

OUR APPROACH TO SUSTAINABILITY



Our Sustainability strategy underpins how we conduct our business and deliver our corporate purpose of building A Better Tomorrow™. It reflects our commitment to reducing the health impact of our business while simultaneously driving excellence across Environmental, Social and Governance (ESG) matters. While we continue to align our own efforts with the Group's strategy, our approach and priorities have been localised to meet our stakeholders' priorities. We are committed to continue to embed sustainable thinking into every aspect of our business.

In 2023, we conducted a Double Materiality Assessment (DMA) to better understand the expectations of our stakeholders and align our sustainability agenda so that we continue to create value. More information on our DMA is available on page 31 of this report.

OUR SUSTAINABILITY STRATEGY

At the centre of our strategy is our corporate purpose of building A Better Tomorrow™ by reducing the health impact of our business. This is underpinned by our commitment to drive progress across all our material ESG matters.

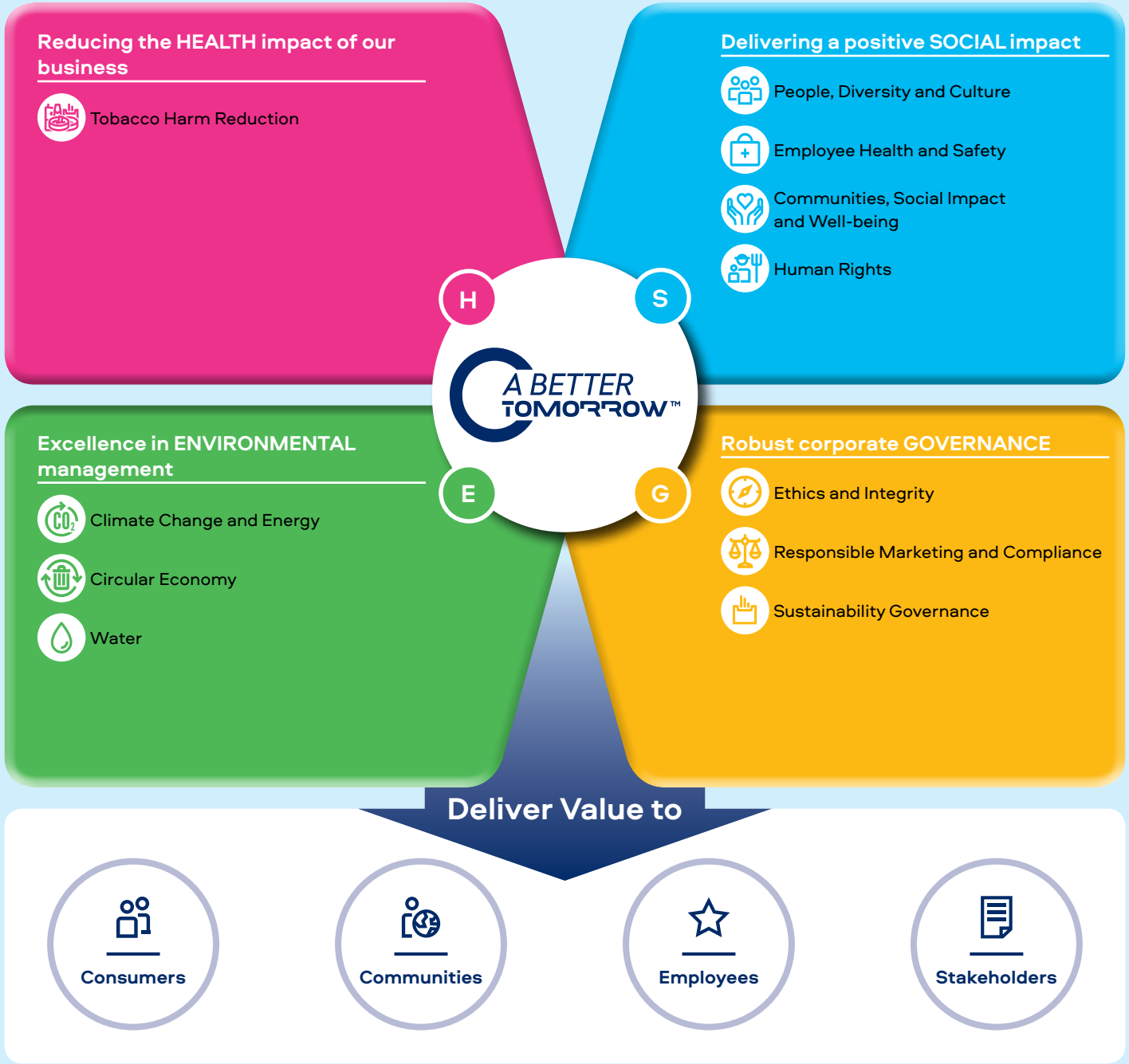
Our sustainability strategy is made up of four thematic pillars - reducing the health impact of our business; driving excellence in environmental management; delivering a positive social impact; and embracing robust corporate governance. Under the Tobacco Harm Reduction pillar, we champion adult consumer choice by ensuring access to scientifically substantiated reduced-risk[†] alternatives in line with the BAT Group's Tobacco Harm Reduction strategy. Under our Environmental pillar, we strive to minimise our impact on climate change and natural resources across our value chain. Our Social pillar encompasses providing a safe and equitable workplace that attracts and retains great talent, espousing a diverse and inclusive work culture for our employees and contractors and supporting the well-being of the communities in which we operate. In the Governance pillar, we strive to ensure ethical and responsible business conduct while always complying with the relevant laws and regulations.

While we are encouraged by the progress made in delivering our sustainability strategy, we will continue to focus on delivering our sustainability commitments and improving how we report progress against our goals and targets.

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

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





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- Supply Chain Management related governance has been combined into **Ethics and Integrity**
- Level Playing Field and Balanced Regulations topics have been combined into **Responsible Marketing and Compliance**
- Attracting, Developing and Retaining Talent and Diversity and Inclusion topics have been combined into **People, Diversity and Culture**

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OUR ESG GLIDE PATH AND PERFORMANCE

Key  Achieved - Met target/ambition on or ahead of time  On track - Likely to meet target/ambition on time  Ongoing focus - Continued progress towards target/ambition required  Not on track - Significant progress required to meet target/ambition on time

BAT Malaysia's Material ESG Topics

Topics	BAT Group's Goals and Targets	BAT Malaysia's Goals and Targets	2023 Performance	Status
Climate Change and Energy	<ul style="list-style-type: none"> 50% reduction in Scopes 1 and 2 GHG Emissions by 2030 (vs. 2020 baseline) 50% reduction in Scope 3 GHG Emissions by 2030 (vs. 2020 baseline) 	50% Reduction in Scopes 1 and 2 GHG Emissions by 2030 (vs. 2020 baseline)	61% Reduction	
		50% renewable energy by 2030	30%	
Circular Economy	<ul style="list-style-type: none"> 100% packaging to be reusable, recyclable or compostable by 2025 	Replace inner foil wrapper of the Benson and Hedges package with recyclable paper	Implemented	
		New Category device take-back scheme in place	Implemented	
	<ul style="list-style-type: none"> 25% reduction in waste generated in owned operations by 2025 (vs. 2017 baseline) 	25% reduction in waste generated by 2025 (vs. 2017 baseline)	70% Reduction	
		90% recycling rate of waste generated by 2025	83%	
Water	<ul style="list-style-type: none"> 35% less water used by 2025 	Zero waste sent to landfill from direct operations	0.9%	
		35% reduction in water withdrawn by 2025 (vs. 2017 baseline)	83% Reduction	

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BAT Malaysia's
Material ESG

BAT Malaysia's Material ESG Topics	BAT Group's Goals and Targets	BAT Malaysia's Goals and Targets	2023 Performance	Status
People, Diversity and Culture	<ul style="list-style-type: none"> ● Increase the proportion of women in management roles to 45% by 2025 	Aim to increase the proportion of women in management roles (grade 34 and above) to 45% by 2025	36%	
		Aim to increase number of cross-industry hires in management (grade 34 and above) to 45% by 2025	35%	
Employee Health and Safety	<ul style="list-style-type: none"> ● Aiming for zero accidents Group-wide each year 	Aim to maintain zero accidents across BAT Malaysia business operations	Zero	
Human Rights	<ul style="list-style-type: none"> ● Aiming for zero incidents of child labour in our Tobacco Supply Chain by 2025 	Aim for zero child labour in our tobacco supply chain	No Reported Incidents	
Communities, Social Impact and Well-being	<ul style="list-style-type: none"> ● No BAT Group goal or target <i>Community investment is part of BAT Malaysia's glide path; a local priority, as per the Double Materiality Assessment</i> 	250,000 beneficiaries to be supported through Beyond Benih by 2026	~14,000 Beneficiaries	
Ethics and Integrity	<ul style="list-style-type: none"> ● 100% SoBC compliance Aiming for full adherence to our Standards of Business Conduct (SoBC) 	100% of employees completed SoBC training and compliance sign-off procedure	100%	✓
Responsible Marketing and Compliance	<ul style="list-style-type: none"> ● Full compliance Aiming for full compliance with marketing regulations 	Zero incidents of significant non-compliance with marketing regulations*	Zero	
		Full adherence to BAT Group's Youth Access Prevention (YAP) and International Marketing Principles (IMP) Guidelines	No Reported Incidents	
		Aim for reduction in total black market incidence	55.6%	
Sustainability Governance	<ul style="list-style-type: none"> ● No BAT Group goal or target 	Effective management of sustainability governance to ensure compliance with Bursa Malaysia's Main Market Listing Requirements	Implemented	

* Significant incident of non-compliance is defined as any incident that results in a RM5,000 and above fine or court case.

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BURSA MALAYSIA SUSTAINABILITY REPORTING GUIDE

BAT Malaysia has included the disclosures for common sustainability indicators as required by Bursa Malaysia under their Sustainability Reporting Guide (3rd edition), which was announced in September 2022. Going forward, we will continue to include these disclosures in our integrated report to ensure year-on-year comparability.

This sustainability report has not been subjected to an assurance process.

Category	Indicators	2023	Notes	
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category	100%	Anti-corruption is part of the mandatory Standards of Business Conduct training carried out annually covering all employees	
	Percentage of operations assessed for corruption-related risks	100%	Our operations are assessed under the risk management process	
	Confirmed incidents of corruption and actions taken	0		
Community/Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM727,959		
	Total number of beneficiaries of the investment	~14,000		
Diversity	Percentage of employees by gender and age group, for each employee category	Gender Group by Employee Category	Non-executive/Technical staff as per BAT Malaysia's employment categorisation includes interns/fixed term contractors. They are not included as part of the 282 permanent headcount	
		%		
		Management Male		22
		Management Female		12
		Executive Male		47
		Executive Female		19
		Non-executive/Technical Male		27
		Non-executive/Technical Female		73
		General Workers Male		0
		General Workers Female		0
		Age Group by Employee Category		%
		Management <30		9
		Management 30-50		22
		Management > 50		3
		Executive < 30		24
		Executive 30-50		37
		Executive > 50		5
		Non-executive/Technical Staff < 30		100
		Non-executive/Technical Staff 30-50		0
		Non-executive/Technical Staff >50		0
General Workers < 30	0			
General Workers 30-50	0			
General Workers > 50	0			
Percentage of directors by gender and age group	By Gender	%		
	Male	71		
	Female	29		
	By Age Group	%		
	Under 30	0		
	Between 30-50	0		
	Above 50	100		

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Category	Indicators	2023	Notes
Energy Management	Total energy consumption	4,830 Megawatt	
Health and Safety	Number of work-related fatalities	0	
	Lost time incident rate	0	
	Number of employees trained on health and safety standards	92	Number of employees who underwent defensive driver training
Labour Practices and Standards	Total hours of training by employee category	Total hours: 11,186	
		Total Hours of Training by Employee Category (hours)	
		Management	7,332
		Executive	3,854
		Non-executive/Technical Staff	0
	General Workers	0	
	Percentage of employees who are contractors or temporary staff	4%	
	Total number of employee turnovers by employee category	Total Number of Employee Turnover by Employee Category	
		Management	11
		Executive	46
		Non-executive/Technical Staff	0
	General Workers	0	
	Number of substantiated complaints concerning human rights violations	0	
Supply Chain Management	Proportion of spending on local suppliers	93%	
Data Privacy and Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	
Water	Total volume of water used	1,117m ³	BAT Malaysia only measures its water withdrawn for the year
Waste Management	Total waste generated, with following break down (i) total waste diverted from disposal (ii) total waste directed to disposal	Total Waste Generated = 3713 tonnes Waste diverted from disposal = 30.66 tonnes Waste directed to disposal = 6.47 tonnes	
Emissions	Scope 1 emissions in tonnes of CO ₂ e	752 tCO ₂ e	
	Scope 2 emissions in tonnes of CO ₂ e	Zero	1,196 MWh of I-RECs were purchased and retired against BAT Malaysia's Scope 2 emissions in the reporting year
	Scope 3 emissions in tonnes of CO ₂ e	2,172 tCO ₂ e	Emission data for Scope 3 is not available for BAT Malaysia only. The figure reported here includes business travel and employee commuting at country level. Furthermore, due to the complexity of consolidating and assuring Scope 3 data, the BAT Group reports Scope 3 a year later. Therefore, the figure reported here is for 2022