





# Our Governance

This section provides insights on how BAT Malaysia continues to uphold transparent and ethical business practices and an overview of BAT Malaysia Group's leadership, as well as the details of our governance and risk management practices.

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SEC. 06

# Board of Directors

## Sitting (from left to right):

**1. NEDAL LOUAY SALEM**

Executive Director/Managing Director

**2. TAN SRI DATO' SERI DR. ASEH BIN HAJI CHE MAT**

Independent Non-Executive Director/Chairman

## Standing (from left to right):

**1. ERIC OOI LIP AUN**

Independent Non-Executive Director

**2. NORLIZA BINTI KAMARUDDIN**

Independent Non-Executive Director

**3. ADRIAN LEE PENG YONG**

Executive Director/Finance Director

**4. DATUK CHRISTINE LEE OI KUAN**

Non-Independent Non-Executive Director

**5. DATO' CHAN CHOON NGAI**

Senior Independent Non-Executive Director



## TAN SRI DATO' SERI DR. ASEH BIN HAJI CHE MAT

PSM, SPSK, SSAP, SPTJ, SPDK, DPCM, DSAP, DIMP, KMN, AMN  
Independent Non-Executive Director/Chairman

73

Male

Malaysian

Date Appointed to the Board: 1 January 2017

Number of Board Meetings Attended  
in the Financial Year:



### Membership of Board Committees:

Nil

### Present Directorship(s):

Listed Entity:

- Parkson Holdings Berhad

Other Public Companies:

- Nil

### » Additional Information:

Tan Sri Dato' Seri Dr. Aseh has no:

- family relationships with any Directors and/or major shareholders of BAT Malaysia.
- conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2024.

### Qualifications:

- Degree in Economics from the University of Malaya, Malaysia
- Masters in Public Administration from the University of Southern California, United States of America (USA)
- Certificate in International Financial Administration from the University of Southern California, USA
- PhD (Honorary) in International Relations from Limkokwing University of Creative Technology, Cyberjaya, Malaysia
- PhD (Honorary) in Management from Infrastructure University Kuala Lumpur, Malaysia
- PhD from the Swiss School of Management

### Working Experience:

Tan Sri Dato' Seri Dr. Aseh is active in community service. He is the Trustee and Chairman of the Football Association of Malaysia, Chairman of Yayasan Pesara Kerajaan, President of Tiara Golf & Country Club, Melaka and Vice President of the Malaysian Golf Association. He is also the Chancellor of Infrastructure University Kuala Lumpur. He was active in the Administrative and Diplomatic Service and was its longest-serving President. Besides that, he was the Chairman of the University Council of Limkokwing University of Creative Technology (2008-2017), Stemlife Berhad (2008-2013) and MWE Holdings Berhad (2008-2018). He was also a board member of Lion Diversified Holdings Berhad (2007-2019).

Tan Sri Dato' Seri Dr. Aseh joined the Ministry of Finance, Malaysia in March 1974 and held various positions as Assistant Secretary, Secretary and Principal Assistant Secretary of the Education Services Commission in Kuala Lumpur, Sarawak and Sabah during his eight years with the Commission.

From 1984, he served in the Ministry of Home Affairs, Malaysia in various positions including Principal Assistant Secretary of the Security and Police Affairs Division, Undersecretary of the Security and Preventive Division and Management Division and Deputy Director General and Director General of the Department of Immigration, Malaysia.

In February 2001, Tan Sri Dato' Seri Dr. Aseh was appointed Secretary General of the Ministry of Home Affairs, Malaysia, a post he held until his retirement on 22 October 2007.

After retirement from the civil service, he held the positions of Chairman of Pos Malaysia from July 2008 to 2011, President of Putrajaya Corporation from August 2012 to July 2015 and Chairman of the Social Security Organisation (2017-2018). In September 2015, Tan Sri Dato' Seri Dr. Aseh was appointed Non-Executive Chairman of Fujitsu (Malaysia) Sdn Bhd. He was also appointed as an Independent Non-Executive Director of Parkson Holdings Berhad on 24 November 2022.

## Board of Directors

### DATO' CHAN CHOON NGAI

DSNS

Senior Independent Non-Executive Director

69

Male

Malaysian

Date Appointed to the Board: 1 February 2011

Number of Board Meetings Attended  
in the Financial Year:

5/6



#### Membership of Board Committees:

- Nomination and Remuneration Committee (Chairman)
- Risk Management Committee
- Audit Committee

#### Present Directorship(s):

Listed Entity:

- Nil

Other Public Companies:

- Nil

#### Qualifications:

- Degree in Mechanical Engineering from the University of Birmingham, United Kingdom

#### Working Experience:

Dato' Chan was appointed to the Board of BAT Malaysia on 1 February 2011 after his retirement on 31 December 2010 as Operations Director of the Company. He was re-designated as Non-Independent Non-Executive Director of the Company on 1 January 2013 following the expiry of his contract of service on 31 December 2012. Subsequently, he was re-designated as Independent Non-Executive Director of the Company on 23 May 2016. He was re-designated as Senior Independent Non-Executive Director on 28 February 2021.

He was appointed as the Operations Director of BAT Malaysia in July 2000 and his portfolio expanded to include Business Development Services effective 15 November 2010.

Dato' Chan joined Rothmans of Pall Mall (Malaysia) Berhad (Rothmans Malaysia) in 1979, as a Production Management Trainee and held various positions in the production division including Production Executive Make and Pack (1980-1982), Personal Assistant to Rothmans International World Production Director, Rothmans International United Kingdom (1982-1984), Acting Factory Manager Rothmans Malaysia (1984-1986), Factory Manager Rothmans Malaysia (1986-1994) and Production Director (Designate) of Rothmans Malaysia (1994-1995). Dato' Chan was then appointed Production Director of the then Rothmans Malaysia in October 1995. He was a director of Tien Wah Press Holdings Berhad from May 1997 to June 2003.

#### » Additional Information:

Dato' Chan has no:

- family relationships with any Directors and/or major shareholders of BAT Malaysia.
- conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2024.

**ERIC OOI LIP AUN**

Independent Non-Executive Director

67

Male

Malaysian

Date Appointed to the Board: 1 March 2019

Number of Board Meetings Attended  
in the Financial Year:

6/6

**Membership of Board Committees:**

- Risk Management Committee (Chairman)
- Audit Committee (Chairman)

**Present Directorship(s):**

Listed Entity:

- Carlsberg Brewery Malaysia Berhad

Other Public Companies:

- Nil

**Qualifications:**

- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

**Working Experience:**

Eric was a Partner at PricewaterhouseCoopers (PwC), Malaysia until his retirement in June 2015 after 38 years of service. He joined the firm of Price Waterhouse (PW) (now known as PwC) in 1977, qualified as a Certified Public Accountant in 1981 and was admitted to the partnership of PwC in Malaysia in 1991.

In 2012, Eric assumed the responsibility of leading the middle market practices of the Asia-Pacific cluster of PwC firms, focused on working with entrepreneurs and high-net-worth individuals and families.

From 2002 until 2008, Eric was the Assurance leader for PwC's regional grouping in Asia and was a member of PwC's Global Assurance leadership team.

In 1996, he assumed management and leadership positions for different parts of PW/PwC within Malaysia, across Asia and globally. He was PW Malaysia's leader for Audit and Business Advisory Services and continued in the role following the merger between PW and Coopers & Lybrand to form PwC in 1998, a position he held until 2008.

He served as an Independent Non-Executive Director of Genting Berhad from March 2019 to February 2025.

**» Additional Information:**

Eric has no:

- family relationships with any Directors and/or major shareholders of BAT Malaysia.
- conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2024.

## Board of Directors

### NORLIZA BINTI KAMARUDDIN

ADJUNCT PROFESSOR

Independent Non-Executive Director

60

Female

Malaysian

Date Appointed to the Board: 30 April 2021

Number of Board Meetings Attended  
in the Financial Year:

6/6



#### Membership of Board Committees:

- Sustainability Committee (Chairwoman)
- Nomination and Remuneration Committee
- Audit Committee

#### Present Directorship(s):

Listed Entity:

- Kumpulan Perangsang Selangor Berhad
- Sedania Innovator Berhad

Other Public Companies:

- Nil

#### Qualifications:

- Industry Adjunct Professor Multimedia University, Malaysia
- Senior Certified Professional Coach (SCPC/CPC/EMCC), Coach Transformation Academy, Dubai, United Arab Emirates (UAE)
- Professional Certificate in Corporate Public Affairs from The Center of Corporate Public Affairs, Melbourne Business School, Australia
- Bachelor in Arts and Design from Universiti Teknologi MARA, Malaysia

#### Working Experience:

Norliza binti Kamaruddin is a senior communications specialist with more than 30 years of experience in Malaysia and other international markets. She specialises in multiple sectors including energy, finance, banking, aviation, telecommunications and hospitality. Norliza has helped organisations within ASEAN, the Middle East and the Americas to develop and execute communication strategies. She is recognised as one of Malaysia's leading communication strategists with a deep understanding of the geopolitical landscape and a track record in developing sophisticated reputation campaigns for major companies. She is the only Malaysian to have been recognised in the world's three most prestigious public relations (PR) and marketing awards. She was also named one of the 'Top 500 Most Influential PR Professionals in PR Week Power Book 2014 and 2015' by the global PR Week magazine. She was awarded 'Internationalist of the Year 2014' by The Internationalist, New York.

Previously, Norliza was the Managing Director in the Strategic Communications practice of FTI Consulting, Inc based in Kuala Lumpur, Malaysia. Prior to that, she was the Global Head of Strategic Communications for PETRONAS. She also served as the Country Head of Corporate Affairs at Standard Chartered Bank.

#### » Additional Information:

Norliza has no:

- family relationships with any Directors and/or major shareholders of BAT Malaysia.
- conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2024.

**DATUK CHRISTINE LEE OI KUAN**

DPSM

Non-Independent Non-Executive Director

66

Female

Malaysian

Date Appointed to the Board: 1 March 2012

Number of Board Meetings Attended  
in the Financial Year:

6/6

**Membership of Board Committees:**

- Sustainability Committee

**Present Directorship(s):**

Listed Entity:

- Carlsberg Brewery Malaysia Berhad

Other Public Companies:

- Nil

**Qualifications:**

- Degree in Law from the University of Malaya, Malaysia

**Working Experience:**

Datuk Christine was the Legal and External Affairs Director of BAT Malaysia from September 2006 until her retirement on 31 December 2018. She was responsible for the corporate and regulatory affairs and legal matters of BAT Malaysia. She was re-designated as Non-Independent Non-Executive Director of BAT Malaysia on 1 January 2019 after her retirement.

Datuk Christine started out as the Head of Legal and Company Secretary at BAT Malaysia in 2001. She was appointed to the Top Team, now known as the Leadership Team of BAT Malaysia, in 2006.

Prior to joining BAT Malaysia, Datuk Christine was the Head of Legal and Company Secretary of two public listed companies, Hong Leong Industries Berhad and Malaysian Pacific Industries Berhad.

She was with the Attorney General's Chambers of Malaysia from 1983, serving in the Prosecution and Advisory and International Law divisions.

**» Additional Information:****Datuk Christine has no:**

- family relationships with any Directors and/or major shareholders of BAT Malaysia.
- conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2024.



## Board of Directors

### NEDAL LOUAY SALEM

Executive Director/Managing Director

55

Male

American

Date Appointed to the Board: **1 September 2021**

Number of Board Meetings Attended  
in the Financial Year:

6/6



#### Membership of Board Committees:

- Sustainability Committee

#### Present Directorship(s):

Listed Entity:

- Nil

Other Public Companies:

- British American Tobacco Malaysia Foundation

#### Qualifications:

- Bachelor of Arts (BA) in International Business from George Washington University, USA

#### Working Experience:

Prior to his appointment, Nedal Salem was the Managing Director and Chief Executive Officer of Ceylon Tobacco Company PLC (CTC), Sri Lanka since 2019. During Nedal's tenure, CTC achieved significant milestones in its corporate governance framework, talent strategy and sustainability agenda, with a specific focus on becoming the first seed-to-smoke end-market to achieve carbon neutrality within BAT Group.

He has more than 20 years of international experience in British American Tobacco p.l.c. Group, spanning nine markets in three continents. He has created a legacy of building strong and driven teams, growing globally-driven brands and successfully delivering results.

He was the Head of Brands Marketing in Bentoel Indonesia (2017-2019) and the Director of Brands Marketing, Korea (2011-2015). Nedal started his career in British American Tobacco Middle East in 1998.

#### » Additional Information:

Nedal has no:

- family relationships with any Directors and/or major shareholders of BAT Malaysia.
- conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2024.

## Board of Directors

**ADRIAN LEE PENG YONG**

Executive Director/Finance Director

45

Male

Singaporean

Date Appointed to the Board: **1 November 2024**Number of Board Meetings Attended  
in the Financial Year:**Membership of Board Committees:**

- Risk Management Committee

**Present Directorship(s):**

Listed Entity:

- Nil

Other Public Companies:

- Nil

**Qualifications:**

- Bachelor of Business Management, Double Major in Marketing/ Finance, Singapore Management University (SMU)

**Working Experience:**

Adrian has been a finance specialist for more than 18 years, during which time he has worked solely in global FMCG MNCs, covering a variety of roles encompassing financial planning and delivery, commercial business partnering, supply chain analytics, cost management, controls & risk management and financial accounting, amongst others.

Prior to his appointment, Adrian was the Regional Head of Operations Finance for BAT Group, looking after the Asia Pacific, Middle East & Africa region (2019 to 2024), and was a valued member of the global operations finance, regional finance and operations leadership teams. In this role, he was at the forefront of driving the operations productivity agenda for the region, driving synergies and cross-functional collaboration to deliver over £100m in savings year-on-year. Adrian also played a pivotal role in footprint/network design, pursuing an asset light strategy to unlock value and deliver significant benefits to the Group.

He has more than twelve years (12) of international experience in BAT Group, starting out in Hong Kong in 2012 and spanning multiple roles in commercial, operations and corporate finance, where he has excelled in the on-target delivery of various strategic initiatives. As a finance professional, Adrian thrives on leveraging his functional expertise and commercial acumen to drive the Group's agenda and is committed to corporate governance and sustainable business practices.

**» Additional Information:**

Adrian has no:

- family relationships with any Directors and/or major shareholders of BAT Malaysia.
- conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.
- convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2024.

## Leadership Team



**Wong Hoi Wun Ann**  
Supply Chain Director

**Anthony Lea Clayton**  
Commercial Marketing Director

**Adrian Lee Peng Yong**  
Finance Director

**Nedal Louay Salem**  
Managing Director

**Jacqueline Ko Man Ting**  
Legal Director

**Fairuz Helmi**  
Corporate and Regulatory Affairs Director

**Adrita Datta**  
Human Resources Director

## Leadership Team

**NEDAL LOUAY SALEM**

1

Managing Director


55

Male

American

**Date Appointed to the Leadership Team:**

13 October 2021

 For details of Nedal's profile, please refer to page 108 of this Annual Report.

**ADRIAN LEE PENG YONG**

2

Finance Director


45

Male

Singaporean

**Date Appointed to the Leadership Team:**

1 November 2024

 For details of Adrian's profile, please refer to page 109 of this Annual Report.

**FAIRUZ HELMI**

3

Corporate and Regulatory Affairs Director

52

Male

Malaysian

**Date Appointed to the Leadership Team:**

1 April 2022

**Qualifications:**

- Degree in Law from the University of Wales, Aberystwyth, United Kingdom

**Directorship in Public Companies and Listed Issuers:**

- Nil

**Working Experience:**

- Fairuz was appointed the External Affairs Director of BAT Malaysia on 1 April 2022.
- Fairuz joined BAT Malaysia in 2006 and has since held various roles in the Company.
- Prior to joining BAT Malaysia, Fairuz was the Head of Department in the Market Policy & Development Division of Securities Commission Malaysia.
- Fairuz is an experienced government and public affairs professional, specialising in strategic government and stakeholder in the regulatory and public policy advocacy.
- Fairuz has been a member of the National Kenaf and Tobacco Board since November 2020.

**» Additional Information:****None of the Leadership Team has:**

- family relationships with any Directors and/or major shareholders of BAT Malaysia.
- conflict of interest or potential conflict of interest, including interest in any competing business, with BAT Malaysia.
- convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2024.
- direct/indirect shareholdings in BAT Malaysia.

## Leadership Team



**WONG HOI WUN ANN**

4

Supply Chain Director

42

Female

Hong Konger

**Date Appointed to the Leadership Team:**

1 January 2025

**Qualifications:**

- Bachelor of Business Administration, Chinese University of Hong Kong
- Master of Arts, Chinese University of Hong Kong

**Directorship in Public Companies and Listed Issuers:**

Nil

**Working Experience:**

- Ann was appointed as the Supply Chain Director of BAT Malaysia on 1 January 2025.
- Prior to this appointment, she was the Supply Chain Manager of BAT Malaysia.
- She joined BAT Group in 2008 and has worked across several markets: Hong Kong, United Kingdom and Malaysia.
- During her tenure at BAT Group, she has held various marketing roles. During this time, she has been instrumental in driving excellence and delivering sustainable results through programme and project management across various markets.



**ADRITA DATTA**

5

Human Resources Director

41

Female

Bangladeshi

**Date Appointed to the Leadership Team:**

1 September 2022

**Qualifications:**

- Master of Business Administration in HRM, Symbiosis Institute of Business Management, Pune, India
- Bachelor of Computer Science, University of Pune, India

**Directorship in Public Companies and Listed Issuers:**

- Nil

**Working Experience:**

- Adrita has over 15 years of experience across different dimensions of HR as well as commercial functions in a multinational and multicultural environment.
- She joined BAT Bangladesh in 2010 and has since held various senior leadership roles within the BAT Group in several countries like Bangladesh, Japan and Sri Lanka.
- Prior to her current role, she took a bold step and ventured out to lead the largest Trade Marketing region of Bangladesh to deliver commercial growth, amid the adversities of a global pandemic.
- Adrita has a strong track record of championing D&I in the workplace and beyond. She is also passionate about building future-fit capabilities and championing an empowered culture in the organisation.
- Adrita was recognised as a Progressive Women Leader in 2017 by a reputable local authority in Bangladesh.

**» Additional Information:**

**None of the Leadership Team has:**

- family relationships with any Directors and/or major shareholders of BAT Malaysia.
- conflict of interest or potential conflict of interest, including interest in any competing business, with BAT Malaysia.
- convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2024.
- direct/indirect shareholdings in BAT Malaysia.

## Leadership Team

**ANTHONEY LEA CLAYTON**

6

Commercial Marketing Director

44

Male

British

**Date Appointed to the Leadership Team:**

15 August 2024

**Qualifications:**

- Bachelor of Business Management, University of Wolverhampton

**Directorship in Public Companies and Listed Issuers:**

- Nil

**Working Experience:**

- Anthony was appointed as the Commercial Marketing Director of BAT Malaysia on 15 August 2024.
- Prior to this appointment, he was the Global Head of Customer for Global Travel Retail.
- With extensive experience in sales and business management within the FMCG sector, he has held pivotal roles at companies such as Kellogg's, GSK and PepsiCo.

**JACQUELINE KO MAN TING**

7

Legal Director

41

Female

New Zealander

**Date Appointed to the Leadership Team:**

25 February 2024

**Qualifications:**

- Postgraduate Certificate in Laws, University of Hong Kong, Hong Kong SAR
- Professional Legal Studies, College of Law, New Zealand
- Bachelor of Laws & Bachelor of Commerce, University of Auckland, New Zealand

**Directorship in Public Companies and Listed Issuers:**

- Nil

**Working Experience:**

- Jacqueline was appointed as the Legal Director on 25 February 2024.
- Prior to her current role, she was the Senior Legal Counsel for the Global Travel Retail business, with additional coverage of New Zealand, the Philippines, Hong Kong SAR and the joint venture CTBAT's businesses based out of Hong Kong SAR during the three years since she joined BAT group in 2020.
- She was the Legal Counsel for Alibaba Group's International Dispute Resolution team between 2015 to 2020.
- Before taking on corporate in-house roles, Jacqueline was practicing in private law firms with a focus on Dispute Resolution and Intellectual Property between 2008 to 2015.
- Jacqueline has also taken up a commercial role as the Director of Business Development of an online beauty discovery platform start-up between 2011 to 2012.
- She is also an alumni of KPMG New Zealand.

**» Additional Information:****None of the Leadership Team has:**

- family relationships with any Directors and/or major shareholders of BAT Malaysia.
- conflict of interest or potential conflict of interest, including interest in any competing business, with BAT Malaysia.
- convictions for offences within the past five years or any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2024.
- direct/indirect shareholdings in BAT Malaysia.

# Corporate Governance Overview Statement



On behalf of the Board, I am pleased to present our Corporate Governance Overview Statement for 2024. The Board remains steadfast in its commitment to maintaining effective corporate governance and integrity, enabling us to deliver our strategy for the long-term benefit of all our stakeholders.

## GOVERNANCE, CULTURE AND GOALS

Guided by our purpose to build A Better Tomorrow™, well-informed decisions are consistently made at every level of the Company. BAT Malaysia takes great pride in its strong and well-established culture, which is firmly underpinned by our core principles and values and significantly shapes the way we work. Our resilience and performance following the pandemic can be attributed to our robust business model and dedicated team, who uphold our high ethical standards and focus on doing the right thing. This commitment drives our sustainable growth and the outcomes we desire.

We continue to ensure that good governance is present at all levels and all functions of the Company. Reliable Group-wide systems are in place to monitor every aspect of governance, with the Board and its Committees regularly reviewing information about our health and safety culture and approach to assessing and monitoring risks.

## SUSTAINABILITY

As set out on pages 46 to 99 in this report, we made significant strides towards achieving our sustainability goals in 2024, with valuable support and oversights from our SC. You can read more about the Committee's activities at page 126 and review the SC's TOR under the Corporate Governance section on our website, [www.batmalaysia.com](http://www.batmalaysia.com). The SC has successfully enhanced the Board's focus on the environmental and employee engagement-related social elements of sustainability. Other Board Committees that have contributed to this agenda include the Nomination and Remuneration Committee (NRC), with its focus on the D&I-related social element and the Audit Committee (AC), with its focus on the governance element.

Our solid governance structures and well-established procedures gave the Board and its Committees the flexibility to operate in an increasingly uncertain environment. We maintained our engagement with shareholders through

the AGM, which was held virtually once again. The meeting was live-streamed, with the opportunity for shareholders to pose questions before and during the meeting, which was very much valued by the Board.

In conclusion, I wish to express my gratitude to my fellow Board members, the Leadership Team and our colleagues in the wider workforce who contributed their services during the year for BAT Malaysia Group. My profound appreciation also goes to our valued business partners who worked with and supported us in our drive towards a sustainable business. As we go through 2025, the Board will continue to work with the Leadership Team and our people to deliver on our strategic initiatives to ensure the well-being of our colleagues and build a successful and sustainable business for all stakeholders.

**Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat**  
(Chairman)

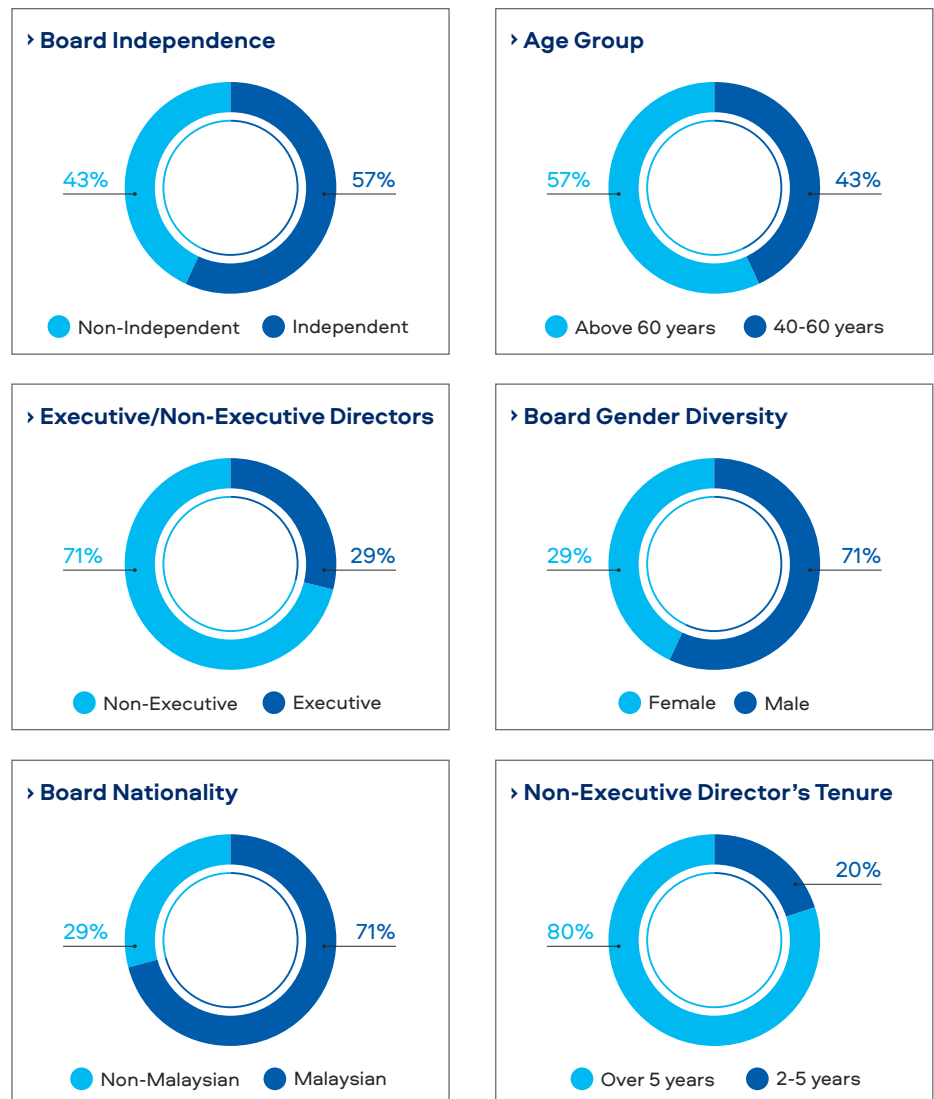
## Corporate Governance Overview Statement

### STATEMENT OF COMPLIANCE

BAT Malaysia continues to demonstrate a strong commitment to corporate governance, successfully implementing and adhering to 39 of the 43 Practices prescribed in the MCCG 2021. Furthermore, in our ongoing drive to exceed regulatory expectations and maintain good governance standards, we have adopted four out of the five optional Step-Up Practices. These practices allow BAT Malaysia to go above and beyond existing regulatory requirements, strengthening our organisational governance. The Corporate Governance Report, which details the application or departure of each MCCG 2021 Practice, can be viewed on our website, [www.batmalaysia.com](http://www.batmalaysia.com).

This commitment to continually improve our compliance practices underscores our dedication to operating with unwavering integrity, confirming BAT Malaysia as a trusted and responsible leader in the industry.

### GOVERNANCE AT A GLANCE AS AT 31 DECEMBER 2024



### MSWG - NACGSA 2024

2 categories won by the Company:



**1<sup>st</sup> place**  
in the Industry Excellence Award - Consumer Products and Services



**6<sup>th</sup> place**  
in the Overall Excellence Award






## Corporate Governance Overview Statement

### PRINCIPLE **A** — Board Leadership and Effectiveness

#### BOARD LEADERSHIP

BAT Malaysia Group is led by an effective and entrepreneurial Board that promotes the long-term, sustainable success of BAT Malaysia Group, generating value for shareholders whilst contributing to the broader community. The Board assumes ultimate responsibility for BAT Malaysia Group's overall leadership, overseeing the development and delivery of clear strategies for BAT Malaysia Group.

As of the date of this report, the Board comprises seven Directors: the Chairman, two Executive Directors, three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Non-Executive Directors have a broad range of business, financial and international skills and experience, contributing to a balanced and diverse Board.

 Details about the Directors' biographies can be found on pages 103 to 109.

The Board's Charter and size allows time for constructive debate on key elements of BAT Malaysia Group's performance and strategic initiatives. It also allows for challenges to these elements and ensures that all Directors' views are heard. The Board monitors operational and financial performance against agreed-upon goals and objectives and ensures the existence of appropriate controls and systems for risk management. Additionally, it ensures the provision of financial resources and a workforce with the necessary skills to deliver the Company's strategic goals.

The Board maintains a formal schedule of matters reserved for its approval. These matters include approving BAT Malaysia Group's strategy and budget,

material corporate and related party transactions and the authorisation of capital expenditure above delegated authority limits. This also includes matters relating to risk management, dividends, appointing new directors and significant communication to shareholders.

The Board discharges some of its responsibilities directly and others through its Committees. Execution of approved strategies and day-to-day management of the Company's business is delegated to the Leadership Team, with the Board retaining responsibility for overseeing, guiding and holding Management to account. The diagram on page 117 describes BAT Malaysia Group's governance framework and provides an overview of the key Committees of the Board.

#### Division of Responsibility

The roles of the Chairman and the Managing Director are separated with clear written guidelines on the division of responsibilities.

#### Board Meetings

The Board meets on a regular basis, with a minimum of four (4) scheduled meetings in a financial year or more frequently as circumstances dictate. The dates of these scheduled meetings are determined well in advance by the last quarter of the preceding financial year to enable the Directors to plan ahead. In addition to the scheduled meetings, special meetings may be convened as and when required. The summary of Board and Board Committee meetings attendance for 2024 can be found on page 118.

The Constitution of BAT Malaysia and the Board Charter set out the conduct of the Board meetings, including quorum. In accordance to Clause 134 of the Constitution of BAT Malaysia, the quorum necessary for the transaction of the business of Directors shall be a majority of Directors.

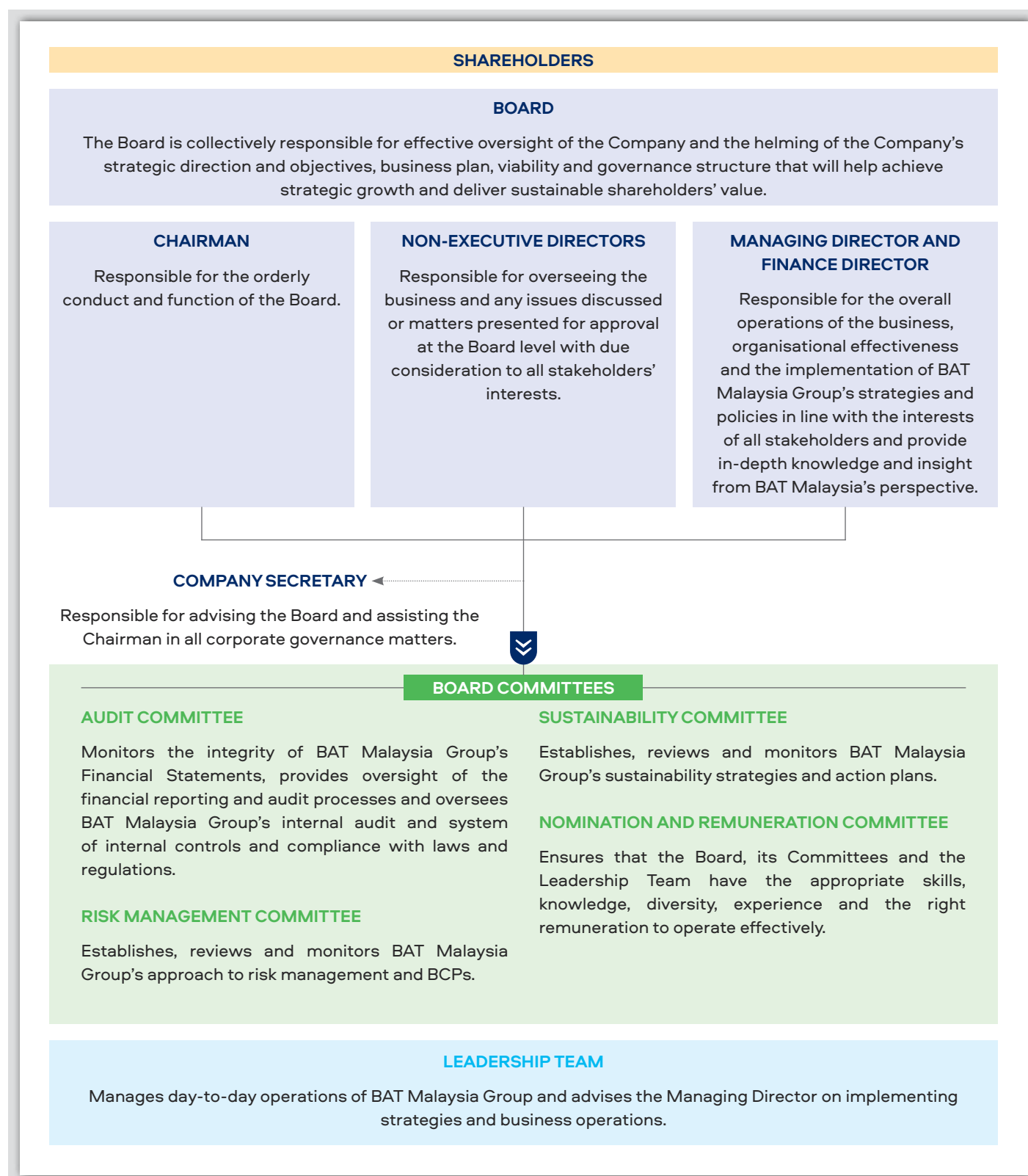
#### Board Diversity and Experience

BAT Malaysia Group is committed to fostering a diverse Board comprising Directors from various backgrounds with relevant experience, perspectives, skills and knowledge. We believe that diversity, including gender diversity, among Directors and employees contributes to a high-performing and effective Board and business, thus promoting BAT Malaysia Group's ongoing success. We strive to maintain this optimal balance using a meritocratic appointment process.

#### Conflicts of Interest

A well-established process is in place whereby the Board, through the AC, regularly reviews and monitors conflicts of interest or potential conflicts of interest, including interests in any competing businesses. Directors holding significant commitments outside of BAT Malaysia Group are required to disclose them prior to appointment and on an ongoing basis whenever changes occur. Actual and potential conflicts of interest are documented in a register, which is maintained by the Company Secretary and reviewed annually.

## Corporate Governance Overview Statement



## Corporate Governance Overview Statement

### BOARD AND BOARD COMMITTEE MEETING ATTENDANCE FOR 2024

Board of Directors	Total Meetings Attended
<b>Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat</b> Independent Non-Executive Director/Chairman	6/6 100%
<b>Nedal Louay Salem</b> Executive Director/Managing Director	10/10 100%
<b>Dato' Chan Choon Ngai</b> Senior Independent Non-Executive Director	20/21 95.24%
<b>Datuk Christine Lee Oi Kuan</b> Non-Independent Non-Executive Director	10/10 100%
<b>Eric Ooi Lip Aun</b> Independent Non-Executive Director	15/15 100%
<b>Norliza binti Kamaruddin</b> Independent Non-Executive Director	21/21 100%
<b>Anthony Yong Mun Seng<sup>1</sup></b> Executive Director/Finance Director	10/10 100%
<b>Adrian Lee Peng Yong<sup>2</sup></b> Executive Director/Finance Director	N/A N/A

#### Average Percentage of Board Meetings Attended by Directors:

# 99.32%

All Directors have complied with the minimum attendance requirement as stipulated in the Bursa Malaysia's MMLR, attending at least 50% of the Board meetings held during the financial year.

<sup>1</sup> Resigned on 1 November 2024

<sup>2</sup> Appointed on 1 November 2024

### PRINCIPAL BOARD ACTIVITIES IN 2024

At every scheduled Board meeting, the Board receives updates from the Leadership Team and the Company Secretary on strategic, financial, operational and governance matters. The table below provides examples of significant matters presented and discussed in the year ended 31 December 2024.

## Corporate Governance Overview Statement

### › STEP CHANGE IN NEW CATEGORIES' PERFORMANCE

- Reviewed BAT Malaysia Group's strategy and approach to implement and accelerate New Categories.

Note: \*New Categories refer to reduced-risk<sup>†</sup> categories of products other than combustibles (cigarettes).

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

† Our vapour product Vuse (including Alto, Solo, Ciro, and Vibe), and certain products, including Velo, Grizzly, Kodiak, and Camel Snus, which are sold in the U.S., are subject to FDA regulation and no reduced-risk claims will be made as to these products without agency clearance.

### › DRIVE VALUE FROM COMBUSTIBLES

- Reviewed BAT Malaysia Group's strategy to build a strong portfolio and enable value growth.
- Reviewed BAT Malaysia Group's combustible portfolio to unlock new revenue streams for sustainable growth.

### › SIMPLIFY THE BUSINESS

- Reviewed the supply chain transformation.
- Assessed the accelerators required to deliver BAT Malaysia Group's ambition and evolve into a future-fit, interconnected organisation.
- Reviewed compliance and policies.
- Reviewed the implementation of operational efficiencies.
- Reviewed BAT Malaysia Group's digital strategy and cybersecurity threats.

### › SUSTAINABILITY

- Reviewed the evolution of BAT Malaysia Group's strategy, placing sustainability at the forefront of BAT Malaysia Group's activities.
- Reviewed the strategy to reduce the health impact of the business.
- Reviewed environmental management.
- Reviewed positive social impact deliverables.
- Reviewed sustainability governance.

### › ACCELERATING TOMORROW'S LEADERS

- Monitored corporate culture and its alignment with BAT Malaysia Group's purpose, values and strategy.
- Reviewed BAT Malaysia Group's Leadership talent, diversity and inclusiveness.
- Reviewed the assessment of the effectiveness of the Board and its committees.

### › FINANCIAL PERFORMANCE

- Approved BAT Malaysia Group's budget and oversight of resource allocation activities to support strategy execution.
- Reviewed the financial performance and business outlook.
- Assessed cost optimisation and unlocked revenue to support investments.
- Reviewed compliance with BAT Malaysia Group's financial principles.
- Reviewed BAT Malaysia Group's revolving credit facilities and cash flows.

### › RISK

#### Management of Principal Risks

The Board deliberated and approved BAT Malaysia Group's principal risks that might significantly impact its business goals and targets. The Board constantly monitored the agreed mitigations to manage or reduce the likelihood and impact of these principal risks. Key risk indicators that provide early warnings of risk manifestation were also reported to the Board.

In addition, various emerging risks or opportunities arising from complex internal and external environments were also identified. These were then reported to the Board, which subsequently determined if they should be included in BAT Malaysia Group Corporate Risk Profile as one of the principal risks.

To ensure that the risks undertaken in the pursuit of business objectives remained within the Board's acceptable levels, the Board approved BAT Malaysia Group's risk appetite, which sets its key operational boundaries.

### › CORPORATE GOVERNANCE AND COMPLIANCE

#### Related Party Transactions (RPT) and Recurrent Related Party Transactions (RRPT)

The Board reviewed BAT Malaysia Group's RPT and RRPT to ensure all transactions were conducted at arm's length, on normal commercial terms and not detrimental to minority shareholders. During the period from 1 January 2024 to 31 December 2024, BAT Malaysia Group successfully entered into and duly completed contracts for seven RPT/RRPTs, which were reported to the AC on a quarterly basis.

### › TRAINING AND DEVELOPMENT

The Board recognises the importance of the continuous development of its Directors to acquire or enhance the requisite knowledge and skills, ensuring they can discharge their duties effectively.

## Corporate Governance Overview Statement

### > BOARD TRAINING

The Directors attended the following training programmes during the financial year ended 31 December 2024:

Director	Briefing/Conference/Forum/Seminar/Training/Workshop/Webinar attended	Organiser	Date
Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat	Product Update: Vuse Refresher	BAT Malaysia	22 February 2024
	Bursa Academy: Conflict of Interest and Governance of Conflict of Interest	Iclif Executive Education Center of Asia School of Business	12 September 2024
	Cybersecurity and Data Protection Awareness	BAT Malaysia	30 October 2024
	Corporate Liability Provision - Anti-Bribery & Corruption Practices to Strengthen Company Integrity	Institute of Corporate Directors Malaysia (ICDM)	12 December 2024
Dato' Chan Choon Ngai	Product Update: Vuse Refresher	BAT Malaysia	22 February 2024
	Aligning Risk Management to Strategy and Purpose	ICDM	7 October 2024
	Cybersecurity and Data Protection Awareness	BAT Malaysia	30 October 2024
	Corporate Liability Provision - Anti-Bribery & Corruption Practices to Strengthen Company Integrity	ICDM	12 December 2024
Datuk Christine Lee Oi Kuan	Product Update: Vuse Refresher	BAT Malaysia	22 February 2024
	ICDM PowerTalk Series   Future-Proofing Malaysian Businesses : Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape	ICDM	11 March 2024
	Emerging Strategic Risks and Mitigation Strategies for 2024: Exclusive Board and C-Suite Brief	MIA	24 June 2024
	Boards as Drivers of Corporate Innovation: A Practical and Engaging Masterclass	ICDM	8 August 2024
	Cybersecurity and Data Protection Awareness	BAT Malaysia	30 October 2024
Corporate Liability Provision - Anti-Bribery & Corruption Practices to Strengthen Company Integrity	ICDM	12 December 2024	
Eric Ooi Lip Aun	Product Update: Vuse Refresher	BAT Malaysia	22 February 2024
	Conflict of Interest	Christopher & Lee Ong	21 May 2024
	Latest Global Trends	Citibank HK	21 May 2024
	Virtual MIA International Accountants Conference 2024: Navigating New Frontiers, Embracing Sustainability	Malaysian Institute of Accountants	11-12 June 2024
	Live Board Simulation: Withstanding A Crisis Through Management Dynamics	ICDM	20 August 2024
	Aligning Risk Management to Strategy and Purpose	ICDM	7 October 2024
	Cybersecurity and Data Protection Awareness	BAT Malaysia	30 October 2024
Corporate Liability Provision - Anti-Bribery & Corruption Practices to Strengthen Company Integrity	ICDM	12 December 2024	

## Corporate Governance Overview Statement

Director	Briefing/Conference/Forum/Seminar/Training/ Workshop/Webinar attended	Organiser	Date
Norliza binti Kamaruddin	Product Update: Vuse Refresher	BAT Malaysia	22 February 2024
	SSM National Conference	Companies Commission of Malaysia	27-28 August 2024
	Building sustainability creditability - greenwashing and the rise of greenhushing	ICDM	24 September 2024
	Cybersecurity and Data Protection Awareness	BAT Malaysia	30 October 2024
	Corporate Liability Provision - Anti-Bribery & Corruption Practices to Strengthen Company Integrity	ICDM	12 December 2024
	Boardroom Insights 2025 : Navigating Governance, Risk and Strategic Foresight	ICDM	17 December 2024
Nedal Louay Salem	Product Update: Vuse Refresher	BAT Malaysia	22 February 2024
	Cybersecurity and Data Protection Awareness	BAT Malaysia	30 October 2024
	Corporate Liability Provision - Anti-Bribery & Corruption Practices to Strengthen Company Integrity	ICDM	12 December 2024
Adrian Lee Peng Yong	Media Training	BAT Malaysia	28 November 2024
	Corporate Liability Provision - Anti-Bribery & Corruption Practices to Strengthen Company Integrity	ICDM	12 December 2024

### BOARD APPOINTMENTS AND SUCCESSION

BAT Malaysia is committed to maintaining a transparent process for the selection, nomination and appointment of suitable candidates to the Board.

The NRC is entrusted with the responsibility of assessing and considering the capabilities, professionalism, integrity, expertise and experience of prospective Board members and Board Committee members. This assessment takes into consideration the Board's current structure, size, gender diversity, time commitment and composition. It is crucial to ensure that the Board and the Board Committees possess an appropriate balance of skills, expertise and knowledge to manage the business effectively.

The NRC also takes into consideration the following factors:

- (1) Whether the individual meets the requirements for independence as defined in the Bursa Malaysia's MMLR.
- (2) The candidate's general understanding of BAT Malaysia Group's business and market.
- (3) The candidate's general alignment with BAT Malaysia Group's strategic direction.
- (4) Other factors that promote a diversity of views, experience and independent judgement.

The NRC uses independent executive search firms and/or recommendations from existing Board members, the Management and major shareholders. As part of a Fit and Proper Policy adopted in 2022, the Company Secretary will carry out a comprehensive reference check for all appointments and reappointments of Directors to the Board. These checks include verifications of financial background, character integrity and professional qualifications of shortlisted candidates. Each shortlisted candidate will undergo an interview conducted by the members of the NRC to assess their technical expertise, skills and experience, compatibility with the Board and terms of appointment. Upon completion of the reference checks, the NRC will recommend the proposed candidate to the Board. The Board will deliberate on the recommended candidate and, if deemed appropriate, shall approve the appointment of the candidate as a Board member. Upon the candidate's appointment as a new Director, an appointment letter will be issued.

The Board appointment process is outlined below:

- (1) Identification of potential individual
- (2) Evaluation and review of the individual
- (3) Submission of recommended individuals to the Board
- (4) Decision on appointment made by the Board

## Corporate Governance Overview Statement

In 2024, the Board also placed focus on the Non-Independent Executive Director/Finance Director's succession and transition plan given that the former Non-Independent Executive Director/Finance Director, Anthony Yong Mun Seng resigned on 1 November 2024. In this respect, a structured plan was in place to ensure effective and smooth handovers to the incoming Non-Independent Executive Director/Finance Director. The NRC reviewed the capabilities of candidates proposed by BAT p.l.c., assessed the candidates' experiences, qualifications, leadership track record and industry exposure, and determined the remuneration package of the incoming Non-Independent Executive Director/Finance Director. After due process, the Board approved the recommendations of the NRC for the appointment of Adrian Lee Peng Yong as the new Non-Independent Executive Director/Finance Director of BAT Malaysia effective 1 November 2024.

Considering that several Independent Non-Executive Directors are expected to retire in 2025, upon completing their nine-year tenure on the Board, the NRC has commenced the search for potential candidates to fill the vacant Board seats based on the criteria identified by the Board during their discussion on succession planning. To ensure boardroom diversity, the NRC has conducted a robust review of candidates recommended by Board members as well as by the appointed external search firm, before including them in the talent pool for consideration.

### LEADERSHIP SUCCESSION PLANNING

In addition, the Board also oversaw the appointment and succession planning of the Leadership Team. During the year, the Board together with the Managing Director, reviewed the detailed succession plan of Leadership Team. The Board reviewed the capabilities of candidates proposed by the BAT p.l.c, assessed the candidates' experiences, qualifications, leadership track and industry exposure of the proposed candidates. After due process, during the year, the Board approved the recommendations of the Leadership Team for the appointment of the Legal Director, Commercial Marketing Director, Finance Director and Supply Chain Director of BAT Malaysia. The Board also reviewed the succession pipeline for each role in the Leadership Team.

### BOARD INDUCTION

Upon the appointment of a new Director to the Board, a comprehensive induction programme is provided. This programme is primarily designed to onboard and familiarise the new Director with BAT Malaysia Group's business, vision, values, governance and people. In addition, the programme also takes into consideration the induction needed for a new Director's appointment to Board Committees.

### RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

The re-election of Directors is conducted in accordance with Clause 109.1 of BAT Malaysia's Constitution. This clause stipulates that one-third of the Directors are subject to retirement by rotation at every AGM but shall be eligible for re-election. It also mandates that all Directors shall retire from office at least once every three years. The Directors to retire each year are those who have served the longest since their last re-election.

In addition, Clause 115 of BAT Malaysia's Constitution stipulates that any Director appointed to fill a casual vacancy shall hold office only until the following AGM. The Directors will be eligible for re-election but shall not be taken into account when determining the Directors who are to retire by rotation at the AGM.

To ensure the Directors up for re-election are fit and capable of continuing serving as Directors, the NRC enlisted the ICDM to conduct a fit and proper assessment in accordance with the Company's Fit and Proper Policy.

Consequently, upon the NRC's recommendations, the Board has unanimously resolved to recommend to the shareholders to vote in favour of re-electing the following Directors, who are due for retirement at the Company's 64<sup>th</sup> AGM:

- (1) Re-election of Datuk Christine Lee Oi Kuan and Nedal Louay Salem pursuant to Clause 109.1 of the Constitution of BAT Malaysia; and
- (2) Re-election of Adrian Lee Peng Yong pursuant to Clause 115 of the Constitution of BAT Malaysia.

### ANNUAL PERFORMANCE ASSESSMENTS

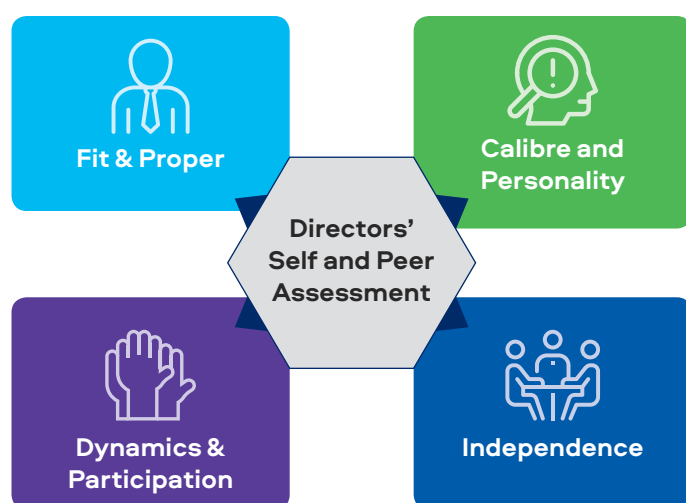
The Board, with the assistance of the NRC, undertakes annual assessments of its performance and that of its Committees and each Director.

Since the Company had engaged an Independent Consultant to facilitate the Board and Directors Effectiveness Evaluation (BDEE) exercise in 2022, the BDEE exercise for the financial year ended 31 December 2024 was conducted internally through a comprehensive set of questionnaires. The summary of the findings was reported to the NRC for deliberation before the NRC's recommendations were tabled to the Board. The assessment served as guidance for the NRC and a reference point for the Board to ensure that a balance of skills and expertise across a wide range of areas is consistently maintained. Additionally, it addressed gaps and training areas to enhance the Board's effectiveness.

## Corporate Governance Overview Statement

A comprehensive assessment framework encompassing the following areas was used:

- (1) Board and its Board Committees Mix and Composition
- (2) Board and its Board Committees Quality and Decision-Making
- (3) Board and its Board Committees Activities
- (4) Board and its Board Committees Interaction and Communication
- (5) Board and its Board Committees Performance



### CONCLUSIONS OF THE 2024 REVIEW

The Board concluded that the Board, the Board Committees and the individual Directors are efficient and effective in discharging their oversight responsibilities during the financial year.

The NRC reviewed the results and findings of the evaluation on 24 February 2025 and presented them to the Board on 25 February 2025.

### REMUNERATION

BAT Malaysia's remuneration policy for its Directors is tailored to provide a remuneration package that serves to attract, retain and motivate directors of the calibre needed to manage the business of BAT Malaysia Group.

The NRC is responsible for reviewing and recommending to the Board the remuneration package for Executive Directors. For the Executive Directors of BAT Malaysia, both corporate

and individual performances are rewarded using an integrated pay, benefits and bonus structure, which not only reflects the competitive nature of BAT Malaysia Group's operations but also contributes to its strategic goals. The Executive Directors, who are full-time employees, receive no additional compensation for their services as Directors.

In evaluating the Managing Director's remuneration, the NRC also considers corporate and individual performances, as well as performance on a range of other factors, including accomplishment of strategic goals and regional and global corporate performance. The remuneration package for the Directors comprises the following elements, where applicable:

- i. **Fees** – The fixed annual fees to be paid to the Non-Executive Directors.
- ii. **Salaries** – The basic salaries for the Executive Directors as recommended by the NRC to the Board for approval.
- iii. **Benefits-in-kind** – Customary benefits such as rented accommodation for expatriate Executive Directors, motor vehicle, club membership and coverage of personal expenses for the Executive Directors, in accordance with the policies of BAT Malaysia.
- iv. **Other emoluments** – Include retirement benefits, provision for leave, consultancy services fee, statutory contributions and incentives in the form of shares/options in shares of BAT Group pursuant to the BAT Group shares scheme.

All Non-Executive Directors are paid fixed annual director fees as members of the Board and the Board Committees. The fee payable to each Non-Executive Director is determined by the Board as authorised by the shareholders of BAT Malaysia and it varies depending on the level of responsibilities undertaken by the individual Non-Executive Director.

In addition to the fixed annual Director fees, all Non-Executive Directors, except for the Chairman of the Board, are paid an attendance allowance for each Committee meeting they attend. Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages for both Executive and Non- Executive Directors.

The Board believes in a competitive and transparent remuneration framework that supports the responsibilities and fiduciary duties of the Directors and Leadership Team, towards realising BAT Malaysia Group's long-term objectives and enhancing stakeholder value.



## Corporate Governance Overview Statement

The details of the Director's remuneration, comprising remuneration received/receivable from BAT Malaysia Group for the financial year ended 31 December 2024, are as follows:

Directors	Fee (RM'000)		Allowance (RM'000)		Salary (RM'000)		Bonus (RM'000)		Benefits-in-kind		Other emoluments		Total (RM'000)
	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	
<b>Independent Non-Executive Directors</b>													
Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat	345	-	154	-	-	-	-	-	-	-	-	-	499
Dato' Chan Choon Ngai	110	-	15	-	-	-	-	-	-	-	-	-	125
Eric Ooi Lip Aun	120	-	9	-	-	-	-	-	-	-	-	-	129
Norliza binti Kamaruddin	110	-	15	-	-	-	-	-	-	-	-	-	125
<b>Non-Independent Non-Executive Director</b>													
Datuk Christine Lee Oi Kuan	100	-	4	-	-	-	-	-	-	-	-	-	104
<b>Executive Directors</b>													
Nedal Louay Salem	-	-	-	-	1,267	-	386	-	431	-	2,049	-	4,133
Anthony Yong Mun Seng (Resigned on 1 November 2024)	-	-	-	-	797	-	215	-	108	-	957	-	2,077
Adrian Lee Peng Yong (Appointed on 1 November 2024)	-	-	-	-	113	-	-	-	-	-	118	-	231
<b>Total (RM'000)</b>	<b>785</b>	<b>-</b>	<b>197</b>	<b>-</b>	<b>2,177</b>	<b>-</b>	<b>601</b>	<b>-</b>	<b>539</b>	<b>-</b>	<b>3,124</b>	<b>-</b>	<b>7,423</b>

The remuneration of the Leadership Team for the financial year ended 31 December 2024 is as follows:

Name	Range of remuneration
C K Remeena C K Prabhakaran (Resigned on 1 January 2025)	1,500,000 - 1,550,000
Adrita Datta	1,500,000 - 1,550,000
Fairuz Helmi Abdul Malek	1,100,000 - 1,150,000
Jacqueline Ko Man Ting (Appointed on 25 February 2024)	900,000 - 950,000
Anthony Lea Clayton (Appointed on 15 August 2024)	800,000 - 850,000
Darren John Corby (Resigned on 15 August 2024)	800,000 - 850,000

The Managing Director's and Finance Director's remuneration was disclosed under the Directors' remuneration.

## Corporate Governance Overview Statement

## NOMINATION AND REMUNERATION COMMITTEE REPORT



**Dato' Chan Choon Ngai**  
Senior Independent Non-Executive Director (Chairman)

#### › TERMS OF REFERENCE

The TOR of the NRC is available in the Corporate Governance section of the Company's website at [www.batmalaysia.com](http://www.batmalaysia.com)

#### › COMPOSITION

**Dato' Chan Choon Ngai**  
Senior Independent Non-Executive Director (Chairman)

**Norliza binti Kamaruddin**  
Independent Non-Executive Director (Member)

#### › ATTENDANCE

Dato' Chan Choon Ngai	6/6
Norliza binti Kamaruddin	6/6

The NRC is pleased to present the NRC Report for the financial year ended 31 December 2024.

The Managing Director and Human Resources Director were invited to NRC meetings to brief the committee on the terms of employment and remuneration package of the Executive Directors and members of the Leadership Team and human resources policies.

The NRC Chairman engaged with the Management on a continuous basis to keep abreast of matters affecting the board members of BAT Malaysia. Where significant issues were noted, the NRC Chairman communicated and conferred with other NRC members, either through emails or in meetings.

The minutes of each NRC meeting were recorded and tabled for confirmation at the next NRC meeting and subsequently presented to the Board for notation. The NRC Chairman provides reports to the Board, highlighting the significant points of discussion and recommendations for the Board's consideration.

#### › SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2024, the NRC undertook and/or deliberated on the following:

- (1) Recommended the re-election of Directors at the 64<sup>th</sup> AGM to the Board for consideration.
- (2) Conducted the Fit and Proper assessment on the candidates for the re-election of Directors, as guided by the Directors' Fit and Proper Policy.
- (3) Reviewed the analysis/findings of the Directors' performance assessment of the Board, Board Committees and individual Directors for 2024.
- (4) Reviewed the tenure of the Independent Non-Executive Directors.
- (5) Reviewed the appointment and remuneration of the Leadership Team.
- (6) Reviewed the NRC Report for inclusion in the Annual Report 2024.
- (7) Reviewed the fees and benefits of Non-Executive Directors.
- (8) Reviewed and approved the Leadership Team's annual bonus, salary increments and remuneration package.
- (9) Reviewed and recommended the BAT Malaysia Policies on Company Car and Monthly Cash Allowance, Annual Leave, Driving License Reimbursement, Career Milestone Recognition and Medical Benefits to the Board for approval.
- (10) Reviewed the succession planning of the Board by developing a set of selection criteria for the candidates for Independent Directors.

## Corporate Governance Overview Statement

### SUSTAINABILITY COMMITTEE REPORT



**Norliza binti Kamaruddin**  
Independent Non-Executive Director (Chairwoman)

#### › TERMS OF REFERENCE

The TOR of the SC is available in the Corporate Governance section of the Company's website at [www.batmalaysia.com](http://www.batmalaysia.com)

#### › COMPOSITION

**Norliza binti Kamaruddin**  
Independent Non-Executive Director (Chairwoman)

**Datuk Christine Lee Oi Kuan**  
Non-Independent Non-Executive Director (Member)

**Nedal Louay Salem**  
Executive Director/Managing Director (Member)

#### › ATTENDANCE

Norliza binti Kamaruddin	4/4
Datuk Christine Lee Oi Kuan	4/4
Nedal Louay Salem	4/4

The SC is pleased to present the SC Report for the financial year ended 31 December 2024.

The CSO was invited to SC meetings to brief the committee on the agenda tabled at the meetings.

The SC Chairwoman engaged with the Management on a continuous basis to keep abreast of matters affecting BAT Malaysia. Where significant issues were noted, the SC

Chairwoman communicated and conferred with other SC members, either through emails or in meetings.

The minutes of each SC meeting were recorded and tabled for confirmation at the next SC meeting and subsequently presented to the Board for notation. The SC Chairwoman provides reports to the Board, highlighting the significant points of discussion and recommendations for the Board's consideration.

#### › SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2024, the SC undertook and/or deliberated on the following:

- (1) Continuously reviewed BAT Malaysia Group's sustainability strategy and its delivery through the achievement of the KPIs set for 2024.
- (2) Reviewed BAT Malaysia Group's sustainability initiatives and activities in relation to tobacco harm reduction and the environmental, social and governance priorities.
- (3) Reviewed the annual budget for the sustainability plan.
- (4) Reviewed BAT Malaysia Group's community investment strategy and achievements and approved the launch of 10 new sites under the Beyond Benih programme.
- (5) Reviewed and endorsed the SC Report and Sustainability Statement for the Board's approval for inclusion in the Annual Report 2024.
- (6) Reviewed BAT Malaysia's sustainability governance and the plan to adopt the NSRF.
- (7) Reviewed the proposed enhancements to climate risk-related governance for adoption in 2025.

## Corporate Governance Overview Statement

## PRINCIPLE **B** — Effective Audit and Risk Management

### Directors' Responsibilities for the Preparation of the Annual Audited Financial Statements

Statements explaining the responsibilities of the Directors for the preparation of the Annual Audited Financial Statements are available in the Annual Report on page 146.

### Risk Management and Internal Control Framework

The Board, with assistance from the AC and RMC, holds ultimate responsibility for the risk management and internal control framework of BAT Malaysia. It monitors the Company's risk management and internal control systems and reviews their effectiveness. This monitoring and review covers all material

controls, including financial, operational and compliance controls. Further details of BAT Malaysia's Risk Management Framework and Internal Control System can be found in the Statement on Risk Management and Internal Control and Risk Management Report from pages 135 to 142.

### Ethical and Procedural Standards

BAT Malaysia and its subsidiaries are committed to upholding high ethical and procedural standards that align with BAT Malaysia Group's values and objectives. To this end, BAT Malaysia Group has internal policies, standards, guidelines, procedures and codes in place in support of its corporate governance framework.

#### AUDIT COMMITTEE REPORT



**Eric Ooi Lip Aun**  
Independent Non-Executive Director (Chairman)

#### › TERMS OF REFERENCE

The TOR of the AC is available in the Corporate Governance section of the Company's website at [www.batmalaysia.com](http://www.batmalaysia.com)

#### › COMPOSITION

**Eric Ooi Lip Aun**  
Independent Non-Executive Director (Chairman)

**Dato' Chan Choon Ngai**  
Senior Independent Non-Executive Director (Member)

**Norliza binti Kamaruddin**  
Independent Non-Executive Director (Member)

#### › ATTENDANCE

Eric Ooi Lip Aun	5/5
Dato' Chan Choon Ngai	5/5
Norliza binti Kamaruddin	5/5

## Corporate Governance Overview Statement

The AC is pleased to present the AC Report for the financial year ended 31 December 2024.

The Finance Director, the external auditors and a permanent invitee from the BAT Group's Internal Audit team were invited to AC meetings. They attended all the meetings held during the financial year to brief the AC on pertinent issues.

The AC Chairman engaged with the Management, the external auditors and the internal auditors on a continuous basis to keep abreast of matters affecting BAT Malaysia Group. Where significant issues were noted, the AC Chairman communicated and conferred with other AC members, either through emails or in meetings.

The minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation. The AC Chairman provides reports to the Board, highlighting the significant points of discussion and recommendations for the Board's consideration.

### › SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2024, the AC undertook the following activities:

#### (1) Financial Reporting

The AC reviewed BAT Malaysia Group's quarterly financial results and annual audited financial statements and recommended the same to the Board for approval. The reviews focused on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with relevant accounting standards and other legal requirements to ensure that the financial statements presented a true and fair view of BAT Malaysia Group's financial performance.

#### (2) Internal Audit

- i. Reviewed the 2024 Internal Audit plan of BAT Malaysia Group to ensure adequate coverage of BAT Malaysia Group's key risks and adequate resources within the Internal Audit team were available to execute the audit plan.
- ii. Reviewed BAT Malaysia Group's three-year rolling plan, developed by Internal Audit via a comprehensive planning process that identified and prioritised potential auditable areas and audit coverage.
- iii. Reviewed the internal control processes and considered the recommendations and improvements to be implemented by the Management based on the audit findings.
- iv. Reviewed the implementation status of agreed audit actions to ensure timely implementation by the Management.
- v. Reviewed Integrated Assurance Framework applicable to BAT Malaysia's control environment.

#### (3) External Audit

- i. Reviewed the external auditors' report, which summarised key findings from the audit of the financial statements for the year ended 31 December 2024, along with the Directors' Statement on Risk Management and Internal Control.
- ii. Reviewed with the external auditors their audit plan for the financial year ended 31 December 2024, which outlined audit materiality, audit scope, methodology and timing of the audit, key milestones, involvement of IT specialists, audit focus areas, adoption and transition of accounting standards and proposed fees for the audit services rendered by the external auditors for the financial year ended 31 December 2024.
- iii. Reviewed the written assurance provided by the external auditors in respect of their independence.
- iv. Met with the external auditors twice without the presence of the Executive Directors and the Management during the year under review.

## Corporate Governance Overview Statement

**(4) Related Party Transactions**

- i. Reviewed and discussed reports on RPT, RRPT and potential conflict-of-interest transactions to ensure that all RPT and RRPT were undertaken on an arm's length basis and normal commercial terms consistent with BAT Malaysia Group's usual business practices and policies, which were not more favourable than those generally available to the public and other suppliers and not detrimental to the minority shareholders.
- ii. Monitored the RPT and RRPT thresholds to ensure compliance with the Bursa Malaysia's MMLR.
- iii. Reviewed and recommended to the Board for approval the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for the Company and its subsidiaries to enter into RRPT of the revenue or trading nature with related parties.
- iv. Reviewed and discussed reports on RPT, RRPT and potential conflict-of-interest transactions to ensure that all RPT and RRPT were undertaken on an arm's length basis and normal commercial terms consistent with BAT Malaysia Group's usual business practices and policies, which were not more favourable than those generally available to the public and other suppliers and not detrimental to the minority shareholders.
- viii. Conducted a self-assessment of the AC's performance.
- ix. Deliberated on KPMG PLT's Transparency Report.
- x. Deliberated on BAT Malaysia Procurement and Tendering Process.
- xi. Deliberated on the implementation of e-invoicing for BAT Malaysia Group.
- xii. Assessed Transfer Pricing of RRPT.

**(5) Annual Reporting**

Reviewed and endorsed the AC Report, SoBC Statement and Statement on Risk Management and Internal Control for the Board's approval and inclusion in the Annual Report 2024.

**(6) Other Activities**

- i. Deliberated on BAT Malaysia Group's two-year cash flow forecast.
- ii. Deliberated on reports regarding whistleblowing and breaches of the SoBC.
- iii. Deliberated on security and safety matters and loss reports.
- iv. Assessed the performance of the internal and external auditors.
- v. Deliberated on health and safety review reports.
- vi. Deliberated on reports on the Control Navigator and Immediately Reportable Incidents.
- vii. Deliberated on reports on financial record-keeping and reporting under the Sarbanes-Oxley Act.

**INTERNAL AUDIT FUNCTION**

BAT Malaysia Group's Internal Audit function is carried out by the Global Audit function of BAT Group Internal Audit. BAT Group Internal Audit possesses direct access to both the AC and the AC Chairman, and reports to the AC on matters concerning controls and audit findings. In addition to this, BAT Group Internal Audit assists the AC in reviewing the effectiveness of BAT Malaysia Group's internal controls and processes. In doing this, it ensures there is an appropriate balance of risk and control in achieving its business objectives. This approach ensures a high level of independence and provides access to more skilled and specialised resources than would otherwise be available within the BAT Group.

BAT Group Internal Audit is staffed by over fifty personnel with relevant professional qualifications. They comply with the BAT Group's SoBC and provide independent assurance.

Imad Rahman, Internal Audit Manager and permanent invitee to the AC, manages the remit of internal audit at BAT Malaysia. He holds a bachelor's degree in Business Administration and a Master of Business Administration, majoring in Finance.

Management's proposals regarding the appointment, transfer and removal of Internal Audit staff require the prior approval of the AC. Any inappropriate restrictions on the audit scope are to be reported to the AC. The Internal Audit Manager presents and reports the Internal Audit findings pertinent to BAT Malaysia Group at the AC meeting on a quarterly basis.

## Corporate Governance Overview Statement

The development of the annual audit plan continues to be risk-based, taking into consideration the evolving nature of the business and BAT Malaysia Group. The annual audit plan is developed based on the following:

- Key risks faced by BAT Malaysia Group.
- Continued progress towards becoming a globally integrated enterprise.
- Changes introduced by the global operating model.

Several types of audits exist within BAT Group, namely Process Audits (which include IT), Audits of Change, End Market Accountability Audits, Operations Audits and Other Audits.

- Process Audits carry out an end-to-end audit of business processes across various entities within BAT Group.
- Audits of Change focus on significant business change initiatives, such as key projects and programmes.
- End Market Accountability Audits consider BAT Group's top risks.

- Operations Audits provide assurance of BAT Group's ability to supply high-quality finished goods in line with the evolving needs of the business and regulatory agenda.
- Other Audits are conducted upon direct requests, which may arise due to an incident, a request from the Management, or a request from the AC.

During the financial year 2024, the subject matter of audits conducted by the BAT Group Internal Audit was as follows:

- New Categories (which comprised review of key commercial processes related to Regulatory Compliance, Brand Deployment, Consumer Order Management and Trade Marketing).

Additionally, there were certain IT application and system-related audits carried out at Global level which provided assurance on the BAT Malaysia Group's IT control environment.

Given that the Internal Audit Function is in-house and part of BAT Group, there is no cost recharged to BAT Malaysia Group.

## Corporate Governance Overview Statement

## RISK MANAGEMENT COMMITTEE REPORT



**Eric Ooi Lip Aun**  
Independent Non-Executive Director (Chairman)

#### › TERMS OF REFERENCE

The TOR of the RMC is available in the Corporate Governance section of the Company's website at [www.batmalaysia.com](http://www.batmalaysia.com)

#### › COMPOSITION

**Eric Ooi Lip Aun**  
Independent Non-Executive Director (Chairman)

**Dato' Chan Choon Ngai**  
Senior Independent Non-Executive Director (Member)

**Adrian Lee Peng Yong**  
Executive Director/Finance Director (Member)  
Appointed on 1 November 2024

**Anthony Yong Mun Seng**  
Executive Director/Finance Director (Member)  
Resigned on 1 November 2024

#### › ATTENDANCE

Eric Ooi Lip Aun	4/4
Dato' Chan Choon Ngai	4/4
Anthony Yong Mun Seng	4/4
Adrian Lee Peng Yong	N/A

The RMC is pleased to present the RMC Report for the financial year ended 31 December 2024.

The CRO was invited to RMC meetings to brief the committee on the agenda tabled at the meetings.

The RMC Chairman engaged with the Management on a continuous basis to keep abreast of matters affecting BAT Malaysia Group. Where significant issues were noted, the RMC Chairman communicated and conferred with other RMC members, either through emails or in meetings.

The minutes of each RMC meeting were recorded and tabled for confirmation at the next RMC meeting and subsequently presented to the Board for notation. The RMC Chairman provides reports to the Board, highlighting the significant points of discussion and recommendations for the Board's consideration.

#### › SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2024, the RMC undertook and/or deliberated on the following:

- (1) Reviewed BAT Malaysia Group's Risk Management Programme, which includes BAT Malaysia Group's gross and net risks and associated mitigating actions, to ensure comprehensive management and reporting of all major risks to the Board.
- (2) Reviewed BAT Malaysia Group's BCPs as part of its business continuity management.
- (3) Reviewed and endorsed the RMC Report for the Board's approval for inclusion in the Annual Report 2024.
- (4) Succession of CRO.



## Corporate Governance Overview Statement

### ETHICAL AND PROCEDURAL STANDARDS

BAT Malaysia Group is committed to upholding high ethical and procedural standards that are aligned with our values and objectives. To this end, BAT Malaysia Group has in place internal policies, standards, guidelines, procedures and codes in support of our corporate governance framework. Some of the key internal policies, standards, guidelines, procedures and codes are outlined as follows:



#### » 1. STANDARDS OF BUSINESS CONDUCT

A set of key policies, expressing the high standards of integrity BAT Malaysia Group is committed to upholding. The areas covered by the SoBC are Conflicts of Interest, Anti-Bribery and Corruption, Entertainment and Gifts, Respect in the Workplace, Human Rights, Health, Safety and Welfare, Environment, Political Contributions, Community Investments, Accurate Books and Records, Protection of Corporate Assets, Data Privacy, Ethics and Artificial Intelligence, Cybersecurity, Confidentiality and Information Security, Insider Dealing and Market Abuse, Competition and Anti-Trust, Sanctions and Export Controls, Anti-Illicit Trade and Anti-Tax Evasion and Anti-Money Laundering.

The SoBC requires all employees to act with high standards of business integrity and declare any conflict of interest. This disclosure exercise is carried out on an annual basis. BAT Malaysia Group is also a signatory of the Malaysian Corporate Integrity Pledge, which was signed on 19 February 2014, demonstrating our commitment to upholding anti-corruption in the conduct of its business.

## Corporate Governance Overview Statement

## » 2. SUPPLIER CODE OF CONDUCT

The SCoC complements the SoBC by defining the minimum standards that the suppliers of BAT Malaysia Group are expected to adhere to. The areas covered by this Code are Legal Compliance, Respecting Human Rights, Environmental Sustainability, Responsible Marketing and Business Integrity.

## » 3. INTERNAL REGULATION ON SECURITIES DEALINGS

The regulations were put in place as part of the compliance with the stock exchange requirement under the Capital Markets and Services Act 2007. The regulations ensure that designated insiders and persons connected to such insiders do not abuse and do not place themselves under suspicion of abusing, price sensitive information learned from their work for personal gain, in transactions whether on or off the stock market.

## » 4. GLOBAL ENVIRONMENTAL, HEALTH AND SAFETY POLICY MANUAL

This policy sets out BAT Malaysia Group's commitment to be an environmentally responsible business and implementing environmental management standards and practices internally, through the global environmental, health and safety management system, which has been designed using the international environmental system standard ISO 14001.

## » 5. SECURITY PROCEDURE

This procedure provides for effective business-focused security throughout BAT Malaysia Group.

## » 6. POLICY ON DATA PROTECTION

This policy governs an adequate level of personal data protection pursuant to the collecting, processing, disclosing and cross-border transfer of personal data, past and prospective employees, consumers, customers, enquirers, complainants, suppliers, contractors, business associates and other agents of BAT Malaysia Group. This Policy also reflects the BAT Group's Data Protection Policy, which incorporates current international standards for the protection of personal data and specific elements to comply with the Malaysian Personal Data Protection Act 2010 (PDPA).

## » 7. GROUP DATA PRIVACY PROCEDURE

This procedure governs how BAT Malaysia Group uses personal data belonging to individuals BAT Malaysia Group deals with on a daily basis, including consumers, employees, visitors to BAT Malaysia's website and third parties we do business with.

## » 8. THIRD PARTY ANTI-FINANCIAL CRIME PROCEDURE

This procedure is designed to assess and mitigate third party risks regarding:

- bribery and corruption
- money laundering
- terrorist financing
- illicit trade (supply chain compliance)
- sanctions
- the facilitation of tax evasion

## » 9. GRIEVANCE PROCEDURE

The grievance procedure exists to provide guidance on operational-level grievances between employees. The Human Resources department manages any grievances confidentially or otherwise, raised to resolve such matters.

## Corporate Governance Overview Statement

PRINCIPLE



# Integrity in Corporate Reporting and Meaningful Relationships With Stakeholders

The Board recognises the importance of effective and proactive engagement with both shareholders and stakeholders.

BAT Malaysia Group has a dedicated Corporate Finance team that meets with key institutional investors and analysts on a regular basis and responds to inquiries from shareholders.

The timely release of financial results on a quarterly basis provides an up-to-date view of BAT Malaysia Group's performance and operations. Throughout the year, BAT Malaysia conducted two briefings for fund managers, institutional investors, investment analysts and the media. These briefings aim not only to disseminate BAT Malaysia Group's financial results to a broad audience of investors, shareholders and the media but also to keep the investing public and other stakeholders updated on the progress and development of BAT Malaysia Group's business. This is further testimony to BAT Malaysia Group's continued commitment to transparency.

The engagement programme was adapted to leverage digital and physical interactions, enabling more investor contact through a broader range of event formats.

The primary contact for investor relation matters is as follows:

Name : Adrian Lee Peng Yong  
 Designation : Finance Director  
 Email : fdoffice\_malaysia@bat.com

### CONDUCT OF GENERAL MEETINGS

The Company acknowledges that good corporate governance requires the active participation of the shareholders in the decision-making process at the Company's AGM. The AGM is the principal forum for dialogue and communication between the shareholders and the Board. On 8 May 2024, our 63<sup>rd</sup> AGM took place, with shareholders participating remotely. They submitted questions and deliberated on BAT Malaysia's proposed resolutions and operations using the Remote Participation and Voting (RPV) facilities.

All Board members attended the meeting, addressing questions where possible. The Company committed to respond via email to queries not addressed during the AGM within five working days post-event.

Additionally, detailed responses to the questions raised by the MSWG were shared with all shareholders during the 63<sup>rd</sup> AGM.

Shareholders received the Notice of the 63<sup>rd</sup> AGM (Notice) at least 28 days in advance, giving them ample time to either arrange for their participation or appoint proxy(ies) to vote on their behalf. The Notice, published in local newspapers, was also available on the Company's website ([www.batmalaysia.com](http://www.batmalaysia.com)).

A summary of the 63<sup>rd</sup> AGM, highlighting director attendance, shareholders' questions and responses, outcomes of e-voting and replies to MSWG's queries was shared with all shareholders and the public on our website.

### REMOTE E-VOTING

For its 63<sup>rd</sup> AGM, the Company utilised the RPV facilities to facilitate remote e-voting on the resolutions. The remote e-voting processes were explained during the general meeting and the poll results were verified by appointed scrutineers.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is fully committed to complying with the requirements of the MCCG 2021 and will continue to pursue efforts to address the remaining departures. Though we continue to make strides in our corporate governance journey, the Board recognises that our governance practices will only be as robust as those tasked with their execution.

The Board of Directors approved this Corporate Governance Overview Statement at its meeting held on 25 February 2025.

# Statement on Risk Management and Internal Control

## RESPONSIBILITY

The Board recognises the importance of sound risk management practices and internal controls to safeguard shareholders' investments and BAT Malaysia Group's assets. The Board affirms its overall responsibility for BAT Malaysia Group's system of risk management and internal control, which includes the establishment of an appropriate control environment and framework and a review of its adequacy and integrity. The Board as such is responsible for determining the nature and extent of the strategic risks that BAT Malaysia Group is willing to take to achieve its objectives, while in parallel maintaining sound risk management and systems of internal control. By virtue of the controversial nature of the industry in which we operate, the Board does not consider its strategic risk appetite to be high and it seeks to minimise risks at an operational level.

The Board tasked the Management to identify and assess the risks faced by BAT Malaysia Group and thereafter design, implement and monitor appropriate internal controls to control and mitigate those risks. BAT Malaysia Group has in place a systematic application of processes (outlined below) for identifying, evaluating, monitoring and managing significant risks faced by BAT Malaysia Group and this process includes reviewing and updating the system of internal controls to take into consideration changes in the regulatory, business and external environment. This process is reviewed by the Board via the AC and the RMC. The AC's responsibilities and duties can be found in the AC Report section, while the RMC's responsibilities are explained in the RMC Report section of this Annual Report.

There are inherent limitations to any system of internal controls and the system is set up to manage and minimise impact due to risks rather than completely eliminate risks that may impact the achievement of BAT Malaysia Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal controls covers, inter alia, financial, operational and compliance controls and risk management procedures.

BAT Malaysia Group's SoBC underpin our commitment to good corporate behaviour and are an integral part of BAT Malaysia Group's system of corporate governance. The SoBC require all employees to act with high standards of business integrity, comply with all applicable laws and regulations and ensure that business standards are not compromised for the sake of results. Our SoBC are made available to our stakeholders and employees on our corporate website at [www.batmalaysia.com](http://www.batmalaysia.com).

## ENTERPRISE RISK MANAGEMENT

TABLE 1: OBJECTIVES

- › Preserve the safety and health of BAT Malaysia Group's employees.
- › Ensure the continuity of BAT Malaysia Group's products to consumers and customers at all times.
- › Protect BAT Malaysia Group's assets and reputation.
- › Ensure that BAT Malaysia Group's operations do not impact negatively on the community in which it operates and the environment.
- › Protect the interests of all stakeholders.
- › Promote a risk awareness culture where risk management is an integral aspect of BAT Malaysia Group's management systems.
- › Ensure compliance to all applicable laws, the MCCG 2021 and BAT p.l.c. guidelines.

## Statement on Risk Management and Internal Control



### Risk Management Committee

BAT Malaysia Group's RMC is led by the Chairman, who is an Independent Non-Executive Director. The committee comprises three members, majority of whom are independent. The Committee meets quarterly to consider the risk registers proposed by the Risk Management Team and its mitigation action plans. The CRO assists the Committee to review, monitor and assess the effectiveness of BAT Malaysia Group's implementation of risk mitigation actions in managing key risks.

### Risk Management Team

BAT Malaysia Group's Risk Management Team is led by the Finance Director and comprises senior managers from all functions of BAT Malaysia Group. It meets formally at least twice a year to review and update the risk register as well as to assess the status of risk mitigation action plans.

**TABLE 2: RISK MANAGEMENT TEAM RESPONSIBILITIES**

- › Steer BAT Malaysia Group's enterprise risk management programme.
- › Promote a proactive risk awareness culture in BAT Malaysia Group.
- › Review and assess BAT Malaysia Group's risks formally twice during the year.
- › Coordinate the development and implementation of risk mitigation action plans.
- › Develop and update BCPs for key business risks.
- › Plan and coordinate the testing of BCPs.
- › Organise training and education for employees on risk management.

## Statement on Risk Management and Internal Control

## Four-phase Enterprise Risk Management Process (Figure 1)

## (1) Risk Identification

All potential events that could adversely impact the achievement of business objectives, including failure to capitalise on opportunities, are identified.

## (2) Risk Assessment and Evaluation

The identified business risks are then assessed and evaluated to determine their impact on the relevant business strategy/objectives and whether the risks are likely to occur (*as per Figure 2*), taking into account the degree of internal control and risk management measures in place:

- LIKELIHOOD of the risks crystallising
- IMPACT of the consequence

Assessment against a set of pre- specified criteria on a scale of 1 to 3 is completed for both Likelihood and Impact, the combination of which provides the total risk rating, ranging from 1 to 9. Risks are then categorised on a Risk Heat Map, which maps the significance of the risks to BAT Malaysia Group and determines the relative prioritisation and focus for risk mitigation.

The outcome of the risk identification and evaluation process is both a Risk Heat Map and a comprehensive risk register that documents all identified business risks.

FIGURE 1: ENTERPRISE RISK MANAGEMENT PROCESS



FIGURE 2: RISK HEAT MAP

		LOW	MEDIUM	HIGH
IMPACT	HIGH	3	6	9
	MEDIUM	2	4	6
	LOW	1	2	3
		LIKELIHOOD		

## Statement on Risk Management and Internal Control

### (3) Risk Management

In completing the risk register, risk owners are responsible for identifying action plans to manage and mitigate the risks, together with a timeline for completion of the actions. The risk owners are senior managers of BAT Malaysia Group.

A variety of risk management measures are used to manage the identified risks, as outlined in the table below:

RISK MANAGEMENT MEASURES	DESCRIPTION	EXAMPLE
<b>TOLERATE</b>	Accept or retain the risk, taking the chance of it occurring with its full impact, when all cost-effective control measures have been put in place	Translational foreign exchange rate exposures
<b>TREAT</b>	Control or reduce the risk to constrain it to an acceptable impact and/or likelihood level	Reducing levels of stock in a distributor's warehouse helps to reduce impact Implementing a new system to develop innovations reduce the likelihood of failing to develop new consumer-relevant products
<b>TRANSFER</b>	Insure or contract to a third party	Insuring the value of stocks in warehouses Business interruption policies
<b>TERMINATE</b>	Avoid or eliminate the activity that gives rise to the risk (make the uncertain certain by removing the risk)	Stop using chemicals which are unacceptable to the organisation Exiting certain segments

### (4) Risk Monitoring

Ongoing risk monitoring is conducted by the Risk Management Team to assess whether any conditions associated with a particular risk have changed and to ensure that action and risk mitigation plans have been implemented. Status of action/mitigation plans are communicated to the RMC quarterly.

FIGURE 3: STRUCTURE OF CRISIS MANAGEMENT



## Statement on Risk Management and Internal Control

### BUSINESS CONTINUITY AND CRISIS MANAGEMENT

BCP is defined as the strategic and tactical capability of BAT Malaysia Group to plan for and respond to incidents and business disruptions to continue business operations at an acceptable pre-defined level to avoid negative impact on the business.

In 2024, BAT Malaysia Group had 14 BCPs in place to manage the various potential disruptions that could impact BAT Malaysia Group. Examples are the Product Recall Plan, Finished Goods Supply Contingency Plan, SAP Contingency Plan, Denial of Site Plan and Pandemic Plan.

These plans were developed and updated for content by the owners on an annual basis. In addition, desktop reviews/simulations were planned and conducted by the respective Functional Continuity Managers who are owners of the various BCPs with the support of the Crisis Response Team members, based on the testing schedule. The reviews and simulations indicated that the existing plans were still relevant to the current business environment.

In addition, BAT Malaysia Group has a structured approach to crisis management to ensure leadership and timely decision-making in the event of a crisis and to manage the situation effectively within minimal time duration.

Our approach involves the immediate formation of a Crisis Management Team, assisted by a Crisis Response Team and a Communications Team. The responsibilities of these teams are outlined in Figure 3.

### KEY RISKS TO BAT MALAYSIA GROUP

BAT Malaysia Group views three key risks that have the ability to significantly impact BAT Malaysia Group:

1. Illicit Trade
2. Market Reduction & Downtrading
3. Non-Compliance with Competition Laws/Guidelines

In addition to the above, BAT Malaysia Group is subject to the ever-present risk of competitor actions. Steps to anticipate, mitigate and neutralise such risks are core to our business.

### 2024 RISK MANAGEMENT ACTIVITIES

#### Review of BAT Malaysia Group's Risks

The Risk Management Team reviewed and assessed BAT Malaysia Group's risks formally twice during the year, in January and July 2024. The responsibilities of the Risk Management Team can be found on page 135.

During the BCP testing period, the CRO provided monthly updates on the status of the BCPs testing and highlighted any key threats to the internal controls of BAT Malaysia Group to the Leadership Team.

On a quarterly basis, the RMC was briefed by the CRO on BAT Malaysia Group's Enterprise Risk Management Programme. The briefing includes updates on the key risks of BAT Malaysia Group, risk mitigation plans and the status of the BCPs testing.

#### Promotion of Risk Awareness

Risk communication is equally important and forms an integral part of the risk management activity as it focuses on the dissemination of risk information to appropriate levels of employees and stakeholders. Appropriate channels are available for employees to provide feedback on risk management issues and suggestions for improvement.

During the year, company-wide risk and control awareness communications were cascaded and department huddles conducted regularly for all employees throughout the nation. The objectives of the communications and huddles were to raise risk and control awareness within BAT Malaysia Group and to drive compliance of controls and adherence to risk mitigation plans.

#### Significant Risk Mitigation Activities

There were no significant risk mitigation activities required to be carried out in 2024.

### SYSTEM OF INTERNAL CONTROL

#### Control Self-Assessment (CSA) Process

Central to BAT Malaysia Group's system of internal control is its CSA process and the backbone of this process is a key control checklist known as the Control Navigator. The Control Navigator sets out various key controls and process requirements across all functions in BAT Malaysia Group. BAT Malaysia Group's CSA process requires controls and processes to be self-assessed for effectiveness on an annual basis. Where control gaps/weaknesses are identified, corrective actions and timelines are identified and agreed. The findings from the CSA and year-on-year trend analysis are reported to the AC annually.

The self-assessment is carried out via an SAP-enabled tool, which provides a standardised central solution that automates and monitors key risks and controls at business level. The tool allows the business to use a combination of automated workflows, certification, manual controls and interactive reports to monitor control and compliance activities across BAT Malaysia Group. This has resulted in an improved visibility of assessment throughout the business, improved transparency of issues management and remediation, together with streamlining reporting.



## Statement on Risk Management and Internal Control

In 2024, BAT Malaysia Group's Control Navigator was refreshed and updated.

### Financial Reporting Controls

BAT Malaysia Group has in place a series of policies, practices and controls in relation to the financial reporting and consolidation process, which are designed to address key financial reporting risks, including risks arising from changes in the business or accounting standards. The Finance Director is required to confirm annually that all information relevant to BAT Malaysia Group audit has been provided and that reasonable steps have been taken to ensure full disclosure in response to requests for information from the external auditor. In addition, it is our practice for the Finance Director to review account reconciliations on a bi-annual basis.

The effectiveness of BAT Malaysia Group's financial reporting controls is assessed through self-certification as part of the Control Navigator exercise. The integrity of BAT Malaysia Group's public financial reporting is further supported by a number of processes and steps to provide assurance over the completeness and accuracy of the content, including review and recommendation by the AC and review and approval by the Board.

### Information Technology (IT)

BAT Malaysia Group's IT security programme is centred around the 'Predict, Prevent, Detect and Respond' framework, where each step in the cycle plays a role in decreasing the risk of information security failure or attack (as per Figure 4).

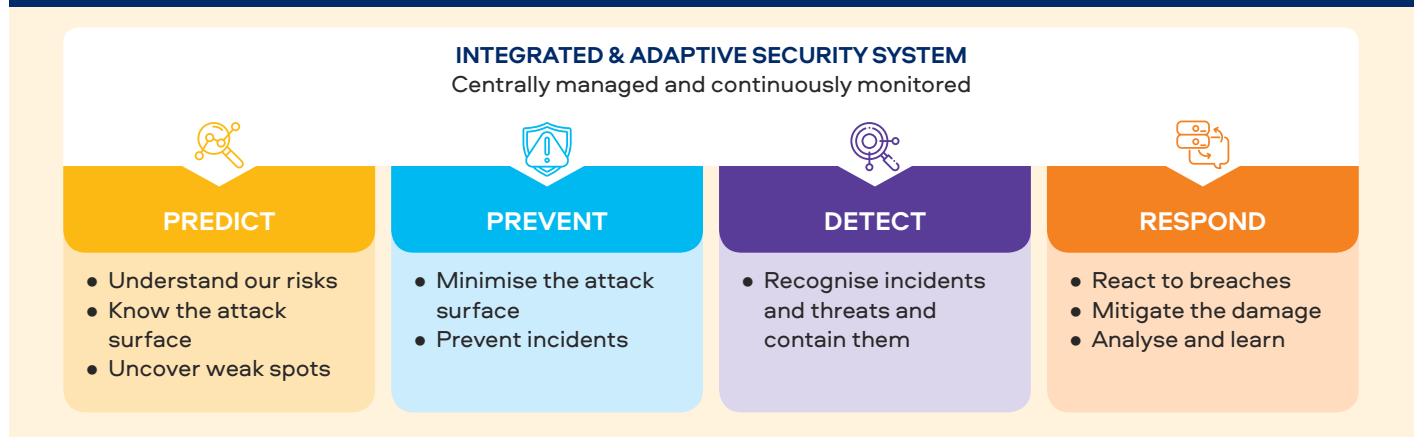
BAT Malaysia Group, with the assistance of professional information security companies, can predict the higher occurrence of any information security threats and with that implement prevention activities and controls to prevent or mitigate the likelihood of an attack. The preventive activities cover technology hygiene in terms of compliance with recognised industry security standards for system configuration, continuous testing to ensure readiness of recovery action and training users to avoid being compromised by social-based attacks.

The next step in the IT security programme is detection, where technical controls are put in place to detect anomalies. After thorough assessment, BAT Malaysia Group then responds by reacting to the breaches and mitigating any resulting damages.

### Internal Audit

The role of Internal Audit for BAT Malaysia Group is fulfilled through the Global Audit function of BAT Group Internal Audit. This approach ensures a high level of independence and gives access to more skilled and specialised resources than would otherwise be available within BAT Malaysia Group. A permanent invitee from the Global Audit function attends AC meetings and is the liaison between the AC and Global Audit. The annual audit planning cycle takes direct input from both the risk register described above and the AC. In turn, the AC formally approves the scope of work for the year. Furthermore, the AC can request immediate assistance from Global Audit for any matter it considers appropriate.

FIGURE 4: IT SECURITY PROGRAMME



## Statement on Risk Management and Internal Control

The BAT Group Internal Audit undertakes risk-based audit reviews structured in line with the operating model of the BAT Group. As such, five types of audits exist, namely Process Audits (including IT), Audits of Change, End Market Accountability Audits, Operations Audits and Other Audits.

- Process Audits cover an end-to-end audit on business processes across multiple entities of BAT Malaysia Group.
- Audits of Change focus on significant business change initiatives, including key projects and programmes.
- End Market Accountability Audits consider BAT Malaysia Group's Top Risks.
- Operations Audits to provide assurance over the core of BAT Malaysia Group's business and the ability to supply high-quality finished goods in line with the evolving needs of the business and regulatory agenda.
- Other Audits are those that are conducted arising from direct requests, either due to an incident, or a request from Management or a request from the AC.

More details on the audit activities conducted during the year can be found in the AC Report in this report.

### External Audit

In the course of conducting the annual statutory audit of BAT Malaysia Group's consolidated financial statements, the external auditors review and, where applicable, based on judgement, will highlight any significant audit, accounting and internal control matters that require attention of the Board and the AC. Results of the findings on the above are reported to the AC and the Management post substantial completion of the year-end audit. Additionally, the external auditors attend the quarterly AC meetings and, where applicable, will provide views on any related matters for the attention of the AC. At least twice a year, the AC meets the external auditors without the Executive Directors and Management being present. This year, the AC have met twice with the external auditors without the Executive Directors and the Management being present.

### Other Key Elements of the System of Internal Control

Apart from the above, other key elements of BAT Malaysia Group's internal control and risk management system that have been reviewed and approved by the Board are described below:

#### a. Policies, Procedures and Limits of Authority

- Clearly defined delegation of responsibilities to the Board Committees and to the Management, including organisation structures and appropriate authority levels.
- Clearly documented internal policies, standards and procedures are in place and are regularly updated to reflect changing risks or to resolve operational deficiencies. All policies are approved by the Board and cases of non-compliance to policies and procedures that are in place are reported to the Board and the AC by exception.

#### b. Immediately Reportable Incidents (IRIs)

- BAT Malaysia Group adheres to the BAT p.l.c. control procedure termed 'Immediately Reportable Incidents'. This process seeks to capture breakdowns in basic controls and investigate root cause and immediate action thereof by the management. Seven areas of basic control issues are considered: (1) Reconciliation of Accounts Issue; (2) Reporting Issue; (3) Stock Control Issue; (4) Procurement Issue; (5) Segregation of Duties, Access, Password and Related Issues; (6) Effective Market Focus Demand Issue; and (7) Trade Debtor Management.
- Once the IRI has been finalized, the action plans will be tracked through to completion and progress to be reported to the Leadership Team, AC and the Board.

#### c. Strategic Business Plan, Budget and Performance Review

- Regular and comprehensive information is provided by the Management for monitoring of performance against the strategic plan, covering all key financial and operational indicators. On a quarterly basis, the Managing Director reviews with the Board all key performance metrics and highlights any issues.
- Annually, a detailed budgeting process is completed for the year ahead, which is discussed and approved by the Board.
- Effective reporting systems are in place to monitor business performance against business plans. Key changes to business plans are reported to the Board.

#### d. Insurance and Physical Safeguard

- Adequate insurance and physical security of major assets are in place to ensure that the assets of BAT Malaysia Group are sufficiently covered against any mishap that will result in material losses to BAT Malaysia Group.

## Statement on Risk Management and Internal Control

### Sarbanes-Oxley Act

As a result of the acquisition of Reynolds American Incorporated (RAI), BAT p.l.c. is subject to US securities law, including the Sarbanes-Oxley Act of 2002 (the Act). BAT p.l.c. has assigned the 11 sections of the Act to respective functional owners as stipulated below:

<b>1</b> <b>Public Company Accounting Oversight Board (PCAOB)</b> <i>Indirect impact</i>	<b>2</b> <b>Auditor Independence</b> <i>Internal Audit</i>	<b>3</b> <b>Corporate Responsibility</b> <i>Finance, Human Resources, Legal and Corporate and Regulatory Affairs</i>
<b>4</b> <b>Enhanced Financial Disclosure</b> <i>Finance and Legal</i>	<b>5</b> <b>Analyst Conflicts of Interest</b> <i>No impact</i>	<b>6</b> <b>Commission Resources and Authority</b> <i>No impact</i>
<b>7</b> <b>Studies and Reports</b> <i>Indirect impact</i>	<b>8</b> <b>Corporate and Criminal Fraud Accountability</b> <i>Legal</i>	<b>9</b> <b>White-Collar Crime Penalty Enhancements</b> <i>Legal</i>
<b>10</b> <b>Corporate Tax Returns</b> <i>Tax</i>	<b>11</b> <b>Corporate Fraud and Accountability</b> <i>Legal and Human Resources</i>	

BAT Malaysia Group has continued to adopt the framework designed by BAT p.l.c. during the year. BAT Malaysia Group, being part of BAT p.l.c., is required to implement additional internal controls and procedures to deliver a heightened control environment.

### CONTROL MATTERS

No significant deficiency or material weakness was reported in 2024.

### BOARD ASSESSMENT

The Board is of the view that BAT Malaysia Group's overall risk management and internal control system is operating adequately and effectively and has received the same assurance from both the Managing Director and Finance Director of BAT Malaysia Group. The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by BAT Malaysia Group has been in place throughout 2024 and up to the date of approval of this statement. The Board is also of the view that BAT Malaysia Group's system of internal control is robust and is able to detect any material losses, contingencies or uncertainties that would require disclosure in BAT Malaysia Group's 2024 Annual Report.

This Statement is made in accordance with the resolution of the Board of Directors on 25 February 2025.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control* included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the annual report of BAT Malaysia Group for the year ended 31 December 2024 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of BAT Malaysia Group, in all material respects:

- has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- is factually inaccurate.

Audit and Assurance Practice Guide (AAPG) 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of BAT Malaysia Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

## Other Compliance Information

### 1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2024.

### 2. AUDIT AND NON-AUDIT FEES

The amount of audit fees paid or payable to the external auditors, KPMG PLT, for services rendered to BAT Malaysia Group for the financial year ended 31 December 2024, are as follows:

	Company (RM)	Group (RM)
Audit fees	427,500	580,500
Non-Audit fees	278,000	278,000

### 3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by BAT Malaysia Group involving Directors and Major Shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2024 or, if not then subsisting, entered into since the end of the previous financial year.

### 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

During BAT Malaysia's 63<sup>rd</sup> AGM held on 8 May 2024, BAT Malaysia Group had obtained a renewal and new Recurrent Related Party Transaction (Recurrent RPTs) mandate with certain related parties (as defined in the Circular to Shareholders dated 4 April 2024). The Recurrent RPTs conducted during the financial year ended 31 December 2024 pursuant to the said mandate are disclosed in pages 217 to 219 of this Report.