

# Our Leadership Statement

In 2022, BAT Malaysia delivered a commendable performance given the challenging operating environment. We continue to stay the course in the execution of our strategy in line with our purpose of building A Better Tomorrow™. We are transforming BAT Malaysia into a high-growth multicategory consumer goods Company led by winning brands and multitalented people.

Message from Our Chairman and Our Managing Director

16





# Purpose

At BAT we are proud of the purpose we are on to transform our business. Our ambition is to become the most innovative through our range of alternative products and services, which are already helping to reduce our carbon footprint. Our goal is to reduce our carbon footprint by 20% by 2025. These objectives are part of our commitment to leading a Better Tomorrow.



# Science

At BAT we are proud of our work in science and innovation which is fundamental to our success. BAT don't see our work for it. Our science and technology has been used to develop a portfolio of alternative products and services. Our work is focused on the development of new products, services and solutions. Our science and technology is leading the way in the industry.



# Sustainable

At BAT we are proud to be a global leader in sustainability. But don't take our word for it. For the 10th consecutive year we have been included in the Dow Jones Sustainability Index (DJSI) - the gold standard of tracking an organization's environmental, social and governance practices. We are the only company in our industry to feature in the DJSI World index the top 10% of global ESG leaders. The recognition inspires us to keep accelerating towards leading a Better Tomorrow.



# Message from Our Chairman and Our Managing Director

“ Dear Shareholders,

”

On behalf of the Board of Directors, we are pleased to present BAT Malaysia's Annual Report and Financial Statements for the financial year ended 31 December 2022.

In 2022, BAT Malaysia delivered a commendable performance given the challenging operating environment. Although revenue was flat, our gross profit improved marginally and we significantly improved our net operating cash flow for the year.

In line with our commitment to delivering value to our stakeholders, the Board of Directors maintained a dividend payout ratio of above 90% this year.



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

## Message from Our Chairman and Our Managing Director



**Nedal Salem**  
(Managing Director)

We continue to stay the course in the execution of our strategy in line with our purpose of building A Better Tomorrow™. We are transforming BAT Malaysia into a high-growth multicategory consumer goods Company led by winning brands and multitalented people.

During the course of the year, we also consistently advocated sustainability, internally and externally. Apart from maintaining our 4-star Bursa Malaysia FTSE Russell Environmental, Social and Governance (ESG) rating, our factory in Johor Bahru achieved carbon neutrality. In addition, we kickstarted our flagship community project that encompasses a food security initiative, enabling communities in the Bottom 40 (B40) income segment to be self-sufficient through the planting of crops in community gardens.

As BAT Malaysia strives for a promising future, we remain committed to working with policymakers in the fight against the tobacco black market. With the incidence of illicit cigarettes continuing to hover above 55%, we remain adamant that this issue is detrimental not only to public health, but also has a significant adverse impact on the country's economy. Therefore, we welcome the additional control measures announced by the Government of Malaysia in Budget 2023 to reduce smuggling activities that will help to recover some of the RM5 billion in tax revenue lost every year. We are also encouraged that the Government is taking positive steps to regulate vapour products and continue to urge the government to take a science-based regulatory approach towards tobacco harm reduction.

In welcoming 2023, we will be amplifying our purpose of building A Better Tomorrow™ through the expansion of our portfolio into reduced-risk\* products while continuing to build value in our core business of combustible tobacco brands. Our tobacco heating product, glo™, launched in February 2023, represents our efforts in offering a choice of reduced-risk alternatives to adult smokers. Moving forward, BAT Malaysia will continue to build on this direction to support science-based regulations that have proven to be effective in other countries.

We also take this opportunity to thank the dedicated team at BAT Malaysia for always upholding the culture and ethos of Bold, Fast, Empowered, Responsible and Diverse. We are looking forward to carrying out our promise of delivering sustainable value to all our stakeholders.

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

**Nedal Salem**  
(Managing Director)

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