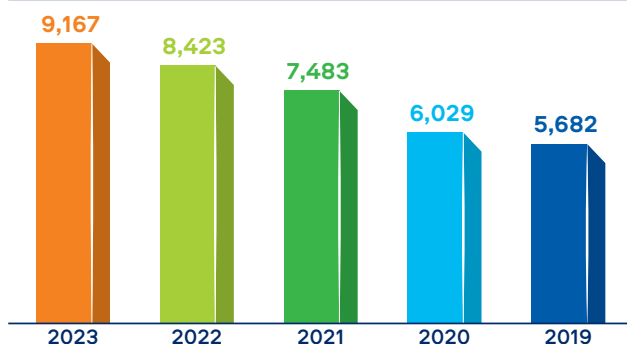
FINANCIAL HIGHLIGHTS

BDT Crore (Unless otherwise stated)

Particulars	2023	2022	2021	2020	2019
Gross Turnover	40,379	36,145	33,934	28,108	26,985
Gross Profit	4,450	4,423	4,006	2,950	2,685
Profit Before Tax	3,527	3,499	2,990	2,109	1,740
Profit After Tax	1,788	1,787	1,497	1,089	925
Paid up Capital	540	540	540	180	180
Contribution to Exchequer	32,802	29,530	29,078	24,250	22,630
VAT+SD+HSDC (in BDT Cr)	30,702	27,527	27,361	22,955	21,208
Income tax (in BDT Cr)	1,689	1,693	1,432	1,006	1,082
Custom Duty (in BDT Cr)	411	309	284	289	340
Number of Ordinary Shares Outstanding	54	54	54	18	18
Total equity attributable to owners of the Company	5,364	4,118	3,679	3,400	3,579
Market Value Per Share at year end (Tk)	518.70	518.70	635.60	1,180.80	969.90
Earning Per Share (Tk)	33.11	33.10	27.72	20.16	17.12
Dividend Per Share (%)	100%	200%	275%	600%	400%
Dividend Yeild	1.93%	3.86%	4%	5%	4%
Net Asset Value	5,364	4,118	3,679	3,400	3,579
Net Asset Value Per Share	99.33	76.27	68.13	62.96	66.28
Net Operating cash flow Per share (NOCFPS)	18.90	50.04	14.72	27.81	28.87
Price Earnings Ratio	15.67	15.65	22.93	19.52	18.88
Return on Asset(%)	17.21	21.42	19.30	17	16
Debt Equity Ratio (%)	6.97	-	15	-	-
Number of Ordinary Shareholders	86,130	84,971	65,945	16,283	19,315
Number of Employees	1,669	1,526	1,643	1,445	1,426

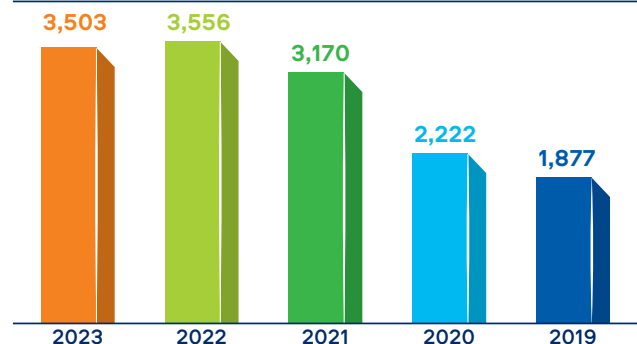
Net Revenue

In BDT Crore



Operating profit

In BDT Crore



DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors wishes to express its sincere gratitude and acknowledges the privilege of presenting the Directors' Report, Audited Financial Statements, and the Independent Auditor's Report for the year ended on 31st December 2023. In adherence to our commitment to transparent and precise investor communication, this report serves as a meticulous resource for our esteemed shareholders and stakeholders, offering a comprehensive insight into our business operations, performance for the year 2023, and our strategic outlook for the future.

STRATEGIC PILLARS OF OUR BUSINESS

In 2023, BAT Bangladesh has achieved its volume ambition and anticipated financial results amidst highly adverse business environment. The business landscape became highly challenging as currency devaluation and foreign currency issues affected cost of sales severely. Furthermore, inflationary pressures limited the discretionary buying power of consumers. In the face of adversity, we exercised our grit and strengths to pave way for another successful year for our business. Agile portfolio interventions, meticulous sales along with distribution initiatives and operations capability deployments were the core pillars for our sound results in 2023 which resulted in enhanced value for our stakeholders as well as the national exchequer.

COMPANY PERFORMANCE

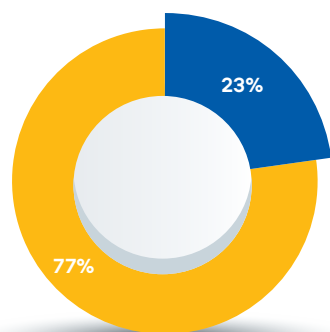
The Company (BAT Bangladesh or BATB) registered 9% volume growth despite immense macro-economic headwinds, by virtue of focused sales as well as distribution drives in growth markets and capitalizing on emerging consumer needs through benchmark consumer centric innovations.

The top two segments (High and Premium) struggled to sustain their position in 2023 owing to enduring year on year price increase for six consecutive years. On the other hand, the low segment has grown by 9% in 2023 vs 2022, facilitated by accelerated downtrading from top three segments. This was fueled mainly by convenient price points and tightened consumer spending power. As a result, low segment contribution has been increasing within the portfolio. This downtrading trend might affect the business dynamics in the future as well as impact government revenue contribution from the cigarette industry.

It is significant to note that, based on past years' experiences, price increases in the high and medium segments invariably cause customers to shift to cheaper duty-evaded illicit cigarettes. In 2023, illicit cigarette could be kept under control, due to Government and our strong vigilance..

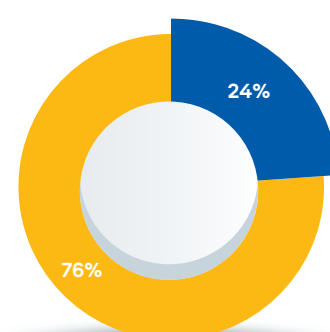
BAT'S SEGMENT-WISE VOLUME CONTRIBUTION IN 2023

2023 [Jan-Dec Volume Contribution]



● Top 3 ● Low

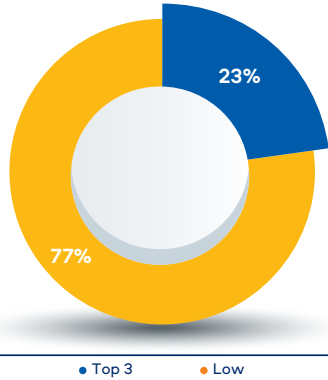
2022 [Jan-Dec Volume Contribution]



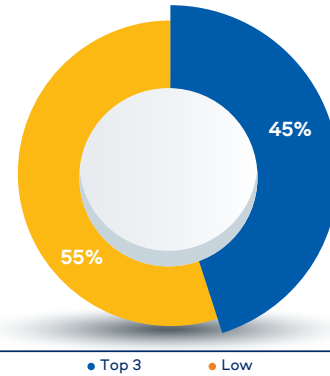
● Top 3 ● Low

THE FOLLOWING CHART ALSO SHOWS BAT'S SEGMENT-WISE VOLUME CONTRIBUTION AND CORRESPONDING REVENUE CONTRIBUTIONS IN 2023

2023 [Jan-Dec Volume Contribution]



2023 [Jan-Dec Govt Revenue Contribution]



Like the previous year, BATB continued its strong revenue contribution to the government exchequer in 2023. In the full year 2023, revenue contributions from the top three segments and that of Low segments were similar to 2022.

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

- ▶ **Benson & Hedges:** Declined 9% in 2023 vs 2022, driven by downtrading & consumption contraction resulting from consecutive price increases. Multiple purpose-led initiatives and consumer-focused activations were introduced to arrest the decline & prevent further vulnerability.
- ▶ **John Player Gold Leaf:** Declined by 12% in 2023 bracing the shock from govt. price increase in June 2023 fiscal budget. BATB addressed the price increase impact by introducing consumer-relevant innovations in the top 3 segments to prevent from being further vulnerable.
- ▶ **Star:** Since the price increase in June 2023 fiscal budget, Star has been experiencing volume growth due to consumer switch-out from John Player Gold Leaf and Royals. As a result, Star has experienced 18% volume growth in 2023 vs. 2022.
- ▶ **Low brands segment:** The majority of BATB's volume is contributed by Low segment brands (Royals of London, Derby, Hollywood, and Pilot) and the Company is committed to maintaining consumers' preferred quality and progressive needs across the segment. Continued focus over the right product quality along with wider sales & distribution across all channels despite the challenging business environment has been a key attribute for the overall growth of 9% in 2023 vs 2022.

BATB's Contribution to the Govt. National Exchequer

In 2023, the Company contributed BDT 32,802 crore to the Government exchequer as Value Added Tax

(VAT), Supplementary Duty (SD), Health Development Surcharge (HDSC), Corporate Tax and Custom Duty. This represents an increase of BDT 3,272 crores over the last year. Going forward, the Company aims to support the Government's proposals that enables the establishment of a sustainable level of tax contribution to the national exchequer, while ensuring sustainable growth for the industry and promoting a level playing field among market players. Since this is a matured industry, it must not be stretched too far without considering the market dynamics and its ability to absorb price elasticity, avoid growth of illicit as well as smuggled cigarettes and not to encourage downtrading.

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

While listed companies in all other sectors enjoy a preferential corporate tax rate, there is a higher tax rate applicable for cigarette companies. We strongly feel that by targeting the corporate tax structure of a listed manufacturer, it will appear to be disincentive for the other cigarette manufacturers to join in the capital market. The Company believes that the Government will remove the disproportionate corporate tax rates applicable on cigarettes in the upcoming National Budget. Cigarette is already highly taxed (in the form of Supplementary Duty, VAT and Corporate Tax), and there is no instance of discriminatory corporate tax rates anywhere in the world for listed tobacco companies. We continue to appeal to the NBR for reducing the Corporate Tax in the upcoming National Budget.

MANUFACTURING FOOTPRINT OPTIMISATION

In our relentless pursuit of a sustainable future, BAT Bangladesh proudly presents the transformative highlights of our 2023 journey. Our commitment to achieving carbon neutrality by 2030 is not just a vision;

it's a reality shaped by strategic initiatives undertaken throughout the year.

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

Our dedication extends beyond operational upgrades. Collaborating with the Rural Electrification Board (REB) and DESCO, we've fortified our resilience against power disruptions. Our commitment to environmental responsibility also extends to water conservation, with a remarkable achievement of over 30% water recycling, ensuring minimal impact on precious water resources.

The tangible outcomes of these efforts are reflected in the low energy and water usage indexes recorded by both the Dhaka and Savar factories in 2023. These metrics are not just numbers; they signify the tangible impact of our commitment to sustainable practices. BAT Bangladesh is more than a corporate entity; we are architects of positive change, demonstrating our unwavering dedication to a future where sustainability is not just a goal but a way of life.

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

In addition, the two-site optimisation and integration has been completed and Savar Factory is now established as the crown jewel factory of BAT Group. Both factories achieved Phase-2 maturity which has been a testament to the sustainable progress we have made in terms of people's capability and process maturity. The significant improvement happened in wrapping material and tobacco wastage reduction throughout Phase 2 journey and both factories achieved ever lowest tobacco wastage and wrapping material wastage in 2023 which helped further reducing our impact on environment. During all these transformations, BAT Bangladesh demonstrated the highest-ever OEE delivery in history with the best-ever quality product to consumers. This is a ground-breaking achievement obtained in 2023, which will be a key milestone for BAT Bangladesh for years to come to ensure sustainability at the core of delivery.

Cost of Goods Sold & Profit Margins:

The overall cost of goods sold increased during the year mainly due to higher cost of imports for currency devaluation, higher inflation, and increased volume.

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

SUSTAINABILITY

For BAT Bangladesh, sustainability is not just a commitment; it is a journey ingrained in our Company culture for decades. As a responsible entity, we have consistently upheld the belief that every business is a catalyst for societal advancement, contributing to economic growth, environmental preservation, and social development.

From its very beginning, the Company has stood as a dedicated ally in the nation's path towards sustainable development. Presently, we are propelling advancement in our environmental, social, and governance (ESG) priorities, steering toward the creation of a sustainable enterprise of the future.

Our commitment to sustainability is woven into BAT Group's broader strategy, which BAT Bangladesh has not only embraced but is actively working towards. Through our initiatives, the company aligns with the Government's objectives, contributing significantly to 8 out of the 17 UN Sustainable Development Goals (SDGs).

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

- ▶ Achieving carbon neutrality
 - ▶ Scope 1 and 2: 100% by 2030
 - ▶ Scope 3: 100% by 2050
- ▶ 50% renewable energy use by 2030
- ▶ 90% recycling rate of waste generated by 2025
- ▶ 35% reduction in water withdrawn vs 2017 baseline by 2025
- ▶ 100% manufacturing sites to be Alliance for Water Stewardship certified by 2025
- ▶ Waste to Landfill <1% by 2025
- ▶ Increase the proportion of women in management roles to 45%

2023 ACHIEVEMENTS

BAT Bangladesh consistently invests in capital expenditures to advance its journey towards carbon neutrality and renewable energy aspirations. Noteworthy initiatives such as Digi-Chill (smart energy management system) and the installation of an On-line UPS system have been undertaken to decrease energy intensity and overall consumption. The on-site installation of 1596 kWp solar power generation capacity enhances the usage of renewable energy at our operation sites. To further reduce our carbon footprint, we have introduced Hybrid Electric Vehicles into TM&D fleet.

Additionally, in 2023 itself, we ensured 35.8% of water recycling ratio. Multifaceted energy-efficient critical projects like automation and digitization in water consumption tracking were also implemented. The Company also achieved 99.2% waste-recycling ratio and has succeeded in eliminating unnecessary single-use plastics from its Head Office.

Flagship ESG Initiatives:

BAT Bangladesh stands as a trailblazer in the ESG landscape, embarking on its journey over four decades ago. The initiation of its afforestation programme, 'Bonayan,' in the 1980s, in collaboration with the Forest Department of the Bangladesh Government, marked the inception of this commendable effort. Witnessing a progressive year-on-year expansion in distribution, Bonayan now contributes approximately 5 million saplings annually, surpassing a remarkable milestone of distributing over 125 million saplings to date. Currently, BAT Bangladesh's afforestation platform stands as the country's largest private sector-driven program of its kind. In 2023, the program's impact expanded into two new districts, broadening its coverage to around 24 districts nationwide. The Company remains steadfast in its commitment to sustain this initiative, aligning with the Government's national targets of augmenting forest coverage and expanding the tree-covered area with medicinal, fruits and forest trees.

The Company's water filtration venture, 'Probaho,' (pure drinking water initiatives) extends its reach across approximately 23 districts. Originating as a response to the severe scarcity of safe drinking water caused by excessive arsenic contamination, Probaho has evolved into a lifeline for around 300,000 beneficiaries annually, providing a daily supply of approximately 600,000 liters of safe drinking water. In a significant expansion move in 2023, four new plants were established, amplifying the total count of Probaho plants to 121. A notable concentration of these newly established facilities in Satkhira addresses the challenges posed by salinity in those areas.

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

In 2011, BAT Bangladesh brought light to remote communities in Chattogram hill tracts with its solar home system project (Deepto). So far, the Company has installed 2,591 free solar-powered home systems in 25 villages in the off-grid areas in the country. The real success is seen in how these people's lives have improved.

Good Agricultural Practices:

Beyond our flagship ESG projects, BAT Bangladesh has forged a robust partnership with farmers, prioritizing agricultural sustainability by implementing national and global standards of good agricultural practices. Our Leaf Department works tirelessly with approximately 52,000 contracted farmers throughout the year in rural areas, aiming to ensure their sustainability and uplift livelihoods. The success of our contract farming system stands as a proven model, with the company consistently setting high standards in agricultural best practices that benefit communities in diverse ways.

The Leaf Department at BAT Bangladesh drives various initiatives for agricultural sustainability, including green manuring, Integrated Pest Management (IPM), Alternate Furrow Irrigation (AFI), riverine buffer protection, and affordable farm mechanization. As a responsible corporate entity, we have acted on the opportunity to uplift farmers' livelihoods, aligning with the agricultural sustainability agenda through collaboration with the Integrated Farm Management Components (IFMC) project of Department of Agricultural Extension (DAE).

Farmers' Productivity improvement in Sugarcane cultivation:

Other projects include farmer productivity improvement in sugarcane cultivation in the farmers' fields, which were implemented at the request of the Ministry of Industries. The Company established demonstration plots in several sugar mill zones and was able to increase sugarcane cultivation production from approximately 19 metric tonnes (mt) per acre to roughly 60 mt in the first year of 2022, and then to over 80 mt in the second year of 2023. This produced productivity improvement had generated huge enthusiasm within the agricultural community, resulting in increased sugarcane cultivation to support the government's programme, job creation, the profitability of sugar mills, and reduced sugar imports, resulting in significant foreign currency savings. The government has further requested the Company to continue the demonstration plots also in 2024 to generate more exposure and interest in the farming community.

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

GREAT PLACE TO BELONG

In 2023, BAT Bangladesh experienced a remarkable year, propelled by the steadfast dedication of our dynamic team. Our employees, considered our foremost asset, played a pivotal role in advancing sustainable business growth. Demonstrating unwavering commitment, we consistently pursued excellence, contributing to the company's unprecedented success and elevation to new heights.

BAT Bangladesh's employee value proposition, 'Be The Change' reflects our core message & purpose for our people. Furthermore, the transfer of knowledge and sharing of our expertise freely within BAT Group companies globally have become an intrinsic reflection of our culture and indicative of the quality of our resources.

In 2023, nineteen of our high performing managers have joined to other Companies in the BAT group. Currently, we have 62 such employees working across the globe representing our talent export strength.

Human capital is the major tool in our growth and success; thus, we sustained our efforts in attracting the best talent pool. We continued campus engagement with our ambassador program- XCEED, welcomed talented XCELERATE interns & inaugurated our exclusive platform – Supernova, to pave the path for females.

2023 was a milestone year for the pioneering business case competition Battle of Minds (BoM). We 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 Bangladesh winner, who would go on to represent the area in the global Battle of Minds 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 participants 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 five 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 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.

In 2023, overall, we welcomed 116 new recruits. Beyond the campus, we also focused on injecting future-fit capabilities by welcoming 13 cross-industry professionals.

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

and can graduate from the academy as a recruit in BATB or as a qualified resource in other factories. Till now we have 3 batches of apprentices in the academy with 450+ apprentices. Of them, 180 have graduated the academy with 150 joining our organization. Apprentice academy has been noted as a best practice by International Labor Organization (ILO) in Bangladesh as well.

BAT Bangladesh shows steadfast devotion to people practices across all domains of HR practices. This has led to BAT Bangladesh achieve 'Top Employer' certification for the fifth time in a row in 2023, as certified by the Top Employer Institute. 2023 was also the year in which we achieved strides in our overall Diversity & Inclusion agenda by a remarkable leap of 9% increase of female managers inside the organization.

To summarise 2023 was a remarkable year for BAT Bangladesh in terms of celebrating our people who are the key driving factor for our exemplary performance.

ENVIRONMENT, HEALTH AND SAFETY

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

BAT Bangladesh is fully committed to ensuring the safety of the people who are associated with our overall operation, as well as minimizing impact on the environment; air, water, waste, soil, and natural resources to ensure a sustainable business. Being a responsible organization, major initiatives such as digital chiller operation, Online UPS, Automatic Voltage Controllers installation, water-efficient HVAC (Heating Ventilation, and Air Conditioning systems) energy efficient motors usage, condensate-free steam supply system installation, generator run-hour reduction, Reverse Osmosis plant installation, on-site solar power generation, and ensuring zero waste to landfill have been done for reducing energy consumption, increasing water recycling and proper disposal and recycling of waste materials which are vital to ensure sustainable operations. For developing a proper cultural mindset, communications and awareness programs based on environment and sustainability for managers, employees, and contractors are done throughout the year. Also, by integrating a world-class way of working all the relevant personnel are aligned and fully involved in the process of continuous improvement in a zero-loss mindset. Moreover, health and safety focused various training are arranged based on safe work practices on the production floor, in warehouses, in transportation management, and in offices. BAT Bangladesh is actively tracking all the local laws and regulations via a robust legal register to be compliant in Environment, Health, and Safety requirements.

In its effort to build A Better Tomorrow, BATB has maximized its contributions to Sustainable Development Goals. The Goals are often aligned with many of BAT's ESG agendas. For instance, Climate Action is being addressed by the Company's efforts to achieve carbon neutrality, improve processes for farmers to ensure better yield and less impact on the environment, water, and waste recycling efforts, water stewardship, adopting sources of renewable energy for electricity, and so on. These efforts address BAT's ESG agendas on climate change, biodiversity, afforestation, and water stewardship.

Similarly, clean water and sanitation, have always been the priority and BATB Bangladesh is addressing the need for clean water and sanitation, catchment good water governances internally and externally through the Alliance of Water Stewardship (AWS) program. BATB's Dhaka Factory and Green Leaf Threshing Plant became the first in Bangladesh to achieve AWS core certification. BATB Savar Factory, newest integration of BATB family has been designed keeping all the best practices of H&S and Sustainability. Thus, Savar Factory recently marked as compliant in sustainability audit along with the AWS core certification.

BATB has always put the well-being of all life on the land top priority which makes the Company perfectly aligned with Sustainability Development Goals. BATB also developed and maintaining the strong sustainability strategy to support the acceleration in line with 1.5 C Trajectory. By ensuring responsible use of terrestrial land, big efforts to stop and reverse the effects of deforestation with projects like BONAYAN, eliminating waste-to-landfill, and so on, BATB fulfils the ESG goals on Water and Biodiversity & Afforestation.

THE BOARD OF DIRECTORS

The Board of Directors at BAT Bangladesh is constituted by a diverse group of fifteen professionals, which includes ten Non-Executive Directors, three Independent Directors and two Executive Directors that helped to bring valuable experience from senior government officials and individual from the corporate world. This collective expertise is instrumental in guiding the company's strategic direction and ensuring the protection of stakeholder interests. Mr. Md. Azizur Rahman FCS, in his capacity as the Company Secretary, plays a pivotal role as the Secretary to the Board and oversees the functioning of its three crucial sub-committees: Audit, NRC (Nomination and Remuneration Committee), and CSR (Corporate Social Responsibility) Committee. This governance structure exemplifies a robust framework that aligns with industry best practices and regulatory standards.

We believe that the Company's Board is constituted with individuals possessing core competencies deemed relevant within the framework of BAT Bangladesh. All Directors have meticulously observed and complied with all regulatory requirements inherent to their Directorship,

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

- ▶ **Mr. Golam Mainuddin**
Chairman, (Non-Executive) Board of Directors
- ▶ **Mr. Shehzad Munim**
Managing Director & CEO
- ▶ **Ms. Zakia Sultana**
Non-Executive Director
- ▶ **Mr. Mohammad Salahuddin**
(Appointed on 25th January 2023)
Non-Executive Director
- ▶ **Mr. Shirajun Noor Chowdhury**
Non-Executive Director
- ▶ **Mr. A.K.M Aftab UI Islam FCA**
Non-Executive Independent Director
- ▶ **Mr. K. H. Masud Siddiqui**
Non-Executive Independent Director
- ▶ **Mr. Prof. M Harunur Rashid Phd**
(Appointed on 29th March 2023)
Non-Executive Independent Director
- ▶ **Mr. Md. Abul Hossain**
Non-Executive Director
- ▶ **Mr. Stuart Kidd**
Non-Executive Director
- ▶ **Mr. Gary Tarrant**
(Appointed on 29th March 2023)
Non-Executive Director
- ▶ **Mr. Wael Sabra**
(Appointed on 29th March 2023)
Non-Executive Director
- ▶ **Mr. Francisco Javier Toso Canepa**
(Appointed on 29th March 2023)
Non-Executive Director
- ▶ **Ms. Monisha Abraham**
(Appointed on 29th March 2023)
Non-Executive Director
- ▶ **Ms. Nirala Nandini Singh**
(Appointed on 6th May 2023)
Finance Director (CFO)

DIRECTORS PROPOSED FOR RE-ELECTION

Out of the 15 (fifteen) directors on the Board, Mr. K.H. Masud Siddiqui and Mr. A.K.M. Aftab UI Islam FCA were appointed as Independent Directors and their appointment already confirmed at the 50th Annual General Meeting (AGM). Prof. M Harunur Rashid PhD was appointed as Independent Director on 29th March 2023, whose appointment would be confirmed at the 51st AGM. Being the Independent Directors of the Company, they would not retire by rotation.

Mr. Gary Tarrant, Mr. Wael Sabra, Mr. Francisco Javier Toso Canepa, Ms. Monisha Abraham who were appointed to the Board as Non-Executive Directors and Ms. Nirala Singh who was appointed as Executive Director, after the last Annual General Meeting will retire at the upcoming AGM. Mr. Shirajun Noor Chowdhury, Non-Executive Director, will retire by rotation at the ensuing AGM. All the retiring Directors, being eligible, offer themselves for re-election at the 51st AGM. The Board recommends their re-appointment.

In accordance with Article 99A of the Articles of Association of the Company, Mr. Golam Mainuddin, having reached the age above 65 years, shall retire at the 51st AGM. However, being eligible, he is also proposed for re-election at the meeting for one year, i.e., until the conclusion of the 52nd AGM to be held in 2025.

BOARD COMMITTEES:

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

BOARD AUDIT COMMITTEE

The Company has established an Audit Committee as per code 5.1(a) of the codes of corporate governance (CG) of BSEC. As required, the Report of the Audit Committee is included in this Annual Report. In 2023, the Committee comprised of Mr. A.K.M Aftab UI Islam FCA, (Chairman of the Committee), Mr. KH Masud Siddiqui, Ms. Zakia Sultana, Mr. Shirajun Noor Chowdhury. All the members of the Committee are Non-Executive Directors except the Chairman of the Audit Committee is an Independent Director. The Audit Committee met four times during the year 2023. Mr. Md. Azizur Rahman FCS, Company Secretary, served as the Secretary to the Audit Committee. The CFO and Internal Audit Manager, Tamzeed Ahmed attend the meetings by invitation.

The key activities and performance of the Audit Committee have been shown in the Audit Committee Report on page 141 of this annual report.

Board Nomination & Remuneration Committee

The Board has constituted a Nomination & Remuneration Committee (NRC) pursuant to code 6.1(a) of the codes of corporate governance of Bangladesh Securities & Exchange Commission (BSEC). As required, the Report of the Nomination & Remuneration Committee is included in this Annual Report. Mr. K. H. Masud Siddiqui served as the Chairman of the Committee during 2023. Other members of NRC are Mr. Golam Mainuddin and Mr. A.K.M Aftab UI Islam FCA. All members of the Committee are Non-Executive Directors, out of which two are Independent Directors. The Nomination & Remuneration Committee met Six times during the year 2023. Mr. Md.

Azizur Rahman FCS, Company Secretary, served as the Secretary to the Nomination & Remuneration Committee as per the BSEC Corporate Governance Code.

Board CSR Committee

The Board Corporate Social Responsibility (CSR) Committee comprises of five Directors, of which, a Non-Executive Director is the Chairman. The constituents of the Committee are Ms. Zakia Sultana, Mr. Shehzad Munim, Mr. Mohammad Salahuddin, Dr. M Harunur Rashid and Mr. Abul Hossain. The CSR initiatives are part of the sustainability agenda of the Company. The purpose of the Board CSR Committee is to ensure the long-term sustainability of the Company's aspirations and management of the Company's CSR creativities. The initiatives are managed in a way that secures business stability and sustains the positive image and reputation of the Company, while also establishing the Company's commitment to the nation at large. The CSR Committee met four times in 2023. The initiatives are aligned with the SDGs, and we are contributing to fulfilling the government's commitment. Moreover, in 2023 the Committee took a number of sustainability initiatives focusing on Environment, Society and Governance (ESG) considering BAT Bangladesh's stakeholders' aspirations at large.

DIVIDEND

The Board of Directors had an elaborate discussion in its meeting dated 8th February 2024 on the financial performance as well as the current cash position of the Company. The Board considered the following issues for the business's suitability in short and medium terms while considering the proposed dividend:

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

Based on the detailed discussion, the Board of Directors recommends a final cash dividend of 100% (BDT 10 per share, total BDT 540 crore) for 2023, to be approved at the ensuing 51st Annual General Meeting.

DIVIDEND DISTRIBUTION POLICY

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

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

Entitlement of Dividend:

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

Process of Distribution of Cash Dividend:

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

The procedure of stock dividend distribution:

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

Process for settling unpaid dividends:

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

Tax on Dividend:

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

Principles of MI and PSI

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

GOING CONCERN

The Directors are of the opinion that the Company is a going concern. This is recognised through appropriate enquiries and analysis, which establish that the resources

are adequate to support the operations and that sufficient business opportunities do exist to justify the Company as a going concern and the directors analyse the financial statements. Accordingly, the Financial Statements are prepared on a going concern basis and there is no doubt, whatsoever, upon the Company's ability to continue as a going concern.

BUSINESS RISKS & SYSTEM OF INTERNAL CONTROL

As with other co-existing entities, the BATB business is also exposed to diverse risks that arise both from internal as well as external fronts. And because there is always a degree of uncertainty in our operations, the Board of Directors assures its shareholders that the Company has a competent risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are not known at present, the Company takes reasonable steps to identify all material and financial risks that may hamper business results. The Company then systematically reviews those risks considering the changing internal and external environment to assess that controls that are in place are adequate to address those risks that are likely to hit the Company's business activities, operations, liquidity, and financial position for future performances.

Looking ahead, in view of the economic uncertainties, BATB may also adjust its business strategies in the future to adapt to global realities. This report further encloses a detailed discussion of the internal control framework under the Statement of Internal Control (page 156).

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

RELATED PARTY TRANSACTIONS

Transactions with related parties are made on commercial basis on the principle of arm's length and are done in the ordinary course of business. Details of related parties and related party transactions are described at note 43 of

the Financial Statements on page no. 310 of this Annual Report as per requirements of relevant International Financial Reporting Standards (IFRS).

DIRECTORS' DECLARATION ON THE FINANCIAL STATEMENTS

The Directors are responsible for the governance of the Company and, as part of the preparation and presentation of the financial statements for the year ended 31st December 2023 of British American Tobacco Bangladesh Company Limited, the Directors confirm, to the best of their knowledge that:

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

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

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

MATERIAL INFORMATION:

Writ Petition on Low Segment Price Tk 27/35

In January 2019, a competitor filed a writ petition against the Government and NBR by which it initially challenged the failure of the Government to implement the closing budget speech of the Hon'ble Finance Minister dated 27 June 2018 and reserving low segments for local brands. Thereafter, the competitor instead challenged the exclusion of protection given to local brands of cigarettes manufactured by local manufacturers and sought a direction to continue the protection so granted to the local manufacturers of cigarettes in pursuance of a 2017 Special Order. The competitor further challenged the legality of a 2018 Special Order of NBR through which the said protection was revoked. BATB was initially not a party to the writ petition, subsequently, it became a party through the addition of party application. Upon hearing on multiple occasions, the High Court (HC) passed judgment on the matter on 21 September 2020. By holding the prospective portion of the 2018 Special Order legal, the court did not allow the discriminatory regime to continue. However, by holding illegal the retrospective portion of the 2018 Special Order, the Court revived the discriminatory regime for only one year, that is from 01 June 2017 to 06 June 2018 and held that any shortfall of revenue under the 2017 Special Order may be recovered from any party or manufacturer during the period of 01 June 2017 to 06 June 2018.

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

OTHER REGULATORY DISCLOSURES

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

- ▶ The Company is aware of its various risks and concerns. The financial risk management has been disclosed under note 42 of the financial statements;
- ▶ All transactions with related parties have been made on a commercial basis and the details of the related party and transactions have been disclosed under note 38 of the financial statements;
- ▶ Proper books of account of the Company have been maintained;
- ▶ Appropriate accounting policies have been followed in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;

- ▶ The financial statements are prepared in accordance with IAS/IFRS and any departure therefrom has been adequately disclosed;
- ▶ Following its Initial Public Offering (IPO), the Company has made no further public offerings, rights issues, or other instruments.
- ▶ The Company's IPO was made during inception. No further issue of any instrument was made during the year;
- ▶ From inception, the financial results of the Company have continued to grow as reflected in the yearly financial statements of the Company;
- ▶ Extraordinary gain or loss has been recognized in the financial statements of the Company in page 279 of the Annual Report;
- ▶ No significant variations have occurred between quarterly and final financial results of the Company during 2023;
- ▶ During the year, the Company has paid a total amount of BDT 0.69 Crore as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note 43 of the Financial Statements;
- ▶ All significant deviations from the previous year in the operating results of the Company have been highlighted and reasons thereof have been explained;
- ▶ The key operating and financial data for the last five years have been disclosed in the Directors' Report;
- ▶ The Company has proposed cash dividend for the year 2023;
- ▶ During 2023, a total of 8 (eight) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in Annexure-1 to this report;
- ▶ Rights and interests of the minority shareholders have been duly protected by means of transparent operations and proper disclosure of material information of the Company;
- ▶ No bonus or stock dividend has been declared as interim dividend during the year;
- ▶ A statement of 'Management Discussion and Analysis' has been presented on page 79 of this Report;
- ▶ Shareholding pattern of the Company as on 31st December 2023 are shown in Annexure-1 to this report; and
- ▶ Directors' profiles have been included in the Annual Report (page 34-49) as per BSEC Guidelines.
- ▶ Declaration or Certification by the CEO and the CFO as required BSEC Code (condition No. 3(3) & Annexure-A) disclosed under 'Certificate of Due Diligence' on page 97 in the Annual Report.

- ▶ The report as well as certificate regarding compliance conditions of the BSEC Code as required (condition No.9, Annexure-B & C) disclosed on page 84 in the annual report.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

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

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

In this respect, we have the pleasure to confirm that the Company has complied with all the necessary directives under BSEC CG Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated the 3rd June 2018. Few provisions on the responsibilities and obligations of Independent Directors of the Company inclusion to the Code. The Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2023. Further, a Certificate of Compliance is required under the said CG codes, as provided by Mohammad Sanullah & Associates, Chartered Secretaries, is also annexed to this report.

A comprehensive Corporate Governance Compliance Statement of the Company is included on page 85-96 of this annual report.

FINANCIAL STATEMENTS

The Board of Directors of British American Tobacco Bangladesh Company Limited would like to inform that the Financial Statements containing the audited accounts for the year ended 31st December 2023 are in conformity with the requirements of the Companies Act, 1994, IAS and IFRS as adopted and applicable, Securities & Exchange Rules-1987 and the Listing Regulations of the Dhaka and Chittagong Stock Exchanges, and they believe that the Financial Statements reflect fairly the form and substance of all transactions carried out during the year under review and reasonably correctly present the Company's financial condition and results of its operations.

STATUTORY AUDITOR

As per the Companies Act 1994 and the Articles of Association of the Company, the statutory auditors of BATB, KPMG Rahman Rahman Huq, Chartered Accountants, shall retire at the 50th Annual General Meeting.

As per the BSEC's Order, dated 27 July 2011 that the Company shall not appoint a statutory auditor(s) for a consecutive period exceeding three financial years. KPMG Rahman Rahman Huq has been working with the Company as the Statutory Auditor for three consecutive years. Therefore, the Audit Committee considered on 7th February 2024 regarding the appointment of new statutory auditor A. Qasem & Co, Chartered Accountants, of the Company for 2024.

Based on suggestions of the Audit Committee, the Board recommends the appointment of A. Qasem & Co, Chartered Accountants, as the statutory auditors of the Company for the year 2024 at a remuneration of Tk. 1,550,000 (Taka fifteen lac and fifty thousand) plus VAT and requests shareholders to approve the appointment.

COMPLIANCE AUDITOR

Pursuant to code 9.2 of the codes of corporate governance issued by BSEC, the shareholders at the 50th Annual General Meeting (AGM) had appointed Mohammad Sanaullah & Associates, Chartered Secretaries as the Compliance Auditor of the Company for the year 2023.

The Board of Directors, based on an audit committee review, recommended to the shareholders in the 51st AGM the appointment of Mohammad Sanaullah & Associates, Chartered Secretaries, as the Company's Compliance Auditor for the year 2024.

INDUSTRY OUTLOOK & FUTURE PROSPECTS

The tobacco industry in Bangladesh has a vital role in the nation's economic landscape, serving as a substantial

source of employment, particularly in rural areas, encompassing tobacco cultivation, production, trade, and distribution. Annually, the government institutes adjustments to tobacco prices and taxes through the national budget, thereby augmenting its economic significance. Notwithstanding a general decline in tobacco consumption due to health warnings, there is a discernible shift among smokers towards alternative products, such as vaping and Biri to filter cigarettes, as a proactive measure to mitigate health risks. Paradoxically, amidst an overall reduction in the number of smokers, the instances of female smokers are exhibiting an upward trajectory in Bangladesh.

Furthermore, Bangladesh is strategically positioned to harness significant export opportunities in the industry of tobacco, including leaf, cut rag and cigarettes capitalising on its inherent cost competitiveness and commitment to high product quality. Following the success of the ready-made garments industry, the tobacco sector holds substantial potential to carve out a formidable position in the global export market, contributing significantly to the nation's foreign currency earnings. This confluence of cost-effectiveness and quality positions the country favorably to meet international demand, thereby diversifying its export portfolio and fortifying economic growth in line with the government initiatives through the worldwide trade of tobacco-related products.

Within the Bangladeshi context, an emergent niche market is discernible, propelled by the burgeoning demand for innovative tobacco products, notably in vaping. This trend mirrors evolving consumer preferences and presents fertile ground for innovation within the tobacco industry. Additionally, the prospect of 100% export-oriented tobacco factories expanding underscores the escalating export opportunities for cigarettes. This strategic emphasis on export-oriented development aligns seamlessly with the evolving dynamics of the global tobacco market, positioning Bangladesh strategically to harness its inherent strengths in meeting the increasing international demand for a diverse array of tobacco-related products.

BUSINESS COMMITMENTS FOR SUSTAINABLE GROWTH

BAT Bangladesh, a legally established corporate entity and a cornerstone of Bangladesh's corporate landscape, holds a prominent status as the largest contributor to government tax revenue. Its substantial contributions to the rural economy underscore its unequivocal socio-economic impact, a legacy cultivated over 113 years wherein the company has played a transformative role in advancing the nation's economic trajectory. BAT Bangladesh as a corporate citizen has always has the hold of on goodwill and remains steadfast in preserving its esteemed connections with the Government of Bangladesh, shareholders, and other stakeholders.

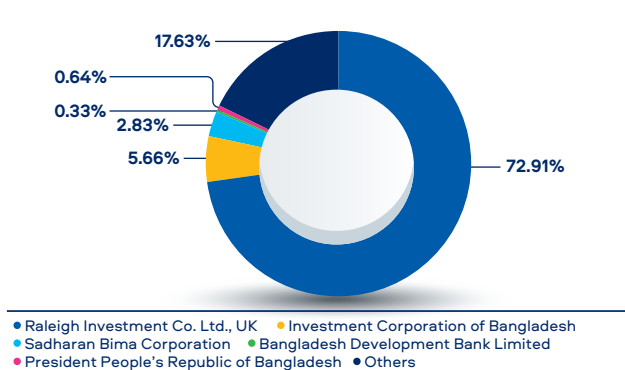
During the year 2023, BAT Bangladesh made a noteworthy contribution of BDT 32,802 crore to the Government treasury through tax, including Supplemental Duty, Value-Added Tax, Income Tax, Customs Duty, and other levies. This exemplifies the company's augmented role in bolstering gross exchequer collections. Concurrently, BATB has consistently demonstrated a commitment to excellence in shareholder value creation, maintaining a robust financial position that serves as a prudent buffer against potential challenges in the evolving operational landscape.

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

BATB's comprehensive sustainability strategy delineates meticulous action plans to curtail the environmental footprint, complete with distinct reduction targets for Scope 1, 2, and 3 emissions. The overarching objective is to achieve carbon neutrality by 2030, showcasing the company's unwavering commitment to environmental stewardship, community support, and adherence to industry-leading corporate governance standards. Upholding ethical standards is intrinsic to the company's ethos, with an unwavering commitment to these principles underpinning its corporate conduct.

SHAREHOLDERS INFORMATION & RIGHTS

Shareholding Pattern as on 31st Dec 2023



NB: Further detailed information of the shareholders is given on page 164-165 of this annual report.

GOOD GOVERNANCE FOR SHAREHOLDERS' RIGHTS

Good governance is about separating ownership and control. Shareholders own the company's shares, but its directors are responsible for the company's business, which is operated by the management according to

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

MANAGEMENT DISCLAIMER FOR IT SECURITY

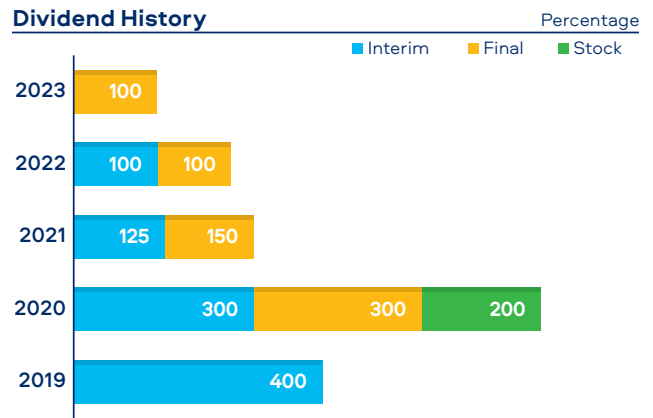
BAT Bangladesh has been using some applications software packages for its day-to-day activities. To the best of knowledge, these software packages are fully immune and tested against any external hacking. The Cyber Security platform is being periodically checked by the inhouse Information & Digital Technology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

CREDIT RATING STATUS

The Board considered the Credit Rating Result 2023 as Price Sensitive Information (PSI) in accordance with BSEC Credit Rating Companies Rules 2022. The Company has been awarded the following credit rating by Credit Rating Information and Services Limited (CRISL) based on the audited financial statements for the year ended 31st December 2023:

Long Term	Short Term	Outlook
AAA	ST-1	Stable

Dividend History



delegations of authority, ensuring the best interests of shareholders and other stakeholders.

The common shareholders' rights are attending shareholder meetings, voting power, ownership of their shares & transferring shares, a claim to dividends, inspecting the financial statements along with the

auditor's report, having minutes of shareholders' meetings, requesting an annual report, and protecting wrongful acts as per the Companies Act 1994.

EXTRA ORDINARY EVENTS

- ▶ An Extraordinary General Meeting (EGM) of the Company held on 29th March 2023 to amend Article 77 of the Articles of Association of the Company and to pass a Special Resolution "Article 77: Unless and until otherwise determined by the Company in General Meeting the number of Directors shall not be less than five nor more than fifteen."
- ▶ According to the BSEC CMSF Rules 2021, Capital Market Stabilization Fund (CMSF) its letter dated 26th October 2023 appointed ACNABIN, Chartered Accountants as an auditor (s) for conducting audit with regard to cash or stock dividend or rights shares or public offering subscription money lying unclaimed or undistributed or un-allotted held with British American Tobacco Bangladesh Company Limited for 5 years (i.e. for the period 2008, 2009, 2010, 2019 and 2020). The outcome of the audit was satisfactory and compliant.
- ▶ In accordance with BSEC CMSF Rule 2021, the Unclaimed Stock Dividend (173,824 shares) and Unclaimed Cash Dividend (BDT 6.87 crore) of the shareholders have been transferred to the CMSF. Nonetheless, the unclaimed dividends may be reclaimed by the respective shareholders. The list of unclaimed dividend has been uploaded to the company's website.

AWARDS & RECOGNITION

In 2023, our commitment to responsible corporate stewardship, value creation, and governance excellence garnered widespread recognition from esteemed institutions, both domestically and internationally. Among the accolades bestowed upon our company are the following prestigious awards and recognitions: [Here, you could list the specific awards received, providing details of each honor and its significance.] These achievements underscore our unwavering dedication to excellence across all facets of our operations and serve as a testament to the collective efforts of our team in driving sustainable growth and fostering trust among stakeholders. We remain steadfast in our pursuit of excellence and look forward to continuing to deliver exceptional value while upholding the highest standards of governance and compliance. The following honors were bestowed to the Company in 2023:

- ▶ Top Employer Award from Top Employers Institute for consecutive five years
- ▶ Highest Taxpayer Recognition by National Board of Revenue (NBR)

- ▶ ICAB National Awards for Best Presented Annual Report
- ▶ ICAB National Awards for Corporate Governance
- ▶ SAFA Award for Best Presented Annual Report
- ▶ SAFA Award for Corporate Governance
- ▶ ICMAB Best Corporate Award
- ▶ SDG Brand Champion Award in Climate and Environment
- ▶ SDG Brand Champion Award for Decent Work & Economic Growth

EXPECTATIONS IN 2024 AND BEYOND

Our unwavering confidence of the capacity to achieve results in challenging circumstances has been substantiated by the exceptional operational and financial success attained in 2023.

Throughout the year, the Company accorded utmost priority to safeguarding the health and well-being of its employees, concurrently ensuring the organization's steadfastness in meeting strategic objectives. Despite prevailing macroeconomic challenges, we maintain unshakeable faith in the team's resilience and competence to overcome obstacles, upholding our commitment to all stakeholders. Our optimism extends to the enduring prospects of Bangladesh, anticipating sustained growth over the medium and long term.

BAT Bangladesh has consistently operated as a people-centric and socially responsible organization. Positioned closely to the market, the Company aspires to deliver preferred quality products to consumers. With a robust innovation capacity and an adeptness in meeting the choices and tastes of adult consumers, the Company remains unwavering in its commitment to sustainable growth.

Integral to our organizational values is a commitment to sound Environmental, Social, and Governance (ESG) practices. Sustainability has been foundational to our principles, underscored by the comprehensive launch of an ESG strategy in 2023.

By 2027, the company aims to achieve a 90% water recycling rate across its sites. Additionally, it strives to achieve zero waste-to-landfill at all manufacturing sites, eliminate the use of all unnecessary single-use plastic, and obtain Alliance for Water Stewardship certification for all manufacturing locations.

The 2027 targets also include a 55% reduction in water withdrawn (based on the 2017 baseline) and a 60% reduction in carbon emissions for Scope 1 and 2 (based on the 2020 baseline). Looking ahead to 2030, BATB aspires to attain carbon neutrality for Scope 1 and 2 emissions

and ensure that 50% of the energy used at its sites comes from renewable sources. These targets reflect the company's dedication to advancing environmental sustainability and reducing its ecological impact.

We commend the Government's proactive measures to curtail the growth of the illicit cigarettes market, foreseeing positive impacts on future Government revenue. As one of Bangladesh's most valuable listed companies, we remain resolute in emulating global best practices in governance, sustainability, corporate citizenship, and value creation.

Looking ahead into 2024 and beyond, BAT Bangladesh is committed to sustaining the same level of enthusiasm that has characterized our journey over the past 113 years. Our focus remains on fundamental aspects, including maintaining our status as the foremost locally listed Company in terms of turnover, collaborating with the national exchequer for enhanced value creation, and operating as a socially aware enterprise intricately connected to our communities.

ACKNOWLEDGEMENTS

BAT Bangladesh's 2023 end-of-year performance showcases a steadfast commitment to resilience and sustainable value creation in the face of challenges. The

achievement is a testament to the dedication of the Board, Management, and employees.

This success goes beyond customer acknowledgment, recognizing the diligent efforts of employees, business partners, contracted farmers, and other stakeholders ensuring operational excellence.

As the year concludes, the Board expresses sincere gratitude to the Government of Bangladesh, specifically acknowledging key ministries and regulatory bodies that includes the Ministry of Finance, Ministry of Industries, Ministry of Commerce, Ministry of Agriculture, Ministry of Labour and Employment, and Ministry of Forest & Environment etc.

The Board warmly appreciates the management and employees, acknowledging them as the backbone of BATB. Their unwavering commitment and diligence were instrumental in achieving a solid all-round performance in 2023, leaving a lasting impact.

We take pride in these collective achievements and express gratitude to all contributors, anticipating continued support as we propel BATB forward to solidify its position as a leading company in Bangladesh.

On behalf of the Board of Directors



Golam Mainuddin
Chairman

8th February 2024



Shehzad Munim
Managing Director



Md. Azizur Rahman FCS
Company Secretary

MANAGEMENT DISCUSSION & ANALYSIS 2023

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

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

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

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial

Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company going forward.

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

(B) CHANGES IN ACCOUNTING POLICIES AND ESTIMATION

In 2023, there was no major change in accounting policies and estimations except for some amendments and interpretations applied. However, this do not have any material impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

(C) COMPARATIVE ANALYSIS OF FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE

Financial results (BDT crore)	2023	2022	2021	2020	2019	2018
Gross Turnover	40,379	36,145	33,934	28,108	26,985	23,312
Supplementary duty, VAT	31,212	27,722	(26,451)	(22,079)	(21,303)	(17,848)
Net Turnover	9,167	8,423	7,483	6,029	5,682	5,464
Cost of Goods Sold	(4,717)	(3,999)	(3,477)	(3,079)	(2,997)	(2,710)
Gross Profit	4,450	4,423	4,006	2,950	2,685	2,754
Operating Expense	(947)	(868)	(835)	(727)	(808)	(672)
Operating Profit	3,503	3,555	3,170	2,222	1,877	2,082
Profit before Tax	3,527	3,499	2,990	2,109	1,740	1,931
Tax	(1,739)	(1,712)	(1,493)	(1,020)	(816)	(930)
Profit after Tax	1,788	1,787	1,497	1,089	925	1,001
EPS in BDT	33.11	33.10	27.72	20.16	17.12	18.54
Share Capital (BDT cr.)	540	540	540	180	180	60
No. of Employees	1,669	1,526	1,643	1,445	1,426	1,453
Total Contribution to the National Exchequer (BDT cr.)	32,802	29,530	29,078	24,250	22,630	19,133

The Company's gross turnover for the year 2023 increased by 12% to BDT 40,379 crore. The growth was primarily driven by higher volume. The Supplementary duty and VAT contribution from BATB increased by 12% for the year 2023 and resulting in 9% increase in net turnover for the year.

Higher volume compared to last year, along with an incremental material cost globally and impact from currency devaluation have led to an 18% increased cost of goods sold for the year. Despite 9% higher turnover, gross profit remained flat due to a 9% increase in operating expenses compared to last year. The profit after tax for the year is BDT 1,788 crore.

Cashflow movement

Cashflow (BDT crore)	2023	2022	2021	2020	2019	2018
Cash generated from operating activities	2,513	4,076	2,009	2,276	2,482	1,789
Income Tax paid	(1,489)	(1,352)	(1,200)	(784)	(892)	(843)
Net Interest (paid)/received	(4)	(21)	(14)	10	(31)	(45)
Net cash flows from operating activities	1,021	2,702	795	1,502	1,559	901
Net cash flows used in investing activities	(610)	(606)	(530)	(139)	(319)	(688)
Net cash flows used in financing activities	34	(1,765)	(713)	(1,314)	(786)	78
Net Increase in cash and cash equivalents	444	331	(448)	48	455	291
Cash and cash equivalents at 01 January	491	141	587	539	83	(208)
Cash and cash equivalents at 31 December	944	491	141	587	539	83

Overall cash position in 2023 increased year on year due higher collection from sales and availing deferred Letter of Credits for our supplier payments.

Dividend

The Board of Directors has recommended 100% (BDT 10 per share) final cash dividend for the year ended 31 December 2023, to be approved at the ensuing 51st Annual General Meeting:

Operational results	2023	2022	2021	2020	2019	2018
Profit after tax (BDT Cr)	1,788	1,787	1,497	1,089	925	1,001
Earnings per share (BDT)	33.11	33.10	27.72	20.16	17.12	18.54
Interim & final cash dividend (BDT Cr)	540	1,080	1,485	1,080	720	300
Stock dividend ratio	-	-	-	1:2	-	1:2
Number of shares	540,000,000	540,000,000	540,000,000	180,000,000	180,000,000	60,000,000
Cash dividend per share	10	20	27.50	60	40	50
P/E Ratio (as of record date)	15.67	15.65	23	58.57	56.64	191.02
Dividend Yield (as of record date)	2%	4%	4%	5%	4%	1%

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

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

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

Global Economy

The global economy shows numerous crises, including those related to inflation, growth, trade, housing costs, cost of living, energy security, climate change, and deglobalization, that have been plaguing the world

economy. In addition to the enormous obstacles that confront policy makers in addressing these multifrontal crises, it is even more concerning that these challenges are likely to persist in the years to come.

The IMF reports that although headline inflation is declining in many nations, core inflation—which excludes more erratic prices for food and energy—has been revised higher. The US Bureau of Labor Statistics reported that for the 12 months ended in December 2023, core inflation in the US—that is, inflation outside of food and energy—rose to 3.9%. In order to ensure that underlying inflation is on a clear downward trajectory, the IMF recommends that central banks boost real policy rates above the neutral rate. However, geoeconomic fragmentation factors are still growing and have a significant impact on international trade in products and services. With energy and supply chains interrupted, the Red Sea crisis now has the potential to increase prices much higher. Rising oil prices and skyrocketing transportation costs are currently fanning fears of a global resurgence of inflationary pressures. The World Bank has already issued warnings about rising energy costs, increased inflation, and slower development in light of the growing risk of interruption to international trade. In addition, according to the United Nations (UN) and its Department of Economic and Social Affairs (DESA) developing countries face high levels of external debt and rising interest rates, making access to international capital markets difficult.

In general, the outlook for the world economy appears uncertain due to a worsening geoeconomic environment, an increase in conflicts, and higher than anticipated inflation persistence and reduced growth prospects.

Bangladesh Economy

The overall economy in Bangladesh has remained volatile over most of 2023 continuing the downward trajectory since the onset of the global macro-economic crisis in 2022. The economy is managing well against the external economic uncertainties while advancing infrastructure development and critical reforms to improve the investment climate.

High inflationary pressure resulted from disruptions in the supply chain as well as the global events that drove up the price of petroleum and other commodities on the global market. In addition, the nation had to deal with several issues, including reforms in banking industry, a financial account deficit, fluctuating currency rates, and diminishing foreign exchange reserves. These

difficulties have undermined Bangladesh's long-standing macroeconomic stability, which was based on rapid development, a low rate of inflation, and a robust external sector. Absence of appropriate and effective policies, poor implementation, and a lack of capacity to implement essential reforms domestically have exacerbated these challenges further in 2023.

The central bank forecasts inflation to go down to 6.8% by Jun'24 due to the implementation of the contractionary monetary policy which includes the policy rate hikes, removal of lending and deposit caps aligning with market forces. Due to the adoption of a contractionary monetary policy, key reforms were introduced in accordance with IMF mandated fiscal targets which includes raising policy rates to 7.75%, controlling inflation which is at 9.6%, improve credit growth from 10%, reducing NPL and maintaining a uniform exchange rate.

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

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

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

(G) FUTURE PLAN OR PROJECTION OR FORECASTS

BATB continues to pursue its ambition of providing the best quality products to the consumers through its numerous customers/brand users. Looking ahead in 2024 and beyond, BATB aims to continue with the same passion that it had started over 113 years ago, to be the number one locally listed Company in turnover, in partnering with the national exchequer and to operate as a socially responsible Company. Moreover, the Company's social responsibility initiatives in 2024 will bring about a positive change across the nation with various initiatives directed towards achieving the sustainable development goals related to poverty alleviation, gender equality, human development and well-being, partnership in green

cultivation practices, prevention of arsenic contamination, forest green cover preservation and extending sustainable modern energy in off-grid areas

(H) RELATED PARTY TRANSACTIONS

The details of the related party transactions along with the nature of the transactions is provided in Note 43 (Related party disclosures) of the financial statements.



Shehzad Munim

Managing Director

British American Tobacco Bangladesh

8th February 2024

PATTERN OF SHAREHOLDING

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

Name of Shareholder	Shares Held	% of Holding
i) Parent/subsidiary/associate/related parties:		
Raleigh Investment Co. Ltd.	393,708,222	72.91%
ii) Directors/CEO/CS/CFO/Audit Head and their spouses and minor children	nil	nil
iii) Executives (HOD)	nil	nil
iv) Shareholders, who holding 10% or more:	nil	nil
v) Other Shareholders, who holding less than 10%		
• Investment Corporation of Bangladesh	30,552,217	5.66%
• Sadharan Bima Corporation	15,285,423	2.83%
• Bangladesh Development Bank Limited	1,807,863	0.33%
• President People's Republic of Bangladesh	3,481,416	0.64%
• Others	95,164,859	17.63%
Total	540,000,000	100%
Shareholders holding 10% or more voting interest in The Company	nil	nil

Share distribution schedule

A distribution schedule of the shares at the reporting date is given below following the requirement of listing regulations:

Shareholder's range	As at 31 December 2023			As at 31 December 2022		
	Number of shareholders	Total number of shares	Percentage of holding	Number of shareholders	Total number of shares	Percentage of holding
Less than 501 shares	73,988	6,983,195	1.29%	73,027	6,901,978	1.28%
501 to 5,000 shares	10,671	15,895,851	2.94%	10,502	15,741,865	2.92%
5,001 to 10,000 shares	745	5,338,328	0.99%	743	5,368,651	0.99%
10,001 to 20,000 shares	339	4,781,630	0.89%	325	4,636,510	0.86%
20,001 to 30,000 shares	106	2,591,621	0.48%	97	2,360,730	0.44%
30,001 to 40,000 shares	46	1,575,921	0.29%	51	1,755,247	0.33%
40,001 to 50,000 shares	49	2,218,939	0.41%	43	1,961,314	0.36%
50,001 to 100,000 shares	86	6,031,269	1.12%	87	6,049,619	1.12%
100,001 to 1,000,000 shares	86	22,548,967	4.18%	82	21,940,227	4.06%
Over 1,000,000 shares	14	472,034,279	87.41%	14	473,283,859	87.65%
	86,130	540,000,000	100%	84,971	540,000,000	100%



CERTIFICATE OF COMPLIANCE



Mohammad Sanullah & Associates
Chartered Secretaries & Management Consultants

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

As required under code 1(5)(xxvii) of the BSEC Code of corporate Governance

We have examined the compliance status to the Corporate Governance Code by British American Tobacco Bangladesh Company Limited for the year ended December 31, 2023. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission (BSEC).


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

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

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

For: **Mohammad Sanullah & Associates**

February 8, 2024


Mohammad Sanullah FCS
CEO & Lead Consultant



BSEC CORPORATE GOVERNANCE COMPLIANCE CHECK LIST

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

(Report under Condition No. 9.3)

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1	Board of Directors			
1(1)	Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		The Board is comprised of 15 (Fifteen) Directors (Page 112,117)
1(2)	Independent Directors			
1(2) (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		There are 3 (Three) Independent Directors (IDs) in the Board (Page 121)
1(2)(b)(i)	For the purpose of this clause "independent director" means a director- who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company.	√		The IDs have declared their compliances (Page 116)
1(2) (b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	√		DO
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		DO
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		DO
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange.	√		DO
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market.	√		DO
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code.	√		DO
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies.	√		DO
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	√		DO
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		DO



Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM).	√		The appointments are duly approved at AGM (Page 74, 114, 116, 121)
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		No vacancy occurred (Page 74, 114, 116, 121)
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:	√		The Independent Directors (IDs) A.K.M Aftab Ul Islam & Mr. K.H. Masud Siddiqui are in second term and M. Harunnur Rashid in his first term of office. (Page 74, 114, 116, 121)
1(3)	Qualification of Independent Director:-			
1(3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		The qualification and backgrounds of IDs justify their abilities as such (Page 112, 120)
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	N/A		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	N/A		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	√		One ID is a former high official of government with more than 12 years of experience (Page 71)
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		One ID is a Professor of Accounting & Information System with more than 12 years of experience (Page 71, 120)
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√		One ID is a Chartered Accountant with more than 12 years of experience (Page 120)
1(3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		All IDs have more than 10 years of experience in respective fields (Page 120)

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	N/A		
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-			
1(4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		Chairperson of the Board and CEO are different individuals (Page 116, 120, 121, 127)
1(4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		The Managing Director does not hold the same position in any other listed company. (Page 116, 120, 121, 127)
1(4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		The chairperson is elected from amongst the non-executive directors. (Page 116)
1(4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		In practice. (Page 118, 119)
1(4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			In practice.
1(5)	The Directors' Report to Shareholders			
1(5) (i)	An industry outlook and possible future developments in the industry	√		The Directors' report complies with Corporate Governance Code 2018. (Page 77)
1(5) (ii)	The segment-wise or product-wise performance;	√		DO
1(5) (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		DO
1(5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		DO
1(5) (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	N/A		DO
1(5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		DO
1(5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		DO
1(5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	√		DO
1(5) (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		DO
1(5) (x)	A statement of remuneration paid to the directors including independent directors;	√		Mentioned at 'Regulatory Disclosures'



Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		As stated in the Directors' Report (Page 73)
1(5) (xii)	A statement that proper books of account of the issuer company have been maintained;	√		DO
1(5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		DO
1(5) (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		DO
1(5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		Stated under section 'The System of Internal Control ' in the Directors Report. (Page 72)
1(5) (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		Stated under section 'Other Related Party Disclosure' in the Directors Report. (Page 72)
1(5) (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		Discussed in the Directors Report under section "Going Concern". (Page 72, 75)
1(5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		As stated in the Directors' Report (Page 65, 66)
1(5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		Stated in the Management Discussion & Analysis (Page 79)
1(5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	N/A		Declared 100% cash dividend
1(5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	N/A		
1(5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	√		The Board of Directors met Ten (10) times, attendance shown in page no. 123
1(5) (xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5) (xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	N/A		

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1(5) (xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		The Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children do not hold any shares of the Company (Page 83)
1(5) (xxiii) (c)	Executives; and	√		The Executives (Leadership Team) of the Company do not hold any shares (Page 83)
1(5) (xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		Stated in Annexure -1 of the Directors' report (Page 83)
1(5) (xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-	-		-
1(5) (xxiv) (a)	a brief resume of the director;	√		Stated in the profile of Directors in the Annual Report (Page 34-49)
1(5) (xxiv) (b)	nature of his or her expertise in specific functional areas; and	√		DO
1(5) (xxiv) (c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		DO
1(5) (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	√		As stated in the Director report (Page 79-82)
1(5) (xxv) (a)	accounting policies and estimation for preparation of financial statements;	√		DO
1(5) (xxv) (b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		DO
1(5) (xxv) (c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		DO
1(5) (xxv) (d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		DO
1(5) (xxv) (e)	briefly explain the financial and economic scenario of the country and the globe;	√		DO
1(5) (xxv) (f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		DO
1(5) (xxv) (g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		DO
1(5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		Declaration included in the Annual Report (Page 79-82)
1(5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		Certificate included in the Annual Report (Page 84, 85)



Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1 (6)	Meetings of the Board of Directors The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		Company Maintain a book for Board Meeting Minutes as per the provision of Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB). (Page 123,124)
1 (7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1 (7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		A code of conduct set for Chairman of the Board, other members of the Board and Chief Executive Officer of the company based on the recommendation of the Nomination and Remuneration Committee (NRC). (Page 133)
1 (7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		The code of conduct is duly posted in the Company Website. (Page 133)
2	Governance of Board of Directors of Subsidiary Company.			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	N/A		
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	N/A		
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	N/A		
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	N/A		
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	N/A		
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3 (1) (a)	Appointment The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		The Company has appointed MD, CFO, CS and Head of Internal Audit. (Page 116, 127)
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		The MD, CFO, CS and HIAC are four different individuals. (Page 127)

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		In practice (Page 127)
3 (i) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		The roles and duties are separately defined (Page 127-129)
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		In practice (Page 127)
3 (2)	Requirement to attend Board of Directors' Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		In practice (Page 128)
3 (3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		Given in the Annual Report (Page 73, 75)
3 (3) (a) (i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		DO
3 (3) (a) (ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		DO
3 (3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		DO
3 (3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		DO
4	Board of Directors' Committee:- For ensuring good governance in the company, the Board shall have at least following subcommittees:			
4 (i)	Audit Committee; and	√		Already in place. (Page 124)
4 (ii)	Nomination and Remuneration Committee.	√		DO
5	Audit Committee:-			
5 (1)	Responsibility to the Board of Directors:			
5 (1) (a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		Already in place. (Page 124)
5 (1) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		In practice (Page 125)
5 (1) (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		In practice (Page 125)
5 (2)	Constitution of the Audit Committee:			
5 (2) (a)	The Audit Committee shall be composed of at least 3 (three) members;	√		The Audit Committee is comprised of 5 (five) members. (Page 125)



Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
5 (2) (b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		The members of the Audit Committee are appointed by the Board who are Directors and which includes one Independent Director. (Page 124-125)
5 (2) (c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		The backgrounds of AC members conform to the CG Codes of BSEC. (Page 125)
5 (2) (d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	N/A		No such case in the reporting year
5 (2) (e)	The company secretary shall act as the secretary of the Committee;	√		In practice (Page 125)
5 (2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		In practice (Page 125)
5 (3)	Chairperson of the Audit Committee:			
5 (3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		Mr. A.K.M Aftab UI Islam FCS has been appointed as Chairman of Audit Committee who is an Independent Director. (Page 125)
5 (3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	N/A		No such case in the reporting year (Page 125)
5 (3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		In practice (Page 123)
5 (4)	Meeting of the Audit Committee:-			
5 (4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year.	√		In practice (Page 125)
5 (4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		In practice (Page 125)
5 (5)	Role of Audit Committee The Audit Committee shall:-			
5 (5) (a)	Oversee the financial reporting process;	√		In practice (Page 125)
5 (5) (b)	monitor choice of accounting policies and principles;	√		DO
5 (5) (c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		DO

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
5 (5) (d)	oversee hiring and performance of external auditors;	√		DO
5 (5) (e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		DO
5 (5) (f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		DO
5 (5) (g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		DO
5 (5) (h)	review the adequacy of internal audit function;	√		DO
5 (5) (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		DO
5 (5) (j)	review statement of all related party transactions submitted by the management;	√		DO
5 (5) (k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		DO
5 (5) (l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		DO
5 (5) (m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;	N/A		
5 (6)	Reporting of the Audit Committee			
5 (6) (a)	Reporting to the Board of Directors			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	√		In practice (Page 124-125)
5 (6) (a) (ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
5 (6) (a) (ii) (a)	report on conflicts of interests;	√		In practice (Page 124-125)
5 (6) (a) (ii) (b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	√		In practice (Page 124-125)
5 (6) (a) (ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	None		
5 (6) (a) (ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	None		
5 (6) (b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	None		
5 (7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	None		
6	Nomination and Remuneration Committee (NRC):-			
6 (1)	Responsibility to the Board of Directors			



Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
6 (1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		Already in place (Page 125)
6 (1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		In practice (Page 125)
6 (1) (c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		The ToR is in place (Page 147)
6 (2)	Constitution of the NRC			
6 (2) (a)	The Committee shall comprise of at least three members including an independent director;	√		The Committee is comprised of 3 (Three) members including an Independent Director. (Page 125)
6 (2) (b)	All members of the Committee shall be non-executive directors;	√		In practice (Page 123-125)
6 (2) (c)	Members of the Committee shall be nominated and appointed by the Board;	√		DO
6 (2) (d)	The Board shall have authority to remove and appoint any member of the Committee;	√		DO
6 (2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		DO
6 (2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√		DO
6 (2) (g)	The company secretary shall act as the secretary of the Committee;	√		In practice (Page 147)
6 (2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		DO
6 (2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		DO
6 (3)	Chairperson of the NRC			
6 (3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		The NRC Chairman selected by the Board is an Independent Director (Page 147)
6 (3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		In practice (Page 147)
6 (3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	√		In practice (Page 123)
6 (4)	Meeting of the NRC			
6 (4) (a)	The NRC shall conduct at least one meeting in a financial year;	√		The Committee meet 6 times during the year. (Page 149)

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
6 (4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		In practice (Page 147)
6 (4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		In practice (Page 149)
6 (4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		In practice (Page 123)
6 (5)	Role of the NRC			
6 (5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		The NRC performs as per the CG Codes (Page 148-149)
6 (5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	√		In practice (Page 148-149)
6 (5) (b) (i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	√		DO
6 (5) (b) (i) (a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		DO
6 (5) (b) (i) (b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		DO
6 (5) (b) (i) (c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		DO
6 (5) (b) (ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		DO
6 (5) (b) (iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		DO
6 (5) (b) (iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	√		DO
6 (5) (b) (v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	√		DO
6 (5) (b) (vi)	developing, recommending and reviewing annually the company's human resources and training policies;	√		DO
6 (5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		The criteria, policy and activities of NRC are disclosed in the Annual Report (Page 148)
7	External or Statutory Auditors:-			
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7 (1) (i)	appraisal or valuation services or fairness opinions;	√		As declared by the Auditors
7 (1) (ii)	financial information systems design and implementation;	√		DO
7 (1) (iii)	book-keeping or other services related to the accounting records or financial statements;	√		DO
7 (1) (iv)	broker-dealer services;	√		DO
7 (1) (v)	actuarial services;	√		DO



Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
7 (1) (vi)	internal audit services or special audit services;	√		DO
7 (1) (vii)	any service that the Audit Committee determines;	√		DO
7 (1) (viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		DO
7 (1) (ix)	any other service that creates conflict of interest.	√		DO
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company.	√		DO
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		In practice
8	Maintaining a website by the Company:-			
8 (1)	The company shall have an official website linked with the website of the stock exchange.	√		Website is duly linked with those of the stock exchanges (Page 165)
8 (2)	The company shall keep the website functional from the date of listing.	√		In place
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		In place
9	Reporting and Compliance of Corporate Governance:-			
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		The Certificate of Compliance obtained from Mohammad Sanaullah & Associates is duly shown in the Annual Report (Page 84)
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		Mohammad Sanaullah & Associates is duly appointed by the shareholders at the AGM.
9 (3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		The status of compliance is duly published in the Annual Report. (Page 97)

CERTIFICATE OF DUE DILIGENCE BY CEO & CFO

(As required under the BSEC CGC)

TO THE BOARD OF DIRECTORS OF

BRITISH AMERICAN TOBACCO BANGLADESH COMPANY LIMITED

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

1. The Financial Statements of BAT Bangladesh Company Limited for the year ended on 31st December 2023 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure therefrom has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31st December 2023 and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board of Directors or its members.



Mr. Shehzad Munim
Managing Director (CEO)



Ms. Nirala Nandini Singh
Finance Director (CFO)

Dhaka
8th February 2024



MANAGING DIRECTOR'S REPORT



HAVING OPERATED IN THIS GLORIOUS NATION FOR OVER 113 YEARS, WE AT BAT BANGLADESH FEEL THAT NOW IS THE OPPORTUNE TIME TO PULL TOGETHER IN ONE DIRECTION TOWARDS ACHIEVING COMMON GOALS, ESPECIALLY AS BANGLADESH INCHES CLOSER TO THE MOMENTOUS MIDDLE-INCOME STATUS, AND ADOPTS AN EFFECTIVE ESG FRAMEWORK THAT ENSURES ACCOUNTABILITY AND MEASURABILITY OF PROGRESS ACROSS ALL SECTORS

Dear Valued Shareholders,

As we navigated through the challenges and opportunities of the past year, our commitment towards innovation, sustainability, and societal impact has driven our transformation -- positioning us for a future where we not only thrive as a business but also contribute to a positive and sustainable tomorrow.

We have been relentless in embedding sustainability at the core of our robust operations, recognizing that responsible business practices are integral to our long-term success. I extend my gratitude to our dedicated team, valued stakeholders, and the entire BAT Bangladesh community for their unwavering support during this transformative journey.

We are extremely proud of the fact that our Company continues to be a significant development partner to the in the tax journey of the nation. Our contribution to the National Exchequer of BDT 32,802 crore in 2023, gives us the proud distinction of being a frontrunner in tax deposits.

The year 2023 saw the continued adoption of benchmark manufacturing practices that contributed to the sound performance of Company throughout the year. The factory also enabled us to consolidate our overall crop-to-consumer operating model, helping us achieve synergy through a unified production footprint.

As a responsible organization, we continued to adopt initiatives to reduce the carbon footprint of our operations using renewable energy, introducing modern waste management practices, and concerted efforts to reducing energy and water consumption across our value chain. With immense pleasure, we can now proclaim that our Dhaka factory is water-neutral with zero wastewater discharge.

OPPORTUNITIES AND RESILIENCE

Amidst multiple external challenges, we have identified opportunities for growth and resilience - a testament to the dedication and agility of BAT Bangladesh's exceptional team. It is the unwavering commitment of our team that has fueled our confidence in overcoming obstacles and seizing new horizons.

OUR PEOPLE – OUR BIGGEST VALUE CREATORS

For BAT Bangladesh, becoming the top employer is not just about the certification, but a true validation of our people strategy, based on the pillars of competence, employee involvement, training, and communication.

It is truly my privilege to inform that the Top Employers Institute has yet again certified BAT Bangladesh as a Top Employer in 2023, in the global and Asia Pacific region categories for establishing and ensuring best practices in employee well-being, sustainability, and leadership. This is the fifth time that the institute has certified BAT Bangladesh as a top

employer. In practice, BAT Bangladesh has always been an employer of choice, setting the industry benchmark for delivering exceptional employee experiences.

The centerpiece of our human resource strategy is our ability to screen and select the best and most competent candidates for employment. We foster their growth and development from day one, by entrusting them with challenging tasks and empowering them through accountability. We nurture them in a stimulating work environment that fosters mutual respect, team spirit, and the joy of achieving collective success. We keep improving this ecosystem in order to better serve our employees, which is truly what keeps us at the top.

It is no doubt that we focus on growing our people. This has resulted in most of our senior leadership being homegrown talent. We take great pride in knowing BAT Bangladesh's success in human capital development when we see that top executive teams of some of the country's largest corporations are comprised of BAT alumni and so are those working in various BAT Group companies around the world.

As we strive to achieve excellence in talent development, we focus on ensuring that the leadership consistently offers constructive feedback to their teams. These factors enhance the experience of our employees and sharpen our employee value proposition.

In the future, we will continue to prioritize high performance and training our next generation of leaders by acknowledging their various abilities and fostering an inclusive and healthy workplace.

Our Environment, Social & Governance (ESG) practices are integral across our robust operations.

Even before ESG came into vogue, we have been practicing the principles for across our value chain for a long time now. ESG is a core part of our long-term business agenda and reflects our identity as a responsible, purpose-led business. We continue to direct significant resources and efforts into our sustainability agenda, remaining on the path of meeting our ambitious sustainability targets.

At the heart of our ESG endeavor is to build A Better Tomorrow by transforming the business and guiding it toward a more sustainable future. The Company acts as a development partner to the government, supporting its agenda to achieve the United Nation's Sustainable Development Goals (SDGs), as we focus on creating impact at the front and center of all our business decisions and actions, to deliver meaningful transformation for the wider communities.

For example, BAT Bangladesh has been a pioneer in implementing best agricultural practices amongst its

network of around 52,000 tech-savvy contracted farmers. We actively propagate the implementation of sustainable best practices in tobacco cultivation, while also sharing valuable knowledge on improving farmer's livelihoods. We also help protect their commercial interests and contribute significantly to enhance their overall farm income. Similarly, we also conduct programs among our partners within our value chain to assist them in their sustainability journey, thus wielding a twin direct and cascading indirect impact.

Our ESG targets also enshrine our focus on achieving a reduction in carbon emissions, enhancing water and waste recycling, and maximizing the usage of renewable energy.

OUR FLAGSHIP INITIATIVES – STAYING TRUE TO OUR SOCIAL CONSCIENCE

An important factor of our ESG agenda is scale and impact in alignment with the developmental needs of the nation. All our three community programs – Bonayan, Probaho and Deepto exemplify this focus.

Bonayan, the award-winning flagship initiative, commenced its afforestation journey back in 1980, responding to the call for mass plantation by the Bangladesh Forest Department. The project stepped into its glorious 43rd year in 2023 and throughout its lifecycle it has so far distributed over 125 million fruit, forestry, and medicinal plant saplings free of cost to farming communities across 24 districts of the country. Over five million saplings were distributed among targeted beneficiaries in 2023 alone. The impact of the program has been undeniable as it has contributed to the government's roadmap for achieving the Sustainable Development Goals (SDGs), particularly SDG #13 (Climate Action) and SDG #15 (Life on Land).

Deepto, which began in 2011, is a renewable energy initiative that has illuminated the lives of thousands in the remote hill tracts of Chattogram. Through this initiative, 2,591 solar home systems have been distributed across 25 villages in Bandarban, Khagrachhari and Rangamati districts free of charge. These solar home systems have not only helped substitute toxic kerosene lamps in beneficiary households but have also ensured post-sunset activities through a satisfactory light source – children can study after dark; women can engage in entrepreneurial activities contribute in increasing household income.

Probaho, on the other hand, is an initiative that provides safe drinking water to marginalized communities that began its journey in the year 2009. Having completed 15 years of its journey, Probaho has installed 121 water filtration plants across 22 districts, supplying over ~600,000 liters of safe drinking water to over ~300,000

people every day.

Further, in response to the acute shortage of safe drinking water in the saline coastal belt, particularly in the southern district of Satkhira, Probaho is working towards a sustainable clean water supply system. Having piloted 4 new filtration plants in Shyamnagar and Assasuni Upazila in Satkhira, Probaho is changing lives among the communities it has touched.

OUR LEGITIMATE CONCERNS

As a legally established entity, we have continuously emphasized the need to restrict Bangladesh's substantial illicit market for cigarettes. This has been our consistent message to safeguard and maintain government revenue and the rights of the legal business sector.

In this regard, we are encouraged by the government's constant efforts to curtail illegal trade and boost monitoring and enforcement. We will continue to assist the government's attempts to reign in the illicit market in order to support its revenue journey.

OUR GRATITUDE

Finally, I would like to take this opportunity to extend my gratitude to our respected shareholders for their sustained confidence in us, as well as our esteemed business partners for their enormous contribution to

this year's remarkable performance. I would like to thank the Board of Directors for their consistent direction and wisdom-filled assistance in guiding us over the incipient challenges.

I extend my heartfelt thanks and appreciation to Team BAT Bangladesh, whose collective effort and passion have been instrumental in leading our transformative journey. They have delivered admirable results during a challenging year. They remained agile, resilient in the face of new challenges, and embraced new realities to deliver on stakeholder expectations.

Together, we are shaping a future that goes beyond business success, contributing to a sustainable and brighter tomorrow for all.

Thank you once again.



Shehzad Munim

Managing Director

8th February 2024



FINANCIAL DIRECTOR'S REVIEW

Dear Shareholders,

I am delighted to share with you the financial outcomes for the year 2023 as my first communication as the Finance Director of British American Tobacco Bangladesh Company Ltd. Despite an unprecedented business environment affecting most businesses in Bangladesh, driven by the global and local economic headwinds, we were able to deliver strong results. This was possible due to having a comprehensive business strategy, agility in navigating different challenges throughout the year and the unwavering resilience of our people.

DELIVERING STRONG RESULTS THROUGH RESILIENCE

The year 2023 began with continued devaluation of the Taka versus hard currencies, which kept on increasing the cost of raw materials, energy, and utilities, and increased the cost of doing business significantly. The inflationary surge impacted consumer affordability as well. Despite 2023 being a challenging year, we delivered remarkable results that reflect our unwavering commitment to achieve sustainable growth for our stakeholders. Our strategic focus was to ensure that we capture opportunities in the market and grow revenue. By responding to evolving consumer preferences via a well-balanced and agile portfolio and trade strategy, we grew cigarette sales volume by 9%, which resulted in 12% growth in revenues.

Our contribution to the national exchequer continued to be significant, and we are proud to have paid a staggering BDT 32,802 crore during 2023 as Value Added Tax (VAT), Supplementary Duty (SD), Health Development Surcharge (HDSC), Income Tax and Customs Duties. This was a demonstration of our commitment to continue to be a reliable partner to the nation.

We invested behind our trade partners to ensure distributor sustainability while focusing on offsetting the inflationary pressures, by driving a smart savings agenda. We also initiated numerous initiatives to adjust to our evolving environment and implemented new digital communication platforms and innovative business solutions.

EFFECTIVE TREASURY STRATEGY

During 2023 the external landscape related to hard currency availability, as well as liquidity challenges, have prompted us to be agile in the way we adapt and manage our Treasury needs. This increased costs of doing business such as higher borrowing costs as well as cost impacts driven by devaluation of the local currency have been pressure points which we needed to navigate during 2023. Despite these difficulties, our key focus remained on ensuring optimised cash management. We have cautiously coordinated our operational and investment activities, coupled with effective hedging strategies to partially mitigate the exchange rate volatility. This enabled the business to maintain sufficient liquidity and cash and cash equivalents to ensure business sustainability.

SUSTAINABLE SHAREHOLDER VALUE

Our prime area of focus is ensuring sustainable value growth for our shareholders. That being so, we have announced a final cash dividend of BDT 10 per share, pending approval from our shareholders at the 51st annual general meeting.

A BETTER TOMORROW

In 2024, our ambition is to deliver another year of sustainable business performance, underpinned by overall value growth. We remain steadfast in our pledge of delivering "A Better Tomorrow". We are confident that despite external challenges, our Company's strategic focus as well as unwavering commitment to our consumers will ensure that we deliver another strong year.



Ms. Nirala Nandini Singh

Finance Director

8th February 2024

STATEMENT OF CORPORATE GOVERNANCE



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

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

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

With our governance framework in full force, we have made conscious effort to further strengthen our responsible stewardship strategy in 2023, with the aim of ensuring robust leadership to drive us towards delivering on our governance commitments, including tax compliance, gender diversity, Board representation, etc. We are also cultivating a top-down approach focused on accountability, empowerment and agility in conforming to norms and regulations, the roles and responsibilities of the Board, EHS Steering Committee, etc.

Thus, with clear direction and strong leadership from the top, we are able to effectively execute our governance initiatives and integrate regulatory considerations into our governance and business outcomes. At BAT Bangladesh, we have put in place mechanisms and procedures to ensure that the Company's Board is well-informed and well-equipped to carry out its overall responsibilities and provide the management with the strategic guidance and direction required to produce long-term shareholder and stakeholder value. Since its inception, the organization has operated on the basis of performance with conformance, while practicing regulatory-compliant business tenets and prioritizing sustainable value for all of its stakeholders and actively supporting sustainable business practices across the value chain.

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

Governance of our human resources is a critical priority that enables us to build-out our competitive advantage in

our endeavor to attract and retain the best talent in this regard, the Company strives to be the employer of choice by promoting a safe, healthy and contented workplace while also working towards improving its Environmental, Social and Governance (ESG) performance as well as its commitment towards the Sustainable Development Goals. BAT Bangladesh Board is pleased to present its corporate governance statement in adherence to the Corporate Governance Code 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC).

The following outlines our commitment to upholding the principles and standards set forth by the regulatory body.

1.0 PHILOSOPHY OF GOVERNANCE

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

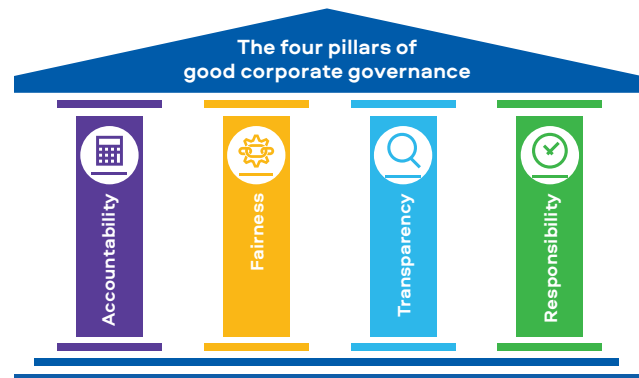
The Company's views are not only to comply with the statutory requirements in letter and spirit, but also to aim at implementing the best practices, keeping in view the overall interests of all stakeholders. The Company considers corporate governance as a critical tool to enhance trust of its customers,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

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

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

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

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



Truly, our approach to governance is based on a robust foundation and framework of ethical values and the highest levels of professionalism, proficiency and competence, which the Company has effectively sustained and nurtured since its journey in the country.

Indeed, the Company considers that its strategic ambitions and national aspirations are mutually inclusive and, accordingly, pursues a governing policy that recognizes social responsibility as an integral part of the business.

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

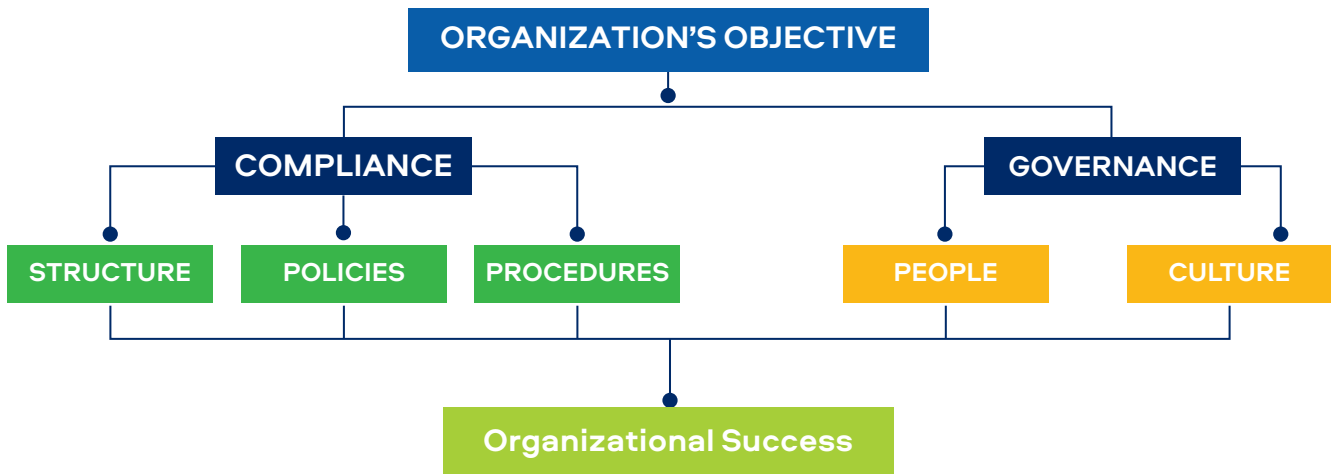
At BAT Bangladesh, we firmly believe that long-term value creation is supported by a robust governance framework that allows us to foster and cultivate a long-term alliance and strong co-working model between the Board, shareholders, co-workers and other stakeholders of the Company.

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

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

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

2.0 CORPORATE GOVERNANCE DRIVERS



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

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

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

Our corporate governance culture is anchored on:

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

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

In addition to establishing the highest standards of governance, BAT Bangladesh also embraces best governance practices across all its activities and across the business spectrum, including operations, quality, marketing, sales, human resources, customer service and stakeholder relations.

The independent role of the Board of Directors, the segregated and independent role of the Chairman and Chief Executive Officer, demarcated roles of the Company Secretary, Chief Financial Officer and different Board Committees enable BAT Bangladesh to achieve excellence in corporate governance.

2.1 GOVERNANCE COMPLIANCE REQUIREMENTS

As a listed Company, BAT Bangladesh is highly compliant with the requirements of the Corporate Governance Code (CGC) issued by the Bangladesh Securities and Exchange Commission (BSEC), as per notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 3, 2018, and notification No. BSEC/CMRRCD/2006-158/208/Admin/81, dated June 20, 2018, on financial reporting and disclosure issued by BSEC. According to these notifications, the Company is required to provide a statement in its Annual Report that the BSEC Corporate Governance Code has been complied with.

We remain committed to securing the highest standards

of governance, both in the Boardroom Group, which are critical to business integrity and towards maintaining investors and stakeholders' trust and confidence in the Company. We have followed the core governance principles of the BSEC as the framework within which we explain our governance practices in this report.

The Board is primarily responsible for the Company's strategic and annual plans for business performance, superintending proper conduct of the business, talent and succession planning, risk control, shareholders' communication, internal controls, and relevant statutory matters. The management is accountable for the execution of expressed policies and attainment of the Company's strategic objectives. The functions of the Board and the management are clearly defined and segregated to ensure the effectiveness of the Company's business and its operations. The Board approves the corporate governance procedures and practices adopted by the Company to inject best practices within the organization, including where specific authorities of the Board are delegated to the relevant Board Committees as well as to the Managing Director & CFO.

BAT Bangladesh embraces best governance practices to ensure that the highest standards of corporate governance are met. Independent role of the Directors,

the Chairman's role separated and independent from the Chief Executive Officer, distinct roles of the Company Secretary, Chief Financial Officer and Head of Internal Audit & Compliance and different Board committees, such as Audit Committee, Nomination & Remuneration Committee, and CSR Committee enable BAT Bangladesh to achieve excellence in corporate governance.

The status of compliance is duly certified by a practicing Professional Chartered Secretary. The tables summarizing BAT Bangladesh's compliances are provided in Annexure-III and Annexure-IV of the Directors' Report. A certificate on compliance with the CGC certified by practicing professional chartered secretaries in practice is enclosed in this Annual Report. Moreover, apart from the mandatory compliance with the BSEC CGC, your Company also voluntarily complies with local and international governance standards of professional bodies, such as Corporate Governance Checklist of the Institute of Chartered Accountants of Bangladesh, Institute of Chartered Secretaries of Bangladesh, Institute of Cost and Management Accountants of Bangladesh, Global Reporting Initiative (GRI) Standards and global best practices.

FOCUS AREAS OF CORPORATE GOVERNANCE



2.2 CORPORATE GOVERNANCE OUTLINE

The purpose of corporate governance is to enable effective, entrepreneurial, and responsible management that will ensure the company's long-term prosperity, ensuring best-in-class corporate governance practices considered a benchmark in corporate Bangladesh.

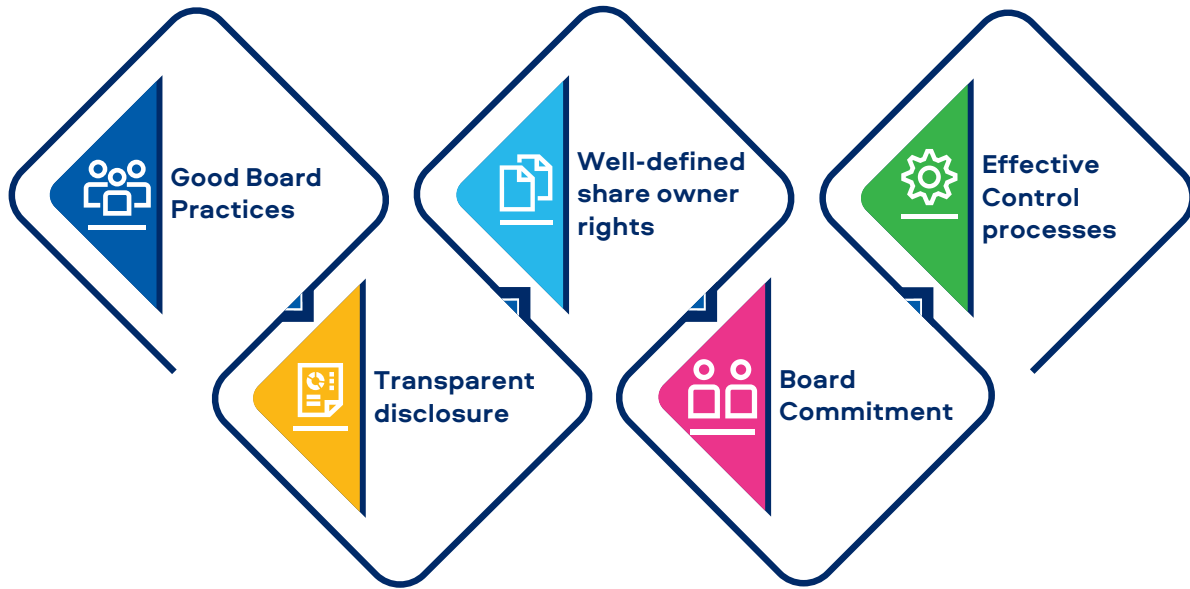
BAT Bangladesh's corporate governance framework has been developed and enhanced based on the basic principles and best practices outlined in the following

guidelines: Codes of Corporate Governance as outlined by the Bangladesh Securities & Exchange Commission (BSEC); The Companies Act, 1994 along with the amendment of the Companies Act dated 26th November 2020 and other applicable corporate regulations of Bangladesh; The Memorandum and Articles of Association of the Company; Dhaka Stock Exchange and Chittagong Stock Exchange Listing Regulations; laws of the land; Standard of Business Conduct (SoBC), policies and guidelines of the Company; Statement of

Risk Management and internal controls of the Company; The Delegation of Authorities of the Company; and local and global best practices. International directives on corporate governance are issued from time to time and

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

KEY ELEMENTS OF GOOD CORPORATE GOVERNANCE AT BAT BANGLADESH



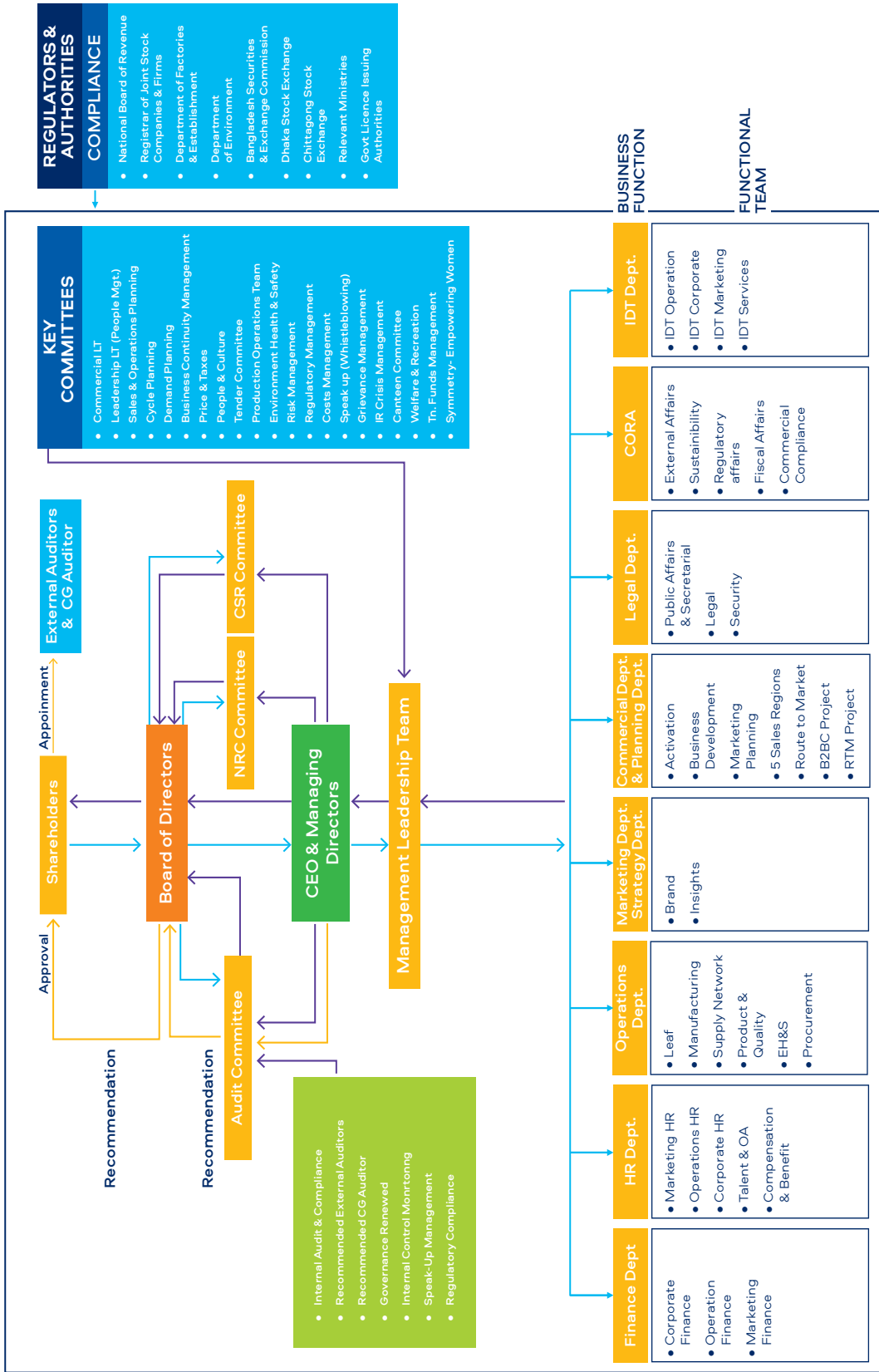
The following key focus areas facilitate corporate governance practices at our Company:

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

The corporate governance framework is also reviewed and updated from time to time by the Board to ensure its relevance, effectiveness and robustness in addressing business challenges in a complex and highly competitive environment. All employees of the Company, including the Board of Directors, remain in compliance with the laws of the land and the Company's policies, guidelines and Standards of Business Conduct. Since it is expected that all employees shall live up to the Standards of Business Conduct, they are, accordingly, required to confirm their commitment and compliance by executing a declaration of compliance annually.

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

CORPORATE GOVERNANCE OUTLINE



2.3 CORPORATE COMPLIANCE

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

A culture of authenticity and adherence to integrity is practiced by the Board, which represents a crucial competence of the Company. At every Annual General Meeting (AGM), shareholders validate their support to the Board (to adopted the agendas). BAT Bangladesh provides periodic reporting on material issues/events and certifications, wherever necessary. Furthermore, the Company's management team always embraces the

VALUE CREATION UNDER CORPORATE GOVERNANCE FRAMEWORK

Input

FINANCIAL CAPITAL 

HUMAN CAPITAL 

MANUFACTURED CAPITAL 

INTELLECTUAL CAPITAL 

SOCIAL & RELATIONSHIP CAPITAL 

NATURAL CAPITAL 

Governance's Foundation

KEY RISK MITIGATORS

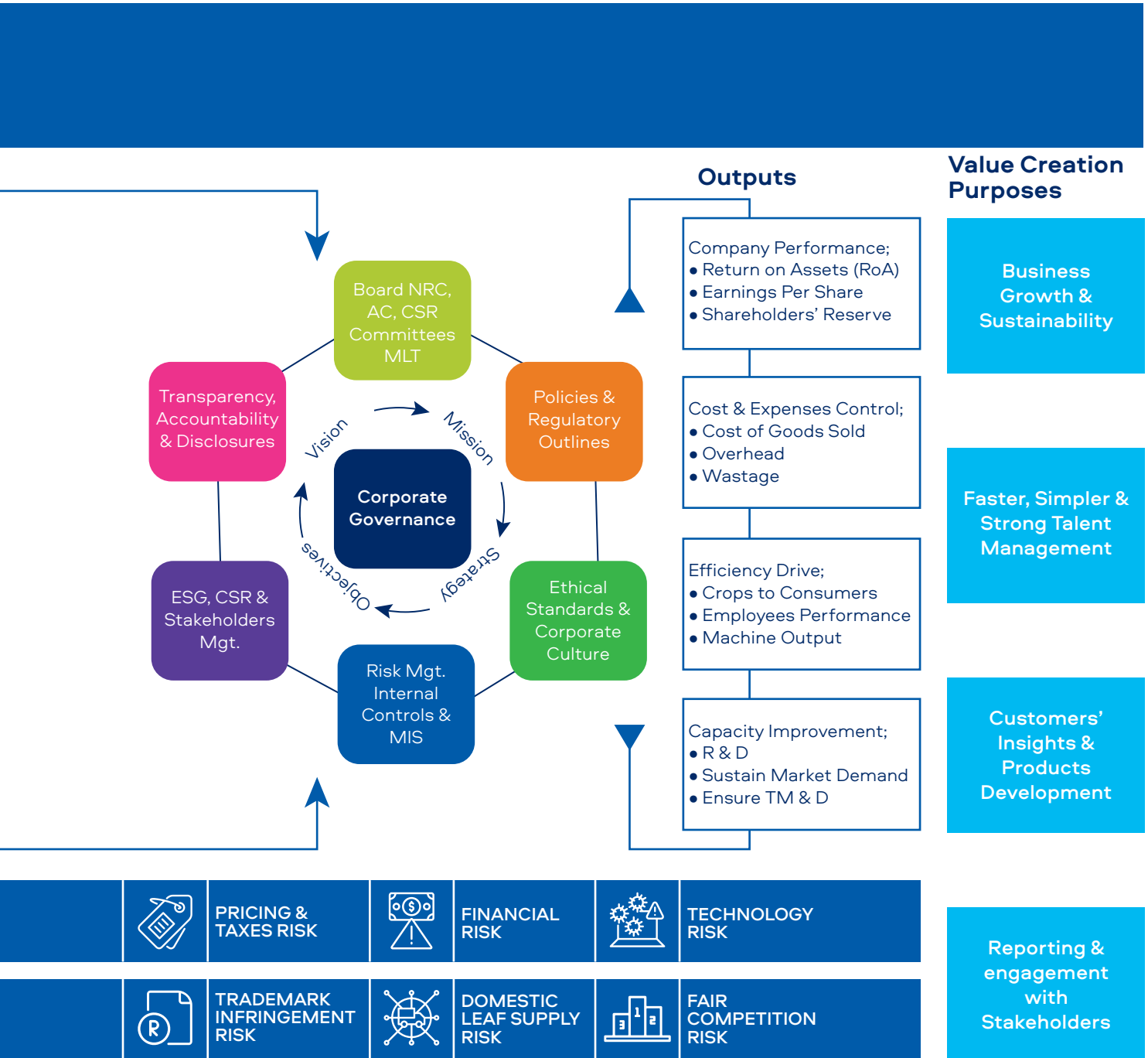
- Code of Business Conduct
- CG Philosophy
- Board & Delegation Mtg
- Strategic Planning
- CSR & ESG Initiatives
- Business Values
- Internal Control System
- Speak-Up Procedure
- Business Continuity Plan
- Risk Awareness & Management
- Company Policies
- All Regulations

	LITIGATIONS RISK		MARKET RISK		REGULATIONS RISK
	COVID-19 RISK		OPERATIONAL RISK		ILLCIT TRADE RISK

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

In compliance with the monitoring processes of regulatory bodies, the Company provides a complete set of financial statements and relevant documents to the Bangladesh Securities and Exchange Commission

(BSEC), Stock Exchanges, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC) and all other relevant Government bodies and authorities. Moreover, the Company takes up many tasks for organizing awareness sessions on existing and proposed laws for enforcing compliance throughout the organization. Overall, BAT Bangladesh strives to remain a fully compliant Company in the true spirit of compliance.



2.4 MAINTAINING GOVERNANCE IN CHALLENGING SITUATIONS

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

3.0 BOARD OF DIRECTORS

Our Board of Directors are responsible to run the company effectively and efficiently. The Directors bring a wide range of experience and skills to the Board. They participate fully in decisions on key issues facing the company. Their combined expertise in the areas of finance, innovation, strategy and sustainability, and their respective positions of leadership in various industrial sectors are important contributing factors to the successful governance of the organization. This was particularly relevant during the year in report as our Board played a crucial role in stabilizing the company amidst intense all-round challenges.

Our Board of Directors is responsible for implementing and supervising applied governance practices, which includes framing the company's strategic aims, providing the necessary direction and guidance to implement such aims, supervising the management of the company and reporting to shareholders on their stewardship. The Board is cohesive in its endeavour to advance sound governance to facilitate efficient and effective management towards managing risk and ensuring the long-term viability of the organisation.

In order to ensure clarity about Directors' responsibilities towards shareholders, corporate governance is dynamic and remains focused on the company's business objectives, while fostering a culture of openness, transparency, trust and accountability. Thus, clear structures and ownership supported by well understood policies and procedures to guide the activities of the company's management have been

instituted and institutionalized across the broader enterprise.

Our Board is constituted with a balance of executive and non-executive directors, including independent directors, in accordance with BSEC guidelines. The Board operates with the requisite committees, namely the Audit Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility Committee, with defined charters and responsibilities. These committees contribute significantly to the effectiveness of the Board in fulfilling its obligations.

The Board of Directors of the Company comprises a team of corporate specialists, professionals, highly qualified senior government officials (nominated by the government), and ex-government high officials. It comprises a unitary group of 15 professionals, among whom eight are Non-Executive Directors, including three Independent Directors. A professionally qualified Chartered Secretary (FCS) performs the function of Company Secretary to assist the Board. The Company's Board, in fostering a responsible culture, ensures that it adopts practices and policies that are in accordance with the principles and recommendations of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission, and the Company's own governing principles.

KEY FACETS OF OUR BOARD OF DIRECTORS

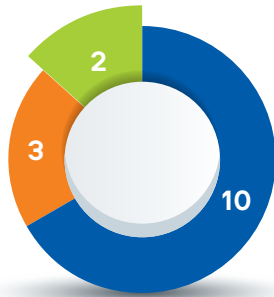
- ▶ Majority members of the Board (12 out of 15) are Non-Executive Nominee Directors.
- ▶ The Chairman and CEO are separate individuals.
- ▶ Roles and responsibilities of the Chairman, Directors and CEO are clearly defined.
- ▶ The requirements of Independent Directors and their competencies are precise as per the BSEC Governance Code.
- ▶ Independent Directors are the chair of Board Committees.
- ▶ The Board's and Management's roles and functions are clearly defined.

COMPOSITION OF THE BOARD:

Board Members	Board	Audit Committee	NRC Committee	CSR Committee
Mr. Golam Mainuddin Non-Executive Director, Chairman to the Board, Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Chairman	-	Member	-

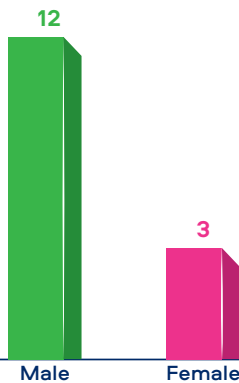
Board Members	Board	Audit Committee	NRC Committee	CSR Committee
Mr. A.K.M. Aftab UI Islam FCA Independent Director, Chairman to the Audit Committee	Member	Chairman	Member	-
Mr. K.H. Masud Siddiqui Independent Director, Chairman to the NRC	Member	Member	Chairman	-
Dr. M Harunur Rashid Independent Director	Member		-	Member
Ms. Zakia Sultana Non-Executive Director Representing Government's shareholding	Member	Member	-	Chairman
Mr. Mohammad Salahuddin Non-Executive Director Representing Government's shareholding	Member		-	Member
Mr. Shirajun Noor Chowdhury Non-Executive Director Representing Government's shareholding	Member	Member	-	-
Mr. Md. Abul Hossain Non-Executive Director, Representing ICB	Member	-	-	Member
Mr. Shehzad Munim Managing Director, Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Member	-	-	Member
Mr. Stuart Kidd Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Member	-	-	-
Mr. Gary Tarrant Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Member	-	-	-
Mr. Wael Sabra Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Member	-	-	-
Mr. Francisco Javier Toso Canepa Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Member	-	-	-
Ms. Monisha Abraham Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Member	-	-	-
Ms. Nirala Nandini Singh Finance Director, Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	Member	-	-	-
Mr. Azizur Rahman FCS Company Secretary	Secretary	Secretary	Secretary	Secretary

Membership diversity of the Board



● Independent ● Non Executive ● Executive

Gender diversity of the Board



3.1 INDUCTION OF DIRECTORS

The induction programme (focus, orientation, and training) is important for a Board member because it helps them to learn how to best serve the Company as a Director. The new member should have an overview of the entire business operations and his/her responsibilities to the Board. The Chairman shares with the new Board member about the Board's governance, procedures and functions. The Managing Director and the head of functions provide detailed functional operations, highlighting the priorities for the business. The Company Secretary facilitate the entire induction programme and provide an overview of the Company's memorandum and Articles of Association together with compliance requirements for the new Board member.

Objectives of corporate governance training:

- ▶ To establish good governance, ensuring the best practices of corporate governance to understand how they improve consistency in business direction and strategies.
- ▶ Mitigating risks and providing the maximum opportunities for developing individual skills, tools and frameworks in line with action plans and to address challenges as well as overcome these with prudence.

- ▶ To help Board members develop the right strategies for change management and create advanced plans for seamless change in order to identify internal and external opportunities and challenges, manage change or implement new approaches.
- ▶ To drive a positive culture such as developing the Board's skills and leadership style.

3.2 BOARD'S INDEPENDENCE AND CONFLICTS

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

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

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

3.3 BOARD PRACTICES

The Board views adherence to ethical standards and compliance as an integral part of the broader corporate governance framework and seeks to adopt a holistic approach in ensuring its implementation. As part of this, it has instituted a number of approaches to accentuate its commitment to high standards of ethical behavior:

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

Implementing a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis.

Positioning Company policies and procedures on ethical foundations to ensure that ethical considerations are integrated with the day-to-day decision-making, activities and processes.

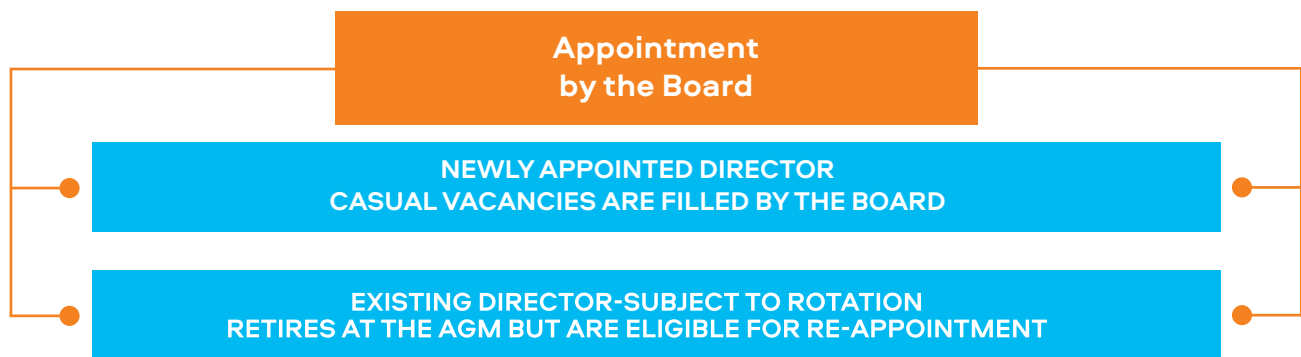
Establishing a clearly defined organizational structure that assigns responsibility and authority for the conduct of organizational functions while at the same time ensuring accountability for individual actions.

Establishing a variety of monitoring mechanisms, including the establishment and empowerment of an operationally independent internal audit team with reporting responsibilities to the Audit Committee.

3.4 POLICY ON APPOINTMENT OF BOARD OF DIRECTORS

The Board of Directors of BAT Bangladesh is comprised of an appropriate mix of skills, experience and personal attributes that allow them - individually and collectively - to discharge their responsibilities:

- ▶ **Nominated Non-Executive Directors:** Senior/high government officials are nominated by the relevant ministries to represent government shareholding and the senior management nominated by the Corporate HQ /Sponsor.
- ▶ **Non-Executive Independent Directors:** Recommendation received from various sources for highly capable and competent skill seasoned professionals who fulfill all the required criteria for appointment as set by the BSEC requirement under Corporate Governance Code.



The Managing Director of the Investment Corporation of Bangladesh was also nominated as a Non-Executive Director to the Board against its shareholding. The sponsor shareholder (Raleigh Investment Company Limited) also nominated its representative to the Board. The NRC identified and recommended to the Board the professionals for considering Independent Directors as per the requirements of the Corporate Governance Code of BSEC. During the year under review the Finance Director and Non-Executive Directors are appointed by the Board in the casual vacancy based on the recommendation of NRC, who will retire at the following Annual General Meeting (AGM) and may be re-appointed at the AGM.

The Managing Director is appointed by the Board for a specific tenure of time, maximum of 5 years, by the recommendation of the NRC. The re-appointment of the Managing Director for another term of 5 years shall require shareholders' consent by the simple majority under special business in general meeting. Moreover, one-third of the retiring Directors shall retire by rotation in every AGM of the Company. The Independent Director/s appointment is confirmed at the AGM after every 3 years of tenure and re-appointed for two tenures consecutively as per the regulations of BSEC. The governance of Directors' appointment shall abide by the relevant regulations of BSEC, the Companies Act, and the Articles of Association of the Company. Our independent directors, ensuring an unbiased decision-making process

and oversight of management actions, aligning with the BSEC Code requirements.

3.5 RETIREMENT AND RE-ELECTION OF DIRECTORS





As per the Companies Act and BAT Bangladesh's Articles of Association, one-third of the Directors are required to retire from the Board every year in the Annual General Meeting (AGM), comprising those who have been in office the longest since their last election. A retiring Director shall be eligible for re-election.

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

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

- ▶ Mr. Shirajun Noor Chowdhury, Non-Executive Director, will retire by rotation at the ensuing AGM. All the retiring Directors, being eligible, offer themselves for re-election at the 51st AGM. The Board recommends their re-appointment.

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

 STRUCTURAL		 GOVERNANCE	 PROCESS FOR BOARD FUNCTIONING
<ul style="list-style-type: none"> • Board composition and diversity • Board competencies and skills • Policies and goal setting • Director recruitment and orientation • Board evaluation 	<ul style="list-style-type: none"> • Formulation & implementation of strategy • Leadership pool development • MD & CEO selection & compensation • Succession planning 	<ul style="list-style-type: none"> • Company's performance • Risk and crisis management • Compliance • Governance 	<ul style="list-style-type: none"> • Board meetings & preparation • Managing the quality of conversation • Interaction with the management

The Board and executive management have distinctly demarcated roles in achieving corporate goals, improved performance and enhanced shareholders' value. It firmly believes that the success of the Company depends on the credible corporate governance practices embraced by it. Taking this into consideration, the Board of Directors set out its strategic focus and supervises the business

and the related affairs of the Company. The Board also formulates the strategic objectives and policy framework for the Company.

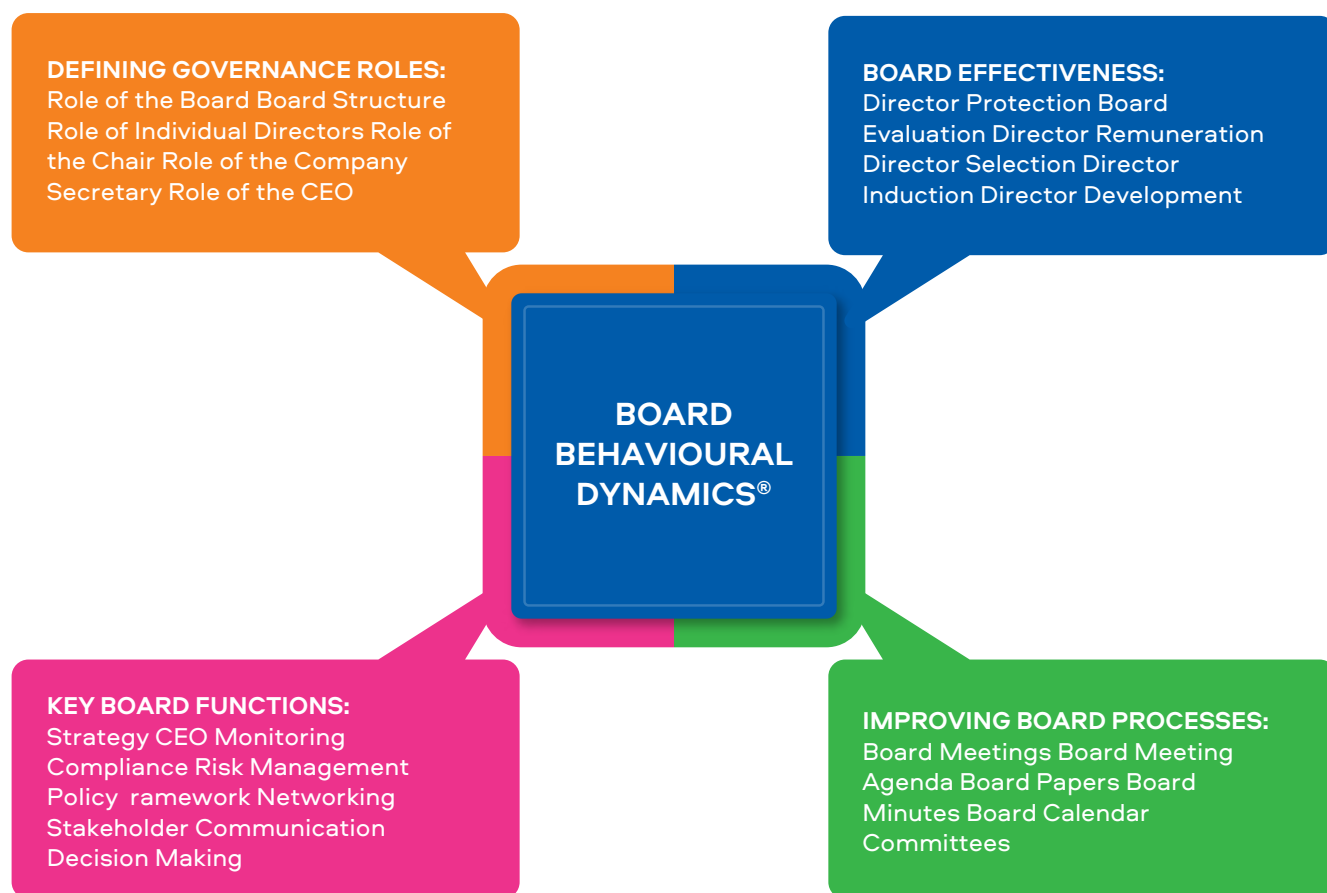
3.7 TERMS OF REFERENCE OF THE BOARD

The Board, from time-to-time reviews the Code of Conduct based on the recommendation of the Nomination and

Remuneration Committee (NRC), as per the BSEC code along with business requirements for the Chairperson of the Board, other Board members and Chief Executive Officer of the Company. The Code of Conduct articulates prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with society, employees, customers and suppliers; and independence. The overall Board's responsibilities are outlined below:

- ▶ **Strategies:** Approved long-term strategies and, accordingly, set goals and direction for the Company.

- ▶ **Policies:** Approved the Company policies to operate the business by the employees within the framework.
- ▶ **Risk assessment:** Review the Company's risk response mechanisms and confirm the implementation of the necessary systems to manage these risks.
- ▶ **Delegation of Authority:** Provide delegation of authority to the management ensuring internal controls for achieving business objectives.



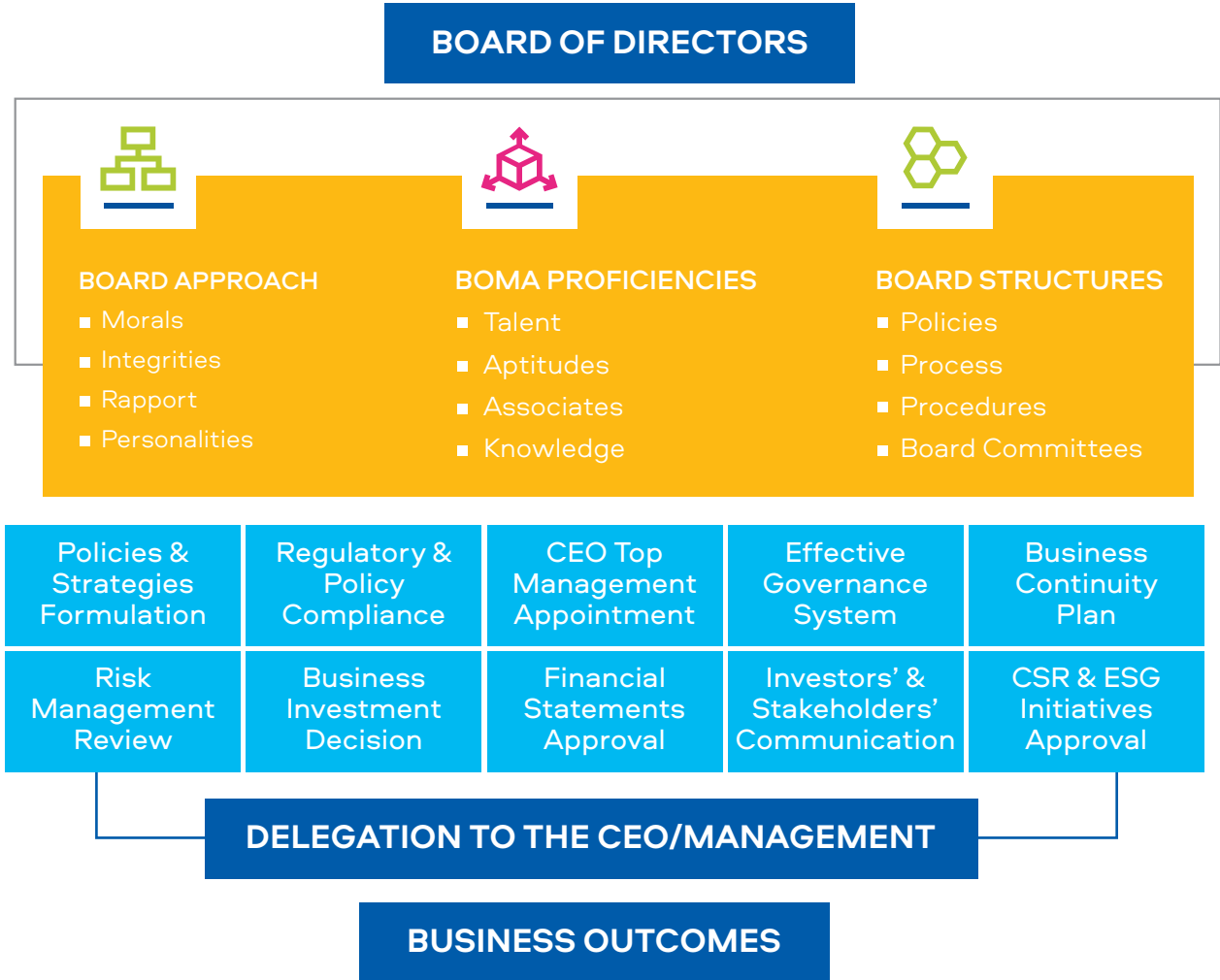
3.8 BOARD'S AFFAIRS IN COMPANY BUSINESS

Our Board consists of 15 diverse directors, 10 of whom are Non-Executive Directors (NED), with 3 Independent Directors and two Executive Directors (MD and FD). The Board and Management's business affairs are separate. The Board is involved in policymaking and regulatory activities, whereas Management is solely responsible for operational matters, as delegated by the Board. In 2023, the Board performed the following key affairs:

- ▶ Policies Approval
- ▶ Operational Review
- ▶ Performance Review
- ▶ Corporate Governance Review
- ▶ Financial Statements
- ▶ Dividend Declaration
- ▶ Internal Audit & Compliance
- ▶ Risk Management
- ▶ Strategic Capital Investment for Future Outlook
- ▶ Business Proposal Approval
- ▶ Guide Management & Assign Delegation.
- ▶ Ensure Shareholders' Interests
- ▶ Sustainability & ESG Initiatives

3.9 PRINCIPAL RESPONSIBILITIES OF THE BOARD

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



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



3.10 BOARD'S DECISION-MAKING PROCESS

- ▶ New business establishment
- ▶ Capital investment and disposal of tangible assets
- ▶ Purchase and sale of trademark/s
- ▶ Proposal for borrowings or grant of extended credit facilities
- ▶ Any corporate restructuring
- ▶ Appointment of top management and expatriate officials

3.11 DUTIES ALLOCATION

The duties of Directors, management, shareholders, valued business partners, auditors, consumers, regulators and communities should be allocated in a responsible way to protect the interests of the shareholders under a corporate governance framework. The allocation of the duties is enumerated below:

DIRECTORS

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

- ▶ Oversight of succession planning for the CEO, Management team and senior management.

SHAREHOLDERS

- ▶ Adoption of the financial statements of the Company, and the reports of the Directors and the Auditors.
- ▶ Approval of dividend for the year.
- ▶ Elect or re-elect Directors of the Company.
- ▶ Appoint Statutory Auditors of the Company for the year and to fix their remuneration.
- ▶ Appoint Compliance Auditor of the Company for the year, in compliance with the requirements under the BSEC Corporate Governance Code.

MANAGEMENT

- ▶ Functioning business operation as per delegation of authority.
- ▶ Prepare business plan and budget.
- ▶ Implement internal control system, risks management and governance.
- ▶ Benchmarking value creation for customers, distributors and partners.
- ▶ Talent development and human resource management.
- ▶ Improve corporate culture and core values.

CONSUMERS

- ▶ Ensure the creation of sustainable and trusted Company.

3.12 KEY ACTIVITIES OF THE BOARD IN 2023

Regular Board meetings are held in accordance with the Companies Act 1994 and Securities laws / Corporate Governance Code 2018, providing a platform for comprehensive discussions and strategic decision-making. The decision-making process is transparent and aligned with the long-term objectives of the company. During the year the Board took the following decisions.

Quarter	Focus points
Q1 of 2023	<ul style="list-style-type: none"> ● Approval of Directors' Report, Audit Committee Report NRC Report & CSR Committee Report ● Approval of Corporate Bonus 2023 & Salary Revision 2023 ● Recommendation for appointment of Statutory & Corporate Governance Compliance Auditors along with their fees ● Conducting 50th Annual General Meeting ● Approved the appointment of Non-Executive Director ● Recommended the payment of Dividend ● Approved the Recognition and Maternity Adoption Benefit Policy

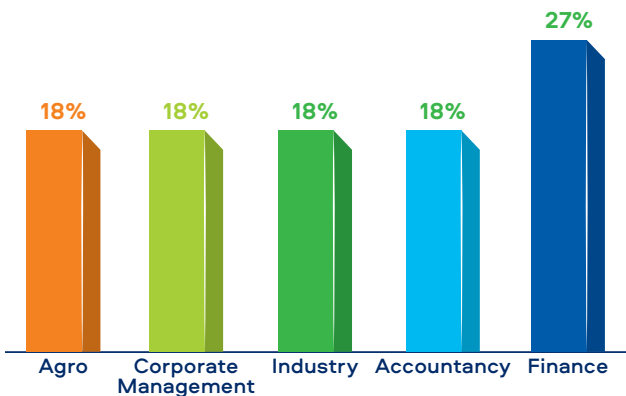
Quarter	Focus points
Q2 of 2023	<ul style="list-style-type: none"> Considered Q1 Financial Statements 2023 Amendment of Procurement Policy Approved the Company Contract Policy
Q3 of 2023	<ul style="list-style-type: none"> Considered Q3 Financial Statements 2023 Approved Company EHS Policy and Repairs & Renewable Spares Policy Approved Capital Investment Proposal for Bonded Wearhouse in Savar Site Approved Investment Proposal for the Factory at Dhaka & Savar Site
Q4 of 2023	<ul style="list-style-type: none"> Considered Q4 Financial Statements 2023 Approved Capital Investment in Savar & Manikganj Site

3.13 FINANCIAL KNOWLEDGE AND EXPERTISE OF DIRECTORS

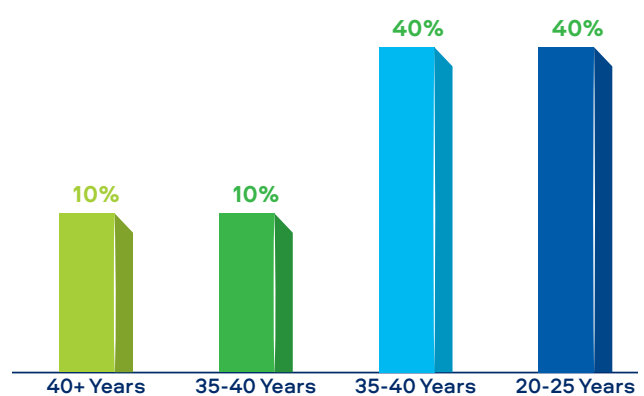
Our Board of Directors consists of members who possess a wide variety of knowledge and experience in finance, Economics, management, business administration, marketing and law. It makes available all relative laws before the Board of Directors for their instant information, along with any single notification, so that they can discharge their responsibilities effectively. Alongside this, most of the Directors of the Company are on the Board for many years now. They have acquired adequate

knowledge and acumen to lead the Company well on the path of sustainable growth and progress. This ensures that together, they formulate the right policy for the development of the business while having the specialized skills and the ability to foresee developments across a larger perspective and with enough independence to audit the management in a balanced manner. Among them, Mr. AKM Aftab UI Islam, Chairman of the Audit Committee is a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB). He provides guidance in matters applicable to accounting and audit-related issues to ensure compliance and reliable financial reporting.

Specialized Areas



Career Span



3.14 CHAIRMAN OF THE BOARD

The Board of Directors elects the Chairman of the Company every year immediately after the Annual General Meeting (AGM). The roles of the Chairman, ensuring a clear distinction between the leadership responsibilities of the Board, in line with BSEC guidelines.

allows constructive debates and challenges, both inside and outside the Boardroom, between non-Executive Directors and the management.

3.15 ROLES & RESPONSIBILITIES OF THE CHAIRMAN

Provides leadership and governance of the Board so as to create the conditions for overall Board's and individual Director's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner.

- ▶ Ensures that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategies and policies, and that Board decisions taken are in the Company's best interests and fairly reflect the Board's consensus.
- ▶ Defined by the Board as per BSEC's notifications on Codes of Corporate Governance.
- ▶ As Chairman of the Board of Directors (or Chairman of any Committee formed by the Board) he does not personally possess the jurisdiction to apply policymaking or executive authority, neither does he participate in or interfere with the administration or operational and routine affairs of the Company.

- ▶ Promotes effective relationships and open communication, and creates an environment that

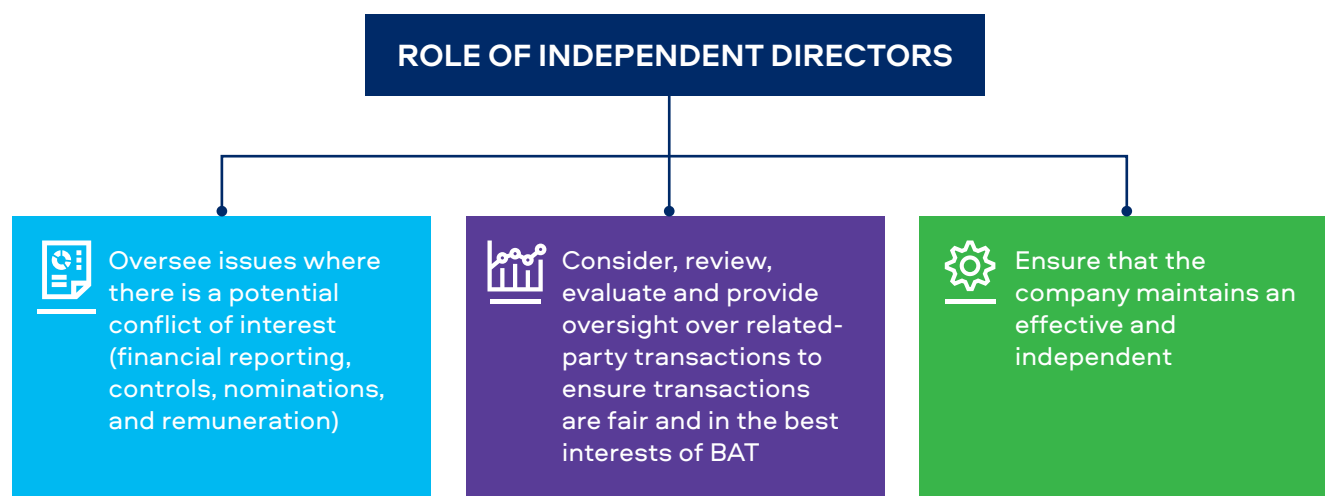
- ▶ The Board functions as per the Memorandum & Articles of Association of the Company, along with other applicable laws which must be ensured by the Chairman.
- ▶ The Chairman presides over the meetings of the Board and Company General Meetings (AGM/EGM) and ensures good corporate governance in the conduct of the Board and the Company.
- ▶ Representing the Company (whilst in consultation with the Board and Managing Director), the Chairman maintains liaison with relevant stakeholders representing the Company as a responsible corporate citizen.
- ▶ The Chairman may assume any responsibility if the Board assigns it within the purview of the relevant rules, regulations, acts and articles.
- ▶ Establishes good corporate governance practices and procedures and promotes the highest standards of integrity, probity, and corporate governance align with the Group and particularly at Board-level.

3.16 INDEPENDENT DIRECTORS

In compliance with the requirements of the BSEC Corporate Governance Codes (CGC), BAT Bangladesh's Board includes three Independent Directors who are highly knowledgeable professionals and elite dignitaries of the society. One of them is the former secretary to the Government and the other is the Director of Bangladesh Bank. The Independent Directors are appointed by the Board of Directors and approved by the shareholders at the Annual General Meeting. As per terms of the CGC, Independent Directors are appointed for a tenure of three years. However, such tenure of office of the Independent Directors may be extended for another term of three years only. The Audit Committee and the Nomination & Remuneration Committee (NRC) of the Company are headed by Independent Directors. The Independent Directors performed their roles and responsibilities according to the CGC of BSEC.

3.17 ROLE OF INDEPENDENT DIRECTORS:

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



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

As per the Corporate Governance Code (CGC) of Bangladesh Securities and Exchange Commission (BSEC), at least one-fifth of the total Directors of the Board shall be Independent Directors. Thus, in compliance with the requirement of Corporate Governance Code, three (3) Directors out of the total fifteen (15) Directors are independent, having no share or interest in BAT Bangladesh. The independence of the respective Independent Directors is confirmed during

the selection and appointment of the Directors and they remain committed to continuing with such independence throughout their tenure.

3.19 MANAGING DIRECTOR

The Board appointed Mr. Shehzad Munim as Managing Director in 2013, who is the first Bangladeshi honored in this position in the history of the Company. Based on his leadership and the Company's performance, the Board re-appointed him as the Managing Director with the consent of the shareholders for a further period on completion of 5 years of tenure as per the requirement of the Companies Act. He is performing the duties,

roles and responsibilities assigned by the Board in line with the Articles of Association of the Company. The Top Management Leadership Team consists of all the functional heads who report to the Managing Director. Mr. Shehzad Munim, as Managing Director, leads the Company's management; developing and implementing strategic plans and Company policies and maintaining dialogue with stakeholders to achieve organizational success.

3.20 ROLES AND RESPONSIBILITIES OF THE MANAGING DIRECTOR

The Managing Director is responsible for the implementation of Board policies and the overall management of the Company. He discharges his duties under the delegation of financial, business and administrative authority given to him by the Board.

- ▶ Undertakes the business and administrative authorities when vested on him by the board and remains accountable for achievement financial and other business targets by means of business plan, efficient implementation and prudent administrative and financial management.
- ▶ The MD or CEO shall certify to the Board that they have reviewed financial statements for the year and that to the best of his knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members.
- ▶ The Managing Director is responsible for driving business operations, leading the development and execution of the Company's long-term strategies with a view to creating shareholder value;
- ▶ The Managing Director's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short-term plans;
- ▶ The Managing Director acts as a direct liaison between the Board and the Management of the Company, and communicates to the Board on behalf of the Management;
- ▶ The Managing Director is responsible for building and maintaining an effective executive team and assuming full accountability to the Board for all Company operations; and
- ▶ The Managing Director also communicates on behalf of the Company to the employees, Government authorities, other stakeholders and the public at large. He also communicates with shareholders and the BSEC along with the stock exchanges, through the Company Secretary.

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

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

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

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

3.22 NON-EXECUTIVE DIRECTOR'S INDEPENDENCE

All Non-Executive Directors are nominated by their respective institutions, except for the Independent Directors. As part of our good governance practices at BAT Bangladesh, the non-Executive Directors enjoy full freedom in discharging their responsibilities. They are also sincere to attend Board meetings, , Audit Committee meetings and CSR Committee meetings. They also actively participate in discussions on the agenda. All Directors including Independent Directors bring forth independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensures that the Company's activities are always conducted in adherence to stringent and the highest possible ethical standards and in the best interests of all stakeholders. None of the Directors of the Board are involved in the day-to-day operations of the Company. Rather, they provide their valuable guidance, support and contribution to the management for the development of the Company.

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

3.23 BOARD PERFORMANCE EVALUATION

The Board of Directors is accountable to the shareholders of the Company. Once every year, the company holds an Annual General Meeting (AGM). The shareholders attend the Annual General Meeting, and they critique and express their analysis of the performance of the Company. The Company takes constructive suggestions and feedback from the Annual General Meeting and tries to implement it for the qualitative improvement of the Company.

The Board of Directors of the Company is unique, exceptional and diversified, consisting of senior government officials, qualified professionals, and

business leaders with strong experience, wisdom and knowledge. It does not require any traditional evaluation system for our Board members, rather, a self-evaluation process is more effective in our case.

However, according to the BSEC Corporate Governance Code, the performance of the Directors is usually evaluated and reviewed from time-to-time by the Board Nomination and Remuneration Committee (NRC) and the Chairman of the Board. The stakeholders, including shareholders, may consider the performance of the Board members based on business performance, asset growth of the Company and reputation, including the impact of the environment, social and governance. The Board of Directors of the Company evaluate the performance of the Managing Director and Finance Director on an annual basis and also reviews quarterly business performance.

3.24 BOARD MEETINGS, 2023

The Board of directors holds meeting on regular basis; usually every alternate month but emergency meeting are called as and when required. The leave of absence of the Board members are duly recorded as per the code of conduct. The chairman of the meeting allocates sufficient time to consider each of the agenda among the board members for discussion. The company Secretary, the Chief Financial Officer/ Finance Director and the Head of Internal Control and Compliance always attend the Board meeting and the relevant Senior Management are invited to the Board Meeting to make necessary presentation for the respective agenda. However, the Company continues to hold its meetings through Microsoft Teams (online), one of the most secured digital platforms, abiding by

all regulatory compliance. During the year 2023, total 10 (Ten) number of Board meeting were held.

3.25 PROCESS OF HOLDING BOARD MEETINGS

The Company Secretary prepares the detailed agenda in consultation with the Chairman and Managing Director. The notice, along with the explanatory notes to the agenda and relevant documents, is circulated to the Board of Directors well in advance, at least 7 days prior to the date of the meeting.

The members of the Board are free to recommend the inclusion of any matter in the agenda for discussion under any other business, subject to the permission of the Chairman of the meeting. The Company Secretary, the Finance Director, and the Head of Internal Auditor always attend the Board meetings, and the relevant senior management is invited to attend the Board meetings to make necessary presentations at the meetings for the respective agenda. Board meeting minutes as well as keeping required books and records in line with the provisions of regulations and the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB). The minutes of the Board and the committee meetings are circulated to the members of the Board in due time for confirmation. After the Board confirms that the minutes are correct, the extract of the minutes is sent to the relevant management so that the Board's decision can be put into action. The Board and Board Committee member's attendance for the year 2023 is as follows:

Board Members	Board	Audit	NRC	CSR	AGM	EGM
Mr. Golam Mainuddin Non-Executive Director, Chairman to the Board, Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	10/10	N/A	6/6	N/A	1/1	1/1
Mr. A.K.M. Aftab Ul Islam FCA Independent Director, Chairman of Audit Committee	10/10	4/4	6/6	1/1	1/1	1/1
Mr. K.H. Masud Siddiqui Independent Director, Chairman to the NRC	10/10	4/4	6/6	1/1	1/1	1/1
Mr. M Harunur Rashid Independent Director (Appointed on 29 March 2023)	5/5	N/A	N/A	3/3	0/0	0/0
Ms. Zakia Sultana Non-Executive Director Representing Government's shareholding	10/10	4/4	N/A	4/4	1/1	1/1
Mr. Mohammad Salahuddin Non-Executive Director Representing Government's shareholding	1/10	1/1	N/A	3/4	0/1	0/1
Mr. Shirajun Noor Chowdhury Non-Executive Director Representing Government's shareholding	10/10	4/4	N/A	1/1	1/1	1/1

Board Members	Board	Audit	NRC	CSR	AGM	EGM
Mr. Md. Abul Hossain Non-Executive Director, Representing ICB	10/10	1/1	N/A	4/4	1/1	1/1
Mr. Shehzad Munim Managing Director, Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	10/10	N/A	N/A	4/4	1/1	1/1
Mr. Stuart Kidd Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.)	8/9	1/1	N/A	N/A	1/1	1/1
Mr. Gary Tarrant Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.) (Appointed on 29 March 2023)	4/5	N/A	N/A	N/A	N/A	N/A
Mr. Wael Sabra Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.) (Appointed on 29 March 2023)	4/5	-	-	-	-	-
Mr. Francisco Javier Toso Canepa Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.) (Appointed on 29 March 2023)	3/5	-	-	-	-	-
Ms. Monisha Abraham Non-Executive Director Representing sponsor shareholder (Raleigh Investments Co. Ltd.) (Appointed on 29 March 2023)	4/5	-	-	-	-	-
Ms. Nirala Nandini Singh Finance Director, Representing sponsor shareholder (Raleigh Investments Co. Ltd.) (Appointed on 1 May 2023)	5/5	3/3	5/6	-	-	-
Mr. Azizur Rahman FCS Company Secretary	10/10	4/4	6/6	4/4	1/1	1/1

3.26 BOARD COMMITTEES

To ensure good governance in the Company, as well as the requirements of the CGC of BSEC, the Board constituted three sub-committees.

- ▶ Audit Committee (AC)
- ▶ Nomination and Remuneration Committee (NRC), and
- ▶ CSR Committee

In accordance with the requirements of the BSEC Code and the Terms of Reference, the Committee functions to review, assess and recommend to the Board. The Board reviewed the ToR of the Committees from time to time in 2023. The Board appointed the Members and the Chairman of the respective committees as per the

provisions of the BSEC Code. The scope and activities of the Audit Committee, NRC, and CSR committee are mentioned in the Annual Report on page no. 141, 147 and 153 respectively.

3.27 AUDIT COMMITTEE & IT'S COMPOSITION

As per the conditions of the CGC of BSEC, the Board has constituted an Audit Committee. The Audit Committee is one of the most important sub-committees of the Board. It was set up to help the Board with its governance responsibilities.

In the year 2023, the Audit Committee comprised of 2 Independent Directors and 2 Non-Executive Directors. The Board has appointed an Independent Director as Chairman of the Committee under the referred Code. The Audit Committee met 4 times in 2023 through the virtual platform. The quorum of the meeting shall not be filled

until and unless the Independent Director attends the meeting. The Company Secretary acts as the secretary of the Audit Committee.

3.28 RELEVANT EXPERTISE OF THE COMMITTEE

All the Committee incumbents possess working experience in the fields of finance, accounting and audit. The qualifications of the members of the Committee are addressed in detail in their brief profiles on page no. 34-49 of this annual report. The Internal Audit team headed by the Internal Audit Manager performed the internal audit

function as guided by the Audit Committee. The Internal Audit Manager directly reports to the Audit Committee. KPMG Rahman Rahman Huq, the Statutory Auditor, also attended the Audit Committee meeting in 2023.

The Audit Committee approved the annual audit plan 2023 at the beginning of the year and reviewed the plan from time-to-time with subsequent implementation. The report of the Audit Committee and the Statement of Risk Management & Internal Control are mentioned on page no. 141 and 156 of this annual report respectively. The following tables present the meeting attendance and performance of the said Committee during the year 2023.

Composition of the Audit Committee	No of Meeting	%
Mr. A.K.M. Aftab UI Islam FCA Independent Director, Chairman of Audit Committee	4/4	100
Mr. K.H. Masud Siddiqui Member	4/4	100
Ms. Zakia Sultana Member	4/4	100
Mr. Shirajun Noor Chowdhury Member	4/4	100
Mr. Azizur Rahman FCS Company Secretary	4/4	100

ROLE OF THE AUDIT COMMITTEE:

According to the Corporate Governance Code, the Audit Committee of BAT Bangladesh fulfills the following role:

- ▶ Oversee the financial reporting process.
- ▶ Monitor choice of accounting policies and principles
- ▶ Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report
- ▶ Oversee hiring and performance of external auditors.
- ▶ Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption.
- ▶ Review along with the management, the audited financial statements before submission to the Board for approval
- ▶ Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval
- ▶ Review the adequacy of internal audit function.
- ▶ Review the Management's Discussion and Analysis before disclosing in the Annual Report

- ▶ Review statement of all related party transaction submitted by management.
- ▶ Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.
- ▶ The Audit Committee immediately reports to the Board on the following findings, if any: Conflicts of interests, Suspected or presumed fraud or irregularity or material defect identified in the internal audit.

3.29 NOMINATION AND REMUNERATION COMMITTEE

A Nomination & Remuneration Committee (NRC) has been constituted as per provisions of the BSEC Code. The Committee, headed by an Independent Director, makes recommendations to the Board. This Committee met 6 times in 2023. The composition of the committee as follows:

Composition of the NRC Committee	No. of Meeting	%
Mr. K. H. Masud Siddiqui Chairman of the Committee	6	100
Mr. Mr. A.K.M. Aftab UI Islam FCA Member	6	100
Mr. Golam Mainuddin Member	6	100
Mr. Md. Azizur Rahman FCS Secretary	6	100

FUNCTIONS:

- ▶ Align with the Human Resource function in driving the employee's agenda in arrangement with the Company's Strategy.
- ▶ Ensure consistency of application of policies and procedures.
- ▶ Ensure equal opportunity and transparency in terms of suitable recruitment, a performance evaluation and other benefits-related issues.

NOTABLE ACTIVITIES OF 2023:

- ▶ Reviewed and approved the remuneration 2023 for the Company Management
- ▶ Reviewed Bonus pay-out ranges for 2023.
- ▶ Approved Employment's Probation & Confirmation Policy and Employment's Recruitment & Selection Policy
- ▶ Recommended the Company HR policies
- ▶ Recommended amendment of the Benefit Car Policy of the Company.

The Managing Director, Finance Director and Head of Human Resources attended the meeting of the NRC as invitees, and the Company Secretary performed the functions of the Secretary of the Committee. The overall remuneration policy is designed to ensure that the reward and remuneration packages of the Company remain competitive so that high-quality human resources with a proven track record and experience are recruited, motivated and retained.

3.30 REMUNERATION GOVERNANCE

The committee ensures that BAT Bangladesh remains abreast of evolving legislation and remuneration practices through continuous research and monitoring, with a specific focus on 'equal pay for work of equal value'. Remuneration governance will thus progress and enhance as the Group integrates evolving international best practices and maintains its commitment to ongoing shareholder engagement. The chairman of the committee provides regular reports to the board, with a standing agenda item at each board meeting, covering all aspects of the committee's work. This feedback encompasses the entirety of the remuneration strategy and policy, the progress toward achieving policy objectives, and the implementation thereof throughout the annual cycle.

3.31 FAIR AND RESPONSIBLE REMUNERATION

Fair and responsible reward management at BAT Bangladesh ensures equal opportunities for growth and development among high-performing individuals who align with our values and philosophies. Our established performance measurement practices ensure consistent application for appropriate rewards. This remains a

key focus area for us, aiming to enhance employees' living standards not only through earnings but also through benefits that support their health and well-being. Throughout the reporting period, we've prioritized aligning pay with roles, years of service, experience, and performance levels for all BAT Bangladesh employees.

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

The committee's responsibility is to ensure broad, equitable opportunity and transparency regarding appropriate recruitment, compensation based on merit, qualifications, and competence, provision of adequate training and development opportunities, performance assessment, and promotion based on individual performance and contribution, as well as addressing other benefits-related matters concerning the Company's operational outcomes and comparable market data with all the applicable policies.

- ▶ Directors are only entitled to the remuneration for attending the meeting of the board and its sub-committees.
- ▶ The remuneration of the Managing Director and Top-Level Management is approved as recommended by the board.
- ▶ Remuneration of all other employees is market-based and competitive

3.33 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

BAT Bangladesh aspires to play a central role in improving the quality of people's life by providing access to some of their basic needs. Our commitment to ethical conduct and corporate social responsibility is evident in our policies and practices, aligning with BSEC guidelines for responsible and sustainable business operations.

As a Company that is deeply aware of the divergence between the needs of society and the impact required, the Company focuses on activities that deliver the maximum welfare and impact to the largest number of people in the quickest possible time. In order to achieve the necessary sustainable balance between economic growth, environmental protection and social and societal progress, the Company ensures that its impact is appropriately targeted and is long-lasting.

On 11th April 2012, the Board of Directors established a CSR Committee as a sub-Committee of the Board. Seven (7) Directors are nominated to the Board CSR Committee. For ensuring business sustainability and creating a positive impact on the image and reputation of the Company amongst stakeholders and the larger society, the CSR Committee takes up the necessary tasks.

The composition of the committee as follows:

Composition of the CSR Committee	No of Meetings	%
Ms. Zakia Sultana Non-Executive Director, Chairman of CSR Committee,	4/4	100
Mr. Mohammad Salahuddin Non-Executive Director	3/4	75
Dr. M Harunur Rashid Independent Director	3/4	75
Mr. Md. Abul Hossain Non-Executive Director	4/4	100
Mr. Shehzad Munim Managing Director	4/4	100
Mr. Azizur Rahman FCS, Company Secretary	4/4	100

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

3.34 SUCCESSION POLICY

The Nomination & Remuneration Committee (NRC) functions as per the provisions of the Code of BSEC. The important tasks of the NRC are to appoint Directors, evaluate of Directors, senior management appointments and their succession planning, salary review, performance bonus recommendation, and HR policy review the Company. The NRC works with the Board on leadership succession planning to ensure an orderly succession for positions in senior-level management. This is required to maintain talent management and an appropriate balance of skills and expertise within the Company. We conduct

annual evaluations of the Board and its committees, including a systematic process for succession planning in alignment with the recommendations of the BSEC Code.

3.33 DIRECTORSHIP COMMITMENTS

The Directors provide disclosure about their other commitments so that they can spend adequate time on the company's affairs. Our Executive Directors do not hold directorships in other public companies. We are the highest taxpayers in the private sector and are also enlisted on both the Dhaka and Chittagong Stock Exchanges. In 2023 alone, the Company disbursed the sum of BDT 32,802 crore as tax to the national exchequer. BAT Bangladesh Board has always valued and will continue to value its cherished relationship with the government of Bangladesh, esteemed shareholders, and other stakeholders of the Company by adhering to the highest ethical and corporate governance standards.

4. LEADERSHIP TEAM

The Board is duly assisted by the respective functional heads of the Company, i.e. the Leadership Team. The Managing Director leads the Leadership Team. The Leadership Team drives the implementation of Board decisions, supervision of operations, and execution of corporate business strategies. The Leadership Team engages in a monthly meeting regarding the execution of the Company's strategy and ensures daily operational alignment with the corporate plans. The respective Leadership Team members get an invitation to the Board meetings based on the relevant information or update required by the Board. For details of each Leadership Team member, please refer to Leadership Team Profile in this Annual Report on page 52 to 59.



5. THE CHAIRMAN OF THE BOARD AND THE CEO & MANAGING DIRECTOR OF THE COMPANY ARE DIFFERENT INDIVIDUALS

The Chairman and the Managing Director are separate individuals. Their roles and responsibilities are separate and independent. The overall responsibility of the Board belongs to the Chairman, and the Managing Director leads the management function of the Company. The leadership of the Chairman and the Managing Director facilitated good governance on the board and in the management of the Company, respectively.

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

COMPANY SECRETARY (CS)

The Board appoints a Company Secretary whose responsibility is to ensure effective integration and timely flow of information required by the Board and maintain necessary liaison with internal bodies as well as external bodies. The Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC) requires a listed company to appoint a Company Secretary. Pursuant to this, the Board of Directors

appointed the Company Secretary and defined his role and responsibilities. At BAT Bangladesh, among other functions, the Company Secretary:

- ▶ Ensures that all regulatory procedures for the appointment of Directors have been followed. He provides detailed support and guidance to the Directors, both individually as well as collectively, for taking decisions and raises matters wherever needed to call for the attention of the Board of Directors.
- ▶ Assists to form the sub-committee of the Board of Directors, as directed by the Regulatory Bodies Act, as a mediator to the Board of Directors to resolve disputes rose to the Board, according to the laws, rules and regulations.
- ▶ Ensures that the decisions taken by the Board of Directors are transmitted to the concerned department/s for taking the next course of action.
- ▶ Updates the Board of Directors or the management about the direction, circulars, notifications, etc., which are issued by regulatory bodies and follows up on respective steps taken as well.
- ▶ Finalise notice to organize Board Meetings and Shareholders meetings.
- ▶ Assist the Chairman of the Board and its committees to conduct the meetings, facilitate the governance and Board Management.
- ▶ Maintain the necessary liaison with the relevant offices of the Government, regulatory authorities and other stakeholders on matters of corporate interest in a transparent manner and act as a bridge between the Board, management and shareholders to facilitate good governance practice in the Company.
- ▶ Drive policy compliance awareness among Company employees.
- ▶ Perform the duties as per the Power of Attorney of the Company and liaison with external regulators, auditors, lawyers and other relevant authorities for court affairs.
- ▶ Compliance with acts, rules, regulations, notifications, guidelines, orders/directives, etc., as issued by the BSEC or Stock Exchange(s) applicable to the conduct of business activities of the Company.
- ▶ Disclosure of the Company's Price Sensitive Information (PSI) and other capital market-related issues.
- ▶ Prepare the Company's Annual Report, holding, managing and administering Board and Committee meetings and annual meetings of shareholders.
- ▶ Monitor changes in relevant legislation and the regulatory environment and take appropriate actions.
- ▶ Filing statutory returns to regulatory bodies, such as RJSC, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Stock Exchanges and Central Depository System, etc.
- ▶ Engagement with stakeholders for public affairs of the Company.
- ▶ Ensure that appropriate Board procedures are followed, as per Bangladesh Secretarial Standards

(BSS), as adopted by ICSB and other guidelines and best practices and advise the Board on such matters.

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

- ▶ Oversee the overall financial management of the Company.
- ▶ Ensure overall accuracy of the budgetary and financial control system and monitor the performance of the Company, its flow of funds and adherence to the budget.
- ▶ Ensure proper tax management and compliance systems.
- ▶ Ensure national regulatory compliance as well as International Accounting Standards and Bangladesh Accounting Standards and respond to the ever-increasing regulatory developments, including financial reporting, capital requirements, and corporate responsibility.
- ▶ Actively participating in planning and policy-making and fixing business strategies, including long-term business plans.
- ▶ Liaise with the External Auditor and oversee the audit procedure.
- ▶ Prepare statutory Annual Report and circulate it to stakeholders within the specified time frame.
- ▶ Trigger and promote timely changes in the financial aspects of the Company with a view to facilitating various business improvements initiatives, like cost reduction, procurement processes, pricing processes and others.
- ▶ Act as a steward by protecting vital Company assets, complying with financial regulations, maintaining the books correctly and communicating risk and rewards with Board members and investors.
- ▶ CFO acts as a strategist, influencing the Company's future direction and providing financial leadership and alignment of finances with the business to facilitate sustainable business planning and corporate growth.

HEAD OF INTERNAL AUDIT & COMPLIANCE (HIAC)

- ▶ Prepare annual audit plans based on the results of risk analysis.
- ▶ Prepare audit programs and approaches that meet the objectives of the audit that comply with internal control design and testing.
- ▶ Ensure that a proper internal control system is in place for the smooth operations of the Company.
- ▶ Check compliance with internal and external regulations.
- ▶ Coordinate the analysis of risk in different areas of operations.
- ▶ Prepare draft audit reports and conduct exit meetings to obtain management concurrence and responses.
- ▶ Prepare final audit reports and circulate the report to the Board and auditor.

- ▶ Conduct a special investigation on any allegation of fraud or forgery noticed by the management
- ▶ Establish an internal accountability and assurance framework, including how internal audit works with other providers of assurance.
- ▶ Develop annually a risk-based internal audit plan for Audit Committee's review and approval.
- ▶ Provide technical assistance with investigations and special audits and provide subject-matter expertise as needed; Identify loopholes and recommend risk aversion measures and cost savings.

Maintain a comprehensive system for recording all audit plans, work papers, findings, reports and follow-up audits; Recommend revisions and/or additions to policies and procedures to improve operations as well as internal controls.

7. FINANCIAL REPORTING

The pillar of a successful information structure for an organization is its financial reporting practice. BAT Bangladesh possesses a robust financial reporting procedure, with all financial statements made in accordance with International/Bangladesh Financial Reporting Standards (IFRS/BFRS), the Companies Act, 1994, the Securities and Exchange Rules, 1987, and other applicable financial legislations ensuring transparency and compliance with BSEC requirements. Timely and accurate disclosure practices are maintained for the benefit of our stakeholders.

It is from the financial reports of the enterprise resource planning (ERP) system that the financial data is captured. The financial statements are reviewed by the CFO, CEO and Audit Committee on a regular basis. Upon submission to the Group in the form of management accounts, these financial statements are then viewed by the Group Accounting and Group Finance. External Auditors examine the financial reports in accordance with local financial reporting policies and Company procedures. Upon completion of internal scrutiny, financial reports are placed before the Board for final review and approval.

8. GUIDELINES AND SOME KEY POLICIES

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

The Company's corporate governance framework is supported by further policies, guidelines, procedures and codes. Mentioned below are some of these guidelines:

- ▶ Procurement policy and guidelines outline the processes for obtaining the best overall value and quality for the amount expensed and to ensure

timely delivery of goods and services to meet the Company's business requirements

- ▶ Marketing policies and guidelines, which include distributors' policy, credit policy, trade policy, marketing communication guidelines and international marketing principles, representing a framework to govern all aspects of responsible tobacco marketing
- ▶ Company financial policies, which include policies and guidelines on treasury management, dividend, vehicle disposal, dealing mandate, fixed assets capital, depreciation, insurance, inventory, stock valuation, the delegation of authority, domestic leaf costing, budgeting, bill payments, foreign currency, write-off process, etc.
- ▶ Policy on environment, health, safety and security
- ▶ Information technology policies
- ▶ Guidelines on business information
- ▶ Security, risk management and business continuity processes
- ▶ Competition compliance guidelines, which outline the general principles and standards of behavior related to competition laws that employees are required to follow and comply with as good business practice
- ▶ Business security policies
- ▶ Guidelines on dawn raid – sets out the procedures to be adhered to when there is a raid by relevant authorities so that the necessary cooperation can be extended
- ▶ HR-related policies, which includes standards of employment principles, working hours policy, remuneration policies, travel policies, sexual harassment policy, employment policy, disciplinary procedure, employee relations policy, equal opportunity, and diversity policy, grievance management policy, industrial relations policy, education assistance policy, medical expenses reimbursement policy, employees benefit policies, retirement benefit policies, and early separation scheme
- ▶ Sexual harassment policy, which ensures that all employees are treated with respect and dignity regardless of their gender and emphasizes that any form of sexual harassment, which disrupts or interferes with the work performance and dignity of another, will not be tolerated
- ▶ Guidelines on managing cases involving employees and law enforcement authorities
- ▶ Employment principles Procedures on credit for trade debtors and inter-company balances
- ▶ Tobacco leaf-related policies on social responsibility in tobacco production, export pricing policy, farmers registration and advance crop input policy Climate change policy to execute the Company's activities for tobacco growing and green leaf threshing, considering climate change and its subsequent

impact and guidelines for tobacco seed production, including field experiments

- ▶ Records & Information Procedure and Central Records Depository system
- ▶ Agreement policy and guidance
- ▶ Data protection policy
- ▶ Billing guidelines
- ▶ Codes of Audit Committee, Nomination & Remuneration Committee and CSR Committee

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

9. RISK MANAGEMENT AND CONTROL ENVIRONMENT

A robust internal control system is in place, aligned with the BSEC Code, to safeguard assets, ensure financial reliability, and comply with applicable laws. Our risk management framework addresses potential risks in line with BSEC recommendations.

The Risk Management Standard in BAT Bangladesh is based on the effect of uncertainty on objectives which is measured in terms of likelihood and consequence. In BAT Bangladesh risk management is the process of applying a logical and systematic method of identifying, evaluating, treating, monitoring and communicating risks associated with any activity, function or process. The risk is classified into:

- ▶ Strategic Risks are generally entity-wide which may impact the ability of the Company to achieve its objectives set out in the Strategic Plan.
- ▶ Operational Risks consist of may impact on the achievement of the directorate, business unit, or service unit plan objectives; and
- ▶ Special Risks are risks specific to an area of operation within the business unit.

The Finance Director heads the Risk Management Committee, consisting of select cross-functional managers, including the internal auditor, who drive effective risk management at the Company. The RMC reviews the business twice a year and ensures that plans and actions are implemented to mitigate risks. Risk controllers periodically review the departmental risks and report to the RMC. The Executive Committee endorses key risks of the Company, which are further ratified by the Audit Committee. In order to ensure effective risk management within the Company, the RMC is responsible for reviewing risks and ensuring the effectiveness of the risk management process.

FUNCTIONS

- ▶ Design an overall risk management strategy.
- ▶ Communicate views of the Board and senior management regarding the risk management culture and risk appetite across the company
- ▶ Prepare risk management policies and procedures
- ▶ Monitor the prescribed/threshold limits of risk appetite
- ▶ Develop and observe the use of models to measure and monitor risks
- ▶ Develop and oversee the implementation of stress testing
- ▶ Review market conditions, identify external threats and provide commensurate recommendations for precautionary measures

The Company maintains a risk register where all the associated risks, as well as action plans, are recorded.

9.1 INTEGRATED RISK MANAGEMENT FRAMEWORK

Extending the existing risk management approach to cover up risk factors at BAT Bangladesh, we have the following strategic steps, which are undertaken iteratively throughout the year:



- ▶ **Risk management planning:** Defining the scope and objectives of the risk process, describing the techniques and tools to be used, stating the thresholds of acceptable risk to various stakeholders, detailing roles and responsibilities etc.
- ▶ **Risk identification:** Exposing and recording all foreseeable risks which could affect objectives, together with information on their cause(s) and possible effect(s).
- ▶ **Risk assessment/analysis:** Estimating the probability of occurrence and severity of impact for each identified risk and prioritizing risks for further attention, grouping risks into categories to identify hot spots of risk exposure or common causes, and analyzing the combined effect of risks on objectives using statistical models.
- ▶ **Risk response development:** Considering how to respond to each individual risk and to the overall risk exposure, selecting a strategy that is appropriate, achievable and affordable, and allocating each response to an owner.
- ▶ **Risk monitoring:** Ensuring that agreed actions are implemented effectively, monitoring the effect on risk exposure, and communicating risk information to stakeholders with appropriate detail and frequency.
- ▶ **Risk review:** Updating the risk process to assess the status of existing risks, determine the effectiveness of agreed responses, identify new risks, and review the overall risk process.
- ▶ Enabling opportunities to be managed proactively as an inbuilt part of business processes at both strategic and tactical levels, rather than reacting too little and too late as often happens.
- ▶ Providing useful information to decision-makers when the environment is uncertain, to support the best possible decisions at all levels.
- ▶ Creating space to manage uncertainty in advance, with planned responses to known risks, increasing both efficiency and effectiveness, and reducing waste and stress.
- ▶ Minimising threats and maximising opportunities, and so increasing the likelihood of achieving both strategic and tactical objectives.
- ▶ Allowing an appropriate level of risk to be taken intelligently by the organisation and its projects, with full awareness of the degree of uncertainty and its potential effects on objectives, opening the way to achieving the increased rewards which are associated with safe risk-taking.
- ▶ Development of a risk-mature culture within the organisation, recognising that risk exists at all levels of the enterprise, but that risk can and should be managed proactively in order to deliver benefits.
- ▶ Strategy and tactics are connected through project objectives, which are both affected by uncertainty, leading to risk at both strategic and tactical levels. An integrated approach to risk management can create significant strategic advantage by bridging the strategy/tactics gap, and dealing with both threats and opportunities, to enable both successful project delivery and increased realisation of business benefits.

9.2 INTEGRATED RISK MANAGEMENT STRATEGY

The integrated risk management strategy at BAT Bangladeshis is comprised of our vision, mission and tactical deliverables objectives with attention to proactive management.

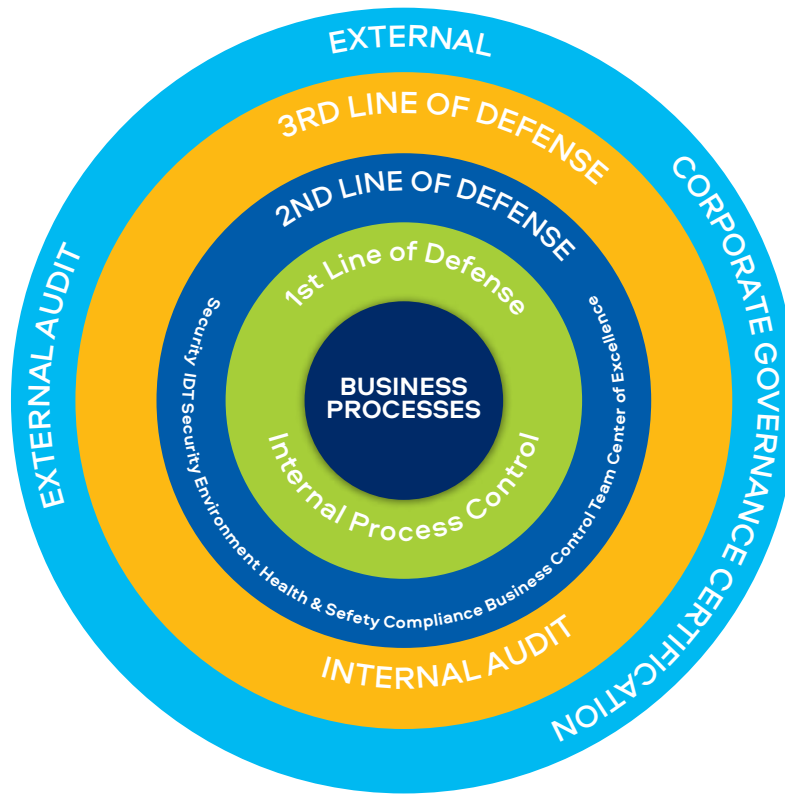
Integrated risk management addresses Bat Bangladesh's risks across a variety of levels in the organisation, including strategy and tactics, and covering both opportunity and threat. Our effective implementation of integrated risk management strategy includes:

- ▶ Bridging the strategy/tactics gap to ensure that project delivery is tied to organizational needs and vision.
- ▶ Focusing projects on the benefits they exist to support, rather than simply on producing a set of deliverables.
- ▶ Identifying risks at the strategic level which could have a significant effect on the overall organization and enabling these to be managed proactively.

9.3 SYSTEM OF INTERNAL CONTROL

The Board disseminates responsibilities for ensuring effective control processes in the organisation through the Board committees and also a top Management Leadership Team that plays a significant role in managing the business as per the norms of corporate governance, while also ensuring that adequate internal controls are in place and supported through a robust risk management and MIS framework.

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



INTERNAL CONTROL ASSURANCE FARMWORK

1st Line of Defense

Teams	Control operating system	
All Business Units	Delegation of Authority	Record Management & Data protection Policy
	Sales & Distribution Guideline	Treasury Policy
	Credit Management Policy	Recruitment Policy
	Procurement Policy	Performance Management Policy
	Stock Management & Inventory Policy	Leave & Attendance Policy
	Quality Control Protocol	IT General Control
	Distributor Manual	EHS Policy
	Leaf Supply Manual	Agreement Policy
	Fixed Asset Policy	Office Security Policy

2nd Line of Defense

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

INTERNAL AUDIT

3rd Line of Defense

Teams	Assessment tools	Frequency
International Audit	International Audit	Per Global Audit Plan & AC Approval
	Local Audit	AC Approved

10. STANDARDS OF BUSINESS CONDUCT

In compliance with the requirements of the Codes of Corporate Governance, 2018, of the Bangladesh Securities and Exchange Commission (BSEC), the Company has in place its codes of conduct, known as the Standards of Business Conduct or SoBC, which is applicable for the Chairman, Board members, Managing Director and all other senior members of the Management. The code is available on the website of the Company.

The Board reviews the Standards of Business Code of Conduct from time to time for applying the highest standards of governance, embracing the best global practices. The Standards of Business Conduct were last updated and revised by the Board in January 2024.

BAT Bangladesh places an inexorable emphasis on adopting high standards of business integrity through its Standards of Business Conduct (SoBC), which must be followed by all employees and Directors of the Company. The scope of SoBC includes policies regarding the Speak Up process, declaration of conflicts of interest, bribery and corruption in the workplace, human rights, and operations. The scope also mentions guidelines for entertainment and gifts, charitable contributions, accurate record-keeping, protection of corporate assets/interests, confidentiality, and information security, insider dealing and market abuse, competition and anti-trust laws, money laundering and anti-terrorism, illicit trade and trade in the Company's products and sanctions.

10.1 Certificate of compliance with the Ethics and Business Code of Conduct

The Board certifies compliance with the Ethics and Business Code of Conduct, demonstrating an organisation's commitment to ethical practice and adherence to its established code of conduct in line with BSEC Code and applicable regulations. The Board certified that the company has complied with specific regulatory requirements, internal policies, or industry standards. These certifications are an essential aspect of corporate governance, transparency, and accountability. Here's an example of how such a certification process structured:

- ▶ Development & Review of the Code of Conduct
- ▶ Training & Awareness Programs
- ▶ Declaration of Compliance
- ▶ Monitoring & Enforcement

- ▶ Reporting & Whistleblower Protection
- ▶ Review & Improvement
- ▶ Directors' Declaration on The Financial Statements (page no-75)

OUR VALUES / VISION, MISSION

Ever since our inception 113 years ago, BAT Bangladesh is committed to partnering the country in its sustainable development journey. Our top-notch compliance and governance standards are seen as a standard for the corporate world. At the same time, we are known for developing world-class leaders for both national and international organizations. At BAT Bangladesh, we have set our Company's goals that require us to embrace new ways of doing things.

- ▶ Truly inclusive
- ▶ Passion to win
- ▶ Do the right thing
- ▶ Empowered through trust
- ▶ Love our consumer
- ▶ Stronger together

Our vision, mission, strategic objectives, and value statements are depicted on page 20 of this annual report.

11. HUMAN CAPITAL

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

To ensure long-term viability, the Company emphasizes a skill and merit-based recruitment and selection process with a highly competitive remuneration package, adequate training and capacity development programs, career growth with succession planning, a high-performance culture, and a satisfying workplace environment where employees can escalate their grievances and receive counseling.

11.1 RECRUITMENT AND SELECTION

The quality of talent and talent development prioritised focus areas of the Company. Recruitment and selection are an integral part of such best practices. Battle of Minds (BoM), an esteemed competition organized and hosted by BAT Bangladesh every year is a highly anticipated business recruitment platform. Over the last 20 years, BoM has been the flagship employer branding initiative to attract graduates. In 2019, the bar was set even higher as BoM was launched on a completely new scale globally. Further, despite the pandemic, BoM was fully re-pivoted online and emerged as one of the most successful events conducted virtually in the country. The 2023 edition resumed its physical avatar after 3 years of the pandemic and was a roaring success with new features and functionalities.

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

11.2 LEARNING & DEVELOPMENT

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

11.3 COMPENSATION & BENEFITS

The recruitment strategy of the Company is based on attracting and retaining the most suitable people at all levels of the business. The Company's remuneration policies are competitive and, as such, developed embedding individual qualifications, skills, performance, contribution and responsibility, thereby ensuring a robust differentiation among other companies.

11.4 COMPREHENSIVE PERFORMANCE MANAGEMENT PROGRAM

BAT Bangladesh has a well-structured policy for evaluating performance. The comprehensive performance appraisal system allows the management to measure performance against business targets at the end of the year. The appraisal system is crucial to reward performance according to our rigorous screening process, while also providing other employees to further build their capabilities to ensure that they actively contribute to meeting the Company's goals and objectives.

11.5 REWARDS AND RECOGNITION PROGRAM

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

11.6 GRIEVANCES AND COUNSELLING

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

11.7 ENSURING A SOUND WORKPLACE

Our people have always been the core strength of the Company. The Company invests time and resources to ensure an amicable and suitable work environment. All employees (both office and factory) must respect the workplace rules. A zero-tolerance policy is maintained across the Company against any sort of discrimination. Further, all employees, irrespective of their gender, are presented with equal opportunity in the spirit of meritocracy and are not subjected to any deprivation of work opportunities.

12.0 ASSETS & RECORDS MANAGEMENT

The Board of Directors of BAT Bangladesh acknowledges its function as a trustee of shareholders' funds. Hence, the Board has been supervising investment in ensuring cutting-edge operational efficiency. From the acquisition to the disposal of assets, thorough transparency and accountability are ensured, keeping in mind shareholders' best interests. The implementation of safety measures and periodic physical verification is taken on a test basis for ringfencing of corporate assets and to ensure the accuracy and authenticity of the numbers reported. Against industrial risks, relevant assets are sufficiently covered by insurance. Records of the Company are archived safely for prompt retrieval in case of need arising for reference at a later date. The Company Secretary is entrusted with the records management responsibility of the Company.

13.0 STATUTORY AUDIT

Based on the recommendation of the Audit Committee, the Board endorses the appointment of an Auditor upon shareholders' approval at the Annual General Meeting. Appointment of the Statutory Auditor is regulated by the Companies Act, 1994, Securities & Exchange Rules, 1987,

and the BSEC Codes of Governance, 2018. Shareholders not only approve the appointment of the Statutory Auditor but also fix the remuneration of the Auditor. As per the BSEC order, a Statutory Auditor cannot remain in office for more than three consecutive years. Further, to ensure adequate regulatory compliance, a Compliance Certificate is obtained from a licensed practicing professional who certifies based on his audit that the Company has duly complied with all the regulatory requirements, as stipulated in the CGC of Bangladesh Securities and Exchange Commission (BSEC). Such report is presented to the shareholders and forms a part of the Annual Report of the Company. The appointment of the Compliance Auditor is also subject to the approval of shareholders at the Annual General Meeting.

14. INDEPENDENT SCRUTINIZER TO THE 51ST AGM

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

The Board of Directors, in its meeting dated 8th February 2023 appointed Mohammad Sanaullah & Associates, represented by Mr. Mohammad Sanaullah FCS, as the Independent Scrutinizer for the 51st Annual General Meeting (AGM) of the Company, which will be held virtually

on 28th March 2024 at 10:30am. The responsibilities of the Independent Scrutinizer shall authenticate the due process of election and detailed information of voting results, and such authenticated report shall be submitted to the BSEC within 48 (forty-eight) hours of the conclusion of the 51st AGM of the Company.

15.0 TRANSPARENT DISCLOSURE

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

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

The Board is responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. Accounting estimates are made, which are rational as per the circumstances with the use of correct accounting policies and interpretations. The reports are then reviewed accordingly by the respective authorities on a regular basis.



The external auditor attends the Audit Committee meetings to review the quarterly financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Company policies. The Board reviews the financial statements of the Company at the end of every quarter. The quarterly financial statements, along with notes, are published in two leading daily newspapers, as well as on the Company's website. Further, half-yearly and annual financial statements are also sent to all shareholders in a timely manner. Directors prepare the Directors' Report, which is an essential part of the Annual Report as it discloses the financial performance as well as non-financial information regarding the Company's growth, productivity, responsibilities, and other information, in compliance with BSEC notification. The Company also abides by the applicable regulations with respect to Price Sensitive Information (PSI).

16.0 ANNUAL GENERAL MEETING (AGM) & COMMUNICATION

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

dissemination of information and also to ensure maximum attendance at the AGM. Quarterly and half-yearly account information are also published on the website and duly notified to all stakeholders on a timely basis. The Company liaises with shareholders and ensures that all stakeholders are informed about the Company's activities and material developments on a routine basis. In order to ensure information is broadcast among all shareholders and stakeholders, BAT Bangladesh also engages with stakeholders and shareholders as much as possible. The importance of general shareholders of the Company is well-acknowledged by the Directors and the AGM provides a platform for the Directors to engage and communicate with them. The Annual Report is made available to shareholders in advance for ensuring detailed and constructive discussions. The Company's policy ensures that shareholders ask questions about its activities and prospects at the AGM. The Board also structures these meetings so that shareholders can vote separately on each matter by proposing separate resolutions for each item to be considered.

SUMMARY OF AGM/EGM

Particulars	2023	2022	2021	2020	2019
Date of the AGM	29 March	30 March	28 March	22 April	28 April
Date of the EGM	29 March	-	-	28 April	-
Ordinary Business Agenda	5	5	5	5	5
Special Business Agenda	-	-	1	-	-

17.0 ENSURING PARTICIPATION OF SHAREHOLDERS AT THE AGM

Ensuring maximum participation of shareholders at the AGM is one of the primary objectives of BAT Bangladesh and, towards this extent, it delivers the Annual Report at least 21 days prior to the AGM. The date, time, venue and agenda are communicated to members well in advance so that they may attend the AGM with their considered views on each agenda. The meeting materials are sent by means of both messenger and digital media for quick dissemination. Further, BAT Bangladesh, being highly particular about compliance with regulatory requirements, ensures the publication of the AGM notice in two widely circulated newspapers, with copies, also sent to the stock exchanges and the BSEC.

BAT Bangladesh is conducting its AGM through a secured online platform in compliance with BSEC Directive No. BSEC/CMRRC/2009-193/08 the AGM is conducted under a digital Platform where an Independent Scrutinizer who has experience and qualification in CS and CA is appointed to maintain due diligence in performing the cast of the voting online and offline.

17.1 COMMUNICATION WITH SHAREHOLDERS

We are committed to upholding the rights of our shareholders, ensuring effective communication through various channels, and conducting the Annual General Meeting (AGM) as per the BSEC guidelines.

Communication is made by the Company to meet the best interests of all shareholders. Demonstration of best practices is further manifested by ensuring that comprehensive information is made available on the Company's website, assuring investor trust and confidence in the Company. The Company's website (www.batbangladesh.com) acts as the right channel in case of retrieval of any publication. At the AGM, shareholders are offered the chance to ask the Board about the operations and prospects of the Company.

Moreover, the shareholders are updated through:

The monthly shareholding pattern in the website

- ▶ Compliance report submitted to Dhaka Stock Exchange & Chittagong Stock Exchange

- ▶ Timely updates of the financial quarterly results and Price Sensitive Information
- ▶ Disclosure of the update of the company through the proper representation of the Annual Report
- ▶ Proper inform of the material information

The shareholders can ask any queries through the Hotline number of the company (+8801313701925), the Facebook page of the BAT Bangladesh Shareholders (<https://www.facebook.com/batb.shareholders/>) and through the designated mail address (batbshareoffice@bat.com)

17.2 COMMUNICATION THROUGH THE WEBSITE

The Company's website www.batbangladesh.com displays the Annual Reports, half-yearly financial reports, quarterly financial reports, and different price-sensitive information. All disclosures are required by the Bangladesh Securities and Exchange Commission, Listing Regulations of the Dhaka Stock Exchange Limited, and the Chittagong Stock Exchange in the form of PSI is made adequately and promptly. In addition to ensuring timely compliance, this also enables the dissemination of information to all stakeholders and the public through print and online media.

17.3 WELL-DEFINED SHAREHOLDERS' RIGHTS

For managing successful and productive relationships with shareholders, it is imperative to reinforce the importance of maintaining trust, transparency and accountability. The Board ensures, through the Investors Relations, that shareholders of the Company are treated justly, fairly and honorably and their rights are protected in all respects. The Company Secretary works as a bridge over the management, shareholders and the Board of Directors of the Company, delivering assured services to valued shareholders while confirming as per applicable laws and Articles of the Association of the Company the well-defined rights of shareholders. Shareholders are informed on all material developments/matters in a routine manner on all major issues and changes in business, catering to the continuous requirement of disclosures so that shareholders can make informed decisions.

17.4 SHAREHOLDERS' COMPLAINT MANAGEMENT PROCESS

BAT Bangladesh is a firm believer in treating all shareholders fairly. We have committed to serving the right procedure in order to handle the shareholders' complaints within the time period in order to settle the complaints on a priority basis. A Complaint Management Policy is in place to facilitate effective stakeholder involvement as well as maintain stakeholder rights and responsibility. Our commitment is to:

- ▶ Facilitating easy access to shareholder information
- ▶ Ensuring that shareholders' inquiries and complaints are handled in an efficient and timely manner.
- ▶ Facilitating access to material information.

17.5 OUR COMPLAINT MANAGEMENT SYSTEM

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

- I. Complaints or inquiries received by email are acknowledged by email within 24 hours of receipt and by post are responded to within two working days of receipt;
- III. Endeavors to resolve all complaints within ten (10) working days of receipt (upon the shareholder meeting all conditions and requirements for the resolution of the complaint.)
- IV. Where a complaint/inquiry cannot be resolved within the stipulated time frame, the time within which to resolve the complaint may by notice be extended. Where the complaint can still not be resolved, the complainant may be referred to an authority that may likely handle and resolve the complaint;
- V. The same medium that was used for the initial inquiry is used in providing a response unless otherwise notified to or agreed with the shareholders. The investor relationship department endeavors to resolve all complaints amicably and keep shareholders updated on the status of resolution.

17.6 WAYS TO RAISE ANY COMPLAINTS

i. Company Secretary

Md. Azizur Rahman FCS
Company Secretary
md_azizur_rahman@bat.com

ii. Investment Relationship Department (Share Office)

Md. Atiqur Rahman
Assistant Manager- Company Secretarial Affairs
Atiqur_Rahman@bat.com
batbshareoffice@bat.com
Mobile: +8801313701925, +8801755532753
British American Tobacco Bangladesh
New DOHS Road, Mohakhali, Dhaka-1206

17.7 SPEAK UP POLICY (WHISTLE-BLOWER POLICY)

BATB's SPEAK Up Policy enables any employee, supplier or anyone associated with the Company to inform of any wrong-doings or violation of policy. The flexibility of this policy is that one does not simply have to wait for a violation to occur but simply if there lies a chance of violation.

Anyone can now report it directly to the Company's designated officers via email, letter, or phone call. The Company Designated Officers are as follows:

- ▶ Managing Director
- ▶ Finance Director
- ▶ Head of Legal
- ▶ Head of HR
- ▶ Company Secretary

If they prefer, they can report any incident on the online Speak Up Portal (convercent.com), where they can remain anonymous. When an incident is reported, it is investigated, and steps are taken to ensure that such an occurrence does not occur again in the future. The company listens to every complaint, acts quickly, and learns from it. Even if the allegations are not proven, those who make them face no consequences. The procedure is one-of-a-kind in this way. The incidents are promptly reported to the Board Audit Committee for follow-up action to ensure that no wrongdoings or violations occur.

18.0 BOARD COMMITMENTS

BAT Bangladesh has been the highest corporate taxpayer in the private sector and is also listed on both the Dhaka and Chittagong Stock Exchanges. In 2023 alone, the Company disbursed the sum of BDT 32,802 crore as tax to the national exchequer. BAT Bangladesh has always cherished and shall continue to value its treasured relationship with the Government of Bangladesh, esteemed shareholders, and other stakeholders of the Company by practicing the highest standards of ethics and governance.

19.0 SUMMARY

In conclusion, BAT Bangladesh reaffirms its dedication to maintaining the highest standards of corporate governance as outlined by the Bangladesh Securities Exchange Commission. This statement serves as a testament to our commitment to transparency, accountability, and ethical business practices for the benefit of our stakeholders and the broader community through navigating the challenges of the business landscape with resilience and integrity.

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

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

Whilst the Company continued to register sound gross turnover growth, the Company also remained resilient in 2023 in terms of profit and value generation too and will continue to rely on its agility whilst adapting to the changing business environment and market sentiments to deliver resilient overall results in the future.

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

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



Golam Mainuddin
Chairman

element of our business.

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

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

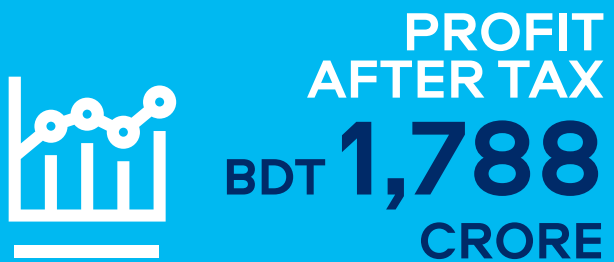
DISCLAIMER:

We are providing clarification regarding our non-pursuance of ISO certification in production. Following a thorough assessment of our organization's operational environment where ISO Certification has not been yet applied, it has been determined that dedicating efforts towards ISO certification may not currently align practice in the industry. While we acknowledge the significance of ISO certification in signaling adherence to international standards, we have chosen to allocate our resources with Integrated Work System (IWS) that is deemed more pertinent to our operational excellence. Rest assured, our commitment to upholding exemplary standards of quality and efficiency remains steadfast. Regarding the Sustainability Reporting- that refers ESG & CSR Reports information/disclosure on third party assurance report including any impact assessment report and a statement of Independence by such assurer & applicable standards and accreditations, the Company recognizes the importance of ESG certification in demonstrating our commitment to sustainable practices and responsible corporate governance, we have chosen to focus our resources on other initiatives that we believe will better serve our organization and stakeholders. Although ESG audit certification is not being pursued presently, we remain committed to upholding and advancing our sustainability efforts and practices.



Md. Azizur Rahman FCS
Company Secretary

KEY FINANCIAL METRICS





AUDIT COMMITTEE

STANDING FOR LEFT TO RIGHT

- ▶ Mr. Md. Shirajun Noor Chowdhury
- ▶ Mr. K. H. Masud Siddiqui
- ▶ Mr. A. K. M. Aftab Ul Islam FCA
- ▶ Ms. Zakia Sultana
- ▶ Mr. Md. Azizur Rahman FCS
- ▶ Mr. Tamzid Ahmed



REPORT OF THE AUDIT COMMITTEE

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

The Committee is mandated with the responsibility of investigating any matter within its Terms of Reference (ToR), access all documents and information of the Company, seek information from any Director or employee of the Company, and co-opt any resource (including external expertise) it deems necessary in order to discharge its responsibilities. All employees are expected to cooperate with any request made by the Committee. The Committee is also authorized to have information and advice from the Company's legal advisor, tax consultant and statutory auditor, if required. However, the Committee has no executive function, and its primary objective is to review, challenge and course correct, rather than assume responsibility for any matter within its remit.

The Committee presents a summary of its activities to shareholders and stakeholders, including other interested parties by means of this report. Furthermore, the Committee Chairman attends all General Meetings of the Company's shareholders to answer any queries on the Committee's activities.

The Committee also assists the Board in ensuring that the financial statements reflect a true and fair picture of the state of affairs of the Company and ensures a sound monitoring and financial surveillance system within the business and the overall organisation.

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

- ▶ Enhance good practices in financial reporting and risk management.
- ▶ Ensure the establishment of adequate internal controls and compliance with laws and regulations.
- ▶ Ensure that the preparation, presentation and submission of financial statements have been made in accordance with the prevailing laws, standards and regulations.

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

THE COMPOSITION OF THE COMMITTEE

The Board has formed the Committee, required under condition 5 of the Corporate Governance Codes of BSEC, with some specific assignments under its ToR. The Committee comprises of the following Directors of the Company:

- ▶ **Mr. A. K. M. Aftab UI Islam FCA** (Independent Director & Chairman of the Committee)
- ▶ **Mr. K. H. Masud Siddiqui** (Member)
- ▶ **Ms. Zakia Sultana** (Member)
- ▶ **Mr. Shirajun Noor Chowdhury** (Member)
- ▶ **Mr. Md. Azizur Rahman FCS** (Secretary)
- ▶ **Mr. Tamzeed Ahmed** (Sr. Manager, Internal Audit)

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

TERMS OF REFERENCE

The ToR of the Committee clearly define the roles and responsibilities of the Committee. The roles and responsibilities are periodically reviewed and may be amended from time to time as required for the business, in line with BSEC notifications, subject to approval by the Board. The roles and functions of the Committee are further regulated by the rules governing the Committee as specified by the "Corporate Governance Code" issued by the BSEC.

ROLES AND RESPONSIBILITIES

The following comprises the primary activities of the Committee in discharging its responsibilities. These responsibilities serve as a guide since the committee may carry out additional functions in light of the changing business, legislative, regulatory, legal or other such conditions in addition to any other responsibilities which may be assigned from time to time by the Board.

The Committee is empowered to monitor, review, and examine:

- ▶ Any financial matters related to the Company.
- ▶ Efficiency of Internal Control systems and risk mitigating procedures that are in place.
- ▶ Review the quality of Accounting Policies and their adherence to Statutory and Regulatory Compliance.

- ▶ Review the Company's Annual Report and Accounts and Interim Financial Statements prepared for disclosure, before submission to the Board.
- ▶ Ensure that a well-managed and sound financial reporting system is in place to provide timely and reliable information to the Board of Directors, Regulatory Authorities, Management, and any other required stakeholders.
- ▶ Ensure Company's policies are firmly committed to the highest standards of good corporate governance practices and operations conform to the highest ethical standards and in the best interests of all stakeholders.

MEETINGS

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

The Head of Internal Audit & Compliance (HIAC) reported to the Committee, and HIAC attended the Committee Meeting as a permanent invitee. The Finance Director, Managing Director, members of the Management and other senior managers attend the meeting as per

the requirements of the meeting by invitation. At the invitation of the Committee, the Engagement Partner of the Company's external auditors, KPMG Rahman Rahman Huq, Chartered Accountants, attended all Committee meetings during the year.

Meetings of the Board Audit Committee held in 2023 are as follows:

S.L No	Meeting	Date of Meeting
1	143 rd Board Audit Committee Meeting	7 th February 2023
2	144 th Board Audit Committee Meeting	9 th May 2023
3	145 th Board Audit Committee Meeting	22 nd July 2023
4	146 th Board Audit Committee Meeting	23 rd October 2023

The Board Audit Committee Members and the their attendance for the year 2023 are as follows:

S.L No.	Name of the Directors	Designation in the Committee	Presence of the Directors in the meeting during their tenure			
			No. of Meeting	Present	Absent	% of attendance
1	Mr. A.K.M. Aftab UI Islam FCA	Chairman	4	4	-	100
2	Mr. K. H. Masud Siddiqui	Member	4	4	-	100
3	Ms. Zakia Sultana	Member	4	4	-	100
4	Mr. Shirajun Noor Chowdhury	Member	4	4	-	100
5	Mr. Md. Azizur Rahman FCS	Company Secretary	4	4	-	100

ACTIVITIES

The Committee carried out the following activities during the year 2023:

(i) Reviewing Financial Reporting

Reviewed the quarterly financial statements ended on 31st March 2023, 30th June 2023, and 30th September 2023; and the annual financial statements for the year ended 31st December 2023 of the Company, focusing particularly on:

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

- ▶ The going concern assumption.

(ii) Reviewing Related Party Transactions

Reviewed any related party transactions, which had not raised any conflict of interest with the Company, including any transaction, procedure or conduct raising questions of management integrity.

(iii) Preparation of Audit Committee Reports

The Audit Committee Report was prepared in accordance with the BSEC Code and submitted to the Board. The report specifies the composition of the Committee, ToR, the number of meetings held and attendance thereat, a summary of activities and the performance of internal audit services.

(iv) Review and Ensure Internal Control

- ▶ Reviewed the Risk Management and Corporate Governance framework adopted within the Company and were satisfied with the methodology deployed that allowed for the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.
- ▶ Reviewed the extent of compliance with established internal policies, standards, guidelines, and procedures.
- ▶ Obtained assurance through internal and external audit that proper control has been designed and implemented prior to the commencement of major change/s within the Company.

(v) Monitoring of Internal Audit

The role of Internal Audit at the Company is designed in line with local legal and regulatory requirements. Furthermore, according to the Corporate Governance Code, a compliance review mechanism of cross-functional processes is also established in the Company.

Internal Audit undertakes risk-based audit approach towards the planning and conducting of audits. As such, the nature of audit performed is mainly focused on commercial processes, factory and supply chain processes, IT processes and any project or program focused on significant business change initiatives. Other reviews may arise from a direct request, either from the Committee or Management.

Internal Audit provides an independent assessment on the effectiveness and efficiency of internal controls utilizing a robust audit methodology and tool to support the Company and develops a risk management framework to provide assurance over the Company's strategy delivery and change management initiatives. The annual audit planning cycle takes direct input from both the Company risk register and the Committee. In turn, the Committee formally approves the Internal Audit & Compliance plan every year and reviews the plan on a quarterly basis. Any subsequent changes to the plan are approved by the Committee. The scope of Internal Audit & Compliance covers reviews of all units and operations.

The Committee performed the following activities related to Internal Audit in 2023:

- ▶ Appointed an Internal Audit team ensuring the competency and qualifications and ensured sufficient resource allocation was made for the Internal Audit Team to execute the approved audit plans. The Committee also ensured full, free, and unrestricted access to all activities, records and property for Internal Audit.
- ▶ Reviewed the internal audit plan, methodology and resources of internal audit to ensure adequacy before

approving the internal audit plan.

- ▶ Ensured that appropriate actions have been taken to implement the audit recommendations.
- ▶ Recommend and guided Internal Audit for any action plan or further review by the Committee.
- ▶ Conducted and monitored the following Internal Audit during 2023:
 - ▶ Recruitment Process Review
 - ▶ Procurement Process Review
 - ▶ Brand Management Process Review
 - ▶ All Company Audit (excluding Factory)
 - ▶ End-to-End Leaf Process Audit
 - ▶ 3rd Party Contractor Management Review
- ▶ Considered the quarterly Internal Audit & Compliance Report along with the status update of Internal Audit & Compliance Action plans.

(vi) Responsibility related to External Audit

As a policy, the Committee prohibits the external auditors from performing any work that they may subsequently need to audit, or which might otherwise create a conflict of interest. The external auditors are not engaged by the company on any material non-audit work such as:

- ▶ Appraisal or valuation services or fairness opinions.
- ▶ Financial information systems design and implementation.
- ▶ Book-keeping or other services related to the accounting records or financial statements.
- ▶ Broker-dealer services; Actuarial services; and
- ▶ Internal audit services

In 2023, the Committee appraised the expertise, resources, independence, and objectivity of the external auditors and also reviewed their effectiveness as external auditors. The Committee performed the following responsibilities related to External Audit:

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

- ▶ Reviewed External Auditor's assessment on the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- ▶ Reviewed any matters concerning the appointment and reappointment, audit fee and resignation or dismissal of the External Auditor.
- ▶ Reviewed and evaluated factors related to the independence of the External Auditor and assisted them in preserving their independence.
- ▶ Took advice and decide to or not to make significant use of the External Auditor in performing non-audit services within the Company, considering both the types of services rendered and the fees, so that its position as an auditor is not deemed to be compromised.

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

REPORTING OF THE AUDIT COMMITTEE

(i) Reporting to The Board of Directors

According to the BSEC Code, the Committee's primary responsibility is to report to the Board of Directors in consultation with the Management as per its Terms of Reference (ToR). The Committee immediately escalates its concerns to the Board in case of the following findings:

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

The Committee further ensured that, in compliance with condition no. 5 of the Corporate Governance Code of BSEC Notification No. SEC/CMRRCD/2006-158/207/ Admin/80 dated 3rd June 2018, the Managing Director and the Finance Director of the Company have certified before the Board that they have thoroughly reviewed the Financial Statements of the Company for the year ended 31st December 2023, and they state that:

- ▶ They have reviewed the financial statements for the year ended on 31st December 2023 and that to the best of their knowledge and belief:
- ▶ These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

- ▶ These statements collectively present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ▶ There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct of the Company's Board of Directors or its members.

(ii) Reporting to the Authorities

The Committee reports to the Board of Directors about any matter which has a material impact on the financial condition and results of operation. The Committee also discusses with the Board of Directors and the Management if any rectification is necessary. If the Committee finds that such rectification has been unreasonably ignored, the Committee reports such findings to BSEC upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.

(iii) Reporting to the Shareholders and General Investors

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

SUMMARY OF ACTIVITIES DURING THE YEAR 2023

The Committee performed its duties in accordance with the ToR of the Committee and carried out the following activities in 2023:

Reviewing Financial Reporting 2023

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

Monitoring Internal Control

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

Monitoring Internal Audit Process

The Committee reviewed and approved the annual Internal Audit plan in 2023. The Committee also reviewed the reports that included findings, root cause, impact, and recommended actions by the Internal Audit team. The actions plans and their progress updated were monitored by Committee. These reports were issued to Committee and Management Leadership Team.

Reviewing External Audit Report 2023

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

Appointment of Auditors

The Committee reviewed and made recommendation to the board on the appointment and remuneration of the statutory Auditor.

Reviewing Related Party Transactions

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



Md. Azizur Rahman FCS
Company Secretary

Ethical and Integrity Areas

The Committee deliberated reports on whistleblowing and policy breach incidents, security and safety matters and loss reports. They also periodically reviewed environmental, health and safety reports.

Review Annual Report Process

The Committee reviewed disclosures required by the statement on corporate governance, audit committee report, statement on risk management and internal control for the financial year ended 31st December 2023 for inclusion in the Annual Report 2023 and recommended their adoption to the Board.

Evaluation of the Committee

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

Based on its reviews and above-mentioned discussions, the Committee is of the view that the internal control and compliance system of the Company is adequate for purposes of presenting a true and fair view of the activities and financial status of the company and for ensuring that its assets are safeguarded properly against business and operational risks. All this enabled the Committee to evaluate major risk areas, issue broad level guidance for management so as to ensure effective controls are in place and to provide accurate, appropriate, and timely information to the Board of Directors, regulatory bodies, and shareholders.



A. K. M. Aftab UI Islam FCA
Chairman



NRC COMMITTEE

STANDING FOR LEFT TO RIGHT

- ▶ Mr. A. K. M. Aftab Ul Islam FCA
- ▶ Mr. K. H. Masud Siddiqui
- ▶ Mr. Golam Mainuddin
- ▶ Mr. Md. Azizur Rahman FCS

NOMINATION & REMUNERATION COMMITTEE REPORT



The NRC has a guiding role to the management to identify the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria. This committee is based on the Charter of NRC formulated mainly in accordance with the CG guidelines of BSEC as well as comprising other global best practices.

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

THE COMPOSITION OF THE COMMITTEE

The Board of Directors of BAT Bangladesh has duly constituted a Nomination and Remuneration Committee, as per the requirements of the BSEC Codes of Corporate Governance. The nomination & Remuneration Committee is a subcommittee of the Board and operates independently to ensure the rights and value of the Company's human resources. The NRC assists the Board in formulating the nomination criteria for determining qualifications, positive attributes, experiences and independence of Directors and other top-level executives as well as a policy for the formal process of considering the remuneration of directors and senior-level executives of the Company. The Committee comprises the following Directors of the Company:

- ▶ **Mr. K. H. Masud Siddiqui** (Independent Director & Chairman of the Committee)
- ▶ **Mr. Golam Mainuddin** (Member)
- ▶ **Mr. A.K.M Aftab UI Islam FCA** (Member)
- ▶ **Mr. Md. Azizur Rahman FCS** (Secretary)

PURPOSE AND AUTHORITY OF THE COMMITTEE

The NRC also assists the Board in formulating policy for the formal and continued process of considering the

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

TERMS OF REFERENCE

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

ROLES AND RESPONSIBILITIES

The NRC was set up with explicit terms of reference. Abiding by it, the Company follows a nomination and remuneration policy, the benchmark of which relies on standards that are recognizable in the market context and sufficient to meet the current and future needs of the Company. The broad criteria in that respect for Directors and top-level executives and all other employees of the Company are as follows:

a) Nomination Criteria

- ▶ Following the Company policies as well as guidelines and applicable country regulations
- ▶ Following a selection process that is transparent in all respects,
- ▶ Following a process which is compatible to international standards and local best practices,
- ▶ Recognize core competencies of the respective personnel for the different level of management and employees of the Company,
- ▶ Follow diversity in age, maturity, qualification, expertise and gender disciplines,

b) Recruitment and Selection Guidelines

The NRC Charter draws a broad outline of the Company's needs for employees at different levels, as ascertained by the management. The recruitment and selection of Directors, top-level executives and other employees of the Company are made according to the following guidelines:

- ▶ **Executive Director:** The NRC recommends the candidate(s) for Executive Director(s), based on nomination by the majority shareholders. The Board of Directors appoint the Executive Director/s upon nomination and recommendation of the NRC.
- ▶ **Non-Executive Director:** The NRC recommends candidate(s) for Non-Executive Director(s), based on nomination by the majority shareholders, the Government shareholders and other general shareholders. The Board of Directors appoints the Non-Executive Directors upon nomination and recommendation of the NRC.
- ▶ **Independent Director:** The Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws that can make meaningful contribution to the business. The Independent Director should have competence relevant to the sector in which the Company operates, and necessarily should have the qualifications as required by the regulations of BSEC. The Board of Directors appoint Independent Directors upon nomination and recommendation of the NRC, which is then approved by shareholders at the Annual General Meeting of the Company.
- ▶ **Top-level executives:** The NRC identifies and recommends candidate(s) for top-level executives upon thorough scrutiny by the Managing Director, Executive Committee and Human Resources Department (HRD), considering relevant qualifications, experience, skills and leadership, as required for the respective positions based on the Company's internal selection process.

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

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

c) Remuneration Criteria

- ▶ The structure, scale and composition of remuneration/ honorarium is reasonable and sufficient to attract, retain and motivate suitable Directors, top-level executives and other employees to run the Company efficiently and successfully. The context of packages, including remuneration/ benefits monthly, yearly and in the long run for all the employees are categorically laid down and meets the appropriate performance benchmarks;
- ▶ There is a clear balance in benefits between fixed and incentive pay of Executive Directors and senior management, reflecting short and long-term performance goals and objectives of the Company;
- ▶ The remuneration, including bonuses, compensation, benefits (or in whatever form) payable to the Executive Directors, top-level executives and other employees are determined by the NRC based on the respective Company policies and guidelines, which shall be ratified by the Board as and when required;
- ▶ The remuneration to be paid to the Executive Directors is in accordance with the Company's policies and guidelines; a. Increments (if any) to the existing structure of remuneration are determined by the NRC based on the Company's policies and guidelines, which are ratified by the Board as and when required;
- ▶ The NRC recommends the Board meeting attendance fees, honorarium, including incidental expenses, if any; and
- ▶ No member of the NRC receives, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.

EVALUATION CRITERIA

a) Executive Directors

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

b) Independent Director & Non-Executive Director

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

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

c) Top-level Executives & Other Employees

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

MEETINGS

The Committee held on six (6) meetings during the year under review. The attendance of Committee members at

meetings is stated in the table. Members of the senior management of the company were invited to participate at meetings as and when required. The proceedings of the NRC meetings are regularly reported to the Board of Directors. On invitation of the Committee, Managing Director, Finance Director and Head of Human Resource attended all Committee meetings during the year.

Meetings of the Board NRC held are as following dates:

S.L No	Meeting	Date of Meeting
1	1 st NRC Meeting of 2023	25 th January 2023
2	2 nd NRC Meeting of 2023	26 th February 2023
3	3 rd NRC Meeting of 2023	22 nd July 2023
4	4 th NRC Meeting of 2023	13 rd September 2023
5	5 th NRC Meeting of 2023	21 st November 2023
6	6 th NRC Meeting of 2023	18 th December 2023

NRC Meeting and Attendance:

S.L No.	Name of the Directors	Designation in the Committee	Presence of the Directors during the meeting			
			No. of Meeting	Present	Absent	% of attendance
1	Mr. K. H. Masud Siddiqui	Chairman	6	6	-	100
2	Mr. Mr. A.K.M. Aftab UI Islam FCA	Member	6	6	-	100
3	Mr. Golam Mainuddin	Member	6	6	-	100
4	Mr. Md. Azizur Rahman FCS	Company Secretary	6	6	-	100

Activity Summary of Nomination and Remuneration Committee during the year

- ▶ The NRC periodically reviews the background of the Independent Directors, the level of their independence as well as the performance attributes of Non-Executive Directors
- ▶ Review the mixed and composition of the board and committees.
- ▶ Review and approve the remuneration 2023 for the Management.
- ▶ Review Bonus pay-out ranges for the Management.
- ▶ Appoint Mr. Stuart Kidd as a Non-Executive Director, Mr. Mohammad Salahuddin as a Non-Executive Director, Ms. Nirala Nandini Singh as Finance Director, Ms. Monisha Abraham as Non-Executive

Director, Mr. Wael Sabra as Non-Executive Director, Mr. Francisco Javier Toso Canepa as Non-Executive Director, Mr. Gary Tarrant as Non-Executive Director, Dr. M. Harunur Rashid as Independent Director of the Company.

- ▶ To recommend the appointment of Mr. Hector Homero Tamez Perez for the position of Operations Project Senior Manager, Mr. Zou Runsheng for the position of Leaf Operations Transformation Senior Manager, Mr. Tamzeed Ahmed as Internal Auditor & Compliance Manager, Mr. Syed Mahbub Ali new Head of Marketing, Mr. Alex Genehr as the Head of Leaf Operations, Randima Prabath Abeyasing Pathirana, an assignment as Corporate HR Business Partner, Sudesh Peter as 'Head of Legal', Biyagamage Nishan Ravi Fernando, an assignment, as Senior RTM & 'Customer Development Manager', of the Company.

- ▶ To recommend amendment of Recognition policy, Maternity Adoption Benefit Policy, Termination clause in Employment Contract, Leave and Attendance Policy, Employee Eligibility to Provident Fund benefits, Prevention of Sexual Harassment and Misconduct Policy, changes in the Voluntary Gratuity Scheme (VGS) settlement modality of BATB Separation Policy, 2024 Short-Term Incentive (STI) review for G34, Leave and Attendance Policy, Maternity, Paternity and Adoption Policy, Vehicle policy (Benefit Car Review & Tool of Trade (ToT) Policy) of the Company.

STANDARDS OF BUSINESS CONDUCT

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

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

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

The broad areas covered by the standards include the following:

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



Md. Azizur Rahman FCS
Company Secretary

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

ETHICS AND COMPLIANCE

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

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

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



K. H. Masud Siddiqui
Chairman



সাফল্যের
৪৩ বছর



৪৩ বছরের
অগ্রযাত্রায়
বনায়ন

— একটি সবুজ আগামীর লক্ষ্য —



দেশের সর্ববৃহৎ
বেসরকারি বনায়ন প্রকল্প



১২.৫+ কোটি
চারা বিতরণ

'টেকসই উন্নয়ন লক্ষ্যমাত্রা'
অর্জনে আমরা অঙ্গীকারবদ্ধ



বিস্তারিত জানতে স্ক্যান করুনঃ
অথবা ভিজিট করুনঃ

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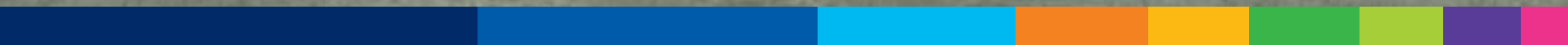




CSR COMMITTEE

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



REPORT OF THE CSR COMMITTEE

At British American Tobacco Bangladesh Company Limited (BATB), Corporate social responsibility (CSR) demonstrates our action of doing good across our arch of influence. It demonstrates our deep commitment to continue to serve our customers, communities, Shareholders and Government in good and in difficult times. It articulates our responsible stewardship for a more equitable future. The Company's CSR emphasis is embedded into the culture of the Company, not only enabling the enhancement of business sustainability but also ensuring commitment to long-term stakeholder value creation. BAT Bangladesh's CSR initiatives include three projects which are of great impact to the fundamental needs of the society at large.

THE COMPOSITION OF THE COMMITTEE

On 11th April 2012, the Board of Directors established a CSR Committee as a Sub-Committee of the Board. Seven (7) Directors nominated the Board CSR Committee. The Board formed the CSR Committee to ensure better management of the Company's CSR initiatives in a way that secures business sustainability and creates and sustains a positive impact on the reputation of the Company.

The 2023 CSR Committee comprised of the following Board of Directors of the Company:

- ▶ **Ms. Zakia Sultana** (Chairman of the Committee)
- ▶ **Dr. M Harunur Rashid** (Member)
- ▶ **Mr. Mohammad Salahuddin** (Member)
- ▶ **Mr. Md. Abul Hossain** (Member)
- ▶ **Mr. Md. Azizur Rahman FCS** (Secretary)

CSR Committee Meeting and Attendance:

S.L No.	Name of the Directors	Designation in the Committee	Presence of the Directors during the meeting			
			No. of Meeting	Present	Absent	% of attendance
1	Ms. Zakia Sultana	Chairman	4	4	-	100
2	Mr. Mohammad Salahuddin	Member	3	2	1	75
3	Dr. M Harunur Rashid	Member	3	3	-	100
4	Mr. Md. Abul Hossain	Member	4	4	-	100

The Head of Legal and External Affairs and the Sustainability Affairs Manager of the Company are permanent invitees to the CSR Committee meetings by means of their position. Other relevant managers and stakeholders also attended the meetings by invitation.

AUTHORITY

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

MEETINGS

For ensuring business sustainability and creating a positive impact on the image and reputation of the Company amongst stakeholders and the larger society, the CSR Committee takes up the necessary tasks. The Board CSR Committee member's attendance for the year 2023 as follows:

Meetings of the Board CSR Committee held on the following dates:

S.L No	Meeting	Date of Meeting
1	26 th CSR Committee Meeting	18 th January 2023
2	27 th CSR Committee Meeting	30 th May 2023
3	28 th CSR Committee Meeting	23 rd August 2023
4	29 th CSR Committee Meeting	29 th November 2023

S.L No.	Name of the Directors	Designation in the Committee	Presence of the Directors during the meeting			
			No. of Meeting	Present	Absent	% of attendance
5	Mr. Shehzad Munim	Member	4	4	-	100
6	Mr. Md. Azizur Rahman FCS	Company Secretary	4	4	-	100

ACTIVITIES SUMMARY

At BAT Bangladesh, we understand the impact that our Company has on the lives of the people we employ, the communities that surround our operational areas and the environment, as well as the economic contribution that we make to the regions in which we operate.

The Company's CSR activities are aligned with the Government's initiatives and focus on Sustainable Development Goals (SDGs).

BAT Bangladesh's CSR portfolio includes three CSR flagships of the Company. These comprise include Bonayan, Probaho and Deepto, which positively impact society.

BONAYAN, THE AFFORESTATION PROGRAMME: A JOURNEY TOWARDS A GREENER TOMORROW

In the pursuit of a greener and sustainable future, the Bangladesh Government showcases its dedication through the annual National Tree Plantation Campaign on World Environment Day. This initiative, designed to enhance public awareness and biodiversity, underscores their commitment to creating a more environmentally friendly Bangladesh. BAT Bangladesh's 'Bonayan' initiative, marking its 43rd anniversary in 2023, has been a cornerstone in this journey. With a distribution of over 125 million saplings, including 5 million in 2023, Bonayan actively contributes to biodiversity balance, aligning with the UN Sustainable Development Goals #13 (Climate Action) and #15 (Life on Land). The initiative aims to expand tree-covered land in Bangladesh by 2030, reflecting a collective effort towards a sustainable and green landscape.

Bonayan believes in public-private partnership and is proud to have worked with numerous government bodies and private organizations. Collaborations initiated in 2023:

- ▶ Bangladesh Bridge Authority (BBA)
- ▶ Bangladesh Small & Cottage Industries Corporation (BSCIC)
- ▶ Bangladesh Garment Manufacturers and Exporters Association (BGMEA)
- ▶ Bangladesh Secretariat Reporters Forum (BSRF) and others

Since 2017, almost 1.1 million Rohingyas seeking refuge in Cox's Bazar led to deforestation as they secured wood

from nearby forests. Responding to this, the Bangladesh Refugee Relief and Repatriation Commission (RRRC) initiated a reforestation program in 2018. BAT Bangladesh, as the exclusive private sector supporter through its 'Bonayan' ESG program, planted over 47,000 saplings in 6.2 hectares of blocks alone in 2023. Cumulatively, this surpasses 300,000 saplings planted since 2018 in the Kutupalong Rohingya Camp area, covering approximately 29.2 hectares of blocks and 18.7 kilometers of roadsides, aiming to mitigate the environmental impact of refugee settlements.

Additionally, since the Rajshahi City Corporation's tree plantation program launch in 2019, BAT Bangladesh was the sole private sector participant. The company, having signed an MoU with RCC, remains committed to tree plantation efforts in Rajshahi city until 2025, showcasing their dedication to environmental sustainability in urban areas.

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

BAT Bangladesh's continued commitment to afforestation was honored with the Prime Minister's Award five times, a testament to their ongoing dedication. Adding to Bonayan's accolades, the initiative also earned the esteemed SDG Brand Champion Award in Climate and Environment in 2023, showcasing their impactful contributions to sustainability.

PROBAHO, THE SAFE DRINKING WATER INITIATIVE: TOWARDS A SAFER TOMORROW

The universal pursuit of safety and health is paramount, and safeguarding something as essential as water is crucial. BAT Bangladesh's 'Probaho' Safe Drinking Water Initiative, in its 14-year journey, diligently works to provide access to clean water free from arsenic and contaminants. Proudly supporting Bangladesh Government's Sustainable Development Goals (SDGs) No. 3 (Good Health & Wellbeing) and No. 10 (Reduced Inequalities), Probaho is dedicated to helping achieve the target of ensuring 100% of the population has access to safely managed drinking water services by 2030.

In response to the severe water shortage caused by arsenic pollution affecting millions in Bangladesh, BAT

Bangladesh initiated the flagship ESG project 'Probaho' in 2009. Celebrating its 113th anniversary in 2023, BAT marked the completion of its 121st water purification facility. This project has provided over 300,000 people in 23 districts of Bangladesh access to around 600,000 liters of clean drinking water daily. Previously, many had to travel long distances to find safe drinking water.

BAT Bangladesh's commitment to safe drinking water is expanding beyond regions historically impacted by arsenic. The initiative has now reached areas facing shortages of clean water, such as Shatkhira with its salinity challenges, remote zones in Chattogram's hill tracts, and the islands of Saint Martin's. These diverse locations are undergoing the installation of water filtration plants as part of the ongoing effort.

The project has been awarded with the internationally acclaimed 'Asia Responsible Entrepreneurship Award-2018' and locally eminent 'Centenary Award 2014' from the Metropolitan Chambers of Commerce and Industries.

DEEPTO, A RENEWABLE ENERGY INITIATIVE: TOWARDS A BRIGHTER TOMORROW

In a scenic part of Bangladesh, people encountered challenges after sunset because of poverty and a lack of fuel. Before BAT Bangladesh introduced the 'Deepto' project in 2011, there was no power at night. To alleviate this issue, 'Deepto' initiated the installation of free Solar Home Systems in the Chittagong Hill Tracts. Now, with these systems, the community can enjoy electricity after dark, significantly improving their quality of life.



Md. Azizur Rahman FCS
Company Secretary

In 25 villages across Bandarban, Khagrachhari, and Rangamati districts, a total of 2591 solar-powered home systems have been successfully implemented through BAT Bangladesh's 'Deepto' initiative. In the past, relying on kerosene lamps as their main source of light, approximately 15,000 people in these areas had to wait until morning and conclude their activities at sundown. With the introduction of Deepto's electricity, hilly women now actively participate in income-generating industries such as garment making, handicraft production, knitting, and turmeric processing.

Beyond transforming local lives, BAT Bangladesh's renewable energy effort 'Deepto' plays a pivotal role in supporting the country's Sustainable Development Goals. By lessening the dependence on nonrenewable energy sources in the national power grid, Deepto contributes to the government's SDG targets of "Decent Work & Economic Growth" (#8) and "Climate Action" (#13).

The true success of this initiative shines through in the economic empowerment of these communities. They no longer require external support as improved livelihoods enable them to afford electricity from the national grid. This reflects not just the impact on energy accessibility but also the broader positive economic transformation brought about by Deepto's endeavors.

In essence, the CSR Committee at BAT Bangladesh plays a vital role in initiatives, guiding and monitoring strategies to maximize impact. The committee reconvenes quarterly to ensure compliance, review performance and help guide BAT Bangladesh's sustainability journey.



Ms. Zakia Sultana
Chairman

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

AWARENESS

The Board of Directors of British American Tobacco Bangladesh (BATB) declare their awareness and responsibility on the strategic importance of safeguarding shareholders' investments and the Company's assets, recognising the importance of risk management and internal control, which also includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy, integrity and competence.

The Board regulates the nature and extent of the strategic risks which the Company takes to attain its objectives, while parallelly maintaining commensurate risk management and systems of internal control. The Board is aware of the competitive nature of the industry in which the Company operates, and hence it takes the view of balancing risk-reward situations, keeping risks to manageable and controllable levels.

The Board provides strategic guidance to the management to identify risks faced by the Company, and thus formulates, implements and monitors appropriate internal initiatives to mitigate and control risks. It must be noted that all control measures and internal practices work to reduce the impact of risks, rather than completely eliminating them, which acts as a hindrance to the Company's business objectives and growth targets. Accordingly, the Board can only provide reasonable but not absolute assurance against material misstatements or loss. The system of internal control covers financial, operational and compliance controls and risk management procedures.

BATB has in place an ongoing process (as outlined below) for identifying, evaluating, monitoring and managing significant risks faced by the Company. This process includes reviewing and updating the system of internal controls and considering the amendments in the regulatory, business and external environments. This process is reviewed by the Board through the Audit Committee. The Audit Committee's responsibilities and duties are stated in the 'Audit Committee Report' of this Annual Report. The Company's Standards of Business Conduct (SoBC) underpin our commitment to good corporate behaviour and is an integral part of our corporate governance framework. Our SoBC requires all employees to perform their duties embracing the highest standards of business integrity, ensuring compliance with all applicable laws and regulations and assuring that

business standards are not compromised in any way for the sake of results. Our SoBC is made available to our stakeholders and employees on our corporate website: www.batbangladesh.com

RISK MANAGEMENT FRAMEWORK: THREE LINES OF DEFENSE

OPERATIONAL 1ST LINE : MARKETS/FACTORY

- ▶ Own risk/Accountable for identification and management of risks
- ▶ Perform front line controls in line with policies and procedures
- ▶ Reflect risks in business plans

BOARD 2ND LINE: RISK MANAGEMENT COMMITTEE AND OTHERS

- ▶ Set framework of policies, procedures, and controls compliant with legislations
- ▶ Provide guidance, advice, support, training, and share best practices
- ▶ Monitoring of control effectiveness and related performance

AUDIT COMMITTEE 3RD LINE: INTERNAL

- ▶ Audit effectiveness of risk management and control framework
- ▶ Provide independent assurance to Audit Committee and Board
- ▶ Constructively challenge and issue recommendations

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Risk Management is critical for the sustainability of the Company and enhancement of shareholders value. Hence it is strongly enforced and incorporated in the Company's management system. The Risk Management Framework is aligned with BATB's operating model and is a combined approach upon the three lines of defense. The structure encourages the communication and escalation of risk and control related matters across the Company. BATB Board is responsible for strategy of the Company and thus also related for the risk appetite. The Risk Management Committee is accountable for operational directions of the business, taking responsibility of the risks and related internal control interventions. Core risk areas are as follows:

- ▶ Financial Risk
- ▶ Regulatory Risk
- ▶ Transformation Risk
- ▶ Operational Risk
- ▶ Policy Change Risk

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

RISK MANAGEMENT PROCESS

Company’s Enterprise Risk Management Objectives

- ▶ Preserve the safety, security and health of its employees.
- ▶ Ensure the continuity of its supply of products to consumers and customers.
- ▶ Protect its assets, investments and reputation.
- ▶ Ensure that the Company’s operations do not impact negatively on the community in which it operates and the environment.

- ▶ Protect the interests of all other stakeholders.
- ▶ Promote an effective risk awareness culture where risk management is an integral aspect of the Company’s management systems.
- ▶ Ensure compliance with BSEC Codes of Corporate Governance and all applicable laws.

RISK MANAGEMENT TEAM AND RESPONSIBILITIES

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

- ▶ Review and update the risk register; and
- ▶ Assess status of risk mitigation action plans.
- ▶ The Audit Committee is briefed by annually by the Enterprise Risk Manager on the Company’s Risk Management Programmed and its activities in the Audit Committee meeting.
- ▶ The following are some of the responsibilities of the Risk Management Team:
 - ▶ Steer the Company’s risk management programme.
 - ▶ Promote a proactive risk awareness culture in the Company.
 - ▶ Conduct bi-annual review of the business risks.
 - ▶ Coordinate the development and implementation of risk mitigation action plans.
 - ▶ Develop and update business continuity plans (BCPs) for key business risks.
 - ▶ Plan and coordinate the testing of BCPs.
 - ▶ Organize training and education for employees on risk management.

The risk management process has four stages, Identify, Assess and Evaluate, Manage and Monitor as depicted in the diagram below



Identify: The first stage of the process is to identify the potential events that could adversely impact the achievement of business objectives, including the failure to capitalise on opportunities. The identification stage involves identifying the relevant strategy and objectives; understanding who the stakeholders are and what their objectives are; and analysing the overall environment. The risk identification stage can be split into the following 5 areas:

- ▶ Risk Name
- ▶ Description of risk
- ▶ BAT Objectives of risk
- ▶ Drivers (Causes) and Impacts (Consequences) of the risk
- ▶ Time Frame of risk

Assess and Evaluate: The second stage is to assess and evaluate the risk to determine its impact on the relevant business strategy/objective and likelihood whether the risk is likely to occur. The impact is assessed based on a Low, Medium and High thresholds and likelihood based on Unlikely, Possible and Probable. This step will assist in determining whether the risk identified is significant, to help the relevant stakeholders to prioritise individual risks so that it is clear which risks have the greatest impact, as well as to understand the risk exposure faced by the business. To do this, details should be provided on:

- ▶ Risk Owner and Risk Manager
- ▶ Impact
- ▶ Likelihood (Probability)
- ▶ Total Risk Score (Rating)
- ▶ Trend

Manage: This stage of the process assesses the current activities in place to manage identified risks and can lead to an agreed list of additional activities required to further manage the risk, where the risk appetite is to remove or reduce downside risks and to maximise upside risks. The list of further activities must be agreed by the Leadership Team to ensure that all key risks have an effective risk response. The details required for this stage are:

- ▶ Activities (Responses) to manage risk

Monitor: This final stage is the on-going monitoring of the risk, including the assurance that current activities

to manage risks remains effective, as well as a review of whether the list of further activities required is being delivered in accordance with the agreed timelines. The details required for this stage are:

- ▶ Overall Risk Status
- ▶ Additional Notes
- ▶ Validation of Risks

BUSINESS CONTINUITY AND CRISIS MANAGEMENT

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

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

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

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

CMT

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

IRT

The senior manager at the site of the incident collects available pertinent information and advises the CMT Coordinator. This manager assisted by appropriate local employees will assume local control and deal with the incident directly until further directed by the CMT.

RISK PROFILE

Outcome of risk assessment during business planning process have not had much changes relative to previous year. Risks and their relative possibility of occurring and impact remains consistent. The Company views the key risk as that of beings in the tobacco sector and having the ability to significantly impact the Company's results. In addition to the above, the Company is subject to the ever-present risk of competitor actions. Steps to anticipate, mitigate and neutralize such risks are core to our business.

RISK MANAGEMENT ACTIVITIES IN 2023

Review of the Company's Risks

For the purpose of assessments of the Company's risks while monitoring its progress of key activities, the Risk Management Team meets twice annually and along with senior managers they update the risk register and mitigation action plans. The conclusion of the meeting involves the identification, evaluation, and a mitigation plan for the new risks. Test of the status of the Business Continuity plans along with updates on identification, evaluation, and a mitigation plan for the new risks are considered in the meeting.

Promotion of Risk Awareness

Communication regarding risk is an integral part of the risk management activity. Dissemination of risk information to relevant levels of employees and stakeholders is imperative for mitigation of risk. Suitable channels are available for employees to provide feedback on risk management issues and provide suggestions for improvement. The Risk Management Team is responsible for the risk awareness induction programmed for new recruits. The induction programmed is aimed at educating management staff on the Company's approach to risk management and internal controls and provides a forum to enhance the participant knowledge on controls and exercising that knowledge on managing the Company's risk.

Crisis Management Activation

The Company activated crisis management team to manage the situation thus enabling the business to

continue operation. As a result, business is saved, and financial impacts were negligible. The most challenging aspect of the situation was recovery, once the crisis was resolved. This was successfully completed in a carefully sequenced and choreographed manner, thereby minimizing disruption.

Business Continuity Plan

Simulation and Testing During the year, a desktop/ simulation/ operational activation was conducted by the Business Continuity Plan (BCP) owners, with the support of Incident Response Team members, across 19 BCPs. The review and testing indicated that the existing plans were still relevant to the current business environment.

System of Internal Control

Self-Assessment of Controls (SAC) Process is one of the core processes of the Company's system of internal control. The vital control checklist of this SAC process is its Control Navigator. The Control Navigator sets out various key controls and process requirements across all functions in the Company. In order to measure the effectiveness of the process, the responsible managers assess the controls and process on an annual basis. Corrective actions and timelines are identified and agreed upon regarding the identified control gaps/ weakness. SAC findings and its trend analysis is reported to the Audit Committee annually. A new SAP enabled tool was deployed, which provided a standardized central solution that automates and monitors key risks and controls at the business level. The new tool allows the business to use a combination of automated work flows, certification, manual controls and interactive reports to monitor and control compliance activities across the Company. This has resulted in an improved visibility of assessment throughout the business, improved transparency of issues management and remediation, together with streamlining of reporting.

Financial Reporting Controls

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

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

INTERNAL AUDIT

Internal Audit for the Company is made compatible with local laws as well as the Global Audit functions of British American Tobacco plc. A high level of independence and admittance of more skilled and specialized resources especially Information Technology (IT) that would otherwise be available within the Company. The annual audit planning cycle takes direct input from both the risk register described above and the Audit Committee. In turn, the Audit Committee formally approves the scope of work for the year. Furthermore, with approval of the Audit Committee, the Head of Internal Audit & Compliance can request assistance from Global Audit if required for any matter it considers appropriate. Internal Audit and compliance function undertakes the risk-based audit reviews towards the planning and conduct of audits which is consistent with the Group's established framework in designing, implementing and monitoring of its control systems. As such, the nature of audit performed are mainly focused on Commercial processes, Factory and Supply Chain process, IT processes and of any Project and Program which are focused on significant business change initiatives. Other Audits are those reviews that arise from a direct request, either from Management or the Audit Committee. More details on the audit activities conducted during the year can be found in the Audit Committee Report in this Annual Report.

EXTERNAL AUDIT

In the course of conducting the annual statutory audit of the Company's financial statements, the external auditors review and where applicable based on judgement, highlight to the Board and Audit Committee any significant audit, accounting and internal control matters which require attention. A report on the above is given to the Audit Committee and to the management once a year after substantial completion of the year-end audit. Additionally, the external auditors attend the quarterly Audit Committee meetings, and where applicable provide views on any related matters for the attention of the Audit Committee. At least once a year, the Audit

Committee shall meet the external auditors without the Executive Directors and management being present. This year, the Audit Committee has met twice with the external auditors without the Executive Directors and management being present. During the year, as part of the annual statutory audit, the external auditors were involved in performing certain reviews over the controls and processes affecting financial reporting. There is no significant matter with material financial impact arising from the review of these related controls and processes, although certain improvement recommendations were highlighted to the Board and Audit Committee.

OTHER KEY ELEMENTS OF THE SYSTEM OF INTERNAL CONTROL

Apart from the above, the other key elements of the Company's internal control and risk management system which have been reviewed and approved by the Board are described below:

Policies, Procedures and Limits of Authority

- ▶ Clearly defined delegation of responsibilities to committees of the Board and to Management, including organization structures and appropriate authority levels.
- ▶ Clearly documented internal policies, standards and procedures are in place and regularly updated to reflect changing risks or resolve operational deficiencies.

All policies are approved by the Board and cases of noncompliance to policies and procedures which are in place are reported to the Board and Audit Committee by exception.

Immediately Reportable Incidents

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

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

- ▶ Control issue in internal controls over financial reporting
- ▶ Control issue around IT General controls over significant systems

- ▶ Basic Financial or IT control not operating and Noncompliance with IT policies
- ▶ Significant control issue in other business processes that are not directly related to financial reporting but exposes BAT to significant risk
- ▶ Suspected or actual fraud incidents

Strategic Business Plan, Budget and Performance Review

- ▶ Regular and comprehensive information provided by Management for monitoring of performance against the strategic plan, covering all key financial and operational indicators. On a quarterly basis, the Finance Director reviews with the Board all key performance metrics and highlights any issues;
- ▶ Annually, a detailed budgeting process is completed for the year monthly review of actual versus budget is performed and reviewed by the management
- ▶ Adequate insurance and physical security of major assets are in place to ensure that the assets of the Company are sufficiently covered against any mishap that will result in material losses to the Company

Written Declarations

- ▶ Written declaration from all management personnel confirming their compliance with the Company's Standards of Business Conduct and where applicable conflicts of interest situations are disclosed.

- ▶ Written declarations from the Finance Director and Managing Director are obtained confirming their compliance with the Company's Standards of Internal Control.

WRITTEN CONFIRMATION OF DUE DILIGENCE BY THE CEO AND FD AS REQUIRED UNDER THE BSEC GUIDELINES

Board Assessment

After all said, it may further be added at end that political instability and violence including social unrest, terrorist attacks etc. may also prevent the Company from operating its business smoothly and effectively. However, the Board is of the view that the Company's overall risk management and internal control system is operating adequately and effectively and have received the same assurance from both the Managing Director and Finance Director of the Company. The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by the Company has been in place throughout 2021 and up to the date of approval of this statement. The Board is also of the view that the Company's system of internal control is sufficient and is able to detect any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report.

This Statement is made in accordance with the resolution of the Board of Directors on 8th February 2024.

STANDARDS OF BUSINESS CONDUCT (SoBC)

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

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

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

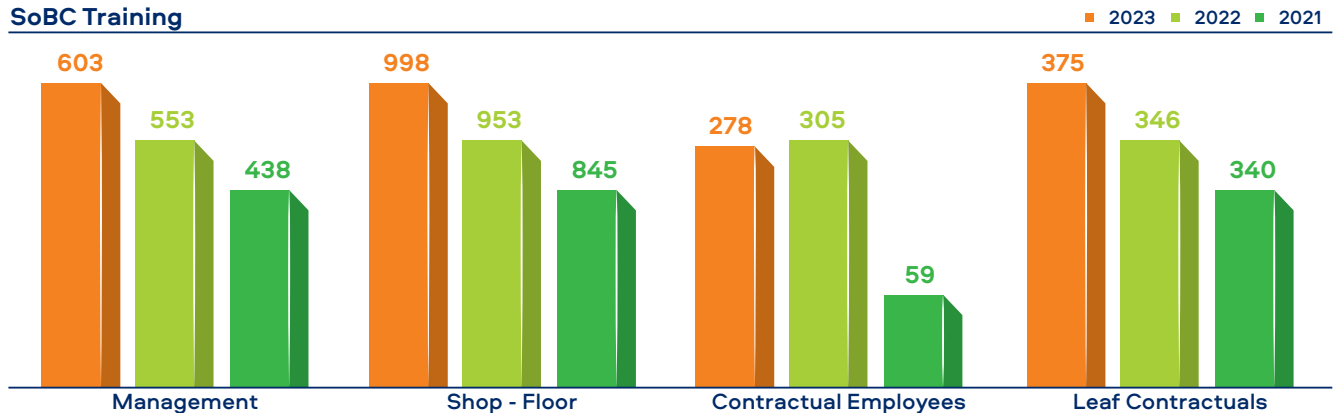
The following are the overarching principles that constitute our SoBC and which we must uphold at all times:

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

All of the aforementioned items are simply tools of good corporate governance. The respected Board of Directors and other senior executives ensure that every delivery is made in accordance with the correct and ethical course of action. Every year awareness trainings are held across -

- ▶ Trade Marketing regional offices
- ▶ Regional Leaf Offices
- ▶ Head office

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



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

New Joiners Session

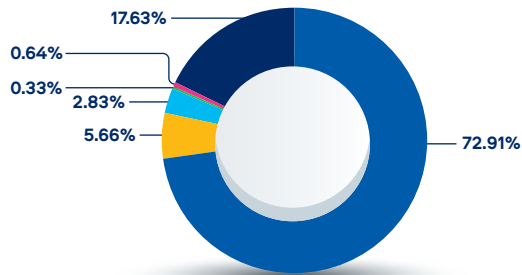


THERE ARE FIFTEEN POLICIES THAT PROTECT THE COMPANY'S GOOD CORPORATE PRACTICES.

 SPEAK UP	 CONFLICTS OF INTEREST	 BRIBERY & CORRUPTION	 ENTERTAINMENT AND GIFTS
<p>In terms of exposing any malpractice or wrongdoing</p>	<p>Mostly declarations of any known relatives who work as suppliers of the Company or in the Company directly</p>	<p>A due diligence procedure is carried out to check for any corruption records or other malpractices</p>	<p>Mentioning threshold for receiving and giving gifts</p>
 RESPECT IN WORKPLACE	 HUMAN RIGHTS & OPERATIONS	 CHARITABLE CONTRIBUTIONS	 PROTECTION OF CORPORATE ASSETS
<p>Mostly declarations of any known relatives who work as suppliers of the Company or in the Company directly</p>	<p>Upholding strong human rights values while adhering to local laws and the ILO Convention</p>	<p>Constantly giving back to society and reaching out to those in need</p>	<p>Ensuring no misuse of corporate assets</p>
 CONFIDENTIALITY AND INFORMATION SECURITY	 ACCURATE ACCOUNTING AND RECORD-KEEPING	 INSIDER DEALING AND MARKET ABUSE	 COMPETITION AND ANTI-TRUST
<p>Strong security and confidentiality in maintaining information</p>	<p>Adherence to IFRS Accounting system</p>	<p>Not to make use of Company information for personal dealing</p>	<p>As per Local Law, maintain fair competitive environment</p>
 MONEY LAUNDERING	 ANTI-ILLICIT TRADE	 SANCTIONS	
<p>Punishable as per law</p>	<p>Must dispose waste properly and ensure no one takes any illicit trade</p>	<p>As and when imposed by UN; USA or UK it can be against a country, company or individual</p>	

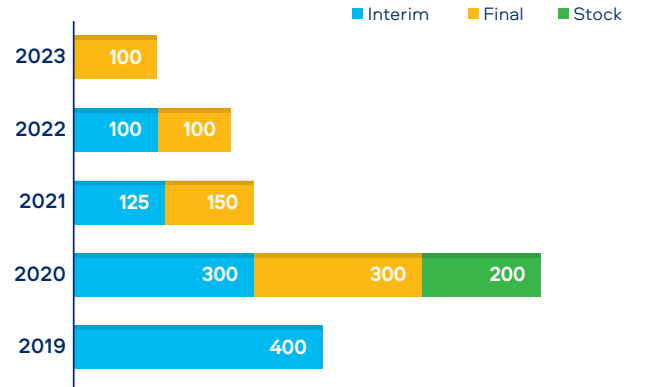
SHAREHOLDERS' INFORMATION

Shareholding Pattern as on 31st Dec 2023



● Raleigh Investment Co. Ltd., UK
 ● Investment Corporation of Bangladesh
 ● Sadharan Bima Corporation
 ● Bangladesh Development Bank Limited
 ● President People's Republic of Bangladesh
 ● Others

Dividend History



MONTH-WISE SHAREHOLDING UPDATE 2023

Month	Sponsor	Govt	Institute	Foreign	Public
January	72.91%	0.64%	12.83%	6.31%	7.31%
February	72.91%	0.64%	12.87%	6.25%	7.33%
March	72.91%	0.64%	12.86%	6.25%	7.34%
April	72.91%	0.64%	12.86%	6.25%	7.34%
May	72.91%	0.64%	12.87%	6.23%	7.35%
June	72.91%	0.64%	12.84%	6.20%	7.41%
July	72.91%	0.64%	12.90%	6.16%	7.39%
August	72.91%	0.64%	12.97%	6.10%	7.38%
September	72.91%	0.64%	13.00%	6.07%	7.38%
October	72.91%	0.64%	13.00%	6.07%	7.38%
November	72.91%	0.64%	13.02%	6.07%	7.36%
December	72.91%	0.64%	12.99%	6.07%	7.39%

DIVIDEND INFORMATION

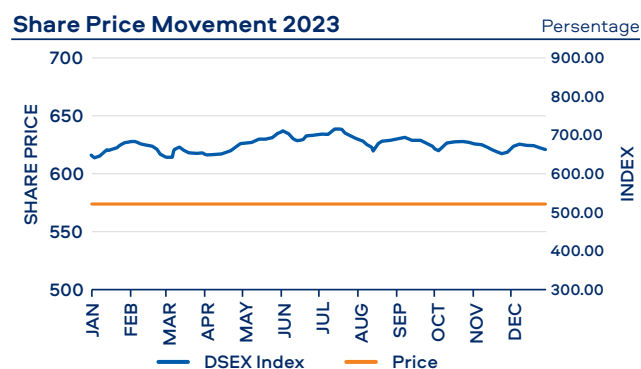
Month	Dividend Type	Declared Dividend	Record Date	Payment Date
2023	Final	Cash 100%	3-Mar-2022	-
2022	Final	Cash 100%	2-Mar-2022	20-Apr-2023
	Interim	Cash 100%	21-Nov-2022	20-Dec-2022
2021	Final	Cash 150%	3-Mar-2022	21-Apr-2022
	Interim	Cash 125%	16-Nov-2021	2-Dec-2021
2020	Final	Cash 300%	3-Mar-2021	18-Apr-2021
		Stock 200%		
	Interim	Cash 300%	11-Nov-2020	30-Nov-2020
2019	Final	Cash 400%	12-Mar-2020	14-May-2020
2018	Final	Cash 500%	4-Apr-2019	4-Apr-2019
		Stock 200%		

SHARE PERFORMANCE

Month	Dhaka Stock Exchange			Chittagong Stock Exchange		
	High (BDT)	Low (BDT)	Close (BDT)	High (BDT)	Low (BDT)	Close (BDT)
January	518.70	518.70	518.70	519.10	519.10	519.10
February	518.70	518.70	518.70	519.10	519.10	519.10
March	518.70	518.70	518.70	519.10	519.10	519.10
April	518.70	518.70	518.70	519.10	519.10	519.10
May	518.70	518.70	518.70	519.10	519.10	519.10
June	518.70	518.70	518.70	519.10	519.10	519.10
July	518.70	518.70	518.70	519.10	519.10	519.10
August	518.70	518.70	518.70	519.10	519.10	519.10
September	518.70	518.70	518.70	519.10	519.10	519.10
October	518.70	518.70	518.70	519.10	519.10	519.10
November	518.70	518.70	518.70	519.10	519.10	519.10
December	518.70	518.70	518.70	519.10	519.10	519.10

SHARE TREND

In 2023, the total market capitalization of the Company remained unchanged to 280 billion, compared to 2022. Despite consistent business growth, the company's shares have remained stagnant at the floor price of Tk 518.70 per share on the Dhaka Stock Exchange (DSE) since September 2022.



COMPANY WEBSITE

Anyone can get information regarding the Board of Directors, Top Management, key financial information

of the Company including price sensitive disclosure. The website also has information about sustainable agricultural initiatives of the Company and Career opportunities for potential applicants.

INVESTOR RELATIONS

Local and international investors, financial analysts and other members of the professional financial community requiring additional financial information can visit the Investor Relations section of the Company.

Website: www.batbangladesh.com

SHAREHOLDER SERVICES

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

batbshareoffice@bat.com;

Atiqur_Rahman@bat.com

Md_Azizur_Rahman@bat.com;



**AGM
HELPLINE**

Md Atiqur Rahman
Marufa Ferdous
Md. Kamrul Hassan Bhuiyan
Muhibbur Rahaman Chowdhury
Tel: +880248811279-83, Ext – 394
Hotline: +8801313701925; +8801755532753, +8801521211916;
Fax: +880 2 8714819
Email: batbshareoffice@bat.com
atiqur_rahman@bat.com

HORIZONTAL & VERTICAL ANALYSIS

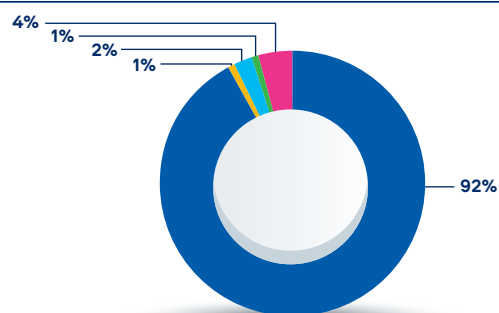
Horizontal	2023	2022	2021	2020	2019
Statement of profit or loss and other comprehensive income					
Net revenue from contracts with customers	9%	13%	24%	6%	4%
Gross profit	1%	10%	36%	10%	-3%
Operating profit	-1%	12%	43%	18%	-10%
Profit before tax	1%	17%	42%	21%	-10%
Profit for the year	0%	19%	38%	18%	-8%
Earnings per share	0%	19%	37%	18%	-8%
Statement of financial position					
Total non-current assets	4%	15%	8%	-1%	18%
Total current assets	42%	2%	31%	20%	-6%
Total assets	24%	8%	20%	9%	5%
Share capital	0%	0%	200%	0%	200%
Retained earnings	35%	14%	-3%	-5%	18%
Total equity attributable to owners of the Company	30%	12%	8%	-5%	21%
Total non-current liabilities	3%	19%	22%	-1%	62%
Total current liabilities	23%	0%	35%	42%	-26%
Total liabilities	19%	4%	33%	30%	-13%
Total equity and liabilities	24%	8%	20%	9%	5%

Vertical	2023	2022	2021	2020	2019
Statement of profit or loss and other comprehensive income					
Net revenue from contracts with customers	100%	100%	100%	100%	100%
Gross profit	48.55%	52.52%	54%	49%	47%
Operating profit	38%	42%	42%	37%	33%
Profit before tax	38%	42%	40%	35%	31%
Profit for the year	20%	21%	20%	18%	16%
Statement of financial position					
Total non-current assets	39%	46%	43%	48%	53%
Total current assets	61%	54%	57%	52%	47%
Total assets	100%	100%	100%	100%	100%
Share capital	5%	6%	7%	3%	3%
Retained earnings	46%	43%	40%	50%	57%
Total equity attributable to owners of the Company	52%	49%	47%	53%	60%
Total non-current liabilities	9%	11%	10%	10%	11%
Total current liabilities	39%	39%	42%	37%	29%
Total liabilities	48%	51%	53%	47%	40%
Total equity and liabilities	100%	100%	100%	100%	100%

VALUE ADDED STATEMENT

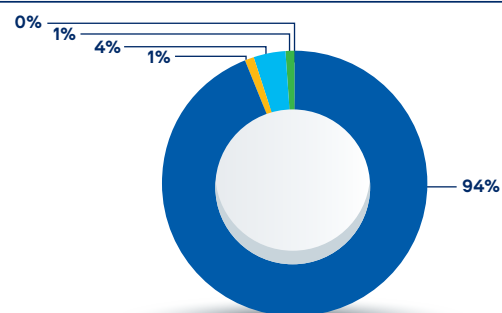
Particulars	2023		2022	
	Amount	%	Amount	%
Gross Turnover	403,792,965		361,455,328	
Less Purchase of materials & service	56,397,606		49,238,553	
Value added	347,395,359	100%	312,216,775	100%
Applications				
Government	319,980,824	92.11%	293,861,312	94.12%
Employee benefits	4,105,283	1.18%	3,429,357	1.10%
Shareholders dividend	5,400,000	1.55%	13,500,000	4.32%
Depreciation	2,943,744	0.85%	2,642,292	0.85%
Reserves and Surplus	14,965,508	4.31%	(1,216,186)	-0.39%
Total	347,395,359	100%	312,216,775	100%

Value Added Statement 2023



● Government ● Employee Benefits ● Shareholders Dividend
● Depreciation ● Reserves and Surplus

Value Added Statement 2022

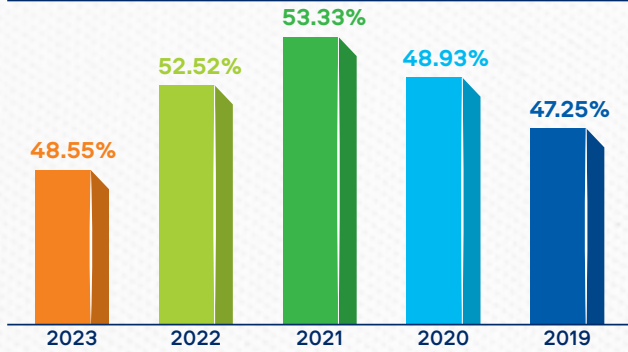


● Government ● Employee Benefits ● Shareholders Dividend
● Depreciation ● Reserves and Surplus

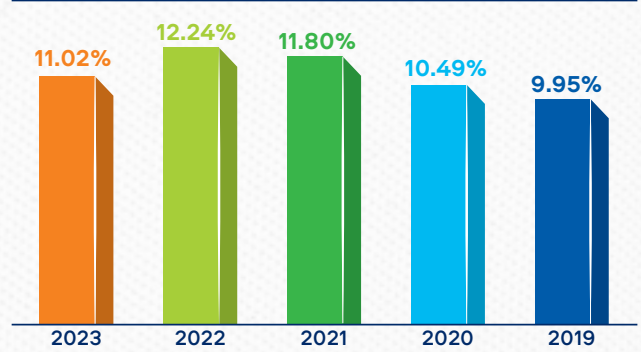


KEY PERFORMANCE INDICATORS

Gross Profit Ratio In BDT Crore



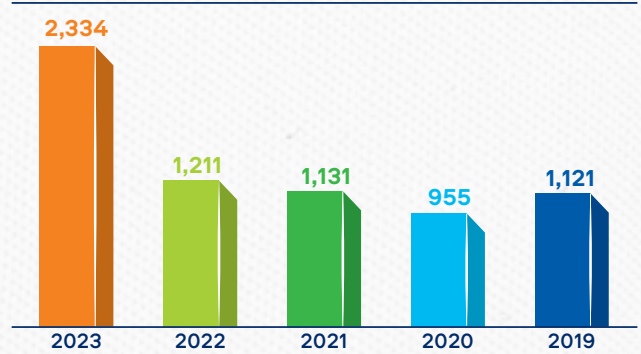
Gross Profit to Sales In BDT Crore



NAV In BDT Crore



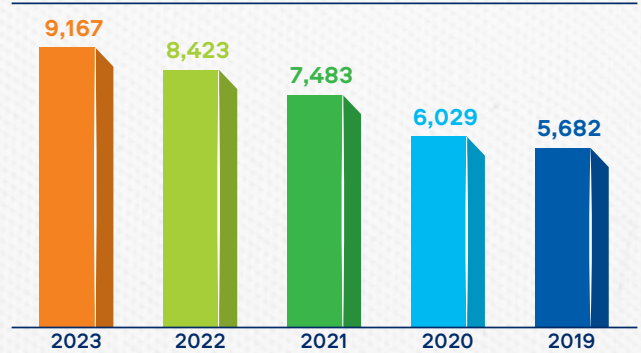
Net Current Assets In BDT Crore



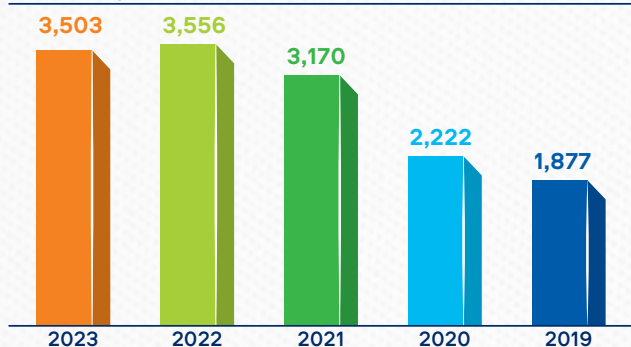
Net Profit to Sales In BDT Crore



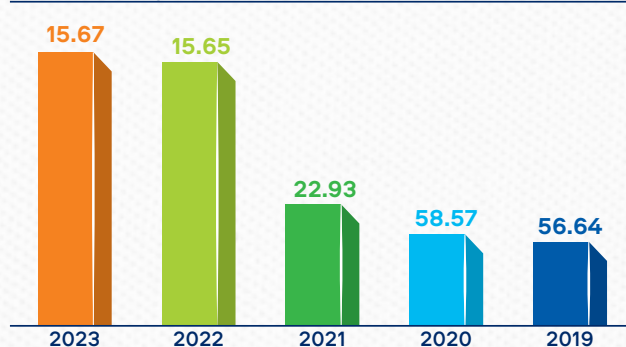
Net Revenue In BDT Crore



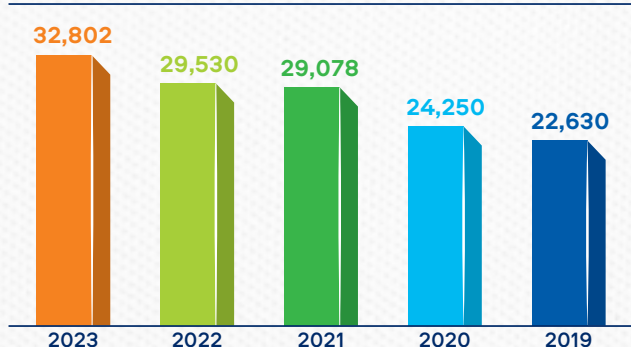
Operating profit In BDT Crore



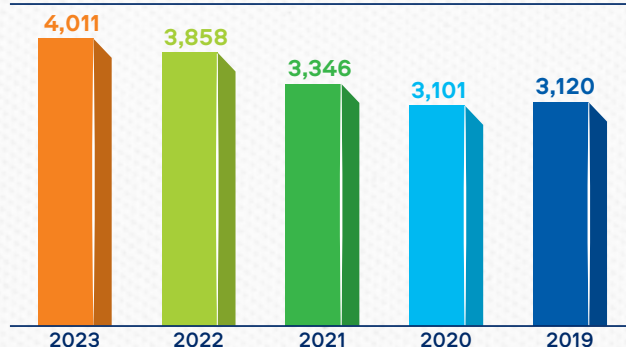
Price Earnings Ratio In BDT Crore



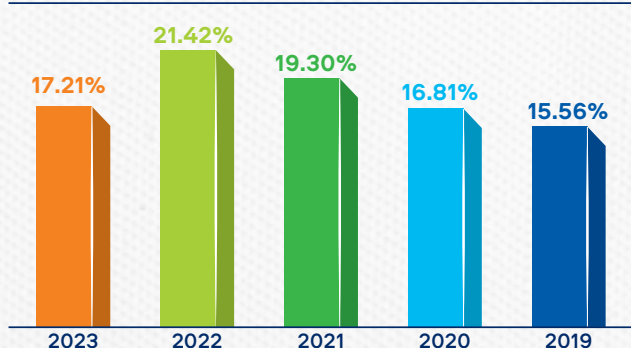
Contribution to Exchequer In BDT Crore



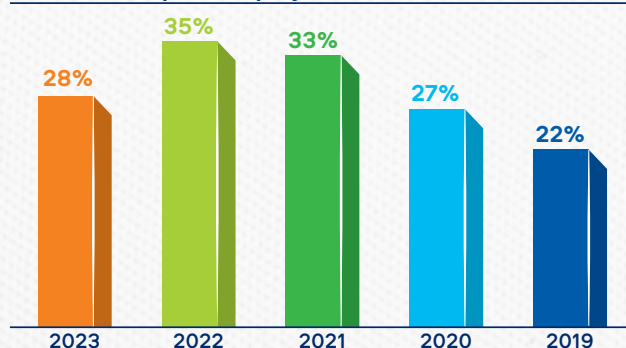
Property, Plant & Equipment In BDT Crore



Return on Assets In BDT Crore



Return on Capital Employed In BDT Crore



Return on Equity In BDT Crore

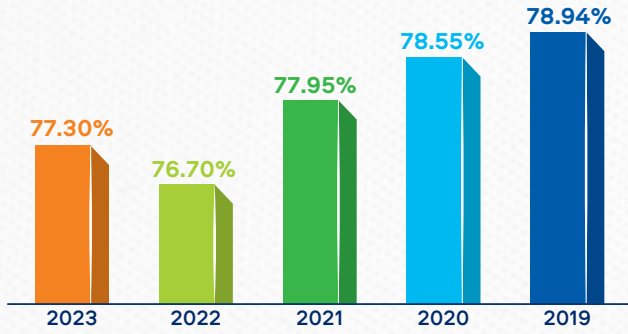


Shareholders Fund In BDT Crore

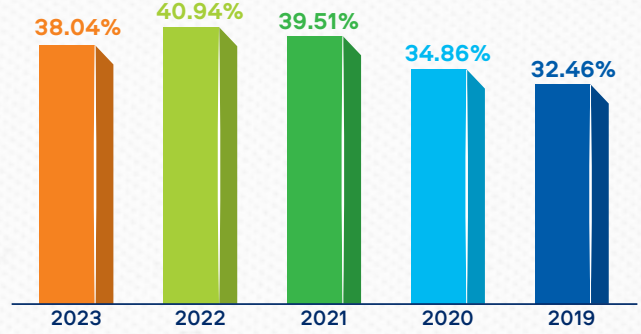




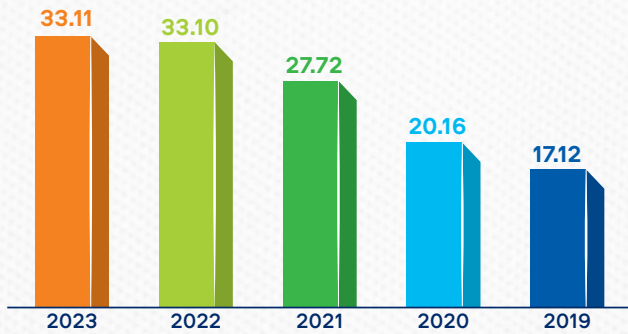
Supplementary Duty and VAT to Sales In BDT Crore



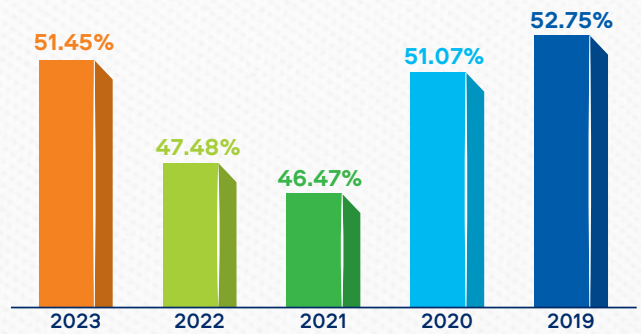
Earnings Before Interest and Tax In BDT Crore



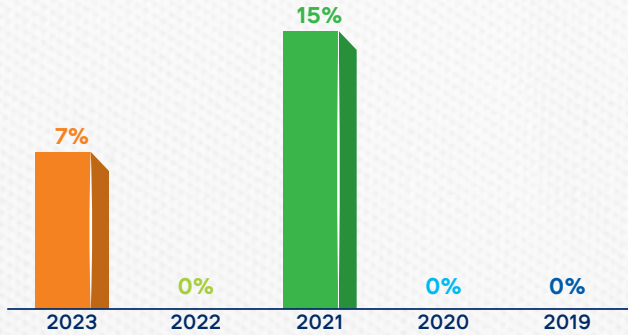
EPS in BDT In BDT Crore



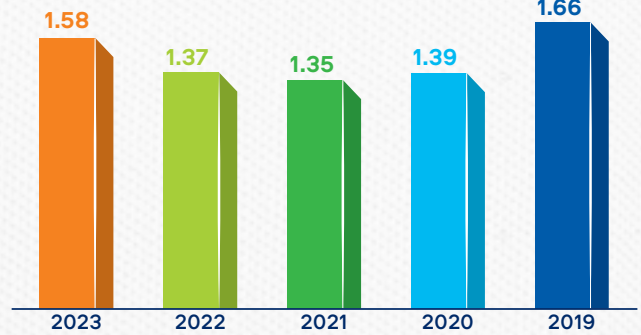
Cost of Sales to Sales In BDT Crore



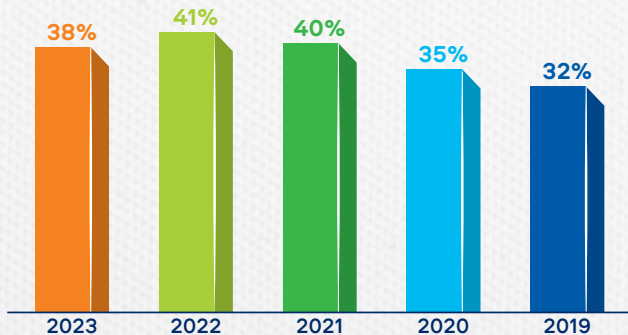
Debt Equity Ratio In BDT Crore



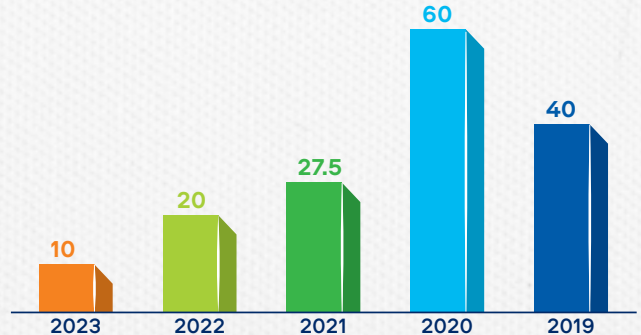
Current Ratio In BDT Crore

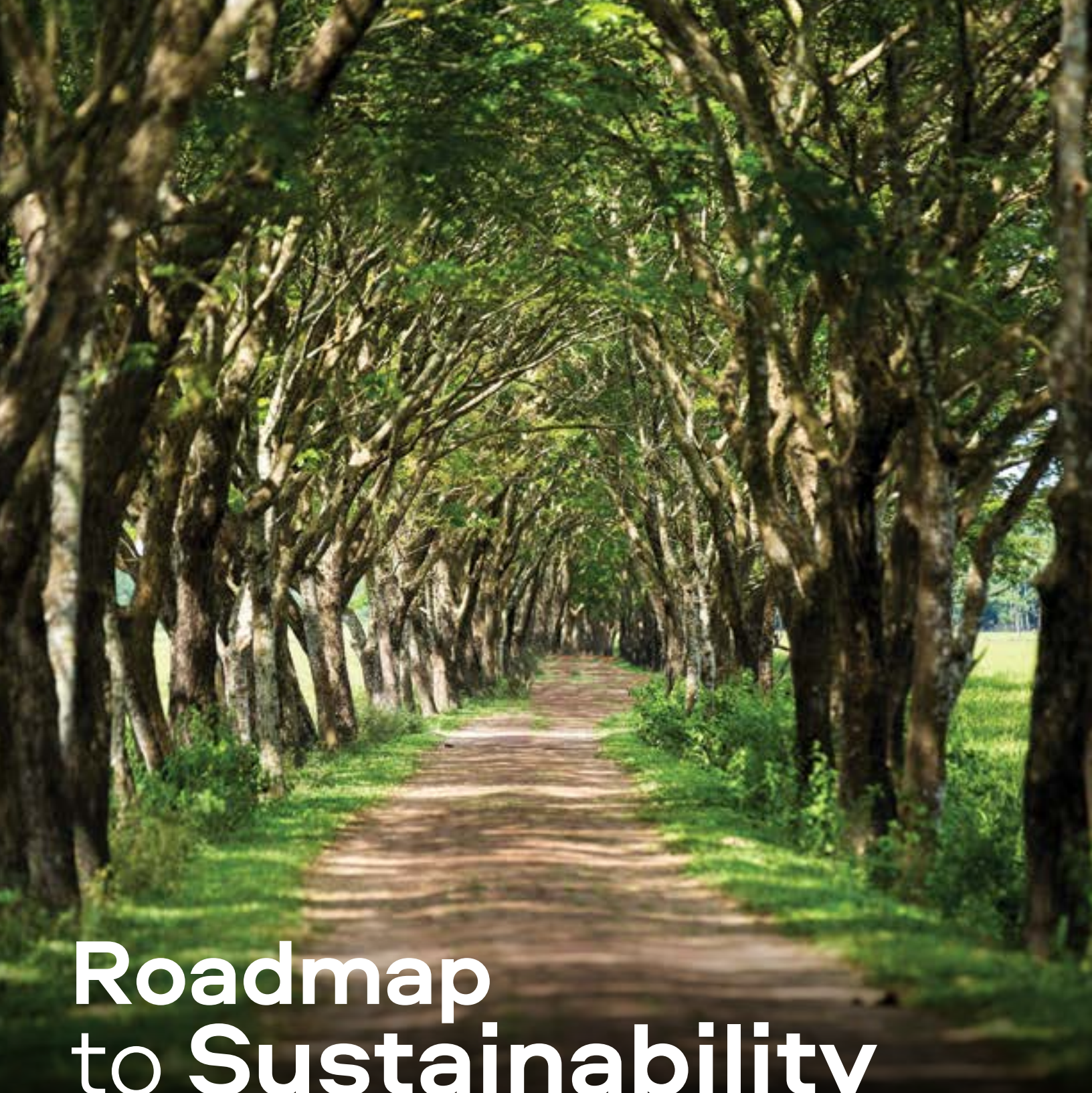


Earning before interest Depreciation and Tax In BDT Crore



Cash Dividend Paid (in Tk.)





Roadmap to Sustainability



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.



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.



BAT Bangladesh aims to drive sustainability forward by integrating ESG principles across every facet its business and investment strategy.



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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 proud 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	<ul style="list-style-type: none"> Key initiatives such as Digi-Chill¹, On-line UPS system installations were done to decrease energy intensity and reduce the overall energy consumption 	■
		50% renewable energy use by 2030	<ul style="list-style-type: none"> On-site Solar Power generation capacity installation of 1596 kWp Initiatives like purchasing 11,400 MWh of renewable electricity via TIGR certification scheme to reduce the carbon emissions on top of energy optimization 	■
	Circular Economy	Net Zero across our value chain by 2050 at the latest	<ul style="list-style-type: none"> To address Scope 3 emissions, we have conducted an ESG Supplier Summit to develop capability of our strategic suppliers and get their pledge on sustainable practices (CDP, SBTi, zero child labor and strong governance) 	■
		<1% waste going to landfill by 2025	<ul style="list-style-type: none"> Sustaining zero waste to landfill for all manufacturing and processing sites 	✓
	Biodiversity and Ecosystems	90% recycling rate of waste generated by 2025	<ul style="list-style-type: none"> Operating at 99.2% waste recycling ratio for all of BAT Bangladesh's operation sites 	✓
		Deforestation and Conversion free tobacco supply chain ² by 2025	<ul style="list-style-type: none"> Around 60% of curing fuel is sourced from alternatives of wood fuel, e.g., jute stick, dhaincha stick, sugarcane bagasse etc. Remaining 40% comprises of branches and by-products of wood, of which 19% comes from on farm plantation and 81% comes from off-farm plantation or production forests During crop season 2023 no incidence of deforestation was reported. 	■
	Water	Forest Positive in our Tobacco Supply Chain by 2025 (vs 2021 baseline)	<ul style="list-style-type: none"> Initiated forest positive program in 2 hectares of barren land by planting 6,500 saplings of different native species to support & conserve biodiversity (to be verified in 2024) 	■
		30% of water recycled by 2025	<ul style="list-style-type: none"> 35.8% of water recycled 	✓
		100% of operation sites Alliance for Water Stewardship (AWS) certified by 2025	<ul style="list-style-type: none"> 3 of our manufacturing sites (Dhaka Factory, Savar Factory, GLTP) have received the AWS Certification 	■
		35% reduction in water withdrawn by 2025 vs 2017 baseline	<ul style="list-style-type: none"> With the increase of the production volume and having a new site in Savar, we are on track to achieve the 2025 target by ensuring innovative technology for regular monitoring of water withdrawal and maximizing water recycling 	■
Delivering a positive social impact	Human Rights	Aiming for zero child and forced labour in our tobacco supply chain ² by 2025	<ul style="list-style-type: none"> 100% of tobacco farms monitored for child labour 	✓
		100% of our product materials and high-risk indirect service suppliers to have undergone at least one independent labour audit within a three-year cycle by 2025	<ul style="list-style-type: none"> 12 supplier third-party audits were conducted on product materials and high-risk indirect service suppliers 	■
	Farmer Livelihoods and communities	We are committed to working to enable prosperous livelihoods for all farmers in our tobacco supply chain ²	<ul style="list-style-type: none"> 99% of tobacco farmers have reported growing other crops for food or as additional sources of income 	■
Employees, Diversity and Culture	Zero accidents Group-wide each year	<ul style="list-style-type: none"> Zero accidents-Stop Category * 	✓	
	Increase the proportion of women in management roles ³ to 45% (37% for BAT Bangladesh) by 2025	<ul style="list-style-type: none"> 30% female representation in management roles³ 	■	
Robust Corporate Governance	Marketing and Communications	Aiming for full compliance with marketing regulations	<ul style="list-style-type: none"> 100% compliance with the International Marketing Principles (IMP) 100% adherence to Smoking and Tobacco Products Usage (Control) Act and Rules 	✓
	Ethics and Integrity	Aiming for 100% adherence to our Standards of Business Conduct (SoBC)	<ul style="list-style-type: none"> 100% of BAT Bangladesh's employees completed SoBC sign-off and training 	✓
	Sustainability Governance	Effective management of sustainability governance	<ul style="list-style-type: none"> Our governance is overseen by our Board of Directors as well as relevant committees, e.g. CSR Committee, Audit Committee, etc 	■

Key

✓ Achieved - Met target/ambition on or ahead of time

■ On track - Likely to meet target/ambition on time

■ Ongoing focus - Continued progress towards target/ambition required

■ Not on track - Significant progress required to meet target/ambition on time

FOOTNOTE:

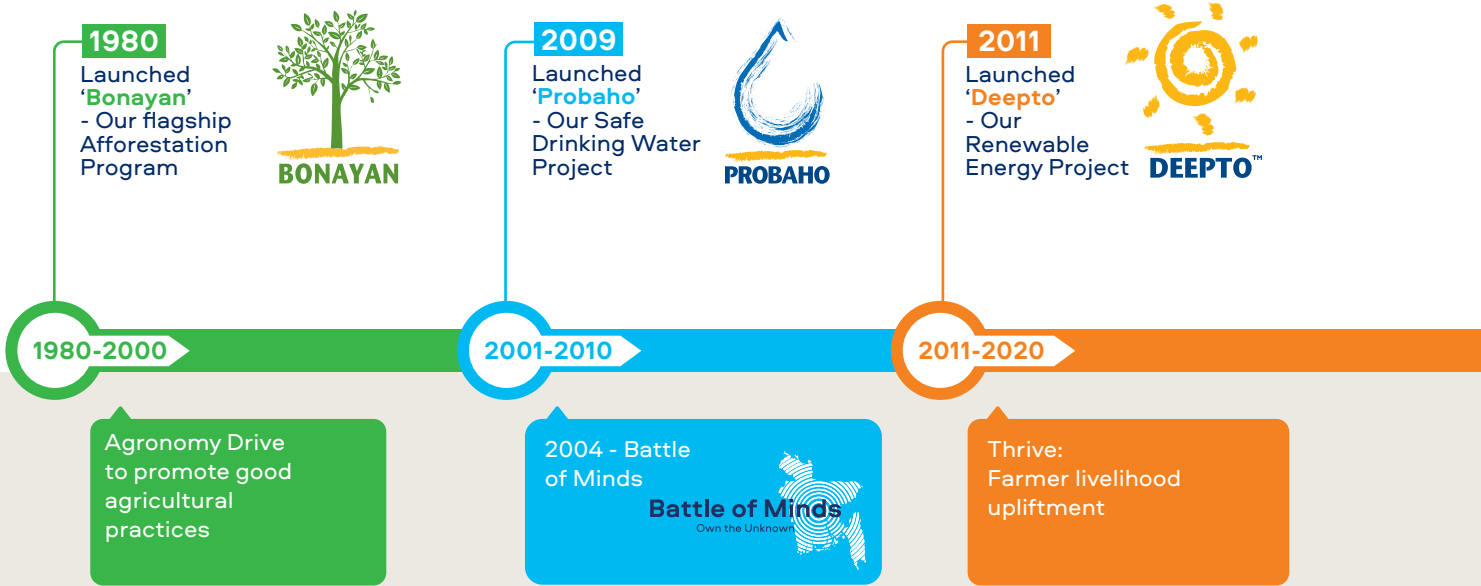
¹Digi-Chill: Read more on page 194

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




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

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



Prime Minister's National Award for Afforestation



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

- 2023



SDG Brand Champion Award in Climate & Environment



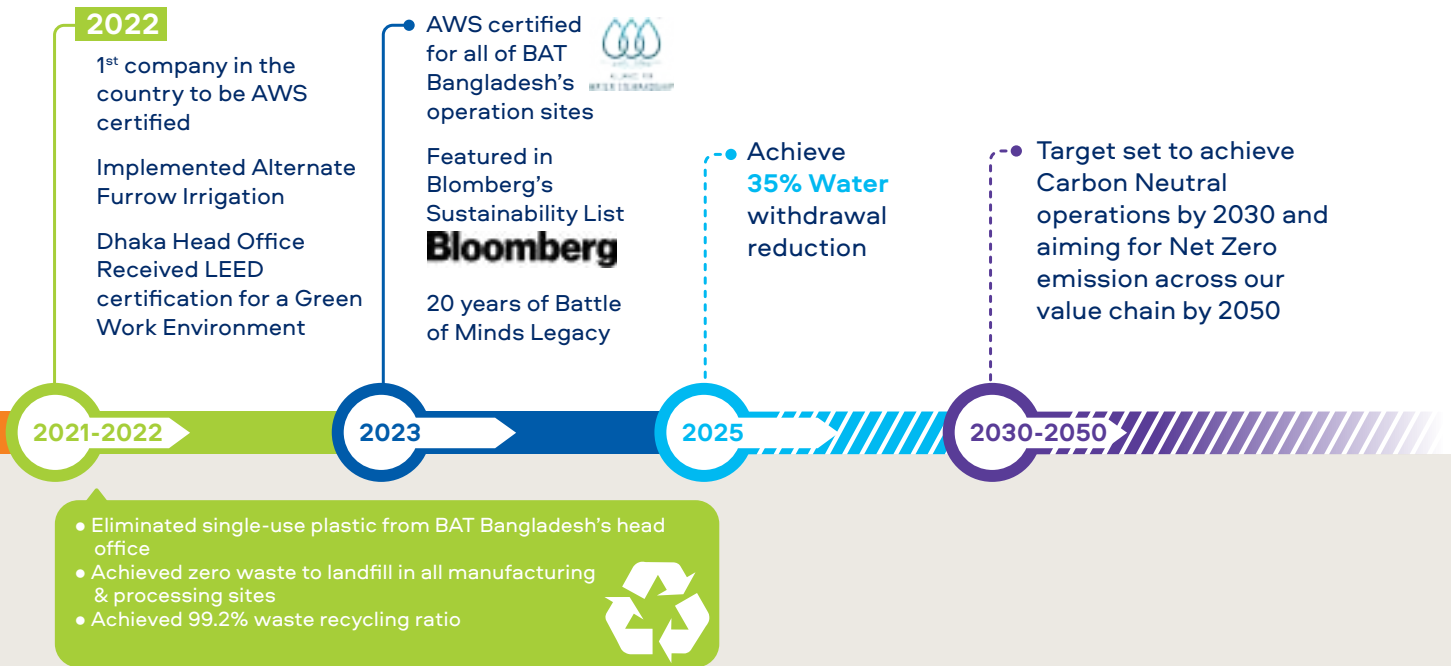
Top Employer Institute.

- Only Company in Bangladesh to be recognized for 5 times



Top Employer Award

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




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.

3 GOOD HEALTH AND WELL-BEING



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.



Ethics and Integrity



People, Diversity and Culture

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



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.



Biodiversity and Ecosystems



Farmer Livelihoods



Circular Economy

8 DECENT WORK AND ECONOMIC GROWTH



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.



Farmer Livelihoods



Human Rights

10 REDUCED INEQUALITIES



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.



People, Diversity and Culture



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 ICMAB 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.

 <p>Consumer Choice</p>	<p>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.</p>
 <p>World Class-Science</p>	<p>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.</p>
 <p>Standards and Regulation</p>	<p>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.</p>

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 snus⁴ – 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.



⁴Bishop 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 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.

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



Birman 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 'surokha' 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



Battle of Minos
Own the Unknown

20

years of Legacy

POWER OF PASSION
FOCUS

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 District Commissioner, 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 Neeldumur 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 Neeldumur 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.



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.

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.



* In Setts 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.



Battle of Minds
Own the Unknown



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.

ABOUT OUR INTEGRATED REPORT



BritishAmericanTobaccoBangladeshispleasedtopresentitsIntegratedAnnual Report for the year ended December 31, 2023. This report comprehensively outlines the Company's financial and non-financial performance, emphasizing its value creation journey, notably reflected in the six capitals that form the cornerstone of our integrated reporting approach.

OUR APPROACH TO REPORTING

BAT Bangladesh has always been guided by the purpose and values of our Group while considering the complexities of operations in developing our strategic priorities. The synergies created by a common purpose, shared values and strategic focus underpin significant benefits for all the stakeholders.

This integrated report sets out our approach to governance and key decisions in the review period, as well as progress against strategic goals. For completeness, we discuss risks, opportunities and trade-offs between our capitals under each strategic element, as well as the relationships between external and internal factors that enable BAT Bangladesh to create the shared values.

We detail our outlook, again considering the risks, opportunities and trade-offs, to give stakeholders a balanced view of our operations and its prospects.

OUR INTEGRATED ANNUAL REPORT

This integrated annual report provides a holistic assessment of the operational ability to create value. It includes information from the annual financial statements and supplementary reports, particularly the environmental, social and governance (ESG) report which covers non-financial aspects that could have a material impact on our performance and our business if not managed effectively.

The report is developed for a range of stakeholders, including employees, local communities, customers, investors and government.

The ESG report provides a detailed account of performance covering key environmental, social and governance elements, in accordance with core requirements of Reporting Standards.

The audited annual financial statements present statutory and regulatory information required by the:

- ▶ The Companies Act 1994 including amendment in 2020
- ▶ International Financial Reporting Standards (IFRS)
- ▶ Regulatory Requirements (BSEC, DSE, CSE) and other applicable laws
- ▶ The Sarbanes-Oxley Act of 2002
- ▶ BSEC Corporate Governance Code 2018
- ▶ Listings Requirements of Dhaka and Chittagong Stock Exchange
- ▶ The Standards issued by Institute of Chartered Secretaries of Bangladesh

This integrated report is one of our primary communications with stakeholders. While it is prepared mainly for providers of capital and shareholders, financial information is balanced with commentary on our most material sustainability issues for a holistic view of the company.

REPORTING PRINCIPLES AND APPROACH

Identifying our material matters is a groupwide responsibility and requires input from all business units and divisions, an assessment of the risks and opportunities in our operating environment, and input and feedback received from all our stakeholders. Our material matters influence our long-term corporate strategy, give shape to the evolution of our business model, and help draw out our short, medium, and long-term targets. Identifying issues and their potential impact is a collaborative effort. Our Board and Leadership Team.

Our integrated report is structured against the framework of the International Integrated Reporting Council (IIRC) and considers its guiding principles:

CONSISTENCY AND COMPARABILITY

Year-on-year comparisons demonstrate progress towards our strategic goals.

STRATEGIC FOCUS AND FUTURE ORIENTATION

Insight on how our strategy influences our ability to create value in the short, medium and long term.

ACCOUNTABILITY

Our leaders are accountable for the company's actions, and they are the custodians of our governance framework. The governance structures and key issues they dealt with in 2023 are detailed from

RELIABILITY AND COMPLETENESS

We provide assurance that this report includes all our material priorities in a balanced way, and without material error.

CONNECTIVITY OF INFORMATION

This report is a holistic view of BAT Bangladesh, covering financial, operational and non-financial aspects.

This report includes disclosure on all entities in our consolidated financial statements and the relevant information to engage with the stakeholders. For completeness, we also consider threats, opportunities and outcomes emanating from other entities or stakeholders with a significant effect on our ability to create value.

REPORT CONTENT

As noted, in 2023 we report against our strategic progress, after repositioning our business in recent years to establish the platform for sustainable growth in the next phase of our strategy.

Importantly, given the recent spate of corporate challenges, we have expanded disclosure on our approach to governance and key decisions in the review period, to highlight to stakeholders how our governance structures reduce risk and ensure we create value for all.

Our material issues (page 28-29) are woven into this narrative and defined as issues with the greatest real and potential impact.

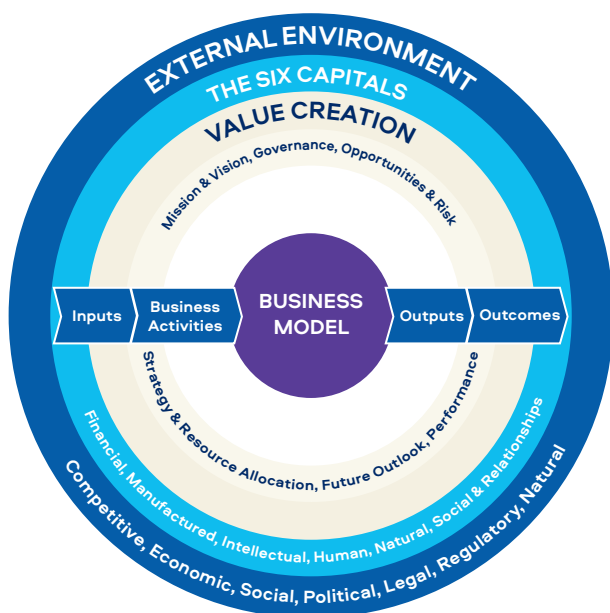
- ▶ Positive and negative.
- ▶ On achieving our business objectives.

These is related to our internal or external environments, significant risks and opportunities identified in our integrated risk management process, or issues important to stakeholders.

To identify as many relevant matters as possible, we took a three-pronged approach:

- ▶ Internal materiality review
- ▶ External materiality review
- ▶ Material aspect

The prioritization of our material issues was reviewed and confirmed by the Top Management and then by the board. This integrated report illustrates how BAT



As the only publicly listed company in the Tobacco Sector, we disclose our performance and information in compliance with the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange and other Compliance bodies to engage with our stakeholders in a well-structured way.

Bangladesh considers the six capital by the International Integrated Reporting Council (IIRC) in creating value, as well as the trade-offs. The six capitals under the IIRC framework translate across our pillars of value creation with the following capitals:



DETERMINING THE REPORTING BOUNDARY

In line with the IIRC framework, in determining the boundary, we work outward from the financial reporting entity, BAT Bangladesh, to consider control, risks, opportunities and outcomes associated with other entities or stakeholders that have a significant effect on our ability to create value.



The Board of Directors, together with the support of the Audit Committee, is responsible for the Company's system of internal control designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss. We apply a combined assurance model, which seeks to optimize the assurance obtained from the management as well as internal and external assurance providers while fostering a strong ethical surveillance mechanism to facilitate compliance. Through the risk management process approved by the Board, management identifies key risks and implements the necessary internal controls to safeguard against the risks for ensuring sustainable business growth. The internal control process is monitored and evaluated under the direction of internal audit, while external audit teams cover key controls and accounting matters in the course of their audits. Other levels of external assurance are obtained as and when required.

The Board and Audit Committee assessed the effectiveness of controls for the year ended on 31st December 2023 as satisfactory, primarily through the process of management self-assessment, including formal confirmation from the executive management. It also considered reports from internal audits, external audits and other assurance providers. The consolidated financial statements show our financial position, results of operations, and cash flows as of and for the period in a way that is accurate in all material aspects.

Moreover, sound corporate governance is a critical foundation for protecting stakeholder value and achieving the group's strategic growth objectives. Our governance universe utilizing our six values shows how the pillars of value are monitored via the four governance segments – board, finance, risk, and social and sustainable – in support of the BAT Bangladesh's purpose and strategy. The elements in each segment are governed by appropriate processes, systems and resources to ensure we demonstrate the desired governance outcomes.

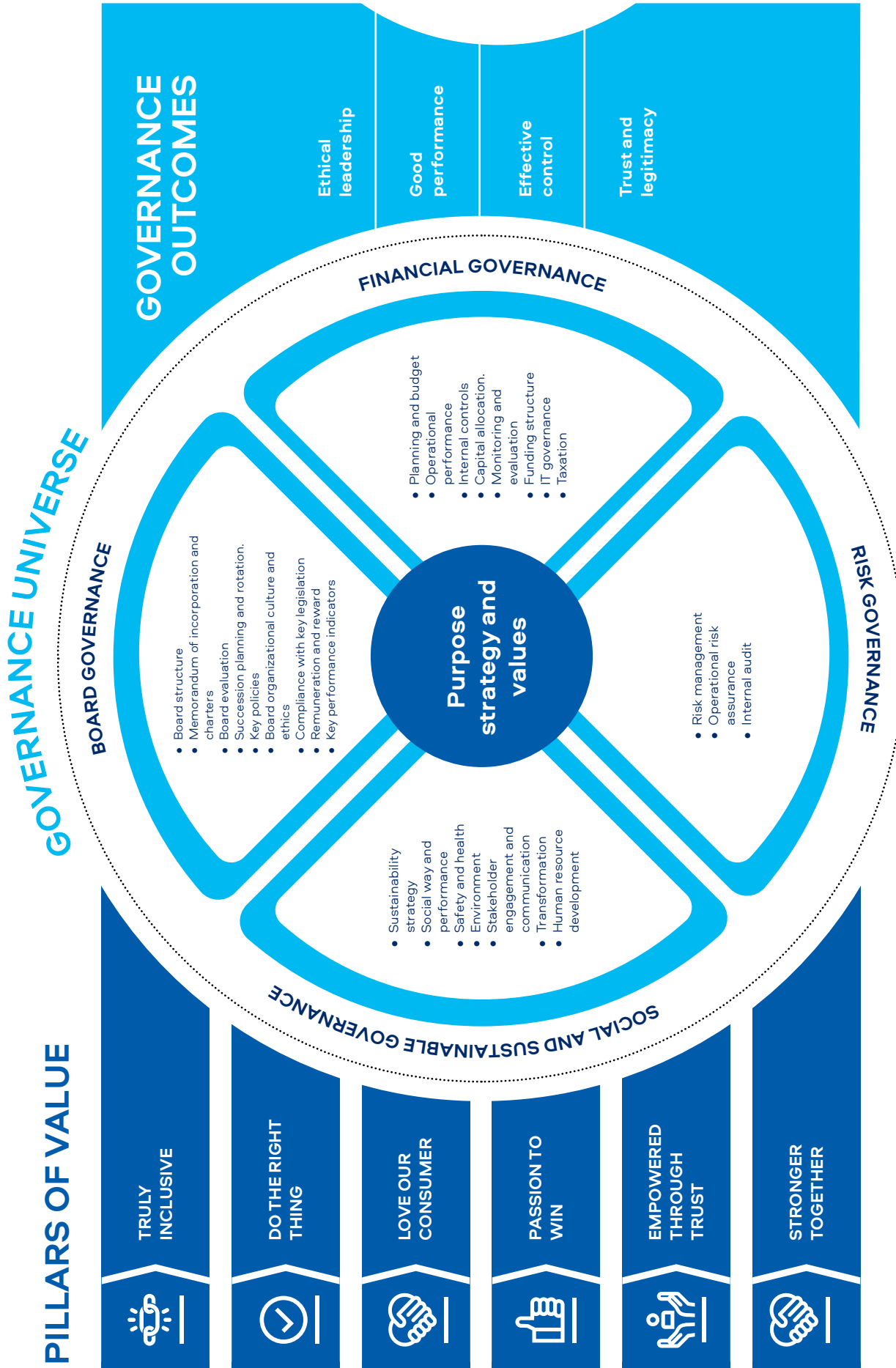
APPROVAL OF REPORT

The board acknowledges its responsibility for ensuring the integrity of the integrated report and has applied its collective mind to the preparation and presentation of this report. In our opinion, the 2023 integrated report is presented in accordance with the International Integrated Reporting Committee's framework by addressing all material matters to offer a balanced view of our strategy and how it relates to BAT Bangladesh ability to create value in the short, medium, and long term.



Md. Azizur Rahman FCS
Company Secretary

Our pillars of value are fundamental to how we manage all aspects of our business to achieve our purpose and strategy:



HOW WE CREATE VALUE

OUR VALUE-CREATION PROCESS

Through our pillars of value creation, we deliver significant value from the large resource base of BAT Bangladesh.

KEY FACTORS AFFECTING OUR ABILITY TO DELIVER SHARED VALUE:

INTERNAL FACTORS:

- ▶ High-quality reserve and resource base
- ▶ Stakeholder relationships and collaboration
- ▶ Product quality and mix
- ▶ Sales contracts and customer relations
- ▶ Operational efficiency and improvements
- ▶ Cost control and capital allocation

EXTERNAL FACTORS:

- ▶ Exchange rate volatility
- ▶ Commodity prices
- ▶ Macro-economic impacts and political influences
- ▶ Government and Regulators
- ▶ Illicit trade

CAPITAL INPUTS

FINANCIAL

- ▶ Capital Reserve
- ▶ Working capital
- ▶ Cash flow
- ▶ Operating Expense
- ▶ Cost of Sales

MANUFACTURED

- ▶ Inventory & Raw materials
- ▶ High Performance Organization
- ▶ Production Capacity
- ▶ Capital investment production.
- ▶ Technological advancements
- ▶ Shopfloor employee number

INTELLECTUAL

- ▶ Intellectual property applied to employees.
- ▶ Training and development Cost
- ▶ Intellectual property and technological advantages in processing
- ▶ Elimination-of-fatalities taskforce to create safer work environments.
- ▶ Company culture
- ▶ Brand and reputation

HUMAN

- ▶ Workforce of 1,669 employees
- ▶ Diversity and inclusive policy
- ▶ Hiring the best talent after comprehensive screening
- ▶ Strong leadership team
- ▶ Culture of care and respect
- ▶ Diverse and skilled board

SOCIAL AND RELATIONSHIP

- ▶ Respecting human rights of all stakeholders
- ▶ Extensive engagement with trade unions to ensure good labor relations
- ▶ Engagement with government and regulators
- ▶ ESG Initiatives
- ▶ Increased engagement with communities to build relations

NATURAL

- ▶ Water Treatment
- ▶ Effective use of Energy Efficiency
- ▶ Biodiversity
- ▶ Carbon Emission
- ▶ Waste management



KEY ENABLERS THAT HELP US DRIVE VALUE CREATION:

- ▶ Socio-economic development that will create economically diverse and sustainable communities and achieve our goal of being a trusted corporate citizen sustainability.
- ▶ Achieving safe production by creating a resilient safety culture.
- ▶ A healthy and productive workforce by effectively managing risk exposures.
- ▶ Effective management of resources, with reduced impact on the environment.
- ▶ Progress leadership, culture and skills development towards an engaged collaborative and team-based workforce
- ▶ Achieving best practice, modernization and innovation across our value chain development and deliver a pathway to exceed industry.
- ▶ Best-in-class process and equipment performance.

→ **Our capital outputs and outcomes:**

FINANCIAL

- ▶ 9,167 cr. in net revenue.
- ▶ 3,503 cr. in operating profit
- ▶ 4,011 cr. In Property, Plant and Equipment
- ▶ 540 cr. declared in dividends.

MANUFACTURED

- ▶ Modernization and mechanization of invested in new Production technology
Improve component localization and value addition
- ▶ Increase resource utilization through waste circularity
- ▶ Enhance production efficiencies and optimize costs

INTELLECTUAL

- ▶ Adoption of advanced technologies
- ▶ Fully equipped Digital Business Solutions wing
- ▶ Robotic process tools to automate routine manual processes
- ▶ Technology-driven solutions

HUMAN

- ▶ 116 New Recruits in 2023
- ▶ 13 Cross-industry Hires
- ▶ 44% of total new recruits are female
- ▶ 1 out of 5 Front-liner managers are now female

SOCIAL AND RELATIONSHIP

- ▶ 32,802 cr. paid in taxes.
- ▶ Over 125 million saplings distributed through Bonayan
- ▶ 2,591 solar-powered home systems installed free of cost
- ▶ Probaho supplying more than 600,000L of safe drinking water every day

NATURAL

- ▶ 99.2% waste recycling and zero waste to landfill.
- ▶ Water recycling ratio 31.3%
- ▶ Direct Energy Reduction 4%
- ▶ Water Intake Reduction 99.9%



MANAGING OUR TRADE-OFFS FOR LONG-TERM VALUE

BAT Bangladesh’s operations are integrated – each activity/process feeds into the next one until a final product is manufactured.

To achieve our purpose, our underlying business model focuses on effectively converting one capital stock into value across all six capitals.

For over 113 years, BAT Bangladesh has invested its financial and human resources into effective and efficient production, supply chain and value addition, to create value for our stakeholders, employees, local communities,

customers, suppliers, government and regulators while minimizing our impact on the environment.




The challenge is to understand how the continued availability, quality and affordability of significant capitals affect our ability to achieve our strategic objectives and continue creating value. Managing this process to enhance value inevitably involves trade-offs – how and when value is shared between different stakeholders, and how that value is created, transformed or depleted across the capitals. Below, we summarize trade-offs across the capitals, and detail the key trade-offs in 2022-23:

Capital*	Pillar	Trade-offs	Capital Impact
Financial	FINANCIAL RETURNS COST	Our future depends on modern, mechanized, and efficient production processes. We therefore need to invest in technology to improve operational efficiencies and reskill people. In FY23, capital expenditure of BDT 339.11 crore was allocated to maintaining assets and growth projects, while our various training and development programs focuses on reskilling our people. Our biggest challenge is the shortage of technical and specialist skills, although currency depreciation also has cost implications.	Financial Manufactured People
Manufactured	PRODUCTION		
Human	PEOPLE SAFETY AND HEALTH	<p>Our intense focus on eliminating fatal risks has ensured our managed operations have been fatality-free. We have intensified the proactive management of employee wellbeing for employees. Our greatest challenge in both safety and health is human behavior: We are using our intellectual capital to develop innovative solutions that encourage people to make the balance with the personal life, prompt decision making, proactiveness, bold and self-empowered etc.</p> <p>In 2021, we created apprentice academy, a unique technical skill building academy where we recruit technical background graduates (mostly diploma engineers) in a 2 year long intensive academy. Here they can learn in depth the industry best practices and can graduate from the academy as a recruit in BATB or as a qualified resource in other factories. Till now we had 3 batches of apprentices in the academy with 450+ apprentices. Of them, 180 have graduated the academy with 150 joining our organization. Apprentice academy has been noted as a best practice by International Labor Organization (ILO) in Bangladesh as well.</p>	Intellectual Manufactured Financial People Manufactured



Capital*	Pillar	Trade-offs	Capital Impact
Social and relationship	Socio-Economic	As a responsible corporate citizen, BAT Bangladesh has always emphasized on the Socio-Economic environment engaging with the Social and Relationship Capital as for doing business in Tobacco Industry is sharply negative in recent years, we need to restore trust, based on a common understanding of our challenges and purposes. We contributed BDT. 32,802 crore as the Tax for the FY23. Our robust and clearly articulated procedures and policies, combined with a deeply ingrained culture that prioritizes and values the rights of all employees, business partners, and the broader community, contribute to the alignment with the SoBC. Our commitment to upholding human rights extends beyond our direct suppliers and encompasses the entire value chain.	Financial Social and relationship
Natural	Environmental	BAT Bangladesh has set several targets to deliver in accordance to its commitment to environmental sustainability. By 2025, the Company aims to ensure 30% water recycling across sites. Ensuring zero waste-to-landfill at all manufacturing sites, eliminating use of all unnecessary single-use plastic and achieving Alliance for Water Stewardship certification for all manufacturing sites are also goals set for the same year. 2025 targets further include 35% reduction in water withdrawn (2017 base year) and 50% carbon emission reduction for Scope 1 and 2 (2020 base year). In addition, by 2030, we wish to achieve carbon neutrality for Scope 1 and 2 emissions and ensure 50% renewable energy in use at our sites.	Natural Financial Social and relationship
Intellectual	ALL PILLARS	BAT Bangladesh's focus on innovation and conceptualization of new initiatives and frameworks enables it to create value for stakeholders and accomplish sustainable growth. In addition, our Intellectual Capital also comprises our insights into adult consumer choices and other market trends as well as our access to world-class research and development (R&D) capabilities that are vital to meet market requirements as well as ensure conformance to quality specifications. Our focus on strategic planning and concerted execution is a vital component of our innovation strategy that leads to supplementation of our Intellectual Capital. For this capital utilization in 2023 BAT Bangladesh had spent 5,300 Hours spent Managerial Training Sessions, 60,135 Hours on Shopfloor Training Sessions, 25,900 Hours on the GRID-online learning portal.	Financial People Intellectual

ENGAGING WITH OUR STAKEHOLDERS

We work with, take into account and respond to the views and concerns of our stakeholders. This enables us to adapt to emerging risks and work to meet the expectations placed upon us as a multinational business.

	 CONSUMERS	 SHAREHOLDERS & INVESTORS	 OUR PEOPLE
WHY THIS STAKEHOLDER IS IMPORTANT TO US	As preferences and attitudes change in an evolving industry, understanding our consumers is essential to both successful portfolio and business growth.	It is essential that we maintain the support of our shareholders and bondholders to maintain access to capital. This allows us to implement our strategy and achieve our business objectives.	The quality of our people is a major reason why the Company continues to perform well. We understand the value of listening and responding to feedback from our people to maintain a fulfilling, rewarding and responsible work environment.
EXAMPLES OF HOW WE ENGAGED IN 2023	<ul style="list-style-type: none"> ▶ Consumer care helpline ▶ Responsible marketing and transparent communication 	<ul style="list-style-type: none"> ▶ Annual General Meeting ▶ Investor relations programme and shareholder engagement on our Directors' Remuneration Policy ▶ Institutional shareholder meetings ▶ Capital Markets Days ▶ Price Sensitive Information & Material Information ▶ Annual Report ▶ Suite of focused ESG reports and wider disclosures ▶ Stock exchange compliances ▶ Shareholder information on website 	<ul style="list-style-type: none"> ▶ Director market and site visits ▶ Virtual forums ▶ Employee town halls ▶ Global and regional webcasts ▶ Your Voice employee survey ▶ Graduate and management trainee events ▶ Individual performance reviews ▶ Speak Up channels
WHAT MATTERS TO OUR STAKEHOLDERS	<ul style="list-style-type: none"> ▶ Health impact of our products and other social considerations ▶ Product quality ▶ Affordability and price ▶ Ingredients/nicotine levels ▶ Plastics/post-consumption product waste 	<ul style="list-style-type: none"> ▶ Business performance ▶ ESG agenda ▶ Corporate governance ▶ Strength of Group leadership ▶ Board succession planning 	<ul style="list-style-type: none"> ▶ Reward ▶ Career development ▶ Diversity and inclusion ▶ Corporate responsibility ▶ Health and safety ▶ Business ethics
HOW WE RESPOND	<ul style="list-style-type: none"> ▶ Development of innovative products ▶ Product stewardship, quality and safety standards ▶ Clear and accurate product information ▶ International Marketing Principles ▶ Circular economy strategy and initiatives 	<ul style="list-style-type: none"> ▶ Regular communications with shareholders and investors ▶ Robust corporate governance ▶ Continual improvement of our Delivery with Integrity programme ▶ Our range of enjoyable and innovative products ▶ Product quality and safety standards ▶ International Marketing Principles 	<ul style="list-style-type: none"> ▶ Extensive communications and engagement with our people worldwide during and following the pandemic ▶ Board review of and feedback on workforce engagement ▶ Training and development programme ▶ Diversity & Inclusion Strategy ▶ Delivery with Integrity programme
PRINCIPAL RISK IMPACT	<ul style="list-style-type: none"> ▶ Competition from illicit trade ▶ Significant increases or structural changes in tobacco, nicotine and New Categories related laws & taxes ▶ Inability to develop, commercialise and deliver the New Categories strategy ▶ Climate and circularity 	<ul style="list-style-type: none"> ▶ Competition from illicit trade ▶ Geopolitical tensions ▶ Tobacco, New Categories and other regulation interrupts growth strategy ▶ Litigation ▶ Significant increases or structural changes in tobacco, nicotine and New Categories related laws & taxes ▶ Inability to develop, commercialise and deliver the New Categories strategy ▶ Disputed taxes, interest and penalties ▶ Foreign exchange rate exposures 	<ul style="list-style-type: none"> ▶ Injury, illness or death in the workplace

Listening to our stakeholders helps us better understand their views and concerns, and enables us to respond to them appropriately. It gives us valuable inputs to, and feedback on, our strategic approach, as well as our policies, procedures and ways of working.

 SUPPLIERS	 CUSTOMERS	 GOVERNMENT & WIDER SOCIETY
<p>Effective relationships with farmers and suppliers of tobacco leaf, product materials and indirect services are essential to an efficient, productive and secure supply chain.</p>	<p>Our customers include retailers, global and local key accounts, distributors and wholesalers that are essential for driving growth and embedding responsible marketing practices.</p>	<p>We seek to be part of the debate that shapes the regulatory environment in which we operate, and to work collaboratively to develop joint solutions to common challenges.</p>
<ul style="list-style-type: none"> ▶ Extension Services farmer support ▶ Ongoing dialogue and relationship management ▶ Strategic partnerships 	<ul style="list-style-type: none"> ▶ Sales calls and visits by trade representatives ▶ B2B programmes ▶ Digital B2B eCommerce platforms 	<ul style="list-style-type: none"> ▶ Meetings and ongoing dialogue ▶ Compliant to government & regulatory authorities ▶ Multi-stakeholder engagement ▶ Community partnering programmes
<ul style="list-style-type: none"> ▶ Productivity/quality/cost ▶ Sustainable agriculture ▶ Farmer livelihoods ▶ Human rights ▶ Health and safety ▶ Climate change impacts ▶ Ongoing impacts of COVID-19 	<ul style="list-style-type: none"> ▶ Route-to-market planning ▶ Contingency planning ▶ Cost, price and quality ▶ Stock availability ▶ Consumer buying behaviour ▶ Youth access prevention ▶ Ongoing impacts of COVID-19 	<ul style="list-style-type: none"> ▶ Product regulation ▶ Tax/excise/illicit trade ▶ Responsible marketing ▶ Public health impacts ▶ Human rights ▶ Climate change impacts ▶ Ongoing impacts of COVID-19
<ul style="list-style-type: none"> ▶ Supplier Code of Conduct ▶ Thrive sustainable agriculture and farmer livelihoods programme ▶ Leaf operational standards for PPE and child labour prevention ▶ Farmer Extension Services support and training ▶ Ongoing COVID-19 support 	<ul style="list-style-type: none"> ▶ Customer loyalty programmes and incentives ▶ Ongoing COVID-19 support 	<ul style="list-style-type: none"> ▶ Standards of Business Conduct (SoBC) ▶ Delivery with Integrity programme ▶ Carbon neutrality target for 2030 and Net Zero target for 2050 ▶ Human rights and climate impact assessments ▶ Community investment and CSR programmes ▶ Ongoing COVID-19 support
<ul style="list-style-type: none"> ▶ Inability to develop, commercialise and deliver the New Categories strategy ▶ Climate and circularity 	<ul style="list-style-type: none"> ▶ Competition from illicit trade ▶ Significant increases or structural changes in tobacco, nicotine and New Categories related laws & taxes ▶ Inability to develop, commercialise and deliver the New Categories strategy ▶ Climate and circularity 	<ul style="list-style-type: none"> ▶ Competition from illicit trade ▶ Geopolitical tensions ▶ Tobacco, New Categories and other regulation interrupts growth strategy ▶ Significant increases or structural changes in tobacco, nicotine and New Categories related laws taxes

HUMAN CAPITAL



Recognizing the distinctive qualities of our business, we consider the diverse and versatile talent we have as the primary source of value creation.

Mehedi Arif Mozzamel
Head of Operations Human Resources

BATB'S HUMAN CAPITAL AT A QUICK GLANCE



HIGHLIGHTS,
2023

Total employees
1,669
(2022: 1,526)

Total female employees
217
(2022: 196)

STATEMENT BY
OUR HEAD OF HR

“As the cornerstone of our success, our people represent the invaluable human capital that propels BAT forward. Our diverse and talented workforce is the beating heart of our organization, driving innovation, collaboration, and excellence. We firmly believe that by nurturing and investing in our people, we unlock the full potential of our organization, ensuring maximum achievements for the company”

PROGRESS
ACHIEVED, 2023

Progress achieved, 2023

- ▶ Bestowed with the Top Employer award for the 5th time by the Top Employer Institute
- ▶ Significant leap in the Female management population by 8%
- ▶ Successfully catered to the staffing requirements of our new Savar Factory
- ▶ Continued with our innovative employee learning and training programs

OVERVIEW

At BAT Bangladesh, we view strategic talent acquisition as the essential starting point for developing a marked differentiation factor. To preserve our company’s long-term sustainability, we prioritize merit- and skill-based recruiting.

Our capacity to attract top-tier talent is strengthened by industry-leading methodology to people development and retention. The Top Employer Institute has accredited BAT Bangladesh as the country’s “Top Employer” for the fifth year, based on our excellence in people practices across all HR competency categories.

Our emphasis on developing a friendly and collaborative culture derives from the fact that we recognize human capital as a crucial component of our growth strategy. We foster this culture among our employees by providing them with a multidisciplinary atmosphere and programs that allow for both challenge and reward. These programs equip individuals with the necessary competencies and experiences to further their careers and propel the firm to new heights.

Our people are the engine that powers our organization, and we are unwavering in our commitment to cultivating a culture that is useful and congenial by encouraging and assisting them in their pursuit of excellence on the path they are on.



**Fit for purpose
organization
design**



**Talent with
winning
capabilities**



**Culture &
Leadership
Behavior**



**Diversity and
Inclusion**

In 2023, we provided over 65,345 hours of learning and training for our co-workers in a variety of different areas, including process and technical knowledge, soft skills development, and leadership training. Training and development are an essential component of our employee value package.

Furthermore, as part of our efforts to encourage cross border exposure, we provided global transfer options and international career assignment chances to our employees throughout the course of the year.

With our Values acting as the guiding principle, our holistic HR strategy is centered around the following four pillars: Fit

for Purpose Organization Design, Culture and Leadership Behavior,

Talent with Winning Capabilities and Diversity & Inclusion. These pillars provide structure in ensuring that everyone at BAT Bangladesh is working towards the collective goal of building a high-performing organization that is built to last.

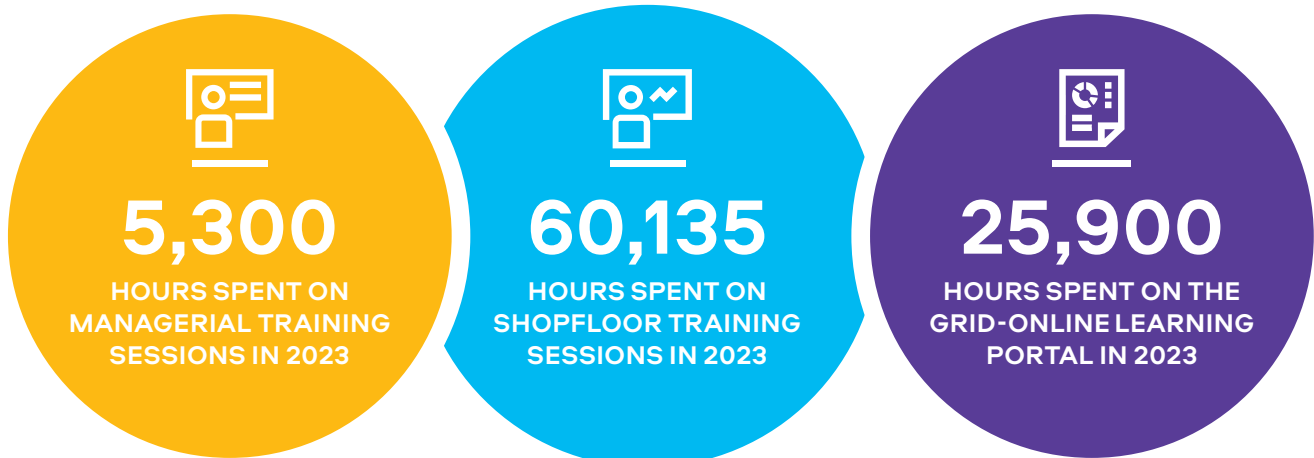


FIT-FOR-PURPOSE ORGANIZATION DESIGN

Future-fit organization structure in 2023, BATB experienced several adjustments to its methods of operation. Despite all the changes, we remained committed to maintaining a flexible and resilient workforce.

Thus, notwithstanding the changes, we maintained a lean and future-proof framework in our organizational architecture. Our human capital is distributed across roles and grades as per the following:

Category	Number of employees	%	Male	Female
Top management	8	0.48	7	1
Senior employees	69	4.14	58	11
Mid-level employees	214	12.84	158	56
Junior employees	400	24.00	290	110
Shopfloor employees	976	58.55	937	39
Total	1,667	100	1,450	217



TALENT MANAGEMENT THAT LEVERAGES INDIVIDUALITY

We respect the diverse work styles and values of individuals and are expanding our efforts to support career autonomy, to ensure that our diverse and versatile talent pool feels a sense of satisfaction and pride in their work, and to continue to grow and play an active role while making use of their abilities to the fullest.

Our goal is to develop the most capable leaders for the next generation to effectively run the company both today and in the future. To do this, we make sure to offer job possibilities to those who have the necessary skills, ambition, passion and drive to succeed.

At BATB, we believe that every employee has the right to be aware of their current position about performance, potential and career status. The endeavor with the career principles and approach's goal is to offer straightforward, understandable, and helpful advice on advancing an employee's career at the company while adhering to the overall personnel management strategy.

The global principles are the foundation and anchor of career planning at BATB and are applicable to all departments and management.

On-boarding & Engagement

Talent Acquisition

Workforce Planning

Succession Planning

TALENT MANAGEMENT

Development

Performance Management

TALENT WITH WINNING CAPABILITIES

116 New Recruits in 2023

13 Cross-industry Hires

19 BATB Managers newly expatriated in 2023

GROWTH DIALOGUES

With the goal of increasing the effectiveness of employees' autonomous growth, we conduct annual reviews focusing on employee skill development and career building and provide opportunities for dialogue with supervisors.

TALENT REVIEW PROGRAM

BAT Bangladesh has established a mechanism to encourage the development of employees' skills and careers through observation and assessment from multiple perspectives by sharing skill growth and career aspirations of employees confirmed through Growth Dialogues with a wider population.

CAMPUS-TO-CORPORATE INITIATIVES

XCEED campus ambassador program

The XCEED Campus Ambassador Program, which was launched in 2019, is a platform promoting campus engagement and sustaining partnerships with colleges that serve as a vibrant talent hub for BATB. These predominantly second- and third-year individuals, who serve as talent "ambassadors" within their respective colleges, also participate in many coaching sessions that help in advancing skill development. Our diversified group of virtual XCEEDs in 2023 was made up of participants from Bangladesh's top-

20 institutions. Each XCEED was crucial in connecting the group to his/ her individual school.

XCELERATE internship program

Our three-month long XCELERATE internship program is a platform created to welcome bright going to be graduate participants into the company and expose them to the experience of working in a vibrant multinational company. BATB makes sure that interns work on engaging projects that refine their skill sets while providing adequate learning opportunities.

Supernova

Supernova, the first-of-its-kind innovative mentorship network that aims to develop future female leaders in the fields of science, technology, engineering, and mathematics (STEM), was established in 2021. Six of the first batch's 17 Supernovas have already joined BATB in various operational positions.

In order to mentor ambitious female talent and further develop the strong network of young female leaders majoring in STEM subjects, we launched the third season of Supernova in April 2023. We developed a comprehensive learning plan with interventions from notable female industry executives to develop our 20 fearless Supernovas.

Battle of Minds

2023 was a milestone year for the pioneering business case competition Battle of Minds (BoM). We 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. They 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 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 colored 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. Participants were encouraged to show that they could adapt and come up with creative solutions even in the face of deep uncertainty. In keeping with the concept, we started out by describing the thrilling challenges that provided opportunity for participants to get going on how they could "Own the Unknown". Participants had to come up with creative solutions to the three ESG-focused challenges that comprised circular economy, workplace digitization and blockchain.

CROSS-INDUSTRY CAPABILITIES

At BAT Bangladesh, we believe that attracting the smartest and brightest people of the nation is the key source of our competitive advantage. We require

seasoned individuals with specialist expertise as we build the company on many fronts in order to reach new milestones. Across the year we made use of our solid talent brand and superior employee value propositions to bring a wide range of cross-industry competencies to the company.

OUR TALENT IN THE GLOBAL ARENA

Free knowledge exchange and sharing of best practices across BAT group worldwide are today seen as a fundamental aspect of our culture and a sign of the caliber of our resources. This shows that we have completed the circle, moving from inviting foreign partners to currently sharing our own distinctive best practices with Group firms spread over the globe.

We deployed 14 of our talents to various end markets in mid to senior roles as a company determined to make progress every day with a relentless emphasis on attaining business excellence through international benchmarking. Although some of them are young, talented individuals who are raising the Bangladesh flag high in various parts of the globe, others are members of leadership teams and heads of departments who oversee large teams.

DIVERSITY, EQUITY, INCLUSION

We are promoting and strengthening initiatives to ensure that each of our diverse and versatile employees is accepted and able to flourish.

The concept of diversity, equity, and inclusion (DEI) continues to be an important focus in the corporate world and is one of the most significant aspects of the HR agenda at BATB. As a result of the effectiveness of our recruitment, development and promotion initiatives, the percentage of women working in management grades at the Company has grown over time. Meanwhile, ongoing efforts in women's empowerment continue to empower our female colleagues across the organization by providing them with meaningful opportunities for involvement and networking.

In this context, "empowerment" refers to the process of giving women more control over their lives and choices. In addition to this, we made significant strides toward improving the social wellness of our workforce.

Throughout the course of the year 2023, a number of wellness projects were initiated with the goal of enhancing work-life integration and the overall wellbeing of our employees. These projects included the implementation of engagement activities that encouraged employees to interact with one another and participate in the activities. This also contributed to strengthen the bonds between teams.

Thus, the constant goal in our talent strategy framework is DEI. Over time, we have made sound progress in ensuring better gender diversity within the organization by extending our ground-breaking campus project, Supernova, and introducing the first-ever co-ed competitive sports event.

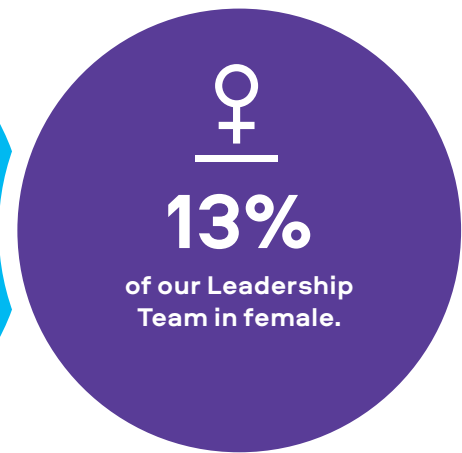
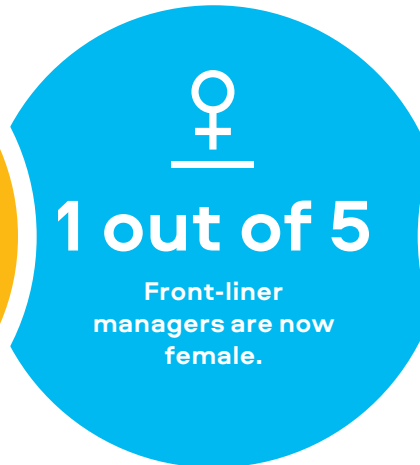
SUPPORTING WOMEN'S CAREERS

We are expanding measures to support work-life balance beyond the level required by law to empower employees to autonomously develop their careers and to further maximize their abilities, even after life events, such as childbirth and child-rearing. Additionally, in order to increase the number of women in managerial positions (target of 37% or more by the fiscal year ending 2025) and to accelerate their appointment to key positions, we are

promoting career support tailored to women such as a mentorship programs for women in managerial positions.

ENCOURAGING THE APPOINTMENT OF A DIVERSE TALENT POOL

We are working to maintain and increase diversity by appointing employees based on their abilities and performance, ensuring to assign the right person in the right position, regardless of age, gender or nationality or any other irrelevant factors.



APPRENTICE ACADEMY

In 2021, we created apprentice academy, a unique technical skill building academy where we recruit technical background graduates (mostly diploma engineers) in a 2 year long intensive academy. Here they can learn in depth the industry best practices and can graduate from the academy as a recruit in BATB or as a qualified resource in other factories. Till now we had 3 batches of apprentices in the academy with 450+ apprentices. Of them, 180 have graduated the academy with 150 joining our organization. Apprentice academy has been noted as a best practice by International Labor Organization (ILO) in Bangladesh as well.

EMPLOYEE WELLBEING IN THE SPOTLIGHT

The holistic well-being of our co-workers plays a crucial part in promoting a pleasant workplace culture. In 2023, we continued on our path towards mental and physical wellness and expanded upon it to include other facets of wellbeing, such as financial wellbeing.

All of our employee work locations – Dhaka, Savar and Kushtia – are equipped with 24-hour clinics to support the shift operations of our factories. All of our workers have free access to these dispensaries, staffed by trained physicians and pharmacists.



In addition, we established the BAT Olympiad, which consists of several athletic activities, such as our intra-BAT football competition, The Changemakers' League, and a cricket tournament. We also established an intra-gender basketball tournament for the first time, BAT Ballers, as a demonstration of BAT Bangladesh's commitment to an open and equal workplace.



At BATB, we also took conscious steps to alleviate the financial constraints that our employees faced due to inflation. These actions were taken in light of the economic volatility and inflation that have been experienced in the country.



In order to leverage the enthusiasm of our people, we organized the 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. The tournament broke down barriers between shopfloor and management employees. All of the organization join together and vote to select the winners after having gathered together to attend the concert and groove as one. To create more opportunities for members of the organization to pursue their passion and foster an inclusive culture, this platform invited all talented in-house artists to come together and take the stage by storm.

With all of its wellness efforts, BATB fosters an inclusive atmosphere among its shopfloor and management personnel. In a variety of corporate projects, shopfloor personnel frequently collaborate with other co-workers. This has permitted an influx of management from the work floor, fostering equity, optimism and cohesion.

FUTURE ROADMAP

A year to remember on many counts – that was 2023. We anticipate doing more in the current year (2023). We anticipate more opportunities to promote sustainable development as we move forward. By 2024, we intend to:

- ▶ Become the most diverse, inclusive and ethical organization in the nation.
- ▶ Continue to cultivate our talent at a faster pace to keep up with the company's expanding needs and hasten the export of talent.
- ▶ Concentrate on attracting and fostering more women in STEM fields, as well as extending our attention to recent graduates in agriculture so that we may become the leading platform for their professional development.
- ▶ Collaborating with universities to integrate the necessary contemporary skills into business at a pace that is reverses the outflow of highly qualified graduates, which has an impact across all industries. Bangladesh's economy is expanding at a healthy pace.

The country needs to fast-track the rate at which it produces talent during this crucial period. In a highly competitive global economy, the nation requires high caliber personnel to cater to its economic ascension. To address this challenge, academics and businesses must work together strategically to build the nation's human capital. We as a company are delighted to lead the HR practice and people empowerment from the front, and in the future years we will step up our efforts to accelerate towards A Better Tomorrow.


MANUFACTURING CAPITAL



At BAT Bangladesh, we define our manufacturing assets, machinery, equipment, and plants, utilized to realize our production targets and objectives, as our manufactured capital. The management of these assets stands as a pivotal business imperative and is deemed an indispensable component in achieving manufacturing excellence and maintaining stable operational performance.”

Ahmed Istiak Al Razi
Head of Manufacturing

BATB'S MANUFACTURING CAPITAL AT A QUICK GLANCE

	<h3>PRESERVING OUR NATURAL RESOURCES</h3>	<h3>ACCOMPLISHING DISTINCTION IN ECOLOGICAL STEWARDSHIP THROUGH OUR GOALS</h3>
<p>Our Manufactured Capital leverages our robust operational footprint, the core of which comprises enhancing efficiency, augmenting quality, optimising cost, and ensuring full regulatory compliance.</p>	<p>BATB's Manufactured Capital encompasses production assets such as machinery, equipment, and plants, essential for meeting our production targets. This capital also includes buildings, infrastructure, communications networks, waste disposal systems, and other key components. The effective management of these assets is imperative for achieving manufacturing excellence and maintaining stable operational performance.</p> <p>BATB is committed to investing in innovative approaches to enhance effectiveness and integrate production control. These investments facilitate ongoing improvements in our supply chain, shop floor operations, expense management, and workforce development. Our focus on optimal manufacturing systems and proactive managerial oversight ensures superior quality and productivity.</p>	<ul style="list-style-type: none"> ▶ Improve component localization and value addition ▶ Increase resource utilization through waste circularity ▶ Enhance production efficiencies and optimize costs ▶ Reduce leaf, energy, water consumption ▶ Maintain supervision on inventory to ensure performance targets



SDG GOALS SERVED

5 GENDER EQUALITY



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



15 LIFE ON LAND



OVERVIEW:

At BAT Bangladesh, within our organization, we prioritize investment in innovative methodologies aimed at enhancing effectiveness and fostering integrated production control. This strategic emphasis ensures perpetual enhancements throughout our supply chain, facilitates the cultivation of manufacturing excellence, promotes cost-efficient operations, and nurtures ongoing professional development among our workforces.

MANUFACTURING FOOTPRINT OPTIMIZATION FOR SUSTAINABILITY

In our relentless pursuit of a sustainable future, BAT Bangladesh proudly presents the transformative highlights of our 2023 journey. Our commitment to achieving carbon neutrality by 2030 is not just a vision; it's a reality shaped by strategic initiatives undertaken throughout the year.

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

OUR MANUFACTURED CAPITAL WITH THE SDGS

In aligning our manufactured capital with the Sustainable Development Goals (SDGs), BAT Bangladesh has placed Environmental, Social, and Governance (ESG) principles at the forefront of our operations. Our manufacturing team has spearheaded various initiatives to propel BAT Bangladesh towards carbon neutrality by 2030.

Our dedication extends beyond operational upgrades. Collaborating with the Rural Electrification Board (REB) and DESCO, we've fortified our resilience against power disruptions. Our commitment to environmental responsibility also extends to water conservation, with a remarkable achievement of over 30% water recycling, ensuring minimal impact on precious water resources.

The tangible outcomes of these efforts are reflected in the low energy and water usage indexes recorded by both the Dhaka and Savar factories in 2023. These metrics are not just numbers; they signify the tangible impact of our commitment to sustainable practices. BAT Bangladesh is more than a corporate entity; we are architects of positive change, demonstrating our unwavering dedication to a future where sustainability is not just a goal but a way of life.

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

In addition, the two-sites optimization and integration has been completed and Savar Factory is now established as the crown jewel factory of BAT Group. Both factories achieved Phase 2 maturity which has been a testament to the sustainable progress we have made in terms of people's capability and process maturity. The significant improvement happened in wrapper material and tobacco wastage reduction throughout Phase 2 journey and

both factories achieved ever lowest tobacco wastage and wrapping material wastage in 2023 which helped further reducing our impact on environment. During all these transformations, BAT Bangladesh demonstrated the highest-ever OEE delivery in history with the best-ever quality product to consumers. This is a groundbreaking achievement obtained in 2023, which will be a key milestone for BAT Bangladesh for years to come to ensure sustainability at the core of delivery.

Recognizing the importance of security, we have fortified our factory and warehouse with upgraded security systems, including DF security systems. These enhancements serve to mitigate potential hazards and safeguard our assets, reinforcing our commitment to industrial safety standards.

Moreover, we have bolstered our fire-fighting capabilities through the expansion and modernization of our fire suppression systems. These measures not only improve our readiness to address emergencies but also contribute to safer evacuation procedures, particularly in critical areas such as the transformer room.

By integrating sustainability practices into our manufacturing operations and prioritizing the well-being of our workforce, BAT Bangladesh remains steadfast in its commitment to achieving sustainable development goals while fostering a safe and resilient working environment.

BAT Bangladesh is working to upskill the workforce through providing general and technical training. We are also focusing on developing the employee's leadership, Digitalization as well as Compliant capabilities and building staff capacity.

A growing number of apprenticeship programs are being offered. BAT Bangladesh offers two years of apprenticeship program in which apprentices are trained with Basic operative technical trainings, Process or IWS related trainings, and other general trainings such as EHS, digitalization trainings etc. This, in turn, could support their future career prospects and increase their earnings potential.

OUR FUTURE ROADMAP

Shifting the culture within any organization is a process that demands time, dedication, and unwavering commitment. However, it begins with tangible, observable changes in behavior. In 2022, we embarked on a strategic vision aimed at mitigating cultural losses and initiated efforts to implement High Performance Organization (HPO) principles.

We firmly believe that the cornerstone of a healthy cultural environment in any institution lies in fostering mutual respect and trust among colleagues. Guided by this principle, we embarked on a journey of cultural transformation, focusing on leadership development, fostering diversity and inclusion, and promoting work-life balance.

We recognize that high-performing individuals and a high-performing culture are integral to the success of any business. In 2023, we made significant strides towards enhancing both, ensuring that our organizational culture fosters excellence and supports the growth and well-being of our employees.


NATURAL CAPITAL



By effectively managing our Natural Capital, we aim to minimize the environmental impact of our activities by responsibly utilizing natural resources and addressing waste, wastewater, and emissions in a sustainable manner.

Rumana Sharmin
Factory Sustainability Manager

BATB'S NATURAL CAPITAL AT A QUICK GLANCE

	<h3>PRESERVING OUR NATURAL RESOURCES</h3>	<h3>ACCOMPLISHING DISTINCTION IN ECOLOGICAL STEWARDSHIP THROUGH OUR GOALS</h3>
<p>As with social capital, consideration for the environment and nature is also an indispensable element in maintaining the foundation of societal trust critical to business continuity, and we recognize the Earth as our greatest stakeholder.</p>	<p>As a pioneer in Environmental, Social, and Governance (ESG) practices, BAT Bangladesh has consistently embraced sustainable business stewardship since its establishment. The Environment, Health, and Safety (EHS) function at BATB play a pivotal role as key facilitators of environmental sustainability, aligning with the cultivation of a workplace culture that places a high value on environmental responsibility. EHS is dedicated to fostering sustainability across BATB's entire value chain, from seed to smoke. Organized into three segments—Factory EHS, Leaf & PSC EHS, and Commercial EHS—the team emphasizes innovation with a fundamental approach of achieving 0 accident, more with fewer resources, while actively pursuing targets for reducing Scope 1 and 2 carbon emissions, among other objectives.</p>	<ul style="list-style-type: none"> ▶ Safeguarding the environment and avoid potential hazards by embracing advanced manufacturing methods, reducing pollutants, and eradicating occupational health and safety risks. ▶ Involve the entire workforce across all worksites in Environment, Health, and Safety (EHS) matters through active participation. ▶ Immerse principles of safety, health, and environmental care into the company's culture and processes continuously. ▶ Persistently explore cost-effective technological solutions to minimize risks to human safety and property, and decrease adverse environmental impact by eliminating, substituting, reducing, recycling, reusing, and recovering resources at the source. ▶ Adhere to all legal and regulatory requirements related to environment, health, and safety.



SDG GOALS SERVED

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



**HIGHLIGHTS,
2023**

Water recycling ratio
35.8%
(2022: 31.3%)

% of Renewable Energy
8.4%
(2022: 0.1%)

% of Waste Recycled
99%
(2022: 99%)

**FOR US, A BETTER
TOMORROW IS
GREEN!**

BATB has established several targets as part of its commitment to environmental sustainability. By 2025, the company aims to achieve a 30% water recycling rate across its sites. Additionally, it strives to achieve zero waste-to-landfill at all manufacturing sites, eliminate the use of all unnecessary single-use plastic, and obtain Alliance for Water Stewardship certification for all manufacturing locations.

The 2025 targets also include a 35% reduction in water withdrawn (based on the 2017 baseline) and a 50% reduction in carbon emissions for Scope 1 and 2 (based on the 2020 baseline). Looking ahead to 2030, BATB aspires to attain carbon neutrality for Scope 1 and 2 emissions and ensure that 50% of the energy used at its sites comes from renewable sources. These targets reflect the company's dedication to advancing environmental sustainability and reducing its ecological impact.

**PROGRESS
ACHIEVED, 2023**
Progress achieved, 2023

- ▶ Successfully achieved a water recycling ratio of 35.8%, a significant improvement from the previous year
- ▶ Attained a substantial reduction in water withdrawn
- ▶ Accomplished an impressive waste recycling ratio of 99%, surpassing the 90% target of 2025
- ▶ Introduction of 11,400 MWH Renewable Certificates for the first time which resulted in 8.4% renewable energy

EHS POLICY THAT GUIDES OUR ACTIONS

BATB's EHS policy comprises two crucial pillars: the Environmental Policy Statement & the Health and Safety Policy Statement. These statements affirm the company's dedication to vital environmental considerations, spanning agriculture, manufacturing, distribution, and health and safety throughout the supply chain. The EHS function at BATB plays a pivotal role, encompassing tasks such as risk assessment, environmental impact analysis, adherence to legal requirements, and the formulation of EHS management and contingency plans. The company's commitment to safety and sustainability is reinforced by the Values framework.

BATB conducts thorough compliance checks, utilizing technology for future-proof solutions, and analyzes top losses through methods like FGD (Focus Group Discussion) and ESG loss analysis. Compliance with NEBOSH, ISO 14001, and SAFEX, along with EHS Masterclasses, equips the organization with the necessary competencies to uphold safety and sustainability. LT sponsorship, emphasis on cultural factors, and organization-wide communication establish a zero-tolerance policy towards environmental neglect, encouraging each employee to take ownership.

The company believes in the delegation of responsibility and ownership, incorporating campaigns and training sessions into the core EHS strategy for professional development and increased awareness of environmental impact. The 'EHS Awareness Week' recognizes the team's continuous efforts to ensure safe practices in factories, warehouses, and offices.

In 2022, the Global EHS Compliance Assessment, held in October, marked a significant achievement for BATB, as Dhaka Factory Operations were declared compliant in all aspects, with recognition for adhering to best practices globally. EHS also endeavors to minimize the company's environmental footprint, aiming for the reduction and eventual elimination of carbon emissions, water withdrawal, and direct energy consumption. The EHS Steering Committee, headed by the Head of Operations, serves as the highest authority for major decisions regarding EHS plans, policies, guidelines, procedures, and the approval of related expenditures.

OUR ALIGNMENT WITH SUSTAINABILITY

In its pursuit of fostering "A Better Tomorrow," BATB has placed a heightened focus on contributing to the achievement of the Sustainable Development Goals (SDGs), many of which align with BAT's Environmental, Social, and Governance (ESG) agendas.

For example, the company addresses SDG #13, Climate Action, by striving for carbon neutrality within its operations. BATB also works to enhance processes for member farmers to improve crop yields while ensuring agricultural practices align with environmental stewardship. The emphasis on minimizing the environmental footprint includes improved supervision of water and waste recycling, water stewardship, and the adoption of renewable energy sources such as solar power. These efforts directly align with BAT's ESG Agendas related to Climate Change, Biodiversity and Afforestation, and Water.

Goal #15, Life on Land, holds a central position in BATB's operational framework. The company achieves this by ensuring the responsible use of land, implementing large-scale projects like Bonayan to combat and reverse the

effects of deforestation, and eliminating waste-to-landfill. These initiatives not only contribute to meeting SDG #15 but also align with BATB's ESG Agendas related to Water, Biodiversity and Afforestation.

PAVING THE WAY TOWARDS CARBON NEUTRALITY

BATB's commitment to sustainability has earned it recognition through various awards over the years, with programs like Probaho (drinking water program) and the Bonayan project receiving several accolades and distinctions. The company remains vigilant in exploring new initiatives that are both feasible and beneficial for employees, society, and the broader community.

OUR LOW CARBON STRATEGY



BATB is on a determined path towards achieving carbon neutrality, and one of its most ambitious goals is to slash Scope 1 and 2 carbon emissions by 50% by 2025 compared to the 2020 baseline, marking a significant stride towards achieving net-zero emissions.

To accomplish this objective, the company has implemented a series of crucial initiatives. These include the installation of online UPS in Savar factory, digital chiller in Dhaka Factory, AVC (Air Volume Control) systems, fitting energy-efficient motors, deploying condensation-free steam supply systems, reducing generator run time, adopting energy-efficient motors, and utilizing economizers for boilers. These initiatives play a pivotal role in not only reducing direct energy consumption but also curbing carbon emissions at BATB, aligning with the company's commitment to environmental sustainability and carbon neutrality.

Our ambition, supported by our updated strategy, sets a clear path for us towards Net Zero. We will undertake this by:

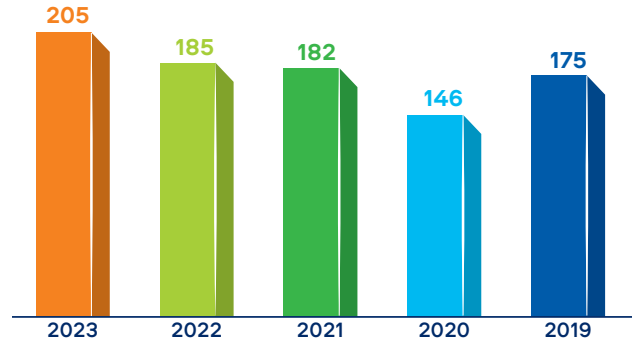
- ▶ an enhanced focus on innovation to drive sustainability;
- ▶ substantially increasing our focus on partnerships to build credibility, momentum and augment competitive advantages;
- ▶ leveraging our modern technology for sustainable growth at scale; and
- ▶ Positioning our businesses as growth engines with an energy transition phase for existing businesses.

ENSURING WATER CONSUMPTION EFFICIENCY

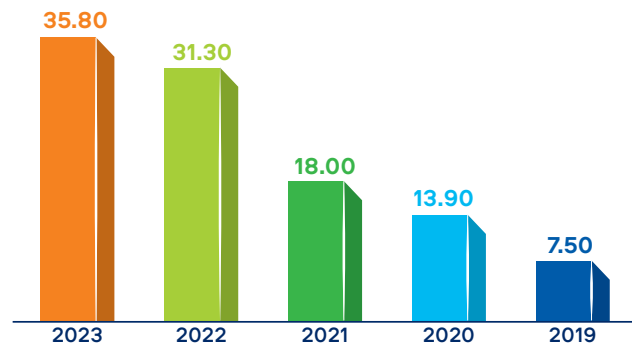
BATB is committed to addressing water-related challenges both at the community level and within its operations, placing equal importance on responsible water management. In 2022, BAT Bangladesh achieved the core certification for Alliance for Water Stewardship (AWS) at its Dhaka Factory and GLT Plant. And with all the internal and external water related best practices Savar Factory achieved AWS Core certification in 2023. Recognizing AWS as a certification that aligns with sustainable development objectives, BATB is optimistic that it will significantly contribute to the goals, particularly in the realm of water stewardship.

Taking tangible steps to improve water sustainability, the Dhaka Factory installed a Reverse Osmosis (RO) plant to enhance water recycling and reduce groundwater withdrawal. As a result of these initiatives, water withdrawal has seen a notable reduction. Furthermore, the company achieved an average water recycling rate of 35.8% across all its sites during the year. These efforts underscore BATB's commitment to sustainable water management practices and its contribution to broader environmental goals.

Water withdrawn ('000 m3)



Water Recycling %



WORLD WATER DAY CELEBRATION

BAT Bangladesh celebrated the World Water Day on March 22, aiming to raise public awareness about water consumption, water recycling, and the importance of ensuring access to clean drinking water. The day was marked with a range of activities, including awareness sessions conducted by the leadership team, engaging games, and knowledge-sharing exercises. The top management recognized and rewarded participating staff for their involvement in these activities.

As part of the initiative, notable rewards were presented to the winning staff, and exquisite Probaho gift baskets were distributed among the employees. The program was designed to foster a culture where individuals are cognizant of the critical importance of clean drinking water, are informed about the measures undertaken by BATB, and understand the significance of water recycling and reuse. These efforts align with BAT's Environmental, Social, and Governance (ESG) agendas, emphasizing the company's commitment to sustainable water management and broader environmental goals.

WORLD ENVIRONMENT DAY CELEBRATIONS

On World Environment Day 2023, BAT Bangladesh launched a transformative campaign, "Beat Plastic Pollution". The primary focus of this initiative was to cultivate a heightened sense of environmental consciousness and responsibility among employees to address the pressing issue of plastic pollution.

Key Highlights:



Awareness and Empowerment:

Educated employees about the harmful effects of plastic pollution and encourage them to make a positive change.



Plastic Waste Collection:

Inspired employees to collect and bring their household plastic waste. 165+ Employees actively participated in the “Drop the Plastic” initiative



Recycling Transformation:

Plastic waste was recycled into sustainable boards which converted into recycled penholders. That resulted in, significant plastic waste diversion from landfills. Along with that distribution of 3000+ saplings was done. Which is a powerful demonstration of how organizations can effect positive changes in the fight against plastic pollution.

ZERO WASTE-TO-LANDFILL

To reduce soil and groundwater contamination, BATB has implemented a robust waste management system, recycling over 99% of its waste and maintaining a zero-waste-to-landfill policy. In specific locations, such as the Dhaka Factory (DF) and GLT Plant (GLTP), vermicomposting units have been installed to convert organic waste into fertilizer, contributing to sustainable waste disposal practices.

Additionally, the company is actively addressing the issue of unnecessary single-use plastic. BATB initiated Project Terra (OPM), the organization’s first-ever effort to instigate a cultural shift regarding plastic usage. This initiative is part of a comprehensive, enterprise-wide strategy aimed at reducing and eliminating wasteful single-use plastic.

Several key efforts are driving waste management practices across BATB’s operations:



Tobacco Waste Management:

Implementing strong tobacco waste management practices in both manufacturing and the GLTP.



Wrapping Material Waste Management:

Increasing focus on managing waste from wrapping materials.



Replication of the Global Best Practices:

Having global waste management system owners based in Bangladesh, enabling faster access to global best practices.



Plastic Waste Reduction Drive:

Actively driving initiatives for the reduction of plastic waste, starting from the second quarter of 2021.

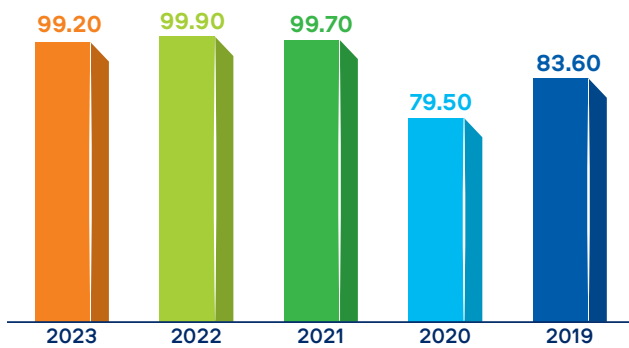


Proper Segregation and Recycling:

Ensuring proper segregation of waste at its source, storing it in designated locations, and implementing proper recycling practices.

These efforts collectively contribute to BATB's commitment to environmentally responsible waste management practices and its broader sustainability goals.

Waste Recycling %



As part of our commitment to promoting the reuse of waste and preventing environmental harm through indiscriminate landfilling, we have implemented several significant recycling initiatives:

	<p>Metallic waste:</p> <p>Dispatched to local foundry shops for recycling into useful metallic gears and other components.</p>
	<p>Filter tow waste changeovers:</p> <p>Used in the production of bed mattresses.</p>
	<p>General paper waste:</p> <p>Utilized for pulping with the intention of onward reuse.</p>
	<p>Wooden scraps:</p> <p>Converted into wooden blocks for further use.</p>



Tow boards changeover to CBC (corrugated box carton):

Ensures multipurpose reuse.



Plastic ties changeover:

Transformed into mats, holders, and shades.



Kitchen waste:

Used for composting, ultimately contributing to the production of fertilizers.

These initiatives not only extend the usable life of various materials but also contribute to environmental conservation by avoiding the adverse impacts associated with uncontrolled landfilling. Through these recycling efforts, we actively participate in the responsible management of waste, aligning with our commitment to sustainable and eco-friendly practices.

INTELLECTUAL CAPITAL



“In last couple of years, BAT Bangladesh has undergone a process transformation in digital ways of work, resulting in operational Excellence. With our digital transformation journey, we have significantly simplified our processes through digitalization and innovation.”

Saif Zahur Al Islam
Sr Manager - IDT Services

BATB'S INTELLECTUAL CAPITAL AT A QUICK GLANCE



OUR INNOVATION STRATEGY

ACCOMPLISHING INNOVATION EXCELLENCE

Our Intellectual Capital encompasses our robust operational and technical expertise, enabling the development of licensed products. Furthermore, it comprises our advanced capabilities in information technology and technology, fostering business transformation.

BAT Bangladesh emphasis on innovation and the conceptualization of frameworks to generate value for stakeholders and achieve sustainable growth. Moreover, our Intellectual Capital encompasses our deep insights into adult consumer preferences and other market trends.

Additionally, we benefit from access to world-class research and development (R&D) capabilities, essential for meeting market demands and ensuring adherence to quality specifications. The integration of strategic planning and concerted execution is a crucial aspect of our innovation strategy, contributing to the augmentation of our Intellectual Capital

- ▶ Addressing the preferences of our adult customer base
- ▶ Promoting brand innovation
- ▶ Facilitating the transformation of our product portfolio
- ▶ Utilizing digital and various technologies, particularly in IWS and other business domains
- ▶ Ensuring quality assurance



**SDG
GOALS
SERVED**



HIGHLIGHTS, 2023

Through the establishment of our Digital Business Solutions (DBS) team, we have made significant progress in fostering a digital mindset and enhancing capabilities for achieving business transformation. This has involved extensive training and equipping a substantial number of our personnel with automation skills. The DBS team has delivered impressive outcomes by empowering our teams to rethink their work methodologies through internally developed digital solutions. Our ultimate goal is to cultivate a workplace that encourages widespread digital adoption among employees, thereby revolutionizing business operations and facilitating a smoother transition to change.

PROGRESS ACHIEVED, 2023

In the pursuit of fostering Intellectual Capital, our business has made significant strides, resulting in a transformative impact on various facets of our organization. For that we have ensured:

- ▶ Creation of a specialized and fully equipped Digital Business Solutions wing
- ▶ Deployment of robotic process tools to automate routine manual processes
- ▶ Provision of comprehensive and state-of-the-art digital tools to empower our workforce, fostering innovation within the workplace
- ▶ Developing technology-driven solutions to enhance environmental and operational management practices
- ▶ Focus on cybersecurity, cloud migration, and cost optimization by leveraging digital platforms has allowed us to revamp old technology and systems, leading to an improved user experience
- ▶ Upscaled the processes through the implementation of Artificial Intelligence in our Buying Process
- ▶ Embedding digital into the core of our enterprise we have leveraged the power of Artificial Intelligence (AI) to generate relevant and authentic consumer preferences

INTELLECTUAL CAPITAL: FUELING INNOVATION AND SUSTAINING COMPETITIVE ADVANTAGE

Innovation is integral to our strategy as we aim to be a forward-looking digital enterprise. We've focused on simplification, self-service solutions, data analytics, and cutting-edge practices to establish idea hubs, boosting productivity and cost optimization. Our commitment to digital transformation includes leveraging AI and NLP technologies, resulting in business process optimization, accelerated manufacturing, and streamlined Sales & Distribution. Additionally, investments in low-code applications demonstrate our agility in supporting business needs. These initiatives position us as a frontrunner in digitization, ensuring competitiveness in a dynamic business landscape.

CATALYST FOR INNOVATION AND COMPETITIVE EDGE:

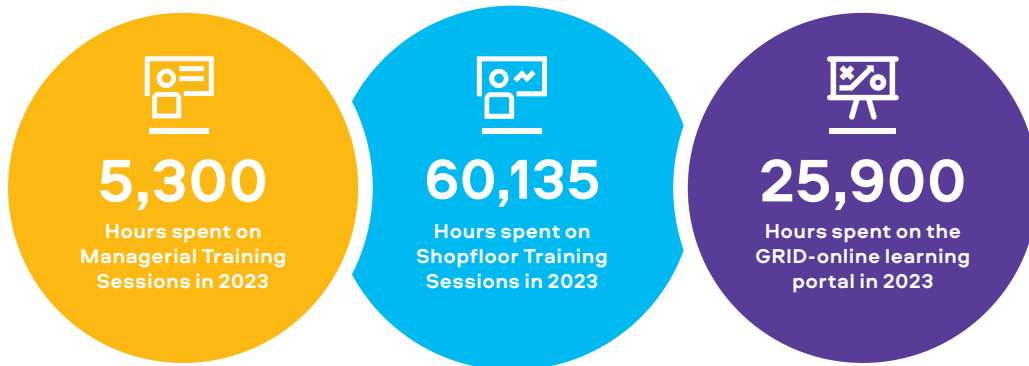
At BAT Bangladesh, Intellectual Capital emerges as a strategic cornerstone, driving innovation, fostering resilience, and shaping the company's competitive edge. This intangible wealth is delineated into three integral facets: Human Capital, Structural Capital, and Relational Capital.

Human Capital: Cultivating Expertise for Innovation

Human Capital at BAT Bangladesh encapsulates the collective skills, knowledge, and creativity embedded within the workforce. Bat Bangladesh believes investing in the development and well-being of employees enhances human capital thus throughout the year, the Company has arranged training programs, continuous learning initiatives, and a positive work culture for nurturing the human capital. The collective skills of the workforce contribute to innovation, problem-solving, and the overall adaptability of the organization.

Our Initiatives:

- ▶ **Rigorous Training Programs:** Investment in continuous employee development and skill enhancement.
- ▶ **Positive Work Culture:** Cultivating an environment that encourages innovation and collaboration.
- ▶ **Talent Acquisition and Retention:** Attracting and retaining top-tier talent to bolster intellectual capabilities.



INTELLECTUAL CAPITAL: ARCHITECTING THE FOUNDATION OF KNOWLEDGE

AT BAT Bangladesh, Intellectual Capital encompasses internal infrastructure supporting knowledge creation, organization, and application. The organization's internal infrastructure supports the creation, organization, and utilization of knowledge. This includes intellectual property, processes, systems, databases, and other intangible assets. Bat Bangladesh's well-designed information systems, effective knowledge management practices, and streamlined processes contribute to the accumulation and utilization of intellectual capital for protecting and leveraging intellectual property, such as patents and trademarks, is crucial for maintaining a competitive edge.

Our Elements:

- ▶ **Intellectual Property Management:** Safeguarding patents, trademarks, and proprietary information.
- ▶ **Knowledge Management Systems:** Implementing sophisticated information systems for efficient knowledge sharing.
- ▶ **Best Practices and Processes:** Institutionalizing efficient operational processes to enhance productivity.

SOCIAL & RELATIONSHIP CAPITAL: BUILDING NETWORKS OF TRUST AND VALUE

Social & relationship Capital at BAT Bangladesh extends to external relationships with stakeholders. BAT Bangladesh focuses on the external relationships with customers, suppliers, partners, and the community where the company is operating. BAT Bangladesh always pursues for a positive brand image, customer loyalty, and strong partnerships to contribute to the relational capital of an organization. Transparent communication, ethical practices, and social

responsibility initiatives enhance the company's reputation and foster trust among stakeholders.

Our Building Blocks:

- ▶ **Customer Engagement:** Nurturing customer loyalty through transparent communication and quality products.
- ▶ **Supplier Partnerships:** Establishing robust partnerships with suppliers for a seamless supply chain.
- ▶ **Corporate Social Responsibility:** Engaging in initiatives that contribute positively to the community, enhancing brand reputation.

STRATEGIC PRIORITIES FOR BAT BANGLADESH FOR THE INTELLECTUAL CAPITAL

Innovation and Creativity:

- ▶ **Strategic Focus:** Foster a culture of continuous learning and cross-functional collaboration.
- ▶ **Outcome:** Position BAT Bangladesh as an industry innovator, adapting to evolving market demands.

Market Differentiation:

- ▶ **Strategic Approach:** Leverage Intellectual Capital to create unique value propositions.
- ▶ **Outcome:** Differentiate BAT Bangladesh products in the market, solidifying brand identity.

Risk Management:

- ▶ **Strategic Measures:** Vigilantly protect intellectual assets, including trademarks and proprietary information.
- ▶ **Outcome:** Mitigate risks associated with market volatility and technological advancements.

Long-term Value Creation:

- ▶ **Strategic Investments:** Allocate resources to employee development, innovation, and sustainable practices.
- ▶ **Outcome:** Ensure BAT Bangladesh's resilience and sustained value creation over the long term.

ACHIEVEMENTS IN OUR DIGITAL TRANSFORMATION

Establishment of our Digital Business Solutions group, we have achieved significant milestones in instilling a digital mindset within the organization. This initiative has propelled our agenda to enhance digital capabilities and increase automation across various business functions. Recognizing the importance of upskilling and retooling, we continue to prioritize these aspects with an accelerated focus on our digital transformation journey.

As an integral component, the Digital Business Solutions group holds substantial potential in sustaining transformation, particularly in areas such as commercial value addition, consumer experience, digital growth, and proactive business solutions. The implementation of over 80 digital solutions has resulted in significant time savings through the automation of standard manual processes, simplification of legacy procedures, and a forward-looking approach to growth.

This initiative plays a crucial role in our Intellectual Capital and technology strategy, emphasizing continuous training for the secure and proficient use of our technologies. Furthermore, our digital strategies have had a positive impact on employee satisfaction, reducing error margins, shortening lead times, improving output quality, and accelerating readiness for future challenges.

ENABLING DIGITAL INCLUSION AND EMPOWERING INDIVIDUALS

To fuel the digital transformation agenda, DBS is establishing the groundwork for assuring change that creates positive outcomes as well as supports long-term value creation.

In this regard, sharing stories of transformation and change helps our workers, especially those on the shopfloor, to understand the business pathway, and why change is important, and learn about best practices in change. For example, we are deploying robotic process automation (RPA) solutions that automate regular, low-level processes to free up time for higher-value jobs and enhance the output of our teams. This was achievable only due to our business solution approach and the successful incorporation of relevant technology.

Today, we strive for operational excellence and aspire to consolidate our presence in our existing markets and create inroads into new markets. We can more clearly plan the initiatives we need to take and how they could fit into the wider picture, thanks to our rigorous analytical frameworks.

Furthermore, we deploy comprehensive impact evaluation initiatives to examine the broader spectrum of technology that could generate commercial value in the future.

ACCOMPLISHMENT

BAT Bangladesh has undergone a process transformation in digital ways of work, resulting in increased efficiency and productivity. Our focus on cybersecurity, cloud migration, and cost optimization by leveraging digital platforms has allowed us to revamp old technology and systems, leading to an improved user experience. Our company has made significant strides in empowering across the organization, including shop floor employees, with skillsets related to digital manufacturing and processes. We have remained dedicated to pioneer strategies for streamlined trade operations and attaining marketing excellence through innovative solutions, underlining our commitment to operational efficiency and market leadership in today's dynamic landscape. Initiatives such as the Digital Survey System and the implementation of Lean Manufacturing through eIWS have further enhanced our operations. Extending our simplification goal beyond, we have upscaled our local payroll processes and employee medical benefits digital solutions, share management system for streamlined and smooth process management for company shareholders. We have also introduced an idea hub to share productivity savings ideas for the organization.

ALL THESE ACCOMPLISHMENTS DEMONSTRATE OUR COMMITMENT TO CONTINUOUS IMPROVEMENT AND INNOVATION.

Progress And Highlights

BAT Bangladesh has made significant progress in the development of a local industry estimation solution and its integration with our global application. We have upscale our processes, particularly in Legal, CORA, HR and Leaf Operations, through the implementation of Artificial Intelligence in our Buying Process. This has led to increased efficiency through automation, reducing our operational costs. Moreover, we have introduced systems using the latest technology which helps internal and external stakeholders to run the process, stay on course, and ensure compliance—in turn empowering them. We have also focused on enhancing efficiency by introducing manual to digital solutions, further demonstrating our commitment to continuous improvement and innovation. We have remained committed to providing the best services to consumers and customers, both internal and external.

Going above and Beyond

By leveraging digital platforms and modern tools, BAT Bangladesh is continuously engaging with the streamline processes, increase efficiency, and reduce costs. This involves the implementation of new systems and applications, the adoption of agile methodologies, and the use of data analytics to inform decision-making that will ensure sustainability in the future. Ultimately, engaging the role of our specialized newly formed IDT as a transformation engine to drive innovation and change, positioning the Company's for long-term success in a rapidly evolving business landscape.

SOCIAL CAPITAL



At BAT Bangladesh, we work to create a positive and measurable socio-economic impact, responding to key societal challenges in our operational geographies and make a better tomorrow for our communities.

Arafat Jaigirdar
Head of External Engagement

BATB'S MANUFACTURING CAPITAL AT A QUICK GLANCE



MAINTAINING SOUND RELATIONSHIPS

ADOPTING A MULTISTAKEHOLDER APPROACH

As a key aspect of our commitment to Social & Relationship Capital, BATB endeavors to cultivate and sustain mutually respectful, meaningful, and advantageous relationships with various stakeholders. This includes customers, value chain partners, local communities, and the government. By doing so, we aim to create a favorable and harmonious business environment that supports our overall business objectives.

We are unwavering in our commitment to corporate responsibility and sustainability initiatives designed to enhance the welfare of our communities and establish trust-based relationships with our stakeholders. BAT Bangladesh proactively engages with stakeholders, investing in social impact activities and initiatives that specifically align with the United Nations' Sustainable Development Goals (SDGs). Our pledge is centered on fostering strong relationships with all stakeholders, with a primary focus on delivering sustainable value that meets their needs, expectations, and aspirations. At the core of our Social & Relationship Capital is our meticulously crafted Corporate Social Responsibility strategy.

- ▶ Our promise to society is to be a Catalyst for positive socio-economic change driving shared value in our communities
- ▶ We segment our stakeholders, thoroughly mapping both their individual and collective needs and expectations.
- ▶ Every long-term decision is carefully considered through the lens of sustainable stakeholder value creation.
- ▶ We actively engage in meaningful dialogue with all our stakeholders, aiming to extract material insights that contribute to the growth of our business.
- ▶ The maintenance of a constructive relations is a matter of utmost importance to us, and our objective is to inclusively involve everyone, leaving no one behind in our pursuits.



SDG
GOALS
SERVED



FOCUSED ON STAKEHOLDER VALUE

At BAT Bangladesh, where we boast a legacy of 113 years of sustained business operations, our Social & Relationship Capital is an indispensable facet of our organizational identity. This capital is intrinsically linked to our enduring commitment to serve the pressing needs of the nation, foster the well-being of the surrounding ecosystem, and uphold meaningful relationships with both formal and informal entities and institutions associated with our operations.

This is to ensure that we deliver impactful and relevant programmes which create shared value among various stakeholders.

Furthermore, it encompasses the relationships among our employees, communities, and other stakeholders.

In our conscientious approach to conducting business, we proactively assume responsibility for our social impact. This involves a mindful acknowledgment of our social accountability, adherence to applicable laws in the regions where we operate, and a steadfast commitment to upholding human dignity and rights with the utmost sincerity.

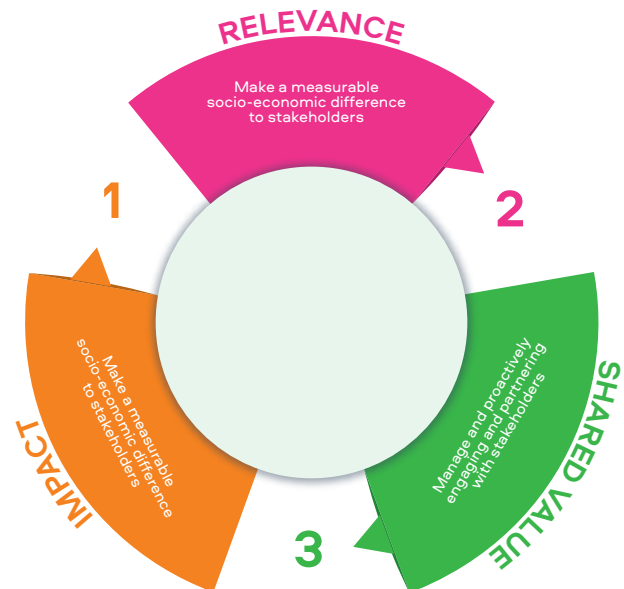
PROGRESS ACHIEVED, 2023

- ▶ Contribute to the communities surrounded to our business.
- ▶ Partner for socio-economic value.
- ▶ Just and responsible transition.
- ▶ Placing our key stakeholders and partners at the center of the implementation process.
- ▶ Ensured zero harm in the entire organization with operational excellence.
- ▶ Focused on maintaining an ailment free environment with an acute emphasis on promoting good health, holistic wellbeing and happiness.
- ▶ Continued to regard human rights and dignity with the full attention that it deserves.

OVERVIEW

At BAT Bangladesh, we are deeply committed to catalyzing socio-economic transformation and empowerment in rural grassroots communities through a comprehensive array of community engagement and development initiatives. Our efforts extend to providing agricultural knowledge aimed at enhancing the income generation potential of farmers, as well as facilitating access to infrastructure and capacity-building services for our farmer network and the broader village communities.

Central to our stakeholder ecosystem are our contracted farmers, and we pledge to ensure sustainable livelihoods for them, guaranteeing a steady income. Operating within the tobacco cultivation value chain, we are resolute in securing the long-term welfare of these farmer communities. Our Leaf team, intricately connected to our contracted farmers, collaborates closely with them to foster resilience-building and capacity development. This involves the provision of essential agricultural inputs and vital technical know-how, thereby establishing enduring and sustainable livelihoods for our contracted farmer communities and their families.



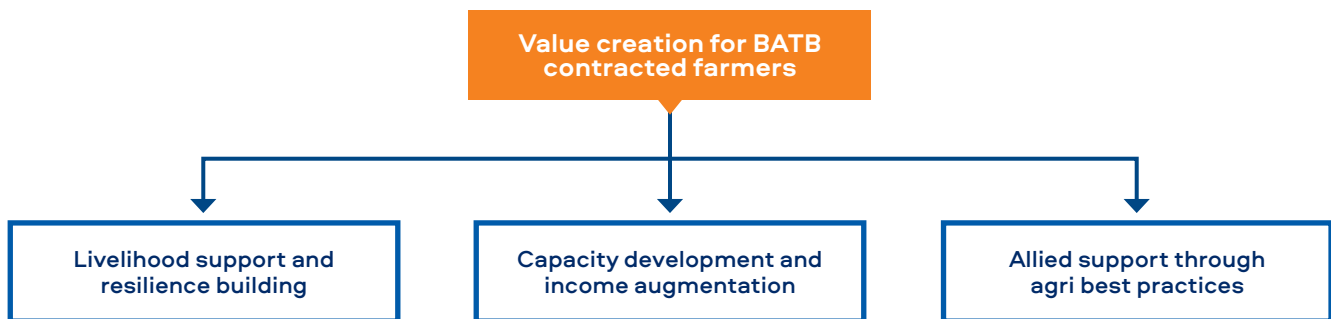
Furthermore, we are dedicated to providing financial security through a guaranteed buy-back system executed in the most ethical and transparent manner. Beyond this, we actively engage with our contracted farmers to

explore opportunities in allied cultivation and initiatives such as farm waste recycling and reuse. These endeavors aim to help them diversify their income streams while simultaneously contributing to cost-saving measures.

UPHOLDING HUMAN RIGHTS

BATB is acutely aware and committed to implementing BAT's rigorous policies, procedures, and processes, maintaining a zero-tolerance stance against any violations of human rights. In line with this commitment,

BAT's Standards of Business Conduct (SoBC), a comprehensive document outlining organizational guidance for everyday conduct and decision-making, is meticulously aligned with the UN Guiding Principles on Business and Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work. This alignment underscores our dedication to upholding human rights standards in all aspects of our business operations.



Moreover, the BAT Supplier Code of Conduct serves as a complementary framework to the Standards of Business Conduct (SoBC), establishing and articulating the minimum standards expected of our suppliers. This code includes specific provisions related to human rights, addressing issues such as child and forced labor.

At BATB, our robust and clearly articulated procedures and policies, combined with a deeply ingrained culture that prioritizes and values the rights of all employees, business partners, and the broader community, contribute to the alignment with the SoBC. Our commitment to upholding human rights extends beyond our direct suppliers and encompasses the entire value chain.

For example, our Leaf operations are mandated to adhere to the requirements of the Sustainable Tobacco Program (STP), an industry-wide best practice standard that covers various areas, including human rights, environmental preservation, and occupational health and safety. Additionally, any red flags indicating risks related to prohibited practices are promptly reported, leading to swift corrective actions to address and rectify the situation. This underscores our dedication to maintaining high ethical standards across our operations.

SAFETY – PURSUING A ZERO-HARM STRATEGY

At BATB, the preservation of life is paramount, and our commitment to a zero-harm strategy underscores the value we place on the safety and well-being of our employees and service providers. We strive to ensure that every individual returns to their loved ones safely each day.

Accomplishments:

- ▶ Utilized our robust environment, health, and safety program, placing a strong emphasis on pre-task risk assessment, lifesaving rules, critical controls, and meticulous adherence to management of change protocols.
- ▶ Fostered an awareness-centric work environment where risks and potential outcomes are thoroughly understood, supported by dedicated leadership.
- ▶ Implemented and continuously refined critical risk controls for logistics processes.

Ongoing Initiatives:

- ▶ Continued emphasis on the significance of the first level of assurance, ensuring that verification systems operate as designed.
- ▶ Cultivated a culture that promotes reporting, feedback, and shared lessons from all incidents.
- ▶ Humanized safety as a leadership imperative.
- ▶ Maintained effective implementation, monitoring, and evaluation of safety measures.

Our unwavering dedication to safety is not just a goal but a leadership imperative, and we persist in our efforts to create an environment where every individual is safeguarded, and lessons learned contribute to ongoing improvements in our safety practices.

EMPLOYEES AND ORGANISED LABOUR WELFARE

In our commitment to providing a safe working environment and mitigating the threat of virus spread in our offices and facilities, we have implemented a range

of precautions. Numerous COVID-19 risk assessments for the workplace are conducted, following the established hierarchy of controls, rules, and procedures in accordance with applicable legislation. In the event of a positive case, we employ “contact tracing” across all operations, facilitated by enabling technologies, enabling an efficient and swift response to infectious diseases.

Special measures are in place to support workers who may be more susceptible to risks, with regular sharing of up-to-date information on our plans and control methods.

Through BAT Bangladesh’s employee volunteering program, we ensure that workers actively participate in well-being initiatives, including intra- and inter-company cricket and football matches, leisure activities, and the celebration of special occasions. Our shared Values serves as the driving force to grow careers with integrity and a future-focused mindset, uniting us as a collective force.

COMMUNITIES AND SOCIETIES

Our community development approach is rooted in the acknowledgment that our influence extends beyond the workplace, and our long-term sustainability is intertwined with that of our communities. Guided by our Care philosophy, we strategically utilize resources to address community needs, identify key partnership opportunities, and streamline efforts to achieve tangible and sustainable impact.

Recognizing our responsibility to assist individuals in need, especially in regions with significant socioeconomic disparities, particularly in rural areas, BAT Bangladesh is committed to making a positive impact. Our integrated COVID-19 response actions exemplify our effectiveness in supporting national and local plans to counteract the pandemic’s effects. This demonstrates our dedication to playing a role in addressing pressing challenges and contributing to the well-being of the communities in which we operate.

OUR APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRINCIPLES

In line with the expectations of our stakeholders, Environmental, Social, and Governance (ESG) considerations retained a prominent position on the agenda for both the Board and the Leadership Team. This commitment is demonstrated through the endorsement of BATB’s new mission, “Creating A Better Tomorrow,” and the formulation of a new strategy. Our unwavering focus on ESG performance is evident in the establishment of benchmarks, showcasing our dedication to initiatives aimed at enhancing our ESG performance. Key areas of emphasis include:

- ▶ Regular engagement with key stakeholders
- ▶ Tracking delivery on stakeholder commitments

- ▶ Implementation of a reputation management program
- ▶ Execution of social investment programs
- ▶ Management of customer and supplier relationships
- ▶ This approach reflects our commitment to responsible business practices, transparency, and ongoing efforts to create a positive impact on the environment, society, and governance aspects of our operations.

DEI, SKILLS AND SOCIAL DEVELOPMENT

Managing both direct and indirect consequences is a fundamental principle of our strategy to mitigate the risks posed to society by our operations. We achieve this by implementing a comprehensive stakeholder engagement approach that is responsive to community needs. This includes creating opportunities for employment, fostering local vendor development, supporting the local purchase of products and services, and delivering tangible community development benefits. This approach reflects our commitment to addressing the broader impacts of our operations on society and actively contributing to the well-being of the communities in which we operate.

CREATING AN IMPACT

Our Corporate Social Responsibility (CSR) approach revolves around the fundamental belief that education is a catalyst for empowerment. We recognize that awareness, in its various forms, empowers individuals and motivates them to make informed choices. At our company, we actively seek opportunities to contribute to the well-being of the communities surrounding our operations with honesty and compassion. Whether addressing public health, environmental sustainability, or the United Nations’ Sustainable Development Goals, BATB is committed to the idea that progress requires collaboration and cooperation among the government, civil society, and the private sector. This commitment is exemplified by our embrace of the PPP model, or public-private partnerships, as a means to foster collaboration and drive positive societal impact.

At BAT Bangladesh, our approach to community development is comprehensive, aiming to impact the maximum number of people through our social and societal initiatives. We have three major community development programs: Bonayan, Deepto, and Probaho.

1. **Bonayan:** This flagship CSR initiative focuses on sustainable agroforestry and other means of benefitting individuals and households. Operating in 22+ districts, Bonayan has contributed to expanding green cover in Bangladesh. Notable projects include afforestation sites at landmarks such as Lalon Shah Bridge, Hazrat Shah Amanat International Airport, Rohingya Camp in Cox’s Bazar, and more.

2. **Probaho:** This initiative provides potable drinking water to numerous families through 117 pure water filtration plants in 22 districts. Probaho has addressed ground-level challenges, preventing water-borne diseases and ensuring easy access to pure water, contributing to improved health and safety, particularly for women.
3. **Deepto:** This sustainable electrification initiative under solar energy has covered 25 villages in Bandarban, Khagrachhari, and Rangamati districts. Installing 2,591 solar-powered home systems free of cost has not only improved household health by avoiding hazardous fuels but also facilitated round-the-clock occupation post-sundown, supporting communities with clean, safe, and reliable power.

In pursuit of creating a sustainable impact, BAT Bangladesh envisions the institutionalization of best practices across its ecosystem. The company is actively engaged in activities supporting environmental protection and conservation of valuable resources such as energy, paper, and water. This commitment reflects a holistic vision for ecological sensitivity and awareness among stakeholders, retailers, farmers, and farm communities.

ECO-FRIENDLY LOGISTICS

BAT Bangladesh has achieved tangible environmental sustainability by prioritizing green logistics. This initiative ensures that the transportation of incoming and outgoing

goods aligns with environmentally friendly distribution principles, optimizing fuel consumption and actively contributing to the reduction of the company's carbon footprint.



In addition to green logistics, the company has implemented forward-thinking methods to further its commitment to environmental stewardship. These methods include rainwater collection, bio-pest management through neem plantation, and the installation of prismatic skylight glass to maximize daylight consumption. These efforts showcase BAT Bangladesh's comprehensive and proactive approach to environmental responsibility.

FINANCIAL CAPITAL



Maintaining strong credit ratings and the Company's capacity to control costs and expenses both significantly enhance our sustainability agenda. Additionally, our effective financial management techniques increase our capacity to build long-term value for our shareholders and allow us to maintain our proud status as Bangladesh's largest corporate taxpayer.

Nashva Bint Hamid
Head of Corporate Finance

STATEMENT

The sustenance of sound credit ratings, and the Company's ability to manage its costs and expenses, makes a significant contribution to our sustainability agenda. Furthermore, our robust financial management strategies expand our ability to create sustainable value for our share owners, as well as enable us to retain our proud position as the largest corporate tax-payer in Bangladesh.

FINANCIAL CAPITAL

At BATB, our financial capital comprises our financial capabilities required to sustain and grow our operations.

As an essential part of our financial capital strategies, we embrace long-term thinking and allocate capital optimally to maximize returns.

FINANCIAL PERFORMANCE:

The financial performance of the Company is measured in terms of various key financial metrics, which includes operating profit, return on capital employed, cash flow generation, gearing and liquidity. Key operating and financial information for the year 2023, along with the preceding four years' information is presented below:

Income Statement	(BDT crore)					
	2023	2022	2021	2020	2019	2018
Gross Turnover	40,379	36,145	33,934	28,108	26,985	23,312
Supplementary Duty, Vat & HDSC	30,796	27,722	26,451	22,079	21,303	17,848
Net Turnover	9,167	8,423	7,483	6,029	5,682	5,464
Gross Profit	4,450	4,423	4,006	2,950	2,685	2,754
Profit before tax	3,527	3,499	2,990	2,109	1,740	1,931
Profit after tax	1,788	1,787	1,497	1,089	925	1,001

Net turnover increased by 9% in 2023, driven by volume growth, new portfolio initiatives including pack upgrades. Even though there has been growth in volume & turnover, cost has increased significantly as well due to various economic factors. Still BAT Bangladesh has effectively managed to ensure significant control over operating expense throughout the year to keep profit after tax flat compared to previous year.

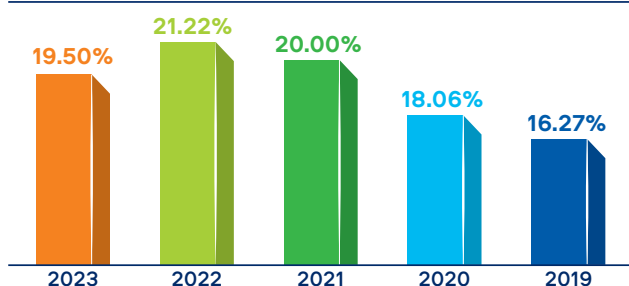
The overall cost of goods sold increased during the year mainly due to higher cost of imports for currency devaluation, higher inflation and increased volume.

However, despite the increase in costs we managed to contain the year-on-year growth to 18% by taking various efficiency measures and cost savings initiatives across a wide array of spectrums.

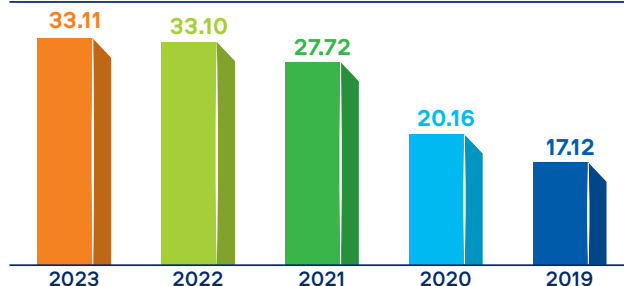
Year on year net finance expenses increased due to borrowings and interest incurred due to deferred Letter of Credits.

Current tax expense is in line with profit growth & EPS for the full year stands at BDT 33.11.

Net Profit Ratio



EPS

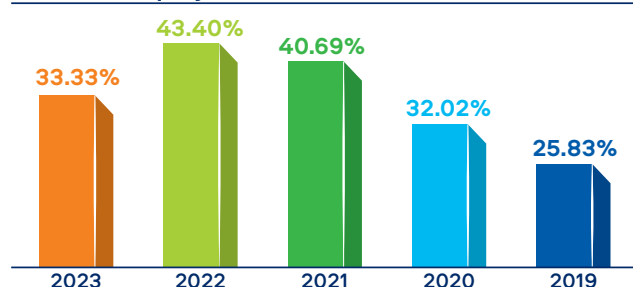


Financial position

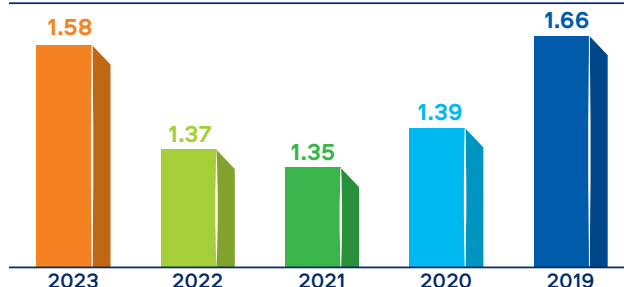
(BDT crore)

	2023	2022	2021	2020	2019	2018
Current Asset	6,375	4,485	4,409	3,374	2,823	3,006
Current Liability	4,041	3,274	3,278	2,419	1,701	2,292
Non-Current Asset	4,011	3,858	3,346	3,101	3,120	2,648
Non-Current Liability	982	951	798	656	662	409
Paid Up Capital	540	540	540	180	180	60

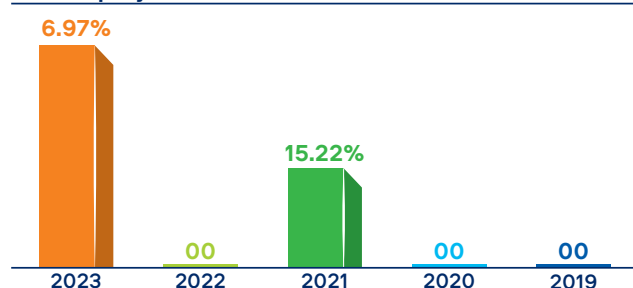
Return on Equity



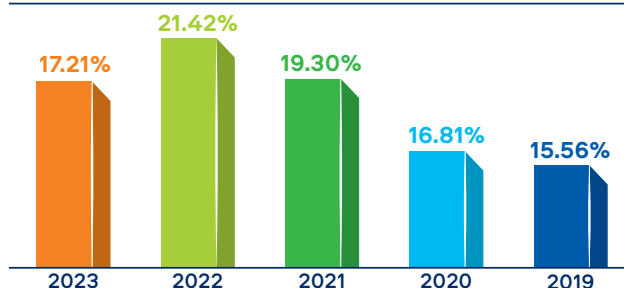
Current Ratio



Debt Equity Ratio



Return on Asset



Cash position

(BDT crore)

	2023	2022	2021	2020	2019	2018
Cash flow from operating	1,021	2,702	795	1502	1559	893
Cash flow from investing	(610)	(606)	(530)	(140)	(319)	(688)
Cash flow from financing	34	(1,765)	(712)	(1314)	(786)	78
Borrowings	374	0	560	-	-	518

Overall cash position in 2023 increased year on year due higher collection from sales and availing deferred Letter of Credits for our supplier payments.

DIVIDEND

The Board of Directors has recommended a final dividend for the year ended 31 December 2023, i.e., BDT 10.00 per share as cash. The dividend is subject to final approval

by shareholders at the Company's during the 51st Annual General Meeting on 28th March 2024.

TAXATION

The effective tax rate increased from 48.93% in 2022 to 49.31% in 2023. The current tax increase is in line with the increase in profit before tax. Deferred tax has decreased from last year primarily due to actuarial valuation movement.

CELEBRATING OUR AWARDS

ICAB National Awards for
Best Presented Annual
Report, 2022



ICAB National
Awards for Corporate
Governance, 2022



Highest Taxpayer
Recognition by National
Board of Revenue (NBR)



SAFA Award for Best
Presented Annual
Report, 2022



We are known for the way we conduct business. Achieving awards are not how we measure our performance. We do, however, appreciate that our efforts have been noticed. This is important to us because it affirms our approach and commitment to operating in the best interest for **A Better Tomorrow™**.

SAFA Award for Corporate
Governance, 2022



ICMAB Best Corporate
Award, 2022



SDG Brand
Champion Award
in Climate and
Environment



SDG Brand
Champion Award
for Decent Work &
Economic Growth



Top Employer Award from
Top Employers Institute for
consecutive five years



SNAPSHOTS 2023

MANAGING DIRECTOR MR. SHEHZAD MUNIM PRESENTED A RETIREMENT AWARD TO ONE OF OUR EMPLOYEES WHO HAD SUCCESSFULLY COMPLETED HIS BATB CAREER ON THE OCCASION OF FAMILY DAY.



REGIONAL STRATEGIC UNITS WITH THE BATB LEADERSHIP TEAM DURING THEIR VISIT TO BANGLADESH

WINNERS OF BATB CHAMPION LEAGUE





CELEBRATION OF
WORLD WATER
DAY 2023

BATB BALLERS



BAT BANGLADESH
CELEBRATING
WORLD
ENVIRONMENT DAY

CHAMPIONS
OF THE BATB
CHANGEMAKERS
LEAGUE



MR. SUDESH PETER,
HEAD OF LEGAL,
GIVING HIS SPEECH
AT MANUFACTURING
SLA IN THE SAVAR
FACTORY OF BATB

THE MANUFACTURING
TEAM OF BAT
BANGLADESH
CELEBRATING THE
ACHIEVEMENT OF IWS
PHASE 2





CHILDREN OF
BATB EMPLOYEES
WHO RECEIVED
EDUCATIONAL
GRANTS

BATB IWS PHASE
2 ACHIEVEMENT
CEREMONY



BATB MANAGEMENT
IN THE SLA OF
MANUFACTURING IN
THE SAVAR FACTORY



The Daily Star

Shaping Bangladesh's future leaders: Career map and advice for the youth from a trailblazer



Steve Ford is the Regional Marketing Director - Asia Pacific, Middle East & Africa (APMEA) at BAT. He is a distinguished figure with an illustrious career that has taken him from the capturing landscapes of New Zealand to leading metropolitan worldwide. However, this isn't just a standard corporate tale; it's a story of a global maestro unraveling the immense potential of Bangladesh and its youth. In a sit-down conversation with him, we explored Steve's exceptional career, international exposure, insights into Bangladesh's potential and the rising prowess of its youth.

As this is your first visit to Bangladesh, how have you found Bangladesh so far?

It's everything I envisioned. I am overwhelmed by their warmth and welcoming nature, their local cuisine and their hospitality, which set me at ease and lively. These delicacies reminded the legacy of Bangladeshi culture. Hearing about this heritage for quite long, I always wanted to visit Bangladesh at least for a while, and finally, my current position has found Bangladesh so far!

ENGLISH

DU IBA triumphs in Battle of Minds contest



The joint initiative of Battle of Minds, the flagship business case competition platform of Bangladesh to boost the development of next-generation business leaders, concluded on Thursday.

The championship title was secured by "Team 1212" from the Institute of Business Administration (IBA), Dhaka University, and a joint team.

According to the release, the triumphant team, composed of Akib Farhad, Anwarul Karim AMB, and Nurunnabiha March, showcased their exceptional ingenuity by utilizing two other finalist teams with their innovative project title 'Energy Strategy' in an energy initiative that adds biggest contribution as a sustainable solution in a new era.

"Team Akib", a collaboration team from the Army Institute of Business Administration (AIBA) and Bangladesh University of Engineering and Technology (BUET), comprising Haseeb Hossain, Anisul Haq, and Anwarul Karim, clinched the first runner-up position.

In parallel, team "Twelve's Elements" from Bangladesh University of Professionals (BUP), consisting of Alamy Ruyhan Mahim, Zubayer Ali, and Zahedul Mulk, clinched the second runner-up position.

An impressive participation of over 2500 participants from 22 universities marked the sixth edition of Battle of Minds in Bangladesh. The champion team

Financial Express

A culture of transparency critical to better business landscape



Steve Ford is the Regional Marketing Director - Asia Pacific, Middle East & Africa (APMEA) at BAT. He is a distinguished figure with an illustrious career that has taken him from the capturing landscapes of New Zealand to leading metropolitan worldwide. However, this isn't just a standard corporate tale; it's a story of a global maestro unraveling the immense potential of Bangladesh and its youth. In a sit-down conversation with him, we explored Steve's exceptional career, international exposure, insights into Bangladesh's potential and the rising prowess of its youth.

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কালের কণ্ঠ



বিএটি বাংলাদেশ : এম.এস.ই. মাদুফাওয়ারি: আনিসবিহারে গেজেট আওয়ার্ড পেয়েছে বিএটি বাংলাদেশ। পুরস্কার প্রদান অনুষ্ঠানে প্রধান অতিথি হিসেবে উপস্থিত ছিলেন বণিয়ারমন্ত্রী টিপু মুন্সি এমপি। অর্থাৎ উপস্থিত ছিলেন বণিয়ার মন্ত্রণালয়ের সিনিয়র সচিব অলপ কাঞ্চি মোহ, বিএসইসির প্রধানমাস অধ্যাপক শিবলী রুবায়েয়াত-উল-ইসলাম এবং ফিন্যান্সিয়াল গ্রিডেটিং কাউন্সিলের (এফআরসি) চেয়ারম্যান ড. মো. হামিদ উল্লাহ ঝুংঝু।

কালের কণ্ঠ

উদ্ভাবনী আবেগের জয়



বিএটি বাংলাদেশ মন্ত্রণালয়ের আওতাধীন একটি উদ্ভাবনী আবেগের জয়। প্রধান অতিথি হিসেবে উপস্থিত ছিলেন বণিয়ারমন্ত্রী টিপু মুন্সি এমপি। অর্থাৎ উপস্থিত ছিলেন বণিয়ার মন্ত্রণালয়ের সিনিয়র সচিব অলপ কাঞ্চি মোহ, বিএসইসির প্রধানমাস অধ্যাপক শিবলী রুবায়েয়াত-উল-ইসলাম এবং ফিন্যান্সিয়াল গ্রিডেটিং কাউন্সিলের (এফআরসি) চেয়ারম্যান ড. মো. হামিদ উল্লাহ ঝুংঝু।

বণিক বাণী

BANGLA NEWS 24

টানা মনসবারে জয়: বণিক বাণীর পুরস্কার পেয়ে বিএটি

বণিক বাণী মন্ত্রণালয়ের আওতাধীন একটি উদ্ভাবনী আবেগের জয়। প্রধান অতিথি হিসেবে উপস্থিত ছিলেন বণিয়ারমন্ত্রী টিপু মুন্সি এমপি। অর্থাৎ উপস্থিত ছিলেন বণিয়ার মন্ত্রণালয়ের সিনিয়র সচিব অলপ কাঞ্চি মোহ, বিএসইসির প্রধানমাস অধ্যাপক শিবলী রুবায়েয়াত-উল-ইসলাম এবং ফিন্যান্সিয়াল গ্রিডেটিং কাউন্সিলের (এফআরসি) চেয়ারম্যান ড. মো. হামিদ উল্লাহ ঝুংঝু।



BAT BANGLADESH

The Daily Star

BAT Bangladesh recognised as a top employer in 2023

TOP EMPLOYER 2023

BAT Bangladesh has become the first company in the country to be certified as a top employer for the fourth time presented by the Top Employers Institute. In 2023, the company won the award for both the global and Asia Pacific region categories for establishing and ensuring best practices regarding employees' well-being, sustainability, and leadership.

BAT Bangladesh has been awarded across multiple aspects, such as robust business and people strategy, career and growth opportunities, workplace, employee well-being and benefits, and employer branding. The Company empowers driving high performance, developing the next generation of leaders, valuing the diversity of its employees, and creating an engaging culture where individuals and teams can be successful.

Business and people strategy, career and growth opportunities, workplace, employee well-being and benefits, and employer branding. The Company empowers driving high performance, developing the next generation of leaders, valuing the diversity of its employees, and creating an engaging culture where individuals and teams can be successful.

Mr Saad Jahan, Head of Human Resources, BAT Bangladesh, said, "Our focus has always been on driving high performance and developing our"

নির্ভরযোগ্যকারীদের জন্য ইকসজি প্রতিবেদন প্রকাশ করল বিএটি

পরিচালক, অর্থনৈতিক ও কৃষকদের স্বাস্থ্য নিশ্চিত করা সহযোগিতার ও নিয়ন্ত্রণকারিতার জন্য, ইএসজি প্রতিবেদন প্রকাশ করে বিএটি বাংলাদেশ। এখানে কোম্পানির উদ্দেশ্য যা যা ইএসজি প্রতিবেদন প্রকাশ করে বিএটি। এর পরিচালনা, এখানে নিয়ন্ত্রণের ক্ষেত্রে প্রতিবেদন প্রকাশ করে প্রতিবেদন প্রকাশ করে বিএটি।

ইএসজি প্রতিবেদন প্রকাশ করে বিএটি বাংলাদেশ যা স্বাস্থ্য, কর্মসংস্থান এবং কর্মসংস্থান প্রদান করে বিএটি।

কর্মসংস্থান প্রদান করে বিএটি বাংলাদেশ যা স্বাস্থ্য, কর্মসংস্থান প্রদান করে বিএটি।

কর্মসংস্থান প্রদান করে বিএটি বাংলাদেশ যা স্বাস্থ্য, কর্মসংস্থান প্রদান করে বিএটি।

পরিচালক, অর্থনৈতিক ও কৃষকদের স্বাস্থ্য নিশ্চিত করা সহযোগিতার ও নিয়ন্ত্রণকারিতার জন্য, ইএসজি প্রতিবেদন প্রকাশ করে বিএটি বাংলাদেশ। এখানে কোম্পানির উদ্দেশ্য যা যা ইএসজি প্রতিবেদন প্রকাশ করে বিএটি। এর পরিচালনা, এখানে নিয়ন্ত্রণের ক্ষেত্রে প্রতিবেদন প্রকাশ করে বিএটি।

শ্রমিক কল্যাণ তথ্যবিলে ১৮ কোটি ৪১ লাখ টাকা অনুমান মিলি বি.এটি বাংলাদেশ

১৮ কোটি ৪১ লাখ টাকা অনুমান মিলি বি.এটি বাংলাদেশ।

১৮ কোটি ৪১ লাখ টাকা অনুমান মিলি বি.এটি বাংলাদেশ।

সুশাস্ত্র

‘ব্যাটস অফ ইকসজি’র এওয়ার্ডে সুশাস্ত্রের সর্বোচ্চ স্বীকৃতি

কর্মসংস্থান প্রদান করে বিএটি বাংলাদেশ যা স্বাস্থ্য, কর্মসংস্থান প্রদান করে বিএটি।

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JagoNews24.com

ব্রিটিশ আমেরিকান টোব্যাকোর ৫০তম এজিএম অনুষ্ঠিত

50th Annual General Meeting
British American Tobacco Bangladesh Company Limited
Wednesday 26 March, 2023

৫০ তম বার্ষিক সাধারণ সভা
৫০th Annual General Meeting
২৬ মার্চ, ২০২৩

THE BUSINESS STANDARD

BAT Bangladesh recognised as top employer in 2023

TOP EMPLOYER 2023

Top Employers Institute has certified Bat Bangladesh as a top employer in 2023 in the global and Asia Pacific region categories for establishing and ensuring best practices regarding employees' well-being, sustainability, and leadership.

For the fourth time, the institute has certified (bat) Bangladesh as a top employer, making it the first company in the region to receive this designation, each a great honour.

Top Employers Institute is the global authority that recognises excellence in employee practices. Since its inception in 1998, the institute has awarded over 1000 organisations across six continents for accelerating the impact of people programmes to reach the world of work.

BAT Bangladesh has been awarded across multiple aspects, such as robust business and people strategy, career and growth opportunities, workplace, employee well-being and benefits, and employer branding. The company empowers driving high performance, developing the next generation of leaders, valuing the diversity of its employees, and creating an engaging culture where individuals and teams can be successful.

Saad Jahan, head of Human Resources, BAT Bangladesh, said, "Our focus has always been on driving high performance and developing our next generation of leaders by valuing their diverse strengths and creating a culture of inclusion and well-being."

BAT Bangladesh believes in empowering people's diverse strengths, realising their potential to grow in the organisation, and promoting people and their growth over anything else. Some of its notable HR practices are reflected in having a diverse and equipped way of working, making the talent acquisition and retaining process smooth for employees. It also focuses on creating a consistent learning culture for its employees through various learning programs and providing access to online learning platforms. In addition, BAT Bangladesh continues to emphasize diversity and inclusion in

ব্রিটিশ আমেরিকান টোব্যাকো (বিএটি) বাংলাদেশ কোম্পানি লিমিটেডের ৫০তম বার্ষিক সাধারণ সভা (এজিএম) অনুষ্ঠিত হয়েছে।

শেখ ও মিনহাজের নির্দেশে সভায় ৫০তম বার্ষিক সাধারণ সভার প্রধান অতিথি হিসেবে উপস্থিত হয়েছেন প্রধানমন্ত্রী শেখ হাসিনা।

সভায় সভাপতিত্ব করেছেন বিএটি বাংলাদেশের প্রধানমন্ত্রী শেখ হাসিনা।

সভায় সভাপতিত্ব করেছেন বিএটি বাংলাদেশের প্রধানমন্ত্রী শেখ হাসিনা।

The Business Post

BAT Bangladesh top taxpayer for 10th consecutive year

BAT Bangladesh has been recognised as one of the top taxpayers in the country for the 10th year 2023.

The company contributed 1,107 crore in corporate tax to the national exchequer in the fiscal year, and a great honour.

The Finance Board of Revenue (FBR) presented BAT Bangladesh the 'top taxpayer' category in an award to top 100 companies in Bangladesh's business sector.

The company has obtained the top taxpayer title for the 10th consecutive year starting in 2014. In 2022-23 fiscal year, the company paid Tk. 1,107 crore in value added tax, corporation tax, income tax, import duty, and other - the highest among the companies operating in Bangladesh.

BAT Bangladesh Chairman Saad Jahan, Managing Director Saad Jahan and Senior Manager Saad Jahan were present for the award handover ceremony.

An official release expressed BAT's gratitude upon receiving the award, stating, "BAT Bangladesh truly values the trust of the tax authorities in awarding us the 'top taxpayer' title. We are proud of our consistent contribution to the national exchequer and revenue. BAT Bangladesh is a committed partner in the country's journey towards becoming a developed nation."

The award, shared by FBR, Chairman and Finance Secretary, Saad Jahan, Managing Director, Saad Jahan, and Senior Manager Saad Jahan, was presented to the company in a special grant.

SOCIAL MEDIA UPDATE 2023



BAT Bangladesh
15.6K likes

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AN INSPIRING MOMENT
ESG

SHARMA KUMARI

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৪০
চারা বিতরণ কর্মসূচী ২০২৩

বনায়ন

স্বাস্থ্যবিভাগ

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21K likes

বনায়ন
দেশব্যাপী ১৮ টি নগরী থেকে
৩০ লাখ গাছের চারা
বিতরণ শুরু করছে প্রকৃত
বনায়ন

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বনায়ন

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৪০
চারা বিতরণ কর্মসূচী ২০২৩

বনায়ন

স্বাস্থ্যবিভাগ

Bonayan
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THE BUSINESS STANDARD

Bonayan wins ESG Award

Probaho
10K likes

প্রবাহ

Probaho
10K likes

প্রবাহ

INDEPENDENT AUDITORS' REPORT

To the Shareholders of British American Tobacco Bangladesh Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of British American Tobacco Bangladesh Company Limited (the 'Company'), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Litigation and contingent liabilities in relation to indirect tax

See Note 45.1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Company has various indirect tax related claims and legal actions arising in the normal course of business. The potential amounts in question are significant. Determining whether there is a liability, and if so, the amount thereof, is inherently subjective. This renders such litigation and contingent liabilities as a key audit matter.</p>	<p>Our audit procedures included, on all such significant claims and litigations:</p> <ul style="list-style-type: none"> - Review of the Company's correspondence with the tax authorities, court verdicts obtained to date and management's assessment of the merits of each such matter. - Obtaining opinions from the Company's external legal counsel. - Assessment of adequacy of disclosures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. Of the components of the Annual Report, we obtained the Directors' Report and the Statement of Corporate Governance prior to the date of this auditors' report. The remaining components of the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and

whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

The engagement partner on the audit resulting in this independent auditors' report is Adeeb H. Khan.



Auditor

Adeeb H. Khan, Senior Partner, Enrolment number: 652

Rahman Rahman Huq, Chartered Accountants

Firm Registration Number: CAF-001-080

Dhaka,

DVC: 2402080652AS907624

British American Tobacco Bangladesh Company Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	In thousands of BDT	
		31 December	
		2023	2022
Assets			
Non-current assets			
Property, plant and equipment	8	36,860,089	35,788,002
Right of use (ROU) assets	9.1	3,251,843	2,790,767
Total non-current assets		40,111,932	38,578,769
Current assets			
Inventories	10	31,810,969	28,769,599
Trade and other receivables	11	11,904,577	682,195
Advances, deposits and prepayments	12	7,660,044	10,486,985
Investment asset	13	2,937,131	-
Cash and cash equivalents	14	9,440,371	4,912,340
Total current assets		63,753,092	44,851,119
Total assets		103,865,024	83,429,888
Equity and liabilities			
Equity			
Share capital	15	5,400,000	5,400,000
Capital reserve	16	64,896	64,896
Retained earnings	17	48,172,592	35,718,708
Total equity attributable to owners of the Company		53,637,488	41,183,604
Non-current liabilities			
Net defined benefit plans	18	150,302	95,175
Deferred tax	19	6,314,612	6,699,365
Lease liabilities	9.3	3,351,011	2,714,161
Total non-current liabilities		9,815,925	9,508,701
Current liabilities			
Borrowings under supplier financing arrangement	20	3,737,605	-
Trade and other payables	21	18,470,667	17,656,262
Unclaimed Dividend	35.1	2,820,957	2,203,083
Lease liabilities	9.3	451,061	470,207
Current tax liabilities	22	13,257,905	10,391,270
Provisions	23	1,673,416	2,016,761
Total current liabilities		40,411,611	32,737,583
Total liabilities		50,227,536	42,246,284
Total equity and liabilities		103,865,024	83,429,888

The notes on pages 9 to 51 are an integral part of these financial statements.

Golam Mainuddin
Chairman

Shehzad Munim
Managing Director

A.K.M. Aftab Ul Islam FCA
Director

Nirala Nandini Singh
Finance Director

Md. Azizur Rahman
Company Secretary

Dhaka,

As per our report on the same date.

Auditor

Adeeb H. Khan, Senior Partner, Enrolment number: 652
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: CAF-001-080
Dhaka,
DVC: 2402080652AS907624

British American Tobacco Bangladesh Company Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	In thousands of BDT	
		2023	2022
Gross revenue		403,792,965	361,455,328
Supplementary duty and VAT		(312,124,982)	(277,223,756)
Net revenue from contracts with customers	24	91,667,983	84,231,572
Cost of sales	25	(47,165,324)	(39,994,846)
Gross profit		44,502,659	44,236,726
Operating expenses	26	(9,468,753)	(8,678,810)
Operating profit		35,033,906	35,557,916
Net finance income/(expenses)	27	(399,445)	(505,277)
Non-operating income/(expenses)	28	2,492,252	1,782,118
Profit before contribution to WPPF		37,126,713	36,834,757
Contribution to WPPF		(1,856,336)	(1,841,738)
Profit before tax		35,270,377	34,993,019
Current tax	29	(17,754,032)	(16,431,144)
Deferred tax	30	362,327	(689,855)
Income tax expense		(17,391,705)	(17,120,999)
Profit for the year		17,878,672	17,872,020
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain/(loss) on defined benefit plans	31	(47,215)	39,638
Deferred tax impact on defined benefit plans	31	22,427	(18,828)
Other comprehensive loss for the year, net of tax		(24,788)	20,810
Total comprehensive income for the year, net of tax		17,853,884	17,892,830
In BDT			
Earnings per share	32	33.11	33.10

The notes on pages 9 to 51 are an integral part of these financial statements.



Golam Mainuddin
Chairman



Shehzad Munim
Managing Director



A.K.M. Aftab Ul Islam FCA
Director



Nirala Nandini Singh
Finance Director



Md. Azizur Rahman
Company Secretary

Dhaka,

As per our report on the same date.



Auditor

Adeeb H. Khan, Senior Partner, Enrolment number: 652

Rahman Rahman Huq, Chartered Accountants

Firm Registration Number: CAF-001-080

Dhaka,

DVC: 2402080652AS907624

British American Tobacco Bangladesh Company Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

In thousands of BDT

	Attributable to owners of the Company			
	Share capital	Capital reserve	Retained earnings	Total equity
Balance at 1 January 2022	5,400,000	64,896	31,325,878	36,790,774
Profit for the year	-	-	17,872,020	17,872,020
Other comprehensive income for the year	-	-	20,810	20,810
Total comprehensive income for the year	-	-	17,892,830	17,892,830
Transactions with owners of the Company				
Contributions and distributions				
Final cash dividend 2021	-	-	(8,100,000)	(8,100,000)
Interim dividend 2022	-	-	(5,400,000)	(5,400,000)
Total transactions with owners of the Company	-	-	(13,500,000)	(13,500,000)
Balance at 31 December 2022	5,400,000	64,896	35,718,708	41,183,604
Balance at 1 January 2023	5,400,000	64,896	35,718,708	41,183,604
Profit for the year	-	-	17,878,672	17,878,672
Other comprehensive income for the year	-	-	(24,788)	(24,788)
Total comprehensive income for the year	-	-	17,853,884	17,853,884
Transactions with owners of the Company				
Contributions and distributions				
Final cash dividend 2022	-	-	(5,400,000)	(5,400,000)
Total transactions with owners of the Company	-	-	(5,400,000)	(5,400,000)
Balance at 31 December 2023	5,400,000	64,896	48,172,592	53,637,488

The notes on pages 9 to 51 are an integral part of these financial statements.

British American Tobacco Bangladesh Company Limited

STATEMENT OF CASH FLOWS

For the year ended 31 December

	In thousands of BDT	
	2023	2022
Operating activities		
Collection from distributors, leaf export and others	392,046,940	365,091,428
Payment for costs and expenses	(60,485,199)	(50,794,078)
Supplementary duty and VAT paid	(306,428,686)	(273,536,466)
Cash generated from operating activities	25,133,055	40,760,884
Income tax paid	(14,887,397)	(13,525,453)
Interest received/(paid)	(37,940)	(211,276)
Net cash flows from operating activities	10,207,718	27,024,155
Investing activities		
Purchase of property, plant and equipment	(6,102,856)	(6,127,825)
Proceeds from sale of property, plant and equipment	79	65,368
Net cash flows used in investing activities	(6,102,777)	(6,062,457)
Financing activities		
Net proceeds from short term loan	-	(5,600,000)
Borrowings under supplier financing arrangement	3,737,605	-
Lease movement	1,384,158	(691,093)
Dividend paid	(4,782,125)	(11,358,520)
Net cash flows from/(used in) financing activities	339,638	(17,649,613)
Net increase in cash and cash equivalents	4,444,579	3,312,085
Cash and cash equivalents at 1 January	4,912,340	1,406,979
Effect of exchange rate fluctuations on cash held	83,452	193,276
Cash and cash equivalents at 31 December	9,440,371	4,912,340

The notes on pages 9 to 51 are an integral part of these financial statements.

British American Tobacco Bangladesh Company Limited

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British American Tobacco Bangladesh Company Limited

NOTES TO THE FINANCIAL STATEMENTS

1 Corporate information

1.1 Company profile

British American Tobacco Bangladesh Company Limited (the "Company" or "BATB") is a public limited company incorporated in Bangladesh and its shares are quoted on the Dhaka and Chittagong Stock Exchanges. The address of the Company's registered office is New D.O.H.S. Road, Mohakhali, Dhaka-1206, Bangladesh.

The immediate parent company of BATB is Raleigh Investment Co. Ltd., UK and the ultimate parent company of BATB is B.A.T plc, UK.

1.2 Nature of business

The Company manufactures tobacco products and market brands including Benson & Hedges, John Player Gold Leaf, Capstan, Star, Royals, Lucky Strike, Derby, Pilot and Hollywood. The Company has its head office in Dhaka and the cigarette factories in Dhaka and Savar, a green leaf threshing plant in Kushtia, a green leaf redrying plant in Manikganj and a number of leaf and sales offices throughout the country.

2 Basis of preparation

2.1 Statement of compliance

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

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

2.2 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 8 February 2024 for publication.

2.3 Reporting period

The financial period of the Company covers one year from 1 January to 31 December and is followed consistently.

3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT), which is both functional and presentational currency of the Company. The amounts in these financial statements have been rounded off to the nearest thousand BDT (000) unless otherwise indicated. Because of such rounding off, in some instances the total may not match the sum of individual balances.

4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements: In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Estimates and Assumptions: Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key estimates and assumptions used in preparation of these financial statements are :

1. Applicable tax rate for Income Year 2023 will be declared by Finance Act 2024. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (45%) and surcharge (2.5%) will be applicable for Income Year 2023 as well.

2. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary to measure defined benefit obligations as at 31 December 2023.
3. Key measurements about the likelihood and magnitude of outflow of resources have been used to recognise and measure provisions and contingencies.

In particular, information about significant areas of estimates and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in these financial statements are stated in the following notes:

Note 8	Property, plant and equipment
Note 9	Lease
Note 10	Inventories
Note 11	Trade and other receivables
Note 18	Net defined benefit plans
Note 19	Deferred tax
Note 22	Current tax liabilities
Note 23	Provisions
Note 44	Commitments
Note 45	Contingencies

5 Basis of measurement

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

6 Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies although the amendments did not result in any changes to the accounting policies themselves.

Set out below is an index of the significant accounting policies, the details of which are available on the current and following pages:

- A. Current versus non-current classification
- B. Property, plant and equipment
- C. Financial instruments
- D. Share capital
- E. Impairment
- F. Lease
- G. Inventories
- H. Employee benefits
- I. Provisions
- J. Contingencies
- K. Revenue from contracts with customers
- L. Income tax expense
- M. Foreign currency transactions
- N. Finance income and expenses
- O. Earnings per share (EPS)
- P. Statement of cash flows
- Q. Dividends and capital management

- R. Materiality and aggregation
- S. Events after the reporting period

A. Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period;
- All other liabilities are classified as non-current;
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

B. Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Buildings constructed by the Company on leasehold land are capitalised and included under the category of leasehold property.

(ii) Subsequent costs

Subsequent to initial recognition, cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other repair and maintenance expenses are charged in the statement of profit or loss and other comprehensive income as they are incurred.

(iii) Depreciation

All items of property, plant and equipment have been depreciated on straight line basis. Depreciation on additions are charged from the month of acquisition. On disposal of an asset, depreciation is charged up to the month prior to the disposal. No depreciation is charged for land and assets under construction. The Company is following this policy consistently from past years.

The estimated useful lives and the rates of residual value of property, plant and equipment for the current and comparative years are as follows:

Categories	Useful life in years		Residual value	
	2023	2022	2023	2022
Freehold building - Manufacturing	50	50	1%	1%
Freehold building - Non Manufacturing	40	40	1%	1%
Leasehold building	"Maximum 40 years, depreciation rates based on a case by case basis"	"Maximum 40 years, depreciation rates based on a case by case basis"	0%	0%
Plant and machinery	5 / 10 / 20	5 / 10 / 20	0% / 1%	0% / 1%
Laboratory equipment	10	10	0%	0%
Office equipment	5 / 10	5 / 10	0%	0%
Furniture and fixtures	3 / 5 / 10	3 / 5 / 10	0%	0%
Vehicles	4 / 5	4 / 5	1%	1%
IT equipment	3 / 5	3 / 5	0%	0%

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate. No significant adjustment in respect of items of property, plant and equipment was done in the twelve-month period ended 31 December 2023.

(iv) Assets under construction

Assets under construction represent the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use at reporting date and these are stated at cost, net of accumulated impairment losses, if any.

(v) Impairment

The carrying amount of the entity's non-financial assets, other than inventories and deferred tax assets (considered as disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

An impairment loss is recognised through the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is calculated as the present value of estimated future cash flows, that will be generated by the use of that asset, discounted at an appropriate rate.

Impairment indicators comprise:

- reduced earnings compared to expected future outcome;
- material negative development trends in the sector or the economy in which the Company operates;
- damage to the asset or changed use of asset;

(vi) Retirement and disposals

An asset is derecognised on disposal or when no further economic benefits are expected from its use. Gain or loss on disposal of an asset is determined as the difference of net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income/expense in the statement of profit or loss and other comprehensive income.

(vii) Leases

Leased assets are capitalised from the start date of the lease agreement at the present value of the future leased payments, based on the rate of interest entered in the asset master data. Low value less than USD 5,000 (or BDT equivalent) or short term leases (less than 12 months) have been excluded from the recognition requirements and expensed in operating profit as rental costs. Lease reassessment and lease modification to increase/decrease the value of an asset depending on a change in scope of lease agreement can be made if necessary.

The asset is written off on a straight-line basis over the tenure of the lease agreements. Hence, the useful life of any lease assets depends on the number of periods the assets can be used. The useful life of such assets are dependent on individual agreement and can vary from one agreement to another.

C. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise deposits, trade and other receivables, cash and cash equivalents, trade and other payables, intercompany payables, share capital and interest-bearing borrowings.

(i) Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company's financial assets comprise trade and other receivables, financial investment assets, deposits and cash and cash equivalents.

a) Trade and other receivables

Trade and other receivables consist of unpaid bills receivable from customers and other parties. Trade and other receivables are recognised initially at original invoice amount and subsequently measured at the remaining amount less expected credit loss at the year end, which is made at the discretion of the management as per the credit policy.

b) Investment asset

Investment in Government securities (Treasury bills):

Investment in Government securities shall be classified as financial asset measured at amortised cost, fair value through other comprehensive income and fair value through profit and loss on the basis of both:

- a) the entity's business model for managing the financial assets; and
- b) the contractual cash flow characteristics of the financial assets.

Amortised cost: A financial asset shall be measured at amortised cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income: A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit and loss: A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

c) Deposits

Deposits are measured at payment value which are expected to be recovered after completion of a certain period or purpose.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks and fixed deposits receipt which are held and available for use by the Company without any restriction, except for the dividend account. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

e) Advances and prepayments

After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or inventory etc. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges for the period.

(ii) Financial liabilities

The Company initially recognises financial liabilities in its statement of financial position when the Company becomes a party to the contractual provisions of the liability. The Company recognises such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company's financial liabilities comprise trade and other payables.

a) Trade and other payables

Trade and other payables are recognised when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits. Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

(iii) Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

D. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Paid up capital represents total amount contributed by the shareholders and bonus shares, if any, issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

E. Impairment

i) Recognition

Financial assets not carried at fair value through profit or loss and receivables are assessed at each reporting date to determine whether there is objective evidence that any particular asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The carrying value of the non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

ii) Calculation of recoverable amount

The recoverable amount of asset is the greater of its net selling price or its value in use. The latter is determined by discounting the estimated future cash flows to a present value using a discount rate which reflects the current market assessment of the time value of money and risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

iii) Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

F. Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets

The Company is not applying the recognition and measurement requirements of IFRS 16 to short-term leases (leases of less than 12 months maximum duration). It is also not applying the recognition and measurement requirements of IFRS 16 to leases for which the underlying asset is of low value (i.e. less than USD 5,000 or BDT equivalent when new). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

G. Inventories

Raw materials and finished goods inventories are measured at the lower of cost and net realisable value. Spare parts are valued at cost.

The cost of inventories, except goods in transit, is measured based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Leaf inventory represents green leaf and processed leaf. Hence, leaf inventory cost and leaf consumption cost include price paid to farmer for the green leaf purchased and all the overhead and input services incurred in converting the green leaf into processed leaf. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Material in transit represents the cost incurred up to the date of the statement of financial position for the items that were not received till to the date of reporting. Inventory losses and abnormal losses are recognised as expenses.

H. Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined benefits plans

a) Management Gratuity Scheme

The Company operates an funded gratuity scheme for the local management employees irrespective of date of joining the Company. Members of this scheme become eligible to receive gratuity on completion of five years of continuous services with the Company. The fund is managed by a Board of Trustees.

b) Management Pension Fund

The Company operates a funded pension scheme for the management employees who joined the Company from 1 January 1987 to 31 August 2007. Members of this fund become eligible to receive pension on completion of five years of continuous service with the Company. The fund is managed by a Board of Trustees.

Present value of defined benefit obligations and the fair value of the plan assets were determined by professional actuary for both the funds. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service costs and mutually compatible actuarial assumptions about demographic and financial variables were used. The difference between fair value of the plan assets and present value of obligation is recognised as a liability or an asset in the statement of financial position. In respect of any actuarial gains or losses arising from actuarial valuation, it is fully recognised in the other comprehensive income.

(iii) Defined contributions plan

a) Employee Gratuity Scheme

The Company operates funded gratuity scheme for the non-management employees whereby the Company contributes 16% of basic salary as contribution to the fund for the non management employees from the date of joining. The Fund is managed by a Board of Trustees. Members of this fund become eligible to receive gratuity on completion of five years of continuous services with the Company.

b) Provident Fund

The Company operates provident funds for all the Management and Non-Management employees irrespective of date of joining the Company. Members, on confirmation, in regular employment of the Company, are required by the Company to join the provident fund to which members contribute 10% of their basic salaries and the Company makes a matching contribution. The Fund is managed by a Board of Trustees. Members become eligible to receive the Company's contribution on completion of five years of continuous services with the Company.

The Company recognises the contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for those contributions. The legal and constructive obligation is limited to this amount and it agrees to the fund contribution.

(iv) Others

a) Worker's Profit Participation Fund

The Company operates fund for workers as "Workers' Profit Participation Fund" and 5% of the profit before charging such expense has been transferred to this fund as per section 234 of Bangladesh Labour Act 2006 (amended in 2013).

The Company recognises a contribution to the defined contribution plan as an expense when an employee has rendered services in exchange for the contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

I. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provisions are reversed.

J. Contingencies

Contingent liability

Contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Company discloses contingent liability in the financial statements. A provision is recognised in the period in which the recognition criteria of provision is met.

Contingent asset

Contingent asset is a possible asset that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

K. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT), Supplementary Duty (SD) and Health Surcharge for domestic sale of cigarettes. Gross turnover comprises domestic sales of cigarettes, export of leaf and finished goods and includes SD, VAT and Health Surcharge for domestic sales paid to the Government of Bangladesh.

The Company's typical performance obligations include the following:

Performance obligation	When performance obligation is typically satisfied	When payment is typically due	How stand alone selling price is typically estimated
Domestic sales:			
Distributor	Point in time at factory/ warehouse gate	At the beginning of the contract	As per regulator approved prices
Duty free	Point in time at factory gate	Within 30 days of delivery	As per regulator approved
Export sales:			
Related parties and external parties	Point in time; Free on board as issued by International chamber of commerce (ICC)	a) At the beginning of the contract; and b) for certain transactions at the date of bill of lading	As per agreed price As per agreed price

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of domestic sales to distributors, the Company considers the effects of variable consideration payable to the customer.

The Company has variable considerations included in the contracts with customers which are netted off against the revenue to determine the transaction price. The variable considerations are pre-determined. The effect of variable considerations on revenue is only from contracts with domestic customers.

The Company estimates variable consideration using either the 'expected value' method or the 'most likely amount' method, based on whichever better predicts the amount of consideration to which the entity is entitled. The entity applies the selected method consistently throughout the contract and for similar types of contracts.

L. Income tax expense

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. Income tax expense comprises current and deferred tax. It is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any. Current tax assets/liabilities are offset if certain criteria are met. It is measured using tax rates enacted or substantively enacted at the reporting period. The applicable tax rate for the Company is currently 45% corporate tax and 2.5% surcharge on income.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

M. Foreign currency transactions

Transactions in foreign currencies are translated to Bangladesh Taka at the exchange rate prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of statement of financial position. Foreign currency differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income as per IAS 21: The Effects of Changes in Foreign Exchange Rates.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transactions.

N. Finance income and expenses

Finance income comprises interest on financial deposits with banks. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income. Finance costs comprise interest expense on overdraft, borrowings from bank and lease interest.

O. Earnings per share (EPS)

The Company presents its basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares at the reporting date.

P. Statement of cash flows

Cash flows from operating activities have been presented under direct method as per IAS 7: Statement of Cash Flows.

Q. Dividends and capital management

Final dividend distribution to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid. The Company may issue bonus share as a part of stock dividend in any financial year, subject to approval from the board and Company's shareholders at the Annual General Meeting.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

R. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

S. Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

The Company has adequate resources to continue in operation for the foreseeable future. For this reason management continues to adopt going concern basis in preparing the financial statements. The current resources of the Company provide sufficient funds and attributable credit facilities to meet the present requirements of its existing business.

7 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. However, this is not an exhaustive list of all the standards issued, the following are the standards which according to the assessment of the Company is most likely to be applicable.

A. Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. The Company is currently assessing the impact the amendments will have on current practice.

B. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024. The Company is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information needed to meet the new disclosure requirements.

C. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Company's financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Lack of Exchangeability (Amendments to IAS 21)



8 Property, plant and equipment

See accounting policy in Notes 6A and 6B

In thousands of BDT	Freehold building	Freehold land	Furniture and fixtures	IT equipment	Laboratory equipment	Leasehold building	Office equipment	Plant and machinery	Vehicles	Assets under construction (AUC)	Total
Cost											
Balance as at 1 January 2022	5,551,744	1,526,496	556,298	492,444	443,968	1,143,921	1,168,129	29,733,605	1,257,792	3,542,977	45,417,374
Additions	31,409	-	19,839	118,703	44,745	35,165	175,097	2,735,523	380,838	5,055,849	8,597,168
Disposals/transfers	(5,669)	-	(15,922)	(71,559)	(1,195)	(4,759)	(23,070)	(109,133)	(140,397)	(2,177,633)	(2,549,337)
Balance as at 31 December 2022	5,577,484	1,526,496	560,215	539,588	487,518	1,174,327	1,320,156	32,359,995	1,498,233	6,421,193	51,465,205
Balance as at 1 January 2023	5,577,484	1,526,496	560,215	539,588	487,518	1,174,327	1,320,156	32,359,995	1,498,233	6,421,193	51,465,205
Additions	286,815	81,160	113,946	113,844	25,296	5,229	169,242	555,485	133,029	3,091,119	4,575,165
Disposals/transfers	-	-	(1,112)	(549)	-	(8,715)	(6,348)	-	-	(1,221,449)	(1,238,173)
Balance as at 31 December 2023	5,864,299	1,607,656	673,049	652,883	512,814	1,170,841	1,483,050	32,915,480	1,631,262	8,290,863	54,802,197
Accumulated depreciation											
Balance as at 1 January 2022	413,924	-	317,700	347,170	229,676	282,658	819,907	10,678,074	823,958	-	13,913,067
Depreciation for the year	117,668	-	47,666	82,272	34,118	54,904	145,012	1,432,379	193,872	-	2,107,891
Disposals/transfers	(5,251)	-	(13,481)	(70,080)	(1,195)	(2,916)	(17,949)	(98,495)	(134,388)	-	(343,755)
Balance as at 31 December 2022	526,341	-	351,885	359,362	262,599	334,646	946,970	12,011,958	883,442	-	15,677,203
Balance as at 1 January 2023	526,341	-	351,885	359,362	262,599	334,646	946,970	12,011,958	883,442	-	15,677,203
Depreciation for the year	125,150	-	60,664	103,857	38,031	58,867	152,469	1,525,357	212,465	-	2,276,860
Disposals/transfers	-	-	(1,112)	(549)	-	(4,996)	(5,298)	-	-	-	(11,955)
Balance as at 31 December 2023	651,491	-	411,437	462,670	300,630	388,517	1,094,141	13,537,315	1,095,907	-	17,942,108
Net book value											
As at 31 December 2022	5,051,143	1,526,496	208,330	180,226	214,292	839,681	373,186	20,348,037	614,791	6,421,193	35,788,002
As at 31 December 2023	5,212,808	1,607,656	261,612	190,213	212,184	782,324	388,909	19,378,165	535,355	8,290,863	36,860,089

8.1 Allocation of depreciation (excluding ROU assets)

	In thousands of BDT	
	For the year ended 31 December	
	2023	2022
Manufacturing overhead	1,591,281	1,549,898
Operating expenses	301,940	252,232
Charge to leaf	383,639	305,760
	2,276,860	2,107,890

8.2 Assets under construction

Property, plant and equipment as at 31 December 2023 included expenditure on Plant and Machinery, Office equipment, Freehold building and Leasehold Building in the course of construction.

8.3 Disposals of property, plant and equipment

See note no. 28.1 for details

9 Schedule of leases

See accounting policy in Notes 6F

The Company has leases for warehouse, forklift, office, equipments and rented apartment which have been capitalised and accounted for in accordance with IFRS 16: Leases. Information related to right-of-use asset and lease liability are depicted below:

9.1 ROU assets

In thousands of BDT	Rented apartment	Forklift	Office	Warehouse	Equipments	Total
Cost						
Balance as at 1 January 2022	66,625	284,117	119,475	2,385,799	-	2,856,016
Additions/modifications	11,235	72,879	73,695	1,207,076	-	1,364,885
Disposals	-	-	-	(4,974)	-	(4,974)
Balance as at 31 December 2022	77,860	356,996	193,170	3,587,901	-	4,215,927
Balance as at 1 January 2023	77,860	356,996	193,170	3,587,901	-	4,215,927
Additions/modifications	37,406	23,032	23,391	968,194	75,936	1,127,959
Disposals	(68,534)	-	(3,918)	(82,753)	-	(155,205)
Balance as at 31 December 2023	46,732	380,028	212,643	4,473,342	75,936	5,188,681
Accumulated depreciation						
Balance as at 1 January 2022	34,033	39,632	47,161	774,908	-	895,734
Depreciation for the year	22,984	43,073	24,394	443,949	-	534,400
Disposals/modifications	-	-	-	(4,974)	-	(4,974)
Balance as at 31 December 2022	57,017	82,705	71,555	1,213,883	-	1,425,160



In thousands of BDT	Rented apartment	Forklift	Office	Warehouse	Equipments	Total
Balance as at 1 January 2023	57,017	82,705	71,555	1,213,883	-	1,425,160
Depreciation for the year	24,431	59,944	25,998	550,409	6,101	666,883
Disposals/modifications	(68,534)	-	(3,918)	(82,753)	-	(155,205)
Balance as at 31 December 2023	12,914	142,649	93,635	1,681,539	6,101	1,936,838
Net book value						
As at 31 December 2022	20,843	274,291	121,615	2,374,018	-	2,790,767
As at 31 December 2023	33,818	237,379	119,008	2,791,803	69,835	3,251,843

9.2 Allocation of depreciation (ROU assets)

	In thousands of BDT	
	For the year ended 31 December	
	2023	2022
Manufacturing overhead	150,863	118,739
Operating expenses	128,557	116,195
Charge to leaf	387,463	299,467
	666,883	534,401

9.3 Lease liabilities

	In thousands of BDT	
	31 December	
	2023	2022
Non-current	4,645,187	3,762,175
Lease liabilities	(1,294,176)	(1,048,014)
Interest liabilities	3,351,011	2,714,161
Current	809,808	763,998
Lease liabilities	(358,747)	(293,791)
Interest liabilities	451,061	470,207
	3,802,072	3,184,368

9.4 Lease liabilities payable

Lease liabilities payable	809,808	763,998
Within the next 12 months	767,178	600,266
Between one and two years	735,163	593,391
Between two and three years	676,016	580,084
Between three and four years	607,849	510,187
Between four and five years	1,858,980	1,478,247
Beyond five years	5,454,994	4,526,173

		In thousands of BDT	
		31 December	
		2023	2022
	Note		
Interest liabilities payable		(358,747)	(293,791)
Within the next 12 months		(314,385)	(254,673)
Between one and two years		(268,735)	(218,051)
Between two and three years		(221,891)	(179,721)
Between three and four years		(177,832)	(141,735)
Between four and five years		(311,332)	(253,834)
Beyond five years		(1,652,922)	(1,341,805)
10 Inventories			
See accounting policy in Note 6G			
Inventories in hand	10.1	30,811,558	28,009,389
Inventories in transit	10.2	999,411	760,210
		31,810,969	28,769,599
10.1 Inventories in hand			
Leaf		12,130,853	9,802,364
Wrapping materials		3,127,406	1,434,336
Work in process		169,319	96,516
Finished goods		13,939,372	16,066,405
<i>Cost of finished goods</i>		3,831,189	3,347,756
<i>VAT, Supplementary Duty and HDS* on finished goods</i>		10,108,183	12,718,649
Consumable stores		1,444,608	609,768
		30,811,558	28,009,389
*Health development surcharge			
10.2 Inventories in transit			
Leaf		46,666	4,539
Wrapping materials		800,472	331,402
Consumable stores		152,273	424,269
		999,411	760,210
11 Trade and other receivables			
See accounting policy in Note 6(C) (i) (a)			
Trade receivables		11,384,901	551,956
Expected credit loss		(11,440)	(552)
Net trade receivables		11,373,461	551,404
Intercompany receivables		249,896	74,123
Sundry receivables		281,220	56,668
		11,904,577	682,195
12 Advances, deposits and prepayments			
See accounting policy in Note 6(C) (i) (e)			
Advances			
Advance to suppliers		4,798,948	4,560,095
Supplementary duty and VAT		2,681,902	5,767,732
Advance to employees		33,221	24,162
		7,514,071	10,351,989



		In thousands of BDT	
		31 December	
	Note	2023	2022
Security deposit		-	11,700
		-	11,700
Prepayments			
Insurance		145,973	123,296
		145,973	123,296
		7,660,044	10,486,985
13 Investment asset			
See accounting policy in Note 6(C) (i) (b)			
91-Day Treasury Bill		2,937,131	-
		2,937,131	-
14 Cash and cash equivalents			
See accounting policy in Note 6(C) (i) (d)			
Cash in hand		6	6
		6	6
Cash at bank			
Dividend account	14.1	70,359	2,203,083
Foreign currency accounts		536,077	1,686,912
Current accounts		2,195,062	(194,345)
Fixed deposit receipt (FDR) - Local		300,000	-
Short term deposit (STD)		6,338,867	1,216,684
		9,440,365	4,912,334
		9,440,371	4,912,340

All the above balances are held with scheduled and nationalised banks. Interest bearing accounts under cash at bank earns interest at floating rates based on daily bank deposit rates.

14.1 Restricted cash balance

Dividend account is used only to pay dividends to the shareholders. The balance of this account moves with dividend transactions only.

14.2 Banking facility arrangements

Short term running funded facilities available with the banks amount to BDT 17,016 million. Facilities are renewable on annual basis.

14.3 Reconciliation of net operating cash flow

In thousands of BDT			
Profit after tax		17,878,672	17,872,020
Adjustment for:			
Depreciation and impairment		2,943,743	2,642,291
(Gain)/loss of sale of assets		4,689	(37,419)
Other adjustments		17,707,698	17,433,001
		38,534,802	37,909,893
Changes in:			
(Increase)/decrease in inventories		(3,041,370)	5,655,501
(Increase)/decrease in trade receivables and others		(14,159,513)	2,086,723

In thousands of BDT

	Note	31 December	
		2023	2022
(Increase)/decrease in advances, deposits and prepayments		3,272,946	(5,248,765)
Increase/(decrease) in trade payables and others		814,405	(874,618)
Increase/(decrease) in net defined benefit plans		55,127	(60,756)
Increase/(decrease) in provisions		(343,345)	1,292,906
Income tax and interest payments		(14,925,337)	(13,736,729)
Net cash generated from operating activities		10,207,715	27,024,155
15 Share capital			
See accounting Policy in Note 6D.			
Authorised:			
60,000,000 ordinary shares of BDT 10 each		600,000,000	600,000,000
480,000,000 ordinary shares of BDT 10 each		4,800,000,000	4,800,000,000
		5,400,000,000	5,400,000,000
Issued, subscribed and fully paid up:			
Issued for cash:			
3 ordinary shares of BDT 10 each		30	30
Issued for consideration other than cash:			
59,999,997 ordinary shares of BDT 10 each		599,999,970	599,999,970
120,000,000 bonus shares of BDT 10 each		1,200,000,000	1,200,000,000
360,000,000 bonus shares of BDT 10 each		3,600,000,000	3,600,000,000
		5,400,000,000	5,400,000,000

15.1 Shareholding position

See accounting policy in Note 6D.

Name of shareholder	31 December 2023			31 December 2022		
	No. of shares	Value (BDT)	Percentage	No. of shares	Value (BDT)	Percentage
Raleigh Investment Co. Ltd., UK	393,708,222	3,937,082,220	72.91%	393,708,222	3,937,082,220	72.91%
Investment Corporation of Bangladesh	30,552,217	305,522,170	5.66%	30,539,217	305,392,170	5.66%
Sadharan Bima Corporation	15,285,423	152,854,230	2.83%	15,285,423	152,854,230	2.83%
Bangladesh Development Bank Limited	1,807,863	18,078,630	0.33%	1,807,863	18,078,630	0.33%
Government of Bangladesh	3,481,416	34,814,160	0.64%	3,481,416	34,814,160	0.64%
Others	95,164,859	951,648,590	17.63%	95,177,859	951,778,590	17.63%
	540,000,000	5,400,000,000	100%	540,000,000	5,400,000,000	100%



15.2 Share distribution schedule

A distribution schedule of the shares at the reporting date is given below following the requirement of listing regulations:

Shareholder's range	31 December 2023			31 December 2022		
	Number of shareholders	Total number of shares	Percentage of holding	Number of shareholders	Total number of shares	Percentage of holding
Less than 501 shares	73,988	6,983,195	1.29%	73,027	6,901,978	1.28%
501 to 5,000 shares	10,671	15,895,851	2.94%	10,502	15,741,865	2.92%
5,001 to 10,000 shares	745	5,338,328	0.99%	743	5,368,651	0.99%
10,001 to 20,000 shares	339	4,781,630	0.89%	325	4,636,510	0.86%
20,001 to 30,000 shares	106	2,591,621	0.48%	97	2,360,730	0.44%
30,001 to 40,000 shares	46	1,575,921	0.29%	51	1,755,247	0.33%
40,001 to 50,000 shares	49	2,218,939	0.41%	43	1,961,314	0.36%
50,001 to 100,000 shares	86	6,031,269	1.12%	87	6,049,619	1.12%
100,001 to 1,000,000 shares	86	22,548,967	4.18%	82	21,940,227	4.06%
Over 1,000,000 shares	14	472,034,279	87.41%	14	473,283,859	87.65%
	86,130	540,000,000	100%	84,971	540,000,000	100%

16 Capital reserve

Capital reserve represents non-remittable reserve of BDT 64.9 million which is 90% of the cumulative post tax profit on disposal of property, plant and equipment as historically defined and directed by Bangladesh Bank. The requirement to create such special reserve on profit from sale of property, plant and equipment has been withdrawn since 1993.

17 Retained earnings

	In thousands of BDT	
	For the year ended 31 December	
	2023	2022
Balance as at 1 January	35,718,708	31,325,878
Total comprehensive income for the year:		
Profit after tax	17,878,672	17,872,020
Other comprehensive income	(24,788)	20,810
	53,572,592	49,218,708
Dividends during the year:		
Final cash dividend for 2022/2021	(5,400,000)	(8,100,000)
Interim cash dividend 2023/2022	-	(5,400,000)
Balance as at 31 December	48,172,592	35,718,708

18 Net defined benefit plans

See accounting policy in Note 6H.

		In thousands of BDT		
	Notes	Gratuity fund	Pension fund	Total
31 December 2023				
Defined benefit obligation	18.1	(1,651,338)	(11,576)	(1,662,914)
Fair value of plan assets	18.2	1,500,529	12,083	1,512,612
Net surplus/(deficit)		(150,809)	507	(150,302)
31 December 2022				
Defined benefit obligation	18.1	(1,537,964)	(14,410)	(1,552,374)
Fair value of plan assets	18.2	1,442,789	14,410	1,457,199
Net surplus/(deficit)		(95,175)	-	(95,175)

18.1 Movement in defined benefit obligation

	In thousands of BDT		
	Gratuity fund	Pension fund	Total
Defined benefit obligation at 1 January 2022	1,447,003	15,007	1,462,010
Current service cost	135,250	-	135,250
Interest cost	94,696	1,036	95,732
Benefit paid by the fund	(94,512)	(1,017)	(95,529)
Actuarial (gain)/loss	(44,473)	(616)	(45,089)
Defined benefit obligation at 31 December 2022	1,537,964	14,410	1,552,374
Defined benefit obligation at 1 January 2023	1,537,964	14,410	1,552,374
Current service cost	144,592	-	144,592
Interest cost	113,948	1,097	115,045
Benefit paid by the fund	(165,345)	(2,373)	(167,718)
Actuarial (gain)/loss	20,179	(1,558)	18,621
Defined benefit obligation at 31 December 2023	1,651,338	11,576	1,662,914

18.2 Movement in the fair value of plan assets

	In thousands of BDT		
	Gratuity fund	Pension fund	Total
Fair value of plan assets at 1 January 2022	1,292,343	13,736	1,306,079
Employer's contribution	150,000	1,635	151,635
Interest Income on plan assets	99,430	1,036	100,466
Benefits paid by the plan	(94,512)	(1,017)	(95,529)
Actuarial gain/(loss)	(4,472)	(980)	(5,452)
Fair value of plan assets at 31 December 2022	1,442,789	14,410	1,457,199
Fair value of plan assets at 1 January 2023	1,442,789	14,410	1,457,199
Employer's contribution	131,077	-	131,077
Interest Income on plan assets	119,551	1,097	120,648
Benefits paid by the plan	(165,345)	(2,373)	(167,718)
Actuarial gain/(loss)	(27,543)	(1,051)	(28,594)
Fair value of plan assets at 31 December 2023	1,500,529	12,083	1,512,612



18.3 Defined benefit plan charge to profit or loss and other comprehensive income

	In thousands of BDT		
	Gratuity fund	Pension fund	Total
For the year ended 31 December 2023			
Profit or loss			
Current service costs	144,592	-	144,592
Interest accrued on benefit obligation	(5,603)	-	(5,603)
Net benefit expense/(income)	(5,603)	-	(5,603)
	138,989	-	138,989
For the year ended 31 December 2022			
Profit or loss			
Current service costs	135,251	-	135,251
Interest accrued on benefit obligation	(4,734)	-	(4,734)
Net benefit expense/(income)	(4,734)	-	(4,734)
	130,517	-	130,517

18.4 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	31 December 2023		31 December 2022	
	Gratuity fund	Pension fund	Gratuity fund	Pension fund
Discount rate	9.20%	9.20%	7.75%	7.75%
Salary escalation rate (Basic pay)	12.00%	N/A	10.50%	N/A
Withdrawal rate (In service)*				
Ages 20-35	15%	N/A	15%	N/A
Ages 36-45	10%	N/A	10%	N/A
Ages 46-58	5%	N/A	5%	N/A

*As there are no published mortality tables in Bangladesh and hence the actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table on the mortality experience of assured lives in India, which the actuary believes to give a reasonable approximation.

19 Deferred tax

See accounting policy in Note 6L(ii).

19.1 Deferred tax asset

	In thousands of BDT		
	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
31 December 2023			
Provision for inventories	(91,444)	-	(91,444)
Provision for gratuity	(150,303)	-	(150,303)
Net temporary difference	(241,747)	-	(241,747)
Applicable tax rate			47.5%
Deferred tax asset			(114,830)

In thousands of BDT

	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
31 December 2022			
Provision for inventories	(114,847)	-	(114,847)
Provision for gratuity	(95,176)	-	(95,176)
Net temporary difference	(210,023)	-	(210,023)
Applicable tax rate			47.5%
Deferred tax Asset			(99,761)

19.2 Deferred tax liabilities

In thousands of BDT

	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
31 December 2023			
Property, plant and equipment excluding land.	26,684,601	12,598,705	14,085,896
Net, right of use assets	(550,230)	-	(550,230)
Net temporary difference	26,134,371	12,598,705	13,535,666
Applicable tax rate			47.5%
Deferred tax liabilities			6,429,442

	Carrying amount at reporting date	Tax base	Taxable/ (deductible) temporary difference
31 December 2022			
Property, plant and equipment excluding land.	27,529,081	12,821,531	14,707,550
Net, right of use assets	(393,601)	-	(393,601)
Net temporary difference	27,135,480	12,821,531	14,313,949
Applicable tax rate			47.5%
Deferred tax liabilities			6,799,126

19.3 Deferred tax liabilities, net

In thousands of BDT

	31 December	
	2023	2022
Deferred tax asset	(114,830)	(99,761)
Deferred tax liabilities / (asset) (ROU Assets)	(261,359)	(186,960)
Deferred tax liabilities (other than ROU assets)	6,690,801	6,986,086
Net deferred tax liabilities	6,314,612	6,699,365



		In thousands of BDT	
		31 December	
		2023	2022
20	Borrowings under supplier financing arrangement		
	Citibank, N.A.	591,374	-
	Commercial Bank of Ceylon PLC	198,488	-
	Standard Chartered Bank	1,926,345	-
	The Hongkong and Shanghai Banking Corporation Limited	1,021,398	-
		3,737,605	-
	The Company has availed supplier financing arrangement through the approved credit facilities agreed with the mentioned banks where supplier was paid by the bank as part of the agreement. The arrangement is interest bearing with terms of repayment within 12 months from its inception.		
21	Trade and other payables		
	See accounting policy in Note 6C (ii) (a)		
	Trade payables	7,287,006	4,017,714
	Intercompany payables	9,465,667	9,850,420
	Workers' Profit Participation Fund (WPPF)	54,290	-
	Wages and other benefits	751,999	678,775
	Accrued expenses	489,824	2,900,278
	Sundry payables	421,881	209,075
		18,470,667	17,656,262
22	Current tax liabilities		
	See accounting policy in Note 6L(i).		
	Balance at 1 January	10,391,270	7,485,580
	Provision made during the year	17,754,032	16,431,144
		28,145,302	23,916,724
	Advance payment of corporate tax	(14,887,397)	(13,525,453)
	Balance at 31 December	13,257,905	10,391,270
23	Provisions		
	See accounting policy in Note 6I.		
	Provision for expenses	1,673,416	2,016,761
		1,673,416	2,016,761
24	Revenue from contracts with customers		
	See accounting policy in Note 6K.		
	Set out below is the disaggregation of the Company's revenue from contracts with customers:		

		In thousands of BDT	
		For the year ended 31 December	
		2023	2022
	Note		
	Quantity in million sticks	71,029	65,446
	Gross revenue from domestic sale	399,063,343	355,854,851
	Supplementary duty and VAT	(312,124,982)	(277,223,756)
	Revenue from domestic sale, net	86,938,361	78,631,095
	Quantity in million sticks	-	13.92
	Gross revenue from finished goods export	-	12,390
	Revenue from export of finished goods, net	-	12,390

		In thousands of BDT	
		For the year ended 31 December	
		2023	2022
	Note		
Quantity in million kgs		12.91	16.60
Gross revenue from tobacco leaf export		4,729,622	5,588,087
Revenue from leaf export, net		4,729,622	5,588,087
Total revenue from contracts with customers, net		91,667,983	84,231,572
Net revenue from domestic sale			
External customer		86,938,361	78,631,095
Related party sale		-	-
		86,938,361	78,631,095
Net revenue from export of finished goods			
External customer		-	-
Related party sale	43	-	12,390
		-	12,390
Net revenue from leaf export			
External customer		2,321,369	2,315,899
Related party sale	43	2,408,253	3,272,188
		4,729,622	5,588,087
Total revenue from contracts with customers, net		91,667,983	84,231,572
25 Cost of sales			
Opening stock of raw materials		11,572,641	10,008,727
Purchase of raw materials		41,689,173	32,249,619
Raw materials available		53,261,814	42,258,346
Closing stock of raw materials		(16,105,397)	(11,572,641)
Raw materials consumption		37,156,417	30,685,705
Opening work in process		96,516	79,612
Closing work in process		(169,319)	(96,516)
		37,083,614	30,668,801
Manufacturing overhead	25.1	9,621,644	8,021,028
Total cost of goods manufactured		46,705,258	38,689,829
Opening stock of finished goods		3,347,756	3,700,337
Closing stock of finished goods		(3,831,189)	(3,347,756)
Total cost of goods sold excluding royalty		46,221,825	39,042,410
Royalty		943,499	952,436
Total cost of sales		47,165,324	39,994,846
25.1 Manufacturing overhead			
Salaries and wages		1,942,273	1,875,375
Utilities		746,849	533,758
Rent and services		856,205	958,137
Repairs and maintenance		774,522	356,974
Depreciation	8.1 & 9.2	1,742,144	1,668,637
Travelling and training		205,978	78,492
Printing and stationery		30,765	30,340
Security and safety		267,176	213,907
Distribution cost		1,287,944	1,680,952
Insurance		122,467	101,563



		In thousands of BDT	
		For the year ended 31 December	
	Note	2023	2022
Research and development		15,934	61,901
Spares consumption		1,339,945	265,042
Other expenses		289,442	195,950
		9,621,644	8,021,028
26	Operating expenses		
Salaries		2,163,010	1,553,982
Utilities		70,274	80,010
Rent and services		396,206	422,990
Repairs and maintenance		220,327	202,947
Depreciation	8.1 & 9.2	430,498	368,427
Travelling and training		254,058	163,007
Printing and stationery		52,452	32,522
Security and safety		113,464	81,674
Distribution Cost		214,413	126,490
Insurance		22,819	12,029
Trade support expenditure		573,228	679,936
Social responsibility		138,066	206,721
Legal, secretarial and professional fee		126,701	136,008
Audit and audit related service fees*		10,529	11,029
Information technology		48,072	323,670
Technical and assistance fee		1,366,260	1,285,641
Market research & operational expenditure		1,950,166	2,010,426
Other expenses		1,318,210	981,301
		9,468,753	8,678,810
<p>*Audit and audit related service fees are payable to the Company's external auditors and includes statutory audit fees of BDT 1,500,000 (2022: BDT 1,300,000)</p>			
27	Net finance income/(expenses)		
See accounting policy in Note 6N.			
	Finance income	183,617	58,253
	Finance costs		
	Debt and borrowing	(221,557)	(269,528)
	Lease liabilities	(361,505)	(294,002)
		(399,445)	(505,277)
28	Non-operating income/(expenses)		
	Profit/(loss) on disposal of property, plant and equipment	(4,689)	37,419
	Other income *	2,496,941	1,744,699
		2,492,252	1,782,118

*The amount pertains to waiver of IT and other service costs following agreement with vendor along with income from scrap sales.

28.1 Property, plant and equipment disposed off during the year

In thousands of BDT	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit/(loss)	Purchaser/ written off
For the year ended 31 December 2023						
Freehold building	-	-	-	-	-	Written off
Furniture and fixtures	(1,112)	1,112	-	5	5	Written off
Laboratory equipment	-	-	-	-	-	Written off
IT Equipment	(549)	549	-	3	3	Written off
Leasehold building	(8,715)	4,996	(3,718)	41	(3,677)	Written off
Office equipment	(6,348)	5,298	(1,050)	30	(1,020)	Written off
Plant and machinery	-	-	-	-	-	Written off
Vehicles	-	-	-	-	-	Employees of the Company
	(16,724)	11,955	(4,768)	79	(4,689)	
For the year ended 31 December 2022						
Freehold building	(5,669)	5,251	(418)	88	(330)	Written off
Furniture and fixtures	(15,922)	13,481	(2,441)	248	(2,193)	Written off
Laboratory equipment	(1,195)	1,195	-	9	9	Written off
IT Equipment	(71,559)	70,080	(1,479)	896	(583)	Written off
Leasehold building	(9,733)	7,890	(1,843)	57	(1,786)	Written off
Office equipment	(23,070)	17,949	(5,121)	408	(4,713)	Written off
Plant and machinery	(109,133)	98,495	(10,638)	2,567	(8,071)	Written off
Vehicles	(140,397)	134,388	(6,009)	61,095	55,086	Employees of the Company
	(376,678)	348,729	(27,949)	65,368	37,419	

29 Income tax expenses

	In thousands of BDT		
	For the year ended 31 December		
	Note	2023	2022
Current income tax:			
Current income tax charge	22	17,754,032	16,431,144
Deferred tax:			
Deferred tax (income)/expense relating to origination and reversal of temporary differences	30	(362,327)	689,855
Income tax expense reported in the statement of profit or loss		17,391,705	17,120,999



In thousands of BDT

	For the year ended 31 December			
	2023		2022	
29.1 Reconciliation of effective tax rate				
Profit before tax		35,270,377		34,993,019
Current tax expense	50.34%	17,754,032	46.96%	16,431,144
Deferred tax expense	-1.03%	(362,327)	1.97%	689,855
Total tax expense	49.31%	17,391,705	48.93%	17,120,999
Expected income tax using applicable tax rate	47.50%	16,753,429	47.50%	16,621,684
Prior year adjustment	-0.71%	(249,664)	0.00%	-
Tax on non deductible expenses	3.54%	1,250,267	-0.54%	(190,540)
Effective current tax	50.34%	17,754,032	46.96%	16,431,144
Effective deferred tax	-1.03%	(362,327)	1.97%	689,855
	49.31%	17,391,705	48.93%	17,120,999

30 Deferred tax (expense)/income

In thousands of BDT

	For the year ended 31 December		
	Note	2023	2022
Deferred tax liabilities at the beginning of the year	19	6,699,365	5,990,682
Deferred tax liabilities at the end of the year	19	6,314,611	6,699,365
		384,754	(708,683)
Deferred tax attributable to actuarial loss recognised directly in equity	31	(22,427)	18,828
Deferred tax (expense)/income recognised directly in profit		362,327	(689,855)

31 Other comprehensive income

In thousands of BDT

	For the year ended 31 December	
	2023	2022
Actuarial gain/(loss) on defined benefit plans - Gratuity fund	(47,722)	40,002
Actuarial gain/(loss) on defined benefit plans - Pension fund	507	(364)
	(47,215)	39,638
Less: deferred tax on actuarial gain/(loss) on defined benefit plans @ 47.5%	22,427	(18,828)
Net actuarial gain/(loss) on defined benefit plans charged to OCI	(24,788)	20,810

32 Earnings per share

32.1 Basic earnings per share

Earnings Per Share (EPS) is calculated in accordance with the International Accounting Standard (IAS) 33: Earnings Per Share. The composition of EPS is given below:

Total profit attributable to shareholders	17,878,672	17,872,020
Weighted average number of shares outstanding	540,000	540,000
Earning per share in BDT	33.11	33.10

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. The weighted average number of shares is calculated by assuming that the shares have always been in issue. This means that they have been issued at the start of the year presented as the comparative figures.

32.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.

33 Net operating cash flows per share (NOCFPS)

	In thousands of BDT		
	For the year ended 31 December		
	Note	2023	2022
Net cash flow from operating activities		10,207,718	27,024,155
Weighted average number of shares outstanding		540,000	540,000
Net operating cash flows per share in BDT		18.90	50.04
34 Net asset value (NAV) per share			
Net asset value		53,637,488	41,183,604
Weighted average number of shares outstanding		540,000	540,000
NAV per share in BDT		99.33	76.27
35 Dividend paid			
Opening unclaimed dividend		2,203,083	61,603
Dividend paid:			
Cash dividend declared for 2022/2021		5,400,000	8,100,000
Interim dividend paid for 2023/2022		-	5,400,000
		7,603,083	13,561,603
Closing unclaimed dividend	35.1	2,820,957	2,203,083
Dividend paid		4,782,126	11,358,520

35.1 Ageing analysis of unclaimed dividend

	In thousands of BDT					
	Prior to					
	2020	2020	2021	2022	2023	Total
Unclaimed dividend at 1 January 2023	12,298	18,184	37,592	2,135,009	-	2,203,083
Paid during the year	(1,160)	(571)	(2,903)	(2,106,617)	-	(2,111,251)
Transfer to CMSF*	(11,138)	(7,373)	-	(2,961)	-	(21,472)
Dividend declared but not transferred**	-	-	-	2,750,597	-	2,750,597
Unclaimed dividend at 31 December 2023	-	10,240	34,689	2,776,028	-	2,820,957

*Capital Market Stabilisation Fund

** Amount constitutes to dividend payable to the company's parent undertaking, yet to be repatriated.

36 Remittances of foreign currency

	In thousands of GBP	
	For the year ended 31 December	
	2023	2022
Technical and assistance fee (T&A)	7,409	-
Royalty	-	5,068
Dividend	21,064	57,160
	28,473	62,228

T&A Fees in 2023 consists of T&A fee for the year 2019. Royalty in 2022 consists of Royalty amount remitted to BAT Holdings Ltd for Benson & Hedges for 2018.

All these fees are remitted after obtaining approval from Bangladesh Investment Development Authority (BIDA). All of the above remittances represent the net amount after deduction of withholding tax as per law.

37 Value of imports on Cost, Insurance and Freight (CIF) basis

	In thousands of BDT	
	For the year ended 31 December	
	2023	2022
Raw and packing materials	12,879,052	6,009,801
Spares and others	2,578,342	2,350,543
Capital goods	576,397	1,793,849
	16,033,791	10,154,193
38 Total export earnings		
Export of leaf	41,825	51,727
Export of finished goods	-	136
	41,825	51,863

39 Capacity

The Company works on continuous operation basis and given the current installed machine configurations and planned expansions, there is sufficient capacity to meet forecast future demand in a variety of specification (e.g. Filter) and packaging (e.g. Hinge Lid, Shell and Slide) configurations. The Directors regularly review the production capability of the Company and are satisfied that the current and future capacities are adequate. Plans are in place to meet any anticipated future demand.

	For the year ended 31 December	
	2023	2022
Actual production of cigarettes (in million sticks)	71,198	63,877

40 Segment reporting

The Company is domiciled in Bangladesh. The gross revenue from domestic sale of cigarettes is BDT 399,063 million (2022: BDT 355,855 million). The Company does not have any non current assets that are located outside Bangladesh.

Gross cigarette revenue arising from transactions with a single external customer represented BDT 60,887 million (2022: BDT 56,043 million) of the Company's total revenue.

The Company is primarily engaged in the manufacturing and sale of cigarettes in Bangladesh and this forms the focus of the Company's internal reporting system. While the Company has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the chief operating decision maker. Therefore, it is not possible to segment the Company's results by brand without a high degree of estimation.

Apart from cigarette manufacturing, the Company exports leaf outside Bangladesh, which contributes less than 10% of gross and net turnover. The break up of cigarette and export sales have been provided in Note 24.

41 Consumption of imported and local raw materials

	For the year ended 31 December			
	2023		2022	
	Wrapping material	Leaf	Wrapping material	Leaf
Imported:				
Opening	1,618,799	506,577	1,550,333	464,686
Purchases	13,335,418	464,941	6,968,214	922,777
Consumption	(11,215,800)	(527,367)	(6,899,748)	(880,886)
Closing (a)	3,738,417	444,151	1,618,799	506,577
Domestic:				
Opening	146,938	9,300,327	14,053	7,979,654
Purchases	9,869,867	18,018,948	8,841,953	15,516,676
Consumption	(9,828,457)	(11,891,294)	(8,709,068)	(9,944,644)
Export	-	(3,693,500)	-	(4,251,359)
Closing (b)	188,348	11,734,481	146,938	9,300,327
Closing stock (a+b)	3,926,765	12,178,632	1,765,737	9,806,904

42 Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	Notes	Held-for-trading	Designated at fair value	Fair value hedging instruments	Carrying amount			Fair value			Total amount	Total	
					Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Level 1	Level 2			Level 3
31 December 2023													
Financial assets measured at fair value													
Trade and other receivables	11	-	-	-	-	11,904,577	-	-	-	-	-	-	11,904,577
Deposits	12	-	-	-	-	-	-	-	-	-	-	-	-
Cash at bank	14	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	11,904,577	-	-	-	-	-	-	11,904,577
Financial assets not measured at fair value													
Deposits	12	-	-	-	-	-	-	-	-	-	-	-	-
Investment Asset	13	-	-	2,937,131	-	-	-	-	-	-	-	-	2,937,131
Cash at bank	14	-	-	-	-	9,440,365	-	-	-	-	-	-	9,440,365
		-	-	2,937,131	-	9,440,365	-	-	-	-	-	-	12,377,496
Financial liabilities not measured at fair value													
Borrowings under supplier financing arrangement	20	-	-	-	-	-	-	-	3,737,605	-	-	-	3,737,605
Trade and other payables	21	-	-	-	-	-	-	-	18,470,667	-	-	-	18,470,667
		-	-	-	-	-	-	-	22,208,272	-	-	-	22,208,272
31 December 2022													
Financial assets measured at fair value													
Trade and other receivables	11	-	-	-	-	682,195	-	-	-	-	-	-	682,195
Deposits	12	-	-	-	-	-	-	-	-	-	-	-	-
Cash at bank	14	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	682,195	-	-	-	-	-	-	682,195
Financial assets not measured at fair value													
Deposits	12	-	-	-	-	11,700	-	-	-	-	-	-	11,700
Cash at bank	14	-	-	-	-	4,912,334	-	-	-	-	-	-	4,912,334
		-	-	-	-	4,924,034	-	-	-	-	-	-	4,924,034
Financial liabilities not measured at fair value													
Borrowings under supplier financing arrangement	20	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other payables	21	-	-	-	-	-	-	-	17,656,262	-	-	-	17,656,262
		-	-	-	-	-	-	-	17,656,262	-	-	-	17,656,262

B. Financial risk management

The Company has exposures to the following risks from its use of financial instruments:

- I) Credit risk
- II) Liquidity risk
- III) Market risk

The Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. This note presents information about the Company's exposure to each of the following risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

I) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other parties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. The Company's exposure to credit risk on receivables is mainly influenced by customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The letters of credit are considered as integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

In thousands of BDT						
	Trade receivables					
	Days past due					
	Current	<30 days	30-90 days	91- 180 days	181 days to 365 days	>365 days
31 December 2023						
Expected credit loss rate	0.10%	0.12%	0.14%	0.16%	0.18%	0.20%
Estimated total gross	11,127,419	260,861	-	-	-	-
Carrying amount at default	-	-	-	-	-	-
Expected credit loss	11,127	313	-	-	-	-
In thousands of BDT						
	Trade receivables					
	Days past due					
	Current	<30 days	30-90 days	91- 180 days	181 days to 365 days	>365 days
31 December 2022						
Expected credit loss rate	0.10%	0.12%	0.14%	0.16%	0.18%	0.20%
Estimated total gross	551,956	-	-	-	-	-
Carrying amount at default	-	-	-	-	-	-
Expected credit loss	552	-	-	-	-	-



a) Exposure to credit risk

The carrying amount of the remaining financial assets represents the balancing credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	In thousands of BDT	
		31 December	
		2023	2022
Advances, deposits and prepayments	12	-	11,700
Cash at bank	14	9,440,365	4,912,334
		9,440,365	4,924,034

b) Ageing of trade and other receivables

At 31 December, the ageing of trade and other receivables that were not impaired were as follows:

Past due 30 days or below	508,208	98,833
Past due 31-90 days	-	-
Past due 91-180 days	-	-
Past due over 180 days	22,908	34,004
	531,116	132,837

II) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

	Note	Carrying amount	Total	In thousands of BDT				
				6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
31 December 2023								
Trade and other payables	21	18,470,667	18,470,667	9,005,000	-	9,465,667	-	-
Borrowings under supplier financing arrangement	20	3,737,605	-	-	-	-	-	-
		22,208,272	18,470,667	9,005,000	-	9,465,667	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

31 December 2022

Trade and other payables	21	17,656,262	17,656,262	7,805,842	-	9,850,420	-	-
Borrowings under supplier financing arrangement	20	-	-	-	-	-	-	-
		17,656,262	17,656,262	7,805,842	-	9,850,420	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

III) Market risk

Market risk is the risk that any changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

a) Currency risk/foreign exchange rate risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro (EUR) and Great Britain Pound (GBP). Foreign exchange risk arises from future commercial transactions of recognized assets and liabilities. Management complies with the treasury policy to manage foreign exchange risk against their functional currency.

i) Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	In thousands of		
	USD	GBP	EUR
31 December 2023 Foreign currency denominated assets			
Cash at bank	4,890	-	-
Trade receivables	-	-	-
Intercompany receivables	786	54	-
	5,676	54	-
Foreign currency denominated liabilities			
Trade payables	40,164	10	1,520
Intercompany payables	1,551	43,198	47
	41,715	43,208	1,567
Net exposure	(36,039)	(43,154)	(1,567)
31 December 2022 Foreign currency denominated assets			
Cash at bank	16,436	-	-
Trade receivables	-	-	-
Intercompany receivable	251	37	-
	16,687	37	-
Foreign currency denominated liabilities			
Trade payables	10,628	47	202
Intercompany payables	9,444	59	38
	20,072	106	240
Net exposure	(3,385)	(69)	(240)

The following significant exchange rates have been applied against BDT:

	Average rate		Year-end spot rate	
	2023	2022	2023	2022
USD 1	108.35	93.41	109.75	102.00
GBP 1	134.75	115.04	139.91	122.71
EUR 1	117.16	98.13	121.24	108.33

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures



Sensitivity analysis

A reasonably possible strengthening (weakening) of the Taka, as indicated below, against the USD, EUR and GBP at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignore any impact of forecasted sales and purchases.

	In thousands of BDT	
	Strengthening profit or (loss)	Weakening profit or (loss)
31 December 2023		
USD (5 percent movement)		
GBP (5 percent movement)	197,764	(197,764)
EUR (5 percent movement)	301,884	(301,884)
	9,499	(9,499)
	509,147	(509,147)
31 December 2022		
USD (5 percent movement)		
GBP (5 percent movement)	17,264	(17,264)
EUR (5 percent movement)	425	(425)
	1,300	(1,300)
	18,988	(18,988)

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. At present the Company has no borrowings which is subject to interest rate risk.

Interest rate used to determine amortised cost for IFRS 16: Leases:

	2023	2022
Lease liabilities	10%	10%

43 Related party disclosures

i) Transactions with key management personnel

Key management personnel compensation comprised the following:

	In thousands of BDT	
	For the year ended 31 December	
	2023	2022
Meeting attendance fees & expenses	6,900	6,124
Remuneration	153,297	110,094
Retirement benefit scheme	5,860	7,303
Medical and welfare	198	239
Housing	15,704	12,000
	181,959	135,760

ii) Other related party transactions

The Company carried out a number of transactions with related parties in the normal course of business on arms length basis. The name of these related parties, nature of transactions and their total value have been set in accordance with the provisions of IAS 24: Related party disclosures.

In thousands of BDT					
	Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2023	2022	2023	2022
		Income			
a. Leaf, Cigarette export and sale of goods					
BAT (GLP) Limited	BAT Group company	2,408,253	2,859,901	593	(134,378)
PTCL	BAT Group company	-	412,287	-	38,069
BAT (Singapore) PTE LTD	BAT Group company	-	9,568	11,602	15,751
Ceylon Tobacco Company PLC	BAT Group company	-	2,822	-	474
		2,408,253	3,284,578	12,195	(80,084)
b. Other fee					
Other fee received/to be received from:					
BAT (GLP) Limited	BAT Group company	-	12,764	-	-
BAT Holdings Limited	BAT Group company	25,437	-	9,960	-
BAT INVESTMENTS LTD	BAT Group company	36,960	12,445	9,030	-
British-American Tobacco Polska S.A	BAT Group company	-	2,241	-	-
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	835	13,215	835	-
BAT Japan	BAT Group company	10,256	11,028	10,256	-
British American Tobacco Exports Ltd	BAT Group company	302	-	302	-
BASS GSD Ltd	BAT Group company	2,881	-	1,450	-
BAT Global Travel Retail Limited	BAT Group company	722	18,660	-	-
BAT DENMARK A/S (HOP A/S)	BAT Group company	-	-	1,480	1,480
British American Tobacco Taiwan	BAT Group company	-	10,792	1,599	1,599
British American Tobacco Asia	BAT Group company	639	17,294	-	-
British-American Tobacco (Singapore)	BAT Group company	42,652	8,183	38,043	-
EAA Services	BAT Group company	-	1,879	-	1,879
British American Tobacco (PNG) Ltd	BAT Group company	1,944	6,619	1,944	6,619
VINA-BAT JV HCMC Branch	BAT Group company	-	-	-	1,727
BAT Co. (HK) Ltd	BAT Group company	212	2,945	2,266	2,266
BAT AsPac Service Centre Sdn Bhd	BAT Group company	3,128	-	-	-
BAT MARKETING (S) PTE LTD	BAT Group company	-	2,897	-	-
British American Tobacco ME DMCC	BAT Group company	3,239	2,902	3,239	-
Nicoventures Trading Limited	BAT Group company	2,739	-	2,739	-
PT Bentoel Internasional Investama	BAT Group company	6,906	-	-	-
British American Tobacco (Malaysia)	BAT Group company	2,491	-	-	-
RAI Services Company	BAT Group company	9,066	-	3,923	-
British American Tobacco Kenya Ltd	BAT Group company	1,507	-	1,507	-
PAKISTAN TOBACCO CO LTD	BAT Group company	2,884	-	2,884	-
Ceylon Tobacco Company PLC	BAT Group company	600	-	600	-
		155,400	123,864	92,057	15,570
Total related party income and balance receivables		2,563,653	3,408,442	104,252	(64,514)



		In thousands of BDT			
	Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2023	2022	2023	2022
Expenses					
c. Procurement of services					
Procurement of information technology, products and other services:					
BASS GSD Limited*	BAT Group company	449,175	1,064,735	(5,037)	(1,016,843)
BRITISH AMERICAN TOBACCO AUSTRALIA	BAT Group company	1,399	5,587	(9,455)	(8,056)
BAT GERMANY GMBH	BAT Group company	-	-	-	(327)
BAT Holdings Limited	BAT Group company	7,316	-	-	-
BAT AsPac Service Centre Sdn Bhd*	BAT Group company	367,213	320,359	106,514	(715,277)
BAT GSD (KL) Sdn Bhd	BAT Group company	-	-	(3,151)	(3,151)
BAT Investments LTD	BAT Group company	8,952	3,079	(39,480)	(30,527)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	53,206	(10,962)	(10,962)
BAT MARKETING (S) PTE LTD	BAT Group company	-	2,311	-	-
PAKISTAN TOBACCO CO LTD (PTCL)	BAT Group company	-	3,522	(415)	(415)
Prerona Foundation	Social Foundation	21,634	33,635	-	-
Agami Limited	Prerona Controlled Entity	452,479	346,081	16,530	74,548
British American Tobacco Tutun	BAT Group company	-	-	(47,053)	(47,053)
BAT (GLP) Limited	BAT Group company	-	103	(103)	(103)
British American Tobacco Exports Ltd	BAT Group company	7,918	1,270	(9,188)	(1,270)
BAT KOREA MANUFACTURING LTD	BAT Group company	-	4,485	(10,870)	(10,870)
BAT (Singapore) PTE LTD	BAT Group company	-	1,788	(1,788)	(1,788)
Souza Cruz Ltda.	BAT Group company	-	-	(1,817)	(1,817)
BAT Japan	BAT Group company	-	-	(10,094)	(10,094)
		1,316,086	1,840,161	(26,369)	(1,784,005)
*See note 28					
d. Purchase of leaf & goods					
Purchase of leaf and wrapping materials from:					
BAT Singapore (Private) limited	BAT Group company	20,306	6,402	1,758	(1,679)
BAT (GLP) Limited	BAT Group company	118,677	545,456	19,466	(2,086)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	91,172	47,907	(61,609)	-
British American Tobacco Exports Ltd	BAT Group company	1,112	-	(1,112)	-
British American Tobacco South	BAT Group company	34,512	-	-	-
British American Tobacco Kenya Ltd	BAT Group company	17,596	-	-	-
		283,375	599,765	(41,497)	(3,765)
e. Royalty					
Royalty paid/payable to:					
BAT Holdings Limited	BAT Group company	943,499	952,436	(4,181,661)	(3,230,845)
		943,499	952,436	(4,181,661)	(3,230,845)

		In thousands of BDT			
	Relationship	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2023	2022	2023	2022
		f. Technical and assistance fee			
Payment of fees for technical and assistance support services to:					
BAT Investments Ltd	BAT Group company	1,366,260	1,285,641	(4,964,771)	(4,612,512)
		1,366,260	1,285,641	(4,964,771)	(4,612,512)
g. Donations					
Charitable contributions made to:					
Prerona Foundation	Social Foundation	180,725	181,893	-	-
		180,725	181,893	-	-
h. Purchase of equipment					
Purchase of equipment from:					
Agami Limited	Prerona Controlled Entity	700	-	-	-
BAT MARKETING (S) PTE LTD	BAT Group company	-	198,906	-	4,258
BAT Pecsí Dohánygyár KFT	BAT Group company	-	19,849	-	-
BRITISH AMERICAN TOBACCO CHILE	BAT Group company	-	-	(69)	(69)
BAT PT. Export Leaf Indonesia, Malang	BAT Group company	-	556,709	(3,332)	(3,332)
British American Tobacco Kenya Ltd	BAT Group company	-	-	(166)	(166)
BAT Nigeria Ltd	BAT Group company	-	-	(516)	(516)
BAT Romania Investment	BAT Group company	-	-	(1,093)	(1,093)
British American Tobacco Tutun	BAT Group company	-	-	(986)	(986)
BAT (Singapore) PTE LTD	BAT Group company	95,032	4,026	(99,058)	(4,026)
British American Tobacco Mexico	BAT Group company	-	-	(181)	(181)
BAT GERMANY GMBH	BAT Group company	-	-	(327)	-
		95,732	779,490	(105,728)	(6,111)
Total related party expenses and outstanding balances		4,185,677	5,639,386	(9,320,026)	(9,637,238)

**Outstanding balances under Agami BPO Limited were classified under Advances, Deposits & Pre-payments in 2022.

44 Commitments

44.1 Capital expenditure

		In thousands of BDT	
		2023	2022
Authorised but not provided for		3,391,097	2,730,676
44.2 Letter of credit			
Citibank, N.A.		1,482,229	1,049,374
Commercial Bank of Ceylon PLC		123,930	-
The Hongkong and Shanghai Banking Corporation Limited		182,206	729,169
Standard Chartered Bank		6,381,911	1,676,783
		8,170,276	3,455,326

In thousands of BDT

	2023	2022
45 Contingencies		
Contingent liabilities of the Company that relate to bank guarantee to third parties as listed below:		
Bank Guarantee		
Standard Chartered Bank	262,621	202,659
Commercial Bank of Ceylon PLC	-	127,965
Eastern Bank Ltd.	29,303	29,302
Citibank, N.A.	2,000	2,000
	293,924	361,926

45.1 Litigation

The Company has various claims and legal actions arising in the ordinary course of business. Management believes that there is a strong defence against each of these claims and legal actions and is not expected to have a material impact on Company's financial statements. Such claims and legal actions include the following:

- a) In January 2019, a competitor filed a writ petition against Government and NBR by which it initially challenged the failure of Government to implement the closing budget speech of the Hon'ble Finance Minister dated 27 June 2018 and reserving low segment for local brands. Thereafter, the competitor instead challenged the exclusion of protection given to local brands of cigarette manufactured by local manufacturers and sought a direction to continue the protection so granted to the local manufacturers of cigarettes in pursuance of a 2017 Special Order. The competitor further challenged the legality of a 2018 Special Order of NBR through which the said protection was revoked. BATB was initially not a party to the writ petition, subsequently it became a party through an addition of party application. Upon hearing on multiple occasions, the High Court (HC) passed judgment in the matter on 21 September 2020. By holding the prospective portion of the 2018 Special Order legal, the court did not allow the discriminatory regime to continue. However, by holding illegal the retrospective portion of the 2018 Special Order, the Court revived the discriminatory regime for only one year, that is from 01 June 2017 to 06 June 2018 and held that any shortfall of revenue under the 2017 Special Order may be recovered from any party or manufacturer during the period of 01 June 2017 to 06 June 2018.

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

- b) LTU issued a show-cause notice to BAT Bangladesh dated 23 March 2020 claiming BDT 20,540 million as VAT & SD for allegedly producing 18 billion extra cigarettes using undisclosed purchase of local leaf based on Annual Report of 2016 and VAT-1 submission records. NBR has reopened the matter and sent a memo to LTU canceling the earlier order of the LTU Commissioner which was in favour of BAT Bangladesh and directing LTU to make the demand to BAT Bangladesh claiming the above-mentioned VAT and SD. Subsequently, BAT Bangladesh has received an official demand for payment related to this claim from LTU. BAT Bangladesh has challenged the memo from NBR and obtained a rule in this regard. It has also challenged the demand letter of LTU and prayed for issuance of a supplementary rule and a stay. The matter is currently pending before the High Court.

46 Other disclosures

46.1 Standard of Business Conduct (SOBC)

The inquiry under SoBC is still ongoing; action plans have been drafted and are in progress to be concluded.

46.2 Number of employees

The number of regular permanent employees receiving remuneration of Tk. 36,000 or above per annum at reporting date was as follows:

	31 December	
	2023	2022
Number of employees	1,669	1,526

In addition, there was a varying number of seasonal and temporary workers working throughout the year, as required.

46.3 Comparatives and rearrangement

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged and reclassified whenever considered necessary to conform to current year's presentation.

47 Significant deviations

During 2023 Earning per share (EPS) increased due to growth in volume offset by higher expenses. Net operating cash flow per share (NOCFPS) decreased due to higher excise and payments to suppliers for materials and expenses.

48 Events after reporting period

The Board of Directors of the Company recommended BDT 10.00 per share as final cash dividend for the year ended 31 December 2023 at the board meeting held on 8 February 2024. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company. The financial statements for the year ended 31 December 2023 do not include the effect of the cash dividend which will be accounted for in the period when shareholders' right to receive payment is established.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

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

PROXY FORM

I/We.....
of.....
Being a Member of British American Tobacco Bangladesh Company Limited, do hereby appoint

a) Mr./Mrs.....
of.....

b) Mr./Mrs.....
of.....

either of them may, in writing, appoint anyone to act as my proxy at the 51st Annual General Meeting of the Company to be held on Thursday, 28th March 2024 and at any adjournment thereof

As witness my/our hand this day of 2024.



.....
(Signature of Proxy)

.....
(Signature of Share Holder)

Folio / BO ID No. -

No. of Shares held.....

Notes:

1. A member entitled to attend and vote in the AGM may appoint a Proxy to attend and vote on his/her behalf.
2. The Proxy Form, duly filed and stamped must be deposited at the Registered Office of the Company, by 10.30 am of 25th March 2024.
3. Signature of the Member(s) must be in accordance with the Specimen Signature recorded with the Company.



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

ATTENDANCE SLIP

I/We do hereby record my/our attendance at the 51st Annual General Meeting (AGM) of the Company being held on Thursday, 28th March 2024 at 10.30 am using Hybrid System in combination of physical presence of shareholders at the Ballroom of the Radisson Blu Water Garden.

Name of the Shares Holder(s)/Proxy:.....

Folio / BO ID No. -

No. of Shares held.....

.....
Signature of Shares Holder(s)/Proxy

Note: Please present this attendance slip on or before 10:30 am on the AGM date.



ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেড
নিউ ডিওএইচএস রোড, মহাখালী, ঢাকা-১২০৯, বাংলাদেশ

প্রতিনিধিপত্র

আমি/আমরা

ঠিকানা

ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেড- এর সদস্য হিসেবে

ক. জনাব/বেগম

ঠিকানা

খ. জনাব/বেগম

ঠিকানা

কে বা তাদের যেকোনো একজন আমার/আমাদের প্রতিনিধি হিসেবে আমার/আমাদের অনুপস্থিতিতে বৃহস্পতিবার, ২৮শে মার্চ ২০২৪ তারিখ অনুষ্ঠিতব্য কোম্পানির ৫১তম বার্ষিক সাধারণ সভায় এবং তার মূলতবি ঘোষিত সভায় উপস্থিত হওয়া ও ভোটদানের জন্য নিযুক্ত করলাম।

রেভিনিউ
স্ট্যাম্প
১০০/-

(প্রতিনিধির স্বাক্ষর)

(শেয়ার হোল্ডারের স্বাক্ষর)

ফোলিও/বিও নম্বর :

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শেয়ার সংখ্যা

দ্রষ্টব্য:

- অনিবার্য কারণবশতঃ, কোনো সদস্য তার অনুপস্থিতিতে মনোনীত প্রতিনিধিকে তার পক্ষ থেকে ভোট প্রদানের জন্য পাঠাতে পারবেন।
- প্রতিনিধিপত্র সঠিকভাবে পূরণ ও স্ট্যাম্প সংযুক্ত করে কোম্পানির নিবন্ধিত অফিসে ২৫শে মার্চ ২০২৪ সকাল ১০:৩০ মিনিটের মধ্যে জমা দিতে হবে।
- কোম্পানির নথিভুক্ত নমুনা স্বাক্ষর ও সদস্যের স্বাক্ষর একই হতে হবে।



ব্রিটিশ আমেরিকান টোব্যাকো বাংলাদেশ কোম্পানি লিমিটেড
নিউ ডিওএইচএস রোড, মহাখালী, ঢাকা-১২০৯, বাংলাদেশ

উপস্থিতিপত্র

আমি/আমরা এতদ্বারা হোটেল রেডিসন ব্রু ওয়াটার গার্ডেন-এর বলরুমে শেয়ারহোল্ডারদের শারীরিক উপস্থিতির সংমিশ্রণে হাইব্রিড সিস্টেম ব্যবহার করে আগামী ২৮শে মার্চ ২০২৪, বৃহস্পতিবার সকাল ১০.৩০ টায় অনুষ্ঠিতব্য কোম্পানির ৫১তম বার্ষিক সাধারণ সভায় (AGM) আমার/আমাদের উপস্থিতি রেকর্ড করছি।

শেয়ার হোল্ডার/প্রতিনিধির নাম:

ফোলিও/বিও নম্বর :

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শেয়ার সংখ্যা

(শেয়ার হোল্ডারের স্বাক্ষর)

দ্রষ্টব্য ১: অনুগ্রহপূর্বক, এজিএম-এর দিন সকাল ১০.৩০ মিনিটে বা তার আগে রেজিস্ট্রেশন কাউন্টারে এই উপস্থিতিপত্রটি দেখাবেন।



TOWARDS A BETTER TOMORROW



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