

CELEBRATING

111  
YEARS

1910 - 2021



# Building A Better Tomorrow™

ESG Report 2021



# Welcome to our ESG Report 2021







## Our Purpose

To build A Better Tomorrow™ by **transforming** our **business** for a **sustainable** future.



Our ESG report outlines how BAT Bangladesh is delivering against our purpose and putting sustainability front and centre for our business. It provides detailed information about our policies, management approach, performance and targets for all our environmental, social and governance (ESG) priorities. It covers our ESG performance for the calendar year 2021.

## Our ambitious ESG targets

### By 2025

-  Reduce Scope 1 and 2 emissions by 50% against 2017 baseline
-  Reduce total water withdrawn by 35% against 2017 baseline
-  Increase the amount of water we recycle to 30%
-  100% of manufacturing sites certified by Alliance for Water Stewardship
-  95% of waste recycled at our operations sites
-  Zero waste to landfill at our operations sites

### By 2030

-  Achieve carbon neutral operations (Scope 1 and 2 emissions)
-  100% electricity from renewable sources

### By 2050

-  Achieve net zero emissions across our value chain



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## Get in Touch

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# BAT Bangladesh at a Glance

BAT Bangladesh is a locally incorporated public listed company, proudly operating in the country for over 111 years. Contributing around 10% of the total internal revenue for the government through taxes, BAT Bangladesh also works as a development partner through its ESG initiatives in supporting the UN Sustainable Development Goals (SDGs). We strive to make the best quality and regulatory-compliant tobacco products that meet the diverse choices of our consumers through our integrated 'crop-to-consumer' operation.

## Legacy of 111 years

Established in 1910



## Public listed company since 1978

Among top 5 in market capitalisation



## Highest taxpayer

Contributed about 10% of the total government revenue in 2021



## Environmental pioneer

Introduced afforestation programme in 1980



## Government shareholding 9.29%



## Introduced clean drinking water programme

110 plants and counting



## Introduced renewable energy initiative

Influenced 15,000 lives



## Proudly supporting 8 SDGs

Through multiple community initiatives



## Introduced good agricultural practices

Enhancing farmer livelihoods



## Benchmark in corporate governance



## Top Employer Award

In 2019, 2020 and 2021



## Carbon neutrality

Target for net zero emissions across our value chain by 2050



# Leadership Messages



**Mr. Golam Mainuddin,  
Chairman,  
BAT Bangladesh**

The concept of ESG has revolutionised how shareholders evaluate a company's performance and future sustainability. Global businesses are regularly evaluated by their ESG reports and ratings, which shareholders refer to for understanding potential sustainability risks to business performance and devising investment strategies.

As the pioneer of corporate social responsibility (CSR) in Bangladesh, with the first initiative dating back to 1980, BAT Bangladesh has gone through a memorable journey to embrace ESG. Throughout this journey, the Company has led the way, maintaining a strong balance of responsibility towards all of its stakeholders, comprising consumers, employees, shareholders and society.

Over the years, BAT Bangladesh has initiated numerous ESG projects to support the communities it works with and beyond. This remarkable work done includes the introduction of an afforestation programme, a safe drinking water project, a renewable energy initiative and good agricultural practices. Each of these projects has helped improve lives.

Other companies across the industries in Bangladesh have been motivated by the Company's contribution to society, particularly by its efforts to improve farmers' livelihoods and empower women.

BAT Bangladesh wishes to continue its ESG journey and deliver A Better Tomorrow™ for all its stakeholders.



**Mr. M. Tofazzel Hossain Miah,  
CSR Committee Chairman,  
BAT Bangladesh**

2021 marks the 50th anniversary of Bangladesh's independence and the 100th anniversary of the birth of our beloved father of the nation, Bangabandhu Sheikh Mujibur Rahman. It took less than 50 years for our war-torn country – long known for its floods, droughts and famines, and dubbed the 'basket case' – to break free from that image. Today, our Gross Domestic Product (GDP) stands at US\$419 billion and our per capita income at US\$2,591\*.

Bangladesh achieved significant progress in delivering the Millennium Development Goals. Despite the remarkable success stories, the country is still faced with multi-fold challenges – including the achievement of the United Nations Sustainable Development Goals (UN SDGs). The SDGs require all private sector organisations to work collaboratively with the government in taking the country forward.

BAT Bangladesh, in its role as the highest taxpaying private sector entity in the country, has aligned its ESG initiatives to help the government achieve the SDGs, currently contributing towards eight of the 17 goals. As a responsible company, BAT Bangladesh believes that the business community has a key role to play in helping achieve the necessary sustainable balance of economic growth, environmental protection and social progress.

“Over the years, BAT Bangladesh has initiated numerous ESG projects to support the communities it works with and beyond.”

“BAT Bangladesh, in its role as the highest taxpaying private sector entity in the country, has aligned its ESG initiatives to help the government achieve the SDGs, currently contributing towards eight of the 17 goals.”

All remarkable ESG practices eventually fade away without proper governance and compliance. The Company's CSR Committee plays an instrumental role in supporting all initiatives and guiding matters precisely to ensure service standards are maintained. I am proud to lead BAT Bangladesh's CSR Committee as its Chairman and have the support of other highly qualified members representing diverse sectors. BAT Bangladesh's Board of Directors have empowered the CSR Committee to guide, monitor and evaluate the Company's strategy and ongoing activities to maximise its positive impact on society.

\* <https://www.thedailystar.net/business/economy/news/gdp-size-growth-down-new-base-year-takes-effect-2211826>

# General Manager's Review

“ Having a crop-to-consumer model in Bangladesh since the country's inception, we were no strangers to the principles of ESG, as we have been practising them for decades. ”

“ The transition from CSR to ESG has not only enabled us to widen the scope of our initiatives but also support the government across multiple SDGs. ”

“ We aim to become a role model in championing responsibility towards our consumers, society, employees and shareholders. ”

“ The Company's ESG framework outlines how we can adapt to changing societal expectations and consider the broader contexts of our business activities. ”

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



## Dear stakeholders,

Welcome to BAT Bangladesh's first-ever ESG Report for the year 2021.

As one of the pioneers of CSR in the country, with our first initiative dating back to 1980, BAT Bangladesh in recent years has embarked on a journey of transformation including embracing the principles of ESG. In alignment with BAT Group's ambitious ESG targets, BAT Bangladesh has set its course to achieve milestones that complement the country's sustainable development agenda. BAT Bangladesh is committed to supporting the government in achieving the UN Sustainable Development Goals (SDGs).

### Transforming for A Better Tomorrow™

At BAT Bangladesh, our purpose is clearly set out in our strategy: to build A Better Tomorrow™ by transforming our business for a sustainable future. A key component of that transformation is embracing ESG, seeking to put it at the front and centre of all our operations. Having a crop-to-consumer model in Bangladesh since the country's inception, we were no strangers to the principles of ESG, as we have been practising them for decades. As a responsible corporate citizen, BAT Bangladesh is renowned for its community investment projects that support environmental restoration, social uplift of communities and good governance. The transition from CSR to ESG has not

only enabled us to widen the scope of our initiatives but also support the government across multiple SDGs. We aim to become a role model in championing responsibility towards our consumers, society, employees and shareholders.

### Sustainability at the Front and Centre

Our 111-year journey has been shaped by our commitment to sustainability. We achieved our objectives by integrating sustainable practices into all aspects of our business and operations, enriching and empowering communities that are inextricably linked to our social footprint. The Company's ESG framework outlines how we can adapt to changing societal expectations and consider the broader contexts of our business activities.

Throughout 2021, BAT Bangladesh did not lose sight of its legacy of upholding its compliance practices, leading tax collection with a meaningful onward contribution to the national exchequer and upholding strong value creation for our shareholders. For the consumers, our products remained a choice that promoted responsible enjoyment. For our employees, we enhanced their skills and ensured a purpose-driven, long-term career. We also continued to be a dependable partner for suppliers, prompt in delivering on our commercial footprints.

# General Manager's Review

“Inspired by our government's grit and determination, we acted quickly to ensure business continuity, keeping employee safety as the top priority.”

“Despite the hurdles of operating in a constrained environment, we were able to contribute increased revenues to the government exchequer in the form of taxes totaling BDT 29,000 crore in 2021, which accounts for around 10% of the total internal revenue of the government.”

“We fully support the Bangladesh Government in implementing the UN call for a whole-of-society approach to addressing challenges. We will continue to raise this bar across our business and supply chain.”

“At BAT Bangladesh, we strive to create optimum value for our stakeholders. In addition, we are championing the cause by putting forth robust initiatives and goals.”

Our commitment to communities is exemplified by our flagship ESG initiatives, which include our afforestation programme, safe drinking water project and renewable energy initiative in off-grid areas. Collectively, these initiatives have generated positive value for thousands of beneficiaries across the country. As we progress, we will strengthen our sustainability practices and continue to work as development partners to the government in driving the SDGs.

## Our Journey Through the Pandemic

COVID-19 shook the world, changing how everyone works and how the society operates. The economy was in lockdown, threatening the overall continuity of most businesses. However, rightful interventions by the government helped ensure business sustainability and prevented the economy from collapsing into recession.

Inspired by our government's grit and determination, we acted quickly to ensure business continuity, keeping employee safety as the top priority. In 2021, a total of 98.5% of management and 90.5% of employees received at least one immunisation dose as a result of constant and unrelenting efforts by BAT Bangladesh. We showcased our benchmark practices across all functions, keeping the ESG framework at the front and centre of our efforts. Despite the hurdles of operating in a constrained environment, we were able to contribute increased revenues to the government exchequer in the form of taxes totaling BDT 29,000 crore in 2021, which accounts for around 10% of the total internal revenue of the government.

## Roadmap for A Better Tomorrow™

The ESG agenda is driven collaboratively by all functions across the Company. We have developed a clear roadmap to reach our targets. As we put sustainability at the front and centre, BAT Bangladesh continues to set bold, new ambitions, which include the following:

- New environmental targets to drive environmental excellence;
- Aiming for zero child labour and zero forced labour in our tobacco supply chain by 2025;
- Increasing the proportion of women in management roles to 31% by 2025; and
- Striving for 100% adherence to our International Marketing Principles (IMPs).

(Details on page 11)

We fully support the Bangladesh Government in implementing the UN call for a whole-of-society approach to addressing challenges. We will continue to raise this bar across our business and supply chain.

## Sustainable Future

Unprecedented economic growth coupled with sustainable development across multiple sectors has propelled Bangladesh to newer heights, becoming a successful case study for others to replicate.

At BAT Bangladesh, we strive to create optimum value for our stakeholders. In addition, we are championing the cause by putting forth robust initiatives and goals. This strategy translates as a novel investment opportunity with strong financial returns, along with a positive impact on the environment and society. Having a strategy that places sustainability at its core is something I am proud of. That is what I believe, and I'm confident we will be able to deliver A Better Tomorrow™ for everyone involved.



**Shehzad Munim**  
General Manager, March 2022

# Leadership Messages



**Mubina Asaf,**  
Head of Legal & External Affairs,  
BAT Bangladesh

Building on a strong track record of benchmark executions and achievements in CSR, BAT Bangladesh in recent years has successfully transitioned to the principles of ESG. Today, the ethics that underpin BATB's ESG framework are deeply ingrained at the front and centre at all levels of the organisation.

Working in partnership has always been central to our approach, as many of the biggest sustainability challenges being faced today can't be addressed in isolation. BAT Bangladesh delivers its ESG projects in partnership with the government, local communities, academic institutions, industry associations and peer companies. This approach is also particularly relevant to the UN SDGs.

Through our initiatives, we have created benchmarks in public-private partnerships through afforestation projects with the Ministry of Environment, Forest and Climate Change (MoE), Refugee Relief and Repatriation Commissioner (RRRC), Bangladesh Agricultural University (BAU), the Armed Forces and many other renowned institutions.

As the country enters a new era, BAT Bangladesh aims to continue working in partnership with the government as a responsible developmental partner to contribute to sustainable nation-building, together for A Better Tomorrow™.



**Sheikh Shabab Ahmed,**  
Head of External Affairs,  
BAT Bangladesh

To ensure sustainable development, it is imperative to follow a whole-of-society approach. Inclusivity and involvement of all levels of society, especially the marginalised groups and the informal sectors, will lead the country to a path of sustainable development.

By putting ESG at the front and centre of all our activities, BAT Bangladesh aims to create shared value for its consumers, society, employees and shareholders for A Better Tomorrow™. As an organisation, we have taken on initiatives that have not only helped restore the environment but also enhanced beneficiary livelihoods in the broader society. Our dedication to society is evident through our flagship ESG initiatives, which include the country's largest afforestation programme, a safe drinking water project and an off-grid renewable energy initiative. Our collaborative approach of working in partnership with multiple government institutions for community development has also enabled us access to the remotest corners of the country where support is required the most.

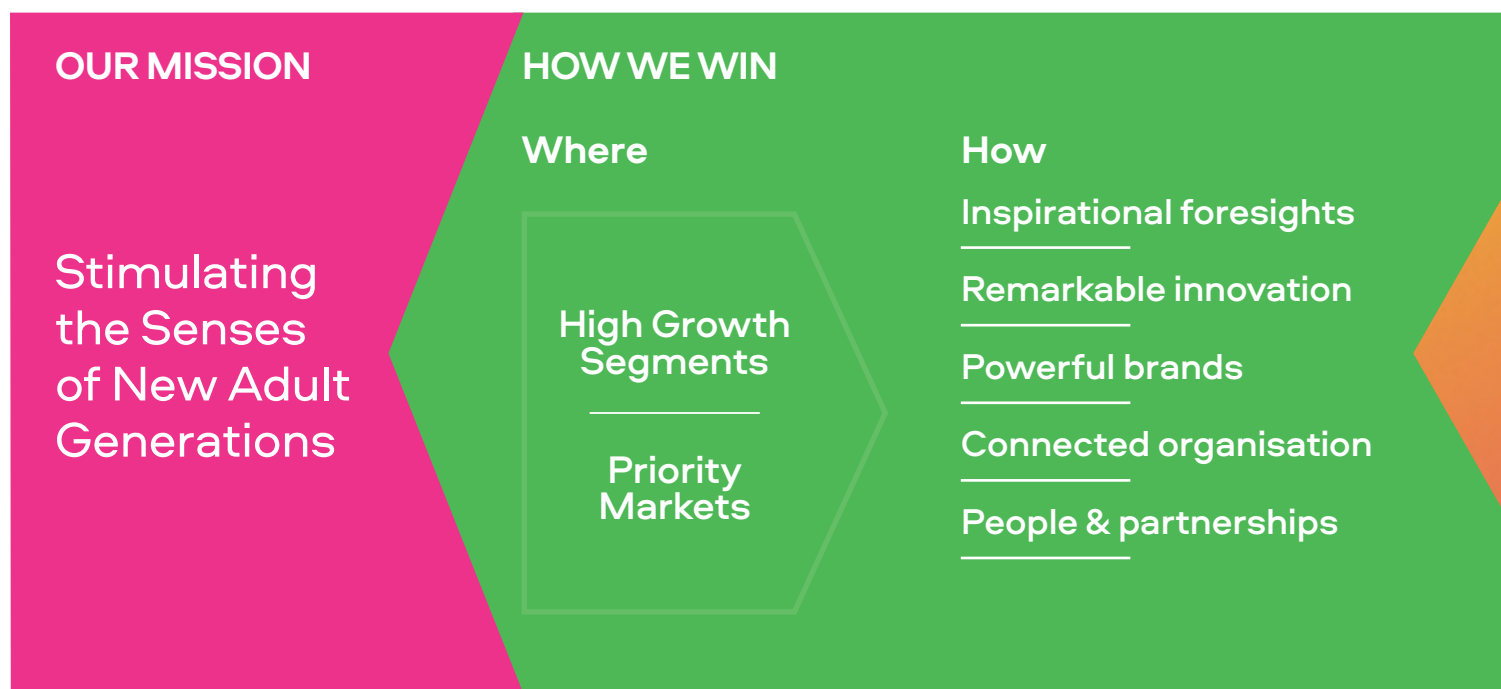
Hence, we believe the pathway is set for BAT Bangladesh to continue on its ESG journey and explore more development avenues in the future to improve lives and livelihoods for A Better Tomorrow™.

“BAT Bangladesh delivers its ESG projects in partnership with the government, local communities, academic institutions, industry associations and peer companies. This approach is also particularly relevant to the UN SDGs.”

“Inclusivity and involvement of all levels of society, especially the marginalised groups and the informal sectors, will lead the country to a path of sustainable development.”

# Corporate Strategy and Purpose

As a leading, consumer-centric business, we are dedicated to stimulating the senses of adult consumers worldwide. Our ambition has always been to facilitate the transformational journey of growing together with society.



Building on our foundation of embracing best practices in everything we do, we are proud of our legacy and are excited to embark upon our transformational manifesto: A Better Tomorrow™.

This will deliver more for our consumers, who will have a range of enjoyable and less risky\*† choices for every mood and moment; for society, through the community investment projects aimed at supporting the SDGs; for our employees, by creating a dynamic and purposeful place to work; and for our shareholders, by delivering sustainable superior returns.

## Our Mission

Stimulating the Senses of New Adult Generations today is our company mission.

Today, we see opportunities to capture consumer moments that have become progressively limited by societal and regulatory shifts, and to meet changing consumer needs and preferences. Through our mission, we aim to anticipate and satisfy today's ever-evolving consumer; to provide pleasure, reduce risk, increase choice and stimulate the senses of adult consumers worldwide.

The key to our sustainability lies in the balance we create between our consumers and the society we operate in – creating space for ESG to take centre stage.

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

† Our products as sold in the US, including Vuse, Velo, Grizzly, Kodiak, and Camel Snus, are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.



## OUR PURPOSE



**A BETTER TOMORROW™**

## KEYSTAKEHOLDER OUTCOMES

 **Consumers**

Enjoyable choices for every mood and moment, today and tomorrow

 **Society**

Reduced overall health & environmental impact

 **Employees**

A dynamic, inspiring and purposeful place of work

 **Shareholders & Investors**

Sustainable and superior returns

## ETHOS

Empowered

Bold

Fast

Diverse

Responsible

**Our Purpose**

By stimulating the senses of new adult generations, our purpose is to create A Better Tomorrow™ for all our stakeholders. We will create A Better Tomorrow™ for:

**Consumers**

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

**Society**

Working towards the sustainable development journey of the country, tracking and sharing the progress of our transformation

**Employees**

By creating a dynamic, inspiring, and purposeful place to work

**Shareholders & Investors**

By delivering sustainable and superior returns

Find out more about how we are building A Better Tomorrow™ for our stakeholders on pages 14–15.

# Our Sustainability Agenda

**Our Sustainability Agenda is integral to our evolved Group strategy and purpose to build A Better Tomorrow™.**

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

Drawing inspiration from BAT's refreshed purpose, BAT Bangladesh has also

embraced a new vision and commitment, enshrined in its ambition to facilitate a transformational journey for all stakeholders. This vision centres around our ESG priorities – priorities that guide how we deliver against our purpose and put sustainability front and centre.

Outlined below are the priority areas that form the core of our Sustainability Agenda.

## Our Sustainability Agenda

**H**

### Reducing the **HEALTH** impact of our business



Consumer choice



World-class science



Standards & regulation

**E**

### Excellence in **ENVIRONMENTAL** management



Climate change



Waste



Water



Biodiversity & afforestation

**S**

### Delivering a positive **SOCIAL** impact



Farmer livelihoods



Human rights



Health & safety



People & culture

**G**

### Robust corporate **GOVERNANCE**



Business ethics



Responsible marketing



Adherence to regulation

### Creating shared value for



Consumers



Society













Employees



Shareholders

# ESG Roadmap for A Better Tomorrow™

In 2021, we focused on building A Better Tomorrow™ for all our stakeholders. As we set about future-proofing our business, we developed a set of ambitious targets that will act as a catalyst for a decade of action.

ESG Topic	BAT Bangladesh's Goals	BAT Bangladesh's Progress in 2021
<b>E</b>  Climate change  Water  Biodiversity & afforestation  Waste	Achieve carbon neutral operations (scope 1 and 2 emissions) by 2030 and net zero emissions across our value chain by 2050	8.0% reduction in Scope 1 and 2 emissions against 2017 baseline
	Achieve 30% recycled water by 2025	18% water recycled across sites. We have applied for AWS certification for Dhaka Factory and GLTP, Kushtia
	Aim for net zero deforestation of managed forests in our supply chain and net positive impact on forests in our tobacco supply chain by 2025	100% wood used for tobacco curing by our contracted farmers is from sustainable sources
	Zero waste to landfill and 95% waste recycled by 2025	All manufacturing and processing sites achieved zero waste to landfill and are operating at 99% waste recycling ratio
<b>S</b>  Human rights  Farmer livelihoods  Health and safety  People & culture	Aim for zero child labour and zero forced labour in our tobacco supply chain by 2025	100% of tobacco farms monitored for child labour
	All 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	Eight supplier third-party audits conducted on product materials and high-risk indirect service suppliers
	We are committed to enabling prosperous livelihoods for all farmers in our tobacco supply chain	82% of farmers growing other crops for food or as additional sources of income
	Zero accidents company-wide	67% reduction in total accidents (vs 2020)
	Increase the proportion of women in management roles to 31% by 2025	21% female representation in management roles
<b>G</b>  Business ethics  Responsible marketing	100% adherence to our Standards of Business Conduct	100% of employees completed SoBC sign-off and training
	Strive for 100% adherence to our International Marketing Principles (IMPs)	100% adherence to our International Marketing Principles (IMPs) reported

# Our Journey

1980

**Launched afforestation programme**

**Agronomy drive to promote good agricultural practices**



2004

**Battle of Minds**



**Battle of Minds**

Anything is possible



1980–2000

2001–2010



2009  
**Launched Safe Drinking Water Project**



## Environment



**Prime Minister's National Award**  
By Ministry of Environment, Forest & Climate Change

Winner for 5 times:  
1993, 1999, 2002, 2005 & 2019



ACES AWARDS®

**Top Green Companies in Asia**  
By Asia Corporate Excellence & Sustainability Awards

2021



BANGLADESH INNOVATION AWARD 2021  
In Association with  
Energypac

**Bangladesh Innovation Award in SDG Inclusion**  
By Bangladesh Brand Forum

Afforestation Programme: in 2021



**Asia Responsible Entrepreneurship Award**  
By Enterprise Asia

Afforestation Programme: in 2014  
Renewable Energy Project: in 2018

## Social



**Global Equality Standard**  
By Ernst & Young (EY)

Our drive to champion diversity and inclusion was recognized in 2021, as BAT Bangladesh became the only company in the country to be certified with the Global Equality Standard seal




**Most Female-Friendly Organization Award**  
By Bangladesh Brand Forum

2015 & 2018



**2025**  
 Increase the amount of water we recycle to **30%**


**2030**  
 Achieve carbon neutral operations (Scope 1 and 2 emissions) and net zero emissions across our value chain by **2050**



2011–2020

2021–2050

2011  
**Launched Renewable Energy Project**  
*Thrive: Farmer Livelihood Focus*



**2021**  
 Applied for **AWS Certification**






**Top Employer Award**  
 By The Top Employer Institute


BAT Bangladesh remains the only company in Bangladesh to receive this award three years in a row (2019, 2020 & 2021)



**Asia Responsible Entrepreneurship Award**  
 By Enterprise Asia


Safe Drinking Water Initiative: in 2015

**Governance**




**Highest Taxpayer Award**  
 By National Board of Revenue

8 Years in a row (2014–2021)




**ICMAB Best Corporate Award**  
 By The Institute of Cost Management Accounts of Bangladesh

8 Years in a row (2014–2021)



**The President's Award for Industrial Development**  
 By Ministry of Industries

2 Years in a row (2018 & 2019)



**ICSB National Award**  
 By The Institute of Chartered Secretaries of Bangladesh

8 Years in a row (2014–2021)

# A Better Tomorrow™ for Our Stakeholders

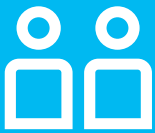
From the consumers who love our products to the dedicated people who make them, we are building A Better Tomorrow™ by delivering value to all.



“It’s exciting to be a part of BAT Bangladesh, as we combine our global experience in R&D, innovation and consumer insights to deliver A Better Tomorrow™ with trusted brands and less risky\* alternatives.”

Jeremy Hackett, Head of Brands, SP&I

<b>We Enable Consumer Choice</b>	<b>We Communicate and Market Responsibly</b>	<b>We Harness Product Stewardship</b>	<b>We Strive to Use Innovations in Trade Marketing</b>
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## Value Created for Consumers

- A wide choice of superior, stimulating products for every mood and moment.
- Brands they can trust, manufactured to high quality and safety standards.
- Constantly exploring the evolving space of reduced-risk\* alternatives to smoking.
- Responsible marketing that does not engage or target youth.



“Bangladesh’s retail landscape is both complex and dynamic, with more than 1.3 million tobacco-selling retailers. Powered by our unique data-driven retail insight platform ‘Prism’, we are constantly striving for excellence to manage such a fragmented trade universe while adhering to our International Marketing Principles and all local regulations.”

Numayer Alam Anjan, Head of Trade & Planning

<b>We Protect the Environment</b>	<b>We Respect Human Rights</b>	<b>We Support Communities</b>	<b>We Enhance Farmer Livelihoods</b>
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## Value Created for Society

- Minimising impacts on the environment.
- Making farming a profitable and preferred profession.
- Protecting human rights and tackling child labour in tobacco growing.
- Improving workplace conditions for workers.
- Developing collaborative solutions to complex sustainable development challenges.



“A strong focus on ESG is fundamental to achieving future business delivery and sustainability. It delivers a win-win for all our stakeholders while helping to achieve our purpose to build A Better Tomorrow™.”

Charles Kyalo, Head of Operations

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



“What distinguishes BAT Bangladesh is the excellence of our talents. We’ve strived over the years to ensure that our employees are empowered, inspired and motivated to be top achievers who believe not only in contributing value to the organisation, but also in growing as purpose-driven individuals.”

Saad Jashim, Head of Human Resources

We Create a Diverse and Inclusive Culture	We Invest in Talent	We Provide a Safe Workplace	We Deliver With Integrity
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### Value Created for Employees

- A diverse and inclusive workplace that treats everyone equally and values employees’ wellbeing.
- Opportunities for a rewarding career.
- Awareness of, and confidence in, our ‘Speak Up’ channels and Standards of Business Conduct (SoBC) compliance procedures.
- Pride in working for an organisation that takes its responsibilities seriously.





“In a data-driven world where consumer preferences and technology evolve at a breakneck pace, we’re staying ahead of the curve by driving digital transformations across the whole value chain to guarantee our stakeholders’ digital footprints are inclusive, paving the way for A Better Tomorrow™.”

Sarzil Sarwar, Head of Digital Business Solutions

We Deliver Against a Winning Strategy	We Are Building a Future-Proof Company	We Are Continuing Strong Delivery	We Are Accelerating the ESG Impact across Our Business
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### Value Created for Our Shareholders

- Investing in business transformation for a sustainable future.
- Providing an investment opportunity that delivers positive environmental and social impact in the communities we operate in.
- Consistently recognised as the ESG pioneer in the country.





“To ensure sustainable value creation for our shareholders, we strive to optimise our cost base to continuously prioritise investments towards sustainability of business partners, environment and sound governance and financial frameworks. It’s no more only about the Company’s growth, but also about how we continue to contribute to the country’s development by leading in ESG.”

Amun Mustafiz, Head of Finance

# Our Contribution to the SDGs

The UN Sustainable Development Goals (SDGs) bring together governments, civil society and the private sector to create a sustainable future. At BAT Bangladesh, we have mapped our Sustainability Agenda to the eight SDGs that are most relevant for our business and stakeholders, as described here and on the following pages.

SDG	Context		Find out more about BAT Bangladesh's ESG agenda
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p><b>Good Health and Well-Being</b></p> <p>Despite Bangladesh recently celebrating its 50th anniversary, fewer than half of the population has access to safely regulated drinking water services. That is why since its inception, BAT Bangladesh's safe drinking water initiative has been working to provide water free from arsenic and other impurities for underprivileged communities, especially in areas where water is either hazardous or scarce.</p>		 Water
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>Decent Work and Economic Growth</b></p> <p>If farmers succeed, we succeed. We assist our contracted farmers by providing agricultural tools and practices developed by our leaf team. These tools and techniques assist farmers in increasing yields, promoting crop diversification and increasing farm productivity. BAT Bangladesh's efforts, such as the mushroom cultivation in tobacco barns and Nokshi, assist rural women in generating additional revenue for their families.</p> <p>We have made a clear commitment to eliminating child labour from our tobacco supply chain by 2025 and to providing training and child labour prevention programmes with local stakeholders.</p>		 Farmer Livelihoods   Human Rights
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p><b>Industry, Innovation and Infrastructure</b></p> <p>BAT Bangladesh is leading the way in agricultural innovation. Drip and sprinkler irrigation systems, as well as ridge maker and fertiliser applicators, have all been implemented so far. Attracting young entrepreneurs and making agriculture more sustainable are the goals of these types of agricultural mechanisation initiatives.</p> <p>Through the digital Farmers' Sustainability Management (FSM) app, BAT Bangladesh provides an efficient farm monitoring solution. We have also introduced 'Bondhusheba', a web-based communications network for keeping farmers up to date with ever-evolving technological advances.</p>		 Farm Mechanisation   Farmer Sustainability Management
 <p><b>10</b> REDUCED INEQUALITIES</p>	<p><b>Reduced Inequalities</b></p> <p>We are committed to promoting equality across our business value chain. Our diversity and inclusion (D&amp;I) strategy is embedded across a multitude of our initiatives: from our campus-to-corporate programmes, such as Supernova – through which we empower young female leaders in STEM (science, technology, engineering and maths) – to our conscious effort in recruiting the best female talents of the market. Overall, we strive to foster an inclusive culture throughout BAT Bangladesh.</p>		 People and Culture





SDG	Context		Find out more about BAT Bangladesh's ESG agenda
	<p><b>Responsible Consumption and Production</b></p> <p>BAT Bangladesh has introduced circular economy concepts to drive all our business towards zero waste to landfill by 2025 having circularity at the heart of how we manage resources across our value chain. Our Dhaka factory accomplished it on March and the green leaf threshing plant in Kushtia in September. In 2021, the Company initiated a series of public awareness efforts aimed at encouraging employees to eliminate unnecessary single-use plastics in the workplace by replacing plastic water bottles with glass ones.</p> <p>BAT Bangladesh's approach to responsible marketing is to market tobacco and nicotine products to adult consumers only and ensure they are not designed to appeal to youth.</p>		<p>Waste</p> <p>Responsible Marketing</p>
	<p><b>Climate Action</b></p> <p>BAT Bangladesh works with farmers to improve curing and fertiliser use efficiency. These reduce CO<sub>2</sub> emissions while increasing yields and improving farmer livelihoods.</p> <p>Our contracted farmers used 100% sustainable wood for tobacco curing in 2021. Understanding the importance of biodiversity in the ecosystem, since 2005 we have built 118 biodiversity corners with our registered farmers.</p> <p>We have decreased carbon emissions by 3,700 tonnes since 2017 through various energy efficiency measures. We installed 166 KW solar panels in Dhaka Factory and are now pursuing installations in Green Leaf Threshing Plant, Kushtia, and Savar Factory. In addition, 2,591 solar home systems were installed in the Chattogram Hill Tracts for marginalised communities.</p>		<p>Biodiversity and Afforestation</p> <p>Renewable Energy</p> <p>Climate Change</p>
	<p><b>Life on Land</b></p> <p>We work directly with our contracted farmers to advance sustainable agricultural practices and protect natural resources in farming communities. This includes offering a range of best practice information and training, and introducing farmers to sustainable methods and technologies developed by BAT Bangladesh. Our largest private-sector-driven afforestation programme has distributed and planted 115 million saplings across 20 districts of Bangladesh since 1980. BAT Bangladesh recognises the severity of the water crisis, and acknowledges its responsibility in ensuring good water governance across all levels of the organisation.</p>		<p>Water Stewardship</p> <p>Biodiversity and Afforestation</p>
	<p><b>Peace, Justice and Strong Institutions</b></p> <p>Our strong standards of business conduct help tackle unethical behaviour such as corruption, money laundering or tax evasion. This is particularly relevant in the complex and challenging times we face today, and our <i>Delivery with Integrity</i> programme empowers and sets clear guidance for our employees.</p>		<p>Business Ethics</p>

# Preference

## Reducing the Health Impact of Our Business

Globally, BAT has set a clear purpose to build A Better Tomorrow™ by reducing the health impact of our business. To deliver on this purpose, we are taking a consumer-centric, multi-category approach, offering adult consumers the widest range of scientifically substantiated, reduced-risk<sup>†</sup> tobacco and nicotine products. With our expansive consumer insights and world-class science and innovation capabilities, we are putting consumers right at the heart of our transformation.



### The Key Enablers for Harm Reduction

We are clear that robust science, a deep understanding of consumers and ongoing innovation are all essential to successfully reducing tobacco harm.



#### Consumer choice

Smokers are most likely to switch to reduced-risk<sup>†</sup> products when they find a product that delivers comparable satisfaction.



#### World-class science

Consumers and regulators want robust scientific evidence that underpins the products' quality, safety and reduced risk potential.



#### Standards and regulation

To ensure access to quality New Category products for adult consumers, the right regulatory and market conditions, as well as high standards and responsible industry practices, should be in place.

### Enabling Consumer Choice

We aim to consistently explore the ever-evolving space of scientifically substantiated reduced-risk alternatives. This way, we can continue to offer our consumers reduced-risk products that they can enjoy.



#### Vapour Products

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

Our vapour products, VUSE ePod and ePen3, contain around 99%\*\* less toxicants compared to traditional cigarette smoke\*\*.



#### Modern Oral Products

Pouches that contain high purity nicotine, water and other high-quality ingredients.

Already, chemical studies have shown that our modern oral products produce substantially lower levels of toxicants from cigarette smoke and even lower levels than snus<sup>1</sup> – a type of traditional oral tobacco with a wealth of epidemiological evidence that indicates it is considerably less risky than smoking.

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

† 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.

<sup>1</sup> Bishop E, East N, Bozhilova S, et al. (2020). An approach for the extract generation and toxicological assessment of tobacco-free 'modern' oral nicotine pouches. Food Chem Toxicol 2020; 145: 111713. <https://pubmed.ncbi.nlm.nih.gov/32998027/>.

\*\* 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 ePod and ePen3 in terms of the average of the 9 harmful components the World Health Organization recommends to reduce in cigarette smoke.

# Resourceful

## A Greener Tomorrow

We rely on natural resources to run our business. Securing them and using them sustainably is critical to BAT Bangladesh delivering its strategy.



### Climate Change

By addressing climate risks and opportunities across our value chain, we can ensure the long-term sustainability of our business.

We are minimising our climate impact. Across our business, this includes sourcing renewable energy and pursuing ambitious targets. In our supply chain, we work with our contracted farmers and suppliers to help reduce their carbon impact.

#### Target

By 2030, we aim to achieve **carbon neutral** operations (Scope 1 and 2 emissions) and by 2050, net zero emissions across our value chain

#### Performance Highlight

**8%** reduction in Scope 1 and 2 carbon emissions achieved against baseline



### Water

As water scarcity risks may increase with the changing climate, we must drive water efficiencies across the value chain.

We take a holistic approach to water stewardship across our sites, from assessing risk to increasing recycling. We roll out water-efficient technologies for our contracted farmers and support local community projects.

#### Target

By 2025, we aim to increase the amount of water we recycle to **30%**

#### Performance Highlight

**18%** water recycle ratio achieved across the sites in Bangladesh



### Waste

Circularity is at the heart of how we manage resources across our value chain. We apply the circular economy principle to all our operations.

#### Target

By **2025**, we aim to ensure zero waste to landfill and **95%** waste recycled

#### Performance Highlights

All of our manufacturing and processing sites in Bangladesh have achieved zero waste to landfill and are operating at **99%** waste recycled



### Biodiversity and Afforestation

Our business depends on biodiversity and natural resources. Sustainable agricultural practices help farming communities thrive and defend against deforestation.

We work with our contracted farmers to preserve natural capital, such as drip irrigation to conserve water and integrated pest management to reduce agrochemical use. We also support afforestation and conservation programme.

#### Target

Aim for **net zero deforestation** of managed forests in our supply chain and net positive impact on forests in our tobacco supply chain by 2025

#### Performance Highlight

**100%** wood used for tobacco curing by our contracted farmers is from sustainable sources

# Environment Initiatives

As a responsible business, we recognise the importance of environmental excellence in order to create a more sustainable future. Below are some of the initiatives that we have implemented to create a positive impact.



## Carbon Emission Reduction

BAT Bangladesh has ambitious carbon neutrality targets. The Company is implementing various projects to improve the efficiency of its operations to reduce its carbon footprint, including increasing our use of solar energy. Major initiatives adopted in 2021 include:

- Automated voltage flicker conditioning system to avoid power flicker-related issues from the national grid;
- ELESOL installation to reduce power over-consumption from electric line harmonics;
- Energy-efficient motors installed to reduce energy consumption by machinery;
- Generator-run hour reduction in factory operations to reduce carbon emissions from diesel oil;
- Thermo case for boiler steam lines to save steam loss in transmission line; and
- Boiler economiser fitted to optimise the use of gas as fuel.

Year on year, BAT Bangladesh continuously invests capital expenditure to fund these ESG projects. Despite an increase in production in 2021, BAT Bangladesh reduced carbon emissions by 8%<sup>1</sup>. In terms of direct energy use, our operations teams reduced their energy consumption by approximately 14%<sup>2</sup>. These reductions demonstrate the effort towards carbon neutrality.



## Water Stewardship

BAT Bangladesh recognises the acuteness of the water crisis and acknowledges its responsibility in ensuring good water governance across all levels of the organisation. The Company has made great strides in planning and executing many initiatives to drive this change across all factories and leaf operations, routinely revising plans and strategies.

In 2021, the Company applied for Alliance for Water Stewardship (AWS) core certification for its Dhaka factory and Green Leaf Threshing Plant, Kushtia.

BAT Bangladesh contributes to the sustainability of local water resources by:

- Adopting and promoting the International Water Stewardship Standard (or AWS Standard) for sustainable water use;
- Combining public and private benefits for a shared outcome of sustainable water resource management; and
- Driving, recognising and rewarding good water stewardship performance inside and outside of the organisation.

BAT Bangladesh has upgraded effluent treatment plants in both Dhaka and Kushtia and installed a Reverse Osmosis (RO) plant in Dhaka to reduce water withdrawals and increase recycling rates. Together, these initiatives have decreased water withdrawals by 21%. Overall, BAT Bangladesh recycled 18% of the water used in 2021.



## World Water Day Celebration

To ensure awareness of efficient water usage and to promote the importance of water recycling among employees, BAT Bangladesh celebrated World Water Day 2021 with a range of activities organised for employees, including awareness communication from the leadership team and games and knowledge-sharing activities.



## Elimination of Unnecessary Single-Use Plastics

In 2021, BAT Bangladesh launched a series of awareness campaigns to support the removal of unnecessary single-use plastics, including replacing:

- Plastic water bottles with glass alternatives;
- Single-use plastic cutlery with wooden alternatives; and
- Plastic decorations with eco-friendly alternatives across our operational sites.

1 Against 2017 baseline.

2 Against 2017 baseline.



## Waste Management

BAT Bangladesh is opting for 99% waste recycling and zero waste to landfill at all manufacturing and processing sites. In 2021, organic waste composting was a key highlight across the Company's different sites.

We are driving the overall waste management in the operations by the below initiatives:

- Proper waste segregation at source and storage at designated space;
- Strong waste disposal management services for all tobacco and wrapping material;
- Processes are in place to reuse materials,

where applicable, reducing overall waste generation; and

- Waste is recycled in various innovative ways rather than incinerated.

As part of our emphasis on repurposing waste to extend its useful life, we embrace the following recycling initiatives:

- Metallic waste is sent to local foundry shops for recycling into tools and other equipment;
- Filter tow waste changeover for use in bed mattresses;
- General paper waste is utilised for paper pulping and onward processing of paper board.

- Wooden scraps are converted into wooden blocks;
- Used plastics are re-formed into plastic chips for further use; and
- Plastic straps are recycled into plastic floor mats.

Along with innovative recycling of waste, BAT Bangladesh has also discovered reuse opportunities for wooden pallets, C48 cartons and paper bobbin cores that are significantly reducing overall waste generation in a cost-efficient way.

## SPOTLIGHT

### Virtual Tree Pledge

'Reimagine, Recreate, Restore' was the theme of World Environment Day 2021. BAT Bangladesh celebrated the day by showing how we're protecting the environment by using fewer natural resources, generating less waste, and enhancing biodiversity and forest resources.

As a part of the celebration, BAT Bangladesh ran a Virtual Pledge Tree campaign, where anyone in BAT could enter a pledge to mark World Environment Day. We prepared a dedicated site to capture the pledges. For every pledge we received, we planted a tree on their behalf. In total, 220 trees were planted in three different locations, in response to pledges coming from BAT colleagues from 21 different countries.



# Afforestation Programme

Climate change and its effects pose a significant challenge for society. It is important that governments, businesses and civil society globally work together to tackle it.

The Government of Bangladesh has pledged to do its part in environmental restoration. To create a greener Bangladesh, every year on World Environment Day, the government celebrates the National Tree Plantation Campaign to raise awareness of ecosystem conservation and biodiversity promotion.

## BAT Bangladesh's Afforestation Programme

BAT Bangladesh operates the country's longest-running private sector-driven afforestation programme. Now in its 41st year, the programme has so far distributed 115 million fruit, forestry and medicinal plant saplings free of charge to diverse beneficiaries.

The objective of the programme has always been to raise awareness of the importance of a greener environment. Its goal – to **increase the area of tree-covered land to 25% in relation to the total land area of Bangladesh** by 2030 – directly complementing UN SDGs 13 (Climate Action) and 15 (Life on Land).

We believe in public-private partnerships and through this programme, are proud to have worked with numerous government bodies and private organisations such as:

- Refugee Relief and Repatriation Commissioner (RRRC)
- Dhaka North City Corporation (DNCC)
- Dhaka South City Corporation (DSCC)
- Rajshahi City Corporation (RCC)
- Bangladesh Army
- Bangladesh Navy
- Bangladesh Police
- Border Guard Bangladesh (BGB)
- Bangladesh Agricultural University (BAU)



 GK Canal project, Kushtia



## SPOTLIGHT

2021 not only marked the 41st year of BAT Bangladesh's afforestation programme, but also the 50th year of Bangladesh's independence and the 100th anniversary of the birth of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. To mark these auspicious occasions, BAT Bangladesh reached out to the Forest Department of the Ministry of Environment, Forest and Climate Change to collaborate on an afforestation campaign across 12 districts in Bangladesh.

Under the able guidance and supervision of the Chief Conservator of Forest and the Deputy Conservator of Forest, we were able to distribute 275,000 saplings across the following districts: Kushtia, Jhinaidah, Meherpur, Rajshahi, Rangpur, Lalmonirhat, Mymensingh, Tangail, Manikgonj, Rangamati, Khagrachari and Cox's Bazar.





## 41 years of legacy

In 2021, our afforestation programme supported the livelihoods of over 30,000 beneficiaries through the distribution of 5 million saplings. At present, the project is operating in more than 18 districts across the country. Some of the more notable projects include the afforestation sites at:

- Lalon Shah Bridge, Kushtia
- Hazrat Shah Amanat International Airport, Chattogram
- Lama Alikodom highway, Bandarban
- Rohingya Camp, Ukhiya, Cox's Bazar
- Mirinja Point, Lama, Bandarban
- Kushtia, Jashore highway
- GK Canal project, Kushtia
- Jamuna Bridge
- Kushtia bypass road

BAT's afforestation programme plays a significant role in the socio-economic development of communities by improving livelihoods and living standards. Detailed research conducted by Nielsen Corporation records the following positive impacts of the programme:

- **Economic impact:** 77% of beneficiaries earn money by tree plantation, while 49% state an increase in income. In addition, 33% of the beneficiaries invest money earned from the tree plantation in other businesses.
- **Ecological impact:** With the increased number of trees and balancing the environment with intensive farming, ecological improvement has been witnessed in 97% of the intervention area.
- **Behavioural impact:** Increase in awareness regarding tree plantation (85%) was found to be the most significant change brought about by the afforestation programme.

In recognition of its outstanding contribution to tree plantation, BAT Bangladesh has received the prestigious Prime Minister's National Award five times (1993, 1999, 2002, 2005, 2019) and the Chief Advisor's Award once in 2007. In 2021, the initiative was also honoured with the Bangladesh Innovation Award 2021, under the 'Best Innovation-SDG Inclusion' category.

The afforestation programme also won international recognition when BAT Bangladesh received a Top Green Company in Asia award at the prestigious Asia Corporate Excellence and Sustainability (ACES) Awards 2021. The initiative has also been bestowed with the Asia Responsible Entrepreneurship Award (2014) under Green Leadership by Enterprise Asia, a non-governmental organisation (NGO) striving for the pursuit of entrepreneurship development in Asia.



 Jashore highway, Kushtia



 Lalon Shah Bridge, Kushtia

## Reforestation at Rohingya Refugee Camp

Since 2017, almost 1.1 million Rohingyas have sought safety in Cox's Bazaar, building settlements that have led to enormous deforestation. In 2018, the Refugee Relief and Repatriation Commissioner (RRRC) of Bangladesh launched a reforestation programme, which was supported by BAT Bangladesh as the sole private-sector enterprise. Since then, we have planted 210,000 saplings in the area, covering almost 22 hectares of blocks and 15.5 kilometres of roadsides.

### Supporting Community Planting Near Kushtia

Mr. Baher Ali PK, a local nursery owner from Kushtia, has benefited from the afforestation programme for the past 12 years.

After joining a BAT Bangladesh workshop in 2009, Mr. Baher received 5,000 free forestry, fruit and medicinal saplings from the afforestation project to start his first garden. He nurtured these saplings into trees and, five years later, sold some of them off as timber for BDT 450,000.

Mr. Baher also started a commercial nursery. Earnings on timber and fruit from the nursery grew significantly over time, resulting in greater financial stability and economic freedom for him and his family.



📍 Before the reforestation programme



📍 After the reforestation programme



## 2021 highlights

**5 million saplings distributed**



**Afforestation Award 2019**

from the honorable Prime Minister of Bangladesh



**Bangladesh Innovation Award 2021**

From Brand Forum for Best Innovation-SDG Inclusion





# Good Agricultural Practices

BAT Bangladesh works directly with over 35,000 farmers, providing best-in-class sustainable agricultural methods and assisting farming communities in developing the capacity to grow a variety of crops throughout the year. Some notable initiatives are detailed below.



## Shurokkha

The improper disposal of Crop Protection Agent (CPA) containers and packets has an adverse impact on living beings, water, air and the soil. To minimise these effects, in 2019 BAT Bangladesh initiated Shurokkha, a project to ensure the safe disposal of CPA containers. Farmers are provided with bins to collect empty containers, and are provided with a financial incentive to preserve and hand over the waste. After a successful pilot in the Kushtia district, the solution is now being implemented to cover all leaf-growing areas of Bangladesh. We plan to install low-cost incinerators for non-recyclable CPA waste and recycle machines for CPA containers.

Collaborations to deliver the project:

- Bangladesh Crop Protection Association (BCPA)
- Department of Environment (DoE)
- Department of Agricultural Extension (DAE)
- Soil Resource Development Institute (SRDI)

Farmers are provided with bins to collect empty containers, and are provided with a financial incentive to preserve and hand over the waste.



## Biodiversity

BAT Bangladesh recognises the vital importance of biodiversity in sustaining the ecosystems where we work. We have built 118 biodiversity corners (small plots of land) with registered farmers since 2005, raising awareness and conserving rare and endangered indigenous medicinal species. These plots demonstrate biodiversity conservation on a local scale and educate farmers about their critical role in ensuring the sustainability of ecosystem services.

Collaborations to deliver the project:

- Department of Forest
- Department of Environment
- Department of Agricultural Extension (DAE)
- Local administration



## Alternate Furrow Irrigation (AFI)

When it comes to irrigating fields, AFI ensures water flows into one furrow while keeping adjacent furrows clear of irrigation. This guarantees plants receive sufficient water while circumventing excess application. In 2021, BAT Bangladesh implemented AFI for any row crops, helping to reduce 30–35% of irrigation water applications without impacting crop quality and yield.

Collaborations to deliver the project:

- Bangladesh Agriculture Research Institute (BARI)
- Bangladesh Agricultural University (BAU)
- Soil Resource Development Institute (SRDI)



## Rocket Barn for Tobacco Curing

A rocket barn uses hot flue gases to create a pressure drop that draws air through the front vents and across the inner barn. Increased airflow results in more rapid and effective tobacco curing. In comparison to conventional barns, rocket barns save between 12–15% on fuel. After a successful pilot in 2012, the fuel-efficient rocket barn is now used by about 69% of our contracted farmers in Bangladesh.

Collaborations to deliver the project:

- Department of Forest
- Department of Environment
- Local Administration



## Biological Pest Control

Integrated pest management (IPM) allows farmers to manage diseases, insects and other pests in a cost-effective and environmentally sound way. IPM emphasises the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms. BAT Bangladesh has introduced bio-fungicides to control pests in the seedbed and main field, thereby reducing dependency on agrochemicals.

Collaborations to deliver the project:

- Bangladesh Agriculture Research Institute (BARI)
- Bangladesh Agricultural University (BAU)
- Soil Resource Development Institute (SRDI)
- Bio-pesticide manufacturer, e.g. Ispahani Agro Limited

# Renewable Energy Initiative

The Chittagong Hill Tracts, with its pristine landscape of unmatched natural beauty, suffers – like similar areas in other countries – from the realities of poverty and fuel shortage.

Before the BAT Bangladesh renewable energy initiative was introduced, life for people in the Hill Tracts would pause after sundown as they did not have access to electricity.

To combat this severe problem, or at least minimise its effects, BAT Bangladesh has installed 2,591 free solar home systems for households across 25 villages in off-grid areas since 2011. These households have seen an uplift in their livelihood with the introduction of clean, sustainable energy, and more women have been empowered to engage in income-generating activities.

The initiative is committed to building a self-reliant Bangladesh by reducing the dependency on electricity generated from fossil fuels and promoting the usage of renewable energy sources. The project is committed to ensuring the exploration and sustainable application of renewable energy sources in agriculture and other sectors in the future.

## Renewable Energy: Impact<sup>3</sup>

94%

of women can cook at night with the help of solar power

77.1%

of women feel safer at home

60.6%

of women can now go outside their homes at night

20.1%

of women can engage in income-generating work at night

## 2021 Highlights



2.61 KW solar panel system has been installed to power a water filtration plant that provides safe drinking water on St. Martin's Island



On the International Day of Light, the company commemorated 10 years of illumination through the renewable energy project

<sup>3</sup> According to a study by Nielsen Corporation - BAT Bangladesh: Responsible Business Future - Inspira Advisory & Consulting Ltd. (inspira-bd.com).



## 10 years of legacy

### Renewable Energy Initiative

Not less than 10 years ago, life in the remote villages of Bangladesh's hilly areas was often overshadowed by darkness, caused by the lack of access to electricity. This affected not only people's daily life, but also limited their economic activities. BAT Bangladesh responded, bringing electricity to these communities through the provision of solar energy. According to Ms. Aikai Ching Marma, a 28-year-old woman from Monglapara, Bandarban, BAT Bangladesh's renewable energy initiative sparked a ray of light, by introducing electricity through solar energy, to her locality. Now, local women are able to cook meals and do household chores at night and use electric devices like air cooling fans and mobile phones.

This initiative has further paved the way for additional income generation for Ms. Aikai Ching Marma through making handicrafts, knitting and sewing. Light also brings a wider educational benefit, as her children are now able to study after school thanks to solar power. BAT Bangladesh's renewable energy project has successfully driven the transformation in uplifting the living standards of the people in the remote hilly areas of Bangladesh.



BAT Bangladesh's renewable energy initiative sparked a ray of light, by introducing electricity through solar energy in her locality.

### Smart Renewable Energy Pilot

BAT Bangladesh is working in collaboration with Solshare, Better Tomorrow Ventures, and Rajshahi City Corporation to implement a state-of-

the-art renewable energy pilot project. We expect that the project will enable us all to significantly reduce our reliance on the national electricity grid. Which will

contribute to the reduction of reliance on fossil fuels and the development of an eco-friendly metropolis.



# Careful

## Building A Better Tomorrow™ for All

BAT Bangladesh strives to deliver a positive social impact, both for our employees and people across our supply chain. We are seeking to build A Better Tomorrow™ for all our stakeholders – from enhancing farmer livelihoods and promoting human rights to creating a diverse, inclusive culture.



### Human Rights

At BAT Bangladesh, our business and supply chain touch several industries with important human rights impacts. Our commitment to respect fundamental human rights is long-standing.

We work to keep ourselves – and our supply chain – aligned and accountable through strong policies, due diligence and

#### Target

By **2025**, we aim to have **zero child labour** and **zero forced labour** in our tobacco supply chain

#### Performance Highlight

**15,988** attendees at **640** farmers training sessions on human rights and zero child labour



### Farmer Livelihoods

Enhancing farmer livelihoods helps tackle rural poverty, which is a root cause of human rights issues like child and forced labour.

We help to build the long-term resilience of farming communities through sustainable farming practices and technologies.

#### Target

We are committed to enabling prosperous livelihoods for all farmers in our tobacco supply chain

#### Performance Highlight

**82%** of tobacco farmers in our supply chain were reported to grow other crops as additional sources of income



### People and Culture

As we continue to transform our business, a truly diverse workforce is at the core of our success.

Our diversity and inclusion strategy is building diverse talent pipelines and creating enablers of an inclusive culture.

#### Target

By 2025, we aim to increase the proportion of women in management roles to **31%**

#### Performance Highlight

**21%** female representation in management roles



### Health and Safety

Health and safety risks can have serious impacts on our employees, contractors and farmers. These can also interrupt company operations if not effectively addressed.

We are committed to providing a safe working environment for all our workers through company-wide employee training programmes. We also have robust requirements for our contracted farmers.

#### Target

Our ambition is for **zero accidents** company-wide in each year

#### Performance Highlight

**67%** reduction in total accidents (vs 2020)

# Respecting Human Rights

## Our Approach at a Glance

Our commitment to respect the human rights of our employees, the people we work with and the communities in which we operate is long-standing. BAT Bangladesh is committed to ensuring the wellness of its people, with over 1,500 direct employees and approximately 50,000 indirect stakeholders, such as farmers, wholesalers and local suppliers.

We have initiatives in place to assist our contracted farmers, not just in realising their own rights but also in learning how to protect the rights of their children.



## Why Protecting Human Rights Matters

Our business and supply chain touches several industries with important human rights issues, including agriculture and manufacturing. Our third-party, tobacco supply chain is particularly complex and something in which BAT Bangladesh invests considerable time and effort on human rights standards, training and initiatives.

Whatever the product or the process, our principles remain the same. We strive to promote, uphold, and protect the human rights of the people involved.

## By 2025

we aim for **zero child labour** and **zero forced labour** in our tobacco supply chain

## Policies and Accountability

Our Standards of Business Conduct (SoBC) include our Workplace and Human Rights policies, detailing our support for the UN Guiding Principles and ILO Declaration on Fundamental Principles and Rights at Work. Our Supplier Code of Conduct (the Code) complements our SoBC, defines the minimum standards expected of our suppliers, including human rights criteria, and is incorporated into our contractual arrangements.

To support the effective implementation of our policy commitments, we also have in place:

- **‘Speak Up’ channels** that are independently managed and available in multiple languages including Bengali for anyone working for, or with, the Company to report concerns;
- **Our SoBC Assurance Procedure**, which defines how allegations and reports of SoBC breaches should be investigated and remediated fairly and objectively;
- **Our Employment Principles**, which set out a common approach for good employment practices and workplace human rights across the Company; and
- **Our operational standard on child labour prevention**, which provides detailed guidance and procedures for our leaf operations in tackling the risk of child labour in our tobacco supply chain.

BAT Bangladesh’s Board is responsible for establishing the policies aligned with the Group on human rights. The Board is supported by the Audit Committee, which monitors performance, risks and adherence to our standards.

Together, our governance framework provides a flexible channel for the structured flow of information, as well as monitoring and oversight of key issues. These include those relating to human rights, at all levels of BAT Bangladesh.

## Interrelated Impacts

Our salient human rights impacts include issues that are closely interrelated with other priority areas, including:



**Farmer Livelihoods** – How we are enhancing farmer livelihoods and building climate change resilience.



**People and Culture** – How we are respecting freedom of association and collective bargaining, and upholding equality, diversity and fair treatment.



**Health and Safety** – How we are protecting the health, safety and wellbeing of our employees and contracted farmers.



# Enhancing Farmer Livelihoods

## Our Approach at a Glance

Our contracted farmers are valued business partners. We provide support, technical assistance, and capacity building for over 35,000 contracted farmers across Bangladesh, helping to build their long-term resilience. We develop new tobacco seed varieties that offer greater yields, as well as higher quality and resistance to diseases, and so help boost farmers' profits.

In addition, we help our contracted farmers to increase efficiency and productivity with new, sustainable practices and technologies, such as fuel-efficient curing barns, irrigation technologies and mechanisation. Educating and supporting our contracted farmers to grow other crops for food or as additional sources of income is also key. We invest in a wide range of community-based programmes, in collaboration with the government and other stakeholders, to help enhance rural livelihoods.

## Why Farmer Livelihoods Matter

Maintaining a stable income in agriculture can be challenging in the face of an unpredictable climate and changing market forces. Rural poverty is recognised as a primary root cause for issues such as child and forced labour, as well as poor safety and environmental standards. If farmers have profitable farms and good incomes, they are less likely to use cheaper forms of labour (including their children) and are less vulnerable to exploitation. They are also more likely to adhere to safety standards and look after the environment.

In many rural farming communities, poverty and lack of easy access to basic services and infrastructure, such as clean water, electricity, schools, transport and healthcare, can lead to young people moving away to find jobs in the cities. Without a new generation of farmers, the future of agriculture could be under threat – and that presents a major long-term risk for our business.

## Policies and Accountability

BAT Bangladesh's Board regularly reviews our tobacco supply chain strategy, including progress against our global priorities and *Thrive* indicators. The Sustainable Tobacco Programme (STP) includes a wide range of farmer income and livelihoods criteria that our leaf operations and third-party suppliers are expected to adhere to. Our Strategic Framework for Corporate Social Investment sets out detailed guidance for our community investment programmes, aligned to the UN SDGs.



## Helping Farmers Grow

As a day labourer in Khagrachari in the 1990s, Md. Nurul Islam struggled to cover his basic needs, let alone contribute to the family's wellbeing. He decided to join BAT Bangladesh in 1992 as a registered farmer, becoming one of the first farmers to adopt the Company's sustainable agricultural practices.

Through his participation, Md. Nurul Islam has achieved prosperity, home ownership and even the position of being able to rent out machinery to other farmers. Furthermore, he has expanded his vegetable and cow farming operations under the Integrated Farm Management Component (IFMC) methods.



## Helping Farmers to Thrive

Our *Thrive* programme is based on the internationally recognised 'Five Capitals' framework, as shown below. Each year, we collect data against key indicators for each Capital for all BAT Bangladesh contracted farmers. This enables the development of local action plans



focused on addressing some of the longer-term challenges impacting the sustainability of farming communities.



# Good Agricultural Practices

**BAT Bangladesh is actively involved in the country's socio-economic development. Our social activities address the critical requirements of protecting farmers' rights, strengthening livelihoods, generating better income, ensuring health and safety standards, and improving social facilities holistically. Our initiatives include:**



## Farmers' Sustainability Management (FSM)

BAT Bangladesh has digitised its farm monitoring and data gathering practices, creating the FSM application. The app, which was launched successfully in 2018, verifies validity by capturing the farmer's image and fingerprint.

The app is also supporting the Company's management by maintaining transparency on what occurs on the ground. It has helped field technicians by reducing data gathering time by approximately 50%, allowing them to focus on enhancing extension services to farmers.



## Personal Protective Equipment (PPE)

PPE is specialised clothing or equipment used by an individual to safeguard their health and safety, particularly their eyes, head, face, hands, feet and ears. BAT Bangladesh provides the delivery of essential PPE to contracted farmers. We periodically conduct awareness training for farmers on the need and the usage of PPE.

Collaborations to deliver the project:

- Department of Agricultural Marketing (DAM)
- Department of Agricultural Extension (DAE)



## Farm Mechanisation

BAT Bangladesh promotes mechanisation in agriculture, which enables our farmers to cut production costs by reducing the amount of labour and time required. To date, we have introduced ridge makers, fertiliser applicators, inter-cultivators, and drip and sprinkler irrigation. This type of agricultural mechanisation effort is already attracting young entrepreneurs and ensuring agricultural sustainability.

Collaborations to deliver the project:

- Bangladesh Agricultural Research Institute (BARI)
- Department of Agricultural Extension (DAE)



## Nokshi

Nokshi, which translates as 'Art' in Bengali, is another social effort in which BAT Bangladesh collaborates with the Rangpur Women Chamber of Commerce and Industry (RWCCI) to create female entrepreneurs from farming communities. Through Nokshi, we train women in the production of indigenous handicrafts in order to develop their knowledge and skill set. After successful completion of the training, the women receive a certification, free toolkit and networking to sell their handmade products. In 2021, we trained 90 women from Rangpur and Lalmonirhat.

Collaborations to deliver the project:

- Rangpur Women Chamber of Commerce and Industry (RWCCI)



## Mushroom Cultivation in Tobacco Curing Barns

BAT Bangladesh is devoted to identifying new sources of income for women to aid their empowerment, such as mushroom cultivation training, with support from the Department of Agricultural Extensions. In 2021, 25 farm women from Khagrachari participated in a nine-day structured training programme on Integrated Farm Management Component (IFMC), led by government professionals. Similarly, 50 farmers in Kushtia received training from resource personnel, and many have begun mushroom growing in their curing barns during the off season.

Collaborations to deliver the project:

- Bangladesh Mushroom Development Institute
- Department of Agricultural Extension (DAE)
- Bangladesh Agriculture Research Institute (BARI)



## Bondhusheba

BAT Bangladesh has introduced 'Bondhusheba', a web-based messaging network that enables us to communicate with our farmers on a timely basis about the weather, good agricultural practices, sustainability and crop planning, among other topics, via SMS, giving them up-to-date information about crop growing and sustainability.

# Safe Drinking Water Initiative

There was a time when millions of people in Bangladesh faced a severe scarcity of safe drinking water due to excessive arsenic contamination. More often than not, people had to walk for miles to source drinkable water, but even that was without the assurance of it being safe.

## Our Programme

BAT Bangladesh's Safe Drinking Water Initiative has been progressing relentlessly since 2009 to provide water free from arsenic and other impurities for communities, especially in areas where water is either hazardous or scarce. The initiative proudly supports the Bangladesh Government's aim to achieve SDGs 3 (Good Health and Well-Being) and 10 (Reduced Inequalities).

The Safe Drinking Water Initiative celebrated BAT Bangladesh's 110th anniversary by installing the 110th water filtration plant in 2021.

The initiative currently provides 560,000 litres of pure drinking water to over 270,000 beneficiaries daily across 20 districts of Bangladesh. Now, through the programme, we are installing water filtration plants in salinity-prone zones like Shatkhira, remote areas like the Chittagong Hill Tracts and islands such as St. Martin's.

The initiative's impact has been recognised through various awards such as the Asia Responsible Entrepreneurship Award (AREA) in 2015, and the Bangladesh Innovation Award 2018 by Bangladesh Brand Forum and Mastercard for 'SDG Inclusion'.

## 2021 Highlights

Installed water filtration plant at Padma Park in collaboration with Rajshahi City Corporation (RCC) to provide free, safe drinking water



A multi-fold filtration plant has been established in Langipara, Bandarban, to address the water problems of people in the remote hilly areas

Addressed the water issues in the south-eastern salinity-prone zones of the country and started installing water filtration plants



Ran an internal and external campaign on World Water Day 2021 to commemorate 12 years of supplying safe drinking water





# 12 years of legacy



## Water Filtration Changes Lives

Now in her early sixties, Mst. Afroza Khatun has witnessed a severe and ongoing struggle for safe drinking water in her locality. For years, she had to walk almost eight kilometres every day with a heavy pitcher just to collect safe drinking water for her daughter, who was suffering from a water-borne disease.

BAT Bangladesh's water filtration plant changed everything, offering villagers the opportunity to collect safe drinking water free of charge. Now the money Mst. Afroza Khatun saves on medications for her daughter can be used to support a better future.



### Safe Drinking Water Initiative: Impact\*

# 98.7%

beneficiaries directly drink the plant water

# 99.8%

beneficiaries get safe water from the plants all year round

# 88%

beneficiaries get safe drinking water from the plant within 10 minutes

# 92%

beneficiaries can get water from the plant without having to stand in line

### SPOTLIGHT

### From Arsenic Prone Zones to now across Islands & Highlands

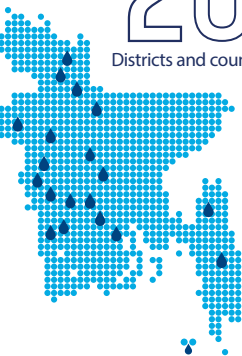


Total Districts Coverage

- Kushtia
- Meherpur
- Chuadanga
- Jhenaidah
- Satkhira
- Lalmonirhat
- Rangpur
- Madaripur
- Manikganj
- Tangail
- Gopalganj
- Jamalpur
- Natore
- Faridpur
- Khagrachari
- Bandarban
- Gaibandha
- Khulna
- Rajshahi
- Saint Martin

# 20

Districts and counting



\* According to a study by Nielsen Corporation - BAT Bangladesh: <https://www.inspira-bd.com/publications/bat-bangladesh-responsible-business-future/>

# Protecting Our People's Health and Safety

## Our Approach at a Glance

We commit to providing a safe working environment for our employees and contractors, and expect our third-party suppliers to do the same. We do this through:

- Company-wide health and safety programmes and employee training;
- Focused zero loss mindset initiatives for higher-risk areas of our business; and
- Risk assessments, safe work procedures 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 major area of concern, and a responsibility we take extremely seriously



## Policies and Accountability

We have a robust set of policies that work together to make BAT Bangladesh a safe and healthy place to work.

Our Respect in the Workplace Policy in our SoBC outlines how the Company safeguards employee wellbeing and provides a safe working environment. This is complemented by our Supplier Code of Conduct, which sets out our minimum standards for suppliers. Our Health and Safety Policy is endorsed by our Board. Our General Manager and Operations Director own the Policy on behalf of the Management Board. It prioritises the health, safety and welfare of all our employees, third-party personnel and others who may be affected by our business activities.

BAT Bangladesh believes in the capability build-up of every individual in the Company. Rather than simply developing awareness, ownership is encouraged at the organisation. EHS managers run campaigns and training sessions to ensure the steady and sustained growth of the organisation's people. EHS Awareness Week is one example of the continuous effort our team puts in, covering office safety, road safety, fire safety, electrical safety, manual handling and ergonomics, and several other aspects.

More than **98%** of management and more than **90%** of employees received at least one dose of the COVID-19 vaccine in 2021.

## COVID-19 Initiatives

The pandemic had a massive impact on BAT Bangladesh's route-to-market chain and sales. However, with unrelenting effort from its people, the business has recovered.

The Company recognised the efforts of its people and paid close attention to their wellbeing during this time. BAT Bangladesh took all necessary precautions to prevent and control the spread of COVID-19. Mass awareness campaigns on practices to ensure safety were held, and daily temperature checks along with social distancing in offices and on factory floors were made mandatory. Hand sanitiser was available for use in all factory and office spaces, and dedicated transportation was also provided to employees during lockdowns. A 24/7 ambulance service was arranged for factory workers, and doctors were on hand to support all queries from BAT Bangladesh employees and managers.

Employees were given family care packages that included personal and home sanitation and hygiene products to keep them and their families safe. All those who could were moved to a work-from-home system in order to minimise exposure to the virus. For those still working on site, physical demarcation at factories and warehouses helped ensure social distancing.

The positive impact of many of the measures implemented means that they will be carried forward into 2022 and beyond the pandemic.

BAT Bangladesh also supported the vaccination registration process among employees and contractors who needed it, with the same assistance extended to all farmers, field forces and contractors.



# Creating an Inclusive Culture for Our People

## Our Approach at a Glance

At BAT Bangladesh, we directly employ around 1,500 people. Attracting and retaining an increasingly diverse workforce and providing a welcoming work environment are key drivers in our transformation journey to build A Better Tomorrow™. We focus on providing a fair and inclusive workplace where all our people can flourish and thrive. Our diversity and inclusion (D&I) strategy is embedded across the Company and focuses on building diverse talent pipelines and creating enablers of an inclusive culture.



## Policies and Accountability

Our Standards of Business Conduct (SoBC) include our Respect in the Workplace Policy, and outline our commitments to equality, diversity, preventing bullying and harassment and safeguarding employee wellbeing.

Our Employment Principles include our commitments to reasonable working hours, a family-friendly work environment, employee wellbeing, talent, performance, equal opportunities, and fair, clear and competitive remuneration and benefits.

Our Board is responsible for assessing and monitoring culture and its alignment with the Company purpose, values and strategy. Our Head of Human Resources has overall responsibility for all employee and human resources matters, while our leadership team oversees the development and management of talent within the Company across all functions.

## Highlights of 2021

We have focused on our gender diversity agenda: from launching Supernova, the first-of-its-kind STEM mentoring platform for female engineering students, to welcoming more females in frontline roles in the Company.

Beyond gender diversity, we also brought in 20 experienced cross-industry hires whom we celebrated as Champions of Change to ensure inclusion in the new workplace. BAT Bangladesh also welcomed Amun Mustafiz, the first-ever female Bangladeshi Finance Director, as one of its top management team members.

**272**

Total hours spent on managerial training sessions

**415,846**

Total man-hours spent on shopfloor training sessions

**3,548**

Total hours spent on the Grid (BAT Bangladesh's online learning portal)

In 2021, we chose to focus on two of the key facets of employee wellness: mental health and physical wellbeing. We celebrated World Mental Health Day with expert seminars and unwinding music sessions, and organised a month-long intra-BAT football tournament.

## Your Voice 2021

Your Voice is BAT's biennial global employee opinion survey, carried out to aid continuous improvement and assess how well positioned we are against other comparable companies. In 2021, BAT Bangladesh delivered outstanding results in the survey, improving on all 17 categories from its 2019 results.

## TOP EMPLOYERS AWARD 2021 BY THE TOP EMPLOYERS INSTITUTE

BAT Bangladesh remains the only company in the country to receive this award three years running



## Our Ethos

Our ethos guides the behaviours of our people across the Group and plays a key role in delivering our purpose to build A Better Tomorrow™.



We are **BOLD**



We are **FAST**



We are **EMPOWERED**



We are **DIVERSE**



We are **RESPONSIBLE**

# Infrastructure

## Driving Robust Governance and a Culture of Integrity

BAT Bangladesh's actions positively impact its consumers and communities, from marketing responsibly to contributing to local economies through tax payments. We strive to always act as a responsible business. We seek to always operate in an honest, transparent and accountable way, sustaining a culture of integrity in everything we do. Our robust principles and policies set out how we do this consistently, across all our operations.



### Business Ethics

We are guided by a robust, global set of principles and policies in everything we do.

We are clear to all our employees, suppliers and partners that we will never compromise our ethical conduct standards. Delivering with integrity and our ethos form the foundation of how we work. Our Standards of Business Conduct (SoBC) set out the high standards we are committed to upholding.

#### Target

We aim to have **100%** adherence to our Standards of Business Conduct (SoBC)

#### Performance Highlight

**100%** Group employees completed our annual SoBC sign-off



### Responsible Marketing

Responsible marketing practices seek to ensure that only adult consumers use our tobacco and nicotine products and that they do not appeal to youth.

We have strict marketing requirements and support our employees, partners and customers in effectively applying them. We are clear that our products and marketing are aimed only at adult consumers.

#### Target

We aim to have **100%** adherence to our International Marketing Principles (IMPs)

#### Performance Highlight

**100%** adherence to our International Marketing Principles (IMPs) reported



# Delivery with Integrity

## Our Approach at a Glance

Established in 2017, our *Delivery with Integrity* global compliance programme promotes an ethical culture and communicates expected behaviours as set out in SoBC. We are clear to all our employees, suppliers and partners that we will never compromise our ethical conduct standards for the sake of results.

Through a robust suite of policies, standards and training, we empower our employees to make sure they understand what is expected of them and act responsibly. We set out clear expectations in our SoBC. This is complemented by tools and procedures, enabling us to assess risks consistently and encouraging our employees to speak up when they suspect a breach.



## Why Delivering With Integrity Matters

Operating with honesty, integrity and transparency is not only the right thing to do – it is critical to our continuing success. In an organisation as diverse and multinational as BAT, it is essential that we work to a consistent set of rules and standards of behaviour across the Group.

## Policies and Accountability

Our SOBC expresses the high standards we are committed to upholding, covering topics including 'Speak Up', bribery and corruption, tax evasion and money

## We aim to

have **100% adherence** to our SoBC

laundering. The SoBC is complemented by our Supplier Code of Conduct, which outlines the minimum standards expected of our suppliers. It includes provisions relating to bribery and corruption, sanctions, tax evasion and illicit trade.

We monitor and mitigate third-party risk as a key component of our compliance programme through our Third-Party Anti-Bribery and Corruption (ABAC) Procedure and ABAC risk-assessment tool.

## Board of Directors

BAT Bangladesh's Board of Directors are the Company's prime authority, around who the organisation's policy, planning and operations revolve. The Board enables the Company to achieve its business objectives while adhering to internal controls and meeting shareholder interests and expectations. Its primary objective is to guarantee that the Company's sustainability agenda, organisational effectiveness and high-performance culture serve as a bulwark for the organisation's capacity to achieve its objectives.

The Board of Directors is made up of nine experienced individuals with core competencies relevant to the Company. To ensure diverse representation, the Board includes two Independent Directors who bring extensive multi-sector knowledge to the table and share the organisation's values. The Company Secretary to the Board is a certified fellow chartered secretary. The Board ensures that its operations and policies adhere to the concepts and recommendations of the Bangladesh Securities and Exchange Commission's (BSEC) Corporate Governance Guidelines, as well as to the Company's own governing principles.

## Annual Reports

According to the BSEC's financial reporting and disclosure requirements, the Company is obligated to publish an annual report that includes a statement attesting to the Company's compliance with all provisions of the Corporate Governance Code.

This report strives to present a balanced and accurate picture of our corporate governance policies, regulatory compliance measures, strategy, performance, opportunities and future outlook. The report's main objective is to address the value creation concerns of long-term investors and give pertinent information to all of our other key stakeholders.

## ICAB NATIONAL AWARD BY INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH

6 times in a row (2016-2021)



## SAFA AWARD BY SOUTH ASIAN FEDERATION OF ACCOUNTANTS

5 times in a row (2017-2021)



# Responsible Marketing

## Our Approach at a Glance

We have a powerful brand portfolio that we are proud of. Our brands are uniquely positioned, with leading-edge insights, science and innovation at speed behind our product pipeline.

Our products and marketing are aimed only at adult consumers and not designed to engage or appeal to youth. This is a fundamental requirement of our International Marketing Principles (IMP), which govern our marketing across all our product categories. They set out our minimum standard and are applied even when they are stricter than local laws.

Our IMP were first introduced in 2001 and have been regularly updated to reflect developments in marketing, our product portfolio, technology, changing regulations and stakeholder expectations. The result is that responsible marketing is embedded in our culture and inherent to the way we operate.

Bangladesh's retail universe is complicated and dynamic, with over 1.3 million stores selling cigarettes. BAT Bangladesh's distribution network serves around 800,000 retail outlets directly through distributors employing more than 15,000 individuals, all following the Smoking and Tobacco Products Usage (Control) Act and Rules as well as our IMP.

All marketing materials are subject to review and appropriate approval by our Legal and External Affairs function. We have detailed compliance procedures, guidance and toolkits to help our IMP to be applied consistently and effectively.



## Why Marketing Responsibly Matters

Tobacco and nicotine products should be marketed responsibly to adult-only consumers and not designed to appeal to youth. All companies selling these products should have consistent marketing principles, as we do at BAT Bangladesh.

Through a responsible approach to marketing, we are helping raise standards and prevent underage access while growing our market share and encouraging adult consumers to choose our products over our competitors.

## We aim to

have **100% adherence** to our International Marketing Principles (IMPs)

## Policies and Accountability

Our IMP define our approach to responsible marketing across all our product categories. They set out our commitment to continue to market our products responsibly and sustainably to successfully grow our brands. They include five key principles for all our marketing to be:

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

Our IMP are applied consistently, even when they are stricter than applicable local laws. Our Supplier Code of Conduct also requires our suppliers, agents and third parties to comply with the IMP. BAT Bangladesh also operates in accordance with the country's Smoking and Tobacco Products Usage (Control) Act and Rules.



# CSR Committee

## Our Approach at a Glance

BAT Bangladesh's performance as a socially responsible business has been critical to its CSR journey thus far. In recent years, we have successfully adapted to ESG principles. As of now, our contribution to Bangladesh's GDP remains significant, as has our role in community development.

BAT Bangladesh has been one of the pioneers of sustainability, with the first initiative dating back to 1980. As a responsible company, BAT Bangladesh believes that the business has a key role to play in helping society to achieve the necessary sustainable balance of economic growth, environmental protection and social progress. We also drive notable CSR projects, which have created their own legacy since inception.

BAT Bangladesh delivers these projects in partnership with the government, local communities, NGOs, development agencies, academic institutions, industry associations and peer companies. Working in partnership has always been central to our approach, as many of the biggest sustainability challenges being faced today cannot, nor should not, be addressed in isolation.

Acknowledged as the highest taxpaying entity in the private sector, BAT Bangladesh has also aligned its initiatives to help the government achieve the UN SDGs, currently contributing towards eight of the 17 SDGs.



## The CSR Committee of BAT Bangladesh

All remarkable ESG practices may eventually fade away without proper governance and compliance. Our CSR Committee is a pioneer in overseeing our initiatives and members handle matters precisely to ensure our service standards are maintained. Our CSR Committee is unique in that it consists of qualified individuals from various development sectors. The Board of Directors have empowered the CSR Committee to guide, monitor and evaluate the Company's strategy and ongoing activities to maximise its impact on society. We generate periodic reports to analyse the impact of these initiatives and adjust additional requirements for the betterment of the communities.

## Composition of the CSR Committee:

The CSR Committee is made up of the following Directors of the Company:

- Mr. Tofazzal Hossain Miah (Chairman)
- Mr. K. M. Ali Azam (Member)
- Ms. Zakia Sultana (Member)
- Mr. A. K. M. Aftab Ul Islam FCA (Member)
- Ms. Mahmuda Khatun (Member)
- Mr. K. H. Masud Siddiqui (Member)
- Mr. Md. Abul Hossain (Member)
- Mr. Shehzad Munim (Member)

The Secretary of the CSR Committee, also as the Head of Public Affairs and Company Secretary, facilitates governance in accordance with regulatory standards. The Head of Legal and External Affairs, the Head of External Affairs and the Senior Sustainability Affairs Manager attend as invited guests. In addition, the meetings are attended by other relevant directors, consultants, managers and stakeholders on an invitation only basis.









# Better Together

**At BAT Bangladesh, we strive to make ESG front and centre for all business decisions. With a crop-to-consumer model, our ESG focus spans across all aspects of the business, starting with our farmers and ending with those who buy our products.**

It is therefore not up to any one individual or team to drive our ESG agenda, but rather the shared responsibility of a group of dedicated managers focused on delivering effective community initiatives that improve lives. We all complement each other, working together to create a culture that drives us towards pursuing A Better Tomorrow™ for all.



# Further Information

## Forward-Looking Statements

This is a report by British American Tobacco Bangladesh Company Limited; associate companies are excluded.

References to 'British American Tobacco', 'BAT', 'we', 'us' and 'our' when denoting opinion refer to British American Tobacco Bangladesh Company Limited (the "Company").

This report contains certain forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "will," "expect," "estimate," "project," "positioned," "strategy," "outlook," "target" and similar expressions. These include statements regarding our intentions, beliefs or current expectations reflecting knowledge and information available at the time of preparation, and concerning our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in Bangladesh, including the projected future financial and operating impacts of the COVID-19 pandemic.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors. It is believed that the expectations reflected in this report are reasonable but they may be affected by a wide range of variables (beyond the control of the Company) that could cause actual results to differ materially from those currently anticipated.

Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of adverse domestic or international legislation and regulation; the inability to develop, commercialise and deliver BAT Group's New Categories strategy; the impact of significant increases or structural changes in tobacco, nicotine and New Categories-related taxes; changes or differences in domestic or international economic or political conditions; the impact of serious injury, illness or death in the workplace; adverse decisions by domestic or international regulatory bodies; and the inability to lead the development and roll-out of BAT innovations (New Category products and combustibles), including as a result of unsuccessful research and development or a failure to develop robust scientific risk assessment frameworks.

The forward-looking statements reflect knowledge and information available at the date of preparation of these materials, and the Company undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.

The material in this report is provided for the purpose of giving information about the Company to stakeholders only and is not intended for general consumers. The Company, its directors, officers, employees, agents or advisers do not accept or assume responsibility to any other person to whom this material is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The material in this report is not provided for product advertising, promotional or marketing purposes. This material does not constitute and should not be construed as constituting an offer to sell, or a solicitation of an offer to buy, any of our products. Our products are sold only in compliance with the laws of Bangladesh.

Additional information concerning these and other factors can be found in the Company's Annual Report, the digital version of which may be obtained free of charge from the Company's website.

## Reporting Suite

The disclosures against ESG indices are available to download at BAT Group's [online reporting centre](#).



### BD Annual Report

Our Annual Report provides details of our evolved Company strategy, with sustainability at its heart. This includes our clear corporate purpose to build A Better Tomorrow™ by transforming our business for a sustainable future.

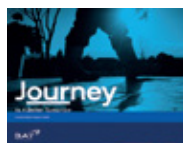
[↓ batbangladesh.com](https://batbangladesh.com)



### Global ESG Report

BAT Group's ESG Report outlines how BAT Group is delivering against its purpose and putting sustainability at front and centre of its business. It provides detailed information about its policies, management approach, performance and targets for all its environmental, social and governance (ESG) priorities.

[↓ bat.com/sustainabilityreport](https://bat.com/sustainabilityreport)



### Sustainability Focus Reports

BAT Group's Sustainability Focus Reports on specific topics provide stakeholders with more in-depth information on specific topics, including its most recent report on Human Rights.

[↓ bat.com/sustainabilityfocus](https://bat.com/sustainabilityfocus)



### Modern Slavery Statement

BAT Group publishes a Modern Slavery Statement each year, in accordance with the UK Modern Slavery Act, detailing the steps taken by BAT p.l.c. and subsidiary Group companies to prevent modern slavery and human trafficking in their business and supply chains.

[↓ bat.com/MSA](https://bat.com/MSA)

[↓ Read more about BAT Group's science at bat.com/STRreport](https://bat.com/STRreport)



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