

Extract from
Integrated Annual Report 2025
British American Tobacco Bangladesh Company Limited

Sustainability in Action

BAT BANGLADESH

DISCLAIMER
Unless otherwise stated, references in this report to "we," "our," "us," or "the Company" refer to British American Tobacco Bangladesh and do not represent the British American Tobacco Group as a whole.

MESSAGE FROM THE CHAIRMAN



SUSTAINABILITY REMAINS FUNDAMENTAL TO HOW WE GUIDE STRATEGY, STRENGTHEN RESILIENCE, AND CREATE LONG-TERM VALUE.

WAEL SABRA
CHAIRMAN
BAT BANGLADESH

For more than 115 years, BAT Bangladesh has operated with a clear commitment to responsible business practices, strong governance, and long-term value creation. As expectations of businesses continue to evolve, sustainability remains fundamental to how we guide the Company's strategy, strengthen resilience, and contribute meaningfully to society.

In 2025, BAT Bangladesh continued to advance its journey of embedding sustainability into the core of its business model. We are guided by the BAT Group's sustainability strategy, which consists of four interconnected impact areas beyond Tobacco Harm Reduction: Climate, Nature, Circularity and Communities. This integrated approach enables the Company to address environmental and social priorities while supporting sustainable business performance.

BAT Bangladesh's Board plays an active role in ensuring that sustainability considerations are embedded within governance structures, risk management processes, and long-term decision-making. By reinforcing transparency, accountability, and ethical conduct, we seek to maintain the trust of our stakeholders while positioning the Company to navigate an increasingly complex operating environment. Sustainability is therefore not viewed as a standalone initiative, but as a strategic lens through which opportunities and risks are assessed.

BAT Bangladesh continues to build on its longstanding contribution to environmental stewardship and community development, supporting national priorities and fostering positive impact across its value chain. These efforts reflect our belief that responsible corporate leadership must extend beyond business performance to include meaningful contributions to the communities and ecosystems in which we operate.

As we look ahead, the Company remains committed to strengthening collaboration, innovation, and responsible growth. By aligning local ambitions with global sustainability goals and maintaining disciplined execution, BAT Bangladesh is well positioned to create enduring value for stakeholders while contributing to responsible and sustainable business practices.

On behalf of the Board, I extend my appreciation to our employees, partners, and stakeholders for their continued dedication and trust. I am confident that BAT Bangladesh will continue to lead responsibly and build on its legacy of sustainable progress in the years ahead.

MANAGING DIRECTOR'S MESSAGE ON SUSTAINABILITY



THROUGH SUSTAINABLE PRACTICES, WE MANAGE OUR ENVIRONMENTAL FOOTPRINT, SUPPORT COMMUNITIES, AND DRIVE RESPONSIBLE BUSINESS PRACTICES.

MONISHA ABRAHAM
MANAGING DIRECTOR
BAT BANGLADESH

Throughout 2025, BAT Bangladesh has demonstrated resilience and forward-thinking leadership, successfully navigating both local and global economic challenges. Our unwavering commitment to sustainability and creating shared value remains at the core of everything we do, reflecting our purpose-driven strategy and our dedication to our stakeholders.

OUR PURPOSE-DRIVEN STRATEGY

Operating within an extensive network of approximately 35,000 farmers, 1.6 million retailers, around 1,700 employees, and a diverse range of suppliers, we continue to leverage our footprint to drive positive change. We seek to reduce our impact on natural resources, empower communities, and advance initiatives that contribute to the Government's Sustainable Development Goals.

Our Community Initiatives — Bonayan, Probaho, Shelai, Seeds of Hope, Shikor, and Grow Your Own — reflect this commitment. From providing saplings for environmental conservation and safe drinking water to advancing food security, these initiatives exemplify how we create shared value across our operations.

RECOGNITION OF EXCELLENCE

Our sustainability efforts and operational excellence have been recognized both nationally and internationally. In 2025, BAT Bangladesh became the first company in Bangladesh to achieve Alliance for Water Stewardship (AWS) certification, reaffirming our leadership in responsible water management. We received the Top Employer Award for the 6th consecutive time, the 15th ICMAB Best Corporate Award (MNC Manufacturing), and the e-Return Champion Certificate from the National Board of Revenue. These accolades underscore our commitment to advancing people development, community engagement, and transparent governance.

EMBRACING SUSTAINABLE PRINCIPLES

Aligned with the BAT Group's sustainability strategy, we continue to embed these principles across all aspects of our business. Through our focus on the four interconnected impact areas beyond Tobacco Harm Reduction (THR): Climate, Nature, Circularity, and Communities, we aim to mitigate risks, strengthen resilience across our value chain, and generate positive impact where we operate.

Building on our CSR efforts with a broader sustainability focus has strengthened our perspective on environmental and social priorities, reinforcing collaboration across functions. Our robust governance frameworks help to ensure that sustainability is not a mere compliance exercise, but a core element of business decision-making and long-term strategy.

As we reflect on 2025, I am proud that BAT Bangladesh continued to lead by example - driving sustainable growth, empowering communities, and shaping a positive future for our stakeholders and the industry at large.

HEAD OF LEGAL'S
MESSAGE ON SUSTAINABILITY



SUDESH PETER
HEAD OF LEGAL
BAT BANGLADESH

BAT Bangladesh's legacy of over 115 years has been built on integrity, disciplined governance, and responsible business conduct. In 2025, as we navigated a year of operational transition and consolidation, our commitment to sustainability remained firmly anchored in compliance, transparency, and long-term value creation.

Our community-focused programmes continued to advance responsibly. In 2025, Bonayan facilitated the distribution of 3.3 million saplings, reflecting the scale and continuity of our sapling distribution programme. Probaho continued to support access to safe drinking water in arsenic- and salinity-affected regions, including climate-vulnerable coastal districts. Meanwhile, initiatives such as Seeds of Hope and Shikor aimed to strengthen preventative measures against child labour risks through education, awareness, and skills development.

Sustainability at BAT Bangladesh is not pursued in isolation; it is embedded within our regulatory engagement, responsible supply chain governance, and community investment frameworks. This year, we strengthened our Responsible Decision Making processes, reinforced governance, and expanded structured assurance mechanisms across our supplier base. Twenty-two suppliers underwent independent social audits, complemented by our Supplier Sustainability College initiative, supporting continuous improvement in labour standards and ESG integration.

As regulatory landscapes evolve and stakeholder expectations increase, our role extends beyond compliance. We remain committed to recalibrating our Sustainability strategy with greater focus, discipline, and measurable impact. Sustainability for us is not a standalone agenda — it is a responsibility woven into how we operate, engage, and lead.

HEAD OF OPERATIONS'
VIEW ON SUSTAINABILITY



JORGE MACEDO
HEAD OF OPERATIONS
BAT BANGLADESH

In 2025, sustainability remained central to our operational strategy, as we completed the consolidation of manufacturing operations in Savar. Amid significant operational transition, our systems, governance, and resilience were required to adapt — demonstrating that environmental performance and operational transformation can advance together. Water stewardship remains a defining area of progress. All three of our operational sites maintained Alliance for Water Stewardship (AWS) certification, reinforcing a systematic approach to water governance that extends beyond operational efficiency to catchment-level engagement and risk management. AWS certification requires continuous monitoring of water use, discharge quality, stakeholder engagement, and water-sensitive ecosystems. Maintaining certification during a year of major operational transition demonstrates the robustness of our water governance framework.

Despite expanded operational complexity during relocation of our Dhaka factory and ramp-up, we achieved a 14.03% reduction in Scope 1 and 2 emissions, reducing total emissions to 43,022.99 tCO_2e. Renewable electricity sourcing increased to 15.233 GWh, water recycling reached 33.18% - exceeding our 30% target while 99.53% of operational waste was recycled or recovered, with less than 1% sent to landfill. These outcomes reflect disciplined execution, structured monitoring, and strong operational accountability.

Beyond factory boundaries, we strengthened agricultural sustainability through Alternate Furrow Irrigation, Integrated Pest Management, certified PPE distribution, and structured CPA waste collection. These initiatives support water efficiency, safer farming practices, and responsible resource use across our value chain.

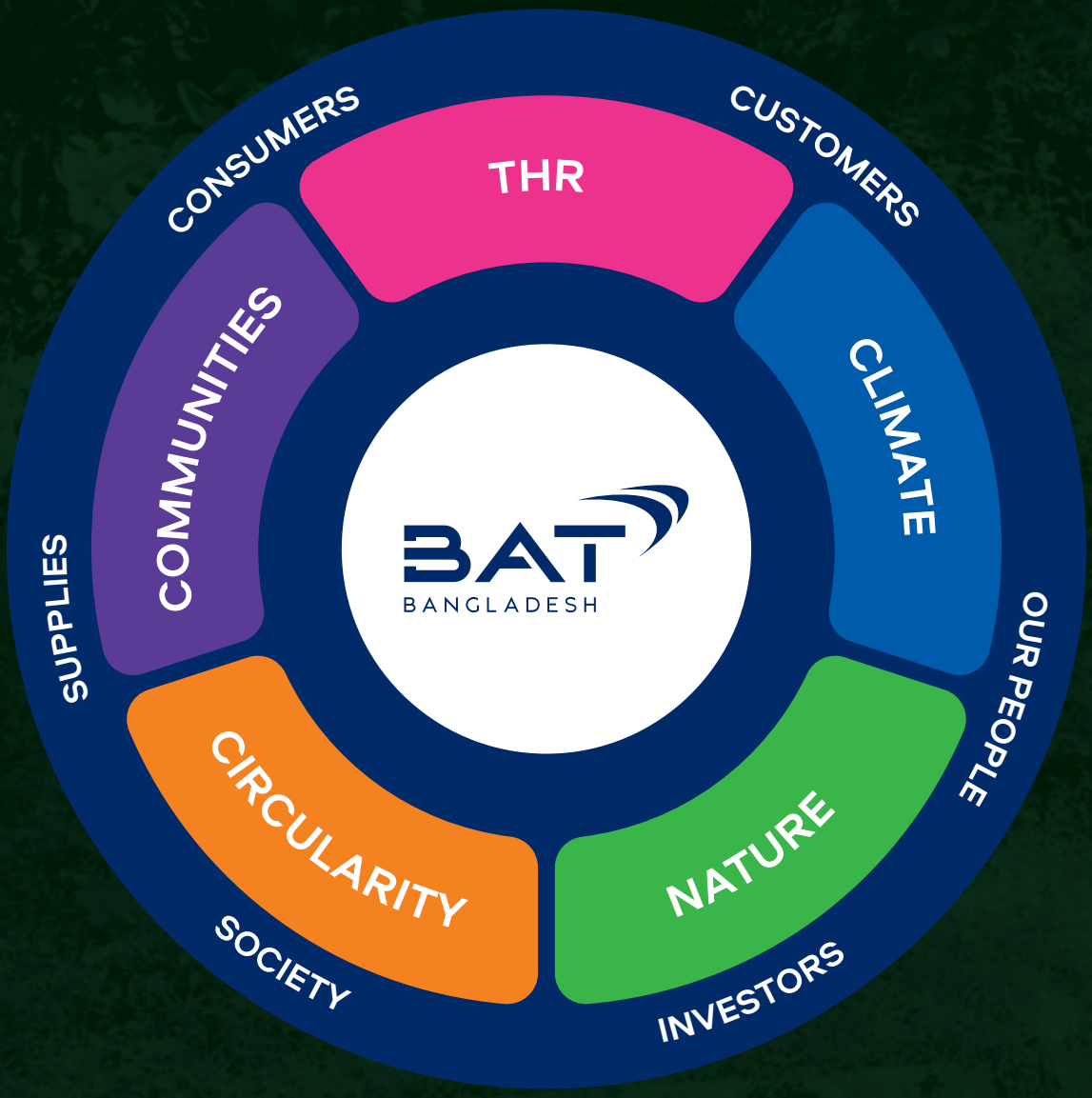
As operations stabilize in 2026, we expect further optimization opportunities to accelerate progress toward our 2030 climate and resource ambitions. At BAT Bangladesh, sustainability is not a parallel track to operations — it is embedded in how our facilities are designed, governed, and continuously improved.

OUR SUSTAINABILITY STRATEGY

BAT Bangladesh aligns its sustainability priorities with the BAT Group's four strategic impact areas beyond THR:

- CLIMATE
- NATURE
- CIRCULARITY
- COMMUNITIES

The following sections outline our 2025 performance and progress across each pillar.



BAT BANGLADESH'S 2025 SUSTAINABILITY PERFORMANCE HIGHLIGHTS

Strategic Pillars	BAT Group Targets as of 31 December 2025	BAT Bangladesh's 2025 Progress	Remarks
Climate	50% absolute reduction in Scope 1 and 2 Green House Gas (GHG) emissions by 2030 (vs 2020 baseline)	• Scope 1 & 2 emissions reduced to 43,022.99 tCO_2e in 2025. • 14.03% year-on-year (YoY) reduction vs 2024 achieved despite factory consolidation.	Energy efficiency measures, electrification initiatives and renewable electricity sourcing supported emissions reduction despite operational expansion.
	30.3% absolute reduction in Scope 3 Forest, Land and Agriculture (FLAG) GHG emissions by 2030 (vs 2020 baseline)	• Loose leaf barn curing technology trials initiated. • Crop succession has taken place across 96.13% of tobacco cultivation areas	Agricultural emission reduction initiatives such as green manuring, composting over the crop underway

	50% renewable energy use by 2030	2025 renewable electricity activity:
		• Purchased renewable electricity: 15.233 GWh
		  • Solar PPA: 1.283 GWh
		  • Energy Attribute Certificates: 13.950 GWh
		• Non-fuel renewable energy: 3.411 GWh
			Renewable electricity sourcing reached 15.233 GWh in 2025, strengthening market-based emissions performance.

Nature	Deforestation and Conversion Free tobacco supply chain by 2025	• Deforestation and conversion-free tobacco sourcing maintained. • Around 23% of curing fuel was sourced from alternatives of wood fuel, e.g., jute stick, dhaincha stick, sugarcane bagasse etc. Remaining 77% comprised of branches and by-products of wood, of which 4.1% came from farmers' own plantation and 95.9% came from purchased source such as production forests • During crop season 2025, no incidence of deforestation was reported.	Responsible agricultural sourcing controls embedded across supply chain monitoring systems.
	Forest Positive in our tobacco supply chain by 2025	Initiated forest positive program in 6 hectares of land by planting 18,000 seedlings of different native species in Lama and Naikkongchari in Bandarban district to support & conserve biodiversity in year 2025	-
	35% reduction in water withdrawn in own operations (vs 2017 baseline) by 2025	• Water withdrawn: 175,010 m^3 (2025). • Maintained stable water performance during a year of significant operational transition.	Temporary increase linked to factory transition and expansion activities; efficiency improvements expected as operations stabilize.
	30% of water recycled in own operations by 2025	• 33.18% water recycling achieved in 2025. • +19.29 percentage-point improvement vs 2020 baseline.	Investments in treatment plants and closed-loop reuse systems enabled performance exceeding target threshold
	100% operation sites Alliance for Water Stewardship certified by 2025	AWS certification achieved across all manufacturing sites: • GLT Kushtia (2022) • Savar Factory (2023) • RDP Manikganj (2025)	BAT Bangladesh became the first company in Bangladesh with AWS certification across its full manufacturing footprint.

Strategic Pillars	BAT Group Targets as of 31 December 2025	BAT Bangladesh's 2025 Progress	Remarks
Circularity	90% recycling rate of waste generated across our operations by 2025	• Total waste handled: 12,045.13 tonnes (2025). • 99.53% recycled. • +1.63 percentage-point YoY improvement.	Strong segregation systems and recovery partnerships enabled near-total material circularity.
	Less than 1% of our operational waste going to landfill by 2025	Landfill waste estimated at ~0.47%.	Operational waste diversion has helped us remain well below our waste-to-landfill target.
Communities	Aiming for zero child labour incidents in our tobacco supply chain by 2025	• 100% of tobacco farms monitored for child labour.	Responsible sourcing governance continues across leaf supply chain.
	100% of product materials and higher-risk indirect suppliers having an independent labour audit within a three-year cycle by 2025	Between 2023 and 2025, 100% of product-material suppliers and higher-risk indirect suppliers underwent independent labour audits in line with the three-year assessment cycle. In 2025 alone, 22 suppliers (6 direct and 16 indirect) were assessed under recognised third-party platforms such as SEDEX and EcoVadis, reinforcing labour governance and responsible sourcing across the supply chain.	Capability-building initiatives such as the Sustainability College helped strengthen suppliers' readiness for labour and Sustainability compliance requirements.



2025 SUSTAINABILITY PERFORMANCE SNAPSHOT

2025 marked a year of disciplined execution and operational transition for BAT Bangladesh. Despite a complex factory consolidation and expansion transition, the business delivered measurable environmental progress while strengthening governance, supply chain capability, and community impact.

KEY HIGHLIGHTS

43,022.99 TCO_2E
Scope 1 & 2 emissions

14.03% reduction compared to 2024
Reduction in scope 1 & 2 emissions despite consolidation

15.233 GWH
Renewable electricity purchased

33.18%
Water recycled (+19.29pp vs 2020 baseline)

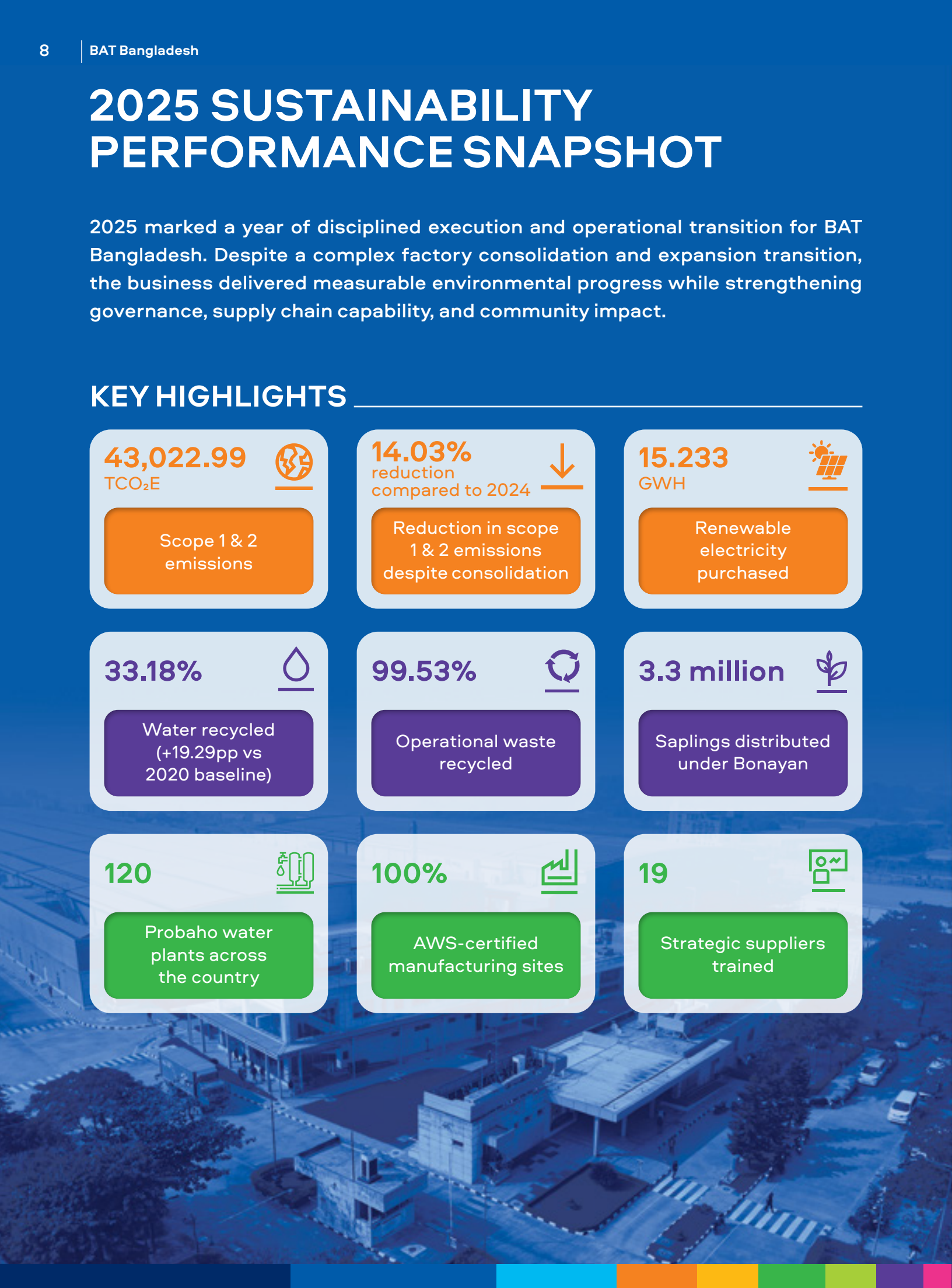
99.53%
Operational waste recycled

3.3 million
Saplings distributed under Bonayan

120
Probaho water plants across the country

100%
AWS-certified manufacturing sites

19
Strategic suppliers trained



TOBACCO HARM REDUCTION (THR)

The BAT Group has defined a clear purpose, centered on creating *A Better Tomorrow™* by Building a Smokeless World. In line with this purpose, the Group has established a strategic aim to migrate smokers from cigarettes to smokeless alternatives and become a predominantly Smokeless business by 2035.

Tobacco Harm Reduction (THR) is central to this strategy.

Tobacco harm reduction is a well established public health approach that recognizes the important role that smokeless alternatives with lower health risks offer to smokers who may not otherwise choose to stop smoking.

That is why the BAT Group encourages those who would otherwise continue to smoke to switch completely to smokeless products. BAT Bangladesh has not commercially launched any Smokeless products in Bangladesh yet.

Read more in the Group's Omni, a summary of BAT's progress on the BAT Group's journey to *A Better Tomorrow™* at: The Omni™





CLIMATE

Climate Performance in Context

At BAT Bangladesh, climate action is integrated into operational planning and performance management. Guided by the BAT Group's targets, we focus on reducing emissions, improving energy efficiency, and increasing renewable electricity sourcing across our footprint.

In 2025, despite significant operational transition, we delivered measurable progress while maintaining alignment with Group methodology and reporting standards.

The exit from Dhaka factory, consolidation into Savar, and expansion projects temporarily increased operational complexity.

Despite higher production ramp-up and consolidation activities, we were able to reduce Scope 1 and 2 GHG emissions, scale renewable electricity sourcing, and strengthen material recovery and waste recycling. As stabilization of new assets progresses, additional efficiency gains are expected to support 2030 ambitions.

Emissions Performance

Total Scope 1 and Scope 2 emissions were 43,022.99 tCO_2e in 2025, representing a 14.03% reduction compared with 2024.

THIS REDUCTION WAS ACHIEVED THROUGH

- ENERGY EFFICIENCY OPTIMIZATION
- INCREASED RENEWABLE ELECTRICITY SOURCING
- ELECTRIFICATION OF MATERIAL HANDLING EQUIPMENT
- OPERATIONAL CONSOLIDATION BENEFITS

The reporting boundary covers all factories, leaf depots, warehouses, offices, and fleet operations within BAT Bangladesh. Scope 2 emissions are disclosed on a market-based approach consistent with Group methodology. The baseline year remains 2020.

Renewable Electricity & Electrification

Renewable electricity sourcing increased during the reporting year:

- **15.233 GWh** renewable electricity purchased
- **13.950 GWh** unbundled Energy Attribute Certificates (EACs) procured
- **1.283 GWh** solar PPA contribution added
- **3.411 GWh** non-fuel renewable energy (reported separately to avoid double counting) secured

Electrification continued across operations, including the deployment of 60 electric forklifts within leaf and warehouse operations, reducing reliance on fossil-fuel-based equipment and associated emissions. .

These measures support gradual structural decarbonization while maintaining operational resilience.





Sustainable Factory Transition: Dhaka to Savar

The relocation programme was governed through structured environmental, health and safety (EHS) oversight and logistics discipline.

Key transition metrics included

- **200+** risk assessments conducted
- **900+** contractors trained on EHS standards
- **550+** truck movements coordinated without disruption
- **160,000+** sq. ft. warehouse space activated across five locations

A strengthened safety governance framework ensured:

- Around-the-clock supervision
- Dedicated compliance oversight
- Structured contractor induction
- Certified leadership accountability under "Closing the Gap to Zero"

The transition demonstrated that operational transformation can be executed while maintaining environmental controls and safety discipline.





CLIMATE OUTLOOK

As consolidation stabilizes, focus areas for 2026 include:

- Further optimization of energy intensity
- Increased renewable electricity sourcing
- Continued electrification of operational equipment
- Monitoring and refinement of Scope 3 engagement

Progress toward 2030 targets will depend on sustained operational efficiency, supplier collaboration, and technology adoption.

Climate performance remains embedded within capital planning and operational governance.



NATURE

Nature stewardship remains central to BAT Bangladesh's long-term resilience. Our approach integrates water governance, sustainable agriculture, biodiversity considerations, and afforestation initiatives across operations and supply chains.

In 2025, focus areas included:

- Strengthening water governance through AWS-certified sites
- Improving water recycling performance
- Advancing sustainable agricultural practices
- Supporting farmer capability through ESG monitoring
- Continuing sapling distribution through Bonayan

Water Stewardship & Governance

Water remains a critical shared resource across our manufacturing and agricultural footprint. Our water management strategy is anchored in operational efficiency, catchment-level engagement, and third-party certification.

In 2025

- **175,010 m³** of water was withdrawn across operations with water use actively managed through efficiency measures and recycling initiatives.
- **33.18%** water was recycled, representing a **+19.29 percentage** point improvement versus 2020 baseline
- All manufacturing sites-maintained Alliance for Water Stewardship (AWS) certification

Water use is monitored at site level, with structured reporting aligned to Group methodology. Recycling improvements were achieved through treatment system optimization and reuse of process water within operations. Our objective is to reduce freshwater dependency while maintaining production integrity and product quality.


CERTIFICATE
AWS International Water Stewardship Standard v2.0
BAT Bangladesh GLTP - Kushtia
AWS Reference Number: AWS-000443
Certification level
Certified Core

CERTIFICATE
AWS International Water Stewardship Standard v2.0
BAT Bangladesh - Manikganj
AWS Reference Number: AWS-000749
Certification level
Certified Core

CERTIFICATE
AWS International Water Stewardship Standard v2.0
BAT Bangladesh Savar Factory - Dhaka
AWS Reference Number: AWS-000517
Certification level
Certified Core



Alliance for Water Stewardship (AWS) certification

BAT Bangladesh has progressively advanced its water governance journey through AWS certification. It is the only Company in Bangladesh to have achieved this certification.

During the reporting year:

- Sites maintained AWS certification through surveillance audits
- Catchment-level risk assessments were reviewed
- Stakeholder engagement mechanisms were strengthened
- Water quality and quantity monitoring protocols were refined

AWS certification provides a structured framework for:

- Understanding shared water risks
- Engaging local stakeholders
- Protecting Important Water-Related Areas (IWRAs)
- Managing discharge quality responsibly

Rather than focusing solely on operational efficiency, the AWS framework encourages basin-level responsibility and transparent water governance.





Sustainable Agriculture & Leaf Supply Chain

Our agricultural sustainability efforts focus on environmental performance, farmer resilience, and compliance with deforestation- and conversion-free (DCF) commitments.

In 2025

- 100% of tobacco sourced was verified as deforestation- and conversion-free
- Farmer monitoring systems were strengthened through the transition from FSM to Agri360, enabling more tailored Sustainability data collection and improved visibility across the supply chain.
- Capability building programs continued across BAT Bangladesh.

Agri360 Monitoring Framework

We transitioned from the legacy Farmer Sustainability Management (FSM) system transitioned towards an enhanced model: Agri360.

This system supports:

- Structured farm-level data collection
- Monitoring of environmental practices
- Tracking human rights, health & safety compliance
- Continuous improvement feedback loops



The transition to Agri360 has improved traceability and enabled earlier identification of risks across the supply chain.

Certified PPE Distribution: Strengthening Farmer Safety

BAT Bangladesh continued to strengthen farmer safety through the distribution of internationally certified Personal Protective Equipment (PPE) across all leaf-growing regions, reinforcing safe agricultural practices and supporting the reduction of occupational health risks.



CPA Application Safety

To support the safe handling of Crop Protection Agents (CPA), we ensured the availability of PPE for 100% of contracted farmers, while maintaining 8,000 units as buffer stock across designated locations. The PPE sets included aprons, trousers, masks, goggles, gumboots, and nitrile gloves, all compliant with internationally recognised standards such as ISO 27065:2017 and relevant European (EN) standards. This supported safe chemical handling and operational readiness during CPA application.

Harvesting PPE Distribution

In 2025, 252,000 units of harvesting PPE were distributed to 100% of farmers across growing regions. Items included hydro-repellent clothing, long-neck gumboots, and protective gloves designed to reduce exposure to green tobacco leaves, soil contaminants, moisture, and physical injuries during leaf handling.

By equipping farmers with certified (ISO 27065:2017 and relevant EN standards) protective gear, BAT Bangladesh aims to support safer working conditions while aligning with global safety and ESG standards.

Integrated Pest Management (IPM)

Advancing Non-Chemical Crop Protection

Since 2008, BAT Bangladesh has promoted Integrated Pest Management (IPM) to reduce reliance on chemical pesticides and support more sustainable agricultural practices. The programme encourages biological solutions such as Trichoderma, biofungicide for seed and soil

treatment, and pheromone traps & bird perch to disrupt pest reproduction cycles.

In 2025

- **10.404** metric tons of Trichoderma were distributed
- **27,239** pheromone traps were deployed





These interventions support reduced agrochemical dependency and improved environmental stewardship within farming communities. Implementation is strengthened through collaboration with institutions including Bangladesh Agricultural Research Institute (BARI), and Bangladesh Agricultural University (BAU), and Ispahani Agro Limited, ensuring scientific rigor and structured farmer adoption.

Alternate Furrow Irrigation (AFI)

Promoting Efficient Water Use in Agriculture

Alternate Furrow Irrigation (AFI) is a water-efficient irrigation technique introduced to support improved water stewardship within farming communities. The method involves irrigating alternate furrows rather than flooding entire fields, allowing crops to access adequate moisture while reducing overall water consumption.

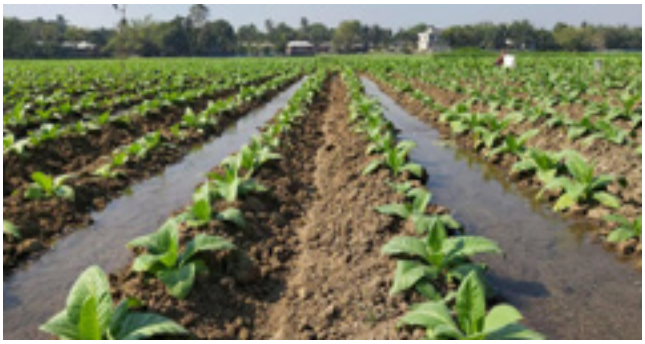
Field observations indicate that AFI can save approximately 10% of irrigation water, equivalent to around 82 cubic meters per hectare, without compromising crop yield or quality. Additional benefits include:

- Improved water use efficiency
- Reduced groundwater extraction
- Lower energy consumption for pumping
- Enhanced crop resilience under moisture stress

In Crop Year 2025

- **24,500** BAT Bangladesh contracted farmers (48.5% of total contracted farmers) adopted AFI practices
- **15,442** hectares (35.8% of total planted area) were brought under AFI coverage







Adoption is supported through field demonstrations, agronomic guidance, and farmer training sessions. By reducing water intensity while maintaining productivity, AFI contributes to sustainable agricultural practices and supports broader water stewardship objectives.

Sustainable Agriculture & Leaf Supply Chain

Leaf Modernization and Human-Centric Design

In 2025, our leaf network progressed a modernization plan focused on safer and more efficient depots and improved farmer engagement. A proof-of-concept for modernized buying facilities began under Project Progoti, standardizing buying and depot operations and reducing manual handling. Complementary upgrades included standardized farmer waiting areas and pedestrian safety infrastructure to separate people and vehicles at busy sites, improving site organisation and safety during peak intake.

Safe and Efficient Movement & Storage

We strengthened materials handling by introducing clamp trucks for prize-bale movement and deploying post pallets to improve storage integrity and product flow. Together with the transition to electric forklifts across leaf and warehouse operations, these measures reduce manual lifting, improve aisle discipline, and support more efficient day-to-day handling.

Cluster Seedbeds

Strengthening Productivity Through Collective Farming

The Cluster Seedbed initiative promotes collaborative seedling preparation to improve productivity, reduce costs, and strengthen farmer collaboration. Instead of maintaining small, individual seedbeds with variable quality, farmers prepare shared seedbeds across consolidated plots, enabling consistent management and improved efficiency.



In Crop Year 2025:

- **237.5** hectares were converted into organised cluster seedbeds
- **23,813** BAT Bangladesh contracted farmers (47.2% of total contracted farmers) directly benefited from this initiative. Through shared land preparation, seed sowing, and seedling management, farmers achieved improved uniformity in seedling quality, contributing to stronger crop establishment in main fields. Resource pooling also reduced individual input and labour costs, supporting improved income outcomes.

The Cluster Seedbed model demonstrates how collaborative farming approaches can enhance productivity while strengthening community cohesion and long-term resilience.

Grow Your Own

Supporting Livelihood Diversification & Food Security

"Grow Your Own" promotes household-level vegetable cultivation to strengthen food security and diversify income streams within farming communities. The initiative encourages farmers to utilize unused homestead land and available spaces within cluster seedbeds for vegetable production.

In Crop Year 2025:

- **16,322** BAT Bangladesh directly contracted farmers (32.3% of total contracted farmers) were covered
- **604.69** kg vegetable seeds were distributed
- **115.1** hectares were used for vegetable cultivation

By introducing vegetable crops such as amaranths, spinach, and gourds, the programme supports improved household nutrition while creating supplementary income opportunities through surplus market sales. The initiative also encouraged greater participation of women in household-level agricultural activities.





Aligned with BAT Bangladesh's broader commitment to supporting prosperous livelihoods for contracted farmers,, "Grow Your Own" help to strengthen farmer resilience by allowing them to reduce their dependence on a single income source and promoting efficient land utilization.

BONAYAN

Scaling Sapling Distribution for Environmental Stewardship

Launched in 1980, Bonayan is one of Bangladesh's largest private sector–supported sapling distribution initiatives. For over 4 decades, the programme has contributed to tree plantation efforts across rural and semi-urban communities, supporting environmental stewardship and sustainable resource use.

To date, more than 130 million saplings have been distributed free of cost nationwide to farmers, local communities, private and public institutions, etc. The programme operates through a network of 19 nurseries, cultivating timber, fruit, and medicinal species suited to local ecological conditions.

45 YEARS OF BONAYAN

Bonayan promotes a structured 70:30 species mix, combining fast-growing fuelwood varieties with native and medicinal plants. This approach supports household energy needs while contributing to biodiversity enhancement and long-term tree cover expansion.

Beneficiaries include contracted farmers, local communities, educational institutions, government agencies and civil society organisations. The initiative also supports the development of community medicinal gardens, with approximately 119 gardens established across the country to date.





Bonayan nursery in Kushtia

Over the years, Bonayan has facilitated sapling distribution across roadsides, community spaces, institutional premises, and ecologically sensitive areas. Through structured nursery support and local partnerships, the programme contributes to expanding tree cover in participating communities. Bonayan has received national recognition, including the prestigious Prime Minister's Award for Afforestation five times, reflecting its sustained contribution to environmental stewardship and climate resilience. Through continued implementation, Bonayan remains a key component of BAT Bangladesh's Nature strategy, contributing to long-term ecological resilience and community engagement.



Bonayan site in Bandarban

Bonayan in 2025

Expanding Partnerships & Community Engagement

In 2025, Bonayan distributed 3.3 million saplings across 24 districts, reinforcing its nationwide footprint. Contracted farmers remained the primary beneficiaries, alongside government institutions, NGOs, educational organizations, and local community groups.







The year also marked expanded collaboration with external partners, including Rotary Dhaka Midtown Club, Junior Chamber International (JCI), and the Bangladesh Coast Guard, supp orting sapling distribution across multiple locations. These partnerships broadened community participation and strengthened multi-stakeholder engagement in tree plantation efforts.

World Environment Day activities which included seedling distribution, plantation reviews, and awareness engagement, were conducted in Kushtia, Jhenaidah, Meherpur, Natore, Manikganj, Rangpur, Cox's Bazar, Bandarban, and the Chittagong Hill Tracts. Events brought together representatives from the Department of Agricultural Extension (DAE), Department of Environment (DoE), the Forest Department, local administrations, and other regional stakeholders.

Through sustained collaboration and structured distribution, Bonayan continues to contribute to tree cover enhancement and community-based environmental stewardship across Bangladesh.





NATURE OUTLOOK

Looking ahead, focus areas include:

- Continued optimisation of water recycling systems
- Strengthening catchment-level water risk engagement
- Expanding digital ESG monitoring coverage
- Supporting farmer resilience under changing climatic conditions
- Enhancing monitoring of tree survival rates under Bonayan

Nature stewardship remains embedded within both operational governance and agricultural partnerships.

CIRCULARITY

Resource efficiency remains integral to operational resilience. Our circularity approach prioritises waste reduction, material recovery, and minimizing landfill dependency across manufacturing and supply chain operations.

Operational Waste Performance

In 2025

- **12,045.13 tonnes** of total operational waste generated
- **99.53%** recycled or recovered
- **69.05%** composted
- Less than **1%** went to landfill

Despite increased operational complexity during factory consolidation, a waste recovery rate of 99.53% was achieved. Waste streams are segregated at source and channeled to certified recyclers or composting facilities.

This performance reflects structured waste management governance, vendor oversight, and continuous monitoring at site level.

Circularity During Operational Transition

The factory consolidation required equipment dismantling, relocation logistics, and infrastructure reconfiguration. Material recovery processes were embedded into transition planning to minimize waste generation and landfill disposal.

Waste governance during relocation included:

- Inventory tracking
- Controlled disposal procedures
- Certified vendor management
- On-site supervision

Maintaining circularity performance during structural transition demonstrates integration of environmental controls within operational planning.

Community-Based CPA Waste Collection

Strengthening Rural Waste Management

The Community-Based Programme supports responsible management of crop protection agent (CPA) waste, particularly used pesticide containers, through a structured collection framework aligned with environmental standards.

During the CY2025 preparatory phase:

- **29%** of contracted farmers participated
- **3.7** tons of CPA waste collected



Trained waste collectors were deployed across targeted regions, equipped with appropriate protective gear to ensure safe handling and transport. Farmers and communities received awareness sessions on the environmental and health risks of improper disposal, promoting behavioural change and shared responsibility.

Collected waste was securely stored in designated pits near farming areas to prevent leakage, followed by systematic aggregation, weighing, and documented tracking. Once sufficient volumes were accumulated, collected CPA waste was recycled or safely incinerated in compliance with environmental regulations. The programme establishes a structured approach to rural agricultural waste management while strengthening environmental stewardship within farming communities.

CIRCULARITY OUTLOOK

Focus areas for 2026 include:

- Further reduction of waste intensity
- Enhanced tracking of secondary materials
- Expanded farmer-level CPA waste collection
- Continuous improvement in material efficiency as production increases Circularity remains embedded within capital planning and operational governance.

COMMUNITIES

Our community initiatives focus on access to safe water, afforestation, social development, and inclusive engagement, primarily supporting farming communities, local communities, and employees. Programmes are governed under structured Community Investment (CI) frameworks, helping to ensure transparency, compliance, and impact tracking. The framework ensures alignment with the Company policies and relevant regulatory requirements while promoting transparency and accountability. Across our leaf intake points, standardized farmer waiting rooms and pedestrian-safety routes improved on-site comfort and safety for growers during buying periods.

PROBAHO

Expanding Access to Safe Drinking Water

Launched in 2009, Probaho is BAT Bangladesh's safe drinking water initiative designed to support communities affected by arsenic and salinity contamination. The programme targets rural and coastal districts where groundwater quality poses significant health risks and access to treated water remains limited.

To date, Probaho has installed 120 water filtration plants across 25 districts, primarily in arsenic- and salinity-affected regions. Collectively, these plants have the capacity to supply approximately 600,000 litres of safe drinking water daily, serving an estimated 300,000 beneficiaries.





Plants operate through structured maintenance mechanisms designed to promote operational continuity and long-term sustainability.

In 2025, as Probaho marked its 16-year journey, the initiative continued to reinforce its role in supporting community-level water resilience, particularly as climate variability increasingly affects freshwater availability in coastal regions.

Through sustained implementation and stakeholder engagement, Probaho remains a key component of BAT Bangladesh's community investment.

Probaho has received recognition at national platforms, reflecting structured programme management and stakeholder engagement.

Beneficiary Story – Shilpi Akhter



Our community used to live in fear of the water that made us sick, spending a fortune on fuel just to make it safe. Since the Probaho plant opened, that struggle is over. We now have a reliable source of clean water that is ready to drink the moment we collect it. It has truly transformed our lives.

-Shilpi Akhter, Manikganj

Probaho in Salinity-Prone Area

Satkhira is among Bangladesh's most climate-vulnerable districts, facing recurrent salinity intrusion, cyclones, flooding, and prolonged water scarcity. In upazilas such as Ashashuni, Shyamnagar, and Kaliganj, many households struggle to access safe drinking water due to saline contamination of local sources.

Probaho has prioritised these salinity-prone areas by establishing 10 water filtration plants to support affected communities. The initiative provides treated drinking water in locations where groundwater quality has been compromised by salinity and climate-related risks.

By implementing filtration systems designed to address saline contamination, Probaho contributes to reducing community reliance on unsafe water sources. The plants operate under a structured model to support long-term functionality and local ownership. Through intervention in Satkhira and similar coastal districts, Probaho supports improved water access in regions facing increasing climate-related challenges.





SEEDS OF HOPE

Supporting Education & Safeguarding Childhood

Seeds of Hope is an education-focused initiative aimed at reducing child labour risk within farming communities by strengthening access to learning and structured support.

The programme operates across 9 model schools in 8 regions, supporting 900 vulnerable children directly and 4500 children indirectly in total through structured after-school engagement.



It is delivered through four core components:

- **Learning & Creativity** – library access and student-led activities
- **Sports & Physical Development** – football and cricket training
- **Life Skills Awareness** – sessions on rights, safety, gender equity, and reproductive health
- **Women's Participation** – employment of local women as caregivers for students

To encourage sustained participation, children receive nutritious snacks, and 63 students benefit from a year-long stipend programme.

Delivered in partnership with Light of Hope and JAAGO Foundation, Seeds of Hope supports preventative measures against child labour through education and community engagement.

SHELAI

Supporting Women's Economic Participation

SHELAI – Sustainable Household Enterprise for Livelihood & Accelerated Income – supports rural women in developing income-generating skills through structured tailoring and sewing training. The initiative addresses barriers to financial independence by enabling women to build home-based enterprises. SHELAI started its journey in July 2025, after a successful piloting in 2024, which provided training to 442 women in farming communities across 8 regions, delivering 450 training sessions over three months. Participants received instruction in 15 cutting and sewing techniques, along with basic communication skills to help them engage potential clients. 3 sewing machines per batch totaling 45 sewing machines were awarded to top beneficiaries to support enterprise start-up.

SHELAI demonstrates how targeted skills development can support supplementary income opportunities, strengthen confidence, and enhance economic participation among rural women.









Story Highlight – Masuda Khatun



Among the beneficiaries of this programme is Mst. Masuda Khatun, a farmer's daughter from a remote village in Katihara under Mominpur union. Prior to joining the sewing training initiative, Masuda — a homemaker and mother of a disabled child — had limited opportunities to contribute financially to her household.

Through the programme, she gained practical tailoring skills along with basic client communication training. Using these skills, she began producing salwar kameez, pillow covers, and other household items from home. Growing demand within her community enabled her to generate an average monthly income of approximately BDT 5,000.

The training has strengthened Masuda's financial contribution to her family while enhancing her confidence and independence.

SHIKOR

Strengthening Community Foundations



Shikor is a community empowerment initiative aimed at strengthening the "roots" of rural families through life skills development, livelihood support, and social awareness. The programme delivered six structured training modules, with 235 participants having graduated in 2025.

The programme focuses on:

- **Adult Literacy:** Basic training in Bengali, English, and numeracy skills to build everyday confidence.





- **Crop Husbandry:** Practical agricultural and livestock management training to support productivity and income diversification.
- **Financial Literacy:** Household budgeting, mobile financial services, credit access, and savings awareness to improve financial stability.
- **Youth Leadership:** Communication, digital literacy, and employability skills to prepare young participants for future opportunities.
- **Women's Empowerment:** Skills training in tailoring and handicrafts to support income generation.
- **Health & Social Awareness:** Sessions on physical and mental wellbeing, enabling participants to promote awareness within their communities.

Through this integrated approach, Shikor supports capability development of the community people and contributes to more resilient households and informed communities.

Living Income Benchmark Assessment

Aligned with BAT's commitment to enabling prosperous livelihoods for contracted farmers, this study was conducted to assess income adequacy and progress towards a living income. The study had two key components:

1. establishing a Living Income (LI) Benchmark for the study context, and
2. assessing the living income status of sampled tobacco and non-tobacco farming households against this benchmark.

The objective was to generate robust evidence to guide farmer livelihood strategies and track progress over time.

The assessment covered 1,392 households across 8 regions (10 districts), with equal representation of tobacco and non-tobacco farmers. It applied the Anker Methodology and was supported by qualitative and quantitative research, including 20 FGDs, 20 IDIs, and 20 KIIs. Household size, earning members, and annual household costs were key inputs to the analysis.

The living income benchmark was established at BDT 247 per person per day. Tobacco-farming households reported an average income of BDT 431 per person per day, with 64% earning above the benchmark, while non-tobacco households reported BDT 254, with 28% above the benchmark.

Worker Welfare Contributions



In 2025, BAT Bangladesh contributed BDT 15.98 crore to the Bangladesh Labour Welfare Foundation Fund under the Ministry of Labour and Employment, reinforcing national efforts to enhance workers' welfare and social protection across the country.

This contribution supports government led initiatives aimed at improving the well-being, safety and livelihood security of workers, reflecting our commitment to responsible business practices and inclusive socio-economic development.

Diversity, Equity & Inclusion (DEI)

Inclusive engagement remains integral to workplace culture.

Key initiatives in 2025 included:

- International Women's Day celebration
- International Men's Day celebration
- International Mother's Day 2025 celebration
- Family Day celebration

International Women's Day celebration

At BAT Bangladesh, empowerment means ensuring our people feel confident, secure, and supported. In line with the global theme #AccelerateAction, this year's International Women's Day featured a self-defense workshop, equipping female employees with practical safety skills.





Beyond the workplace, we partnered with Give Bangladesh to organise a toy and stationery collection drive for children of sex workers. Strong employee participation reflected a shared commitment to inclusive engagement and meaningful community support.

International Men's Day 2025

International Men's Day was celebrated at BAT Bangladesh with appreciation and gratitude. All male managers received appreciation kits accompanied by personalised messages, reinforcing a culture of mutual respect, inclusion, and recognition for contributions that strengthen our organisation every day.

International Mother's Day 2025

In 2025, on International Mother's Day, we welcomed the inspiring mothers of BAT Bangladesh for a celebration of connection and shared moments. Seeing colleagues bring their children and families into the workplace transformed familiar spaces into ones filled with laughter and pride — a reminder that behind every strong professional stands an even stronger mother.



Employee Wellbeing

In 2025, BAT Bangladesh continued to strengthen its holistic approach to employee wellbeing, recognizing that a resilient workforce supports sustainable business performance. Our wellbeing agenda promotes physical, emotional, social, and financial health through structured policies, inclusive initiatives, and supportive work practices.

LiveWell: Supporting Holistic Employee Wellbeing







LiveWell, BAT Group's global wellbeing framework, is implemented in BAT Bangladesh to support colleagues across four dimensions — Physical, Emotional, Financial and Social. The programme promotes healthier lifestyles, emotional resilience, financial awareness, and stronger social connections through structured initiatives and support systems.

By embedding wellbeing into our culture, LiveWell supports engagement, productivity, and a safe and supportive workplace.

Financial Wellbeing

In 2025, financial security remained a key focus of our wellbeing agenda. Dedicated sessions led by certified professionals covered retirement planning, investment basics, and long-term financial stability, supporting employees in making informed decisions and strengthening financial resilience.

Supernova Mentorship Programme: Empowering Women in STEM



In 2025, BAT Bangladesh's Supernova Mentorship Programme was recognised at the FICCI Awards, achieving Runner-up in the "Excellence in DEI Initiatives" category. This recognition reflects the programme's sustained efforts to strengthen gender inclusion within STEM disciplines.

Launched in 2021, Supernova supports 3rd and 4th-year female engineering students — primarily from Mechanical Engineering, Industrial Production Engineering, EEE, and Computer Science — by bridging the gap between academia and corporate careers. Each year, approximately 200 students are assessed through a structured selection process, with 20 participants selected for the year-long mentorship journey.

The programme provides early corporate exposure, leadership and communication development, and one-on-one mentorship from senior leaders. By equipping participants with practical skills and professional confidence, Supernova contributes to building greater female representation in traditionally male-dominated sectors.

Building Supplier Capability in Health & Safety, Climate Maturity and Road Safety

Bangladesh faces elevated operational and social sustainability risks, particularly in Health & Safety, road safety, and labor law compliance. To address these challenges along with increasing our suppliers' climate maturity, BAT Bangladesh launched the Supplier Sustainability College, engaging 19 strategic and Preferred suppliers across key categories through expert-led sessions, site visits, and practical exercises. The program strengthens supplier capability, enhances readiness for social audits, embeds ESG principles into supplier management, and fosters a culture of proactive sustainability. By positioning sustainability as a strategic enabler rather than a compliance requirement, the initiative helps to support the long-term resilience of suppliers.







In 2025

- **19 strategic & preferred suppliers** participated in the Supplier Sustainability College
- **560+ training hours** delivered across sustainability related modules
- **100+ improvement commitments** secured



Following the Sustainability College, a 12 week competitive Supplier Sustainability Race was launched to accelerate adoption and embed program learnings into daily operations. The initiative incentivizes suppliers to implement the introduced tools and best practices, reinforces accountability, and concludes with a season end podium to encourage peer learning, healthy competition, and sustained progress.

COMMUNITIES OUTLOOK

Looking ahead, focus areas include:

- Enhance skills development tracking
- Expand stakeholder engagement
- Ensuring governance consistency across CI programmes
- Strengthening monitoring of water plant utilization

Community initiatives remain guided by structured oversight and measured impact communication.

BETTER TOGETHER

At BAT Bangladesh, sustainability is ingrained in our business operations. With a crop-to-consumer model in Bangladesh, the scope of Environmental, Social, and Governance practices permeates various aspects of our business, spanning from farmers to consumers. The responsibility of driving the sustainability agenda does not fall solely on any individual or team; rather, it requires collective efforts from all stakeholders involved in facilitating and implementing effective community initiatives. Together, we collaborate to complement each other's efforts in transforming our business for a sustainable future.

MESSAGE FROM HEAD OF BUSINESS COMMUNICATIONS & SUSTAINABILITY

In 2025, BAT Bangladesh continued to take a structured and disciplined approach to sustainability, navigating a year of operational transition while maintaining focus on long-term priorities. Our efforts were guided by alignment with the Group's sustainability strategy, with increased emphasis on integrating sustainability into core business processes.

We continued to strengthen our flagship initiatives, including Bonayan and Probaho, ensuring sustained community engagement and support in areas such as afforestation and access to safe drinking water. Alongside programme delivery, we placed greater focus on governance, transparency, and responsible implementation to enhance the credibility and consistency of our initiatives.

Collaboration remained central to our approach. Through partnerships with communities, institutions, and relevant stakeholders, we worked to extend the reach and effectiveness of our programmes while ensuring they remain responsive to local needs.

As we move forward, our focus will remain on strengthening execution, enhancing accountability, and ensuring that our sustainability efforts deliver consistent and measurable value for both the business and the communities we serve.

Ahmed Raihan Ahsanullah
Head of Business Communications & Sustainability
BAT Bangladesh



MESSAGE FROM HEAD OF SUSTAINABILITY

At BAT Bangladesh, sustainability is embedded within our operations and how we manage performance across the value chain. In 2025, a year defined by factory consolidation and capacity expansion, our focus remained on maintaining operational discipline while delivering measurable environmental progress.

Our approach centered on improving efficiency and strengthening systems. We reduced emissions through targeted energy optimization, electrification, and increased use of renewable electricity. Water stewardship continued to advance through structured AWS-aligned practices, while high levels of material recovery were sustained through disciplined waste management and circularity initiatives. Across all operations, we reinforced safety standards and compliance through consistent EHS oversight.

We also strengthened capability across our value chain. Enhancements in Leaf operations and structured supplier engagement, including the Sustainability College, supported improved alignment with our environmental and social standards.

Looking ahead, our priority is to further embed efficiency, strengthen execution, and improve consistency across operations — ensuring that sustainability performance continues to be delivered in a structured, measurable, and accountable way.

Shayer Islam
Head of Sustainability
BAT Bangladesh



MESSAGE FROM LEAF SUSTAINABILITY & ESG MANAGER

In 2025, our focus within leaf operations remained on strengthening sustainability practices at the farm and community level through consistent field engagement. We continued to integrate environmental and social standards across our leaf supply chain, ensuring alignment with responsible sourcing requirements.

Key priorities included improving resource efficiency across operations, with progress in energy use, water management, and waste handling within our depots and processing activities. At the farm level, we reinforced good agricultural practices and continued our efforts to prevent deforestation through regular monitoring and farmer engagement.

We also strengthened farmer capability and inclusion, with continued efforts to support women's participation in farm-level decision-making and economic activities. In parallel, structured training and engagement programmes helped build greater consistency in sustainability practices across the value chain.

As we move forward, our focus remains on strengthening field-level implementation and ensuring consistent application of sustainability standards across our leaf operations.

Mohammad Serajul Haque
Leaf Sustainability & ESG Manager
BAT Bangladesh





To know more, get in touch with

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