

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 4162

**COMPANY NAME** : British American Tobacco (Malaysia) Berhad

**FINANCIAL YEAR** : December 31, 2023

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("<b>Board</b>") sets the strategic direction and also oversees and ensures that the conduct of the businesses of British American Tobacco (Malaysia) Berhad ("<b>BAT Malaysia</b>") and its subsidiaries (the "<b>Group</b>") adhere to relevant applicable laws, policies, standards and guidelines.</p> <p>The roles and responsibilities of the Board are set out in the BAT Malaysia's Code of Corporate Governance ("<b>BAT Malaysia Code</b>") and the Board Committees' roles and responsibilities in discharging its function which had been delegated by the Board are set out in the respective Board Committee's Terms of Reference.</p> <p>The Board is also guided by the Statement of Delegated Authorities, which clearly define the matters that are specifically reserved for the Board and Board Committees.</p> <p>The Board meets quarterly to review performances and strategies of the Group. When the need arises, special board meetings will be convened.</p> <p>BAT Malaysia's corporate governance framework is set out in BAT Malaysia Code and is directed towards achieving its business objectives in a manner which is responsible and in accordance with high standards of honesty, transparency and accountability.</p> <p>For more information on the Board Leadership and effectiveness, please refer to pages 108 to 117 of the Annual Report 2023.</p> <p>The BAT Malaysia Code is available on BAT Malaysia website at <a href="http://www.batmalaysia.com">www.batmalaysia.com</a>.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Chairman plays an important leadership role and is responsible for:</p> <ul style="list-style-type: none"><li>• providing leadership to the Board so that the Board can perform its responsibilities efficiently and effectively.</li><li>• setting the agenda for meetings of the Board and ensuring that Board members receive complete and accurate information in a timely manner.</li><li>• leading the Board and shareholders meetings.</li><li>• encouraging active participation and allowing dissenting views to be freely expressed.</li><li>• managing the interface between the Board and the Leadership Team.</li><li>• ensuring the Board is constituted in accordance with and acts in compliance with relevant statutory requirements.</li><li>• leading the Board in the adoption and implementation of good corporate governance practices in the Group.</li><li>• establishing and maintaining relationships with the stakeholders of the Group, including government institutions, shareholders and potential shareholders, and major external bodies.</li></ul> <p>On 30 October 2023, the Chairman chaired a meeting of the Non-Executive Directors meeting without the presence of the Executive Directors and the Management to discuss amongst others strategic matters and alignment between the Management and the Board.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.3**

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman and Managing Director are held by two different individuals.</p> <p>The separate duties of the Chairman and the Managing Director are clearly defined in the Board Charter and there is a clear and proper balance of power and authority to facilitate an accountable and high performing Board. The Board delegates the authority and responsibility for managing the operations and developments of the BAT Malaysia Group in accordance with the objectives and strategies established by the Board to the Managing Director.</p> <p>The Chairman has never assumed any executive position in the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Tan Sri Dato' Seri Aseh bin Haji Che Mat who is the Chairman of the Board, had relinquished his Chairmanship of the Nomination and Remuneration Committee (" <b>NRC</b> ") effective 1 January 2024. The Chairman was also not invited to participate in the meetings of the Board Committees mentioned in this Practice. The Chairman is currently not a member of any of the Board Committees mentioned in this Practice.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by a qualified and competent Company Secretary pursuant to Section 235(2) of the Companies Act 2016. Adiel Emir Ikram Aziz Al Rahim is a licensed Company Secretary with a Bachelor's Degree in Law.</p> <p>The Company Secretary is responsible for ensuring that the Board is advised and kept updated on the relevant laws, regulations, listing requirements, policies requirements governing the Group and business. As and when required, the Company Secretary provide advice to the Board on its roles and responsibilities, corporate disclosures and compliance with corporate governance requirements.</p> <p>The roles and responsibilities of the Company Secretary are set out in the BAT Malaysia Code.</p>
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Meeting papers, which are complete and accurate, are generally circulated to the Board and Board Committees' members at least five (5) business days prior to the meeting. The Board firmly believes that effective deliberation and its decision-making process is highly dependent on the quality of information furnished by the Management as well as the timely circulation and provision of all materials by the Management to the relevant attending members.</p> <p>In the event of any urgent matters or when additional papers are circulated less than five business days, the Management will take the Board through the documents for a more detailed explanation.</p> <p>All Board meetings were conducted separately from Board Committees meetings to enable objective and independent discussion during these meetings. At each Board meeting, the Chairman ensures adequate time is allocated for thorough deliberation of key issues including for the Committee Chairs to report on the contents of discussions and any recommendations to the Board which require approval and actions to be taken by the Board.</p> <p>Minutes of meetings are circulated and confirmed as correct record by the Board and its Board Committees at the next meeting.</p> <p>As part of the Board's initiative to promote efficiencies and environmental sustainability, as much as possible, the Board has adopted paperless meetings through the usage of technology and electronic devices which allows immediate access to the materials.</p>

<b>Explanation for departure</b> :		
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<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter is set out in the BAT Malaysia Code and this is reviewed and revised in line with developments. The last revision of the BAT Malaysia Code was approved by the Board on 24 July 2023.</p> <p>The roles and responsibilities of the Board, Chairman, Managing Director, Board Committees, Investor Relations and Company Secretary are set out in the BAT Malaysia Code, whereas the Statement of Delegated Authorities set out matters reserved for the Board.</p> <p>The BAT Malaysia Code is available on BAT Malaysia website at <a href="http://www.batmalaysia.com">www.batmalaysia.com</a>.</p>
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>BAT Malaysia's purpose is to build "A Better Tomorrow™". A key driver to deliver "A Better Tomorrow" is BAT Malaysia's evolution of guiding principles in line with ethos behaviour being bold, fast, empowered, responsible and diverse to create a future-fit culture.</p> <p>To ensure that all principles are embedded in its daily business lives and in the employees' behaviour at work, the Company has in place its Standards of Business Conduct ("<b>SOBC</b>") which set out high standards of ethical behaviour, internal policies, guidelines, procedures and code in support of the Company's corporate governance.</p> <p>The SOBC was updated in January 2022. Amongst areas covered by the SOBC are Speak Up, Conflicts of Interest, Anti-Bribery and Corruption, Anti-Tax Evasion and Anti-Money Laundering, Insider Dealing and Market Abuse, Respect in the Workplace, Human Rights, and Accurate Accounting and Record Keeping.</p> <p>All employees completed the Group mandatory e-learning and sign-off in 2023.</p> <p>The SOBC, other policies, standards and principles are available on BAT Malaysia website at <a href="http://www.batmalaysia.com">www.batmalaysia.com</a>.</p>

<b>Explanation for departure</b> :		
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<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group have in place a Speak Up policy since 2004 which sets out the procedures which must be followed to enable employees to voice their concerns without fear of retaliation and with confidence that their complaints will be acted upon and their identity kept confidential. This policy is reviewed for enhancements from time to time.</p> <p>A globally managed portal and hotline (managed by third party) is available for employees and external party to lodge a whistleblowing report via online, phone or text messaging.</p> <p>The SOBC highlights the Group Whistleblowing Procedure that serves as a grievance mechanism for our employees to report on any discriminatory incidents without fear of reprisals or repercussions. In the year under review, there were zero reported cases of discrimination.</p> <p>This portal and hotline are available on BAT Malaysia website at <a href="http://www.batmalaysia.com">www.batmalaysia.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board continuously reviews its corporate governance framework to ensure its relevance, effectiveness and to account for sustainability consideration in meeting the challenges of the business.</p> <p>The Board together with the Leadership Team takes responsibility for governance of sustainability in building “A Better Tomorrow™” with the Sustainability Committee instituted on 31 May 2021. The Board, Sustainability Committee and the Leadership Team put in place the Company’s sustainability strategies, priorities and targets.</p> <p>The Group affirms its commitment to sustainability by unveiling a strategy that aims to reduce the health impact of the business while championing environmental, social and corporate governance excellence.</p> <p>Sustainability strategies, priorities and implementation of initiatives are supervised and managed by a Chief Sustainability Officer together with the Leadership Team. They assess sustainability strategies, targets, performance and related internal control, risk management and governance.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board values engagement with all stakeholders. The Company’s sustainability strategies and priorities are communicated to external stakeholders through various platforms and media, including general meeting, newspapers, social media, investors’ teleconferences and analyst briefings.</p> <p>The Board ensures the Leadership Team leads the communication of the Company’s sustainability strategies, priority and targets to all employees. Multiple internal engagement channel (annual kick-off meeting, monthly townhall session, department session and internal Yammer post) are used to communicate the Company’s sustainability strategies, key priorities and targets to all employees.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary and the Chief Sustainability Officer regularly updates the Board on the changes of the Listing Requirements upon receipt of circulars or notifications from Bursa Securities which are relevant to the Company relating to disclosures and compliances including information on sustainability issues.</p> <p>The Board and Leadership Team continuously keep themselves abreast with and understanding of the sustainability issues which are relevant to the Company and its stakeholders through continuous update, training, learning and education on laws, regulations and standards relating to economic, social and governance (“ESG”) matters that are applicable to the Company in the environment it operates in.</p> <p>Additionally, some of the Board members have attended the newly launched Mandatory Accreditation Programme Part II: Leading for Impact on sustainability. The full list of individual Director’s training is as disclosed on pages 112 to 113 of the BAT Malaysia 2023 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NRC carries out the Board and Directors Effectiveness Evaluation exercise annually. For the financial year ended 31 December 2023, the assessment process was conducted internally through a comprehensive set of questionnaires for Directors’ and Leadership Team’s responses and feedback.</p> <p>The annual assessment conducted included the performance of Directors and the Leadership Team in relation to material sustainability risks and opportunities.</p> <p>Based on the assessment, the Board concluded that the Board and the Leadership Team have sufficiently discharged their oversight responsibilities in addressing the Company’s material sustainability risks and opportunities during the financial year.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board puts great emphasis in ensuring the sustainability of the business by addressing sustainability risks and opportunities to support its long-term strategy and success.</p> <p>During the year, the Board and the Leadership Team has identified a Chief Sustainability Officer to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.</p>

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board places great emphasis on diversity principles. The right blend of skills, experience and diversity in the Board and the Leadership Team is an essential element of ensuring its effectiveness, which in turns leads to the long-term sustainable success of the Group.</p> <p>The NRC is responsible for regularly reviewing the structure, size, tenure and composition of the Board, with due regard to skills, knowledge, experience, knowledge of the business and diversity. It leads the process for Board appointments, re-election and succession of Directors and makes recommendations to the Board, including the composition and skills of the Board, proposed changes to the Board and the membership of the Board Committees.</p> <p>With the findings of the performance assessment of individual Director undertaken during the year, the NRC makes recommendations to the Board for their re-election consideration.</p> <p>The re-election of the Directors is performed in accordance with Clause 109.1 of BAT Malaysia's Constitution which provides that one-third of the Directors are subject to retirement by rotation at every Annual General Meeting ("<b>AGM</b>") but shall be eligible for re-election provided always that all Directors shall retire from office at least once every three years. The Directors to retire in each year are the Directors who have been longest in office since their re-election.</p> <p>In ensuring the Directors to be re-elected are fit and capable to continue his/her position as a Director, the NRC had engaged with ICDM to perform the fit and proper assessment in accordance with the Fit and Proper Policy of the Company.</p>

	<p>With that, the Board with the recommendations of the NRC, collectively resolved to recommend to the shareholders to vote in favour for the re-election of the following Directors who would be retiring pursuant to Clause 109.1 at the 63<sup>rd</sup> AGM of the Company:</p> <ul style="list-style-type: none"> <li>• Norliza binti Kamaruddin</li> <li>• Anthony Yong Mun Seng</li> </ul>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As at 31 December 2023, the Board which comprised of seven Directors, has four (4) Independent Non-Executive Directors including the Chairman, one (1) Non-Independent Non-Executive Director and two (2) Executive Directors. Fifty seven percent (57%) of the Board members are Independent Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.3**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board had adopted and limit the tenure of an Independent Director to nine (9) years without further extension as stipulated in its BAT Malaysia Code.</p> <p>The BAT Malaysia Code is available on BAT Malaysia website at <a href="http://www.batmalaysia.com">www.batmalaysia.com</a>.</p>

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to ensuring that the Directors of BAT Malaysia possess a broad balance of skills, knowledge, experience, background, independence and sufficient time to devote to the role and diversity, including gender diversity.</p> <p>The NRC is entrusted with the responsibility of assessing and considering the capabilities, professionalism, integrity, expertise and experience of candidates to be appointed as Board members and Board Committee members, taking into account the existing structure, size, gender diversity, time commitment and composition of the Board to ensure that the Board and the Board Committees have an appropriate balance of skills, expertise and knowledge for the management of the business.</p> <p>The NRC also takes into consideration the following:</p> <ul style="list-style-type: none"><li>• Whether the individual meets the requirements for independence as defined in the Bursa Malaysia MMLR;</li><li>• The candidate's general understanding of the Group's business and market;</li><li>• The candidate's general alignment with the Group's strategic direction; and</li><li>• Other factors that promote diversity of views, experience and independent judgement.</li></ul> <p>As part of a Fit and Proper Policy adopted in 2022 which must be complied with for all appointments and re-appointments of directors to the Board, the Company Secretaries will conduct comprehensive reference checks, including checks on financial background, character integrity and professional qualifications of shortlisted candidates.</p> <p>In addition, the Board and NRC also oversee the appointment as well as succession planning of the Leadership Team.</p>

	Further information on the appointment process and the Board composition in terms of board tenure, gender diversity, and experience can be found in the Corporate Governance Overview Statement in the BAT Malaysia 2023 Annual Report.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC uses independent executive search firms and/or via recommendations from existing Board members, Management and major shareholders. The Board will deliberate on the NRC's recommended candidate while taking into account diverse perspectives and insights.</p> <p>The Company Secretary then will conduct comprehensive reference checks, including checks on financial background, character integrity and professional qualifications of shortlisted candidates as part of a Fit and Proper Policy adopted in 2022 which must be complied with for all appointments and re-appointments of directors to the Board.</p> <p>Shortlisted candidates will attend an interview with the members of the NRC to assess his or her suitability in terms of technical expertise, skills and experience, fit with the Board, availability and terms of appointment. Upon completion of the reference checks, the NRC will recommend the proposed candidate to the Board. The Board will deliberate on the recommended candidate and if deemed appropriate, shall approve the appointment of the candidate as a Board member. Upon the appointment of the candidate as a new Director, a letter of appointment is issued to the new Director.</p>

<b>Explanation for departure</b> :		
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<b>Timeframe</b> :		

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Through the Board and Directors Effectiveness Evaluation, the NRC had assessed the Directors' eligibility for re-election and the retention of Directors by considering their competencies, commitment, contribution, performance, independence and their ability to act in the best interest of the Company as a whole. The NRC had also performed the Fit and Proper Assessment in accordance with the Fit and Proper Policy for the Appointment and Re-election of Director.</p> <p>During the year under review, our Board approved the NRC's recommendation to seek the shareholders' approval for the following Directors:</p> <ul style="list-style-type: none"><li>• Re-election of Norliza binti Kamaruddin, an Independent Non-Executive Director ("INED") who is retiring pursuant to Cause 109.1 of the Constitution of the Company; and</li><li>• Re-election of Anthony Yong Mun Seng, an Executive Director who is retiring pursuant to Clause 109.1 of the Constitution of the Company.</li></ul> <p>The candidates also declared the following:</p> <ul style="list-style-type: none"><li>• No family relationship with any Director/Major Shareholder of BAT Malaysia.</li><li>• No conflict of interest or potential conflict of interest, including interest in any competing business with BAT Malaysia.</li><li>• No conviction of offences within the past five years other than traffic offences; and</li><li>• Do not hold more than five directorships in listed issuers.</li></ul> <p>The Board deliberates the proposed re-election and provides a statement in the Notice of Annual General Meeting to the shareholders as to whether the Board supports the appointment of the Directors that are subjected to re-election in the AGM.</p>

	The profiles of Directors are published on pages 95 to 101 of the BAT Malaysia 2023 Annual Report.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As of 1 January 2024, the NRC is chaired by Dato' Chan Choon Ngai, a Senior Independent Non-Executive Director. His profile can be found in the Company's 2023 Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Our Board recognises the value of appointing individual Directors who bring a variety of diverse opinions, perspectives, skills, experiences, backgrounds and orientations to its discussions and its decision-making processes.</p> <p>Currently, forty percent (40%) of the Company’s Non-Executive Directors are women which account for twenty-nine percent (29%) of our Board composition. Our Board views gender, nationality and cultural diversity among Board members as important considerations when reviewing its composition. Considering diversity in a wider sense, the Board aims to maintain a balance in terms of the range of experience and skills of individual Board members, all of whom contribute diverse perspectives and insights on Board decisions.</p> <p>The Board is mindful of the target of at least 30% women directors.</p> <p>The Company currently has two (2) women directors out of the seven (7) directors, which means that twenty-nine percent (29%) of the Board members are women.</p> <p>The Board aims towards further inclusiveness with more than thirty percent (30%) of its composition been made up of women Directors.</p>

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:	For any vacant Board position in the future, the focus would be sourcing for suitable candidates, and consideration being given to identify suitably qualified women candidates in order to achieve at least 30% women Directors on the Board.	
<b>Timeframe</b>	:	Within 2 years	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.

<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: <p>BAT Malaysia places great emphasis on diversity and recognises the importance of diversity in workforce. While BAT Malaysia does not have a diversity policy, diversity is ingrained in our ways of working and a key element of our ethos at BAT.</p> <p>The Company takes necessary steps to achieve diversity and develop a diverse pool of skilled and experienced Board and senior management members. Both BAT Group and BAT Malaysia have set bold, new diversity ambition to increase diversity of Board and senior management.</p> <p>The NRC is responsible for regularly reviewing the composition of both the Board and Leadership Team to ensure both have an appropriate balance of skills, expertise and knowledge, and ensuring that all appointments are made on merit against objective criteria and with due regard for the benefits of diversity. In addition, the Company fosters an environment in which all employees are comfortable being themselves and can realise their full potential at work. Diversity is also reflected in our recruitment and talent development process.</p> <p>BAT Malaysia has in place a diversity ambition for Board of Directors and its Leadership Team.</p>

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:	To adopt a Diversity Policy by 2026.	
<b>Timeframe</b>	:	Within 3 years	

### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The NRC carries out the Board and Directors Effectiveness Evaluation exercise annually. Since the Company had engaged an Independent Consultant to facilitate the exercise last year, the exercise for the financial year ended 31 December 2023 was conducted internally through a comprehensive set of questionnaires.  The summary of findings was reported to the NRC for deliberation. Thereafter, the recommendations of the NRC were tabled to the Board. The assessment serves as guidance for the NRC as well as a reference point for the Board to assess that a balance, diverse, Board skills across a wide range of areas and expertise is consistently maintained. It also addresses the gaps and training areas for the Board. A comprehensive assessment framework was used for the performance assessment.  Based on the assessment, the Board concluded that the Board, its Board Committees and individual have been overall efficient and effective in discharging their oversight responsibilities during the financial year. Board Composition and Skills and Development were identified as items for review in 2024 with training on cybersecurity to be carried out as well.
<b>Explanation for departure</b>	:  

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>BAT Malaysia's remuneration policy for Directors is tailored to provide a remuneration package which serves to attract, retain and motivate directors of the calibre needed to manage the business of the Group.</p> <p>The NRC is responsible for reviewing and recommending to the Board, the remuneration package for the Executive Directors. For the Executive Directors of BAT Malaysia, corporate and individual performance are rewarded using an integrated pay benefits and bonus structure and reflects the competitive nature of the Group's operations in order to contribute to its strategy. The Executive Directors who are full time employees, receive no additional compensation for services as Directors. On an annual basis, the NRC considers market competitiveness, business results and individual performance in evaluating the Executive Directors' remuneration.</p> <p>In evaluating the Managing Director's remuneration, the NRC also considers corporate and individual performance, as well as performance on a range of other factors, including accomplishment of strategic goals as well as regional and global corporate performance.</p> <p>The Board has in place a Remuneration Framework for Directors and Senior Management. Details of this framework available on BAT Malaysia website at <a href="http://www.batmalaysia.com">www.batmalaysia.com</a>.</p> <p>BAT Malaysia also undertook a review of the Board's remuneration in 2022.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The NRC is authorised by the Board to implement policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Leadership Team.  The Terms of Reference of NRC is available on BAT Malaysia website at <a href="http://www.batmalaysia.com">www.batmalaysia.com</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the Director's remuneration, comprising remuneration received/receivable from the Group for the financial year ended 31 December 2023, are as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat	Independent Director	345	0	0	0	154	0	499	345	0	0	0	154	0	499
2	Dato' Chan Choon Ngai	Independent Director	100	13	0	0	0	0	113	100	13	0	0	0	0	113
3	Eric Ooi Lip Aun	Independent Director	120	9	0	0	0	0	129	120	9	0	0	0	0	129
4	Norliza binti Kamaruddin	Independent Director	110	13	0	0	0	0	123	110	13	0	0	0	0	123
5	Datuk Christine Lee Oi Kuan	Non-Executive Non-Independent Director	100	4	0	0	0	0	104	100	4	0	0	0	0	104
6	Nedal Louay Salem	Executive Director	0	0	1,107	320	589	1,670	3,686	0	0	1,107	320	589	1,670	3,686
7	Anthony Yong Mun Seng	Executive Director	0	0	853	207	129	814	2,004	0	0	853	207	129	814	2,004
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure														
<b>Explanation on application of the practice</b>	:															
<b>Explanation for departure</b>	:	<p>The remuneration of the Leadership Team for the financial year ended 31 December 2023 are as follows:</p> <table border="1"><thead><tr><th><b>Name</b></th><th><b>Range of Remuneration (RM) ('000)</b></th></tr></thead><tbody><tr><td>CK Remeena Prabhakaran</td><td></td></tr><tr><td>Bryce Matthew Green</td><td></td></tr><tr><td>Fairuz Helmi</td><td></td></tr><tr><td>Rohan Gnanaganesan</td><td></td></tr><tr><td>Michael Tan Heng Chai</td><td></td></tr><tr><td>Darren John Corby</td><td></td></tr></tbody></table> <p>In a competitive environment, the retention of key talent is critical to the successful delivery of the Company's strategies. The Company is of the view that disclosing the compensation of the top five Senior Management may lead to:</p> <ul style="list-style-type: none"><li>• competitors and other companies attempting to 'poach' its talent; and</li><li>• pressure on executive packages with demands on comparability between executives.</li></ul>	<b>Name</b>	<b>Range of Remuneration (RM) ('000)</b>	CK Remeena Prabhakaran		Bryce Matthew Green		Fairuz Helmi		Rohan Gnanaganesan		Michael Tan Heng Chai		Darren John Corby	
<b>Name</b>	<b>Range of Remuneration (RM) ('000)</b>															
CK Remeena Prabhakaran																
Bryce Matthew Green																
Fairuz Helmi																
Rohan Gnanaganesan																
Michael Tan Heng Chai																
Darren John Corby																

	The remuneration of the Leadership Team for the financial year ended 31 December 2023 are disclosed on a named basis in the band of RM50,000.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will continuously review the requirement and the appropriateness of such disclosure.
<b>Timeframe</b>	:	Within 3 years

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Audit Committee ("<b>AC</b>"), Eric Ooi Lip Aun who is an Independent Non-Executive Director is not the Chairman of the Board.</p> <p>This allows the Chairman of the Audit Committee to provide full commitment and devote sufficient time to matters under the responsibilities of the Audit Committee and to exercise independent judgment.</p> <p>The Chairman of the Audit Committee is a qualified Chartered Accountant who is a member of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants.</p> <p>The Chairman of the Audit Committee is responsible for ensuring the overall effectiveness and independent of the Audit Committee. He ensures that:</p> <ul style="list-style-type: none"><li>• the Audit Committee is fully informed and addresses the significant matters related to the Company's audit and its financial statements; and</li><li>• the Audit Committee appropriately communicates its insights, views or any matters of concern to the internal and external auditors, whichever is relevant.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AC's Terms of Reference states that any former key external audit partner is to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.</p> <p>The Terms of Reference of the AC is available on BAT Malaysia website at <a href="http://www.batmalaysia.com">www.batmalaysia.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC has in place an annual assessment of the effectiveness of the external audit process and quality of the audit, covering all aspects of the audit services provided by the external auditors. It covers the assessment on the suitability, objectivity, performance and independence of the external auditors.</p> <p>The AC works closely with Management, taking into account the following:</p> <ul style="list-style-type: none"><li>• the Audit Committee's own assessment; and</li><li>• the feedback from the senior finance personnel of the Company focusing on a range of factors that the AC considered relevant to the audit quality.</li></ul> <p>Based on the assessment carried out, the AC concluded that there has been appropriate focus and challenge on the primary areas of audit and the external auditor has applied robust challenge and scepticism through the audit conducted by them. The AC has obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Having considered all relevant matters, the Board is satisfied that KPMG's independence, objectivity and effectiveness have been maintained.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The AC comprises solely of Independent Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is responsible for the oversight and monitoring of:</p> <ul style="list-style-type: none"><li>• the Group's financial reporting and accounting policies.</li><li>• internal controls.</li><li>• related party transactions and conflict of interest or potential conflict of interest, including interest in any competing business situations that may arise within the Group.</li><li>• the Group's Internal Audit functions, which include review of the internal audit plans, and appointment and termination of senior staff members of the internal audit function.</li><li>• the appointment, scope of work and evaluation of the external auditor.</li></ul> <p>The members of the AC have the necessary skills to discharge its duties and are financially literate. The profiles of the members are provided in the BAT Malaysia 2023 Annual Report. The Chairman of the AC is a Chartered Accountant.</p> <p>BAT Malaysia is committed to ensure that its AC members keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a robust risk management and internal control framework to identify and assess the risks faced by the Group, and thereafter design, implement and monitor appropriate internal controls to control and mitigate those risks.</p> <p>In addition, the British American Tobacco p.l.c. ("BAT p.l.c.") Group Internal Audit have in place risk management guidelines, control measures and processes throughout the BAT p.l.c Group. Risk management is an essential part of corporate governance and it is firmly embedded in the Group's key processes through its Risk Management Framework.</p> <p>The Board is responsible for ensuring that sound and effective risk management and internal control systems are maintained, while Management ensures that sufficient and effective operational controls over the key business processes are properly implemented with regular review and update.</p> <p>The Risk Management Team is entrusted to establish appropriate risk tolerance thresholds and actively identify, assess, monitor and proactively manage key business risks faced by the Group.</p> <p>The Company adopts the Enterprise Risk Management framework, which identifies the potential major risks to the Group and the implementation of mitigating measures and monitoring the actions taken to minimise risks. BAT p.l.c. Group Internal Audit reviews the effectiveness of the system of internal control in mitigating risks and monitors the Group's risk profile and exposure.</p> <p>Risk management and internal control principles, policies, procedures and practices are periodically reviewed, with the results thereof communicated to the Board through the Risk Management Committee ("RMC") to ensure their continuing relevance and compliance with current/applicable laws and regulations.</p>

	For further details, please refer to the Statement on Risk Management and Internal Control as disclosed in pages 125 to 132 of the BAT Malaysia 2023 Annual Report.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Details of the features of risk management and internal control framework and the adequacy and effectiveness of the framework are disclosed in the Statement on Risk Management and Internal Control pages 125 to 132 of the BAT Malaysia 2023 Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The RMC assists the Board to review the risk management framework adopted within the Group and monitors the effectiveness of risk mitigation action plans to minimise losses and maximise opportunities.

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 11.1**

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The function of Internal Audit for the Group is fulfilled through the BAT p.l.c. Group Internal Audit. The BAT p.l.c. Group Internal Audit has direct access to both the AC and the Chairman of the AC and reports to the AC on all matters of control and audit.</p> <p>The AC approves the scope of work for the year and reviews the plan on a quarterly basis.</p> <p>The AC reviews the adequacy of the BAT p.l.c. Group Internal Audit’s resources and evaluates the performance of the Internal Auditors.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The function of Internal Audit for the Group is fulfilled through the Global Audit function of British American Tobacco p.l.c. Group Internal Audit. This approach ensures a high level of independence and gives access to more skilled and specialised resources than would otherwise be available within the Group.</p> <p>British American Tobacco p.l.c. Group Internal Audit is staffed by over fifty (50) personnel with relevant professional qualifications. They comply with British American Tobacco p.l.c. Group's Standards of Business Conduct and provide independent assurance.</p> <p>Imad Rahman manages the remit of internal audit at BAT Malaysia. He holds a Bachelor's degree in Business Administration as well as Master of Business Administration majoring in Finance.</p> <p>As a permanent invitee of the AC, British American Tobacco p.l.c. Group Internal Audit has direct access to both the AC and the AC Chairman, and reports all matters related to controls and audit findings. British American Tobacco p.l.c. Group Internal Audit assists the AC in reviewing the effectiveness of the Group's internal controls and processes, whilst ensuring that there is an appropriate balance of risk and control in achieving its business objectives.</p> <p>Any proposal by British American Tobacco p.l.c. Group Internal Audit regarding the appointment, transfer and removal of Internal Audit staff requires prior approval of the AC. Any inappropriate restrictions on audit scope are to be reported to the AC. The Internal Audit reports relevant to the Group are presented and reported by the Internal Audit Manager at the AC meeting on a quarterly basis.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Communication and engagement with stakeholders are made through various platforms and media, including general meeting, investors' teleconferences and analyst briefings.  BAT Malaysia has a dedicated Corporate Finance team which meets key institutional investors and analysts on a regular basis, as well as answers queries from shareholders.  Stakeholders are encouraged to direct their inquiries via email to <a href="mailto:Fdoffice_malaysia@bat.com">Fdoffice_malaysia@bat.com</a> for investor matters.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board understands the efficacies of adopting integrated reporting, the benefits of which includes greater clarity on how the business creates both financial and non-financial value, integrated thinking and management, and increased in efficiency reporting for both users and preparers of reports.</p> <p>The Board take guidance from the Value Reporting Foundation’s Integrated Reporting Frameworks, with the understanding that the Integrated Reporting journey evolves over time.</p> <p>For the year under review, the Board has sought to consider the ‘basis of presentation’ when producing the BAT Malaysia 2023 Annual Report, detailing the approach, scopes and boundaries and including forward looking provisions.</p> <p>Further, the BAT Malaysia 2023 Annual Report highlights the Group’s material issues and details the way in which the Group engages with its stakeholders. Connectivity and comparability were further considered during the production of the BAT Malaysia 2023 Annual Report, in addition to taking care with assurance that the narratives portrayed the way the Group looks to create value over time. The Board’s intent is to further evolve the integrated reporting journey with each new Annual Report produced.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's 2023 AGM was held on 3 May 2023 and the notice for the AGM was issued on 4 April 2023, more than 28 days prior to the date of the AGM, well in advance of the 21 days requirement of the Companies Act 2016 and the Listing Requirements. This allowed additional time for the Shareholders to consider the proposed resolutions tabled at the AGM and to make informed decisions accordingly.</p> <p>It also allowed the shareholders to make the necessary arrangements to attend and participate virtually in the AGM, either personally, or through corporate representatives, proxies or attorneys. The Company also distributed an Administrative Details together with the notice of AGM, which provides information to the shareholders regarding the AGM details, and their entitlement as a shareholder.</p> <p>The Notice of the 2023 AGM was announced to Bursa Malaysia Securities Berhad, published in BAT Malaysia's website, advertised in the newspapers and circulated to all members.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors including the Chairman of the Board and the Chairman of its Board Committees attended and participated in the virtual 62<sup>nd</sup> AGM held on 3 May 2023.</p> <p>The 62<sup>nd</sup> AGM was held with strict adherence to the Securities Commission Malaysia Guidance and Ministry of Health guidelines. The attendance of the 62<sup>nd</sup> AGM was restricted to the Board, Leadership Team, a lawyer and a KPMG representative.</p> <p>The shareholders, a corporate representative from the Minority Shareholders Watch Group and proxies attended the 62<sup>nd</sup> AGM using Remote Participation and Voting (“<b>RPV</b>”) facilities. The Chairman of the Board chaired the 62<sup>nd</sup> AGM in an orderly manner and allowed the shareholders the opportunity to participate remotely and submit questions using RPV facilities in the deliberations of the resolutions being proposed or on the Group’s operations in general.</p> <p>The Chairman and the Board answered questions posed, where possible and BAT Malaysia provided email responses to questions that were not addressed within five (5) working days after the 62<sup>nd</sup> AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 62<sup>nd</sup> AGM was conducted virtual. All members of the Board were present to respond to the questions raised by the shareholders or proxies. The Chairman of the Board chaired the 62<sup>nd</sup> AGM in an orderly manner and allowed the shareholders the opportunity to participate remotely and submit questions using RPV facilities. It demonstrates BAT Malaysia's commitment to shareholders, while taking every precaution to safeguard shareholders' safety and wellbeing.</p> <p>BAT Malaysia's AGM serves as a forum for the shareholders to view the Group's performance and highlights for the year, industry overview, business transformation updates and financial highlights. During the 62<sup>nd</sup> AGM, the shareholders used the RPV facilities to pose questions in the deliberations of the resolutions being proposed or on the Group's operations in general. The Chairman and the Board answered questions posed, where possible and BAT Malaysia provided email responses to questions that were not addressed within five (5) working days from the date of the 62<sup>nd</sup> AGM.</p> <p>Additionally, detailed answers on questions raised by the Minority Shareholders Watch Group ("MSWG") were shared with all shareholders during the 62<sup>nd</sup> AGM.</p> <p>At the 62<sup>nd</sup> AGM, all the resolutions set out in the Notice were voted remotely using the RPV facilities. Tricor Investor &amp; Issuing House of Services Sdn. Bhd. and Coopers Professional Scrutineers Sdn. Bhd. were appointed as the remote online voting administrator and independent scrutineers, respectively at the 62<sup>nd</sup> AGM.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Company's AGM represents the primary platform for a direct two-way interaction between the shareholders, and the Board and the Leadership Team, acts as a principal forum for dialogue with all the shareholders, and for the Board to provide an overview of the Company's progress and to receive questions from the shareholders.</p> <p>Despite it being a virtual 62<sup>nd</sup> AGM in 2023, the shareholders were given opportunities to raise questions before and during the AGM. The Board, representatives of the Leadership Team and the Company's external auditors, were present to answer questions raised and provided clarification as required by the Shareholders.</p> <p>The outcome of the AGM was announced to Bursa on the same day after the conclusion of the AGM. Due to time limitation, questions which were not answered during the AGM were replied via email by the Company after the AGM within five (5) working days.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  



### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: BAT Malaysia hosted the 62 <sup>nd</sup> AGM virtually on 3 May 2023 and elected to leverage on new technology to communicate with our shareholders. The virtual 62 <sup>nd</sup> AGM was streamed on Tricor’s website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, participate”) remotely at the 62 <sup>nd</sup> AGM.  The detailed procedures to participate the meeting remotely were provided to the shareholders in the Administrative Guide of the 62 <sup>nd</sup> AGM which were sent through email and/or by ordinary post and the same were also published in the Company’s website.  At the 62 <sup>nd</sup> AGM, more than 978 shareholders and proxies logged in through the RPV, which represented a total of 167,351,287 shares.  All our Board members and the Company Secretary attended physically at the Broadcast venue whereas other Leadership Team members and the Shareholders attended the AGM virtually.  The questions posed by the shareholders during the meeting were made visible to all meeting participants.  The 62 <sup>nd</sup> AGM proceeding went smoothly with the choice of RPV facilities.
<b>Explanation for departure</b>	:  

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Minutes of the AGM, detailing the meeting proceedings including the issues, and questions raised by shareholders and the Company's responses were made available on the Company's corporate website no later than 30 business days after the completion of the general meeting.  The minutes of the 62 <sup>nd</sup> AGM is available on the Company's corporate website at: - British American Tobacco Malaysia - Annual/Extraordinary General Meeting ( <a href="http://www.batmalaysia.com">www.batmalaysia.com</a> ).
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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