

05

OUR GOVERNANCE

This section provides insights on how BAT Malaysia continues to uphold transparent and ethical business practices as well as the details of our governance and risk management practices.

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NO.



BAT
MALAYSIA

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CORPORATE GOVERNANCE OVERVIEW STATEMENT



On behalf of the Board, I am pleased to share our Corporate Governance Overview Statement for 2025. In a year marked by evolving market and regulatory challenges, our governance framework guided well-informed decision-making, reinforced our ethical culture, and enabled the Company to advance its strategic priorities for the benefit of our stakeholders.

GOVERNANCE, CULTURE, AND OVERSIGHT

Guided by our purpose to build A Better Tomorrow™, governance at BAT Malaysia continues to be embedded across every level of the Company. In 2025, we held our first physical AGM since 2020. The return not only ensures regulatory compliance but also facilitates meaningful engagement with shareholders. The return to a physical meeting marked a key step forward in strengthening transparency and accountability, giving shareholders the opportunity to submit questions in advance and engage directly with the Board during the session. This milestone reaffirmed our commitment to a culture shaped by strong principles, responsible conduct and open dialogue qualities that have supported our resilience in recent years and continue to guide the way we work. Supported by robust Group-wide systems and regular oversight from the Board and its committees on areas such as risk,

health and safety, and operational integrity, we remain focused on upholding good governance across all levels and functions of the Company.

SUSTAINABILITY

As set out on pages 46 to 129 of the SS2025, we made significant strides towards achieving our sustainability goals in 2025, with valuable support and oversight from our Sustainability Committee (SC). You can read more about the Committee's activities at pages 146 to 147 and review the SC's Terms of Reference (TOR) under the Corporate Governance section on our website, www.batmalaysia.com. The SC strengthened the Board's focus on environmental stewardship and employee engagement, while the Nomination and Remuneration Committee (NRC) advanced Diversity and Inclusion (D&I) initiatives and the Audit Committee (AC) ensured robust governance oversight. These efforts demonstrate how our governance

structures actively support the Company's sustainability agenda.

Thanks to our resilient governance structures and well-defined procedures, the Board and its committees were able to make informed decisions and maintain oversight despite a dynamic and uncertain operating environment.

I would like to thank my fellow Board members, the Leadership Team, and all colleagues for their dedication throughout 2025. We are also grateful to our business partners for their continued collaboration. As we move into 2026, the Board will continue working with the Leadership Team to drive strategic initiatives, safeguard our people, and build a resilient, sustainable business that delivers long-term value for all stakeholders.

Dato' Sri Dr. Mohd Nizom Sairi
(Chairman)

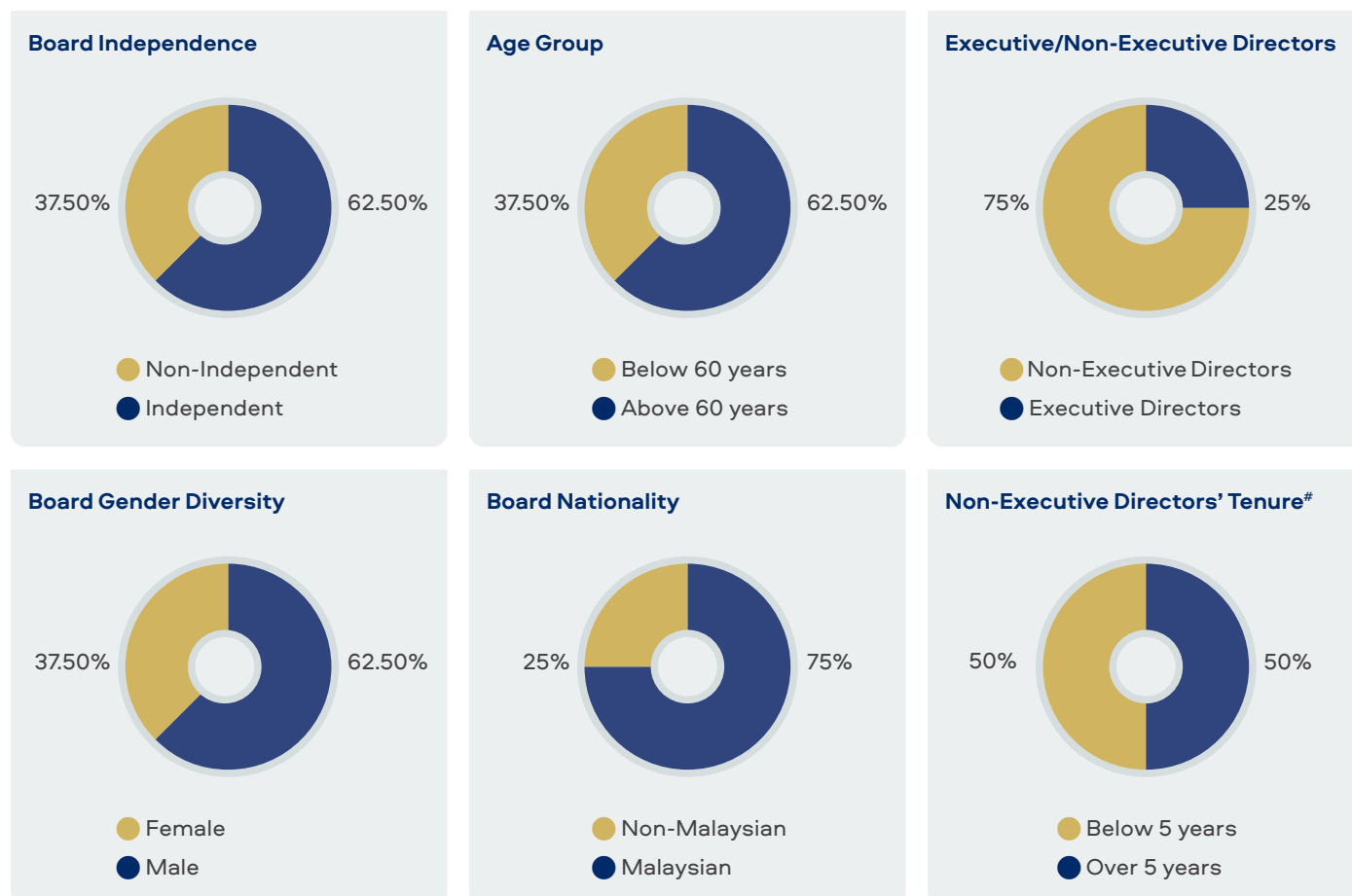
CORPORATE GOVERNANCE OVERVIEW STATEMENT

STATEMENT OF COMPLIANCE

BAT Malaysia continues to uphold strong standards of corporate governance, achieving compliance with 39 of the 43 Practices outlined in the Malaysian Code on Corporate Governance (MCCG) 2021. In our commitment to exceed regulatory expectations, we also implemented four of the five optional Step-Up Practices. These further elevate our governance framework by encouraging the Company to adopt approaches that go beyond baseline requirements.

The Corporate Governance Report, which sets out BAT Malaysia's application or departure for each MCCG 2021 Practice, is available on our website, at www.batmalaysia.com. Our ongoing efforts to strengthen compliance and governance reinforce our dedication to operating with integrity, cementing BAT Malaysia's position as a responsible and trusted industry leader.

GOVERNANCE AT A GLANCE AS AT 31 DECEMBER 2025*



* As of 31 December 2025, the Board consisted of eight members. Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat officially retired on 31 December 2025.

As of 31 December 2025, the Board consisted of six Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness

BOARD LEADERSHIP

BAT Malaysia is guided by an effective and forward-looking Board that promotes the long-term, sustainable success of the Company, creating value for shareholders while contributing positively to the wider community. The Board holds ultimate responsibility for the Company's overall leadership, providing direction and oversight of its strategic development and execution.

As at the approval date of this report, the Board comprises six Directors: one Independent Non-Executive Director/Chairman, two Executive Directors, and three Independent Non-Executive Directors. Collectively, the Board members bring extensive business, financial, and international experience and oversight, contributing to a well-balanced and diverse Board.



Profiles of all our Directors are set out on pages 13 to 19.

The Board's Charter and composition support robust, constructive discussion on matters central to BAT Malaysia Group performance and strategy. This structure allows Directors to challenge management, offer diverse perspectives and ensure decisions are made with appropriate scrutiny. The Board monitors operational and financial performance against agreed goals and objectives and ensures the existence of appropriate controls and systems for risk management. Additionally, it ensures that the Company has effective systems and controls for managing risks. It also oversees the provision of adequate financial resources and the

development of a capable workforce to deliver strategic priorities.

A formal schedule of matters is reserved for the Board's decision. This includes approval of BAT Malaysia Group's strategy and budget, material corporate and related-party transactions, and the authorisation of capital expenditure above delegated authority limits. This also covers matters relating to risk management, dividends, Board appointments, and significant communications with shareholders.

While certain responsibilities are discharged directly by the Board, others are delegated to its committees. Day-to-day operations and implementation of approved strategies are entrusted to the Leadership Team, with the Board maintaining oversight and holding the Management accountable for performance. An overview of BAT Malaysia's governance framework, including the key Board Committees, is presented in the diagram on page 135.

Division of Responsibility

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

Board Meetings

The Board convenes at least four times during each financial year, with additional meetings arranged when necessary. Dates for the scheduled meetings are set well in advance, typically by the final quarter of the preceding year, to allow Directors to plan their calendars accordingly.

Special meetings may be called as required to address urgent matters. A summary of Board and Board Committee meetings attendance for 2025 can be found on page 136.

The conduct of Board meetings, including quorum requirements, is governed by BAT Malaysia's Constitution and the Board Charter. In line with Clause 134 of the Constitution, a majority of Directors constitutes the quorum needed for the Board to transact its business.

Board Diversity and Experience

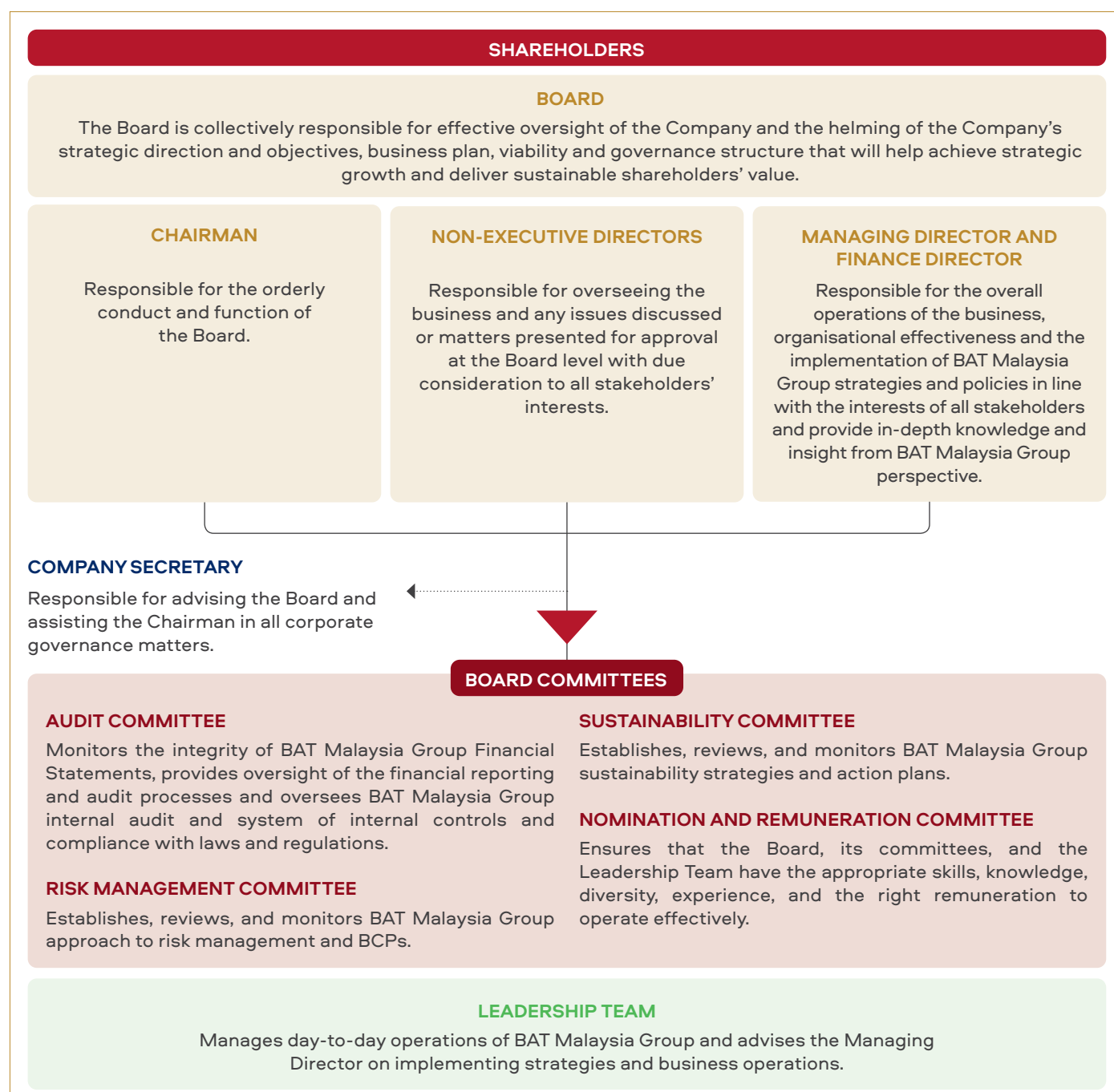
The Board ensures that its composition reflects a wide spectrum of experience and perspectives. Diversity plays an important role in shaping open dialogue and sound judgement at Board level. Director appointments are made with careful consideration given to the skills and experience needed to support BAT Malaysia Group business.

As at approval date of this report the Board consists of six members, of whom 33% are women, which is in alignment with the D&I Policy. The Board has exceeded the diversity requirements set by the MMLR and Securities Commission following the appointment of Low Chooi Hoon as an Independent Non-Executive Director, succeeding Dato' Chan Choon Ngai, who retired upon completion of his nine-year tenure. Low Chooi Hoon has extensive FMCG & Retail experience, deep board governance expertise, strong transformation leadership experience, and a recognised background in coaching, mentoring, and multicultural business management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Conflicts of Interest

The Board, through the AC, maintains a robust process for reviewing and monitoring actual or potential conflicts of interest, including any interests in competing businesses. Directors with significant external commitments must disclose them prior to appointment and continue to update the Board as changes arise. All declared or identified conflicts are recorded in a register maintained by the Company Secretary, which is reviewed annually to ensure ongoing transparency and compliance.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE FOR 2025

Board of Directors	Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat ¹ Independent Non-Executive Director/ Chairman	Dato' Chan Choon Ngai ² Senior Independent Non-Executive Director	Eric Ooi Lip Aun ^{3,4} Senior Independent Non-Executive Director	Datuk Christine Lee Oi Kuan ⁵ Non-Independent Non-Executive Director	Norliza binti Kamaruddin Independent Non-Executive Director	Low Chooi Hoon ⁶ Independent Non-Executive Director	Dato' Sri Dr. Mohd Nizom bin Sairi ⁷ Independent Non-Executive Director	Nedal Louay Salem Executive Director/ Managing Director	Adrian Lee Peng Yong Executive Director/ Finance Director
Total Meetings Attended	6/6 100%	11/11 100%	15/15 100%	10/10 100%	19/20 95%	9/9 100%	1/1 100%	10/10 100%	10/10 100%

Average Percentage of Board Meetings Attended by Directors: 99.38%

All Directors have complied with the minimum attendance as stipulated in the MMLR, which is at least 50% of the Board meetings held during the financial year.

PRINCIPAL BOARD ACTIVITIES IN 2025

The Board receives updates from the Leadership Team and the Company Secretary on matters pertaining to financial, operational, and governance at every scheduled Board meeting. The table below provides examples of significant matters presented and discussed in financial year ended 31 December 2025 (FYE 2025).

› OVERCOME NEW CATEGORIES REGULATORY CHALLENGES

Reviewed BAT Malaysia's strategy to overcome New Categories regulatory challenges. BAT Malaysia transitioned out its current range of Vuse products in Q3 2025 to ensure compliance with regulatory changes under Act 852 and its related regulations.

› DRIVING VALUE FROM COMBUSTIBLES

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

› SIMPLIFY THE BUSINESS

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

› SUSTAINABILITY

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

› ACCELERATING TOMORROW'S LEADERS

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

¹ Retired on 31 December 2025

² Resigned on 22 May 2025

³ Redesignated from Independent Non-Executive Director to Senior Independent Non-Executive Director on 23 May 2025

⁴ Eric Ooi Lip Aun succeeding Dato' Chan Choon Ngai's role as the Senior Independent Non-Executive Director on 23 May 2025

⁵ Resigned on 5 March 2026

⁶ Appointed on 1 May 2025

⁷ Appointed on 1 October 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

› FINANCIAL PERFORMANCE

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

› RISK

Management of Principal Risks

The Board reviewed and approved the principal risks with the potential to materially affect BAT Malaysia Group strategic objectives. It continued to monitor the effectiveness of agreed mitigation plans, ensuring that identified risks were appropriately managed to reduce both their likelihood and impact. Key risk indicators, designed to provide early signals of potential risk events, were also regularly reported to the Board.

In addition to established principal risks, the Board considered emerging risks and opportunities arising from BAT Malaysia Group evolving internal and external environment. These were assessed and, where relevant, incorporated into BAT Malaysia Group Corporate Risk Profile.

To ensure that risks assumed in delivering business objectives remain within acceptable parameters, the Board approved BAT Malaysia Group risk appetite, which defines the key operational boundaries within which the business must operate.

› CORPORATE GOVERNANCE AND COMPLIANCE

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

The Board reviewed BAT Malaysia's RPT and RRPT to ensure all transactions were carried out at an arm's-length, under normal commercial terms and without prejudice to the interests of minority shareholders. Between 1 January 2025 and 31 December 2025, BAT Malaysia entered into and duly completed seven RPT/RRPT contracts, all of which were presented to the AC on a quarterly review.

› TRAINING AND DEVELOPMENT

The Board acknowledges the importance of continuous learning to ensure directors remain equipped with the knowledge and skills required to perform their duties effectively. Ongoing development enables directors to stay current with evolving regulatory expectations, industry trends, and governance best practices.

› BOARD TRAINING

The Directors attended the following training programmes during FYE 2025:

Director	Briefing/Conference/Forum/Seminar/Training/Workshop/Webinar attended	Organiser	Date
Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat	Mandatory Accreditation Programme Part II: Leading for Impact	Institute of Corporate Directors Malaysia (ICDM)	22 – 23 January 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	MFRS 18 Presentation and Disclosure in Financial Statements	Lion Group	10 September 2025
	New Stamp Duty Self-Assessment System		
	AI for Leaders: Strategic Decision Making and Business Transformation		
Artificial Intelligence for Boards: Governance, Oversight, and Strategic Readiness	BAT Malaysia	30 October 2025	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Briefing/Conference/Forum/Seminar/Training/Workshop/Webinar attended	Organiser	Date
Datuk Christine Lee Oi Kuan	ICDM Advocacy: E-invoicing for Directors - MyInvois & MyTax Portal Walkthrough with EY Malaysia	BAT Malaysia	26 June 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	ESG Board Capacity Building Workshop	Carlsberg Brewery Malaysia Berhad	28 October 2025
	Artificial Intelligence for Boards: Governance, Oversight, and Strategic Readiness	BAT Malaysia	30 October 2025
Eric Ooi Lip Aun	MIA International Accountants Conference 2025: Collaborative Leadership for a Sustainable Future	Malaysian Institute of Accountants (MIA)	26 – 27 May 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	Building a culture of Good Governance and Sustainability: The Role of the Board and Management	MIA	23 September 2025
	Audit Oversight Board Annual Conversation	Securities Commission Malaysia	27 October 2025
	ESG Board Capacity Building Workshop	Carlsberg Brewery Malaysia Berhad	28 October 2025
	Artificial Intelligence For Boards: Governance, Oversight, And Strategic Readiness	BAT Malaysia	30 October 2025
Norliza binti Kamaruddin	Technology Update on Artificial Intelligence	Kumpulan Perangsang Selangor Berhad (KPS)	8 July 2025
	Understanding Carbon Tax, Implications, Readiness and Strategic Response for Malaysian Corporates and Strengthening Corporate Integrity	KPS	17 July 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	Live Board Simulation 2025 – Strengthening Boardroom Decision – Making in Times of Crisis	ICDM	17 September 2025
	Artificial Intelligence For Boards: Governance, Oversight, And Strategic Readiness	BAT Malaysia	30 October 2025
	Board-Ready Women Programme 2025 – Module 4	Deloitte	5 November 2025
Low Chooi Hoon	Board-Ready Women Programme 2025 – Module 4	Deloitte	5 November 2025
	Building a speak up culture	LeadWomen	15 May 2025
	Conversation with NRC Board Members	LeadWomen	25 June 2025
	ICDM Advocacy: E-invoicing for Directors - MyInvois & MyTax Portal Walkthrough with EY Malaysia	ICDM	26 June 2025

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Director	Briefing/Conference/Forum/Seminar/Training/Workshop/Webinar attended	Organiser	Date
Low Chooi Hoon	Market Outlook Turbulence H2 2025	HLE Broking	12 July 2025
	Culture By Design	LeadWomen	16 July 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	AI Supercharging Women's Leadership Growth and Career Advancement	LeadWomen	14 August 2025
	Live Board Simulation 2025 – Strengthening Boardroom Decision – Making in Times of Crisis	ICDM	17 September 2025
	Board Senior Management Dynamics During Crisis	LeadWomen	18 September 2025
	What it takes: SEA charting the region's path from the periphery to the core of global consciousness	ICDM	24 October 2025
	Inside the Boardroom Malaysia Chapter 2 - Board's expectation from CHRO	Darwinbox Digital Solutions Pvt. Ltd.	28 October 2025
	Artificial Intelligence For Boards: Governance, Oversight, And Strategic Readiness	BAT Malaysia	30 October 2025
	Post Budget 2026 Dialogue: Key Conversations with Datuk Johan Mahmood Merican	ICDM	6 November 2025
Future-Ready Boards: Mastering Strategic Leadership in a Disruptive Wsorld	ICDM	2 December 2025	
Dato' Sri Dr. Mohd Nizom bin Sairi	National Tax Seminar	Inland Revenue Board	14 October 2025
	Artificial Intelligence for Boards: Governance, Oversight, and Strategic Readiness	BAT Malaysia	30 October 2025
Nedal Louay Salem	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	1-2 July 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	Artificial Intelligence for Boards: Governance, Oversight, and Strategic Readiness	BAT Malaysia	30 October 2025
Adrian Lee Peng Yong	Mandatory Accreditation Programme Part I	ICDM	20-21 January 2025
	Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	14-15 May 2025
	Anti-Corruption and Preparing for Raids and Investigations	BAT Malaysia	28 July 2025
	Artificial Intelligence for Boards: Governance, Oversight, and Strategic Readiness	BAT Malaysia	30 October 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD APPOINTMENTS AND SUCCESSION

The procedure for the selection, nomination, and appointment of suitable candidates to the Board is carried out in a transparent manner. The NRC is responsible for assessing and considering the capabilities, professionalism, integrity, expertise, and experience of prospective Board members and Board Committee members. This assessment takes into consideration the Board's current structure, size, gender, diversity, time commitment, and composition. The NRC ensures that the Board and the Board Committees possess the proper balance of skills, expertise, and knowledge to manage the business effectively. It also takes into consideration the following factors:

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

The NRC utilises several channels to search for the best candidates, namely by using independent executive search firms and recommendations from existing Board members, the Management, and major shareholders. As part of a Fit and Proper Policy adopted in 2022, the Company Secretary will carry out a comprehensive reference check for all appointments and reappointments of directors to the Board. These checks include verifications of financial background, character integrity, and professional qualifications of shortlisted candidates. Interviews will be conducted with all shortlisted candidates to ascertain their technical expertise, skills and experience, compatibility with the Board, and to determine the terms of appointment. Upon completion of the reference checks, the NRC will recommend the proposed candidate to the Board, who will then deliberate on the recommended candidate. If considered appropriate, the Board shall approve the candidate's appointment. The new Director will then be issued an appointment letter.

The Board appointment process is outlined below:

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

In 2025, the Board also placed particular emphasis on Independent Non-Executive Director succession and transition planning, following the retirement of the former Chairman, Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat's and former Senior Independent Non-Executive Director, Dato' Chan Choon Ngai's at the conclusion of their nine-year tenures. A structured approach was implemented to ensure a seamless handover to the incoming Independent Non-Executive Directors.

The NRC began the search for suitable candidates to fill the vacant Board positions, guided by the criteria previously agreed upon during the Board's succession planning discussions. To support boardroom diversity, the NRC conducted a robust review of candidates proposed by Board members as well as those identified by the external search firm, prior to shortlisting them in the talent pool.

Upon completion of the evaluation and selection process, the Board approved the NRC's recommendations for the appointments of Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi as Independent Non-Executive Directors of BAT Malaysia effective on 1 May 2025 and 1 October 2025 respectively.

Details of changes to the Board composition during the year were as follows:

- 1) Following the conclusion of Dato' Chan Choon Ngai's nine-year tenure and his retirement as the Senior Independent Non-Executive Director on 22 May 2025, Eric Ooi Lip Aun was redesignated as the Senior Independent Non-Executive Director with effect from 23 May 2025, and Low Chooi Hoon was appointed to the Board as an Independent Non-Executive Director with effect from 1 May 2025 as well as a member of the Risk Management Committee (RMC), AC, and NRC with effect from 23 May 2025; and
- 2) Following the conclusion of Tan Sri Dato' Seri Dr. Aseh bin Haji Che Mat's nine-year tenure and his retirement as an Independent Non-Executive Director/Chairman on 31 December 2025, Dato' Sri Dr. Mohd Nizom bin Sairi was appointed to the Board as an Independent Non-Executive Director with effect from 1 October 2025 and subsequently redesignated as the Chairman of the Board with effect from 1 January 2026.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP SUCCESSION PLANNING

In addition, the Board also oversaw the appointment and succession planning of the Leadership Team. During the year, the Board together with the Managing Director, reviewed the detailed succession plan of the Leadership Team. The Board reviewed the capabilities of candidates proposed by the BAT Group and assessed their experience, qualifications, leadership, track and industry exposure. After due process, the Board approved the appointment of the Legal Director of BAT Malaysia during the year. The Board also reviewed the succession pipeline for each role within the Leadership Team.

BOARD INDUCTION

A comprehensive induction programme is provided for the newly appointed Directors to the Board. New Directors are required to attend the programme as soon as possible upon their appointment. This programme includes intensive one-on-one sessions with members of the Leadership Team and is intended to onboard and familiarise the new Director with BAT Malaysia's business, vision, values, governance, and people. The programme also covers the orientation required for a new Director's appointment to Board Committees.

Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi had attended the induction programme in May 2025 and October 2025 respectively, after their appointment as Directors.

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

The re-election of Directors is conducted in accordance with Clause 109.1 of BAT Malaysia's Constitution, which provides that one-third of the Directors are subject to retirement by rotation at every AGM and may offer themselves for re-election. The clause also requires that every Director retires at least once every three years, with those who have served the longest since their last re-election retiring first.

Clause 115 of the Constitution further states that a Director appointed to fill a casual vacancy shall hold office only until the next AGM. Such Directors are eligible for re-election but are not included when determining the Directors due to retire by rotation.

To ensure that Directors standing for re-election remain fit and proper to continue serving on the Board, the NRC engaged the ICDM to conduct an assessment in accordance with the Company's Fit and Proper Policy.

Following this process and based on the NRC's recommendations, the Board has unanimously agreed to recommend that shareholders vote in favour of re-electing the following Directors retiring at the Company's 65th AGM:

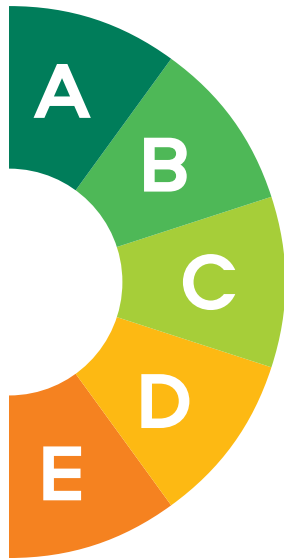
- 1) Re-election of Eric Ooi Lip Aun and Norliza binti Kamaruddin pursuant to Clause 109.1 of the Constitution of BAT Malaysia; and
- 2) Re-election of Low Chooi Hoon and Dato' Sri Dr. Mohd Nizom bin Sairi pursuant to Clause 115 of the Constitution of BAT Malaysia.






ANNUAL PERFORMANCE ASSESSMENTS

The Board, supported by the NRC, conducts annual assessments of the performance of the Board as a whole, its committees, and each Director.

For the year under review, the Board and Directors Effectiveness Evaluation, was externally facilitated and conducted by the ICDM. The assessment was carried out through a combination of confidential one-on-one interviews, a review of relevant governance documents, online surveys, and peer evaluations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



- 
Comprehensive 360° Board Assessment
 10 Key Parameters | Targeted Evaluation Focus | Candid Feedback | Verified Insights | Objective
- 
Choice of Facilitators
 International and/or local relevance experience & background
- 
Constructive
 Confidential Interview | Document Reviews
 Online Surveys | Observations | Facilitated Dialogues
- 
Compliance
 In compliance with MCCG 2021, BNM's CG Guidelines, MACC Act, and other relevant requirements
- 
Complete
 Action-oriented outcome One-Stop Centre follow through services

ICDM'S COMPREHENSIVE BOARD AND DIRECTORS EFFECTIVENESS EVALUATION PROCESSES

Documentation Review	Online Questionnaires	Confidential Interviews	Observations	Facilitated Dialogue
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The assessment outcomes provided valuable guidance to the NRC and served as a reference point for the Board in maintaining an appropriate balance of skills and expertise. They also helped identify gaps and training needs to further strengthen the Board's overall effectiveness.

A comprehensive assessment framework encompassing the following areas was used:

1. Board Leadership
2. Board Composition, Skills & Development
3. Board Committees
4. Board Governance & Processes
5. Board Agendas, Meetings, and Information
6. Board Dynamics & Culture
7. Board & Management Relationship
8. Board & Stakeholder Engagement
9. Board Sustainability Matters
10. Board Crisis Management
11. People & Culture

CONCLUSIONS OF THE 2025 REVIEW

Overall, the results of the evaluation were satisfactory. When ranked in order of strength, Board Management Relationship, Board Governance, Oversight and Processes, Board and Sustainability and Board Committees were identified as being the strongest. Board Leadership and Board Composition, Skills, and Development were identified as items for development in 2026.

The Board's evaluation confirmed the efficiency and effectiveness of its oversight, including that of its committees and individual Directors, for the financial year. The NRC reviewed the results and findings of the evaluation on 4 February 2026, and presented them to the Board on 9 February 2026.

Following feedback from Board members during the FYE2025 evaluation, the NRC has prioritised five ICDM recommendations and created action plans based on them. The Board has approved these plans, which will be implemented throughout 2026.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

REMUNERATION

BAT Malaysia's remuneration policy is designed to attract, retain, and motivate Executive Directors of the calibre needed to manage the business of BAT Malaysia. The NRC is responsible for reviewing and recommending to the remuneration package for Executive Directors.

Executive Directors are rewarded based on both corporate and individual performance through an integrated structure comprising salary, benefits, and performance-related bonuses. This approach reflects the competitive environment in which the BAT Malaysia operates and supports the delivery of its strategic objectives. As full-time employees of the Company, Executive Directors do not receive additional fees for serving on the Board.

In assessing the remuneration of the Managing Director, the NRC takes into account corporate and individual performance, as well as a broader set of indicators, including progress against strategic targets and performance at both regional and global levels.

The remuneration package for the Executive Directors comprises the following elements, where applicable:

- i. Salaries – The basic salaries for the Executive Directors as recommended by the NRC to the Board for approval.
- ii. Benefits-in-kind – Customary benefits such as rented accommodation for expatriate Executive Directors, motor vehicle, club membership, and coverage of personal expenses for the Executive Directors, in accordance with the policies of BAT Malaysia.
- iii. Other emoluments – Include retirement benefits, provision for leave, statutory contributions, and incentives in the form of shares or options pursuant to the BAT Group's shares scheme.

The Board has authorised the NRC to establish and carry out formal, transparent procedures for developing BAT Malaysia's remuneration matters for Non-Executive Directors, ensuring their compensation remains competitive and aligns with industry standards. The fee payable to each Non-Executive Director is determined by the Board as authorised by the shareholders of BAT Malaysia, and it varies depending on the level of responsibilities undertaken by the individual Non-Executive Directors.

The remuneration package for the Non-Executive Directors comprises the following elements, where applicable:

- i. Fees – The fixed annual fees to be paid to the Non-Executive Directors.

- ii. Allowance – The fixed annual allowance to be paid to the Chairman.
- iii. Chair Committee fees - The fixed annual fees to be paid to the Chairperson of Committees.
- iv. Meeting attendance allowance - An attendance allowance of RM1,000 is provided for each Committee meeting attended by Non-Executive Directors.

In determining remuneration for both Executive and Non-Executive Directors, the Board considers benchmarking data from independent consultants and market surveys of comparable companies. The Board is committed to a competitive and transparent remuneration framework that reflects the responsibilities and fiduciary duties of the Directors and the Leadership Team. This approach supports BAT Malaysia's long-term objectives and reinforces its commitment to delivering sustainable value to stakeholders.

In FYE2025, the NRC engaged an independent external consultant to conduct a review on the Non-Executive Directors' remuneration structure, benchmarked against industry peers and relative public listed entities. The last external review was conducted in 2022, however, no recommendations regarding increments to Directors' fees and benefits were provided. The current fee structure has remained unchanged since its adoption at the AGM held in 2012. The latest assessment benchmarked companies operating within a similar environment and sector, with comparable market capitalisation and key factors such as governance responsibilities and the time commitments required of Non-Executive Directors and Board Committee members.

After deliberating on the consultant's findings, the NRC concluded that the existing Board Remuneration package remains appropriate. The Board, upon the NRC's recommendation, agreed that the current fee structure be maintained and to seek shareholders' approval for benefits payable to Non-Executive Directors to be increased up to RM280,000 at the 65th AGM, from the current RM250,000. The proposed increase in the Non-Executive Directors' benefits cap is intended to accommodate the benchmarking findings on absence of meeting allowances for Board meetings and retainer fees for all Committee Members. Board meeting allowance has been introduced to acknowledge the time, preparation, and commitment necessary for effective oversight and decision-making. This allowance is consistent with those provided at the Committee level. Additionally, retainer fees for Committee Members are introduced to appropriately compensate for the increase in workload, specialised responsibilities, and ongoing engagement required in their roles.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of the Director's remuneration, comprising remuneration received or receivable from BAT Malaysia for FYE 2025, are as follows:

Directors	Fee (RM'000)		Allowance (RM'000)		Salary (RM'000)		Bonus (RM'000)		Benefits-in-kind		Other emoluments		Total (RM'000)
	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	Company	Subsidiaries	
Independent Non-Executive Directors													
Tan Sri Dato' Seri Aseh bin Haji Che Mat <i>(Retired on 31 December 2025)</i>	345	-	154	-	-	-	-	-	14	-	-	-	513
Dato' Chan Choon Ngai <i>(Retired 22 May 2025)</i>	44	-	8	-	-	-	-	-	6	-	-	-	58
Eric Ooi Lip Aun	120	-	9	-	-	-	-	-	-	-	-	-	129
Norliza binti Kamaruddin	116	-	13	-	-	-	-	-	-	-	-	-	129
Low Chooi Hoon <i>(Appointed on 1 May 2025)</i>	67	-	6	-	-	-	-	-	-	-	-	-	73
Dato' Sri Dr. Mohd Nizom bin Sairi <i>(Appointed on 1 October 2025)</i>	25	-	-	-	-	-	-	-	-	-	-	-	25
Non-Independent Non-Executive Director													
Datuk Christine Lee Oi Kuan	100	-	4	-	-	-	-	-	-	-	-	-	104
Executive Directors													
Nedal Louay Salem	-	-	-	-	1,269	-	514	-	344	-	2,661	-	4,788
Adrian Lee Peng Yong	-	-	-	-	1,110	-	56	-	89	-	691	-	1,946
Total (RM'000)	817	-	194	-	2,379	-	570	-	453	-	3,352	-	7,765

The details of the Director's remuneration, comprising remuneration received or receivable from BAT Malaysia for FYE 2025, are as follows:

Name	Range of Remuneration (RM)
Anthony Lea Clayton	2,000,000 – 2,050,000
Adrita Datta	1,700,000 – 1,750,000
Jacqueline Ko Man Ting <i>(Resigned on 31 December 2025)</i>	1,400,000 – 1,450,000
Fairuz Helmi	1,350,000 – 1,400,000
Wong Hoi Wun Ann	450,000 – 500,000

The remuneration of the Managing Director and Finance Director is disclosed within the Directors' remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NOMINATION AND REMUNERATION COMMITTEE REPORT

Norliza binti Kamaruddin
Independent Non-Executive Director (Chairwoman) |
Redesignated on 23 May 2025



> TERMS OF REFERENCE

The TOR of the NRC is available in the Corporate Governance section of the Company's website at www.batmalaysia.com.

> COMPOSITION

Norliza binti Kamaruddin
Independent Non-Executive Director (Chairwoman)
(Redesignated on 23 May 2025)

Low Chooi Hoon
Independent Non-Executive Director (Member)
(Appointed on 23 May 2025)

Dato' Chan Choon Ngai
Senior Independent Non-Executive Director (Chairman)
(Retired on 22 May 2025)

> ATTENDANCE

Norliza binti Kamaruddin	5/5
Low Chooi Hoon (Appointed on 23 May 2025)	2/2
Dato' Chan Choon Ngai (Retired on 22 May 2025)	3/3

The NRC is pleased to present the NRC Report for FYE 2025.

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

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

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

> SUMMARY OF ACTIVITIES

During FYE 2025, the NRC undertook and/or deliberated on the following:

- 1) Recommended the re-election of Directors at the 65th AGM to the Board for consideration.
- 2) Conducted the Fit and Proper assessment on candidates for the re-election of Directors, as guided by the Directors' Fit and Proper Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- 3) Reviewed the analysis/findings of the Directors' performance assessment of the Board (including the Managing Director and Finance Director), Board Committees, and individual Directors for 2025.
- 4) Reviewed the tenure of the Independent Non-Executive Directors.
- 5) Reviewed the appointment and remuneration of the Leadership Team.
- 6) Reviewed the NRC Report for inclusion in the Annual Report.
- 7) Reviewed the fees and benefits of Non-Executive Directors.
- 8) Reviewed and approved the Leadership Team's annual bonus, salary increments, and remuneration package.
- 9) Reviewed the succession planning of the Leadership Team.
- 10) Reviewed and recommended the BAT Malaysia Policies on Birthday Leave, Compassionate Leave, Travel and Entertainment, D&I, Leaves, Company Car and Monthly Cash Allowance, Short-Term Incentive Scheme, Field Allowance for Trade Marketing, Home Leave Passage, and Flexible Benefit, to the Board for approval.
- 11) Reviewed the candidates for Independent Non-Executive Directors and recommended to the Board for approval.
- 12) Reviewed and approved the appointment of external consultants to benchmark Non-Executive Directors' fees.
- 13) Reviewed and approved the appointment of external consultants for Board and Directors Effectiveness Evaluation.
- 14) Reviewed the changes on the NRC TOR.

SUSTAINABILITY COMMITTEE REPORT



Norliza binti Kamaruddin
Independent Non-Executive Director (Chairwoman)

› TERMS OF REFERENCE

The TOR of the SC is available in the Corporate Governance section of the Company's website at www.batmalaysia.com.

› COMPOSITION

Norliza binti Kamaruddin
Independent Non-Executive Director (Chairwoman)

Datuk Christine Lee Oi Kuan
Non-Independent Non-Executive Director (Member)
(Resigned on 5 March 2026)

Nedal Louay Salem
Executive Director/Managing Director (Member)

› ATTENDANCE

Norliza binti Kamaruddin	4/4
Datuk Christine Lee Oi Kuan (Resigned on 5 March 2026)	4/4
Nedal Louay Salem	4/4

The SC is pleased to present the SC Report for FYE 2025.

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

› SUMMARY OF ACTIVITIES

During FYE 2025, the SC undertook and/or deliberated on the following:

- 1) Continuously reviewed BAT Malaysia Group sustainability strategy and its delivery through the achievement of the KPIs set for 2025.
- 2) Reviewed BAT Malaysia Group sustainability initiatives and activities in relation to Tobacco Harm Reduction and the Environmental, Social, and Governance priorities.
- 3) Reviewed the annual budget for the sustainability plan.
- 4) Reviewed BAT Malaysia Group community investment strategy and achievements and approved the 2025 plan under the Beyond Benih programme.
- 5) Reviewed and endorsed the SC Report and Sustainability Statement for the Board's approval for inclusion in the Annual Report 2025.
- 6) Reviewed and endorsed climate risk register and climate risk assessment before presented to RMC for notation.
- 7) Reviewed the Standard Operating Procedure on implementing the Beyond Benih programme.
- 8) Reviewed the changes on the SC TOR.
- 9) Reviewed and endorsed Materiality Assessment Plan and refined material topics for 2026 and beyond.

PRINCIPLE B

Effective Audit and Risk Management

DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

Statements explaining the responsibilities of the Directors for the preparation of the Annual Audited Financial Statements are available in the Annual Report on page 168.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

covers all material controls, including financial, operational and compliance controls. Further details of BAT Malaysia Group Risk Management Framework and Internal Control System can be found in the Statement on Risk Management and Internal Control and Risk Management Report from pages 155 to 164.

ETHICAL AND PROCEDURAL STANDARDS

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AUDIT COMMITTEE REPORT

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



› TERMS OF REFERENCE

The TOR of the AC is available in the Corporate Governance section of the Company's website at www.batmalaysia.com.

› COMPOSITION

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

Norliza binti Kamaruddin
Independent Non-Executive Director (Member)

Low Chooi Hoon
Independent Non-Executive Director (Member)
(Appointed on 23 May 2025)

Dato' Chan Choon Ngai
Senior Independent Non-Executive Director (Member)
(Retired on 22 May 2025)

› ATTENDANCE

Eric Ooi Lip Aun	5/5
Norliza binti Kamaruddin	4/5
Low Chooi Hoon (Appointed on 23 May 2025)	2/2
Dato' Chan Choon Ngai (Retired on 22 May 2025)	3/3

The AC is pleased to present the AC Report for FYE 2025.

The Finance Director, the external auditors, and a permanent invitee from the BAT Group's Internal Audit

team were invited to AC meetings. They attended all the meetings held during the financial year to brief the AC on pertinent issues.

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

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

› SUMMARY OF ACTIVITIES

During FYE 2025, the AC undertook the following activities:

(1) Financial Reporting

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(2) Internal Audit

- i. Reviewed the 2025 Internal Audit plan of BAT Malaysia Group to ensure adequate coverage of BAT Malaysia Group key risks and adequate resources within the Internal Audit team were available to execute the audit plan.
- ii. Reviewed BAT Malaysia Group three-year rolling plan, developed by Internal Audit via a comprehensive planning process that identified and prioritised potential auditable areas and audit coverage.
- iii. Reviewed the audit scope and detailed findings of AIT and Procurement Audit (including Travel and Expenses review).
- iv. Reviewed the internal control processes and considered the recommendations and improvements to be implemented by the Management based on the audit findings.
- v. Reviewed the implementation status of agreed audit actions to ensure timely implementation by the Management.

(3) External Audit

- i. Reviewed the external auditors' report, which summarised key findings from the audit of the financial statements for FYE 2024, along with the Directors' Statement on Risk Management and Internal Control.
- ii. Reviewed with the external auditors their audit plan for FYE 2025, which outlined audit materiality, audit scope, methodology and timing of the audit, key milestones, involvement of Information Technology (IT) specialists, audit focus areas, adoption and transition of accounting standards, and proposed fees for the audit services rendered by the external auditors for FYE 2025.
- iii. Reviewed the written assurance provided by the external auditors in respect of their independence.
- iv. Met with the external auditors twice without the presence of the Executive Directors and the Management during the year under review.

(4) RPT

- i. Reviewed and discussed reports on RPT, RRPT and potential conflict-of-interest transactions to ensure that all RPT and RRPT were undertaken on an arm's length basis and normal commercial terms consistent with BAT Malaysia's usual business practices and policies, which were not more favourable than those generally available to the public and other suppliers and not detrimental to the minority shareholders.
- ii. Monitored the RPT and RRPT thresholds to ensure compliance with the Bursa Malaysia's MMLR.
- iii. Reviewed and recommended to the Board for approval the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for the Company and its subsidiaries to enter into RRPT of the revenue or trading nature with related parties.

(5) Annual Reporting

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

(6) Other Activities

- i. Deliberated on BAT Malaysia's two-year cash flow forecast.
- ii. Deliberated on reports regarding whistleblowing and breaches of the SoBC.
- iii. Deliberated on security and safety matters and loss reports.
- iv. Assessed the performance of the internal and external auditors.
- vi. Deliberated on reports on the Control Navigator and Immediately Reportable Incidents (IRI).
- vii. Deliberated on reports on financial record-keeping and reporting under the Sarbanes-Oxley Act.
- viii. Deliberated on KPMG PLT's Transparency Report.
- ix. Deliberated on the implementation of self-assessment stamping for BAT Malaysia Group.
- x. Deliberated on the declaration of the quarterly dividends.
- xi. Assessed Transfer Pricing of RRPT.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

› INTERNAL AUDIT FUNCTION

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

BAT Group Internal Audit is staffed by over fifty (50) personnel with relevant professional qualifications. They comply with the BAT Group's SoBC and provide independent assurance.

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

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

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

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

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

- Process Audits carry out an end-to-end audit of business processes across various entities within BAT Group.
- Audits of Change focus on significant business change initiatives, such as key projects and programmes.
- End-Market Accountability Audits consider BAT Group's top risks.
- Operations Audits provide assurance of BAT Group's ability to supply high-quality finished goods in line with the evolving needs of the business and regulatory agenda.
- Other Audits are conducted upon direct requests, which may arise due to an incident, a request from the Management, or a request from the AC.

During FYE 2025, the subject matter of audits conducted by the BAT Group Internal Audit was as follows:

- Procurement Audit (which comprised review of Sourcing Management Process, Tender Committee Governance, Low-Value Spend compliance, Quotation exemption process, Procurement savings, tracking, and monitoring, Contract management, Metrics for supplier evaluation, Retrospective/Split/Inactive Purchase Orders/Aged Goods Receipt Invoice Receipt, Purchase order compliance, and Travel and Expenses policy compliance).
- AIT Audit (which comprised review of AIT strategy and Compliance Procedure, AIT intelligence activities, AIT Contract management, Third-Party Anti-Financial Crime Procedure compliance, and Supply Chain Compliance Procedure).

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

RISK MANAGEMENT COMMITTEE REPORT



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

> TERMS OF REFERENCE

The TOR of the RMC is available in the Corporate Governance section of the Company's website at www.batmalaysia.com.

> COMPOSITION

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

Low Chooi Hoon
Independent Non-Executive Director (Member)
(Appointed on 23 May 2025)

Adrian Lee Peng Yong
Executive Director/Finance Director (Member)

Dato' Chan Choon Ngai
Senior Independent Non-Executive Director (Member)
(Retired on 22 May 2025)

> ATTENDANCE

Eric Ooi Lip Aun	4/4
Adrian Lee Peng Yong	4/4
Low Chooi Hoon (Appointed on 23 May 2025)	2/2
Dato' Chan Choon Ngai (Retired on 22 May 2025)	2/2

The RMC is pleased to present the RMC Report for FYE2025.

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

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

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

> SUMMARY OF ACTIVITIES

During FYE 2025, the RMC undertook and/or deliberated on the following:

- 1) Reviewed BAT Malaysia Group's Risk Management Programme, which includes BAT Malaysia Group gross and net risks, with the associated mitigating actions to ensure comprehensive management and reporting of all major risks to the Board.
- 2) Reviewed BAT Malaysia Group BCP as part of its business continuity management.
- 3) Reviewed and noted the climate risk register and climate risk assessments that had been approved by the SC prior to the RMC meeting.
- 4) Reviewed and approved the ways of working on climate risk.
- 5) Reviewed and endorsed the RMC Report for submission to the Board for approval and inclusion in the Annual Report.
- 6) Reviewed and approved the new impact matrix, which updated the risk heat map from 3x3 to a 5x5 format.
- 7) Succession of CRO.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ETHICAL AND PROCEDURAL STANDARDS

BAT Malaysia is committed to upholding high ethical and procedural standards that reflect our values and business objectives. To reinforce our corporate governance framework, we have established a comprehensive set of internal policies, guidelines, procedures, and codes, some of which are highlighted below.

1 SoBC

The SoBC sets out the high standards of integrity expected of all employees. It covers key areas including Conflicts of Interest, Anti-Bribery and Corruption, Entertainment and Gifts, Respect in the Workplace, Human Rights, Health, Safety and Welfare, Environment, Political Contributions, Community Investments, Accurate Books and Records, Protection of Corporate Assets, Data Privacy, Ethics and Artificial Intelligence, Cybersecurity, Confidentiality and Information Security, Insider Dealing and Market Abuse, Competition and Anti-Trust, Sanctions and Export Controls, Anti-Illicit Trade and Anti-Tax Evasion, and Anti-Money Laundering.

All employees are required to conduct themselves in accordance with these principles and to declare any potential conflicts of interest annually. BAT Malaysia Group is also a signatory to the Malaysian Corporate Integrity Pledge, signed on 19 February 2014, underscoring our dedication to anti-corruption practices in all aspects of our business.

2 SCoC

Complementing the SoBC, the SCoC defines the minimum standards expected of BAT Malaysia Group suppliers. It covers Legal Compliance, Respecting Human Rights, Environmental Sustainability, Responsible Marketing and Business Integrity, ensuring our values are upheld throughout our supply chain.

3 INTERNAL REGULATION ON SECURITIES DEALINGS

These regulations, established to comply with the Capital Markets and Services Act 2007, ensure that designated insiders and their connected parties do not misuse price-sensitive information obtained through their work, nor create the appearance of doing so, whether in transactions on or off the stock market.

4 GLOBAL ENVIRONMENTAL, HEALTH, AND SAFETY POLICY MANUAL

This policy reflects BAT Malaysia Group commitment to environmental responsibility and the implementation of robust environmental management practices, through our Global Environmental, Health and Safety management system, which is aligned with the international ISO 14001 standard.

5 SECURITY PROCEDURE

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

6 POLICY ON DATA PROTECTION

This policy governs the collection, processing, disclosure, and cross-border transfer of personal data, past and prospective employees, consumers, customers, enquirers, complainants, suppliers, contractors, business associates, and other agents of BAT Malaysia Group. It also reflects the BAT Group's Data Protection Policy, which aligns with current international standards and incorporates specific requirements to comply with the Malaysian Personal Data Protection Act 2010 (PDPA).

7 GROUP DATA PRIVACY PROCEDURE

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

8 THIRD PARTY ANTI-FINANCIAL CRIME PROCEDURE

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

- Bribery and corruption;
- Money laundering;
- Terrorist financing;
- Illicit trade (supply chain compliance);
- Sanctions; and
- Facilitation of tax evasion.

9 GRIEVANCE PROCEDURE

The grievance procedure provides guidance for resolving operational-level disputes between employees. The Human Resources department manages all matters raised, handling them with confidentiality to ensure fair resolutions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C

Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders

The Board acknowledges the importance of maintaining transparent, accurate, and timely communication with shareholders and stakeholders alike.

To support this, BAT Malaysia has a dedicated Corporate Finance team that regularly engages with key institutional investors and analysts, providing updates and insights into the Company's performance. The team also addresses shareholder inquiries, ensuring that communication remains responsive, informative, and aligned with the principles of good corporate governance.

The quarterly financial results provide an up-to-date view of BAT Malaysia Group performance and operations. Throughout the year, BAT Malaysia conducted two briefings for fund managers, institutional investors, investment analysts, and the media. These briefings are intended to disseminate BAT Malaysia Group financial results to a broad audience of investors, shareholders, and the media as well as update the investing public and other stakeholders on the progress and development of BAT Malaysia Group business. This is further testimony to BAT Malaysia Group commitment to transparency.

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

The primary contact for investor relation matters is as follows:

Name : Adrian Lee Peng Yong
Designation : Finance Director
Email : fdooffice_malaysia@bat.com

CONDUCT OF GENERAL MEETINGS

The Company acknowledges that good corporate governance requires the active participation of the shareholders in the decision-making process at the Company's AGM. The AGM is the principal forum for dialogue and communication between the shareholders and the Board. On 29 April 2025, our 64th AGM took place in person for the first time after five years of being conducted

virtually. Shareholders submitted questions and deliberated on BAT Malaysia's proposed resolutions and operations using the Remote Participation and Voting (RPV) facilities.

The Managing Director and Finance Director attended the meeting and on behalf of all Board members, responding to questions where possible. The Company committed to respond via email to queries not addressed during the AGM within fourteen (14) working days post-event. Additionally, detailed responses to the questions raised by the MSWG were shared with all shareholders during the 64th AGM.

Shareholders received the Notice of the 64th AGM at least 28 days in advance, giving them ample time to either arrange for their participation or appoint proxy/proxies to vote on their behalf. The Notice, published in local newspapers, was also made available on the Company's website (www.batmalaysia.com).

A summary of the 64th AGM, highlighting director attendance, shareholders' questions and responses, outcomes of e-voting, and replies to MSWG's queries was shared with all shareholders and the public on our website.

E-VOTING

For its 64th AGM, the Company utilised the RPV facilities to facilitate e-voting on the resolutions. The processes were explained during the general meeting and the poll results were verified by appointed scrutineers.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board remains fully committed to adhering to the requirements of the MCCG 2021 and will continue to take proactive steps to address the remaining areas of departure. While significant progress has been made in strengthening our corporate governance practices, the Board recognises that their effectiveness ultimately depends on the diligence and accountability of those responsible for their implementation.

The Board of Directors approved this Corporate Governance Overview Statement at its meeting held on 5 March 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY

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

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

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

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

ENTERPRISE RISK MANAGEMENT

TABLE 1: OBJECTIVES

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



Risk Management Committee

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

Risk Management Team

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

TABLE 2: RISK MANAGEMENT TEAM RESPONSIBILITIES

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

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

(1) Risk Identification

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

(2) Risk Assessment and Evaluation

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

- LIKELIHOOD of the risks crystallising
- IMPACT of the consequence

Assessment against a set of pre- specified criteria on a scale of 1 to 5 is completed for both Likelihood and Impact, the combination of which provides the total risk rating, ranging from 1 to 25. Risks are then categorised on a Risk Heat Map, which maps the significance of the risks to BAT Malaysia and determines the relative prioritisation and focus for risk mitigation.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FIGURE 1: ENTERPRISE RISK MANAGEMENT PROCESS



FIGURE 2: RISK HEAT MAPS

IMPACT	SEVERE	5	10	15	20	25
	SIGNIFICANT	4	8	12	16	20
	MODERATE	3	6	9	12	15
	MINOR	2	4	6	8	10
	INSIGNIFICANT	1	2	3	4	5
		REMOTE	UNLIKELY	POSSIBLE	LIKELY	PROBABLY
LIKELIHOOD						

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(3) Risk Management

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

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

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

(4) Risk Monitoring

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

FIGURE 3: STRUCTURE OF CRISIS MANAGEMENT



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BUSINESS CONTINUITY AND CRISIS MANAGEMENT

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

In 2025, BAT Malaysia had 14 BCPs in place to manage the various potential disruptions that could impact BAT Malaysia. Examples are the Product Recall Plan, Finished Goods Supply Contingency Plan, SAP Contingency Plan, Denial of Site Plan, and Pandemic Plan.

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

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

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

KEY RISKS TO BAT MALAYSIA

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

1. Financial Crimes
2. Sustainability Governance and ESG Regulations
3. Non-Compliance with Competition Laws and Guidelines

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

2025 RISK MANAGEMENT ACTIVITIES

Review of BAT Malaysia's Risks

The Risk Management Team reviewed and assessed BAT Malaysia's risks formally twice during the year, in January

and July 2025. The responsibilities of the Risk Management Team can be found on page 157.

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

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

Promotion of Risk Awareness

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

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

Significant Risk Mitigation Activities

There were no significant risk mitigation activities required to be carried out in 2025.

SYSTEM OF INTERNAL CONTROL

Control Self-Assessment (CSA) Process

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

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

In 2025, BAT Malaysia's Control Navigator was refreshed and updated.

Financial Reporting Controls

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

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

Information Technology (IT)

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

BAT Malaysia, with the assistance of professional information security companies, can predict the higher occurrence of any information security threats and with that implement prevention activities and controls to prevent or mitigate the likelihood of an attack. The preventive activities cover technology hygiene in terms of compliance with recognised industry security standards for system configuration,

continuous testing to ensure readiness of recovery action and training users to avoid being compromised by social-based attacks.

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

Internal Audit

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

FIGURE 4: IT SECURITY PROGRAMME



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

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

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

External Audit

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

Other Key Elements of the System of Internal Control

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

a. Policies, Procedures and Limits of Authority

- Clearly defined delegation of responsibilities to the Board Committees and to the Management, including organisation structures and appropriate authority levels.

- Clearly documented internal policies, standards, and procedures are in place and are regularly updated to reflect changing risks or to resolve operational deficiencies. All policies are approved by the Board and cases of non-compliance to policies and procedures that are in place are reported to the Board and the AC by exception.

b. Immediately Reportable Incidents (IRIs)

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

c. Strategic Business Plan, Budget, and Performance Review

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

d. Insurance and Physical Safeguard

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

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Sarbanes-Oxley Act

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

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

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

CONTROL MATTERS

No significant deficiency or material weakness was reported in 2025.

BOARD ASSESSMENT

The Board is of the view that BAT Malaysia's overall risk management and internal control system is operating adequately and effectively and has received the same assurance from both the Managing Director and Finance Director of BAT Malaysia. The Board confirms that the risk management process in identifying, evaluating, and managing significant risks faced by BAT Malaysia has been in place throughout 2025 and up to the date of approval of this Statement. The Board is also of the view that BAT Malaysia's system of internal control is robust and is able to detect any material losses, contingencies or uncertainties that would require disclosure in BAT Malaysia's 2025 Annual Report.

This Statement is made in accordance with the resolution of the Board of Directors on 5 March 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants (MIA) for inclusion in the annual report of BAT Malaysia for the year ended 31 December 2025 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of BAT Malaysia, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies; or
- (b) is factually inaccurate.

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

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2025.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees paid or payable to the external auditors, KPMG PLT, for services rendered to BAT Malaysia for the financial year ended 31 December 2025, are as follows:

	Company (RM)	Group (RM)
Audit fees	461,500	614,500
Non-Audit fees	10,000	10,000

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by BAT Malaysia involving Directors and Major Shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2025 or, if not then subsisting, entered into since the end of the previous financial year.

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

During BAT Malaysia's 64th AGM held on 29 April 2025, BAT Malaysia had obtained a renewal and new Recurrent Related Party Transaction (Recurrent RPTs) mandate with certain related parties (as defined in the Circular to Shareholders dated 28 March 2025). The Recurrent RPTs conducted during the financial year ended 31 December 2025 pursuant to the said mandate are disclosed in pages 242 to 244 of the Annual Report.