



Sustainability

Sustainability is at the forefront of our business as we aim to create long-term value for our stakeholders through a holistic approach.

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SEC. 05

Tobacco Harm Reduction



We have a clear purpose – to create A Better Tomorrow™ by Building a Smokeless World – anchored in reducing the health impact of our business. This purpose drives us to provide adult consumers with scientifically substantiated reduced-risk*† Smokeless alternatives backed by science and tested to meet or exceed industry-leading standards.

Below, we outline our approach to addressing one of our principal material matters: Tobacco Harm Reduction, in alignment with the BAT Group's strategy.



Tobacco Harm Reduction

2024 Highlights

Ensured compliance with Act 852 that came into effect in October 2024

BAT Malaysia's Approach

Tobacco Harm Reduction remains a key pillar in our sustainability strategy, as highlighted in our MA, which identified it as a principal focus area for our stakeholders. Our approach to reducing the business's health impact is aligned with the BAT Group's strategy, which is to develop and responsibly market, innovative products that support Tobacco Harm Reduction, propose solutions to address underage access to tobacco and nicotine products and engage with regulators and policy makers to facilitate Tobacco Harm Reduction.

The key pillars of Tobacco Harm Reduction are:



Consumer Choice

Adult consumers are most likely to switch to reduced-risk*† alternatives when they find products that meet their preferences. This is why the BAT Group is committed to offering a multicategory portfolio of Smokeless products tailored to meet their preferences.



World-class Science and Due Diligence

World-class science is crucial to providing a robust evidence base to substantiate the role of Smokeless products in tobacco harm reduction. For 60 years, research and development (R&D) has been a critical part of the business and the BAT Group has invested more than £300 million a year in R&D to deliver innovations that address health risks and satisfy consumer preference.



Standards and Regulations

Access and availability of reduced-risk*† products depend on the right regulatory and market conditions, high standards and responsible industry practices. We support the development and implementation of coherent and proportionate regulations and standards for Smokeless products based on scientific evidence.

BAT Malaysia's Ambition

The BAT Group has set targets to migrate its consumers of combustible tobacco products - who would otherwise have continued to smoke – to smokeless alternatives. BAT Malaysia aims to contribute to BAT Group's ambition of increasing consumers of Smokeless products to 50 million by 2030 and achieving 50% of the Group's revenue from Smokeless products by 2035.

We will also continue to raise industry standards for Smokeless products within a regulated marketplace in Malaysia and support the establishment of appropriate regulations for reduced-risk*† products.

* 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.

Environment



At BAT Malaysia, we continue to advance in our commitment to environmental sustainability. Our efforts are centered on reducing our environmental footprint by reducing resource consumption, waste and emissions. We continue to identify and implement measures to reduce our impact on the environment.

Our Environmental Management System is grounded in the Environmental Quality Act (EQA) 1974 and is the foundation for our environmental initiatives.

Climate Change and Energy

2024
Highlights

56%
Reduction in Scopes 1 and 2 emissions vs. 2020 baseline

51%
Renewable energy consumption

BAT Malaysia's Approach

Our approach to climate change, while aligned to the BAT Group's, has been localised to ensure we are meeting the priorities of our stakeholders and addressing issues most relevant to Malaysia. Climate change is a principal material topic for BAT Malaysia and we have developed a glide path of year-on-year targets that aims to reduce our impact. We drove several initiatives to support the delivery of these targets, which are discussed under the highlights for 2024.

The data reported is for BAT Malaysia's operations and taken from the BAT Group's Environmental reporting database.

BAT Malaysia's Targets

Key Performance Indicator	Baseline Number (2020)	2024 Target
50% reduction in Scope 1 and 2 GHG emissions by 2030	1,940 tCO ₂ e	750 tCO ₂ e
50% renewable energy by 2030	0.2%	36%

BAT Malaysia's 2024 Performance

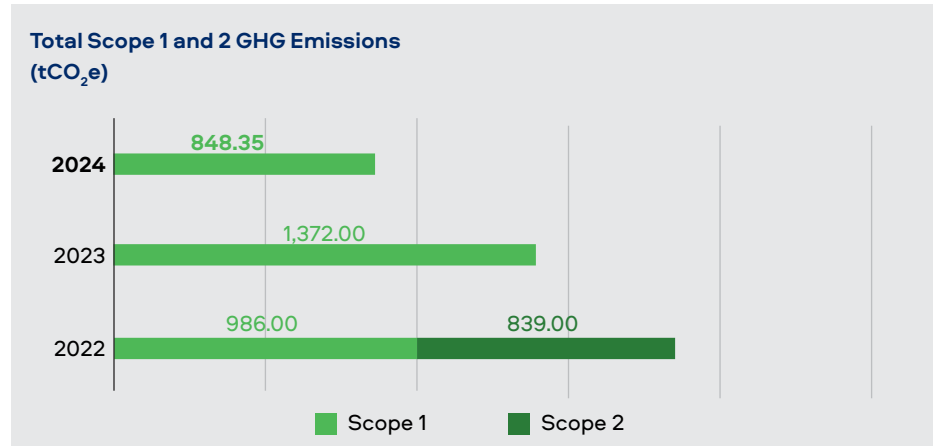
We are committed to reducing our GHG emissions in alignment with our target of achieving a 50% reduction in Scope 1 and 2 emissions against our 2020 baseline by 2030. In 2024, we implemented numerous initiatives to lower carbon emissions across our operations and continued to address climate change and energy management.

<div style="text-align: center;"> 848 (tCO₂e) SCOPE 1 EMISSIONS <i>Direct carbon emissions from our vehicle fleet and fuels used by our facilities as well as fugitive and process emissions. Reporting fugitive emissions were introduced in 2024.</i> </div>	<div style="text-align: center;"> 0 (tCO₂e) SCOPE 2 EMISSIONS <i>Indirect carbon emissions from purchased electricity and heating.</i> </div>	<div style="text-align: center;"> 2,811 (tCO₂e) SCOPE 3 EMISSIONS <i>Scope 3 emissions data are not available specifically for BAT (Malaysia) Berhad, as the BAT Group reports Scope 3 emissions at the country level. Furthermore, due to the complexity of consolidating and assuring Scope 3 data, the BAT Group reports Scope 3 a year later. Therefore, the figures reported here are for 2023 due to the one-year lag.</i> </div>
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Environment

The new warehouse in Pulau Indah, which started operating in late 2023, led to an increase in overall electricity consumption. This new warehouse is approximately 40% larger in size than the previous third party operated warehouse and falls under BAT Malaysia's operational control. Specifically, our total purchased electricity increased to 3,335.24 MWh due to the warehouse being added to BAT Malaysia's reporting scope.

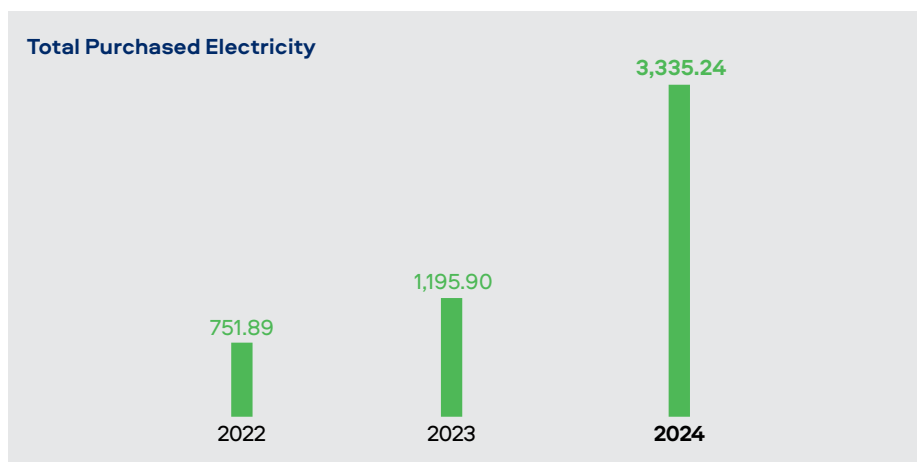
In 2024, we retired 3,335.24 MWh equivalent I-RECs, which means that 100% of BAT Malaysia's electricity was sourced from renewable sources. The total Scope 1 and 2 emissions reduced by 56% vs the baseline. Scope 1 and 2 emissions have also reduced against our 2023 emissions.



Year on Year Comparison of Total Scope 1 and 2 GHG Emissions¹¹

Scope 1 primarily contributes to the total CO₂e emissions, which are mainly from the fuel consumed by our fleet of vehicles. In line with the change of the BAT Group GHG emissions reporting methodology, in 2024 we've incorporated fugitive and process emissions into Scope 1. Both 2024 and 2023 figures reported in the above graph include fugitive and process emissions, while the baseline figure doesn't, as the data was not available in 2020. Therefore, the figure reported in 2023 has changed from 752 tCO₂e to 1,372 tCO₂e.

In 2024, we maintained our fleet of hybrid vehicles within the BAT Group's green mobility standard. We are exploring the possibility of moving to electric vehicles when adequate infrastructure, such as charging stations, is in place across Malaysia.

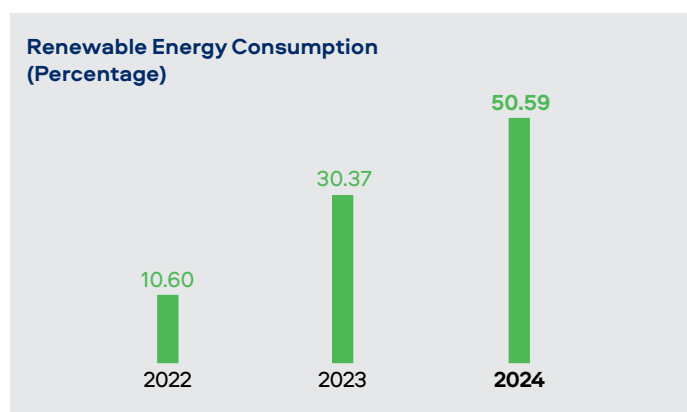


Year-on-Year Comparison of Total Purchased Electricity¹²

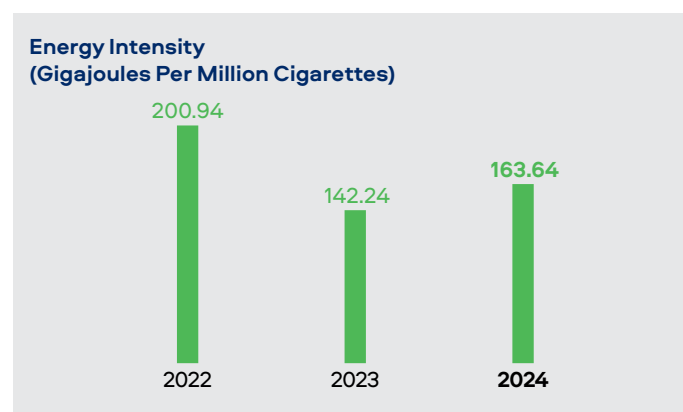
Our energy intensity per million cigarettes produced increased to 45.46 MWh in 2024. This rise is attributed to the additional energy requirements of our new warehouse.

¹¹ Retrospective Restatement: The data in 2023 Annual Report had been updated in accordance with BAT Group's reporting methodology to include fugitive emissions of 620 tCO₂e which increased the Scope 1 total.

¹² Retrospective Restatement: The energy consumption reported in the 2023 Annual Report has been updated to align with the reporting scope for the sites in our operational control as per BAT Group's reporting methodology.



Year-on-Year Comparison of Renewable Energy Consumption



Year-on-Year Comparison of Energy Intensity

In 2024, we completed the installation of solar panels with a combined capacity of 458kWp on our warehouse rooftops, with an annual generation target of 578 MWh. This initiative, achieved through collaboration with the warehouse's owner, underscores our commitment to renewable energy adoption.

The rooftop solar system brings savings in energy costs by reducing our dependency on grid electricity. The initial installation costs were offset against long-term savings in our energy bills.

We have increased our renewable energy consumption and achieved our target. Renewable energy consumption rose to 51% in 2024.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Recognising the evolving climate-related risks and opportunities and preparing to transition from Task Force on Climate-Related Financial Disclosures (TCFD) to adopt the IFRS S2 framework, BAT Malaysia initiated a comprehensive risk assessment exercise in 2024. Our objective was to evaluate the physical and transition risks that could impact our operations over short, medium, and long-term horizons.

In 2024, we conducted a comprehensive climate risk assessment and conducted a workshop to leverage internal expertise and external guidance to thoroughly understand our climate-related risks and opportunities. The cross-functional workshop was facilitated by a leading external sustainability advisory consultant in Malaysia and participants included relevant Leadership Team members and Managers of BAT Malaysia, representing the key departments—Risk, Finance, Marketing, Corporate and Regulatory Affairs, Legal and Operations.

This workshop was followed by a technical desktop analysis using Geographic Information System (GIS) techniques and secondary data sources to assess each site's present susceptibility to flash floods.

The inputs from the workshop and the desktop analysis were used to carry out the risk assessment for our business in Malaysia. To evaluate medium and long-term climate risks, this assessment also included a scenario analysis by integrating the Intergovernmental Panel on Climate Change's (IPCC) Shared Socioeconomic Pathway (SSP) scenarios, specifically SSP2-4.5, the Net Zero 2050 Framework established by the Network of Greening the Financial System (NGFS) and the international Treaty of Paris Agreement.

The climate change risk assessment findings carried out in 2024 will be presented to BAT Malaysia's Sustainability Committee (SC), RMC and Board in 2025. Once approved by the Board, the climate-related risks, opportunities and mitigation measures will be reported in BAT Malaysia's 2025 Annual Report.

Environment



Circular Economy

2024
Highlights

24.51%

Reduction in
waste generated
vs. 2017 baseline

99.32%

Recycling rate

BAT Malaysia's Approach

Circularity is a priority material topic for BAT Malaysia. We have developed a glide path of targets which aim to reduce waste and improve recycling while implementing measures to reduce the impact of our products at end-of-life. These measures will support BAT Group's ambitions and targets in relation to circularity and support the delivery of our commitments to stakeholders.

Given below are our targets and performance against them, as well as the measures we have put in place to enhance circularity. The data reported is for BAT Malaysia's operations and taken from the BAT Group's Environmental reporting database.

BAT Malaysia's Targets

Key Performance Indicator	Baseline Number (2017)	2024 Target
New Category device take-back scheme implemented	-	In place
25% reduction in waste generation by 2025	72.61 tonnes	55.20 tonnes
90% recycling rate of waste generated by 2025	98.37%	97.83%
Zero waste to landfill by 2025	1.19 tonnes	0

BAT Malaysia's 2024 Performance

In 2024, we saw an increase in waste generated to 54.81 tonnes compared to the previous reporting year, primarily due to our fully operational new warehouse in Pulau Indah. Despite this increase, our performance in 2024 is a reduction vs. the 2017 baseline of 72.61 tonnes. Furthermore, our recycling rate improved to 99.32% in 2024.

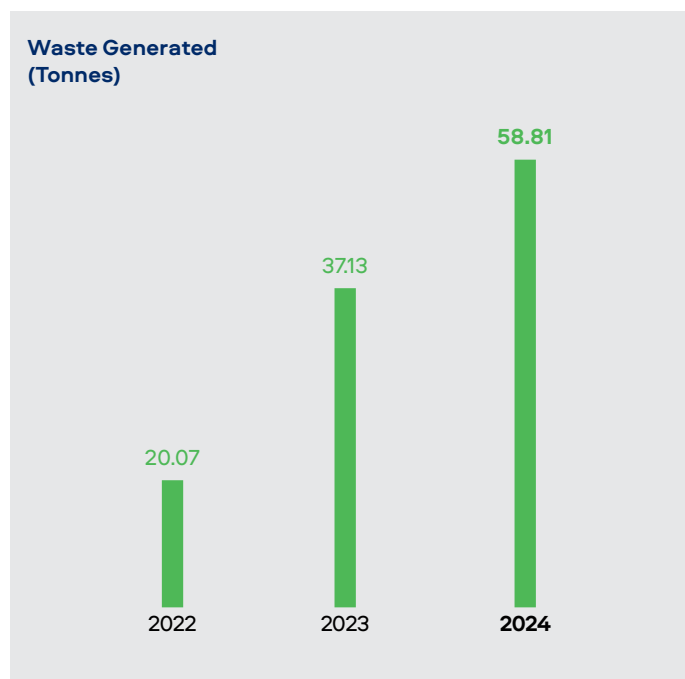
In 2024, we also initiated a monitoring programme for inbound shipment containers to further reduce waste generation. This initiative is part of our broader efforts in reducing waste at the source. By closely tracking and managing the materials entering our facilities, we aim to identify opportunities to reduce excess packaging, improve material efficiency and enhance our overall waste management practices. This approach has helped reduce waste generated at our sites.

Environment

During the year, our factory sent 8.03 tonnes of tobacco waste to a brick manufacturing company in Segamat, Johor, where the waste is mixed with other raw materials and used to manufacture bricks. By repurposing tobacco waste into bricks, we divert one of our biggest waste materials from being landfilled or incinerated. The initiative, first launched in 2023, has been approved by the Department of Environment (DOE) Malaysia.

In February 2024, an inspection conducted by DOE at our Johor Bahru factory, found 3 instances of non-compliance with scheduled waste regulations, which resulted in citations being issued against our factory. These included the improper labeling of scheduled waste, the improper design of the scheduled waste storage area and the incorrect upkeep of the scheduled waste inventory and penalties were issued as a result. We took corrective actions to address and rectify these issues. This incident reinforced the importance of vigilance about waste management practices across all our sites.

We also continue to foster a culture encouraging our employees to participate in waste reduction programmes and contribute ideas for sustainable practices. Through continuous awareness conducted at the Johor Bahru factory, we aim to build a responsible mindset permeating at every level of the organisation.



Year-on-Year Comparison of Waste Generated

Year-on-Year Comparison of Waste Recycling Percentage⁴

⁴ Retrospective Restatement - The waste recycled percentage reported in the 2023 Annual Report has been updated to incorporate additional data on waste streams from all operational control sites in line with BAT Group's reporting methodology, which resulted in a lower recycling percentage.

Environment

Water

2024 Highlights

Johor Bahru Factory received the Alliance for Water Stewardship (AWS) certification



BAT Malaysia's Approach

With climate change intensifying water scarcity risks, we are committed to improving water efficiency across our operations.

Following the MA we conducted in 2023, water management remains a priority for us at BAT Malaysia. We continue to implement measures to reduce our water impacts and our performance in 2024 is detailed below.

The data reported is for BAT Malaysia's operations and taken from the BAT Group's Environmental reporting database.

BAT Malaysia's Targets

Key Performance Indicator	Baseline Number (2017)	2024 Target
35% reduction in water withdrawn by 2025	7,111m ³	880m ³

BAT Malaysia's 2024 Performance

Our manufacturing facility in Johor Bahru was certified by the AWS, which encompasses comprehensive indicators for sustainable water management.

Our certification journey involved demonstrating well-established practices across several key areas:

Water Governance

We have established governance structures, including clear policies and accountability mechanisms, to support responsible water management.

Water Balance

We monitor and manage our water usage to ensure the amount of water withdrawn is balanced with the water returned to the environment.

Water Quality

Our operations maintain the standards for water quality, both for incoming water and discharge, ensuring minimal environmental impact.

Important Water-Related Areas

We have identified critical water-related areas, with the aim to reduce the impact of our operations on these vital ecosystems.

Stakeholder Engagement

We actively engage with local communities and stakeholders, fostering collaboration and transparency in our water stewardship efforts.

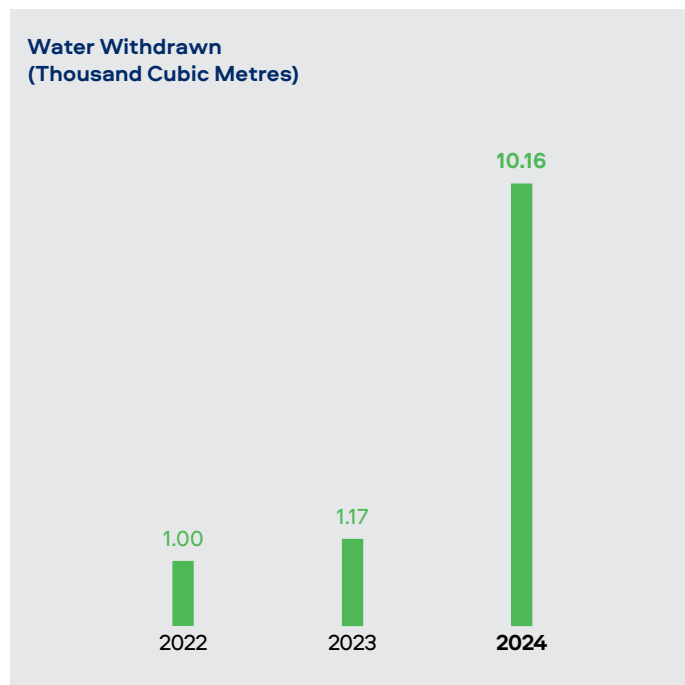
We have integrated the principles of AWS to how we manage water resources, aiming to reduce our impact on the environment and the communities where we operate.

Our operations primarily consume water supplied by the local municipality, except for the Johor Bahru factory, which also utilises rainwater collected through the harvesting system installed in 2021. Further, our water conservation initiatives focus on reducing water losses by identifying and fixing leakages.

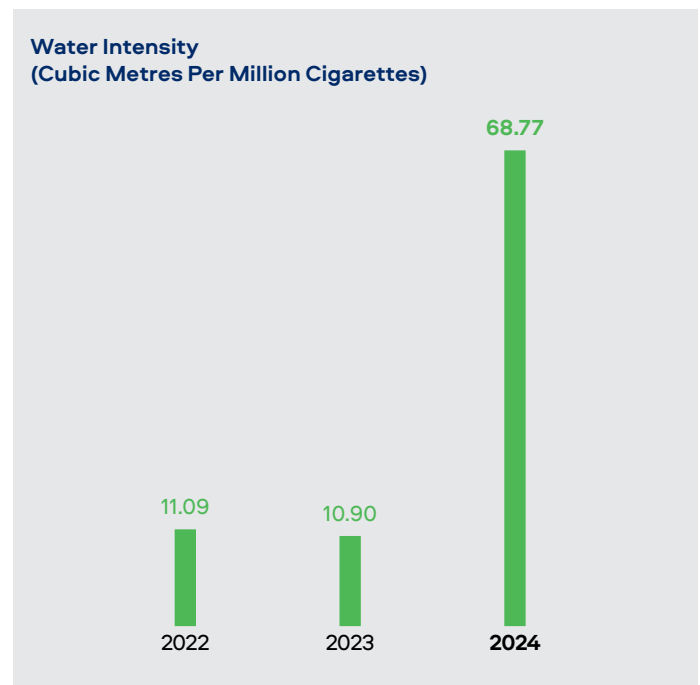
In 2024, our total water withdrawal reached 10,164 m³, reflecting a 42.93% increase against our 2017 baseline. This increase is primarily attributed to the integration of a new warehouse where water usage is predominantly associated with cooling tower operations. We are evaluating the feasibility of implementing a rainwater harvesting system at the warehouse facility to address this increase.

To further our commitment to water stewardship, we have also enhanced our water quality management practices at the Johor Bahru factory, where we instituted annual water quality testing at all discharge points and optimised glue pot cleaning operations to mitigate potential water quality risks. These efforts highlight our ongoing commitment to better manage water resources.

Additionally, we have installed multiple meters at our Johor Bahru factory to monitor the water balance and track water usage. These measures are part of our water stewardship plan under the AWS certification.



Year-on-Year Comparison of Water Withdrawn



Year-on-Year Comparison of Water Intensity

Environment

OUR APPROACH TO CLIMATE RISKS AND OPPORTUNITIES

In 2024, we continued providing strategic climate-related disclosures based on the four recommended pillars of Governance, Strategy, Risk Management and Metrics and Targets.

Our climate disclosures are driven by the following perspectives: roles and responsibilities of related governance structures such as the Board of Directors, Leadership Team and relevant Management personnel the identification of physical and transition risks and the management of these risks and performance-related information pertaining to metrics and targets, such as our GHG inventory and decarbonisation milestones.

In 2024, we implemented specific strategic measures that will enable enhanced alignment to IFRS S2 Climate-related Disclosure standards by 2025. These strategic measures will be disclosed in future sustainability reporting. We also initiated work to strengthen the existing governance structures and risk oversight regarding climate change.

We consider climate change to be material from both financial and impact materiality perspectives. Hence, we are committed to mitigating climate-related risks and leveraging opportunities while actively driving business operations to achieve the BAT Group's target of Net Zero GHG emissions by 2050, which we have adopted.



GOVERNANCE

Good governance is imperative to how we manage climate risks and the realisation of our decarbonisation aspirations. Good governance is reflected in the comprehensive oversight mechanisms, robust internal processes and controls and regular two-way communication and engagement across the organisational hierarchy, ranging from the Board of Directors to Leadership Team and being cascaded to all relevant operational levels of the organisation.

Our governance framework is designed to address today's challenges while anticipating and adapting to tomorrow's demands. We are committed to transparent and responsible governance, ensuring sustainability is deeply embedded in every aspect of our business. This approach positions us to navigate the evolving sustainability landscape effectively while delivering long-term value for our stakeholders.



SPECIFIC RECOMMENDATIONS

Describe the board's oversight of climate-related risks and opportunities.



ORGANISATION'S ADOPTION OF RECOMMENDATIONS

Governance of climate change begins with the involvement of the Board of Directors. The role of the Board is to ensure oversight on material sustainability topics, including climate change and to monitor the present state of progress achieved with regard to risk mitigation and emission reduction. Where required, the Board actively queries Leadership Team and provides strategic guidance to ensure BAT Malaysia remains on track with its decarbonisation aspirations.

However, the Board's role includes more than just oversight. Where relevant, the Board actively considers (with the support of Leadership Team) how sustainability matters, including climate risks and impacts, may erode value creation over the short, medium and long-term horizons.

In supporting the Board in discharging its duties, BAT Malaysia has established a SC reporting to the Board. The SC is chaired by an Independent Non-Executive Director, Norliza Kamaruddin. Other members of the

SC include fellow Board member, Datuk Christine Lee Oi Kuan and BAT Malaysia's Managing Director Nedal Salem. The SC oversees BAT Malaysia's sustainability agenda, covering all material topics including climate change.

All SC members have received training and relevant exposure to sustainability matters, including climate change. The profiles of each SC member, detailing their professional qualifications and competencies as well as experience, are provided on pages 103 to 109 of this report. The inclusion of both Non-Executive and Executive Directors within the SC enables a well-rounded perspective to be developed based on business, financial and stakeholder considerations of climate risks and opportunities.

The SC plays an active role in reviewing climate risks and opportunities identified by the Senior Management, the specific mitigation measures implemented, the progress achieved and other pertinent information. This includes setting broad direction and objectives for the BAT Malaysia's climate change agenda, monitoring progress and providing recommendations on how BAT Malaysia can best achieve its decarbonisation targets.

The SC is empowered to make recommendations to the full Board, supported by the Chief Sustainability Officer (CSO) and CRO, on any sustainability—or risk-related matters it deems necessary to be reviewed and deliberated on by the full Board. The SC receives sustainability-related information from the CSO.

The Board Charter and the Terms of Reference (TOR) for each Board Committee, including the SC and the RMC are being reviewed and updated per the governance requirements of IFRS S2. The updated TORs will be presented to the Board of Directors for approval in 2025 and made available on the BAT Malaysia website once approved. The revised Board Charter, TORs and ways of working will be implemented accordingly in 2025.

Kindly refer to pages 98 to 99: Sustainability Governance Structure for specific information on the aforementioned approach to governance of Sustainability and material topics, including climate change.

The Board's oversight continues to evolve in response to emerging challenges and opportunities, as well as in response to long-term climate ambitions and realising the overall sustainability agenda, including Key Performance Indicators (KPIs) and targets.

Led by the Board of Directors, the governance process ensures a top-down approach in setting strategic direction and maintaining accountability, placing BAT Malaysia firmly on the path to achieving net zero emissions by 2050. The Board's oversight continues to evolve in response to emerging challenges and opportunities, strengthening BAT Malaysia's capacity to drive positive change.

» SPECIFIC RECOMMENDATIONS

Describe management's role in assessing and managing climate-related risks and opportunities.

» ORGANISATION'S ADOPTION OF RECOMMENDATIONS

While the Board, SC and RMC provide oversight at the highest decision-making level, the role of Management, notably Leadership Team, is to enable the development of strategic information, which includes identifying climate risks and opportunities, implementing mitigation strategies and developing necessary reporting disclosures.

The role of Management is driven by the Managing Director, supported by the Leadership Team, the CSO and CRO, as well as the heads of the various business functions such as Finance, Commercial Marketing, Operations, Human Resources and more.

The Managing Director's active participation within the SC further accentuates the integration of sustainability into core business functions. Implementing a cross-functional organisational approach enables more comprehensive oversight and shared ownership of sustainability matters, including climate change. This approach ensures a thorough perspective is developed and that most, if not all, aspects of the Company's business model and operations have received the necessary focus and scrutiny on potential risks and opportunities arising from climate change.

Environment

Drawing on the BAT Group's financial modeling, Management continues to implement a localised plan for developing responses that are aligned to the Malaysian operating context. This includes driving progress in realising BAT Malaysia's targets:

- 50% reduction in Scope 1 and 2 GHG emissions by 2030.
- 50% renewable energy composition by 2030.

On a more tactical and operational level, Management's role is to implement measures such as closer monitoring of energy consumption, developing cost-benefit ratios and analyses of transitioning to solar, or switching to more energy-efficient machinery and equipment. Management is also tasked with developing necessary measures to track energy consumption and emissions, including the development of comprehensive data for direct and indirect energy consumption and a robust GHG inventory comprising Scope 1, 2 and 3 GHG emissions.

Management provides all relevant information to the Board, SC and RMC ahead of the meetings.

In November 2024, BAT Malaysia took a step forward in strengthening its climate-related disclosures by conducting a Climate Risk Assessment (CRA) workshop with key management members. The findings from the CRA are being developed and will be published in future reporting subject to SC, RMC and Board approval.



STRATEGY

We have continued to disclose our physical and transition-related climate risks and opportunities. These typically comprise risks and opportunities that potentially may have a material financial, business, and operational (FBO) impact. In developing the climate risks and opportunities profile, we utilise several sources, including findings by the BAT Group and taking into account the local business and operational context of Malaysia.

The BAT Group perspective comprises various climate scenarios established through high-level, scenario-based modelling of material risks and business impacts, including financial modelling. Climate scenarios applied within the BAT Group's perspective include IPCC-aligned 1.5°C, 2°C and 3-4°C climate scenarios. The use of these scenarios are then localised accordingly to provide company-specific risk profiles based on the unique context of Malaysian operations.

We plan to quantify potential financial losses from climate-related risks to address these risks. These include impacts on financial performance (revenues, earnings, and cash flow) and financial position (assets, liabilities, capital allocations, provisions and impairments, if any).

The November 2024 CRA provides additional perspective in refining risks and opportunities to be more specific to BAT Malaysia's unique business and operational context. This will also include, going forward, the financial quantification of relevant physical and transition risks. We intend to disclose this information in future reporting, subject to Board approval in 2025.



SPECIFIC RECOMMENDATIONS

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.



ORGANISATION'S ADOPTION OF RECOMMENDATIONS

CLIMATE CHANGE: PHYSICAL RISKS

- Flash flood occurrences with increasing frequency and severity could potentially impact business operations and supply chains. The flash flooding issue is likely exacerbated by poor drainage, which could impact the operations of factories and distribution centres.

- Factory operations could also be disrupted, impacting production and delaying product shipments. Other associated risks or impacts include losses due to damaged goods or, alternatively, higher insurance premiums due to increased flooding risks.
- Flash floods could impact logistical capability as roads, rail and other transportation infrastructure are disrupted due to severe flooding. This may potentially affect the distribution and availability of products in the market.
- Inclement weather may also impact sales and marketing activities, notably the ability to conduct sales activities.

CLIMATE CHANGE: TRANSITION RISKS

- BAT Malaysia's transition risks mainly arise from the BAT Group's ongoing transition to solar energy use. The potential risk arises from lower-than-expected return on investments made, such as a lower rate of cost savings from using solar as compared to grid-derived electricity.
- Similarly, the same consideration applies to any transitional measures, such as investments made into energy savings systems or the use of electrified forklifts and machinery over diesel-powered variants. The same applies to any transition to electric vehicles as opposed to the continued use of fossil fuel-powered vehicles for the organisation's fleet.
- Given BAT Malaysia's robust financial position, risks associated with financing renewable energy and decarbonisation projects are negligible.
- It is imperative that budgeting to finance the ongoing solar transition must consider a wide range of external factors. These include factors beyond BAT Malaysia's control such as the rising prices of solar panels, which have increased significantly in recent years due to growing demand and supply issues.

- Funds allocated for solar transition may lead to opportunity costs as the monies could have been invested into other commercial strategies that may have generated a faster and higher rate of return. These include new product development, expansion of the marketing arm, investments in digital technologies or strengthening the supply chain.
- Other identified risks include failure to adequately manage supply chain risks associated with the transitional and operational impacts of climate change, which may cause increased volatility in the supply volume, quality, or cost of raw materials and services across the value chain.
- Other risks include exclusion from international ESG indices such as FTSE Russell for lack of robust climate change disclosures.

CLIMATE CHANGE OPPORTUNITIES:

- With rising energy prices, notably electricity pricing for industrial and commercial consumers, BAT Malaysia's ongoing transition to solar energy can reduce or insulate its exposure to rising energy costs. Please see the disclosures on page 61.
- BAT Malaysia can participate in carbon offset trading mechanisms to retire fugitive or unavoidable emissions, reducing exposure to any potential carbon tax implementation.

Environment



RISK MANAGEMENT

We maintain a robust risk management framework established in accordance with the best practice ISO31000 risk management system. The framework features a triple-tier mechanism for risk identification, assessment, prioritisation, and mitigation. Progressively, sustainability risks, notably climate change, are being integrated into our risk management framework.

SPECIFIC RECOMMENDATIONS

Describe the organisation's processes for identifying and assessing climate-related risks.

Describe the organisation's processes for managing climate-related risks.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Describe the organisation's processes for identifying and assessing climate-related risks.

ORGANISATION'S ADOPTION OF RECOMMENDATIONS

Specific methodologies applied to identifying risks include the use of climate scenarios as provided for by the global assessment approach of the BAT Group. Additional considerations applied to assess risks include a severity vs likelihood matrix, as well as a further perspective based on short, medium, and long-term horizons, i.e., short-term (<2 years), medium-term (2 to 10 years) and long-term (>10 years) timeframes.

The aforementioned criteria are then applied to the following aspects of BAT Malaysia's operations:

- Operations, assets and facilities – Evaluating potential disruptions from extreme weather events and resource availability.
- Supply chains and raw materials – Assessing, sourcing, logistics, and production continuity vulnerabilities.

- Consumer markets – Understanding shifts in consumer demand due to climate-related regulations and sustainability expectations.
- Employees – Potential risks/impacts on employees and their ability to perform their roles within the business.

As previously mentioned, BAT Malaysia's CRA paves the way for more focused and nuanced disclosures in the future. Findings from these assessments will be published in future reporting.

Central to BAT Malaysia's risk management strategy is the integration of climate-related risks into its Risk Register, which is systematically reviewed and updated to reflect the evolving risk landscape.

In addressing climate-related risks and strengthening operational resilience, BAT Malaysia has implemented several key initiatives:

- On-Site Renewable Energy – Investing in solar power systems to generate renewable energy for factory and warehouse operations.
- Renewable Electricity Sourcing – Purchasing I-RECs from renewable energy projects managed by the I-REC Standard Foundation.
- Fleet Transition – Transitioning the company fleet to hybrid models.
- BCP – Establishing and annually testing BCPs to mitigate climate change impacts.

By embedding the insights gleaned from its CRA into strategic planning, BAT Malaysia aims to be better equipped to assess the financial implications of potential disruptions and unlock new growth opportunities. The findings will also guide future decisions on resource allocation, operational priorities and climate adaptation strategies. Disclosure of these results will be made in subsequent reports, reflecting our commitment to continuous improvement and transparency.



METRICS AND TARGETS

We have adopted a comprehensive approach to climate-related disclosures, ensuring that key metrics are measured, monitored, and reported in alignment with global best practices. Currently, the primary focus is on monitoring and reporting GHG emissions across our business operations, following the methodologies of the GHG protocol. This enables us to track progress on decarbonisation efforts while identifying opportunities for improvement across our value chain.

» SPECIFIC RECOMMENDATIONS

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

» ORGANISATION'S ADOPTION OF RECOMMENDATIONS

BAT Malaysia has and continues to develop other metrics, including financial metrics, based on the following:

- Commercial Impacts and Cost Savings – Metrics to quantify financial performance improvements due to climate-related initiatives.
- Impairments and Provisions – Calculations related to potential impairments or provisions required for mitigating climate-related risks and impacts.

One example of financial-related disclosures is the data provided on the ROI expected from BAT Malaysia's ongoing transition to solar energy. The quantification of this is provided below:

25 Years Financial Analysis		
Model	Capital Expenditure (Cash)	Capital Expenditure (Loan)
Contract Period	None	None
Operation & Maintenance (O&M) Services	3 years	3 years
Solar Savings in 1 st year per kWh	RM0.393	RM0.393
Estimated Monthly Solar Savings in 1 st year	RM3,911	RM3,911
Estimated Annual Solar Savings in 1st year	RM46,932	RM46,932
Total Solar Savings in 25 years	RM1,295,624	RM1,251,492
Upfront cost	RM242,892	RM48,578
Estimated Annual Loan Repayment <i>700 Years tenure, 80% financing at 6% interest rate</i>	None	RM34,064
Estimated Annual O&M Cost	RM3,737	RM3,737
Cross Cost	RM242,892	RM287,024
Tax Incentive Savings <i>Assumes 24% tax bracket, includes 100% Green Investment Tax Allowance (GITA) and 100% Capital Allowance (CA)</i>	RM116,588	RM116,588
Net cost	RM126,304	RM170,436
Your Payback Period	3.15 years	0.53 years
Internal Rate of Return (IRR)	29%	123%
Levelised Cost of Electricity per kWh	RM0.08	RM0.10

In addition to the above, BAT Malaysia also tracks energy consumption and measures intensity (MWh/million cigarettes) to monitor its efficiency throughout its operations. See pages 49 to 51 for a comprehensive presentation of climate-related and energy-related data.

Environment

» SPECIFIC RECOMMENDATIONS

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

» ORGANISATION'S ADOPTION OF RECOMMENDATIONS

The GHG emissions data collected and reported by scope within the organisational boundary are as follows: -

Emission Scopes	Baseline	2022	2023	2024
Direct GHG emissions (Scope 1)	1,225	986	1,372	848
Market based GHG emissions (Scope 2)	715	839	0	0
Other relevant indirect GHG emissions (Scope 3)*	-	-	2,172	2,811

* Scope 3 emissions data is not available specifically for BAT (Malaysia) Berhad, as the BAT Group reports Scope 3 emissions at the country level. Furthermore, due to the complexity of consolidating and assuring Scope 3 data, the BAT Group reports Scope 3 a year later. Therefore, the figures reported here are for 2023 and 2022 respectively due to the one-year lag.

» SPECIFIC RECOMMENDATIONS

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

» ORGANISATION'S ADOPTION OF RECOMMENDATIONS

BAT Malaysia has established climate targets to guide the direction of its business operations towards reducing GHG emissions. These targets cover 100% of its local operations, which includes the Johor Bahru factory, Pulau Indah warehouse, 10 CMD offices and the head office in Malaysia and are aligned with national and global goals, such as Malaysia's Nationally Determined Contribution (NDC), National Energy Transition Roadmap

(NETR) and Paris Agreement. To ensure alignment with these targets, BAT Malaysia diligently monitors and evaluates its climate-related performance, particularly GHG emissions.

BAT Malaysia is committed to achieving 50% reduction in Scope 1 and 2 GHG emissions, by 2030, using 2020 as the base year. In support of our broader decarbonisation strategy, BAT Malaysia aims to achieve 50% renewable energy usage by 2030. This initiative focuses on transitioning towards cleaner energy sources, reducing dependency on fossil fuels and promoting long-term energy sustainability across our operations.

50% reduction in Scope 1 and 2 GHG emissions by 2030

50% of renewable energy usage by 2030

KPI	Baseline	2022	2023	2024	2024 Target
50% reduction in Scope 1 and 2 GHG emissions by 2030	1,940 tCO ₂ e	1,340 tCO ₂ e	1,372 tCO ₂ e	848 tCO ₂ e	750 tCO ₂ e
50% of renewable energy usage by 2030	0.2%	10.6%	30.4%	50.6%	35.7%

Social



We are dedicated to driving meaningful social impact through our operations. This section of the report highlights our efforts to create value by prioritising the well-being and needs of our employees, local communities and other stakeholders across our supply chain and business network. By fostering inclusive practices and addressing each stakeholder group's unique challenges, we aim to build a sustainable future for all our stakeholders.

Social



People, Diversity and Culture

2024 Highlights

42%
Women in
management
roles

43%
Women in the
leadership team

39%
Cross-industry
hires in
management
grade

BAT Malaysia's Approach

We believe that building A Better Tomorrow™ relies on attracting, nurturing and retaining a talented and dynamic team. To this end, we have adopted the BAT Group's People, Diversity and Culture strategy to build an inclusive and dynamic culture that empowers our employees with a future-ready mindset.

D&I are central to our journey to building A Better Tomorrow™. We aim to cultivate an inclusive workplace where every team member can thrive and achieve their career aspirations. Our People, Diversity and Culture strategy, channels our focus towards the following areas:

- Developing tomorrow's leaders
- Championing D&I
- Attracting and retaining top talent
- Enhancing workforce engagement
- Recognising and rewarding excellence

These focus areas are each explored further in this section of the report.

BAT Malaysia's Targets

Key Performance Indicator	2024 Target
Increase the proportion of women in management roles (G34 and above) to 45% by 2025	42%
Increase cross-industry hires in management (G34 and above) to 45% by 2025	45%



BAT Malaysia's 2024 Performance

ACCELERATING TOMORROW'S LEADERS

We employ 283 people across our operations in Malaysia. Attracting and retaining the best talent and providing them with an inclusive work environment is key to our transformation journey to build A Better Tomorrow™. Our aim is to provide a dynamic, inspiring and purposeful place to work for every employee.

We support our employees to build a future-ready mindset. This mindset is integrated throughout the employment journey of any individual—from the day an employee begins their first day working with us until the day they depart the organisation. It is ingrained within our talent attraction and retention strategies, thus positively impacting Malaysia's talent pool.

OUR PEOPLE STRATEGY

Our people are at the heart of our business and key to driving our purpose. This is why we place our focus on transforming our culture.

We have adopted the BAT Group's purposefully designed people strategy to ensure we can be ready for future changes and respond to consumer needs at pace.

Our strategy is anchored around five bold intentions which we expect to be owned and driven by every employee at BAT Malaysia.



Social

Our leadership programmes play a key role in developing the future-ready mindset in our people. Through strategic investments in development and upskilling programmes, we empower current and future leaders to meet and thrive amidst the evolving demands of our business and industry.

Leadership Training

We offer a range of leadership programmes in areas including Leading Self, Leading Teams, Women in Leadership and RISE, while continuously seeking out new programmes that would enable us to address new leadership trends and requirements. These programmes provide our employees with the skills to navigate challenges, embrace change and lead more confidently and effectively.

In 2024, we continued to foster leadership growth by refining our training offerings and expanding mentoring opportunities.



Talent Marketplace

Our Talent Marketplace remains a pivotal platform at BAT Malaysia, through which we use Artificial Intelligence (AI) to align employees' skills, experiences and career aspirations with opportunities across the organisation. This year, we enhanced its capabilities to further support employees in shaping their career paths.

Through a series of Workstyle Trainings, we continued to guide employees in harmonising well-being with professional growth, enabling them to pursue opportunities that reflect their unique strengths and potential. In 2024, 31% of our workforce benefitted from the Talent Marketplace, showcasing its growing impact on career development.





Functional Learning Huddles and Capabilities Upskilling

Functional Learning Huddles, introduced in 2021, continue to provide employees with a collaborative learning platform within their respective functions, fostering a culture of continuous development.

This initiative has been expanded across various teams, focusing on our National Sales Team. Training modules have been tailored to align with the evolving Route-To-Market model, covering key areas such as new ways of working, commercial capabilities and digital upskilling — including technology adoption, internal systems fluency and data insights.

Beyond sales, employees received targeted training in critical areas such as data management, organisational skills and leadership proficiency. This ensures that our workforce remains adaptable and equipped to meet the dynamic needs of our stakeholders and business.

The Grid

The GRID remains our one-stop digital learning platform, evolving to meet the ever-changing needs of our workforce. With a user-friendly, on-demand interface, it empowers employees to take charge of their development by accessing tailored content anytime, anywhere.

This year, we introduced new capabilities that elevate the learning experience. Enhanced skills management ensures precise alignment of content with individual goals, while intelligent automation simplifies personalised learning recommendations and engagement. The GRID now also features AI-powered coaching, offering bespoke skills development and career growth support.

Through these advancements, The GRID continues to drive a culture of self-guided learning and innovation, preparing our people to meet future demands.

THE GRID

POWERED BY  degreeed.

Social

SkillsFest

SkillsFest is an immersive Metaverse platform that empowers employees to unlock their potential and explore career opportunities within the company. Through interactive modules, it provides access to learning content, leadership development and career growth resources. Key features and activities include:

- Leadership keynote with senior leaders on the future of work.
- Webinars on career navigation, mindset development and peak performance.
- Panel discussions on leadership and functional career paths.
- Career booths showcasing job opportunities and insights from BAT representatives.
- Talent marketplace profile enhancement feature, which enables employees to align their profiles to their career goals.



License to Hire

Designed to equip managers with essential hiring skills, the License to Hire training focuses on smart hiring, creating an inclusive candidate experience, identifying unconscious biases and effective onboarding. The programme also incorporates gamification within online sessions to enhance engagement and learning effectiveness, ensuring a fun and impactful experience for all participants.

This year, we completed our first face-to-face License to Hire cohort, where 28 hiring managers participated in a day of learning, including role-play simulations and curated content. The revamped programme, developed through collaboration between BAT Malaysia Human Resources and Global Business Services (GBS) recruitment teams, achieved a 100% satisfaction rate.

Be The Change Internship & Global Graduate (GG) Programme

Our 'Be The Change' Internship Programme offers young talent project-based experiences, mentorship from senior leaders and exposure to a diverse multinational workplace, forming a key first step towards success within BAT Malaysia.

Our GG Programme then takes growth to the next level, exposing participants to various aspects of our business and shaping them with the skills to become impactful future leaders.

This year, the internship programme successfully produced 4 GGs, highlighting its effectiveness in nurturing talent for future global career opportunities.



Our talent and capability development investment continues to resonate deeply across our workforce. In 2024, we prioritised creating meaningful and diverse learning experiences and empowering employees to enhance their skills through tailored training sessions—virtual, in-person, and self-directed. This holistic approach has not only enriched individual growth but also strengthened our collective expertise, positioning us for sustained success.



EMBRACING D&I

Commitment D&I is embedded deeply within BAT Malaysia, with our functional champions and leads serving as drivers for this critical agenda.

Further, the BAT Group is the first global tobacco company to achieve the National Equality Standard (NES) and the Global Equality Standard (GES). This recognition highlights the Group’s unwavering commitment to D&I and validates its efforts to prioritize mental health, well-being and the continuous enhancement of D&I practices.



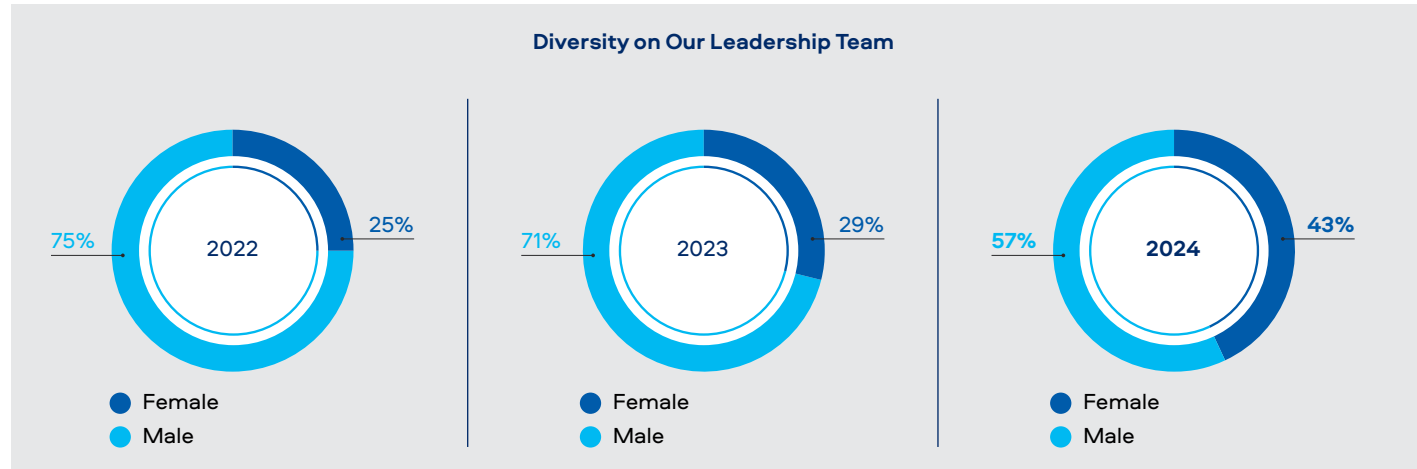
CELEBRATING INCLUSIVITY THROUGH MILESTONE EVENTS

In 2024, we celebrated International Women’s Day and International Men’s Day, reinforcing our commitment to supporting and championing all employees and their unique contributions. These celebrations provided opportunities for employees to learn how to manage a multigenerational workforce, cultivate a culture that celebrates D&I, address key D&I issues and steer the D&I agenda in their respective local organisations.

Social

Diversity on Our Leadership Team

Promoting women leadership is a cornerstone of our D&I strategy. This commitment is reflected in 43% representation of women on our Leadership Team, showcasing our dedication to fostering a diverse and inclusive leadership pipeline.



Our Commitment to Non-Discrimination

We strictly adhere to the BAT Group's SoBC, including the 'Respect in the Workplace' section of BAT Group's SoBC, underscoring our commitment to treating all colleagues and business partners with dignity and respect. To combat discriminatory practices, we have implemented provisions that promote equality and diversity while preventing harassment and bullying. The SoBC also includes the Group Whistleblowing Procedure, which provides a safe and confidential mechanism for employees to report discriminatory incidents without fear of retaliation.

All reported discrimination cases at BAT Malaysia were thoroughly investigated in the year under review.

Our Workforce

Our people drive our success. We foster an inclusive workplace where diverse perspectives fuel innovation. Employment decisions are guided by skills, performance and potential, ensuring equal opportunities for all—regardless of gender, age, nationality, ethnicity, or religion.

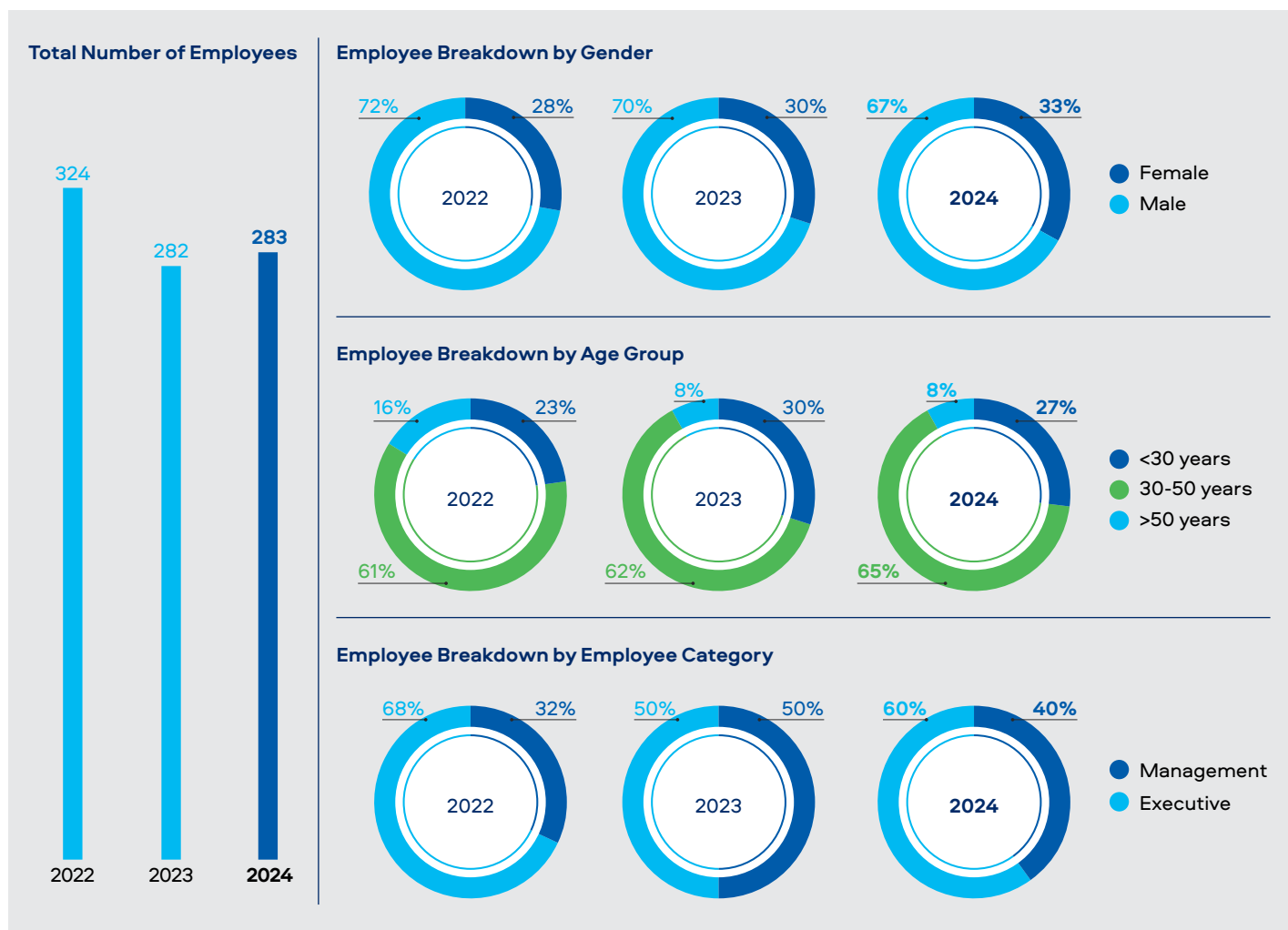
In 2024, 71% of our Leadership Team came from diverse nationalities, bringing a global perspective to decision-making. Women comprised 33% of our workforce and from the total management roles, 42% are held by women—reflecting our progress in building a more inclusive leadership pipeline.

With a workforce spanning multiple generations, we embrace the strengths of both experienced professionals and emerging talent. This balance fosters knowledge sharing, adaptability and long-term business sustainability.

Initiatives to Drive D&I

We strive to support our employees throughout various stages of their life journey by fostering a workplace that is both inclusive and accommodating.

To create a more inclusive workplace for women, we have implemented policies and initiatives designed to address the unique needs of women. For expectant and new mothers, we offer updated parental leave and flexible working arrangements. Expectant mothers in field-based roles, for example, have the option to transition to desk-bound duties during their pregnancy if they choose. Additionally, insights from our female employees have guided us in introducing specific measures, such as flexible working arrangements during the menstrual cycle for women based in the National Sales Team, as well as amenities like nursing and prayer rooms at sales offices and priority parking for expectant mothers.



* 2022 and 2023 numbers have been restated based on the updated employee category definition.

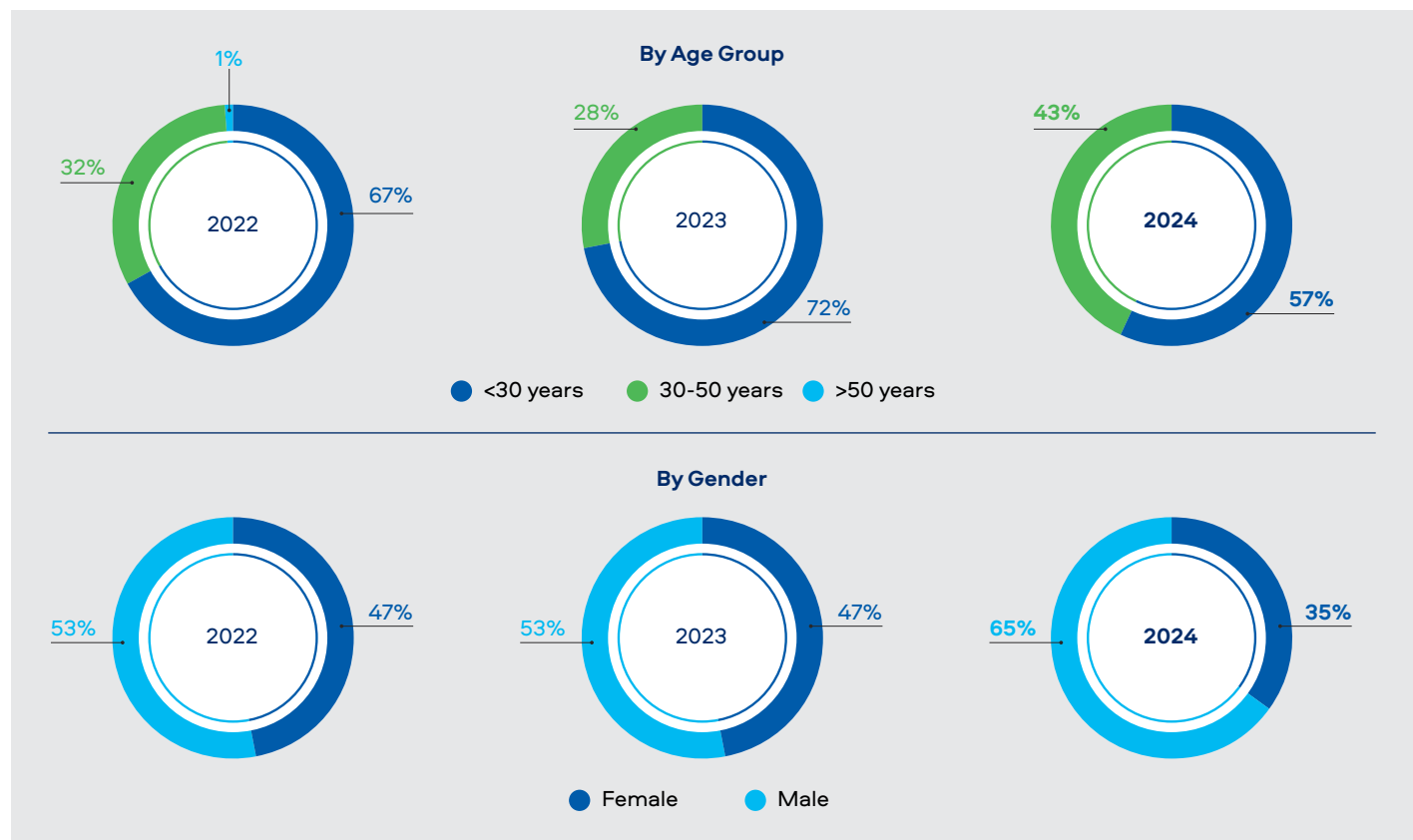
Our support extends beyond pregnancy, as we prioritise employees' parental responsibilities by offering generous leave options. Our female employees enjoy up to 6 months of paid maternity leave while our male employees are entitled to 20 working days of paid paternity leave. These enable parents to spend the necessary time caring for their child after birth or adoption, ensuring they can balance their personal and professional lives effectively.

Social

ATTRACTING TALENT

Our efforts to attract and hire top talent start by cultivating a strong employer brand and fostering a reputation that resonates with potential candidates, thereby positioning ourselves as a preferred workplace.

In 2024, we welcomed 64 external hires, with 70% bringing valuable expertise from diverse industries. This cross-industry talent infusion has further enriched our organisation, fostering innovation and enhancing our ability to adapt to new challenges and opportunities



Flexible Work Arrangements

We recognise that workplace flexibility is essential to attracting high-performing employees, providing for their well-being and enhancing their agility and productivity.

To meet this imperative, we continue to drive a flexible work arrangement and a work from anywhere policy, both designed to balance business needs with employee preferences. The flexible work arrangement allows employees to work remotely up to two days per week, while the work from anywhere policy enables staff to work from any location in Malaysia for up to four weeks per year.

These initiatives promote better work-life integration, fostering a more productive, empowered and motivated workforce.

Fair Employment Practices

We uphold fair employment practices and are committed to fostering an inclusive workforce across all levels of the organisation. To this end, we strictly adhere to non-discriminatory policies, ensuring equal opportunities across our hiring, promotion, remuneration and selection processes.

Our policies guarantee equal treatment for all qualified candidates, regardless of gender, race, disability, nationality, religion or age. We also strictly comply with local labour laws, regulations and cultural practices and regularly review employment data and statistics to assess and improve our workforce diversity.

We offer the following benefits to all permanent employees:

<ul style="list-style-type: none"> » Medical benefits » Leave: Annual, hospitalisation, medical, parental, marriage, study, examination, caregivers, compassionate, enrichment and pilgrimage » Performance bonus » Group Term Life Insurance » Group Personal Accident Insurance 	<ul style="list-style-type: none"> » Employees' Provident Fund (EPF) » Stock ownership (depending on grade) » Company vehicle and monthly allowance (depending on grade) » Flexible benefits » Long Service Awards » Employee Assistance Programme
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Our Values

Our values act as a clear and authentic guide to shape our culture and behaviours.

They underpin our purpose for A Better Tomorrow™ and our ambition to build a Smokeless World. Our values have a clear connection with our strategy and purpose, emphasising D&I; empowerment and collaboration; and organisational agility, to deliver sustainable growth.

Through our values, we strive to empower our people and foster an exciting and rewarding workplace.

 <p>Truly Inclusive</p> <p>We embrace diversity and celebrate our differences</p> <p>We are curious and safeguard the right to say what you think</p> <p>We debate constructively yet progress together</p>	 <p>Do The Right Thing</p> <p>We act with integrity to achieve results</p> <p>We care about our impact on society and our planet</p> <p>We are thoughtful in our decision making</p>	 <p>Love Our Consumer</p> <p>We understand the consumer better than anyone</p> <p>We are obsessed with innovation and our brands</p> <p>We have the courage to test, fail fast, and learn to improve</p>
 <p>Passion To Win</p> <p>We equally value "How" and "What", and go the extra mile for success</p> <p>We prioritise effectively and act like owners of our business</p> <p>We own our purpose with determination and resilience</p>	 <p>Empowered Through Trust</p> <p>We start with trust and believe in each other</p> <p>We ensure decisions are made at the right level</p> <p>We understand that empowerment comes with accountability</p>	 <p>Stronger Together</p> <p>We pull together as one team, through good and bad</p> <p>We collaborate beyond borders and functions</p> <p>We help each other grow and succeed</p>

Social

Digital Talent Branding

Digital channels such as LinkedIn are central to our talent acquisition strategy, providing us with valuable insights, analytics and the ability to deliver targeted content to top-quality talent.

We collaborate closely with our GBS recruitment teams to streamline the recruitment process, aligning strategies to meet our business objectives. Our recruitment efforts are further supported by advanced digital assessments such as Pymetrics and IMPACT, which enable us to precisely identify high-potential candidates while offering an engaging and holistic experience for applicants.

Battle of Minds 2024

We continue to drive innovation through our flagship annual event, Battle of Minds, a global competition led by BAT Group. The event empowers university students and professionals to present groundbreaking solutions that drive meaningful change, helping us identify forward-thinking talent nationwide.

In 2024, the competition embraced global themes centered around products and artificial intelligence in the wellness and stimulation space. Through strategic social media campaigns, university engagements and career fairs, we reached over 2,000 students and graduates, engaging thousands of aspiring talents nationwide.

The year also marked the competition's highest participation numbers since its inception in Malaysia in 2021, with 453 registrations and 76 idea submissions. This exceptional performance earned us a spot among the top 3 end markets

worldwide within the BAT Group, showcasing our rising prominence in fostering forward-thinking talent.

The Malaysia Finals featured three innovative ideas, with the winning team, MindSync, advancing to represent Malaysia on the global stage. Their revolutionary solution, the MindSync Ecosystem, exemplifies the perfect synergy of technology and sustainability. Powered by Agentic AI, it offers real-time brainwave monitoring, a personalized MindSync App and a data-driven dashboard, advancing mental health management and wellness innovation.

FOSTERING WORKFORCE ENGAGEMENT

Digitalised Onboarding Experience

We continue to enhance the onboarding experience with the digital platform Enboarder, specifically designed to assist and guide new employees on their first day of work, even before they officially set foot in the workplace.

Enboarder provides new employees with essential information, including an overview of our corporate purpose, strategy, business conduct expectations (via the SoBC) and training and development opportunities. In 2024, more than 60 new joiners benefited from the platform.

New Joiner Sharing Session

New joiners can engage with senior leaders in a casual meet-and-greet session as part of our onboarding process. This session helps them establish connections and integrate into the organisation with ease.



Employee Engagement Activities

Our employee engagement activities have rebounded strongly since the COVID-19 pandemic, offering a wide variety of huddles, away days, celebrations and events in 2024. Many of these activities were centered around annual festive celebrations such as Lunar New Year, Hari Raya and Diwali, providing employees with the opportunity to come together and build stronger bonds.



Employee Wellness

Our comprehensive Employee Assistance Programme is guided by the Wheel of Wellness, with initiatives offered across four key pillars: physical, emotional, financial and occupational wellness.

In 2024, we implemented a monthly half-day dedicated solely to wellness. In addition, we introduced various other wellness initiatives, including a physical wellness programme specifically tailored for our field force employees. This programme aimed to enhance our sales team's overall health and fitness through various activities, including BMI checks, salad-making sessions and group exercise sessions led by a professional fitness coach.

In line with our commitment to holistic well-being, we encourage greater participation in Naluri, a digital coaching platform available to all BAT Malaysia employees. Naluri offers a range of resources to help employees achieve their healthiest and best selves.

naluri[®] x BAT Cares

**Personalised Care for a
Healthier, Happier You**



Features you'll love

<p>Digital Health Coaching App</p> <p>Connect with your dedicated coaching team, explore lessons, track your health, and set challenges to achieve your goals.</p>	<p>24/7 Counselling Support</p> <p>Access free, discreet, 24/7 counselling support via a phone call or WhatsApp.</p>
<p>1-on-1 Consultations</p> <p>Schedule a one-on-one virtual or in-person session with a professional and get confidential support.</p>	<p>Community Resources</p> <p>Learn tips from experts and boost your wellbeing with workouts, webinars, dietitian-approved recipes, and more.</p>
<p>Health Improvement Programmes</p> <p>Work with a team of experts in a tailored programme to manage chronic conditions and achieve life-changing health improvements.</p>	<p>Health Assessments</p> <p>Get a better understanding of your mental and physical health, productivity, and more through assessments with instant results.</p>

Social

Employee Volunteering

Beyond Benih—which means 'beyond seeds' in English—was launched in 2022 as a community investment programme aimed at enhancing food security among financially vulnerable communities in Malaysia. Through community-led farm garden projects, Beyond Benih empowers urban and rural B40 communities to cultivate fruits and vegetables in community-led farm gardens, fostering resilience.

A cornerstone of Beyond Benih's success is the passionate involvement of our employees. As part of our Employee Volunteer Programme, our team members spent half-a day in four farm gardens, working alongside the RAs in cleaning and maintaining the gardens and building infrastructure.



RECOGNISING & REWARDING TALENT

Building Tomorrow Recognition

Our reward and recognition programmes - including the Building Tomorrow Awards and the Leadership Team Award – are designed to honour and celebrate high-performing employees, catalysing continued growth and even greater contributions.

Our vision is to create simple, consistent, meaningful, and memorable recognition that enhances our global employee experience. This empowers employees to value one another in our pursuit of innovation and high performance. In 2024 alone, a total of 485 Building Tomorrow Award nominations were awarded to 219 distinct recipients out of 283 employees. This highlights the depth of our recognition culture and our collective commitment to celebrating excellence.

Long Service Awards

We proudly celebrate employees who have completed 10, 20, or 30 years of service through our Long Service Awards and honour retiring employees for their dedication and lasting contributions to the organisation.



Recognition for BAT Malaysia's People, Diversity and Culture Practices

Our unwavering dedication to forging an engaged, inspired and dynamic workplace was recognised with several leading accolades in 2024.

Top Employer

2024 marks the 7th consecutive year that we have been honored with the 'Top Employer' award by the Top Employers Institute. This achievement not only underscores our dedication to nurturing a thriving company culture but also strengthens our resolve in driving towards our purpose of building A Better Tomorrow™ and is further solidified by our recognition as a Top Employer in the Asia Pacific Region and our position as one of the 15 certified Global Top Employers worldwide.



Graduates' Choice Award

We are proud to be ranked No. 1 in the Tobacco category at Talentbank's 2025 Graduates' Choice of Employer to Work For award. This prestigious accolade, which is highly regarded across the Asia-Pacific region, garners 100% of its votes from top-tier university students across Malaysia, reinforcing our standing as an employer of choice.



Life at Work Awards

We are honored to be ranked No. 1 in the 'Technology for Inclusion' category at TalentCorp's Life at Work Awards, which recognises companies that excel in diversity, equity and inclusion.



GRADUAN Brand Awards

We earned the 2nd runner-up position in the 'Malaysia's Most Preferred Employer in the FMCG sector' category at the GRADUAN Brand Awards. With over 120,000 talents participating in the voting process, this prestigious recognition underscores our ongoing efforts to create an attractive, supportive workplace that resonates with Malaysia's top talent.

These accolades not only celebrate our individual and collective achievements but also serve as a source of inspiration for our future endeavors. We eagerly anticipate another year of excellence and continued success together as a company.



Social



Human Rights

2024
Highlights

NO
Reported
incidents
of child
labour in
our supply
chain

BAT Malaysia's Approach

Our business and supply chain spans several sectors, including tobacco and raw material supply and manufacturing, and involves inherent human rights considerations.

We are committed to respecting the human rights of our employees, partners, and the communities in which we operate.

Our approach is guided by BAT Group's strategy and international standards, including the United Nations Guiding Principles on Business and Human Rights and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Our commitment to human rights is also reflected in the 'Human Rights' and 'Our Operations' sections of BAT Group's SoBC and the Supplier Code of Conduct (SCoC).

Specifically, we aim to achieve zero child labour in our tobacco supply chain and seek to respect human rights across our operations

BAT Malaysia's Ambition

Aiming for zero child labour in our tobacco supply chain by 2025.

BAT Malaysia's 2024 Performance

The BAT Group's SoBC, which has been localised by BAT Malaysia provides the framework for our approach to human rights. It guides our engagements with stakeholders, through which we identify and mitigate human rights risks within our operations and stay aligned with our human rights targets. In addition, we consistently implement appropriate measures and take necessary remedial actions to prevent human rights violations from occurring across our operations.

Our approach is further guided by our employment principles, which ensure fair treatment for all employees and uphold workplace-related human rights. These principles were developed in line with local labour laws and practices and form the foundation of our policies and procedures.

Based on the principles, we have incorporated policies and practices at BAT Malaysia that aim to:

- Ensure equal opportunities and non-discrimination.
- Foster internal communication to encourage the free flow of ideas.
- Support worker representation and promote freedom of association.
- Maintain fairness at work and enforce zero tolerance for harassment and bullying.
- Stand against all forms of child labour and forced labour.
- Promote performance responsibility.
- Uphold responsibility concerning health, safety, and the environment.
- Invest in community and employee skills development, particularly in our markets.
- Provide personal development and learning opportunities.
- Implement reasonable working hours for employees and establish family-friendly policies.
- Offer fair, just, and competitive remuneration and benefits packages.

We work with our suppliers — including contractors, service providers, and distributors — to support them in upholding similar human rights practices throughout their supply chains and comply with the SCoC. This requirement is included as part of all contractual agreements, and full cooperation with the SCoC is required for suppliers to maintain their business relationship with us. Accordingly, we have the right to investigate any instances of non-compliance, and if confirmed, we have the right to terminate contractual agreements with the offending suppliers duly.

Furthermore, our suppliers are expected to maintain high standards of business ethics and integrity. This includes preventing conflicts of interest, bribery, corruption, sanctions violations, tax evasion and illicit trade.



Employee Health and Safety

2024
Highlights

ZERO
Serious
injuries and
fatalities

BAT Malaysia's Approach

We are committed to providing a safe and healthy working environment for our employees and contractors. Our ambition is to keep our people safe along with the communities we operate in. Our approach is defined in our Integrated Environmental, Health and Safety Management System, which offers guidelines on occupational health and safety across the business. Our EHS roadmap allows for the efficacious implementation of safety practices. Effectiveness is gauged by measuring our performance against set targets.

BAT Malaysia's Ambition

Aiming to maintain zero accidents across all business operations.

BAT Malaysia's 2024 Performance

We implement a wide range of initiatives to foster a culture of workplace safety and empower our employees to perform at their best. This commitment begins with each employee's onboarding process, receiving health and safety training during their induction and continuing relevant training such as defensive driving throughout their journey with the organisation.

We enhanced our approach this year by introducing tailored training at each site office. This initiative, which starts with a comprehensive workplace assessment, aligns with the latest amendment to Malaysia's Occupational Safety and Health Act, emphasising employers' and employees' shared roles and responsibilities in maintaining a safe work environment. Through these efforts, we aim to ensure every employee is well-equipped to contribute to a safe and productive workplace.

In addition, we continued our focus on fleet vehicle safety. Recognising that field-based employees are exposed to higher risks, we have introduced a new global platform, 'Halo Insight', to monitor and enhance fleet safety. This platform gives us insight into driver behaviour based on a scoring system and feedback from onboard the telematics system which helps ensure our fleet operates in the safest possible conditions.

EHS Policy and Steering Committee

An EHS Policy governs our workplace health and safety and the Operations Director chairs our Steering Committee. This Committee provides direction, support and guidance to support the continuous development of EHS management. Meetings are held twice a year to discuss the following:

- Review and assessment of BAT Malaysia's EHS Policy, management systems and programmes.
- Implementation of actions compliant with laws, regulations and EHS policy objectives.
- Review of maintenance programmes.
- Engagement with external stakeholders.
- Management of employee self-assessment reviews based on the EHS Road Map.
- Decision-making processes concerning critical issues, budget timing and targets.

Social

Hazard Identification and Risk Assessment

We work to eliminate hazards and risks throughout our operations by proactively identifying potential threats through Hazard Identification, Risk Assessment and Risk Control. This approach helps us to maintain a work environment that safeguards the health and well-being of our employees. Our comprehensive EHS Policy continues to cover the entire workforce, reinforcing our commitment to maintaining a safe working environment.

Occupational Health and Safety Performance

We encourage all employees to incorporate safety measures into their daily activities and promptly report any safety risks or near misses to our EHS teams through the Near Miss Reporting process. In the year under review, there have been no serious accidents or Lost Time Injuries to our employees and contractors.

Defensive Driving Course

We are committed to ensuring the well-being and safety of our employees who spend significant time on the road. To this end, we conduct defensive driving training, equipping employees to identify potential road hazards and make prudent decisions in emergencies.

In 2024, we conducted 42 defensive driving sessions, engaging 92 employees in interactive training. These sessions provided essential skills for safe vehicle operation and helped instill a culture of safety and responsibility. In addition to basic first aid, the training covered crucial vehicle safety checks and proactive actions to prevent accidents.

Moving forward, we will strive to continually enhance our safety practices to ensure that every employee returns home safely after work.

Recognition for Excellence in Occupational Safety and Health

In 2024, we were honoured to receive the highest accolade from the Malaysian Occupational Safety and Health Practitioners' Association (MOSHPA) for the 6th consecutive year — the Diamond Award at the 20th MOSHPA OSH Excellence Awards. Winning the Diamond Award, the highest recognition in our industry, highlights our dedication to workplace safety. It underscores our continuous efforts to uphold health and safety standards across our operations. This award is more than a milestone — it reaffirms our leadership in promoting a health and safety culture.





Communities, Social Impact and Well-being

2024 Highlights

Ten new
farm gardens
established with
an investment of
RM655,830

An estimated
88,966
beneficiaries
were supported
from 2022 to
31 December
2024

BAT Malaysia's Approach

Our approach to community investment is localised to address the specific needs of Malaysian communities. In 2022, we assessed these needs by conducting desktop research and engaging with our stakeholders to understand the issues faced by communities in Malaysia. This process helped develop a localised strategy and action plan to make a positive social impact.

Our flagship programme, Beyond Benih, focuses on enhancing food security in vulnerable communities. In alignment with the Ministry of Housing and Local Government's Urban Community Garden Policy, we developed a methodology aimed at helping communities establish farm gardens to meet their food needs. We converted this methodology into standard operating procedures, which act as guidelines for all parties involved in the programme.

In addition to this, we continue to provide donations to support members of vulnerable community members, reinforcing our commitment to making a tangible difference.

BAT Malaysia's Ambition

Aiming to support an estimated 250,000 beneficiaries by 2026 through the Beyond Benih programme.

BAT Malaysia's 2024 Performance

Beyond Benih: Enhancing Food Security in Vulnerable Communities

In 2022, we launched our flagship community investment programme, "Beyond Benih." This programme supports vulnerable B40 communities to establish and manage farm gardens to meet their food needs.



Beyond Benih is conducted in collaboration with the federal and state Departments of Agriculture (DOA), local authorities and the RAs of the beneficiary communities. It provides RAs with funding, resources, knowledge transfer and technical support via relevant experts such as the DOA and Federal Agricultural Marketing Authority (FAMA). We aim to help create independent, prosperous and environmentally conscious agricultural communities capable of achieving food self-sufficiency.

Social

A COLLABORATIVE APPROACH



The Department of Agriculture recognised BAT Malaysia’s community farm garden programme, “Beyond Benih”, as a strategic partner in its efforts to support food security for Malaysia.

Source: British American Tobacco uphold food security in Malaysia - March 1, 2024 – Business Times

» 12-MONTH FUNDING PROVIDED BY BAT Malaysia

- Provide funding across a 12-month period to set up and run the farm gardens. (No cash handouts).
- Ensure good governance through SOP.
- Continuously monitor progress and provide field support via the Service Provider.
- Facilitate connections between the stakeholders and RAs particularly to provide troubleshooting support when needed.

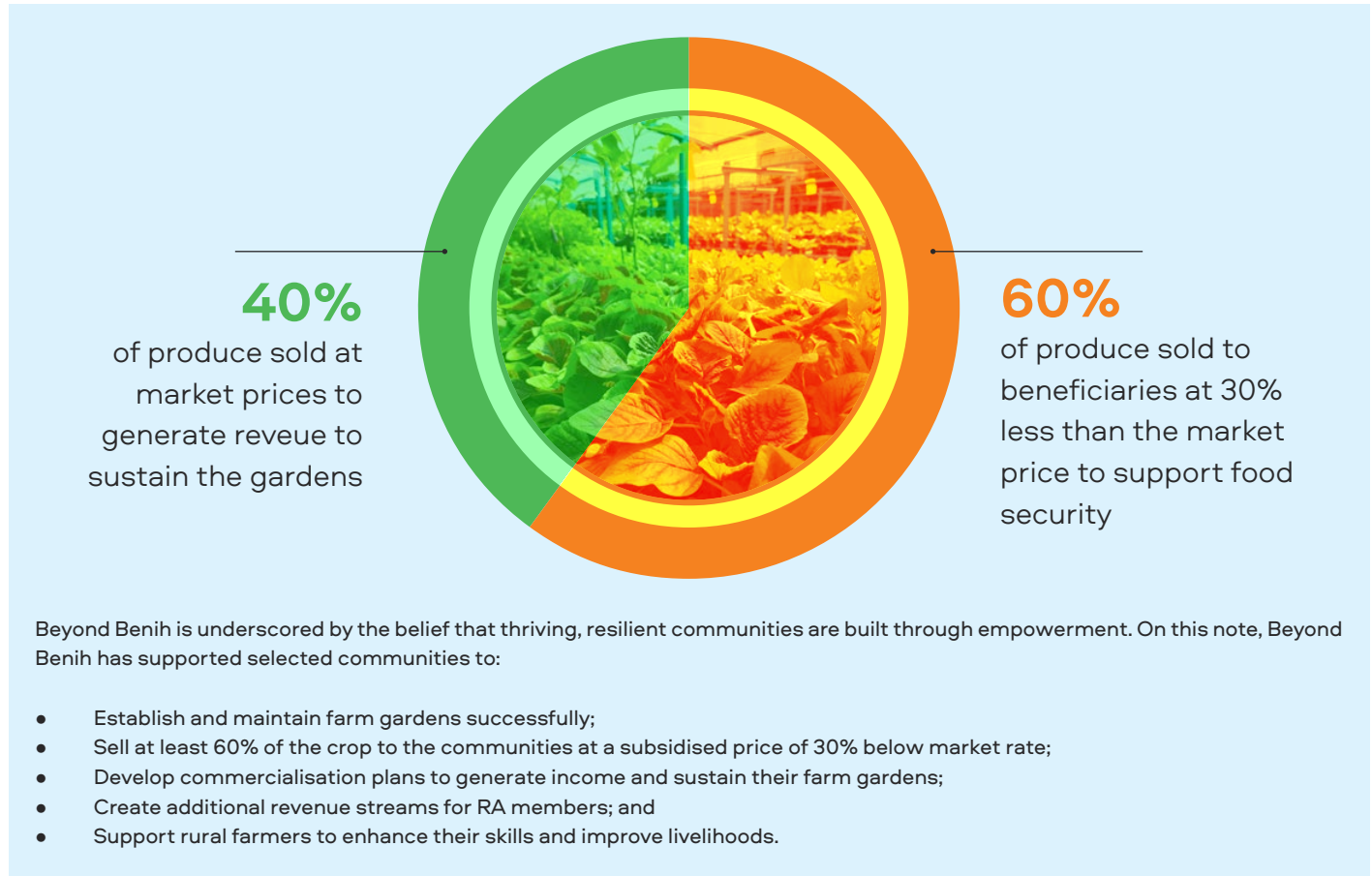
» TRAINING & TECHNICAL KNOWLEDGE BY DOA

- Work with BAT Malaysia to identify suitable communities and RAs to receive support.
- Recommend appropriate crops for farm gardens based on location and soil conditions.
- Recommend agriculture technologies and input resources to be used by the RAs. (BAT Malaysia's funding is based on these recommendations for each farm garden)
- Provide training and technical support to RAs.
- Assist the RAs in applying for MyGAP Certification.
- Monitor the progress and quality assurance.

» OPERATED BY RAs

- Establish farm gardens and infrastructure with guidance from the District DOA and BAT Malaysia.
- Manage the project in accordance with the SOPs.
- Keep documentation updated at every stage of the project stages.
- Ensure the long-term sustainability of the farm gardens.

PROGRAMME MODEL



CONTINUING TO INCREASE OUR REACH



*Cumulative number of beneficiaries.

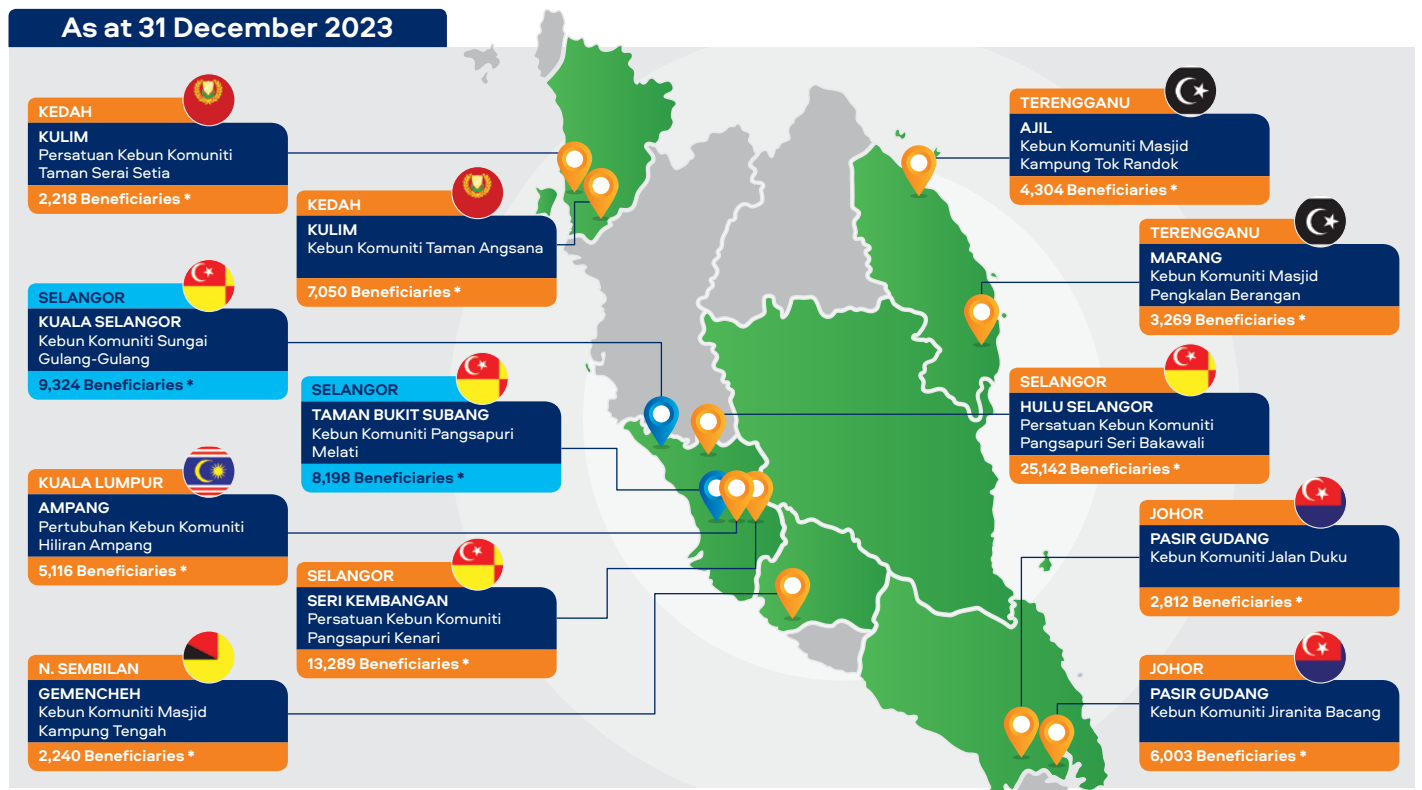
The number of beneficiaries added to the programme each year can vary based on the low-income population in the community and the land area available for each farm garden, which is why we maintain a range in the expected beneficiaries.

Social

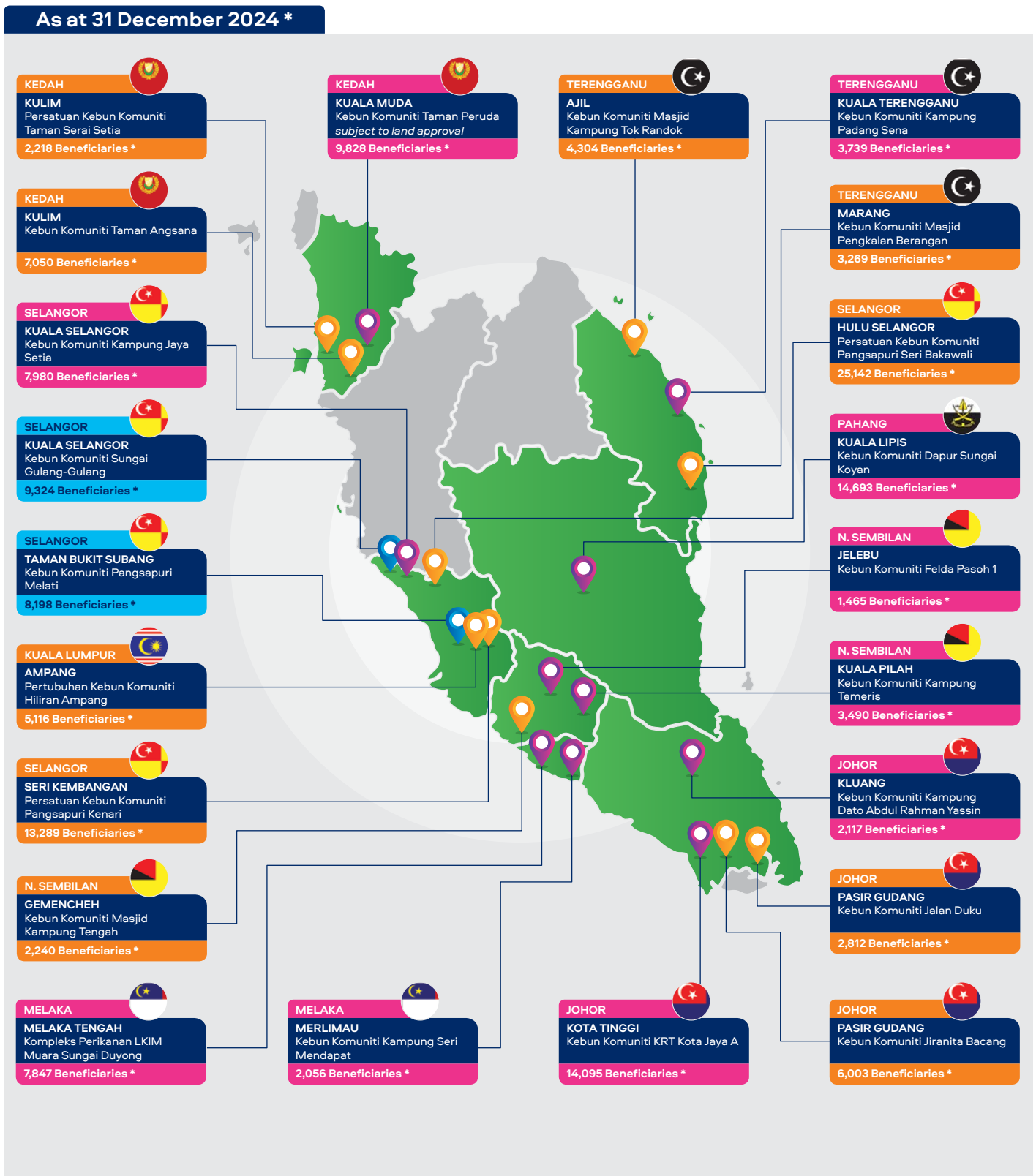
EXPANSION OF THE PROGRAMME



* Total estimated beneficiaries as provided by the RAs.



* Total estimated beneficiaries as provided by the RAs.



* Total estimated beneficiaries as provided by the RAs.

** The 10 gardens established in 2024 are still under development, and the beneficiaries will not be included until Q2 2025.

Social

OUR GARDENS AT A GLIMPSE

2022

Pangsapuri Melati, Taman Bukit Subang, Selangor



Sungai Gulang-Gulang, Kuala Selangor, Selangor



2023

Hiliran Ampang, Kuala Lumpur



Jiranita Bacang, Pasir Gudang, Johor



Jalan Duku, Pasir Gudang, Johor



Pangsapuri Kenari, Seri Kembangan, Selangor



Masjid Kampung Tengah, Gemencheh, Negeri Sembilan



Masjid Kampung Tok Randok, Aji, Terengganu



Masjid Pengkalan Berangan, Marang, Terengganu



Seri Bakawali, Hulu Selangor, Selangor



Taman Angsana, Kulim, Kedah



Taman Serai Setia, Kulim, Kedah



2024

Sungai Koyan, Kuala Lipis, Pahang



Felda Pasoh 1, Jelebu, Negeri Sembilan



Kampung Dato Abdul Rahman Yassin, Kluang, Johor



Kampung Temeris, Kuala Pilah, Negeri Sembilan



Kota Jaya A, Kota Tinggi, Johor



LKIM Muara Sungai Duyong, Melaka Tengah, Melaka



Kampung Padang Sena, Kuala Terengganu, Terengganu



Kampung Seri Mendapat, Merlimau, Melaka



Kampung Jaya Setia, Kuala Selangor, Selangor



Social

No	Year	List of Beyond Benih Farm Gardens	Estimated Total Households (Declared by RAs)	Estimated Total Population	Estimated Total B40 Households (Declared by RAs)	Estimated Beneficiaries ¹³ (Census 3.8 pax per household)
1	2022	Kebun Komuniti Pangsapuri Melati, Taman Bukit Subang, Selangor	3,082	11,712	2,157	8,198
2	2022	Kebun Komuniti Sungai Gulang-Gulang, Tanjung Karang, Selangor	3,775	14,345	2,454	9,324
3	2023	Kebun Komuniti Jiranta Bacang, Pasir Gudang, Johor	2,633	10,005	1,580	6,003
4	2023	Kebun Komuniti Jalan Duku, Pasir Gudang, Johor	925	3,515	740	2,812
5	2023	Kebun Komuniti Masjid Kampung Tengah, Gemencheh, Negeri Sembilan	1,371	5,210	590	2,240
6	2023	Kebun Komuniti Pangsapuri Kenari, Seri Kembangan, Selangor	5,380	20,444	3,497	13,289
7	2023	Kebun Komuniti Pangsapuri Seri Bakawali, Hulu Selangor, Selangor	9,452	35,918	6,616	25,142
8	2023	Kebun Komuniti Hiliran Ampang, Kuala Lumpur	1,683	6,395	1,346	5,116
9	2023	Kebun Komuniti Taman Angsana, Kulim, Kedah	2,319	8,812	1,855	7,050
10	2023	Kebun Komuniti Serai Setia, Kulim, Kedah	834	3,169	584	2,218
11	2023	Kebun Komuniti Masjid Tok Randok, Ajil, Terengganu	1,510	5,738	1,133	4,304
12	2023	Kebun Komuniti Masjid Pengkalan Berangan, Marang, Terengganu	1,012	3,846	860	3,269
TOTAL			33,976	129,109	23,412	88,965

¹³ The Estimated Total Beneficiaries reported here cover only the twelve farm gardens established between 2022 – 2023. This is calculated based on the Number of B40 Households declared by the Residents' Associations multiplied by 3.8 (average number of individuals per Malaysian household according to the Department of Census and Statistics).

PROGRAMME DESIGN

We developed a step-by-step SOP to guide the establishment of each farm garden. Published as a booklet, the SOP is distributed to each RA upon their registration to the programme. Each project progresses through three distinct phases from inception until graduation.



Social

ENSURING THE SUSTAINABILITY OF BEYOND BENIH FARM GARDENS

We have implemented several measures to help ensure the continued sustainability of the farm gardens after the funding period concludes.

Commercialisation: RAs are encouraged to cultivate at least one commercial crop to be sold at market prices, with the generated revenue reinvested to support the maintenance and operation of the farm gardens. Occasionally, the DOA facilitates introductions between the RAs and third parties interested in purchasing their entire commercial crop for local consumption or export. FAMA provides training in basic marketing techniques, empowering RA members to run their own small businesses.

MyGAP Certification: BAT Malaysia helps RAs to apply for MyGAP certification during the first year. Once achieved, this certification can help RAs explore export opportunities for their commercial crops.



“The Beyond Benih programme truly has been a transformative experience for us. We have been introduced to various new and innovative farming methods that have upskilled us, improved our livelihood and strengthened bonds within our community. On behalf of the RAs, we are truly blessed and thankful to BAT Malaysia for the opportunity given throughout our involvement in this programme.”

Encik Ayub Fakhri bin Daim-RA- Kebun Komuniti Kampung Sungai Gulang-Gulang

HOW THE PROGRAMME BENEFITS MALAYSIA

In 2024, we conducted a survey to assess the impact of the Beyond Benih programme since its inception in 2022. Over 4,000 questionnaires were sent to residents in the communities where the farm gardens had been established. Recipients include both RA members and members of the community. We received over 1,800 responses, offering valuable insights into how Beyond Benih benefits communities and highlighting improvement areas.

Feedback from RA Members

The survey covered 12 RAs actively managing farm gardens under Beyond Benih. 10 new farm gardens, registered in October 2024, were still setting up infrastructure and not fully operational as of 31 December 2024. Thus, the data presented below reflects only the 12 fully operational farm gardens. The survey targeting RA members received over 100 responses.

91% of RA members participated in the programme on a part-time basis to earn additional income source.

- The Beyond Benih programme model allows participants to supplement their earnings without requiring full-time commitment.

52% out of the 329 RA members involved in Beyond Benih Farm Gardens are women.

Majority of women in RAs reported a 20% or more increase in income by participating in the programme.



“BAT Malaysia has taken bold steps to guide farm gardens so that these gardens can produce sufficient yields.

Considering the unpredictable weather in Malaysia, I request Beyond Benih programme to prioritise the construction of greenhouses in order to be more efficient.”

En Mohd Tarmizi Bin Hj Anuar Head of RA, Pangsapuri Melati 19-20, Bukit Subang, Selangor

Social

Feedback from Beneficiaries



“I applaud BAT Malaysia’s initiative to introduce the Beyond Benih farm garden within my area. This farm garden not only provides food security, but also offers prices at below market prices. This has reduced my dependency to purchase vegetables from the market. The produce from the Beyond Benih farm garden is fresh and high quality and I feel that this garden has the potential to flourish and become an active community hub for the surrounding residents.”

Pn. Khirosni binti Misbah, Jalan Canggung, Taman Pasir Putih for Kebun Komuniti Jalan Bacang, Pasir Gudang Johor

74% of beneficiaries reported purchasing from the farm garden.

40% of the beneficiaries reported purchasing from the gardens on weekly basis, showing demand for the crops grown in Beyond Benih farm gardens.

Key Learning: RAs need to maintain consistent high yields from the farm gardens to ensure they can meet the community's demand.

99.4% of beneficiaries agreed that farm garden produce is cheaper than market prices.

99.9% of beneficiaries praised the quality and availability of the produce, highlighting the Beyond Benih farm gardens have successfully provided affordable, high-quality vegetables.

83% also reported that the programme effectively addresses food security in their respective communities.

Key Learning: Further improvements such as offering more variety of vegetable and ensuring consistent high yields year-round are required to enhance the programme's impact further.

The feedback from the survey highlighted the importance of community outreach programmes and offered valuable insights for enhancing Beyond Benih to make it even more inclusive. Based on the insights we are collaborating with our programme partners to refine the SOP and develop sustainable solutions to address challenges identified. Key actions to be taken include:

» Boost Beneficiary Registrations:

- o BAT Malaysia will work with RAs and be directly involved through its service provider to ensure beneficiary registrations are conducted in an effective manner.
- o Constant progress reviews will be carried out to ensure RAs are actively registering more members and including newer members of the community.
- o Consistent communication plan will be implemented to raise awareness and promote farm gardens, encouraging greater participation.

» Boost Productivity:

- o All newly established farm gardens launched from 2024 onwards will start with a minimum 1,000 polybags (referring to saplings/seedlings which are supplied in polybags) to generate sufficient yields from the farm gardens.
- o BAT Malaysia will work closely with the DOA to review farm garden productivity and implement effective solutions to increase yield and variety.

» Access to Troubleshooting Resources:

- o Work together with District DOAs to explore and introduce low-maintenance technologies that reduce the need for intensive supervision.
- o Leverage on extension agents appointed by DOA to enhance technical support RAs.
- o Ensure easy access to troubleshooting materials, such as ready handouts, to address issues quickly.

» Building the RA Network:

- o Arrange visits between RAs to enhance information and experience sharing.

» Market Activation:

- o Host frequent FAMA farmer markets at farm gardens to boost sales and visibility.



Governance



Responsibility and integrity are fundamental to how we run our business operations. Corporate governance is key to ensuring sustainable, long-term growth of our business in Malaysia.

Ethics and Integrity



2024 Highlights

100%

Reported
SoBC cases
investigated

100%

Employees
completed
SoBC training
and compliance
sign-off

BAT Malaysia's Approach

We seek to ensure good corporate conduct by integrating ethics and integrity throughout our operations. Our standards extend to all employees, suppliers, and business partners and we are committed to never sacrificing these principles to deliver business results.

We have implemented a comprehensive suite of policies and standards supported by ongoing awareness and training programmes for our employees, contractors and business partners. Our expectations are clearly outlined in the BAT Group's SoBC and the SCoC which has been localised by BAT Malaysia. These are further enhanced by procedures and tools introduced to identify and mitigate risks continuously. Moreover, our employees are always encouraged to speak up in case of any breach or suspected violation.

'Ethics and Integrity' remains a principal material topic for BAT Malaysia and this section of the report discusses our performance during the reporting year.

BAT Malaysia's Targets

SoBC training and compliance sign-off procedures are completed by 100% of employees annually.

100% of reported SoBC cases are investigated.

BAT Malaysia's 2024 Performance

Compliance

Adherence to all applicable laws and regulations, as well as internal policies, standards and guidelines, forms the foundation of our operation in Malaysia. We have adopted BAT Group's policies and standards and established procedures to ensure that all our employees, contractors, and business partners are aware of them and comply accordingly.

Our employees are required to undergo online SoBC training annually, followed by a sign-off to acknowledge their compliance. In addition, we follow a risk-based approach to due diligence for our contractors and business partners through the Coupa Risk Assess (CRA) online system. We also require our third party affiliates to undergo assessments via 'Know-Your-Customer' (KYC) and 'Know-Your-Supplier' (KYS) policies.

Speak Up

Our 'Speak-Up' channels enable employees and third parties working with us to anonymously raise any concerns of non-compliance with the SoBC, without fear of reprisal. These channels are easily accessible via a designated hotline, an online portal, the mobile SoBC app, or through dedicated officers.

Compliance Training

We recognise the importance of ensuring that our employees are aware of and understand our policies and procedures regarding ethical behaviour. Regular refresher training sessions keep employees up to date with our policies. Additionally, regular communication through policy cascades and the SoBC app helps to embed ethical behaviour in our business practices.

In 2024, 100% of employees received SoBC training, while Supply Chain Compliance Procedure (SCCP) training was provided to employees in relevant roles.

Anti-Bribery and Corruption

Our third-party Anti-Financial Crimes Procedure promotes transparency and mitigates the risks of bribery and corruption, money laundering, terror financing, illicit trade, sanctions and tax evasion.

Governance

Responsible Marketing and Compliance

2024 Highlights

Adopted the BAT Group's updated International Marketing Principles, renamed **Responsible Marketing Principles (RMP)**

Worked closely with the government to reduce the illicit incidence to

55%
of the total illicit market in Malaysia

BAT Malaysia's Approach

To prioritise responsible marketing and transparent communication with our consumers, we adhere to all applicable laws, regulations and internal guidelines. Our responsible marketing approach is governed primarily by Malaysia's Act 852 and its regulations, as well as the BAT Group's RMPs.

We enforce stringent marketing standards and work closely with our employees, partners and customers to ensure effective implementation. Compliance with product regulations and clear, accurate labelling of products further support transparent and trustworthy product communication. We have established robust approval processes to uphold these standards and ensure that all communications are transparent.

Marketing freedoms with respect to our smokeless products are critical for our ability to deliver on Tobacco Harm Reduction. Through communication and raising awareness around reduced-risk[†] smokeless products, we can support the acceleration in reducing smoking rates and in turn, smoking-related diseases. We emphasize the need for clear and meaningful product information, while also focusing on preventing underage access.

Additionally, we actively support the government's efforts to fight the black market illicit trade, consistently advocating for stronger anti-smuggling measures, including tighter controls on cigarette imports and increased monitoring of suspicious activities. In line with the BAT Group's Anti-Illicit Trade Policy, which is outlined in the SoBC, we maintain rigorous supply chain controls and take appropriate action when there is a risk of product smuggling or diversion.

BAT Malaysia's Ambitions

Aiming for zero incidents of significant non-compliance with marketing regulations.

Full adherence to BAT Group's RMP guidelines.

Aiming for the reduction in total black market illicit incidence.

* 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 Shus, 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.

BAT Malaysia's 2024 Performance

Regulatory Compliance

We strictly adhere to all applicable laws and regulations in Malaysia. In 2024, there were no incidents of significant non-compliance.

Responsible Marketing

In addition to complying with Act 852 and its regulation, our marketing operations also follow the BAT Group's RMPs. The RMPs provide clear guidance on product marketing and labelling, and include strict requirements to be accurate, responsible and targeted at adult consumers only. The RMPs are applied even when they are stricter than local laws.

The RMPs are designed to ensure our products are marketed strictly to adult consumers and do not target or appeal to the underage. Our marketing must be responsible, accurate and not misleading. It is directed at adult consumers, transparent and fully compliant with all relevant laws.

Our vapour products were the first in Malaysia to comply with the Standard and Industrial Research Institute of Malaysia (SIRIM) certification requirements.

Preventing Underage Access

Given the nature of our business, we are deeply committed to marketing our products responsibly and exclusively to adults. This commitment reflects the expectations of the BAT Group and applies across all subsidiary companies. We have established stringent procedures and measures to ensure compliance.

We comply with Act 852, which prohibits the trade of tobacco products to anyone under 18. We reinforced awareness of the minimum age law through retailer engagement and providing UAP messaging at Point-of-Sale Marketing (POSM).

To ensure responsible product delivery, we require our retailers and traders to comply with UAP guidelines. This message is communicated through retailer communications and displayed clearly on the prescribed signage mandated by Act 852.

We have also worked closely with our retailers to ensure compliance with the new regulations for vapour products under local laws. We have made efforts to support our retailers in complying with applicable laws.

Maintaining a Level-Playing Field

We consistently urge the government to strengthen anti-smuggling measures by enforcing stricter controls on cigarette imports and increasing surveillance along the Malaysian coastline and entry points, including private jetties. We also support introducing a special rewards scheme by the government for enforcement agencies as we believe the scheme will drive sustained efforts to curb smuggling activities.

In 2024, the incidence of the tobacco black market in Malaysia reduced to 55%. We continue to call on the government to implement measures to combat the tobacco black market, recover lost taxation revenue and address risks associated with the black market.

Governance

Sustainability Governance



2024 Highlights

Initiated work to adopt IFRS S2 (climate-related risks) reporting standard

Conducted our first-ever climate-workshop

BAT Malaysia's Approach

We continuously work to identify and manage sustainability risks and opportunities across our operations, relying on a well-established sustainability governance structure to achieve this.

Within this structure, the Board of Directors oversees our sustainability strategy, while the SC keeps the Board informed of updates and progress. The SC is also responsible for reviewing our strategy, goals and targets and monitoring our performance in achieving said goals and targets.

The Leadership Team drives strategic priorities with the support of BAT Malaysia's CSO. The CSO provides quarterly progress updates to both the Leadership Team and the SC. Furthermore, the SC Chairperson presents a quarterly progress report to the Board of Directors.

While our sustainability strategy aligns with BAT Group's overall framework, our priorities, goals, and targets are tailored to reflect the needs of our local stakeholders. We also leverage BAT Group's sustainability resources, including an online environmental reporting system that helps us track data and monitor performance.

BAT Malaysia's Ambitions

Effective management of sustainability governance to ensure compliance with Bursa Malaysia's MMLR.

BAT Malaysia's 2024 Performance

Our Sustainability Governance Structure



BOARD OF DIRECTORS

- Approves BAT Malaysia's sustainability strategy - oversees sustainability efforts, including operationalising BAT Malaysia's sustainability strategy and identifying and managing sustainability-related risks.
- Approves initiatives addressing issues such as climate change, talent management, integrity, corruption, business conduct standards and risk management.
- Approves the annual budget to implement sustainability strategies and action plans.



SUSTAINABILITY COMMITTEE

- Reviews the sustainability strategy, performance against goals and targets and the annual sustainability budgets.
- Assesses sustainability-related policies, resource allocation and other relevant issues.
- Assesses the execution of sustainability matters in alignment with the strategies approved by the Board.

**LEADERSHIP TEAM**

- Ensures effective implementation of Board-approved strategies and plans.
- Oversees our Community Investment programme.
- Reviews the annual functional budget and allocates resources to support sustainability plans for the financial year.
- Tracks progress on sustainability initiatives, activities, goals and targets.

**CHIEF SUSTAINABILITY OFFICER**

- Reviews sustainability initiatives within each function and ensures sufficient resources are available to achieve planned objectives.
- Monitors and reports the progress of sustainability initiatives, activities, goals and targets to the Leadership Team and SC.

Ratings and Recognitions

In 2024, we maintained our 4-star rating in the FTSE Russell Index which assesses how well companies manage ESG matters. We are proud to maintain our 4-Star rating in the index, which as per Bursa's definition represents companies with FTSE4Good ESG Rating of 3.7 or higher.

During the year, we also secured 1st place in the Industry Excellence category for Consumer Products and 6th place in the Overall Excellence category and Services at the MSWG - NACGSA 2024.

