

# 04

# SUSTAINABILITY

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

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# NO.



# SUSTAINABILITY STATEMENT

## About This Statement

British American Tobacco (Malaysia) Berhad (BAT Malaysia, We, Us, Our) is pleased to present its Sustainability Statement (SS2025) for the financial year 2025, serving as BAT Malaysia's account of its sustainability priorities, performance, and strategic commitments.

Operating within the tobacco and consumer goods sectors, BAT Malaysia integrates sustainability across all aspects of its business, demonstrating its commitment to value creation. BAT Malaysia's approach is aligned with its sustainability strategy whereby environmental, social, and governance considerations are embedded in its strategic decision-making, operational execution, and stakeholder engagement.

As a subsidiary of the BAT Group, BAT Malaysia aligns its sustainability strategy with the BAT Group's strategy, supporting its impact areas. Through SS2025, BAT Malaysia continues to enhance its transparency, accountability, and relevance in its disclosures, seeking to reinforce trust, and foster enduring partnerships with its stakeholders.

Operations in other jurisdictions, as well as those outside the three entities mentioned above, have been excluded from the SS2025, as it is prepared specifically for BAT (Malaysia) Berhad. A detailed overview of BAT Malaysia's corporate structure and operational footprint is set out in the Corporate Structure section on page 9 of this Annual Report.







Where data is available, the SS2025 includes up to three years of historical information, providing comparative insights, and illustrating performance trends that demonstrate BAT Malaysia's progress and strategic approach to sustainability.

## Reporting Guidelines and Standards

This Statement has been prepared using all available internal data and in full compliance with Paragraph 29, Part A of Appendix 9C, as well as Practice Note 9 of Bursa Malaysia Securities Berhad's (Bursa Securities) Main Market Listing Requirements (MMLR) governing sustainability statements. BAT Malaysia's sustainability disclosures are prepared with reference to the requirements applicable to Group 1 entities under the National Sustainability Reporting Framework (NSRF), following the IFRS Sustainability Disclosure Standards and aligned with internationally recognised sustainability frameworks and standards set out below. In applying these requirements, BAT Malaysia has adopted the NSRF transition relief under the climate-first approach, in alignment with IFRS S2.

# SUSTAINABILITY STATEMENT

With Reference:

 <p><b>International Financial Reporting Standards</b></p> <p>National Sustainability Reporting Framework (NSRF), following the International Financial Reporting Standards (IFRS) Climate Disclosure Standards</p>	 <p>Global Reporting Initiative (GRI) 2021 (Core Option)</p>	 <p>FTSE4Good FTSE4Good Bursa Malaysia (F4GBM) Index</p>
 <p>Task Force on Climate-Related Financial Disclosures (TCFD)</p>	 <p>Now part of IFRS Foundation</p> <p>Sustainability Accounting Standards Board (SASB) Sector-Specific Disclosures</p>	 <p>United Nations Sustainable Development Goals (UNSDGs)</p>

**Statement of Use**

The Board of Directors (the Board) of BAT Malaysia, as BAT Malaysia’s highest governing authority, affirms its oversight and accountability for this declaration. The information presented in this SS2025 has been prepared with diligence and in accordance with the GRI Standards. This Statement has been approved by the Board on 5 March 2026.

**Data Quality and Reliability**

The data presented in SS2025 was systematically collected, verified, and validated by the relevant business units under the oversight of BAT Malaysia’s Chief Sustainability Officer (CSO), ensuring accuracy, consistency, and reliability. Upon finalisation, the SS2025 was reviewed by the Board SC and endorsed by the Board, reinforcing BAT Malaysia’s accountability to its disclosures.

While SS2025 has not undergone internal or external assurance, environmental data disclosed is derived from the centralised database of the BAT Group and was subjected to external limited assurance conducted at BAT Group level. BAT Malaysia remains committed to strengthening credibility and plans to obtain reasonable external assurance for Scope 1 and Scope 2 emissions in 2027.

**Exclusions and Limitations**

BAT Malaysia acknowledges that certain limitations in data availability and consistency remain, particularly where reliance is placed on external inputs or non-standardised measurement approaches. BAT Malaysia continues to enhance its data governance and systems to support more robust and decision-useful disclosures over time.

**Forward-looking Statement**

SS2025 includes forward-looking statements, including strategic priorities and performance aspirations relating to BAT Malaysia’s anticipated performance and future outlook. These statements are based on current conditions and reasonable assumptions at the time of reporting and are subject to inherent uncertainties. Accordingly, actual outcomes may differ materially due to changes in business conditions, regulatory developments, or other external factors beyond BAT Malaysia’s control.

# SUSTAINABILITY STATEMENT

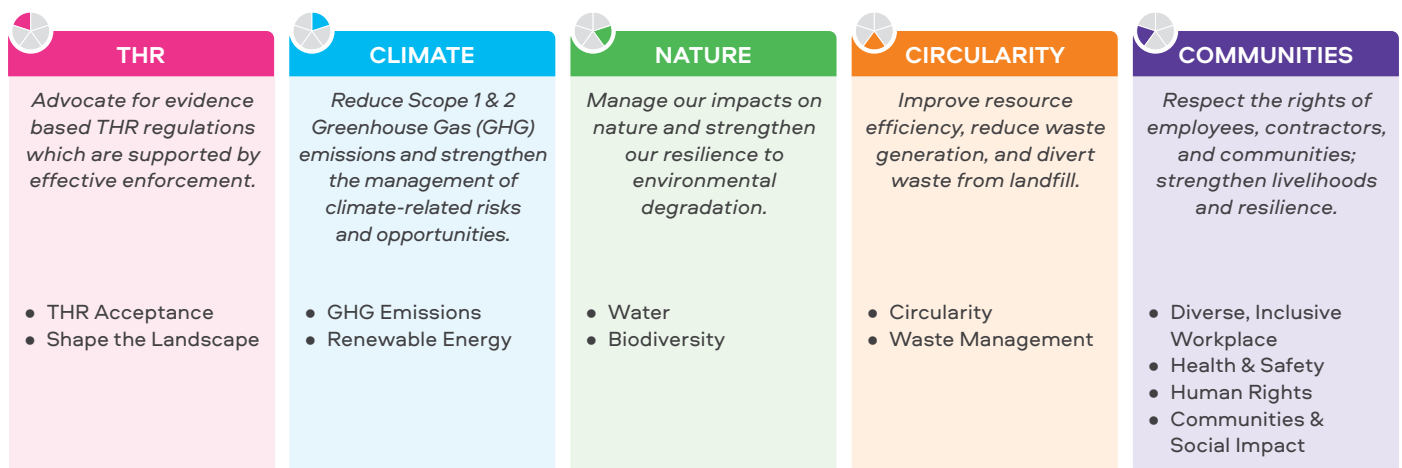
## BAT MALAYSIA'S SUSTAINABILITY STRATEGY

BAT Malaysia's sustainability strategy underpins how we conduct our business and how we deliver the BAT Group's corporate vision of creating A Better Tomorrow™ by Building a Smokeless World.

At the heart of this vision is the BAT Group's ambition to reduce the health impact of its business. Achieving this requires a responsible transformation – one that places sustainability at the centre of how we evolve, operate, and create long-term value.

BAT Malaysia's sustainability strategy was refined in 2025, following the Double Materiality Assessment (DMA) (refer pages 57 – 58) carried out. The strategy is aligned to the BAT Group's strategy, by addressing the five strategic impact areas – Tobacco Harm Reduction (THR), Climate, Nature, Circularity, and Communities. Further, BAT Malaysia seeks to manage environmental and social impacts of its business responsibly through careful and effective governance of our impacts, risks, and opportunities. Our governance framework supports and provides the foundation for sustainable, long-term decision-making.

BAT Malaysia's Sustainability Strategy:



## SUSTAINABILITY STATEMENT

Our sustainability strategy is applied across the value chain with a clear focus on managing sustainability-related risks, dependencies, and impacts that are most relevant to business resilience and long-term value creation.

Upstream activities primarily involve the importation of finished products from global manufacturing hubs, alongside sourcing of key raw materials for local production. At this stage, sustainability considerations are centred on supplier practices and the management of environmental, social, and regulatory risks within the supply chain, recognising the role of responsible sourcing in supporting business continuity and reputational integrity.

Within internal operations, sustainability considerations are embedded into manufacturing activities at the Johor Bahru factory (the factory), with emphasis placed on resource efficiency, environmental management, workplace safety, and operational reliability. These factors support consistent performance while managing exposure to environmental and social risks that may affect operational resilience.

Downstream, sustainability considerations are most closely associated with distribution and logistics activities. This includes the management of the Pulau Indah warehouse (the warehouse), transportation-related emissions and efficient distribution practices across the domestic market, supported through ongoing engagement with logistics and distribution partners.

Together, these areas represent key interfaces between sustainability considerations and enterprise value. By focusing on these material touchpoints, BAT Malaysia is better positioned to understand how sustainability-related factors influence business resilience and long-term value creation across the six capitals — financial, manufactured, human, intellectual, social and relationship, and natural capital.

To articulate this linkage, BAT Malaysia adopts a value creation lens that considers six interrelated capitals, which collectively represent the key resources and relationships BAT Malaysia relies on to operate, compete, and meet stakeholder expectations. Through the effective management of these capitals, BAT Malaysia seeks to create value for its key stakeholder groups, including consumers through product quality and responsible offerings, investors and shareholders through sustainable financial performance, employees through a safe and engaging workplace, suppliers and business partners through stable and responsible relationships, and society through responsible environmental and social practices.

Reporting the six capitals provides a holistic view of how sustainability considerations are integrated into business operations, decision-making processes, and performance outcomes, rather than being treated as standalone initiatives. The Value Creation Model (VCM) below provides a contextual view of how sustainability considerations intersect with BAT Malaysia's value creation process. The subsequent sections in the SS2025 build on the elements reflected in the model, providing further detail on material matters, sustainability-related risks, and performance outcomes that support long-term value creation.

# SUSTAINABILITY STATEMENT

## VALUE CREATION

### Capital Input



#### Financial capital

- RM32,932,000 assets (cash and cash equivalents)
- RM475,109,000 of shareholders' funds



#### Manufactured capital

- 1 Manufacturing Facility
- 1 Warehouse
- 10 State Offices
- 1 Head Office



#### Human capital

- 270 Employees
- RM481,438.05 Investment in employee learning and development (L&D)



#### Intellectual capital

- Established management systems and robust internal standards and procedures, including business continuity planning (BCP)



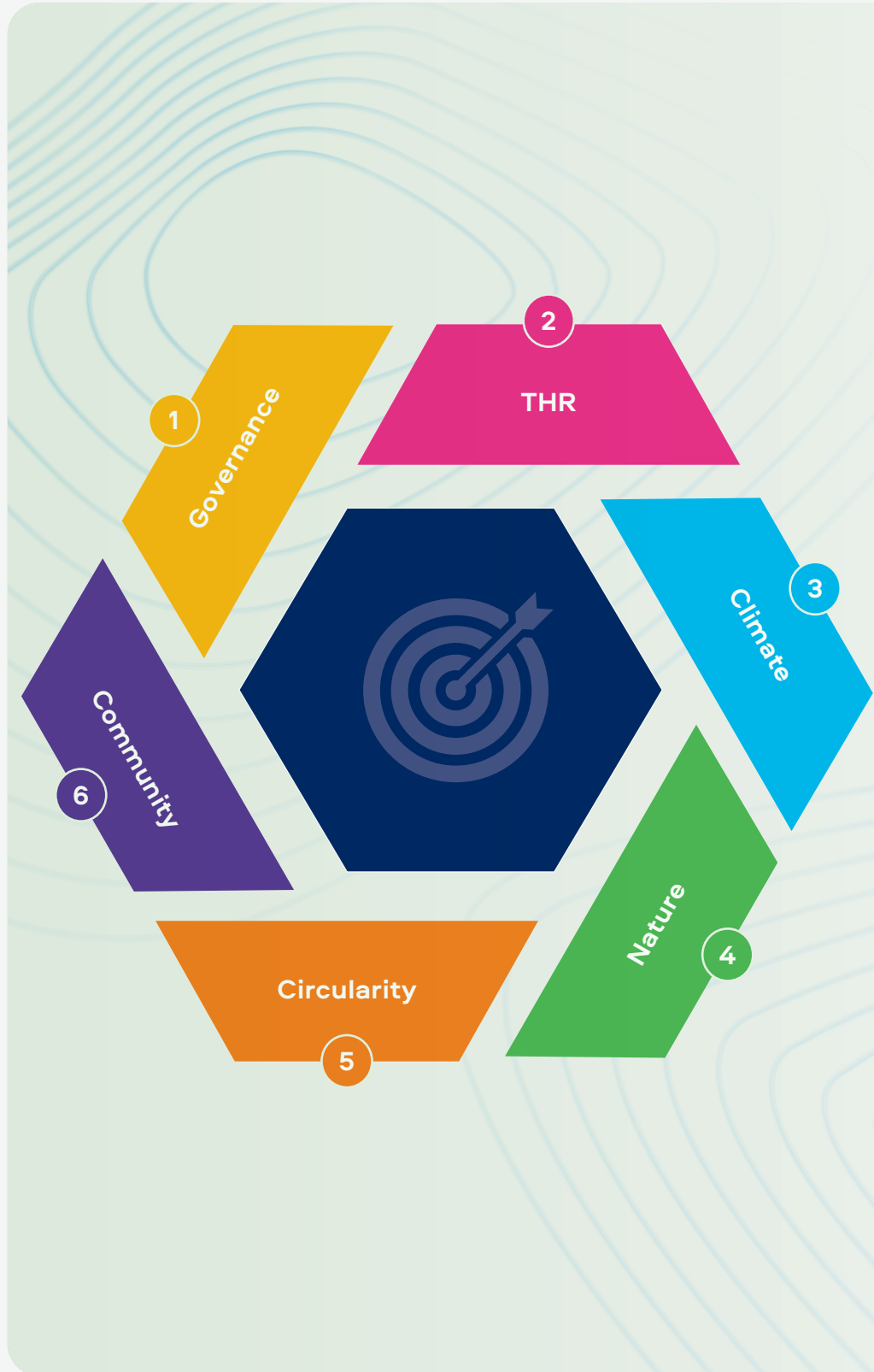
#### Social capital

- RM325,348 invested in communities (Beyond Benih)
- RM80,000 invested in developing sanitation facilities in an indigenous community






#### Natural capital

- 388,117 litres of gasoline
- 8,434 litres of diesel
- 2,388.83 MWh of purchased electricity
- 7,893 m³ of water
- MWh of onsite generated solar electricity



# SUSTAINABILITY STATEMENT

	Value Delivery & Impact	Relevance to UNSDGs
<p><b>1 Upholding Robust Governance</b> Managing environmental and social impacts responsibly through effective governance of impacts, risks, and opportunities, enabling informed decision-making, regulatory compliance, and sustained stakeholder confidence.</p>	<p>Sustained revenue generation from domestic and export markets</p> <ul style="list-style-type: none"> <li>- RM2,183,898,000 in total revenue</li> <li>- RM202,446,000 in net profit</li> </ul>	
<p><b>2 Upholding Evidence-Based Regulations and Responsible Market Practices</b> Advocate for evidence-based regulations supported by effective enforcement, enabling responsible product offerings, market integrity, and informed adult consumer choice, while supporting long-term business sustainability in a highly regulated operating environment.</p>	<p>Reliable operational capability supporting consistent production and distribution</p> <ul style="list-style-type: none"> <li>- Zero product quality incidents/recall</li> </ul>	
<p><b>3 Driving Decarbonisation and Climate Risk Management</b> Reduce Scope 1 and 2 GHG emissions and strengthen the management of climate-related risks and opportunities, supporting operational resilience, energy efficiency, and preparedness for transition and physical climate impacts.</p>	<p>A safe environment and a capable workforce leading to improved business performance and competitiveness</p> <ul style="list-style-type: none"> <li>- Zero work-related fatalities and injuries</li> <li>- 845.27 hours of training on employee L&amp;D</li> <li>- 31.85% female representation in total workforce</li> </ul>	  
<p><b>4 Managing Environmental Impacts and Resource-Related Risks</b> Manage impacts on nature and strengthen resilience to environmental degradation by addressing resource-related risks, reducing in water withdrawal, and complying with environmental regulations across operations and relevant parts of the value chain.</p>	<p>Strong brand portfolio supporting market relevance and compliance</p> <ul style="list-style-type: none"> <li>- Six active brands</li> <li>- Zero significant<sup>1</sup> product or regulatory non-compliance incidents</li> </ul>	
<p><b>5 Enhancing Resource Efficiency and Waste Management</b> Improve resource efficiency, reduce waste generation, and divert waste from landfill by embedding circular practices within operational processes, packaging design, and waste management systems.</p>	<ul style="list-style-type: none"> <li>- Stable stakeholder and supply chain relationships supporting license to operate</li> <li>- 84.56% of BAT Malaysia's 298 suppliers are local, driving 57.95% of total procurement spend</li> <li>- ~154,000 beneficiaries from low-income (B40) communities (Beyond Benih)</li> <li>- 80 beneficiaries from indigenous community (sanitation project)</li> </ul>	 
<p><b>6 Supporting Workforce and Community Wellbeing</b> Respect the rights of employees, contractors, and communities by fostering safe, fair, and inclusive practices, while strengthening livelihoods, workforce capability, and community resilience in areas where BAT Malaysia operates.</p>	<p>Reduced emissions</p> <ul style="list-style-type: none"> <li>- 51.91% reduction in operational emissions (Scope 1 and 2) against the 2020 baseline</li> <li>- 45.62% renewable energy use</li> <li>- 98.18% waste recycled</li> <li>- Alliance for Water Stewardship (AWS)-certified manufacturing facility</li> </ul>	 

<sup>1</sup> Significant non-compliance incidents are defined as incidents that result in a RM5,000 and above fine or conviction of a criminal offense by a court of law.

## SUSTAINABILITY STATEMENT

### MESSAGE FROM THE CHAIRWOMAN OF THE BOARD SUSTAINABILITY COMMITTEE



#### Dear Stakeholders,

As we present our Sustainability Statement for 2025, it is timely to reflect on our collective progress in creating A Better Tomorrow™, while continuing to embed sustainability into how we operate as a business.

The introduction of the NSRF by the Securities Commission Malaysia indicated a significant step in formalising sustainability reporting requirements. In response, we have commenced aligning our sustainability disclosures with the IFRS S2 Climate-related Disclosures as part of this transition.

As we stay ahead of the curve, not only have we refined the findings from the Climate Risk Assessment (CRA) workshop conducted in 2024 to be disclosed in this SS2025 for the first time, but in parallel, we also undertook a thorough analysis and review of sustainability-related risks and opportunities across the business, with disclosures to be made in the upcoming reporting periods. These efforts reflect our focus on strengthening risk governance, decision-making processes, and increasing stakeholder confidence. We view the growing scrutiny of sustainability reporting as an opportunity to sharpen our sustainability and climate strategy and to enhance transparency in how such risks are managed.

Against this backdrop, BAT Malaysia continued to make measured progress across the five strategic impact areas of its strategy, each of which supports the long-term resilience of the business.

THR remains central to our strategy, supported by informed adult consumer choice through access to scientifically substantiated reduced-risk<sup>††</sup> alternatives. We continue to advocate for THR acceptance by engaging stakeholders on the reduced-risk<sup>††</sup> potential of our Smokeless products. We support progressive, evidence-based regulations – supported by meaningful enforcement. To this effect, we launched Omni™ in Malaysia in 2025. Omni™ is a resource intended for scientists, public health authorities, regulators, policymakers, and investors.

Sound governance and responsible conduct remain the backbone of our operations, supporting ethical decision-making, effective risk oversight, and stakeholder confidence. Oversight of sustainability-related risks and opportunities, including climate change, continues to be embedded within our governance and risk management structures, ensuring resilience in the face of evolving regulatory requirements and heightening stakeholder expectations.

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

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

## SUSTAINABILITY STATEMENT

We maintain a clear position in support of climate policies aligned with national and global commitments, including the Malaysian Nationally Determined Contributions (NDCs), the National Energy Transition Roadmap (NETR), and the Paris Agreement. This alignment is reflected in our Environmental Policy Statement that outlines our commitment to reducing environmental impacts, mitigating climate change, and reducing GHG emissions. As we move forward, we have made tangible progress in these areas, including reducing our total operational emissions by 51.91%, increasing renewable energy consumed to 45.62%, obtaining AWS certification for our factory, and recycling 98.18% of waste generated through our operations.

Our employees and the communities in which we operate remain central to our sustainability strategy. Internally, we foster a safe, inclusive, and respectful workplace, underpinned by clear policies, consistent practices, and ongoing engagement with our employees. Our focus is on supporting workforce well-being and capability development, recognising that a motivated, and skilled workforce strengthens operational performance. In 2025, we delivered 845.27 training hours, alongside ongoing health and safety, and employee engagement initiatives. Externally,

we engage responsibly with the communities in which we operate, focusing on initiatives that are relevant and aligned with local needs, supporting approximately 154,000 beneficiaries through our flagship community investment programme – Beyond Benih.



















As we navigate 2026, we will remain guided by the BAT Group's vision to create A Better Tomorrow™, while continuing to refine our sustainability practices in line with evolving regulatory requirements and stakeholder expectations. This includes further reducing our environmental and social impacts and maintaining our renewable energy footprint while further enhancing our climate and sustainability-related disclosures.

On behalf of the Board, I extend my sincere thanks to the Leadership Team, employees, business partners, regulators, and stakeholders. Your support empowers us to grow responsibly and sustain our momentum for years to come.

**Norliza binti Kamaruddin**  
(Sustainability Committee Chairwoman)

# SUSTAINABILITY STATEMENT

## OUR PERFORMANCE IN 2025

Key	 Achieved/On track - Likely to meet target/ambition on time	 Ongoing focus - Continued progress towards target/ambition required	 Target not met/Not on track - Significant progress required to meet target/ambition on time		
Material Topics	BAT Malaysia's Ambitions and Targets	Metrics	2025 Performance	2024 Performance	Progress
Climate	50% reduction in absolute Scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline)	% reduction in Scope 1 and 2 CO <sub>2</sub> e emissions (- indicates reduction in emissions)	-51.91%	-56.28%	
	Over 50% renewable energy use across own operations by 2030	% of energy sourced from renewable sources	45.62%	50.56%	
Circularity	25% reduction in waste generated by 2025 (vs. 2017 baseline)	% of waste reduced (- indicates reduction in waste)	-33.33%	-24.51%	
	90% recycling rate of waste generated by 2025	% of waste recycled	98.18%	99.32%	
	Zero waste sent to landfill from direct operations	% of waste sent to landfill from direct operations	0.76%	0%	
Nature	35% reduction in water withdrawn by 2025 (vs. 2017 baseline)	% reduction in water withdrawn (+ indicates increase in water withdrawn)	+11% <sup>2</sup>	+42.93%	
Diverse, Inclusive Workplace	40% women in management roles (G34 and above) by 2025 <sup>3</sup>	% of women in management roles	40%	38.61%	
Health and Safety	Aim to maintain zero accidents across BAT Malaysia's business operations	Number of work-related accidents resulting in injury, lost time incidents, or fatalities	0	0	
Human Rights	Aim for zero child labour in BAT Malaysia's tobacco supply chain	Number of incidents of child labour reported	No Reported Incidents	No Reported Incidents	
Communities and Social Impact	~250,000 beneficiaries supported through Beyond Benih by 2026	Estimated number of beneficiaries	~154,000	~89,000	
Ethics and Integrity	100% of employees completed Standards of Business Conduct (SoBC) training and sign-off on SoBC procedure	% of employees	100%	100%	
Regulatory Compliance	Zero incidents of significant <sup>1</sup> non-compliance with marketing regulations	Number of significant incidents	0	0	
	Full adherence to BAT Group's Underage Access Prevention (UAP) and Responsible Marketing Principles (RMP)	Number of reported incidents	0	0	
	Aim for the reduction in total illicit incidence <sup>4</sup>	% of illicit incidence	54.40%	55%	
Sustainability Governance	Effective management of sustainability governance to ensure compliance with Bursa Malaysia's MMLR	-	Adoption of IFRS S2 reporting and in progress to meet full compliance per NSRF by 31 December 2027	In progress to meet compliance by 31 December 2025	

<sup>1</sup> Significant non-compliance incidents are defined as incidents that result in a RM5,000 and above fine or conviction of a criminal offense by a court of law.

<sup>2</sup> Refer pages 69 to 71 for the reasons in the increase in water withdrawal.

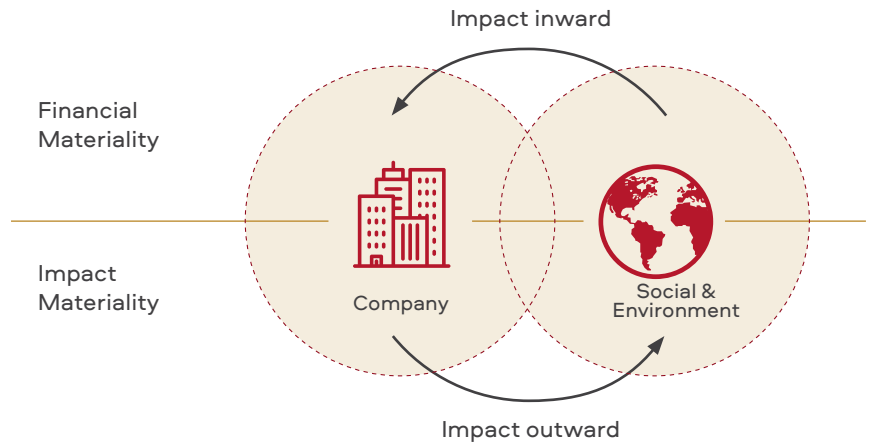
<sup>3</sup> Target reduced from 45% to 40% in 2025.

<sup>4</sup> Illicit incidence is based on the annual NielsenIQ's Illicit Cigarettes Study.

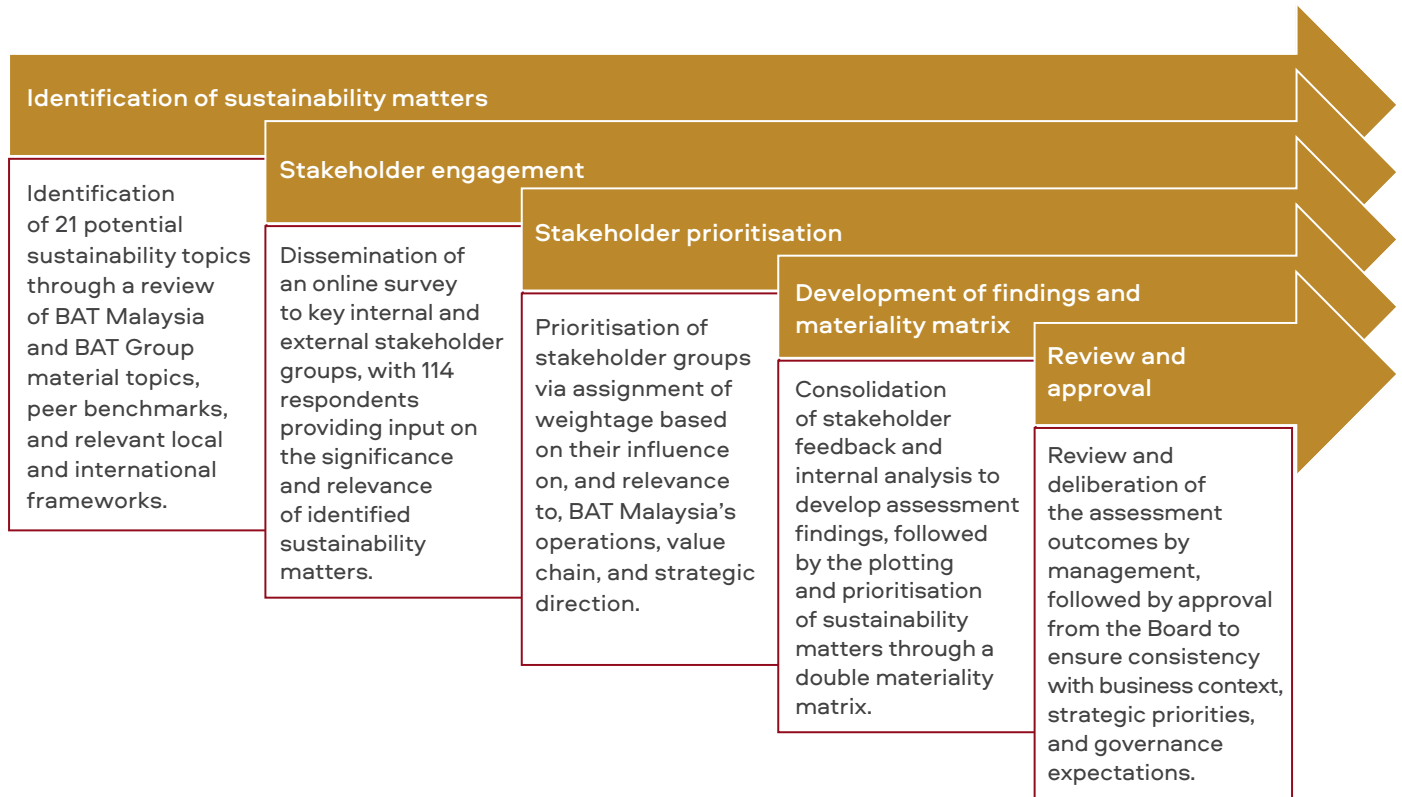
# SUSTAINABILITY STATEMENT

## MATERIALITY ASSESSMENT

In 2025, BAT Malaysia conducted a DMA to strengthen its understanding of sustainability-related matters that are relevant from both an impact and a financial perspective. The DMA considers the dual lenses of impact materiality and financial materiality, enabling a more structured assessment of stakeholder expectations alongside matters that may influence BAT Malaysia's ability to create long-term value.



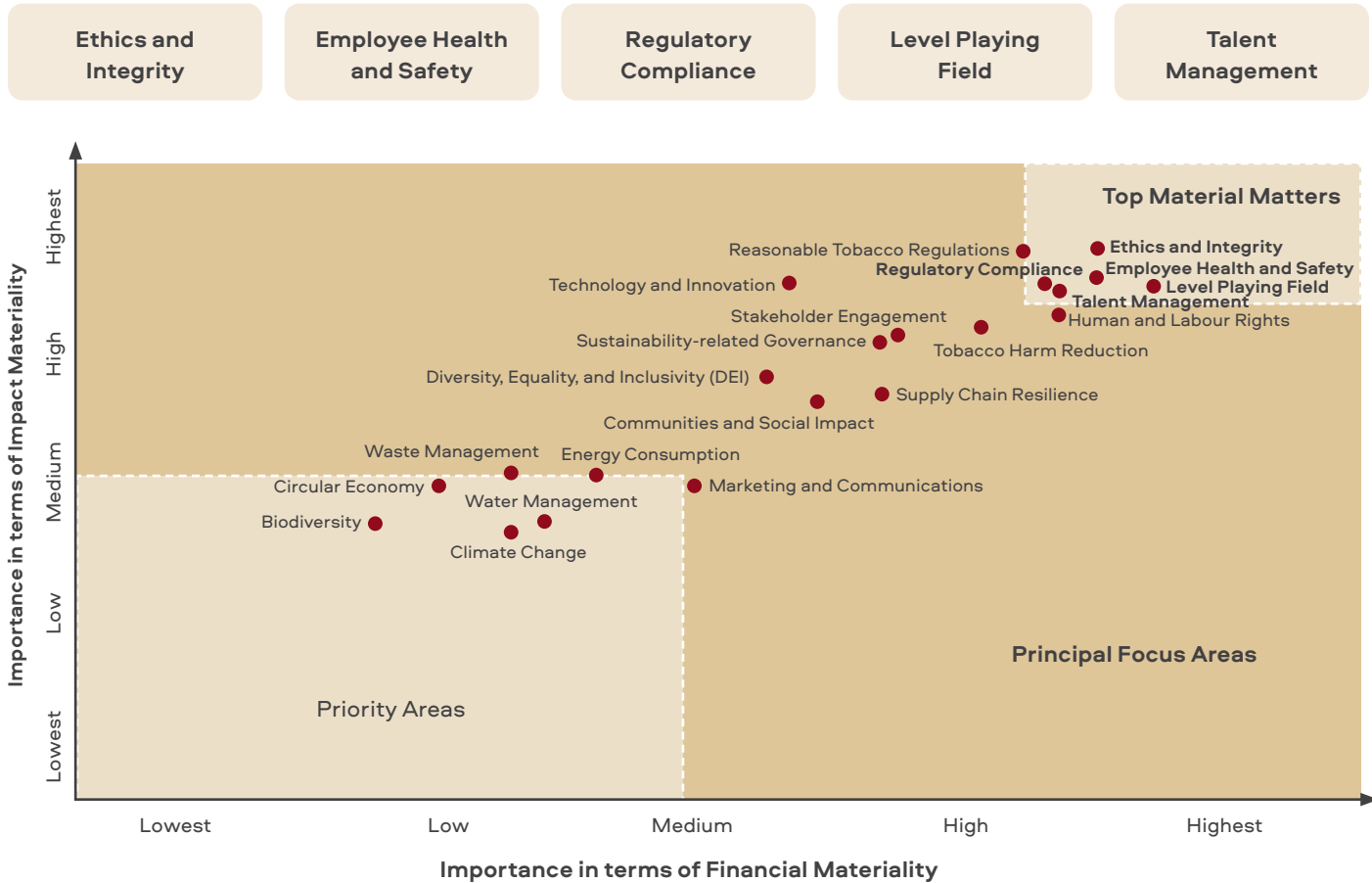
The assessment was designed to support decision-useful sustainability disclosures and to inform the identification and prioritisation of sustainability-related risks and opportunities. The DMA was conducted with the support of an external sustainability guidance and advisory firm, applying a structured, multi-step approach to ensure robustness and consistency.



The resulting materiality matrix provides a foundation for focusing sustainability efforts in 2025 and beyond. It also supports the identification of material sustainability-related risks and opportunities (SRROs), aligned with the principles of IFRS S1, and informs how these matters are integrated into strategy, risk management, and reporting.

# SUSTAINABILITY STATEMENT

## TOP MATERIAL MATTERS



## KEY RELATIONSHIPS

BAT Malaysia’s key relationships are integral to how the business operates, manages risks, and sustains long-term value creation. Stakeholders are defined as individuals and organisations whose interests, decisions, or influence are closely connected to our operations, license to operate, and strategic direction. As such, stakeholder considerations are approached through a structured and business-relevant lens.

We prioritise purposeful engagement that supports informed decision-making and organisational resilience. Dialogue with stakeholders is focused on understanding emerging expectations, regulatory developments, and potential impacts on the business. Engagement is conducted through a combination of established physical and digital channels, including consultations, industry forums, social media platforms, and targeted interactions, enabling the business to remain responsive to a changing external environment.

Our key stakeholder groups include regulators, consumers, employees, investors, business partners, the media, non-governmental organisations (NGOs), and local communities. Each group plays a distinct role in shaping the operating landscape, and engagement is embedded within existing governance, risk management, and operational processes to ensure relevance and consistency.

# SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT

Stakeholders	Engagement Platforms	Issues	How We Addressed the Issues
<b>Regulators</b>	<ul style="list-style-type: none"> <li>Public consultations and regular meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Tobacco black market.</li> <li>THR and Smokeless products.</li> <li>Tobacco control regulations.</li> <li>Fiscal regulations.</li> <li>Embedding sustainability into business strategy and operations.</li> <li>Managing sustainability and climate-related risks.</li> </ul>	<ul style="list-style-type: none"> <li>Two-way dialogue and shared information about the tobacco black market and its impacts, THR, and Smokeless products.</li> <li>Two-way industry led dialogue on tobacco control and fiscal regulations.</li> <li>Sustainability disclosures including the climate-related financial report published in the Annual Report.</li> <li>Reporting Material Sustainability Matters on Bursa CSI Platform.</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>Customer service hotline.</li> <li>Corporate emails.</li> <li>Corporate website.</li> <li>Company press releases.</li> </ul>	<ul style="list-style-type: none"> <li>Product information.</li> <li>Tobacco black market.</li> <li>Smokeless products.</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated call centre to identify and address consumer concerns and provide essential information to keep consumers informed.</li> <li>Awareness through press releases of quarterly financial performance.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Annual 'Your Voice' Engagement Survey and 'Your Voice' Inclusion Survey .</li> <li>Quarterly town hall sessions.</li> <li>Annual corporate line-of-sight session.</li> <li>'Speak Up' channel.</li> <li>Annual employee engagement events.</li> </ul>	<ul style="list-style-type: none"> <li>Career progression and development.</li> <li>Fair compensation.</li> <li>Rewards mechanisms.</li> <li>Diversity and inclusivity.</li> <li>Physical and mental wellness.</li> <li>Grievances, discrimination, and fair treatment.</li> <li>Managing sustainability across operations and performance.</li> </ul>	<ul style="list-style-type: none"> <li>Feedback from 'Your Voice' surveys incorporated into the talent strategy.</li> <li>Progress review and development discussions with line managers.</li> <li>Coaching and mentoring sessions.</li> <li>Safety training and awareness through Safety Days and regular information sharing.</li> <li>Employee wellness sessions.</li> <li>All grievances reported via the 'Speak Up' channel and other means are investigated to ensure a closure and outcomes communicated to relevant parties.</li> <li>Various employee engagement platforms to engage with all employees.</li> <li>Employee volunteer activity under Beyond Benih.</li> <li>Sustainability performance disclosed as part of annual line-of-sight and Annual Report.</li> </ul>
<b>Investors and Analysts</b>	<ul style="list-style-type: none"> <li>Annual General Meeting (AGM).</li> <li>Annual Report.</li> <li>Regular analyst briefings.</li> <li>Corporate website.</li> <li>Company press releases.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate strategy and financial performance.</li> <li>Corporate governance and compliance.</li> <li>Tobacco black market.</li> <li>Smokeless products.</li> <li>Managing sustainability risks and identifying opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Briefings and engagement throughout the year for analysts and investors to discuss business performance, strategies, and related issues.</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Press conferences.</li> <li>Media interviews and events.</li> <li>Formal and informal briefings.</li> <li>Press releases.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate strategy.</li> <li>Financial performance.</li> <li>Products and services.</li> <li>Tobacco black market.</li> <li>Sustainability initiatives and Community Investments.</li> </ul>	<ul style="list-style-type: none"> <li>Releasing press statements to provide updates on business performance, strategies, products, and how we are creating value in communities.</li> </ul>

## SUSTAINABILITY STATEMENT

Stakeholders	Engagement Platforms	Issues	How We Addressed the Issues
<b>Business Partners</b>	<ul style="list-style-type: none"> <li>Meetings with business partners.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with the latest regulations and standards.</li> <li>Embedding sustainability into operations.</li> </ul>	<ul style="list-style-type: none"> <li>Briefings, information-sharing sessions, and training with our business partners to ensure their compliance with regulations and standards.</li> </ul>
<b>Communities and NGOs</b>	<ul style="list-style-type: none"> <li>Meetings with resident associations (RAs) of the communities supported through Beyond Benih.</li> <li>Company press releases.</li> <li>Corporate website.</li> </ul>	<ul style="list-style-type: none"> <li>Empowering B40 communities.</li> <li>Upholding Environmental, Health, and Safety (EHS) best practices.</li> </ul>	<ul style="list-style-type: none"> <li>Maintained Beyond Benih community investment programme - 22 farm gardens covering 8 states supporting B40 communities.</li> <li>Constructed 11 lavatories to improve sanitary facilities of an indigenous village situated in Sungai Johor.</li> <li>Monitoring and tracking environmental performance and ensuring compliance with applicable EHS regulations.</li> <li>Annual survey conducted to understand how Beyond Benih is impacting B40 communities and collect feedback from the community.</li> </ul>

### Membership of Associations

BAT Malaysia also recognises the importance of participating in credible industry and business associations as part of our broader approach to responsible business conduct, regulatory engagement, and continuous improvement. We are actively involved in industry initiatives focused on tobacco product safety, where engagement centres on sharing technical knowledge, supporting discussions on product standards, and contributing to industry-wide efforts to enhance consumer safety and regulatory compliance.

Association	BAT Malaysia's Contribution
<b>Confederation of Malaysian Tobacco Manufacturers (CMTM)</b>	Contributes technical and operational perspectives to industry discussions; supports coordinated, responsible industry positions on product safety and regulatory compliance; and engages constructively within established legal and regulatory boundaries.
<b>Malaysian International Chamber of Commerce and Industry (MICCI)</b>	Shares business insights informed by operational experience; and participates in dialogues on trade, regulatory reforms, and business competitiveness affecting the wider commercial environment.
<b>Federation of Malaysian Manufacturers (FMM)</b>	Contributes perspectives on manufacturing operations, regulatory impacts, and workforce considerations; and supports industry-wide discussions on strengthening Malaysia's manufacturing ecosystem.
<b>Institute of Corporate Directors Malaysia (ICDM)</b>	Engages with governance-related programmes and resources; and supports the adoption of sound governance practices and effective oversight aligned with our governance priorities.

## SUSTAINABILITY STATEMENT

### Tobacco Harm Reduction

#### Our Approach to THR

BAT Malaysia is committed to the BAT Group's vision of creating A Better Tomorrow™ by Building a Smokeless World. This means reducing the negative health impacts of our business. THR is a core element of this strategy, reflecting the BAT Group's ambition to transition adult smokers who would otherwise continue smoking to scientifically substantiated, reduced-risk<sup>††</sup> alternatives. The BAT Group targets are:

**50mn**

Smokeless product consumers<sup>‡</sup> by 2030

**50%**

of BAT Group's revenue from Smokeless Products  
by 2035

Guided by three key principles:

1. **Consumer Choice:** offering adult smokers who would otherwise continue to smoke, alternative products which have the potential to reduce harm compared to continued smoking.
2. **World-class Science and Due Diligence:** applying robust scientific assessment, toxicological evaluation, and product stewardship to non-combustible products.
3. **Standards and Regulations:** ensuring products meet Malaysia's legal requirements as well as the BAT Group's RMP, which extend beyond local obligations.

We seek to engage with public health authorities and regulators, to support the development of policies and strategies that balance THR objectives with key concerns, such as underage access and product safety.

BAT Malaysia introduced Omni™ in Malaysia in October 2025, with the objective of enhancing THR awareness. Omni™ is a resource intended for scientists, public health authorities, regulators, policymakers, and investors. It clearly articulates how THR should be a part of Malaysia's public health framework.

BAT Malaysia transitioned out its current range of Vuse products in Q3 2025 to be in compliance with regulatory changes under the Act 852 and its related regulations. BAT Malaysia will undertake commercial assessments of its reduced-risk<sup>††</sup> products taking into consideration the new regulations governing such products before making decisions on future product launches.

#### Responsible Delivery of Our Products

BAT Malaysia strictly complies to applicable laws and has put in place marketing controls, and clear safeguards to prevent unintended use of products. Our approach to responsible marketing is guided by the BAT Group's RMP and the local regulatory framework, including the Act 852 and emerging regulations for Smokeless products.

BAT Malaysia recognises and supports the Malaysian Government's public health objectives, as well as the role regulations play in achieving these goals. We have been consistently clear in our support for regulations that are based on robust evidence to effectively achieve intended policy outcomes and avoid unintended consequences, such as the growth of tobacco black market. In line with this, we have provided our views to the authorities via consultation sessions held by the Government during the drafting of Act 852 and its regulations, which was gazetted to take effect from 1 October 2025.

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

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

‡ **Smokeless Products:** Refers to our Heated Products, Modern Oral, Traditional Oral and Vapour categories.

## SUSTAINABILITY STATEMENT

The BAT Group's RMP, available on its website, at <https://www.bat.com/strategy-and-purpose/responsibility/responsible-marketing>, is designed to mitigate negative impacts by ensuring informed adult choice, preventing unintended use, and maintaining transparency about product characteristics and risks and details the BAT Group's approach to preventive training.

### BAT Malaysia Performance:

**FY2025**

**Zero**

significant<sup>1</sup> non-compliance with regulatory requirements relating to marketing, labelling, or product information.

FY2024: -

FY2023: -

In 2025, there were no confirmed incidents of significant<sup>1</sup> non-compliance with regulatory requirements relating to marketing, labelling, or product information.

In addition to complying with Act 852 and its regulations, we also work closely with our employees, partners, and retailers to support the effective implementation of the RMP. All product communications are required to be truthful, accurate, and not misleading, complying with applicable laws and internal standards governing marketing and labelling. Robust internal approval processes are in place to ensure that marketing materials meet regulatory requirements and align with BAT Group expectations before release.

Employees involved in sales, marketing, and customer engagement are required to receive regular guidance and training to seek to ensure that all their activities

comply with these principles. Compliance with the RMPs is also supported by periodic internal reviews through established governance channels.

Beyond responsible product development and marketing, BAT Malaysia recognises its responsibility to manage products appropriately at the end of life. This includes ensuring that products withdrawn from the market are handled in a controlled and compliant manner to prevent unintended use, environmental harm, or non-compliance to applicable regulations.

As such, following BAT Malaysia's decision to exit the Vapour market in Malaysia, a structured process was initiated to responsibly manage all remaining Vuse inventories and market returns. In line with our commitment to environmental stewardship and regulatory compliance, all Vuse devices and components were channelled for controlled destruction in accordance with the Department of Environment (DOE) guidelines and applicable Malaysian environmental regulations.

This initiative seeks to ensure that no electronic waste, batteries, nicotine-containing materials, or branded components entered the general waste stream. The destruction activities were carried out exclusively through DOE-licensed waste management contractors, covering the full lifecycle of the disposal process—from secure collection and transportation to dismantling, treatment, and issuance of Certificates of Destruction.

Key compliance measures implemented:

- Adherence to the Environmental Quality Act 1974 (Act 127) and the Environmental Quality (Scheduled Wastes) Regulations;
- Classification, handling, and disposal of all product components as scheduled waste under DOE requirements;
- Secure, traceable logistics from warehouse retrieval to final destruction;
- Independent verification through Certificates of Destruction to ensure transparency, accuracy, and audit readiness; and
- Alignment with internal EHS Governance, sustainability commitments, and corporate responsibility standards.

This phase-out operation underscores our commitment to minimising the environmental impact of our products, upholding legal and regulatory obligations, and ensuring that all waste Vuse products are managed responsibly. The initiative also reflects our continued focus on strong sustainability governance in support of the expectations set by the regulators.

<sup>1</sup> Significant non-compliance incidents are defined as incidents that result in a RM5,000 and above fine or conviction of a criminal offense by a court of law.

### **Product Labelling and Health Information**

BAT Malaysia's product labelling and health information comply with regulatory requirements and support informed adult consumer choice.

In 2025, we implemented preparations for the new PHW and RDB, which came into effect 1 October 2025. The PHW changes required updates to packaging and labelling formats and resulted in a phasing of shipment volumes to ensure full compliance with the new requirements.

From 1 October 2025:

- BAT Malaysia transitioned its cigarette packs to carry 65% PHW, as mandated; and
- Other mandated health warnings and information were included across product packaging.

There were no product recalls and no confirmed incidents of significant<sup>1</sup> non-compliance relating to health or safety labelling during the reporting year.

### **Underage Access Prevention (UAP)**

Preventing underage access to tobacco and nicotine products is a core priority for BAT Malaysia. Given the nature of the business, we emphasise clear and meaningful product information and robust safeguards to keep products out of the hands of those under 18.

BAT Malaysia complies with Act 852, which prohibits the sale of tobacco products to anyone under 18, and reinforces this requirement through:

- Retailer engagement and communications on age-verification;
- UAP messaging at point-of-sale;
- Providing prescribed UAP signage mandated under Act 852; and
- Providing guidance to retailers and traders on UAP guidelines and responsibilities.

In addition, BAT Malaysia has worked closely with retailers to support compliance with new regulations under Act 852. Through these efforts, BAT Malaysia aims to align responsible commercial practices with regulatory expectations.

### **Maintaining a Level Playing Field**

In line with BAT Group's Anti-Illicit Trade Policy, BAT Malaysia maintains strong internal supply chain controls to reduce the risk of product diversion. This includes working with reputable suppliers and customers, implementing supply chain compliance procedures such as 'Know your Customer' and 'Know your Supplier' checks, and applying third-party compliance requirements to help ensure that products are sold in quantities consistent with legitimate demand.

To prevent illicit trade, BAT Malaysia engages through industry platforms, including its membership in CMTM, to support coordinated action against illicit trade.

In 2025, illicit incidence in Malaysia declined to 54.40%. We continue to engage constructively with policymakers and enforcement agencies to support further progress in addressing the tobacco black market and create a level playing field for the legal business.

<sup>1</sup> Significant non-compliance incidents are defined as incidents that result in a RM5,000 and above fine or conviction of a criminal offense by a court of law.

## SUSTAINABILITY STATEMENT

### Market Sales Performance

Market sales performance reflects the regulated nature of our current product portfolio and operating environment. Sales performance is assessed with reference to legal market dynamics, enforcement intensity, excise structures, consumer affordability, and the illicit incidence.

In line with SASB Standards, market sales performance is presented by relevant product categories applicable to BAT Malaysia's operations during the reporting period. Further information on the economic values can be found in the Financial Performance section.

**Table: Sales Performance**

Year		2023	2024	2025
	<b>Revenue net of excise taxes from non-tobacco nicotine products<sup>5</sup> (RM)</b>	Not Applicable	Not Applicable	<b>Not Applicable</b>
	<b>Revenue net of excise taxes from heated tobacco products (RM)</b>	4,275,998	-	-
<b>Combustible tobacco product sales volume</b>	Cigarette	3,224,997,000	3,338,091,000	<b>3,143,115,000</b>
	Cigar	-	-	-
	Other smoked tobacco products	-	-	-
<b>Non-combustible product sales volume</b>	Traditional smokeless tobacco	-	-	-
	Non-tobacco nicotine products	Not Applicable	Not Applicable	<b>Not Applicable</b>
	Heated tobacco products	6,704,000	-	-
	Nicotine replacement therapy products	-	-	-

### Economic Value Overview

Across the reporting period, the distribution of economic value reflects BAT Malaysia's continued role as a key contributor to the Malaysian economy through our operational activities, supply chain engagements, employment, and fiscal contributions. The distribution of economic value reflects BAT Malaysia's ongoing role in supporting local businesses and service providers through procurement and operating expenditures, providing stable employment and benefits to our workforce, and fulfilling our tax obligations to the Government.

Employee wages and benefits represent sustained investment in human capital, supporting livelihoods and capability development, while payments to suppliers and service providers underpin broader economic activity across BAT Malaysia's value chain. Taxes paid during the year further demonstrate our contribution to public finances and the regulatory framework within which BAT Malaysia operates.

Economic value retained represents the resources available for reinvestment to BAT Malaysia's operations, organisational capability, and long-term initiatives. These retained resources support business continuity, operational resilience, and BAT Malaysia's ability to adapt to evolving market, regulatory, and sustainability-related expectations over time.

Detailed information on the BAT Malaysia's financial performance, including revenue, operating costs, employee-related expenses, taxes, returns to capital providers, and retained earnings, is presented in the Financial Performance section of the Annual Report.

<sup>5</sup> Nicotine in the e-liquids of our Vapour products is extracted from tobacco leaf and therefore not considered 'non-tobacco nicotine products'.

# SUSTAINABILITY STATEMENT

## Product Stewardship and Consumer Protection

### Quality Assurance

BAT Malaysia’s sustained economic performance is linked to the integrity, quality, and responsible delivery of our products. Therefore, we maintain processes to safeguard product quality and ensure effective handling of consumer enquiries and complaints.

BAT Malaysia also supports relevant industry initiatives and codes of practice aimed at strengthening responsible product stewardship, marketing standards, and product safety, including alignment with international guidelines and participation in industry platforms that promote regulatory compliance and responsible conduct.

Our quality assurance approach is aligned with relevant legislation and international frameworks, including:

- Control of Smoking Products for Public Health Act 2024 (Act 852) and its regulations.
- Articles 11 and 13 of the World Health Organisation Framework Convention on Tobacco Control (WHO FCTC).

Quality control measures at our factory are further supported by BAT Group policies, including BAT Group's Quality Policy Statement and the Product Stewardship Framework. Key elements of the local quality assurance process include:

- Raw material and component verification;
- Quality checks during manufacturing and packaging embedded within BAT Group's Quality Management System;
- Compliance with labelling and health warning requirements; and
- Internal controls supporting product traceability and supply chain governance.

Product stewardship also forms an integral part of quality assurance across all product categories. This includes structured assessment of ingredients and materials, application of toxicological and safety risk assessments, and ongoing consideration of scientific and regulatory developments to inform product evaluation and decision-making.

**FY2025**  
**Zero**

Product recalls for health and safety reasons.

FY2024: - \_\_\_\_\_

FY2023: - \_\_\_\_\_

Responsibility for product quality and consumer satisfaction is shared across relevant functions to ensure a consistent end-to-end experience. Product quality is primarily led by the Quality function within Operations, which is responsible for ensuring compliance with internal standards and regulatory requirements, conducting routine quality checks, managing traceability, and supporting investigations into escalated product-related issues.

### Consumer Feedback Mechanism

Consumer feedback and complaints are managed through established engagement channels overseen by the Marketing function, which operates the Consumer Call Centre. BAT Malaysia has dedicated toll-free numbers for each brand, which is printed on the product packaging. All enquiries and complaints are logged, classified, and managed through established procedures, with escalation to relevant internal functions.

Consumer enquiries and complaints are tracked and analysed to identify recurring themes or emerging risks. Material issues, including potential product quality concerns, are escalated through defined workflows for further investigation.

In 2025, we recorded 60 consumer complaints, which were investigated and addressed.

# SUSTAINABILITY STATEMENT

## Climate

### GHG Emissions

Climate change continues to be a global issue, with businesses in Malaysia responding through more structured climate management and compliance with mandatory climate-related disclosure requirements. In this context, BAT Malaysia recognises the importance of addressing climate-related considerations and remains committed to reducing carbon emissions across our operational footprint.

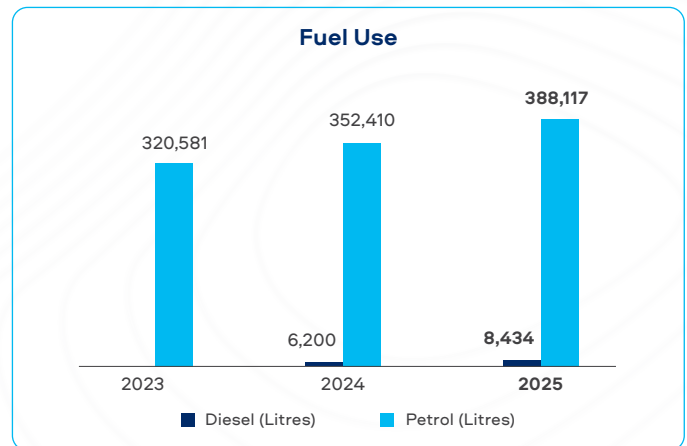
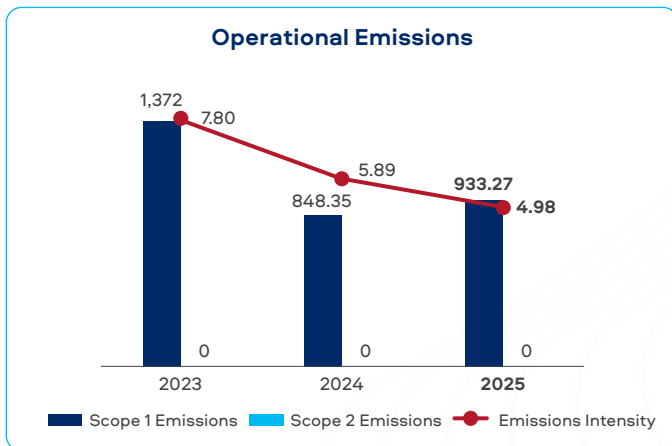
Through the Climate Risk Assessment (CRA) Workshop conducted in December 2024, BAT Malaysia identified both physical and transition climate-related risks that could affect business operations and financial performance across Short-Term (< 1.5 years), Medium-Term (1.5 – 5 years), and Long-Term (> 5 years) horizons. This exercise enabled the identification of inherent and emerging risks, the assessment of potential business and financial impacts, and the implementation of mitigation strategies to support resilience planning. In parallel, it also highlighted potential climate-related opportunities, including resource efficiency improvements, productivity enhancements, and potential value creation in a lower-carbon economy. Further details are set out in pages 107 to 127 under the IFRS S2 Disclosures section.

The BAT Group has a long-term ambition to achieve net zero greenhouse gas emissions by 2050. BAT Malaysia is aligned to BAT Group's ambition and has set a target<sup>6</sup> of:

**50% reduction in absolute Scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline)**

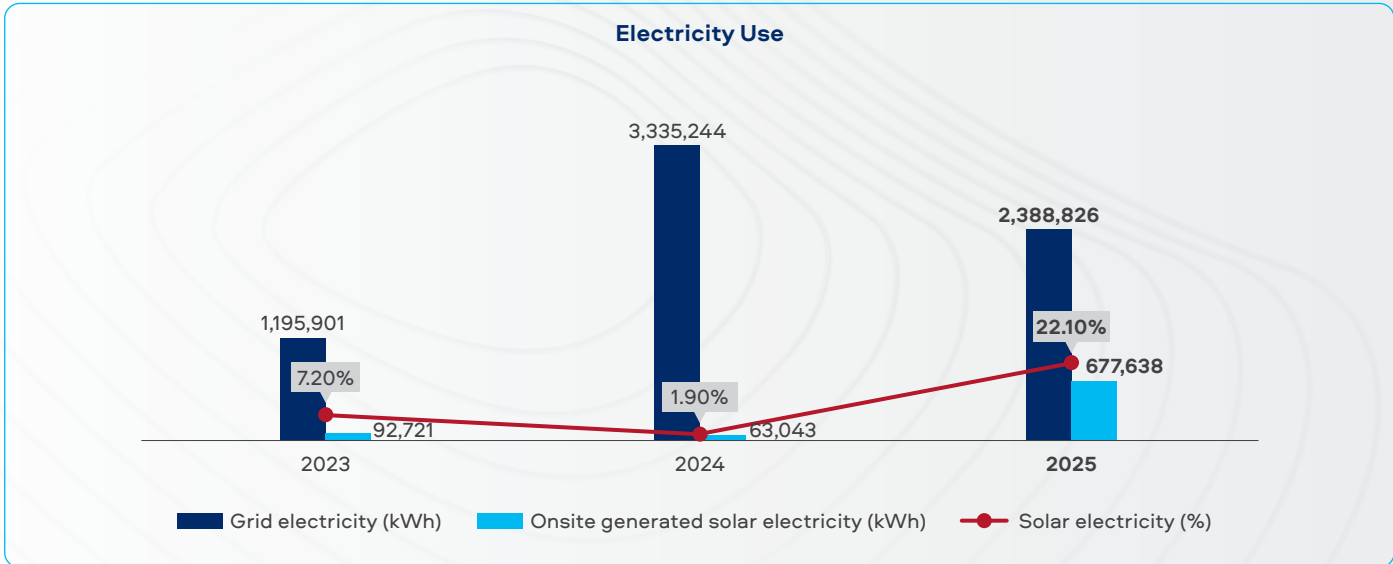
We monitor our key environmental metrics, implement mitigation initiatives, and drive continuous improvement across areas under BAT Malaysia's direct operational control while remaining cognisant of material value chain impacts.

Our emission reporting follows the operational control approach, covering activities where we have full control to implement operational and environmental policies, including the factory, the warehouse, and offices. Emissions are calculated in accordance with the BAT Group's reporting methodology, which applies DEFRA emission factors for Scope 1 and International Energy Agency (IEA) annually updated emission factors for Scope 2, in alignment with the GHG Protocol. Operational emissions are also benchmarked against production volumes to assess our operational and production efficiency.



<sup>6</sup> BAT Malaysia's target as of 31 December 2025.

## SUSTAINABILITY STATEMENT



**Table: Electricity Generated**

	2023	2024	2025
Grid electricity (kWh)	1,195,901	3,335,244	2,388,826
Onsite generated solar electricity (kWh)	92,721	63,043	677,638

In 2025, total operational emissions decreased to 933.27 tCO<sub>2</sub>e, versus the 2020 baseline of 1,940.50 tCO<sub>2</sub>e, representing a 51.91% reduction. In parallel, our emissions intensity decreased from 5.89 in 2024 to 4.98 in 2025, reflecting improved operational efficiency. The decline in emissions is largely attributed to enhanced machine performance, where efficiency was improved by replacing ageing components and closely monitoring production waste-related performance to minimise operational losses.

Electricity consumption represents a significant component of BAT Malaysia’s energy use. Since 2023, electricity-related emissions have been addressed through the procurement and retirement of an equivalent volume of i-Renewable Energy Certificates (i-RECs), which means that 100% of BAT Malaysia’s electricity was sourced from renewable sources. BAT Malaysia therefore reports zero Scope 2 emissions.

Accordingly, BAT Malaysia’s reported operational emissions in 2025 primarily reflect Scope 1 emissions, with ongoing efforts focused on improving energy efficiency and supporting the transition to lower-carbon energy sources where feasible.

## SUSTAINABILITY STATEMENT

### Renewable Energy

In 2025, BAT Malaysia recorded total energy consumption of 24,196 GJ, of which approximately 45.62% was generated by renewable energy sources. This is in alignment with our aim to:

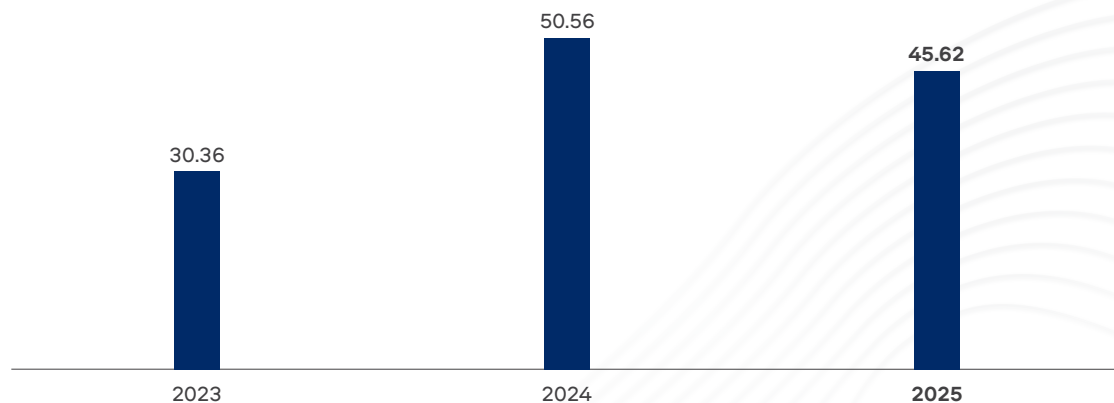
**Over 50% renewable energy use across own operations by 2030**

While our overall operational footprint is relatively small and major step changes are not anticipated, focus areas include maintaining operational efficiency, preventive maintenance, and exploring low-carbon energy options where feasible. These efforts include the integration of renewable energy solutions, backed by the purchase of i-RECs.

**Table: Total Energy Consumption**

	2023	2024	2025
Total Energy Consumption (GJ)	15,276	24,184	<b>24,196</b>
- Renewable energy use <sup>7</sup> (GJ)	4,639	12,234	<b>11,039</b>
- Non-renewable energy use (GJ)	10,637	11,950	<b>13,157</b>
- Renewable energy usage (%)	30.37	50.59	<b>45.62</b>
Energy intensity (GJ per million cigarette equivalent)	7.80	5.89	<b>4.98</b>

**Renewable Energy Consumption (%)**



Climate and energy considerations are embedded within BAT Malaysia's existing operational and governance processes. Implementation is overseen by the Facilities Management team, supported by EHS and Sustainability personnel, with performance monitored through regular KPI reviews and the use of an energy management system for tracking and reporting. This holistic approach supports consistent execution and ongoing improvement as we progress towards a lower-carbon operating model.

<sup>7</sup> Renewable energy includes onsite generated solar energy and i-RECs retired.

## SUSTAINABILITY STATEMENT

### Nature

#### Water

BAT Malaysia's operations are not water intensive, and water is not a key input resource in our manufacturing activity. Based on the Aqueduct Water Risk Atlas<sup>8</sup>, most BAT Malaysia's facilities operate in areas assessed as having low baseline water stress, with approximately 7.69% located in areas classified as high baseline water stress.<sup>9</sup>

BAT Malaysia manages water use and related impacts through a risk-informed approach that considers both site-level operations and broader catchment conditions. A comprehensive water management plan aligned with the AWS framework guides the identification and management of key water-related risks, including water leakage and inaccurate consumption data, adequacy of Water, Sanitation and Hygiene (WASH) facilities, declining water quality, potential non-compliance with effluent standards, supply disruptions, and ecosystem degradation.

To address these risks, BAT Malaysia has implemented a combination of governance, operational, and monitoring controls, recognising that effective water stewardship extends beyond site boundaries. Oversight is coordinated by the Sustainability Manager, supported by the Facilities Team.

Our factory in Johor Bahru was certified under AWS for the second consecutive year in 2025. The certification journey has involved demonstrating well-established practices across key areas, such as water governance, water balance, water quality, important water-related areas, and stakeholder engagement.

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

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

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

**Important Water-Related Areas:** We have identified critical water-related areas, with the aim of reducing the impact of our operations on these vital ecosystems.

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

Water consumption within BAT Malaysia is primarily associated with routine operational activities, as well as employee welfare through WASH facilities. During the reporting year, a total of 7,893 cubic metres (m<sup>3</sup>) of water was withdrawn, representing an increase of 11% compared to the 2017 baseline.

Water consumption at the warehouse increased from May 2025 after the site shifted from two water inlets to a single metered inlet, correcting previously under-reported usage. In June, a disruption to water supply to the warehouse required the temporary reactivation of the unmetered inlet (Inlet 2), causing July to August water consumption figures to appear lower than actual demand. Inlet 2 was permanently closed and a motor pump installed in September. Water consumption increased from October through December as a result of heightened pump operation and a major cleaning activity in November, before dropping in January 2026 when the pump was shut down.

<sup>8</sup> Aqueduct Water Risk Atlas measures the ratio of total water demand to available renewable surface and groundwater supplies. Water demand includes domestic, industrial, irrigation, and livestock uses. Available renewable water supplies include the impact of upstream consumptive water users and large dams on downstream water availability. Higher values indicate more competition among users.

<sup>9</sup> 1 out of 13 BAT Malaysia's facilities is situated in a high baseline water stress area - CMD office in Alor Setar.

## SUSTAINABILITY STATEMENT

Water is primarily sourced from state municipal supplies. To enhance supply resilience, we have also implemented rainwater harvesting systems, with a target of 8m<sup>3</sup> per month at the factory. These efforts are also complemented by routine maintenance, system enhancements, and monitoring practices designed to ensure responsible water use at the factory:

### Installation of water meters

Water meters installed at each process area to enable accurate measurement of water consumption across operations.

### Water monitoring and leak management

Monthly water balance monitoring and regular leak testing conducted to identify losses early and maintain control over water use.

### Stakeholder engagement

Engagement with relevant government agencies and local communities on WASH initiatives, alongside participation in water quality awareness programmes.

**Table: Water Withdrawal by Source**

Water withdrawal by source	2023	2024	2025
Total water withdrawal <sup>10</sup> (m <sup>3</sup> )	1,170	10,164	<b>7,893</b>
- Municipal water	1,020	10,043	<b>7,786</b>
- Groundwater	-	-	-
- Surface water	-	-	-
- Used quarry water	-	-	-
- External wastewater	-	-	-
- Sea water	-	-	-
- Harvested rainwater	150	121	<b>107</b>
Water Intensity (m <sup>3</sup> per million cigarette equivalent)	3.71	2.12	<b>1.75</b>

Effluent and liquid waste are managed through a system designed to prevent contamination and ensure compliance with regulatory requirements. Domestic wastewater is discharged into designated drainage systems, while scheduled liquid waste is segregated, stored in Intermediate Bulk Containers (IBCs), and disposed of through licensed contractors within 180 days. Wastewater quality testing is conducted on a bi-annual basis in accordance with standards set by the DOE. During the reporting year, BAT Malaysia recorded zero non-compliance with water quality and regulatory requirements.

<sup>10</sup> In 2024, total water withdrawn increased to 10,164 m<sup>3</sup>, reflecting a 42.93% hike against the 2017 baseline. This increase is primarily attributed to the integration of a new warehouse where water usage is predominantly associated with cooling tower operations.

**Table: Water Discharge by Destination**

Water discharge by destination	2023	2024	2025
Total water discharge (m <sup>3</sup> )	1,114	9,183	7,104
- Municipal water <sup>11</sup>	1,114	9,183	7,104
- Groundwater	-	-	-
- Surface water	-	-	-
- Used quarry water	-	-	-
- External wastewater	-	-	-
- Sea water	-	-	-
- Harvested rainwater	-	-	-

#### Biodiversity

BAT Malaysia's operations do not directly take place within or adjacent to areas of high biodiversity value or protected habitats. As tobacco leaf is imported and primary agricultural activities do not occur locally, our direct operational footprint has limited interaction with biodiverse ecosystems. Notwithstanding this, we remain aligned with BAT Group's policies and procedures relating to responsible sourcing and environmental stewardship as biodiversity-related impacts, risks, and dependencies may arise across the broader value chain.

<sup>11</sup> BAT Malaysia's wastewater is discharged to municipal wastewater systems. The reported number is based on the assumption that we discharge 90% of the water withdrawn.

## SUSTAINABILITY STATEMENT

### Circularity

#### Waste Management

BAT Malaysia seeks to embed circularity principles into its operations through a focus on responsible material use, effective waste management, and reducing operational waste sent to landfill, with the objective of minimising environmental impacts and improving resource efficiency.

Waste management at BAT Malaysia is conducted in accordance with applicable regulatory requirements. All of our waste is handled and disposed of through waste transporters licensed by the DOE, ensuring appropriate treatment, traceability, and compliance. At site level, waste is segregated by stream to facilitate recycling, recovery, and appropriate disposal, reducing environmental risks, and supporting higher diversion rates.

Total waste generation during the reporting year amounted to 48.41 tonnes, comprising both hazardous and non-hazardous waste streams arising from operational and support activities. Our hazardous waste primarily includes scheduled waste, while non-hazardous waste mainly consists of tobacco waste, general waste, and packaging waste. Hazardous waste generated increased as compared to the previous year due to an increase in production at the factory. The increase in manufactured cigarettes led to higher consumption of glue, which in turn led to hazardous liquid waste generated from the glue pot washing activity.

**Table: Total Waste Generated**

	2023	2024	2025
Total waste generated (tonnes)	37.13	54.81	<b>48.41</b>
- Hazardous waste (tonnes)	0.36	2.73	<b>8.09</b>
- Non-hazardous waste (tonnes)	36.77	52.08	<b>40.32</b>

Waste diversion remains a key focus area under our approach to circularity. In 2025, 98.18% of total waste generated from our operations was diverted from disposal through recycling and recovery pathways, reflecting continued progress towards our targets of achieving a 90% recycling rate and zero waste to landfill. We continued to convert 100% of tobacco waste generated from factory operations into bricks, diverting this waste from landfills.

**Table: Waste Diverted from Disposal**

	2023	2024	2025
Waste diverted from disposal (tonnes)	30.66	54.44	<b>47.53</b>
Waste directed to disposal (tonnes)	6.47	0.37	<b>0.88<sup>12</sup></b>

Material use is monitored as part of routine operational management, to avoid unnecessary consumption and reduce waste generation where feasible.

Selected packaging formats under the Benson & Hedges brand transitioned from laminated foil components to recyclable paper materials from July 2023 onwards. This change supports improved end-of-life handling of packaging materials, while maintaining product protection and compliance requirements. Such changes are implemented as part of BAT Malaysia's ongoing efforts and broader approach to responsible material use and waste management, supporting progress towards our longer-term waste and circularity objectives. Although none of BAT Malaysia's sites currently hold formal certification under ISO 14001, all operations are aligned with ISO 14001 principles and comply fully with Malaysian environmental legal requirements, including Act 127 and DOE standards. Environmental management practices include risk assessments, waste segregation and tracking, emissions and resource monitoring, and the implementation of corrective and preventive actions where required.

<sup>12</sup> Quantity of waste directed to disposal, consisting of 0.37 tonnes to landfill and 0.51 tonnes treated via incineration with energy recovery (WTE).

# SUSTAINABILITY STATEMENT

## Communities

### Diverse, Inclusive Workplace

BAT Malaysia recognises that a diverse, inclusive, and equitable workplace is fundamental to Building A Better Tomorrow™ and sustaining long-term organisational performance. BAT Malaysia is committed to providing a work environment in which all employees are treated with dignity and respect, regardless of gender, age, sexual orientation, race, disabilities, ethnicity, religion, nationality, background or ability, and where discrimination is not tolerated in any form. This commitment underpins equitable practices across all levels of the organisation and supports fair access to employment, development, and progression opportunities. To remain agile in a changing environment, we have adopted BAT Group's People Strategy, designed to prepare the organisation for future shifts and enable rapid responses to consumer expectations. Central to this strategy are the following five intentions, championed by every employee at BAT Malaysia.



## SUSTAINABILITY STATEMENT

### Our Values

We have adopted BAT Group's six corporate values, which guide our culture and behaviours, supporting the BAT Group's purpose of Building A Better Tomorrow™. They are closely embedded in our People Strategy, emphasising diversity and inclusion, empowerment and collaboration, and organisational agility to drive sustainable growth. Through these values, we aim to empower our people and create an engaging and rewarding workplace.

The Values are:



### ***Diversity, Inclusion and Equity***

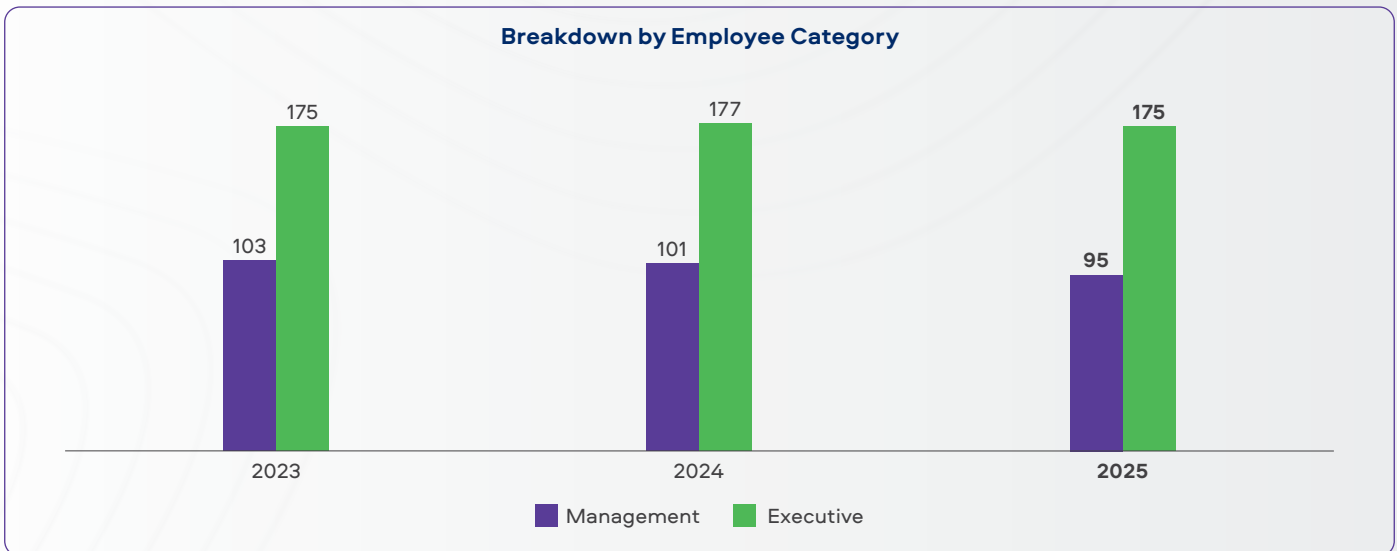
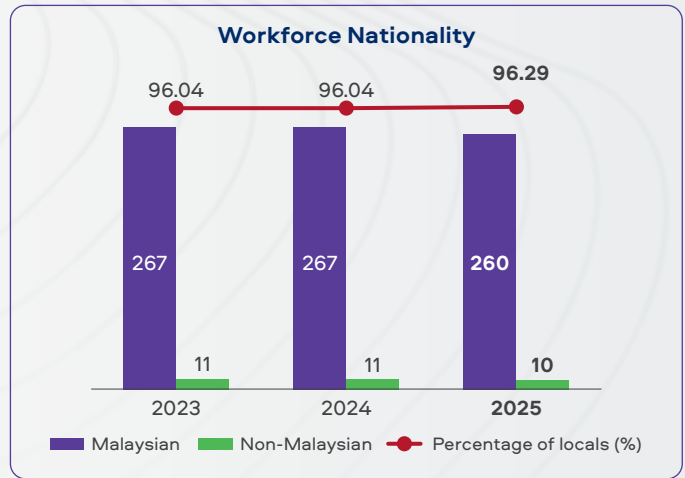
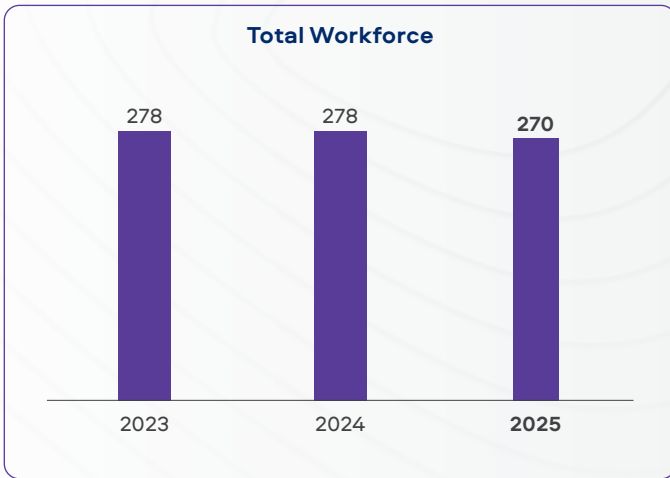
BAT Malaysia has adopted a People, Diversity and Culture strategy, which provides a framework to foster an inclusive and non-discriminatory workplace culture, strengthen workforce capability, and support a future-ready organisation. Diversity, inclusion and equity are embedded within this strategy and reflected in our people policies, leadership expectations, and organisational practices. These efforts are aligned with recognised governance principles, including the MCCG, reinforcing BAT Malaysia's commitment to responsible employment practices and transparent workforce management.

We seek to cultivate an environment in which employees feel valued, supported, and empowered to contribute meaningfully to the organisation. Leadership behaviours emphasise inclusion, collaboration and accountability, shaping a workplace that promotes psychological safety, mutual respect, and trust. Feedback mechanisms, including the annual 'Your Voice' Engagement and Inclusion surveys, enables us to assess employee perceptions of leadership, inclusion, well-being, and ways of working. The localised people strategy reinforces inclusive behaviours and capability development, while leadership engagement ensures that inclusion principles are embedded into decision-making and people management practices.

# SUSTAINABILITY STATEMENT

Further, the BAT Group is recognised as the first global tobacco company to achieve both the National Equality Standard (NES) and the Global Equality Standard (GES). This achievement reflects BAT Group’s strong commitment to diversity and inclusion, underscoring its focus on mental health, employee well-being, and the continuous strengthening of D&I practices.

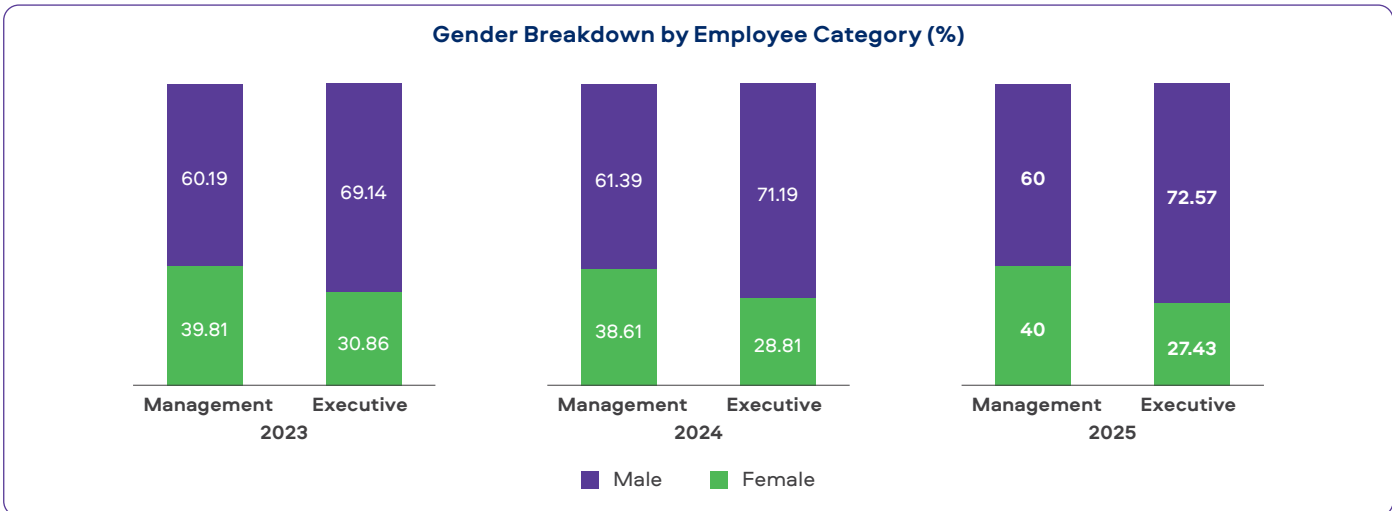
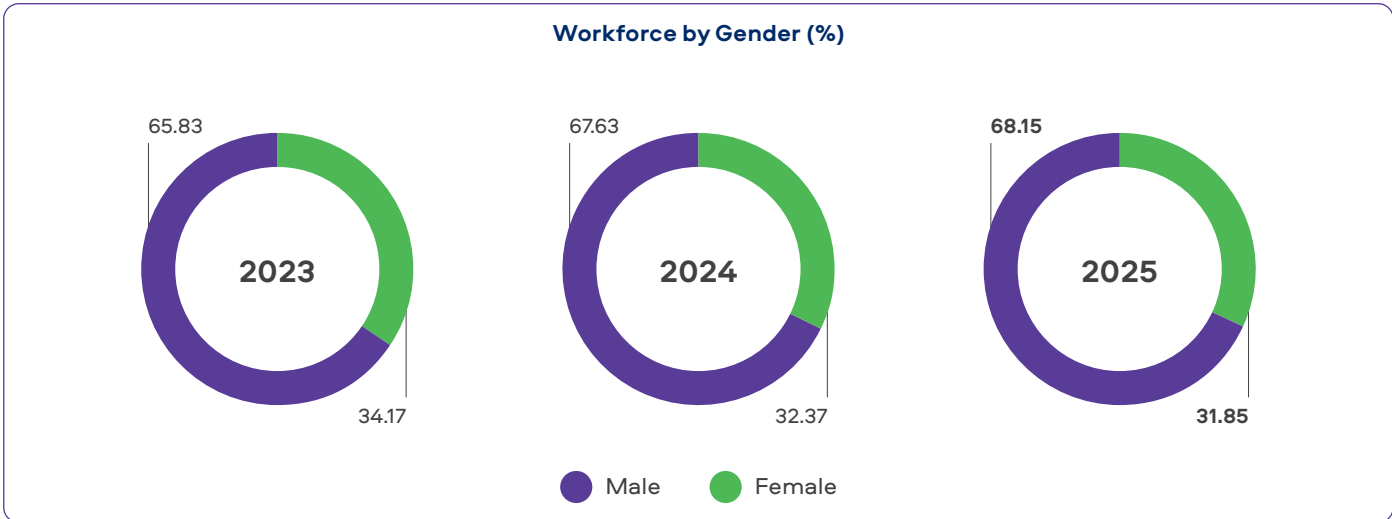
In 2025, BAT Malaysia employed 270 employees in its Malaysian operations.<sup>13</sup>



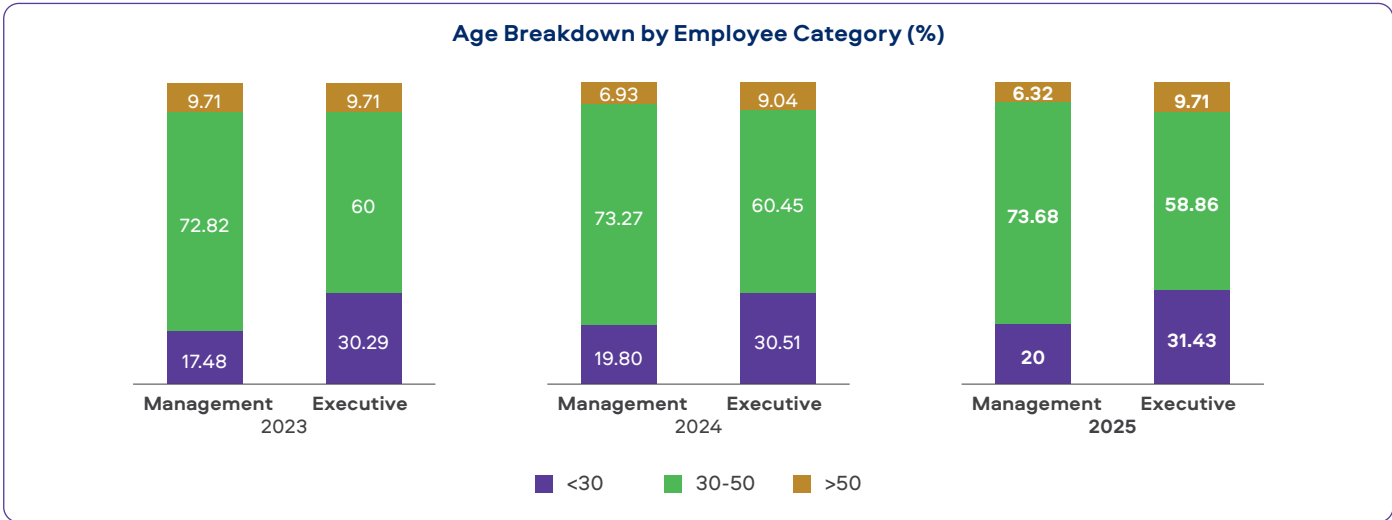
<sup>13</sup> This year, the Sustainability Statement covers only employees under BAT Malaysia Berhad, Commercial Marketers and Distributors Sdn Bhd and Tobacco Importers and Manufacturers Sdn Bhd, which represent the listed entity. Employees previously included from the APMEA South Direct Reporting Business Unit (DRBU) based in KL are now excluded, which accounts for the difference compared to the 2023 and 2024 reports.

# SUSTAINABILITY STATEMENT

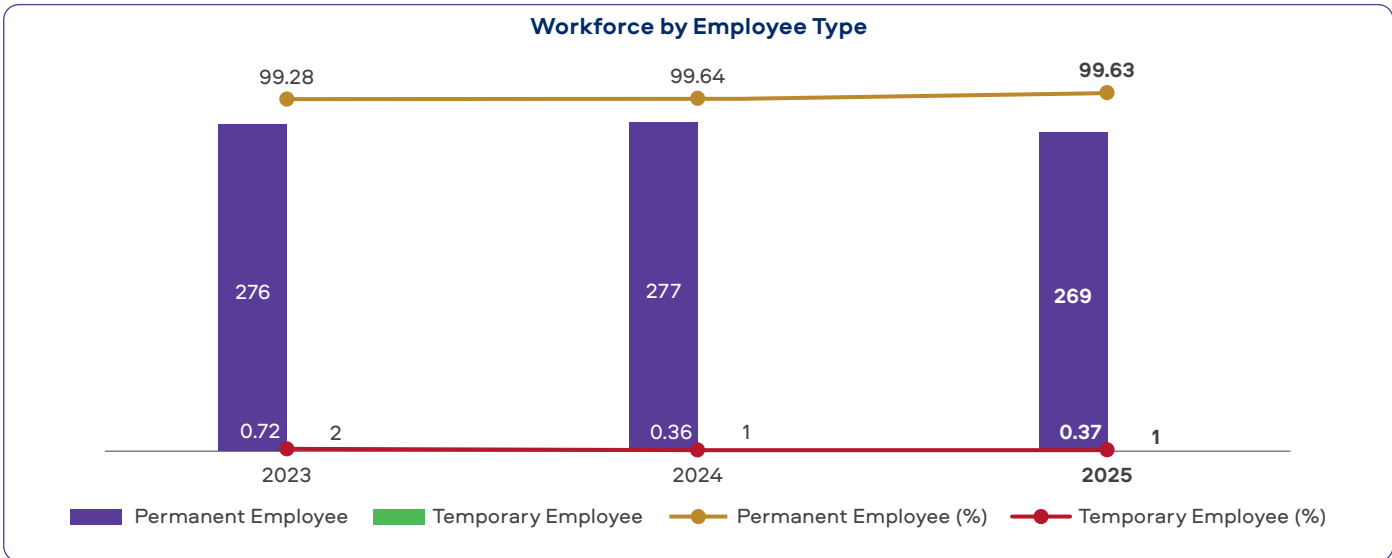
BAT Malaysia continues to place strong emphasis on diversity across its workforce. We remain committed to providing equitable opportunities for career development and leadership progression based on merit.



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In addition to the direct workforce, certain business activities are supported by third-party contractors, including Area Sales Associates and call centre personnel. These arrangements are managed within defined engagement frameworks to ensure consistency with the BAT Group’s expectations on ethical conduct, fair treatment, and workplace standards, while maintaining appropriate oversight across different workforce models. The following graph represents only permanent and temporary employees who fall under BAT Malaysia's payroll.



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### Hiring and Attrition

BAT Malaysia adopts a workforce management approach designed to support business continuity, talent sustainability, and long-term organisational capability. Workforce planning is aligned with operational needs and future skills requirements, enabling BAT Malaysia to attract, develop, and retain talent in a competitive labour market.

BAT Malaysia applies a merit-based approach to hiring and career progression, ensuring that employment decisions are made fairly, consistently, and transparently. Interns are recruited based on the business needs, ensuring that their contributions align with organisational priorities. Our non-discriminatory policies guarantee equal opportunity in hiring, promotion, remuneration, and selection, regardless of gender, race, disability, nationality, religion, or age. We also comply with local labour laws and cultural practices, and regularly review workforce data to monitor and enhance diversity.

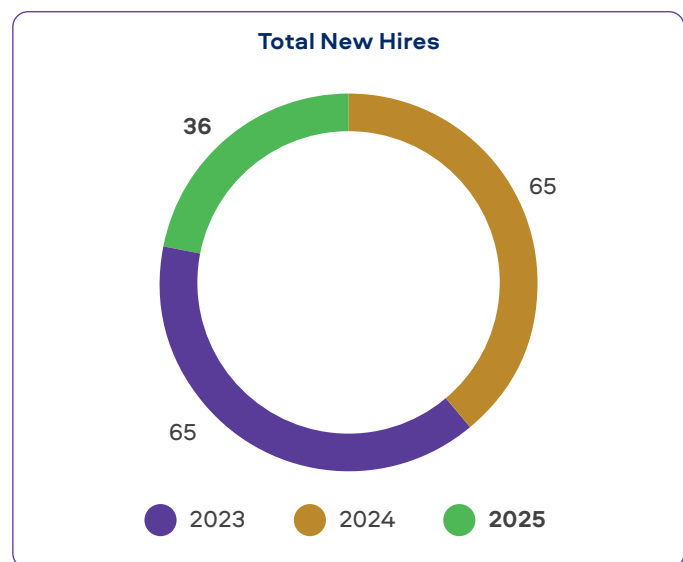
### Onboarding and Exit Process

New joiners participate in leadership-led, in-person, or hybrid onboarding sessions designed to introduce the Company's values, culture, organisational structure, and key policies. Functional onboarding is further supported through local induction plans, including Legal, Security and EHS briefings, alongside role-specific training and mandatory SoBC and HR modules. During their onboarding week, new employees are provided access to relevant tools, systems, and learning platforms, such as the GRID, and offered informal coffee chat sessions with the Managing Director and HR Director, to support integration and engagement.

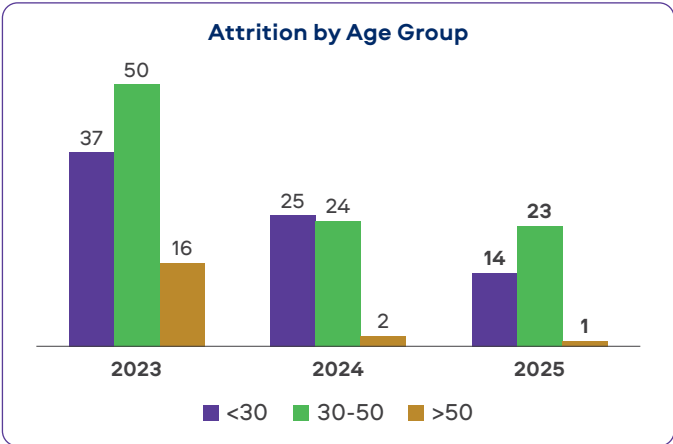
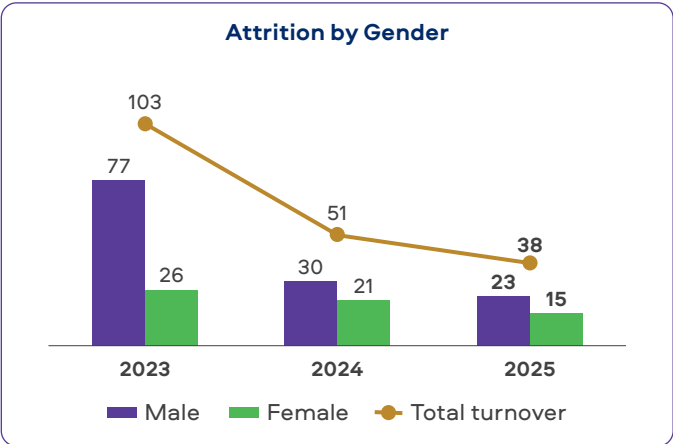
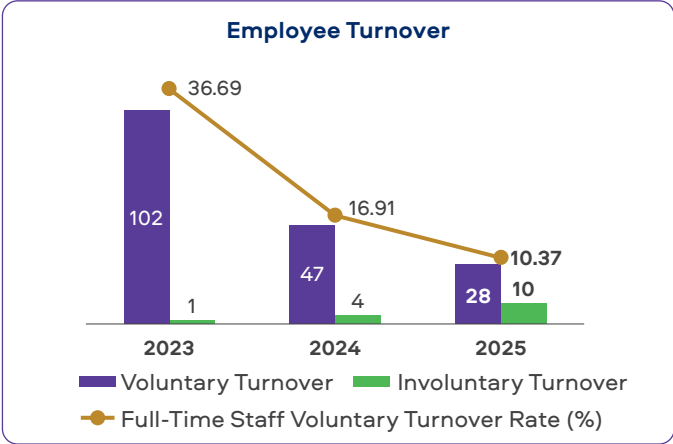
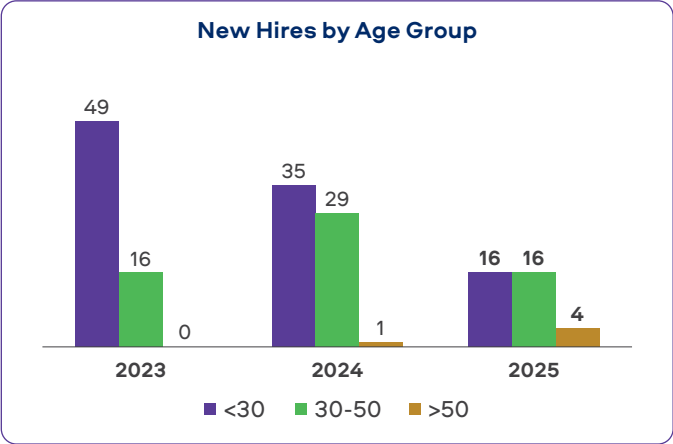
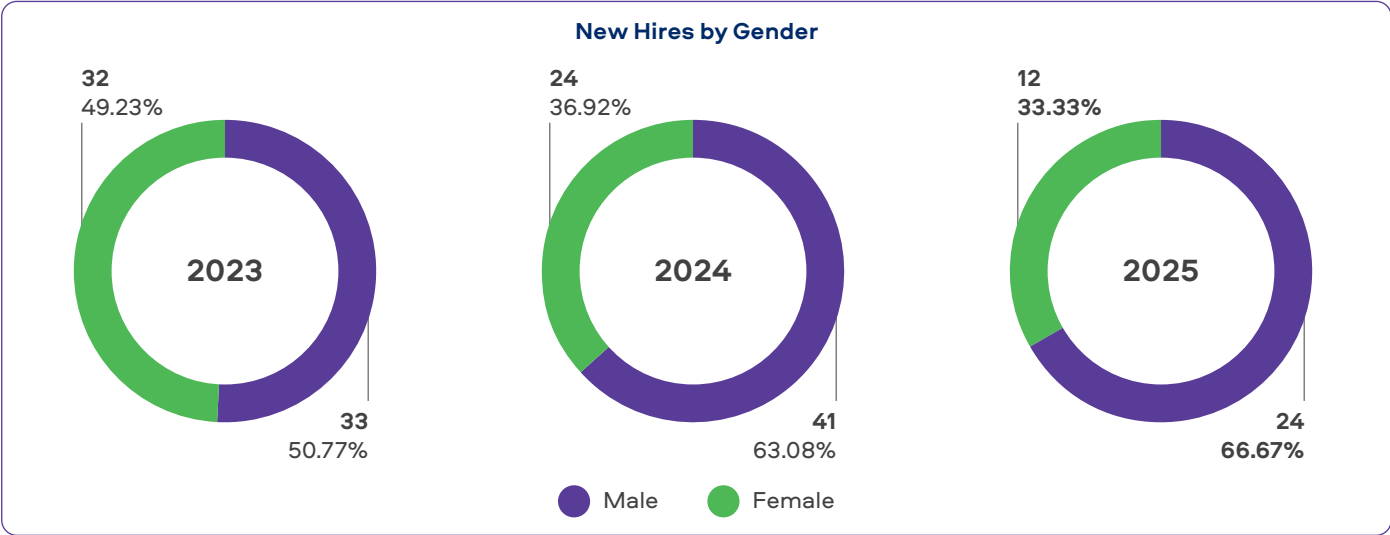
Departing employees are required to complete an HR-facilitated exit interview to gather feedback on their overall employee experience and identify areas for improvement. HR works closely with the employee and Line Manager to manage handover arrangements, clearance requirements, and final payroll processes. Feedback and insights from exit interviews are consolidated and reviewed to inform retention initiatives, policy enhancements, and continuous improvement efforts.

Inputs from the annual 'Your Voice' surveys, support Management's evaluation of people-related risks and opportunities and enable timely adjustments to people management strategies.

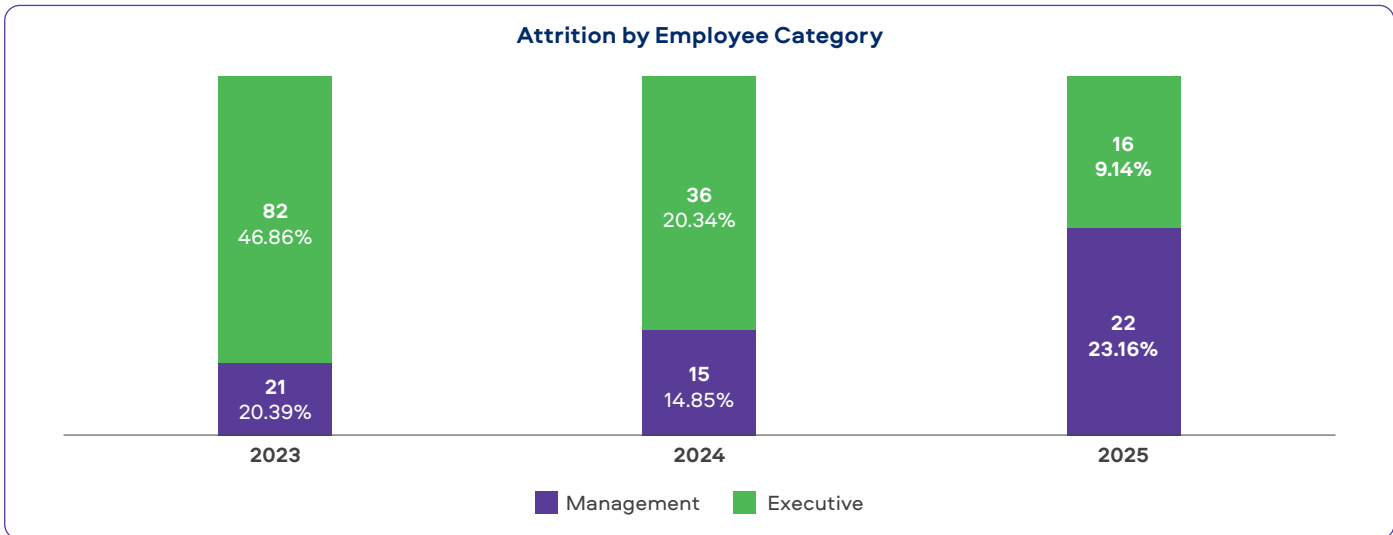
The year-on-year variation in hiring and attrition reflects changes in workforce composition driven by business restructuring, workforce optimisation, and strategic hiring aligned with priority capability areas such as digital and commercial functions. Hiring levels are adjusted in response to organisational requirements, talent pipeline planning, and prevailing market conditions, including the availability of specialised skills. At the same time, turnover rates declined due to improved career mobility opportunities, market competitiveness, and the strengthening of internal retention initiatives, including development programmes, employee engagement activities, and enhanced policies. Business performance considerations and transformation initiatives also influenced overall staffing levels, resulting in natural attrition, role consolidation, and selective replacement strategies.



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### Accelerating Tomorrow's Leaders

BAT Malaysia continuously fosters a workforce that is skilled, motivated, and equipped for the future. Our focus spans employee development through targeted training, engagement initiatives to foster collaboration and open communication, and comprehensive benefits that support wellbeing and work-life balance, including parental leave. By integrating these elements, BAT Malaysia ensures employees have the tools, support, and opportunities to enhance their capabilities, progress in their careers, and contribute effectively to business performance.

### Training and Development

BAT Malaysia is committed to developing a capable, confident, and future-ready workforce through a structured and integrated learning approach. This combines digital platforms such as the 'GRID' and 'SouthBeats', hybrid sessions such as the 'Governance Boost', in-person workshops, leadership programmes, micro-learning modules, and internal subject matter expert sessions. This approach is designed to strengthen employee skills, enhance professional competencies, and support career progression while enabling employees to adapt to evolving business and operational needs.

During 2025, BAT Malaysia implemented a range of programmes to accelerate workforce capability, including:

- Revamped training curricula and the GRID academies for digital and technical learning;
- Leadership development programmes and hybrid learning workshops;
- Respect at Workplace training and inclusion-focused line manager development initiatives; and
- Mentoring, coaching, and function-specific academies to retain and grow local talent.

#### The GRID

The GRID serves as our central digital learning platform, designed to evolve with the changing needs of our workforce. Its user-friendly, on-demand interface empowers employees to take ownership of their development anytime, anywhere. The platform integrates enhanced skills management, intelligent learning automation, and AI-powered coaching to support personalised development, and career growth. Line managers are equipped with tools and resources, including leadership capability guides, performance survey insights, and structured coaching support, to identify skill gaps, support development, and drive team capability building.



## Governance Boost Plan

In 2025, the Company delivered the Governance Boost Plan to strengthen governance practices and deepen the culture of integrity that supports our long-term sustainability. The initiative reinforced that strong governance is built not only on frameworks and controls, but also on the everyday actions and accountability of our people.

The programme focused on enhancing awareness of governance expectations and ethical conduct, strengthening organisational accountability and decision-making discipline, and embedding governance principles more firmly into business operations. Through leadership communications, targeted engagement activities, and practical learning sessions, employees gained a clearer understanding of their ethical responsibilities and the role they play in upholding compliance and risk management.

The Governance Boost Plan has contributed to a stronger governance culture across the organisation, supporting more transparent decision-making and greater alignment on responsible business practices. This initiative represents an important step forward in advancing our sustainability agenda, and we remain committed to empowering our people to 'Do the Right Thing' as we pursue long-term, responsible growth.



These initiatives aim to deliver tangible benefits for both employees and BAT Malaysia, enhancing leadership pipelines, improving engagement, and supporting workforce resilience. Potential negative impacts, such as unequal access to training or overextension, are mitigated through structured oversight and continuous alignment with organisational priorities.

All employees, including managers, are required to complete mandatory annual SoBC training and attestation, reinforcing expected behaviours and responsibilities related to ethical conduct. In addition, managers have mandatory inclusion-related objectives embedded within their Performance Objectives (PO) and participate in inclusion-focused training. This is further supported by annual Respect in the Workplace training for all employees and the Truly Inclusive Leaders workshop for people leaders. Managers are trained to promptly escalate any suspected instances of bullying or harassment to HR or Legal, who then guide the matter through a formal, confidential, and structured investigation process to ensure consistency, fairness, and protection for all parties involved.

Mandatory company-wide training is led by HR, while function-specific programmes are initiated by line managers to address team-specific needs. Managers are accountable for employee development during performance reviews.

BAT Malaysia allocates financial, human, and technological resources to support these initiatives, including budgets for workshops, digital learning platforms, leadership programmes, and external facilitators.

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During 2025, BAT Malaysia recorded 845.27 training hours and invested RM 481,438.04 in employee development initiatives.

**Table: Training Data**

	2023	2024	2025
Total Training Hours (hours)	3981.62	1890.65	845.27*
Total Training Spend (RM)	474,168.30	785,762.25	481,438.04
Number Of Employees Attended Training	10,119	2,109	2,188^
Average Training Hours Per Employee	14.32	6.80	3.13
Average Training Days Per Employee	1.79	0.85	0.39
Average Training Spend Per Employee (RM)	1705.64	2826.48	1783.10

**Table: Training Data by Gender**

	2023	2024	2025
<b>Average Training Hours</b>			
Male	13.32	6.36	1.94
Female	16.24	7.72	5.67
<b>Total Training Hours</b>			
Male	2,438.42	1,195.95	357.75
Female	1,543.20	694.70	487.52

**Table: Training Data by Employee Category**

	2023	2024	2025
<b>Average Training Hours</b>			
Management	29.47	15.30	5.25
Executive	5.40	1.95	1.98
<b>Total Training Hours</b>			
Management	3,036	1,546	499
Executive	946	345	346

### Employee Satisfaction

Employee satisfaction is regularly monitored through feedback mechanisms that allow BAT Malaysia to gauge workforce sentiment, identify areas for improvement, and continuously enhance workplace practices. Central to this, is the annual 'Your Voice' global survey, which is disseminated to employees across the BAT Group and measures key dimensions including leadership effectiveness, inclusion, employee wellbeing, and organisational culture.

#### Employee Satisfaction (%)

**2025: 83**

2024: 86

2023: 77

\* Year-on-year fluctuations in training hours and costs reflect the organisation's evolving learning and development strategy, including shifts between digital learning initiatives and in-person workshops, as well as varying programme intensity and development priorities.

^ The figure represents cumulative training attendances as employees may participate in multiple training sessions throughout the year.

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To complement the annual survey cycle, targeted pulse checks and smaller-scale surveys, such as the Your Voice Engagement Survey and the Your Voice Inclusivity Survey are conducted during the year in response to specific business needs or organisational changes. Survey results are reviewed at leadership level and cascaded into action plans at functional and team levels, ensuring that identified concerns are addressed in a timely and accountable manner. Insights derived from these satisfaction metrics inform ongoing improvements to workplace policies, recognition practices, and talent development initiatives.

BAT Malaysia uses the employee Net Promoter Score (eNPS) as a complementary metric to existing feedback tools. eNPS provides an additional, standardised indicator of employee advocacy and engagement over time, supporting clearer benchmarking and trend analysis. BAT Malaysia aims to maintain a positive eNPS score, reflecting a sustained focus on strengthening employee experience, engagement, and organisational culture.

### Employee Engagement

Employee engagement is supported through initiatives and practices that encourage participation, collaboration, and open communication across BAT Malaysia. Beyond formal surveys, BAT Malaysia promotes ongoing dialogue between employees and Management through structured communication channels and team-level interactions, enabling feedback to be raised and addressed throughout the year. Engagement activities span leadership and development programmes, cultural and inclusion initiatives, and recognition and social events. Examples include:

- **Leadership and team building:**
  - 'Line-of-Sight' – 3-day session in Kota Kinabalu, Sabah
  - MYC Champions Cup sports event
- **Inclusion and diversity initiatives:**
  - International Women's and Men's Day celebration
  - Cultural Diversity Day
  - Inclusion Week
- **Cultural and community celebrations:**
  - Chinese New Year
  - Hari Raya
  - Deepavali
  - Malaysia Day
- **Organisational feedback and recognition:**
  - 'Your Voice' surveys conducted twice a year
  - Year-End Appreciation Dinner

These engagement efforts are designed to strengthen connection to the organisation, foster a culture of respect and inclusion, and encourage employees to contribute meaningfully to business objectives. Potential risks associated with disengagement are mitigated through continuous monitoring, management oversight, and alignment of initiatives with workforce needs and organisational priorities.

### Employee Benefits and Welfare

BAT Malaysia is committed to providing a comprehensive benefits and welfare framework that supports the health, wellbeing, and financial security of employees and their immediate families. BAT Malaysia's benefits structure is designed to be inclusive, practical, and aligned with both local regulatory requirements and international best practices.

HR and line managers are responsible for administering employee benefits and welfare programmes, ensuring compliance with applicable laws and alignment with BAT Group policy. Regular reviews are conducted to assess the relevance and competitiveness of benefits, while also identifying opportunities to enhance employee satisfaction and overall well-being.

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Notes: 1. Long Service Award has been renamed as Career Milestones Award.  
2. BAT Malaysia's employer contribution to EPF is higher than the local regulatory requirement.

### LiveWell

In January 2025, BAT Malaysia introduced LiveWell, a holistic well-being programme designed to support employees across four key pillars: physical, emotional, social, and financial well-being. Serving as a core enabler of benefits and well-being strategy, LiveWell reflects BAT Malaysia's commitment to fostering a supportive, inclusive, and enabling workplace where employees are empowered to thrive both professionally and personally.

Throughout the year, LiveWell was embedded into employees' day-to-day experiences. Key measures included the provision of complimentary sanitary napkins in all female lavatories in the head office and state offices. Enhancements to existing leave policies were also implemented during the year, to provide greater flexibility to employees.

In addition, BAT Malaysia launched more than 20 exclusive corporate discounts for employees, spanning wellness, lifestyle, and essential services as part of ongoing efforts to support financial well-being and everyday affordability.

### Benefits and Workplace Inclusion

To support expectant and new mothers, BAT Malaysia has implemented enhanced parental leave provisions and flexible working arrangements, enabling greater work-life balance during pregnancy and early parenthood.

Expectant mothers in field-based roles, are given the option to transition to desk-based duties during pregnancy, should they choose to do so, ensuring continued safety, comfort, and productivity at work. Insights and feedback from female employees have also informed the introduction of targeted measures such as flexible working arrangements during the menstrual cycle for women within the National Sales Team.

In addition, BAT Malaysia has strengthened workplace infrastructure to better support women, including the provision of nursing and prayer rooms at state offices, as well as priority parking for expectant mothers.

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### Salary and Remuneration

BAT Malaysia adheres to all applicable Malaysian employment laws, including the Employment Act 1955, which governs minimum wage, statutory benefits, working hours, and overtime regulations. Employees are compensated fairly, with salaries benchmarked to market standards, and overtime remunerated according to statutory requirements.

Employee benefits were enhanced during the financial year through market-aligned salary adjustments and strengthened benefits offerings, aimed at maintaining competitiveness and supporting overall employee well-being. Total employee-related payments, including salaries, bonuses, and benefits, increased year-on-year in line with business performance and annual merit processes. Statutory retirement contributions remained unchanged, with BAT Malaysia continuing to provide employer EPF contributions above local regulatory requirements. Medical insurance coverage was further improved through expanded benefits and extended eligibility to family members. Parental leave support remained robust, with increased awareness and utilisation driven by improved communication and HR guidance.

**Table: Employee Remuneration**

	2023	2024	2025
Total payments made to employees in terms of salaries, bonuses and benefits (RM)	47,015,076.32	38,025,376.24	<b>38,759,350.02</b>
Total statutory payments made for EPF (RM)	11,561,968	10,797,049	<b>10,856,244</b>
Total payments in medical insurance (SOCSO) for employees (RM)	374,782.90	286,086.25	<b>434,954.10</b>

**Table: Ratio of Basic Salary and Remuneration of Male to Female**

	2023	2024	2025
Male	0.66	0.71	<b>0.85</b>
Female	0.60	0.88	<b>0.93</b>

### Parental Leave

BAT Malaysia recognises the importance of supporting employees in balancing professional responsibilities with family life. Parental leave provisions are offered to both male and female employees, which are higher than Malaysian labour law requirements. These measures support workforce retention, diversity, and inclusion, reflecting BAT Malaysia's commitment to a family-friendly and equitable workplace.

**Table: Parental Leave**

	2023	2024	2025
Number of employees entitled to Parental Leave	272	272	<b>266</b>
Number of employees who utilised Paternity Leave	9	7	<b>12</b>
Number of employees who utilised Maternity Leave	4	3	<b>2</b>
Employees who took parental leave (%)	5.51	2.94	<b>0.75</b>

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**Table: Post-Parental Leave**

	2023	2024	2025
<b>Return To Work Rates (%)</b>			
Male	100	100	100
Female	100	100	100
<b>Retention Rates (%)</b>			
Male	77.78	85.71	33.33
Female	75	66.67	- <sup>14</sup>

### Health and Safety

BAT Malaysia seeks to protect employees, contractors, and other relevant stakeholders, while supporting operational continuity and workforce productivity. Its approach is guided by the BAT Group Health and Safety Policy Statement, which emphasises the application of the highest international standards of practice to safeguard employees and non-company personnel on company premises, backed by detailed operational requirements. Effective occupational safety and health (OSH) practices contribute positively to people outcomes by reducing workplace injuries and health risks, and to economic performance by minimising incident-related disruptions and costs. BAT Malaysia recognises that maintaining robust safety standards also involves ongoing investment in training, audits, systems, and compliance, which are necessary to support long-standing organisational resilience.

We have implemented an OSH management system aligned with internationally recognised, ISO-based standards and applicable regulatory requirements. The system applies to all employees without exception and extends to contractors and external parties operating on behalf of BAT Malaysia, ensuring consistent safety expectations.

We have also allocated appropriate organisational resources, including financial investment for safety training, audits, and personal protective equipment (PPE) for the factory, as well as dedicated human resources such as EHS professionals and trained emergency responders. BAT Malaysia reviews and maintains BCPs for three key OSH-related scenarios – Head Quarter Emergency Evacuation, Johor Bahru Emergency Evacuation, and Pandemic Disease Outbreak. The evacuation plans are tested annually through emergency drills, while the pandemic plan undergoes a desktop review.

The OSH management system is supported by processes and action plans to proactively identify, assess, and mitigate risks. Key measures include Hazard Identification, Risk Assessment, and Risk Control (HIRARC) processes. The Governance Boost session conducted in 2025 further strengthened compliance awareness, helping to sustain a strong safety culture.

Additional measures include the sharing of unsafe practices and lessons learned, and a formal incident reporting mechanism. These practices support continuous improvement by enabling timely corrective actions, reinforcing accountability, and embedding safety awareness at all levels of the organisation.

### OSH Committee and Oversight

Oversight of OSH falls under the purview of Senior Management and the Leadership Team, ensuring that OSH considerations are embedded within operational decision-making and organisational governance. While OSH performance is not directly linked to remuneration, accountability is reinforced through management oversight, defined roles, and structured reporting mechanisms. The Supply Chain Director is responsible for championing OSH across the organisation, supported by cross-functional collaboration to drive consistent implementation and continuous improvement.

<sup>14</sup> Retention rate is not available as employees who took parental leave during the reporting period have yet to complete the one-year retention period. Updates will be provided in the next reporting cycle.

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Management engages regularly with worker representatives on OSH matters through established internal forums such as the monthly 'EHS Meeting' at the Johor Bahru factory and the monthly 'KPI Meeting' with the third-party logistics service provider at the Pulau Indah warehouse, ensuring that employee perspectives are incorporated into OSH discussions and initiatives. Although BAT Malaysia does not operate within a trade union framework, participative engagement structures enable meaningful consultation.

OSH standards and policies are cascaded to employees through formal communication and engagement channels, including induction programmes, and regular toolbox meetings and the displaying of the policies and other OSH-related information via noticeboards placed at the factory and warehouse. These mechanisms promote awareness, reinforce shared responsibility, and support consistent application of OSH requirements across the workforce.

Employees can raise health and safety near-misses, concerns, and support the identification of risks and improvement opportunities by contacting the Sustainability Manager or EHS Officer directly.

Non-compliance with OSH standards is addressed through a structured and proportionate escalation framework based on BAT Group's reporting methodology. Immediate corrective actions are taken to mitigate hazards, followed by root cause analysis and preventive measures to reduce the likelihood of recurrence. Where necessary, retraining, or disciplinary action is applied for repeated or serious breaches, reinforcing accountability while supporting a culture of continuous learning and safety ownership.

### **Health and Safety Policy and Steering Committee**

BAT Malaysia's workplace health and safety is governed by its Health and Safety Policy, with oversight provided by the EHS Steering Committee chaired by the Supply Chain Director. The Committee guides the ongoing management of health and safety by:

- Reviewing and assessing the Health and Safety Policy, management systems, and programmes;
- Ensuring implementation of actions in line with legal requirements and health and safety objectives;
- Overseeing maintenance programmes;
- Engaging with external stakeholders; and
- Making decisions on critical issues, budgets, and target-setting.

### **OSH Risk Assessment**

BAT Malaysia proactively identifies and mitigates OSH risks across its operations through hazard identification, risk assessment, and risk control, ensuring that potential negative impacts on people, the environment, and operational performance are addressed systematically. BAT Malaysia is committed to providing a safe working environment while maintaining operational resilience and compliance with relevant laws, regulations, and international best practices.

Risk assessments are conducted for both existing operations and new initiatives, as required, to evaluate workplace hazards and determine appropriate mitigation measures. High-risk activities, such as noise exposure in factory operations, are specifically addressed through targeted controls, which includes providing PPE, engineering and administrative controls, and the implementation of HIRARC processes to minimise potential incidents and protect employee health.

In addition, BAT Malaysia maintained a strong focus on fleet vehicle safety. Acknowledging that field-based employees face elevated safety risks, a new global platform, Halo Insight, was introduced in 2024 to strengthen the monitoring and management of fleet safety. The platform delivers data-driven insights into driver behaviour through a structured scoring system, supported by feedback captured via onboard telematics. These insights enable targeted interventions and continuous improvement, helping to ensure that fleet operations are conducted under the safest possible conditions.

Hazards, near misses, and accidents, are reported by employees or contractors to their respective line managers and recorded within BAT Malaysia's local health and safety reporting system. Each event is investigated to identify root causes. Corrective actions are developed and implemented to prevent recurrence, and findings, supporting documentation, and action plans are maintained in the reporting system.

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Incident trends and outcomes are monitored continuously to support ongoing improvement and organisational learning. Summary reports, including performance updates, identified risk patterns, and the effectiveness of protective measures, are communicated to the Leadership Team via monthly updates at the Governance Meeting. This ensures that leadership oversight informs strategic decision-making and the allocation of resources to safeguard employee safety.

### OSH Performance

BAT Malaysia monitors and evaluates its performance through its established system of internal and external oversight. At the end-market level, monthly reviews are conducted by the Sustainability Manager, with all data validated before submission to BAT Group's regional reporting channels. Key performance metrics collected include hazards, near misses, minor injuries, restricted work cases (RWC), lost-time injuries (LTI), serious incidents (SI), fatalities, and total hours worked. Data is sourced from internal audits, external audits, and digital reporting systems to ensure accuracy, completeness, and reliability.

Health and safety performance is assessed against previously established OSH targets, and benchmarking exercises are conducted to compare performance against other BAT Group companies. Internal verification is conducted by the BAT Group regional EHS team to validate the integrity of the data and confirm adherence to regulatory and BAT Group requirements.

During the reporting period, BAT Malaysia achieved zero reported incidents and non-compliance with OSH policies and standards, reflecting the effectiveness of its risk management framework, proactive mitigation measures, and continuous monitoring. BAT Malaysia aims to achieve zero work-related accidents on an annual basis.

**Table: OSH Performance Data**

OSH Performance Data	2023	2024	2025
Total Manhours Worked (hours)	538,303	351,628	330,137
Number of Lost Time Injuries	-	-	-
Lost-time Injury Rate (LTIR)	-	-	-
Injury Rate (including fatalities)	-	-	-
Fatality Rate	-	-	-
Number of work-related fatalities (Employees)	-	-	-
Number of work-related fatalities (Contractors)	-	-	-
Number of recordable work-related injuries	-	-	-

### OSH Training

BAT Malaysia provides OSH trainings to relevant employees. These programmes aim to raise awareness of workplace safety, reinforce safe practices, and support a proactive safety culture. Training is delivered through various channels such as induction sessions, defensive driving training, and toolbox trainings at the factory, to ensure accessibility and engagement, helping to maintain compliance with relevant regulations and international best practices.

**Table: OSH Training Data<sup>15</sup>**

	2025
Number of Employees Trained on Health and Safety Standards	142
Total Training Hours	260

<sup>15</sup> OSH-related training data are now tracked and reported separately from 2025 onwards. In prior years, OSH-related training data were captured as part of general employee training data and were not disaggregated.

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## Human Rights

BAT Malaysia operates across multiple categories, including manufacturing and engagement with raw material and service suppliers. These activities carry inherent human rights considerations, particularly in relation to labour practices, ethical conduct, and supply chain integrity. BAT Malaysia is committed to respecting and upholding the rights of employees, business partners, and the communities connected to its operations.

Our approach to labour and human rights is aligned with BAT Group’s overarching sustainability strategy and internationally recognised frameworks, including the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. These commitments are embedded within BAT Group’s SoBC and SCoC, both of which have been localised by BAT Malaysia to reflect national regulatory requirements and operating context.

The SoBC provides the foundation for BAT Malaysia’s human rights governance framework. It guides stakeholder engagement, supports the identification and assessment of human rights risks, and enables the implementation of mitigation measures across operations. Where risks are identified, appropriate controls, and remedial actions are applied to prevent, address, or minimise potential adverse impacts.

A key priority within this framework is the prevention of child labour and forced labour. BAT Malaysia aims to achieve zero child labour across its supply chain and to ensure respect for human rights throughout its operations. During the reporting period, no BAT Malaysia operations or suppliers were identified as being at risk of child labour incidents, as BAT Malaysia does not engage in leaf growing or agricultural tobacco operations within Malaysia.

### Responsible Employment Practices

BAT Malaysia has an established set of Employment Principles that underpin fair, respectful, and inclusive workplace practices. These principles are aligned with applicable Malaysian labour laws, international labour standards, and BAT Group expectations, and form the foundation for BAT Malaysia’s internal policies, procedures, and people management practices.

In practice, these principles support:

Equal opportunity and non-discrimination across all stages of employment, including pay equity through the BAT Group’s Global Grading Structure (Korn Ferry Hay methodology)	Open and transparent internal communication to encourage employee engagement and the exchange of ideas	Freedom of association and respect for worker representation in accordance with Malaysian labour law	Fairness at work, supported by a zero-tolerance approach to harassment and bullying
Prohibition of child labour and forced labour	Responsible performance management and accountability	Protection of employee health and safety, alongside environmental responsibility	Skills development and continuous learning opportunities for employees
	Reasonable working hours, supported by an established overtime policy, family-friendly practices, and minimum notice periods for significant operational changes	Competitive, fair and equitable remuneration and benefits, with wages paid above the statutory minimum levels	

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### ***Raising and Reporting Concerns***

BAT Malaysia maintains a framework to enable employees, suppliers, business partners, and other stakeholders to raise concerns safely, confidentially, and without fear of retaliation. All employees receive training under the SoBC, which outlines expectations on ethical behaviour, human rights, and responsible workplace conduct.

Concerns may be raised through multiple channels, including line managers, HR and Legal business partners, or BAT Malaysia's Designated Officer (Legal Director). Alternatively, employees and external stakeholders may report concerns through the 'Speak Up' whistleblowing portal, which is independently managed and accessible 24 hours a day via telephone or online platforms in both English and Bahasa Malaysia. These mechanisms ensure accessibility, confidentiality, and protection for individuals who raise concerns in good faith.

Oversight of responsible employment practices, including whistleblowing, is jointly championed by HR, Legal, the Company Governance Forum, and the Board. Management accountability is embedded through line manager oversight, performance discussions, and formal reporting to the Leadership Team, ensuring that ethical standards and reporting mechanisms are consistently applied across the organisation.

### ***Whistleblowing Framework***

The BAT Group's whistleblowing framework sets out clear procedures to support the reporting of suspected misconduct, unethical behaviour, or breaches of standards. The framework is designed to protect whistleblowers from retaliation, ensure confidentiality, and provide assurance that all reports will be addressed appropriately. It is reviewed periodically to strengthen effectiveness and reflect evolving governance expectations.

The whistleblowing framework serves as an early-warning mechanism, enabling BAT Malaysia to detect potential wrongdoing and take timely corrective action. The Board considers the maintenance of a robust whistleblowing system to be a key component of sound corporate governance and an important factor in sustaining stakeholder and investor confidence.

The link to the 'Speak Up' whistleblowing portal is available at: [www.bat.com/speakup](http://www.bat.com/speakup).

### ***Investigation of Reported Concerns***

To support the effective management of reported concerns, BAT Malaysia has implemented formal Incident Reporting and Investigation Procedures, which are made available to all employees through the Company intranet and reinforced during onboarding programmes. These procedures define the processes for reporting, investigation, evaluation, and resolution of suspected misconduct involving employees or business partners.

All reported incidents are assessed and investigated by a dedicated investigation team mandated by BAT Malaysia's Business Integrity Panel. Findings are reviewed by a formal evaluation committee comprising HR Director, Finance Director, and the Legal Director, guided by established standard operating procedures that define roles, responsibilities, and investigation timelines. Where necessary, corrective actions may include disciplinary measures, remedial controls, or escalation to relevant authorities.

Investigation outcomes and actions taken are reported to the Audit Committee and escalated, where applicable, to the Regional Audit Committee of the BAT Group. BAT Malaysia maintains a register of all whistleblowing reports and confirmed breaches to support monitoring, accountability, and continuous improvement of internal controls.

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## **Respect at the Workplace and Prevention of Bullying and Harassment**

BAT Malaysia places strong emphasis on equipping line managers and employees with the knowledge and accountability required to prevent and address bullying and harassment in the workplace. All employees, including line managers, are required to complete mandatory annual SoBC training and attestation, reinforcing expected behaviours, ethical conduct, and responsibilities related to respectful workplace practices. In addition, inclusion objectives are embedded within individual POs, supported by participation in inclusion-focused learning to promote fair, respectful, and inclusive behaviours across the organisation.

Respect in the Workplace training is completed by all employees on an annual basis. Further details on training related to Respect in the Workplace are available on pages 80 to 81 of the SS2025. Line managers are trained to recognise potential bullying or harassment and to escalate matters promptly to HR or Legal, who provide guidance on the formal investigation process. All reported cases are managed through a confidential, consistent, and structured investigation framework to ensure fairness, due process, and protection for all parties involved.

## **Compliance with Labour and Human Rights Standards**

BAT Malaysia complies with all applicable local labour laws and regulations and aligns its practices with recognised international standards supporting the prevention of child labour and forced labour. Oversight mechanisms, policies, and codes of conduct are in place to ensure continued compliance, and to support responsible workforce management across operations and the supply chain.

- Employees have the right to freedom of association and may join legally recognised unions or representative bodies in accordance with Malaysian law.
- Equal pay for equal work is ensured through the BAT Malaysia’s pay methodology, which considers pay equity, market competitiveness, and living wage principles.
- BAT Malaysia implements structured action plans to tackle labour and human rights issues across all operations and supply chains.

The SoBC and SCoC undergo regular reviews, most recently in 2025, to ensure alignment with best practices. Allegations or breaches are investigated objectively through the SoBC Assurance Procedure. Reports from employees and partners via confidential channels are reviewed quarterly by the Audit Committee, ensuring accountability and protection against retaliation. This reflects the effectiveness of existing policies, controls and monitoring mechanisms, and reinforces the BAT Group’s commitment to ethical labour practices and compliance with applicable legal requirements. In 2025, BAT Malaysia recorded zero reported incidents relating to violations of human rights and labour standards.

**Number of substantiated complaints concerning human rights violations**

2025: Zero

2024: -

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2023: -

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## **Communities and Social Impact**

At BAT Malaysia, community investment (CI) is guided by a tailored approach that responds to the specific social priorities and needs of Malaysian communities. We have established our CI Strategy, aligned with the BAT Group CI Framework, to ensure consistency in governance while allowing for local adaptation.

The CI Strategy was developed and launched in 2022 following an assessment of national development priorities and community needs. This assessment involved stakeholder engagement as well as desktop research to identify key social challenges in Malaysia. Insights from this process informed a targeted action plan designed to deliver measurable and positive social outcomes. BAT Malaysia’s flagship community programme – Beyond Benih was designed and launched in 2022.

Beyond Benih is governed by a formal Standard Operating Procedure (SOP), which is approved by the Board’s Sustainability Committee (SC), providing oversight, accountability, and alignment with our sustainability objectives.

## SUSTAINABILITY STATEMENT

In compliance with Malaysian tobacco regulations, BAT Malaysia does not sponsor or operate programmes intended for children or individuals below 18 years of age. While no community programmes directly target children, the BAT Group requires full adherence to the SoBC and SCoC across its operations and supply chain including CI, reinforcing responsible business conduct.

### Flagship Programme: Beyond Benih

Beyond Benih focuses on enhancing food security within low-income (B40) communities. The programme which is run in collaboration with the Department of Agriculture (DOA) is aligned with the Ministry of Housing and Local Government's Urban Community Garden Policy and is designed to support communities in establishing and sustaining farm gardens to meet their own food needs.

We developed a structured methodology was developed to guide programme implementation, which was subsequently translated into SOPs, serving as operational guidelines for all stakeholders involved. This ensures consistency in execution, clarity of roles and responsibilities, and effective delivery of intended outcomes.

The impact of Beyond Benih is measured through outcomes, including:

- The number of Beyond Benih farm gardens established and operational in Peninsular Malaysia; and
- The number of beneficiaries supported through access to the gardens.

Beneficiary reach is estimated based on the number of B40 households within a five-kilometre radius of each garden, multiplied by the average household size of 3.8 persons. This approach provides a consistent and transparent basis for assessing community reach and social impact. BAT Malaysia's ambition is to support an estimated 250,000 beneficiaries by the end of 2026 through the Beyond Benih programme.

Oversight of programme progress against established targets is led by the CSO, with updates presented to the Leadership Team, SC, and the Board.

During the reporting period, BAT Malaysia recorded the following financial contributions and corresponding community investment beneficiaries:

**Table: Community Investment Data**

Total Amount Invested in the Communities			
Year	2023	2024	2025
Amount (RM)	727,959	655,830	325,348
Number of Beneficiaries			
Year	2023	2024	2025
Cumulative number	~14,000	~89,000	~154,000

No new regular Beyond Benih gardens were established in 2025, as BAT Malaysia focused on supporting the 10 gardens launched at the end of 2024. During the year, we also developed a new concept – the 'Mega Garden' – a centralised farm spanning five acres designed to support multiple surrounding communities. Initial work on the first pilot Mega Garden began in 2025, with implementation expected to continue into 2026.

# SUSTAINABILITY STATEMENT

## Community Engagement and Feedback Mechanisms

We seek to ensure effective implementation and continuous engagement with beneficiary communities of the Beyond Benih programme. BAT Malaysia has appointed Paluan Sejati, a third-party service provider, to manage programme delivery and monitoring. Progress is reported back to BAT Malaysia on a weekly basis, enabling timely oversight and issue resolution.

All communication with beneficiaries is conducted through their respective Residents' Associations (RAs), facilitated by Paluan Sejati's field officers. In addition, an annual survey is conducted to gather feedback from RA members and beneficiaries, providing insights into programme effectiveness and areas for improvement. Findings from the survey are used to inform ongoing programme enhancements and strengthen long-term community outcomes.

Key feedback from the 2025 survey highlighted the following:

89% of survey respondents (RA members) participated in the programme on a part-time basis to earn additional income source.	45.38% female representation on the RAs (in farm gardens established in 2024 – 2025).
48.10% of survey respondents (RA members) affirmed that Beyond Benih provides new revenue streams, offers access to quality and affordable vegetables, and reduced spend on groceries, all contributing to a direct economic impact.	98% of survey respondents (beneficiaries) reported purchasing from their local Beyond Benih farm gardens.
39.80% of survey respondents (beneficiaries) reported purchasing from the gardens on fortnightly basis, showing demand for the crops grown in Beyond Benih farm gardens.	85.60% of survey respondents (beneficiaries) agreed that the availability and variety of produce are sufficient for their own consumption.
90% of survey respondents (beneficiaries) agreed that the gardens produced good quality produce.	77.60% of survey respondents (beneficiaries) reported a noticeable decrease in their monthly household food expenses due to purchasing at subsidised rates from the gardens.

## Employee Engagement and Volunteering

Employee involvement is a key enabler of our CI efforts.

Employee engagement is supported through:

- Bi-annual updates shared during company-wide town hall sessions; and
- The annual employee volunteer programme, which provides an opportunity for employees to spend half a day engaging directly with communities, including participation in farm garden activities.

**FY2025**

**24 employees**  
actively contributed to  
community initiatives, clocking  
a combined total of  
**96 volunteering hours<sup>16</sup>**  
over the year.

These mechanisms strengthen employee awareness, raise a sense of shared responsibility, and reinforce BAT Malaysia's commitment to positive social impact.

<sup>16</sup> No volunteer hours were recorded in 2023 and 2024 even though volunteer events were held as the events were conducted on weekends to support employee participation.

# SUSTAINABILITY STATEMENT

As at 31 December 2025



\* Total estimated beneficiaries as provided by the RAs.

# SUSTAINABILITY STATEMENT

## OUR GARDENS AT A GLIMPSE

2022

Pangsapuri Melati, Taman Bukit Subang, Selangor



Sungai Gulang-Gulang, Kuala Selangor, Selangor



2023

Hiliran Ampang, Kuala Lumpur



Jiranita Bacang, Pasir Gudang, Johor



Jalan Duku, Pasir Gudang, Johor



Pangsapuri Kenari, Seri Kembangan, Selangor



Masjid Kampung Tengah, Gemencheh, Negeri Sembilan



Masjid Kampung Tok Randok, Aji, Terengganu



Masjid Pengkalan Berangan, Marang, Terengganu



Seri Bakawali, Hulu Selangor, Selangor



Taman Angsana, Kulim, Kedah



Taman Serai Setia, Kulim, Kedah



# SUSTAINABILITY STATEMENT

2024

Sungai Koyan, Kuala Lipis, Pahang



Felda Pasoh 1, Jelebu, Negeri Sembilan



Kampung Dato Abdul Rahman Yassin, Kluang, Johor



Kampung Temeris, Kuala Pilah, Negeri Sembilan



Kota Jaya A, Kota Tinggi, Johor



LKIM Muara Sungai Duyong, Melaka Tengah, Melaka



Kampung Padang Sena, Kuala Terengganu, Terengganu



Kampung Seri Mendapat, Merlimau, Melaka



Kampung Jaya Setia, Kuala Selangor, Selangor



## SUSTAINABILITY STATEMENT

### Indigenous Village Sanitation Project

In 2025, BAT Malaysia also conducted the Indigenous Village Sanitation Project, an initiative designed to support improved access to safe, dignified, and reliable sanitation facilities for indigenous communities located within our water catchment areas. The project was initiated following the completion of all required legal approvals and due-diligence processes in accordance with the CI Framework.

The project involves the construction of 11 lavatories being built in Kg Sayong Pinang, an indigenous village situated near one of our key water sources. Implemented in collaboration with the Department of Orang Asli Development (JAKOA), the initiative responds to identified sanitation needs and aims to support improved hygiene practices and healthier living conditions for the community, while respecting local context and practices.

This initiative aligns with commitments made under the AWS certification, which emphasises the protection of shared water resources and the well-being of communities within catchment areas. By supporting sanitation infrastructure improvements, the project contributes to community resilience and responsible water stewardship.

As at the end of the reporting year, the project had reached the handover preparation stage, with handover completed in early 2026, benefitting 80 people in the community.



Handover ceremony held on 27 March 2026.



Newly-built lavatories.

# SUSTAINABILITY STATEMENT

## Governance

### Sustainability Governance

#### Governance structure

Strong corporate governance remains central to BAT Malaysia’s ability to deliver long-term value and create A Better Tomorrow™. Governance structures, risk management, and the BAT Group’s SoBC together provide the backbone for how sustainability is overseen, implemented, and assured across our business.

Oversight of sustainability matters is embedded at BAT Malaysia’s Board and Management levels. The Board of Directors provide overall stewardship, supported by structured committees and management-level governance, to ensure that environmental, social, governance, and climate-related considerations are integrated into strategy, performance monitoring, and decision-making. The Sustainability Committee Chairwoman supported by the CSO, presents quarterly updates to the Board, ensuring ongoing oversight of sustainability performance and emerging risks. To enable informed oversight, Directors and Board Committees have access to relevant information and may obtain internal stakeholder input or independent professional advice where necessary. Directors also undertake continuous training, including sustainability-related training, to maintain the skills required to oversee sustainability and climate-related matters.

Additionally, corporate governance-related policies, including those relevant to sustainability oversight, are reviewed annually or biennially, as determined by BAT Malaysia’s Management to support a structured cadence of governance and accountability.

Governance Body	Roles & Responsibilities
<b>BAT Malaysia's Board of Directors</b>	<ul style="list-style-type: none"> <li>• Holds ultimate accountability for sustainability governance and oversight.</li> <li>• Oversees sustainability and climate-related risks and opportunities, including material ESG matters.</li> <li>• Reviews and approves the Climate Risk Register (as approved by the Sustainability Committee) and provides oversight of material climate-related matters.</li> <li>• Considers sustainability impacts as part of the Board’s deliberation and decision-making, including potential impacts on business, operational, and financial performance over the short, medium, and long-term.</li> <li>• Approves sustainability strategy, priorities, budgets, and key initiatives, ensuring the Management has developed appropriate internal reporting processes and controls, and allocated sufficient resources to drive the sustainability agenda.</li> <li>• Reviews sustainability performance, emerging risks, progress against targets and KPIs, and approves the annual Sustainability Statement.</li> <li>• Strives to ensure integrity of BAT Malaysia’s sustainability and climate disclosures against regulatory reporting requirements such as the NSRF.</li> </ul>

## SUSTAINABILITY STATEMENT

Governance Body	Roles & Responsibilities
<b>BAT Malaysia's Board Sustainability Committee</b>	<ul style="list-style-type: none"> <li>Assists the Board in overseeing the sustainability strategy, goals, and performance.</li> <li>Reviews sustainability-related policies, resource allocation, and implementation plans to ensure BAT Malaysia has a robust reporting process for emerging material sustainability topics aligned with relevant reporting frameworks and standards.</li> <li>Reviews and approves the Climate Risk Register and other climate information, monitors implementation of climate risk mitigation action plans and outcomes.</li> <li>Monitors progress on sustainability initiatives and KPIs, including climate-related matters.</li> <li>Reviews and approves material climate-related risks and mitigation measures.</li> <li>Reviews sustainability disclosures and reporting prior to Board consideration.</li> <li>Considers appointment/removal of the CSO and receives CSO reporting on findings and resolutions.</li> <li>Meets at least four times annually and reports to the Board, with minutes tabled to and noted by the Board.</li> </ul>
<b>BAT Malaysia's Board Risk Management Committee</b>	<ul style="list-style-type: none"> <li>Oversees the effectiveness of BAT Malaysia's enterprise risk management framework.</li> <li>Supports integration of sustainability-related risks and impacts (including climate risks) into the overall risk management approach, including by assisting the SC in reviewing sustainability-related risks and impacts.</li> <li>Reviews key risk mitigation action plans and monitors emerging risk trends.</li> <li>Considers appointment/removal of the CRO and receives CRO reporting at meetings.</li> <li>Meets at least four times annually and reports to the Board, with minutes tabled to and noted by the Board.</li> </ul>
<b>BAT Malaysia's Leadership Team</b>	<ul style="list-style-type: none"> <li>Drives execution of Board-approved sustainability strategies, supported by internal reporting and escalation processes that enable issues to be surfaced to the relevant Committees and the Board in a timely manner (including matters that may be material to the business, operations, or financial performance).</li> <li>Oversees operational integration of sustainability across business functions.</li> <li>Allocates resources and monitors performance against sustainability objectives.</li> </ul>
<b>BAT Malaysia's Chief Sustainability Officer</b>	<ul style="list-style-type: none"> <li>Coordinates sustainability initiatives across functions.</li> <li>Monitors progress against sustainability goals and KPIs.</li> <li>Provides recommendations, status updates, findings, and resolutions to the Sustainability Committee at its meetings.</li> <li>Reports regularly to the Leadership Team and Sustainability Committee.</li> </ul>

## SUSTAINABILITY STATEMENT

### Ethics and Integrity

BAT Malaysia's culture of integrity is anchored in the BAT Group's SoBC, which apply to all employees and Directors, and are complemented by the BAT Group's SCoC for third parties. BAT Malaysia is also a signatory of the Malaysian Corporate Integrity Pledge, which was signed on 19 February 2014, demonstrating our commitment to upholding anti-corruption in the conduct of our business.

Together, these codify expectations on honesty, transparency, anti-bribery and anti-corruption, human rights, responsible marketing, and compliance with laws. Where relevant, SCoC requirements are embedded into contractual arrangements to reinforce accountability across the value chain.

We require employees to read, understand, and confirm their adherence to the SoBC. This is supported by regular communication, training, and an annual compliance sign-off. The SoBC is periodically updated by the BAT Group in line with emerging regulatory expectations, and its implementation is reinforced through internal controls, audit processes, and management oversight.

Employees are expected to act with integrity at all times and have a responsibility to speak up if they become aware of suspected misconduct or breaches of the SoBC, whether involving employees or third parties. Failure to comply with the SoBC may result in disciplinary action, up to and including the termination of employment, and referral to relevant authorities where required.

### *Anti-Financial Crimes (AFC)*

#### Number of confirmed incidents of corruption

**2025: Zero**

2024: -

2023: -

BAT Malaysia maintains zero tolerance for bribery and corruption. Our AFC controls are aligned with Malaysian law, including Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act, and with BAT Group policies. This is further reinforced by our Board, which assumes oversight for the effectiveness of the anti-corruption programme. Corruption and bribery risks are incorporated into BAT Malaysia's risk register, facilitating regular assessments, proactive mitigation, and continuous monitoring. All employees are required to prevent, counter, and report any suspected instances of bribery or corruption through established whistleblowing channels, reinforcing a culture of accountability and ethical conduct.

## SUSTAINABILITY STATEMENT

Key measures in place include:

- ‘Know your Supplier’ and ‘Know your Customer’ procedures, including the Third-Party AFC Procedure, which are proportionate to the risk involved;
- Clear prohibitions on bribery, facilitation payments, and improper advantages;
- Controls governing gifts, hospitality, donations, and sponsorships;
- Requirements for accurate books, records, and internal controls to support transparency and prevent improper payments;
- Contractual anti-corruption provisions and SCoC requirements for suppliers;
- Risk-based due diligence for higher-risk counterparties and intermediaries; and
- Annual SoBC sign-off supported by targeted AFC communication and training.

In 2025, 100% of employees completed AFC-related training modules or SoBC refresher sessions, contributing to a cumulative total of 135 training hours<sup>17</sup>.

**Table: Anti-Corruption Training Data**

Percentage of employees who have received training on anti-corruption (%)	2023	2024	2025
Senior management	100	100	100
Middle management	100	100	100
Junior management	100	100	100
Non-executive	100	100	100

Anti-corruption expectations extend across BAT Malaysia’s value chain. Suppliers, contractors, and other intermediaries are expected to comply with our AFC standards and the SCoC, including cascading these expectations to subcontractors where applicable. In 2025, 100% of BAT Malaysia’s operations were assessed for corruption-related risks. This was conducted as part of the AFC evaluations carried out for all new relationships and activities during the contract process as well as the risk management framework. These assessments informed mitigation strategies, supported enhancements in internal control, and underpinned responsible business practices with third parties.

**Percentage of operations assessed for corruption-related risks (%)**

**2025: 100**

2024: 100

2023: 100

We have recorded zero confirmed cases<sup>18</sup> involving alleged or potential breaches of business integrity policies, all of which were investigated and addressed in accordance with internal procedures. No material fines, penalties, or settlements related to corruption or bribery were recorded during the reporting year.

<sup>17</sup> Anti-corruption is covered as part of the annual SoBC training. The total duration of the SoBC training is an average 30 minutes, as indicated on the platform. The total number reported here is based on the 30 minutes per employee for the full SoBC training and sign-off process.

<sup>18</sup> This reporting only includes confirmed cases and does not include ongoing investigations in keeping with confidentiality obligations in line with our ‘Speak Up’ commitment.

## SUSTAINABILITY STATEMENT

**Table: Anti-Corruption Data**

	2023	2024	2025
Total cost of fines, penalties, or settlements in relation to corruption (RM)	-	-	-
Number of staff disciplined or dismissed due to non-compliance with anti-corruption policy	-	-	-
Total amount of political contributions (RM)	-	-	-

### **Political Contributions**

BAT Malaysia is an apolitical organisation and does not make political donations. This position reflects our commitment to maintaining independence and avoiding perceived or actual conflicts of interest in our engagement with policymakers, and applies to all political parties, candidates, and related entities.

### **Whistleblowing**

BAT Malaysia has a formal 'Speak Up' mechanism that enables employees, suppliers, and other stakeholders to raise concerns in confidence. Reports may include suspected violations of the SoBC, AFC requirements, human rights standards, health and safety obligations, or other forms of serious misconduct. This mechanism is aligned with the MACC Act 2009 and is underpinned by the Whistleblower Protection Act 2010 (Act 711).

Key features of the 'Speak Up' channel include:

- Multiple reporting channels, including line management, local compliance, and global 'Speak Up' portals or hotlines;
- Confidential handling of all reports;
- Clear investigation procedures with designated case owners; and
- Protection against retaliation for individuals who raise concerns in good faith.

Concerns are assessed and investigated in line with established internal procedures, with appropriate corrective or disciplinary action taken where warranted. Outcomes, including confirmed incidents and remedial actions, are reported to the Leadership Team on a monthly basis, and to the Board on a quarterly basis, reinforcing accountability from the top.

**Table: 'Speak Up' Data**

	2023	2024	2025
Total 'Speak Up' reports received	11	12	13
Substantiated cases <sup>19</sup>	3	3	3
Cases closed with corrective action	6	4	5

The remaining eight cases reported in 2025 are still under investigation and will be included in the 2026 report once closed with corrective actions.

<sup>19</sup> Substantiated cases refer to incidents, complaints, or claims that have been formally verified as legitimate under the BAT Malaysia's grievance mechanism.

## SUSTAINABILITY STATEMENT

### Regulatory Compliance

BAT Malaysia adheres to all applicable laws and regulations in Malaysia. Regulatory compliance is supported by structured internal legal review processes, where relevant marketing, labelling, and communication materials are subject to review and approval by the Legal function prior to activation. Additionally, BAT Malaysia's products comply with local certification and regulatory standards, supporting safe and legal product availability.

In 2025:

- There were no significant incidents of non-compliance with environmental or social laws and regulations;
- There were no monetary losses arising from legal proceedings associated with marketing, labelling, or advertising practices; and
- There were no significant<sup>1</sup> fines or settlements arising from government or regulatory orders.

**Table: Environmental and Socio-Economic Incidents and Fines Data**

	2023	2024	2025
Number of environmental non-compliance incidents in the company and/or subsidiaries that resulted in a fine or censure	-	3	-
Number of socioeconomic non-compliance incidents in the company and/or subsidiaries that resulted in a fine or censure	-	-	-
Total cost of fines for environmental non-compliance (RM)	-	6,000	-
Total cost of fines for socio-economic non-compliance (RM)	-	-	-
Monetary losses from marketing / labelling / advertising legal cases (RM)	500	-	-

### Customer Data Privacy

BAT Malaysia complies with the Personal Data Protection Act 2010 (PDPA) and BAT Group data privacy standards. Data privacy controls include:

- Secure IT infrastructure and restricted system access;
- Internal procedures for data handling and retention;
- Legal review of data-related processes; and
- Staff awareness on confidentiality obligations.

Data protection and information security are governed through BAT Group policies, defined access controls, and incident escalation procedures. Related risks are assessed as part of BAT Malaysia's operational risk management framework. In 2025, we recorded zero data privacy incidents.

**Number of substantiated complaints concerning breaches of customer privacy and loss of customer data**

**2025: Zero**

2024: -

2023: -

<sup>1</sup> Significant non-compliance incidents are defined as incidents that result in a RM5,000 and above fine or conviction of a criminal offense by a court of law.

## SUSTAINABILITY STATEMENT

### Supply Chain Management

Supply chain plays a critical role in supporting BAT Malaysia's operations and long-term sustainability. As part of the BAT Group, BAT Malaysia manages its supply chain in line with the BAT Group's SCoC, which complements the SoBC by setting out the minimum standards expected of suppliers across human rights, labour practices, health and safety, environmental management, and business integrity.

The SCoC, aligned with International Labour Organization (ILO) principles, applies to all suppliers and is embedded into contractual agreements, requiring suppliers to cascade these standards across their own operations and supply chains, supported by due diligence, training, and monitoring mechanisms.

BAT Group communicates the SCoC globally and supports its implementation through established due diligence, training, and monitoring mechanisms at BAT Group level, which are applied by BAT Malaysia in our supplier engagements. To promote accessibility and understanding, the SCoC is publicly available on the BAT Group website at <https://www.bat.com/who-we-are/our-corporate-governance/policies--principles-and-standards>, and translated into local languages to ensure understanding across all suppliers.

Through the consistent application of the BAT Group's SCoC, BAT Malaysia seeks to work with its suppliers in a manner that supports responsible business practices, ethical conduct, and alignment with the BAT Group's sustainability and governance expectations.

**Table: BAT Malaysia's Suppliers**

	2023	2024	2025
Total number of suppliers	378	342	298
Total number of local suppliers	366	291	252
Total number of foreign suppliers	56	51	46
Percentage of local suppliers (%)	96.82	85.08	84.56

### Supplier Screening and Risk Assessment

Supplier screening and risk assessment form part of the BAT Group's approach to support the identification and management of environmental and social considerations within the BAT Group's supply chain. The BAT Group's approach is described in pages 125-126 of the BAT Group Combined Annual and Sustainability Report available on the BAT Group website.

### Environmental Considerations in the Supply Chain

Under BAT Group's SCoC, supplier-related environmental expectations cover the following areas:

- Climate change and energy use, including the responsible use of energy, management of emissions, and reporting of Scope 1, 2, and, where relevant, Scope 3 emissions;
- Water stewardship, including responsible water use, water-risk awareness, and mitigation in water-stressed areas;
- Biodiversity and ecosystems, including avoidance of practices that may cause deforestation or unnecessary harm to natural habitats;
- Pollution prevention, including the management of emissions, effluents, and other forms of environmental pollution; and
- Waste and resource management, including waste reduction, reuse, recycling, and circular economy practices.

BAT Malaysia supports the application of these expectations through supplier engagement and alignment with the BAT Group's environmental priorities.

### ***Social and Labour Standards in the Supply Chain***

Social and labour expectations applicable to suppliers are established under the BAT Group's SCoC and are applied by BAT Malaysia as part of our supply chain management practices. Supplier-related social and labour expectations include:

- Prohibition of child labour, forced labour, and modern slavery;
- Non-discrimination, equal opportunity, and fair treatment in employment practices;
- Freedom of association and the right to collective bargaining, in accordance with local law;
- Wages, including compliance with minimum wage requirements, and other applicable remuneration standards;
- Reducing excessive working hours, in line with legal limits and labour regulations; and
- Occupational health and safety, including the provision of safe and healthy working conditions.

Suppliers are required to communicate social standards across their workforce and supply chains, integrate requirements into purchasing and contractual arrangements, and support monitoring activities. Where social risks are identified, BAT Malaysia expects suppliers to cooperate in remediation and capacity-building efforts.

Supplier monitoring outcomes, including audit findings and corrective actions, are tracked and addressed to ensure transparency and continuous improvement.

### ***Supplier Engagement and Capacity Building***

BAT Malaysia supports supplier engagement through:

- Communication and integration of the SCoC and environmental and social policies; and
- Conducting procurement-related training.

These efforts aim to strengthen supplier capabilities, reduce sustainability-related risks, and build long-term resilience across the supply chain.

### ***Tobacco Leaf Supply Chain***

The BAT Group recognises that agricultural supply chains can present specific environmental, labour, and human rights risks. For tobacco leaf and other agricultural inputs, supplier expectations are guided by the industry-wide Sustainable Tobacco Programme as well as the BAT Group's SCoC.

Expectations for tobacco leaf suppliers and contracted growers include:

- Prohibition of child labour, forced labour, and exploitative practices;
- Respect for workers' rights, including fair remuneration and reasonable working hours;
- Provision of safe and healthy working conditions;
- Responsible management of environmental impacts associated with agricultural activities; and
- Compliance with applicable local laws and regulations.

Suppliers involved in the tobacco leaf supply chain are expected to understand and manage risks within their own operations and, where relevant, within their upstream activities. BAT Group's supplier engagement may include monitoring activities, assessments, or other forms of engagement appropriate to the nature of the supply relationship.

## SUSTAINABILITY STATEMENT


### *Local Procurement*

BAT Malaysia contributes to the Malaysian economy through the procurement of goods and services from local suppliers. Local sourcing supports domestic employment, supplier capability development, and supply chain resilience.

In 2025, 57.95% of total procurement spend was directed to Malaysian suppliers.

**Table: Procurement Expenditure**

	2023	2024	2025
Total procurement spending (RM)	140,878,844	153,891,787	<b>102,398,100</b>
Total local procurement spending (RM)	81,778,163	91,038,313	<b>59,343,629</b>
Proportion of spending on local suppliers (%)	58.05	59.16	<b>57.95</b>



# **IFRS S2 DISCLOSURES 2025**

# SUSTAINABILITY STATEMENT

## IFRS S2 DISCLOSURES 2025

### GOVERNANCE

#### 6) An entity shall disclose information about

a) *the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities*

Responsibility for sustainability matters including climate risks and opportunities resides with BAT Malaysia's Board of Directors (the Board), which is supported by a dedicated Board Sustainability Committee (SC). The SC reviews the quarterly sustainability report presented by BAT Malaysia's Chief Sustainability Officer (CSO), which includes the Climate Risk Register (CRR). The CRR provides:

- Detailed information on BAT Malaysia's physical and transition risks including the impact and likelihood of said risks occurring; and
- Implemented mitigation measures to prevent, reduce, manage said risks.

Other matters presented by the CSO for the attention of the SC are:

- The effectiveness of mitigation measures and future recommendations to strengthen and achieve resilience; and
- Progress achieved against set KPIs and targets such as decarbonisation and renewable energy use targets.

The SC queries the findings/information presented and approves the CRR. The CRR is also presented to the Risk Management Committee (RMC) for its noting. The SC Chairperson supported by the CSO, presents the approved CRR and its findings to the Board, making recommendations as deemed fit for Board deliberation and approval. Upon Board deliberation, the CRR is endorsed and integrated into BAT Malaysia's Enterprise Risk Register (ERR). This process is undertaken on a quarterly basis.

BAT Malaysia's Managing Director is a member of the SC. This enables direct inputs and perspectives from Management (Leadership Team and Senior Management) to be brought into discussion and deliberation during SC meetings.

The Governance Structure is provided in detail in the Governance Structure section on pages 98 to 99 of SS2025. For further information on the CRR, please refer to Row 9a.

In addition, BAT Malaysia's Board Charter and Terms of References for the SC and the RMC have been amended to enable a more comprehensive role for the Board, Chairman and relevant Board committees.

b) *management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities*

BAT Malaysia's Management is actively involved in the strategic and day-to-day management of all material sustainability related risks and opportunities, including climate related risks and opportunities.

The CSO oversees the climate risk assessment process and the CRR. As such, the CSO working with Operations and Risk teams, is responsible for identifying assessing and prioritising sustainability and climate-related risks for BAT Malaysia and updating the CRR on a quarterly basis. These risks are then reviewed by BAT Malaysia's Chief Risk Officer (CRO), and the Risk Management Team as part of the Enterprise Risk Management (ERM) process. The CRR is then presented to the Leadership Team of BAT Malaysia, including the Managing Director. The CSO briefs the SC on the risk mitigation measures along with BAT Malaysia's progress against climate-related metrics and targets.

Control mechanisms and processes employed by the Management include the use of BAT Malaysia's Risk Matrix (impact and likelihood parameters) for the prioritisation of sustainability and climate-related risks and opportunities. It also guides the measurement of progress against climate-related metrics and targets, and other internal mechanisms to support the effective identification, oversight, and mitigation / management of sustainability and climate-related risks and opportunities. These include alignment to the BAT Group's science-based targets and global decarbonisation pathway.

**STRATEGY**

**9) An entity shall disclose information to enable users of general purpose financial reports to understand:**

a) the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects (see paragraphs 10-12)

BAT Malaysia's physical and transition risks were identified with the use of climate scenario analyses, which took into consideration the BAT Group's CRA and CRR, during the inaugural Climate Risk Assessment (CRA) Workshop. The scenarios applied were the Shared Socioeconomic Pathway 2 - Middle of the Road 4.5 (SSP 2-4.5) scenario and the Network for Greening the Financial System Net Zero 2050 (NGFS 2050) climate scenarios. The scenarios enabled an informed and consistent approach in the development of risk impact and likelihood scores for each material physical and transition risk.

The following risks identified may have impacts on BAT Malaysia's business model and value chain with varying severity of impact and likelihood over the short-, medium-, and long-term. Assessment of financial impacts for each disclosed climate risk is based on the relevance of applicability of climate scenarios. Hence, the provision of scoring for physical risks is against the SSP2-4.5 scenario, while transition climate risks are based on the NGFS scenario. Risk scoring is based on residual risk after considering existing mitigation measures.

**Risk Score/Financial Impact (p.a.)**

Insignificant	Minor	Moderate	Significant	Severe
RM5.8mn – RM18.1mn	RM18.1mn – RM36.8mn	RM36.8mn – RM73.6mn	RM73.6mn – RM153.1mn	RM > 153.1mn

**Time Horizon**

Current (2025)	Short-term (<1.5 years)	Medium-term (1.5 – 5 years)	Long-term (>5 years)
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**Physical Risk - Extreme Rainfall Events/Flash Floods:**

Risk overview and assumptions	Value Chain Coverage	Potential Business Impact	Geographies Assessed	Financial Impact	Mitigation Actions															
<p>Extreme rainfall and flash floods may present acute physical risk to BAT Malaysia. Flooding may disrupt distribution routes, logistics, warehousing activities, and workforce mobility. Although exposure has reduced following the relocation of manufacturing to Johor Bahru and warehousing to Pulau Indah, BAT Malaysia remains vulnerable as many Commercial Marketers and Distributors (CMD) offices are in flood-prone or low-lying regions.</p>	<ul style="list-style-type: none"> <li>Primarily limited to the import of raw materials i.e. tobacco leaves sourced from Indonesia.</li> <li>Increased rainfall intensity under the SSP 2-4.5 scenario may disrupt crop harvests and quality of produce, curing processes and transportation of raw materials, potentially creating volatility in raw material availability.</li> <li>Distribution and route-to-market (RTM) operations, warehousing and inventory management.</li> <li>Finished-goods and logistics.</li> <li>Upstream tobacco supply.</li> </ul>	<ul style="list-style-type: none"> <li>Potential revenue loss from delayed or missed trade deliveries.</li> <li>Higher costs driven by transportation, warehousing, and emergency logistics costs when normal routes and facilities are affected.</li> <li>Increased risk of inventory losses.</li> <li>Damages to property, plant and equipment.</li> <li>Increased insurance expenses and claims recoveries.</li> <li>Volatility in upstream leaf supply chain from Indonesia due to rainfall related crop disruption.</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia; flood-prone, low-lying, and coastal states.</li> <li>CMD offices across multiple states.</li> <li>Pulau Indah warehouse.</li> <li>Upstream exposure: Indonesia tobacco-growing regions.</li> </ul> <p>The above was corroborated by remote desktop analysis undertaken using geo mapping software data platforms.</p>	<table border="1"> <thead> <tr> <th></th> <th>C</th> <th>S</th> <th>M</th> <th>L</th> </tr> </thead> <tbody> <tr> <td>SSP2-4.5</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NGFS Net Zero</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Physical risk scenario indicates a two-week RTM disruption could expose the business to approximately RM24 million (lost sales, emergency logistics, stock disruption, recovery costs).</li> <li>However, BCP, insurance, alternative warehousing, and buffer stock are expected to partially mitigate financial impacts over time.</li> </ul>		C	S	M	L	SSP2-4.5					NGFS Net Zero					<ul style="list-style-type: none"> <li>Reduced exposure due to the location of the factory (Johor Bahru) and warehouse (Pulau Indah).</li> <li>Integration of flood risk into BCP, logistics, and inventory management.</li> <li>Activation of contingency plans during heavy rainfall.</li> <li>Targeted mitigation at flood-prone sites and periodic resilience reviews.</li> <li>Insurance coverage.</li> <li>Maintenance of buffer stock.</li> </ul>
	C	S	M	L																
SSP2-4.5																				
NGFS Net Zero																				

# SUSTAINABILITY STATEMENT

## Physical Risk - Rising Temperature and Heatwaves:

Risk overview and assumptions	Value Chain Coverage	Potential Business Impact	Geographies Assessed	Financial Impact	Mitigation Actions															
<p>Rising temperatures and heatwaves represent both chronic and acute physical risks to BAT Malaysia. Extreme heat may affect warehousing, manufacturing, distribution, and workforce conditions.</p> <p>Key impacts include risks to tobacco product quality and shelf life, higher cooling-energy requirements, and reduced employee productivity and wellbeing. These effects may disrupt operations, increase operating costs, and reduce supply-chain reliability.</p>	<ul style="list-style-type: none"> <li>Manufacturing operations.</li> <li>Distribution and RTM activities.</li> <li>Workforce (factory, warehouse, and field force).</li> <li>Rising temperatures may impact quantity and quality of raw material harvested thus affecting raw material availability and pricing.</li> </ul>	<ul style="list-style-type: none"> <li>Higher ambient temperatures may affect quality of raw tobacco.</li> <li>Increased energy and water use for cooling may raise operational costs.</li> <li>Higher risk of product degradation, pest infestation, and reduced shelf life.</li> <li>Inventory losses and preservation costs.</li> <li>Workforce productivity, particularly for employees and workers operating in outdoor conditions (logistics and transportation-related roles).</li> <li>Health and safety risks for employees due to heat-related discomfort.</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia (nationwide rising temperature trends and heatwave exposure).</li> <li>Temperature controlled facilities: Johor Bahru factory, Pulau Indah warehouse, office operations.</li> </ul>	<table border="1"> <thead> <tr> <th></th> <th>C</th> <th>S</th> <th>M</th> <th>L</th> </tr> </thead> <tbody> <tr> <td>SSP2-4.5</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NGFS Net Zero</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Higher energy, water, and cooling system costs.</li> <li>Inventory write-offs from pest affected tobacco and finished goods.</li> <li>Internal estimates indicate potential increases of up to RM2.3 million for weevil infestation losses.</li> <li>Increased expenditure on pest control, fumigation, and product quality protection.</li> <li>Increased employee-related costs due to heat-related illness, absenteeism, and productivity loss.</li> <li>Higher maintenance and potential replacement of climate control infrastructure.</li> <li>Overall impacts expected to remain contained in the short- and medium-term due to existing controls.</li> </ul>		C	S	M	L	SSP2-4.5					NGFS Net Zero					<ul style="list-style-type: none"> <li>Climate controlled warehousing and manufacturing facilities.</li> <li>Solar power adoption to offset cooling energy demand.</li> <li>Pest control and fumigation measures across finished goods and tobacco storage.</li> <li>Workforce heat safety protocols, PPE, and other OSH measures.</li> <li>Operational planning for facility energy requirements.</li> <li>Continuous improvement of building management systems and preventive maintenance of cooling infrastructure.</li> </ul>
	C	S	M	L																
SSP2-4.5																				
NGFS Net Zero																				

## Transition Risks:

Risk overview and assumptions	Value Chain Coverage	Potential Business Impact	Geographies Assessed	Financial Impact	Mitigation Actions															
<p>Malaysia's transition toward a low-carbon economy, aligned with the NGFS 2050 pathway, introduces transition risks for BAT Malaysia. Key risk factors include carbon pricing, fuel-subsidy rationalisation, EPR regulations, sustainability-linked procurement, and mandatory climate-related and Scope 3 reporting.</p>	<ul style="list-style-type: none"> <li>Upstream suppliers (materials, packaging, logistics).</li> <li>Manufacturing and warehousing.</li> <li>RTM operations and third-party logistics.</li> <li>Downstream waste management and EPR compliance.</li> <li>Capital markets and investors.</li> </ul>	<p><b>Four main exposure channels:</b></p> <p><b>1. Capital markets, financing and reputation</b></p> <ul style="list-style-type: none"> <li>Investor expectations increasingly linked to ESG data quality, climate disclosures, and sustainability linked indices.</li> <li>Weak performance or data inaccuracy could reduce investor confidence, increase cost of capital, or trigger reputational and litigation risks.</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia (RUUPIN bill, National Climate Policy, energy reforms, Circular Economy Act, EPR roll-out, carbon pricing readiness).</li> <li>Regional upstream exposure through global supply chain and material sources.</li> </ul>	<table border="1"> <thead> <tr> <th></th> <th>C</th> <th>S</th> <th>M</th> <th>L</th> </tr> </thead> <tbody> <tr> <td>SSP2-4.5</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NGFS Net Zero</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p><b>Carbon Pricing</b></p> <ul style="list-style-type: none"> <li>With 2025 Scope 1 &amp; 2 emissions of 933.27 tCO<sub>2</sub>e:             <ul style="list-style-type: none"> <li>o At RM10/t: RM9,332;</li> <li>o At RM50/t: RM46,664;</li> <li>o At RM80/t: RM74,661;</li> </ul> </li> <li>Not material to overall financial performance.</li> </ul> <p><b>Fuel Subsidy Rationalisation</b></p> <ul style="list-style-type: none"> <li>2025 removal of petrol subsidies resulted in 27% increase in fleet fuel costs (absorbed in OPEX).</li> </ul>		C	S	M	L	SSP2-4.5					NGFS Net Zero					<ul style="list-style-type: none"> <li>Alignment with BAT Group Climate Strategy and decarbonisation road map.</li> <li>Progressive fleet transition to hybrid vehicles.</li> <li>Energy efficiency upgrades and renewable energy adoption at operational sites.</li> <li>Sustainability linked procurement and supplier engagement programmes (at BAT Group-level).</li> <li>Enhancing climate data systems and compliance processes for Scope 3 mapping, EPR, and regulatory disclosures.</li> </ul>
	C	S	M	L																
SSP2-4.5																				
NGFS Net Zero																				

# SUSTAINABILITY STATEMENT

Risk overview and assumptions	Value Chain Coverage	Potential Business Impact	Geographies Assessed	Financial Impact	Mitigation Actions
		<p><b>2. Energy and logistics</b></p> <ul style="list-style-type: none"> <li>Higher fuel and electricity prices from subsidy rationalisation and potential carbon pricing, notably for higher fleet and logistics costs.</li> <li>Despite using self-generated solar derived electricity, energy costs may increase at production, and storage facilities.</li> </ul> <p><b>3. EPR and sustainable materials requirements</b></p> <ul style="list-style-type: none"> <li>Mandatory EPR may increase costs for recyclability, waste recovery and packaging compliance.</li> <li>Stricter sourcing, extended packaging and waste obligations may affect suppliers, packaging design, and operating processes.</li> </ul> <p><b>4. Scope 3 emissions and disclosures</b></p> <ul style="list-style-type: none"> <li>Expanded regulatory demand for supplier-level emissions data and decarbonisation.</li> <li>Supplier readiness gaps may increase reporting risk, compliance delays, or reputational exposure.</li> </ul>		<ul style="list-style-type: none"> <li>A further 40–50% increase in petrol prices could raise fleet costs by RM345,000–430,000, representing ~0.02% of revenue.</li> </ul> <p><b>Other cost impacts</b></p> <ul style="list-style-type: none"> <li>RM120,000 to commence adoption of NSRF-aligned IFRS S1 and S2 reporting. A further planned investment of RM300,000 in 2026.</li> <li>Higher distribution and electricity tariffs.</li> <li>Increased cost of sustainable materials and EPR compliance.</li> <li>Additional OPEX/CAPEX for reporting systems, renewable energy, and packaging redesign.</li> <li>Potential increases in financing costs tied to sustainability performance.</li> </ul> <p><b>Overall Assessment</b></p> <ul style="list-style-type: none"> <li>Transition related costs expected to be manageable and absorbed within normal operating and capital investment cycles.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous monitoring of policy developments.</li> <li>Investments in packaging redesign, recycling systems, and low emission logistics assets.</li> </ul>

# SUSTAINABILITY STATEMENT

**Opportunities:**

Risk overview and assumptions	Value Chain Coverage	Potential Business Impact	Geographies Assessed	Financial Impact	Mitigation Actions
<p>The expansion of on-site renewable energy - solar photovoltaic systems at the factory and warehouse, and transition of BAT Malaysia's fleet to hybrid vehicles supports medium- to long-term reduction in emissions and operational costs.</p> <p>These technologies will also support BAT Malaysia's ability to maintain reliable production and distribution while aligning with tightening energy and carbon policies.</p>	<ul style="list-style-type: none"> <li>Direct operations: manufacturing, warehousing, offices.</li> <li>Logistics: hybrid and future EV fleets.</li> <li>Sustainability linked financing ecosystem (investors).</li> <li>Downstream partners and regulatory stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>On site solar at factory and warehouse as well transition to hybrid vehicles reduces exposure and improves resilience against grid disruptions.</li> <li>Hybrid vehicles may support lower vehicle maintenance costs.</li> <li>Lower emissions intensity strengthens positioning with regulators, investors, lenders, and commercial partners.</li> <li>Supports strategic positioning under Malaysia's evolving climate policies.</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia                             <ul style="list-style-type: none"> <li>Johor Bahru factory; warehouse; and</li> <li>Pulau Indah</li> <li>CMD and Corporate offices.</li> </ul> </li> <li>Nationwide logistics and fleet operations.</li> </ul>	<p><b>Direct Financial Benefits</b></p> <ul style="list-style-type: none"> <li>Onsite solar generation (~63,043 kWh / year) reduces electricity purchases.</li> <li>Annual savings of RM142,000 at the warehouse.</li> <li>Fleet transition to 84% hybrid vehicles lowers fuel consumption and maintenance costs.</li> </ul> <p><b>Other Expected Impacts</b></p> <ul style="list-style-type: none"> <li>Lower exposure to future carbon pricing and energy price volatility.</li> <li>Reduced electricity and fuel costs reflected in cost of sales and distribution expenses.</li> <li>Lower operating expenses through improved energy efficiency.</li> <li>Enhanced access to sustainability linked financing with favourable terms due to improved climate credentials.</li> </ul> <p><b>Overall Assessment</b></p> <ul style="list-style-type: none"> <li>Savings expected to strengthen operating margins, improve cash flow stability, and enhance financial resilience over the medium- to long-term.</li> </ul>	<ul style="list-style-type: none"> <li>Continued investment in onsite solar and energy efficiency upgrades.</li> <li>Progressive transition of fleet to hybrid vehicles, with future potential for EV adoption.</li> <li>Monitoring of carbon pricing developments and voluntary carbon markets (eg Bursa Malaysia VCM).</li> <li>Integration of renewable energy and fleet transition into long-term capital investment planning.</li> <li>Strengthened alignment with BAT Group's climate strategy and sustainability frameworks.</li> </ul>

b) *the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain (see paragraphs 13)*

Disclosure provided as per row 9a.

c) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan (see paragraph 14)

Physical Risks:	
RISK	Effects on Strategy and Decision-making
<p><b>Extreme Rainfall Events / Flash Floods</b></p>	<p>The potential for reoccurrence of flash floods necessitates strategic considerations in developing reliable financial modelling. These include:</p> <ul style="list-style-type: none"> <li>• Where floods may occur and anticipated severity i.e. number of days of disruption and severity of disruption;</li> <li>• Potential financial impact in terms of sales, costs, losses, and other financial metrics;</li> <li>• Contingency measures and alternative plans for warehousing and distribution routes as required;</li> <li>• Implementation of a trade-level buffer inventory to maintain market supply;</li> <li>• Updates to existing BCP; and</li> <li>• Strategic considerations may also look into whether more permanent measures are required such as the relocation to more flood resilient locations.</li> </ul> <p>In making decisions on the above, BAT Malaysia can draw from the following:</p> <ul style="list-style-type: none"> <li>• Past precedents of flooding;</li> <li>• The CRR; and</li> <li>• Remote desktop analysis.</li> </ul>
<p><b>Rising Temperature and Heatwaves</b></p>	<p>The strategic consideration of the risk is geared towards developing potential cost estimations based on rising energy cost scenarios. This comprises assessing expected production volume to meet market demand and potential increases in energy costs due to revisions in tariffs and rising fuel prices.</p> <p>Other medium-to long-term strategic considerations may include relying on automation and machinery, redesigning business, and operational processes to reduce energy usage, and considering how to derive energy savings across the business model.</p>
Transition Risks:	
<p>In relation to transition risks, following are the effects on BAT Malaysia's decision making:</p>	
RISK	Effects on Strategy and Decision-making
<p><b>Capital markets, financing and reputation</b></p>	<p>Management would need to be guided by an increased focus on achieving compliance with more stringent reporting requirements such as:</p> <ul style="list-style-type: none"> <li>• Strengthening data collection ability;</li> <li>• Strengthening data validity and verification processes for both internally and externally obtained data;</li> <li>• Driving heightened awareness and understanding among stakeholders on evolving reporting requirements, data requirements, collection methodologies; and</li> <li>• Resources required for the above.</li> </ul>
<p><b>Energy and logistics</b></p>	<p>As provided under Physical Risk: Temperature and Heatwaves on Row 9a.</p>
<p><b>The introduction of EPR and sustainable materials procurement</b></p>	<p>Malaysia's move towards mandatory EPR and sustainability-linked material standards may increase BAT Malaysia's exposure across both upstream sourcing and downstream product stewardship. Upstream, this tightens requirements for deforestation-free, recyclable, and certified inputs. Downstream, BAT Malaysia faces expanding obligations for post-consumer packaging, cigarette butt collection and recycling, and reporting, which may affect supplier selection, packaging design, compliance systems and operating processes. BAT Malaysia would have clarity on implications upon parliamentary approval and enforcement of the Circular Economy Act.</p>

# SUSTAINABILITY STATEMENT

RISK	Effects on Strategy and Decision-making
Expansion of Scope 3 (Value-chain) emissions and disclosures	Strategic consideration of the risk would focus on establishing appropriate scope and boundary based on BAT Malaysia-specific criteria to determine the most material upstream and downstream Scope 3 emissions. BAT Malaysia's approach will be aligned with and guided by the BAT Group's methodology.
e) the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. (see paragraph 22)	<p>Based on assessment of climate-related risks under plausible climate scenarios, including the SSP2-4.5 and NGFS 2050 pathways, and its current operating profile, BAT Malaysia demonstrates a moderate- to high-level of climate resilience over the short- to medium-term. This assessment considers BAT Malaysia's exposure to physical and transition risks, the robustness of its operational and governance arrangements, and its capacity to adapt to evolving climate-related conditions over the short-, medium-, and long-term.</p> <p>In addition, BAT Malaysia has aligned with BAT Group's Low Carbon Transition Plan (LCTP), which guides the BAT Group's climate initiatives and supports it 2030 and 2050 science-based targets in line with a 1.5°C warming pathway.</p> <p>BAT Malaysia's direct operations are not materially dependent on climate-sensitive inputs, as its manufacturing, warehousing and distribution activities are not water- or energy-intensive relative to heavy industrial sectors. However, tobacco cultivation within the upstream value chain remains climate-sensitive, and climate variability in tobacco-growing regions may influence raw material availability and quality, although these activities fall outside BAT Malaysia's direct operational control.</p> <p>BAT Malaysia continues to monitor evolving climate conditions and regulatory expectations and will reassess its resilience as climate-related risks, upstream dependencies, and operating conditions evolve. While longer-term climate impacts on agricultural supply chains may require enhanced monitoring and supplier management, BAT Malaysia's Management considers BAT Malaysia's current level of preparedness, diversification, and adaptive capacity to be sufficient to support operational continuity and financial stability under the scenarios assessed.</p> <p>BAT Malaysia's assessment of climate-related risks and opportunities indicate that while certain risks will require active management, they are not of a magnitude that require a material change to our business model and financial performance - including access to capital over all time horizons considered. This confirms the resilience of our strategy and its capacity to accommodate these emerging factors.</p> <p>Specific mitigation information is provided in Rows 9a and 14a.</p> <p><b>10) An entity shall disclose information that enables users of general-purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Specifically, the entity shall:</b></p> <p>a) describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;</p> <p>The transition toward low-carbon energy systems creates potential opportunities for BAT Malaysia to improve cost efficiency, operational resilience and access to capital through renewable energy, low-emission logistics, and sustainability-aligned financing. The expansion of on-site renewable energy, including solar photovoltaic systems at the factory and warehouse, alongside the progressive transition of the vehicle fleet to hybrid and, in the longer term, EVs are expected to deliver both emissions reductions and cost efficiencies.</p> <p>b) explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;</p> <p>Disclosure provided as per Row 9a.</p>

c) specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short-, medium-, or long-term—the effects of each climate-related risk and opportunity could reasonably be expected to occur;

Disclosure provided as per Rows 9a and 22b.

d) explain how the entity defines 'short-term', 'medium-term', and 'long-term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.

Timelines applied to sustainability and climate-related risks and opportunities are consistent with BAT Malaysia's ERM framework. The timelines are as follows:

- Current (2025)
- Short-term (<1.5 years)
- Medium-term (1.5 – 5 years)
- Long-term (>5 years)

**12) In identifying the climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects, the entity shall refer to and consider the applicability of the industry-based disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2.**

BAT Malaysia has referred to and considered the applicability of relevant industry-based guidance based on the Sustainability Accounting Standards Board (SASB) Sector-Specific Disclosures.

Having reviewed and considered, BAT Malaysia has implemented the SASB sector specific disclosure standard for Tobacco. The disclosures are provided in the Metrics and Targets section on pages 66 to 68 of the SS2025.

**13) An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose:**

a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and

Disclosure provided as per Rows 9a and 22b.

b) a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).

Disclosure provided as per Rows 9a and 22b.

**14) An entity shall disclose information that enables users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:**

a) information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation;

# SUSTAINABILITY STATEMENT

Physical Risks:	
RISK	Strategic Response and Mitigation Action
<p><b>Extreme Rainfall Events / Flash Floods</b></p>	<p>Flood risk has been incorporated into BAT Malaysia's BCP, logistics planning and inventory management.</p> <p>During periods of elevated rainfall risk, BAT Malaysia activates contingency measures such as alternative transport routes, emergency freight arrangements and trade-level buffer inventory to maintain market supply. Flood-prone sites are subject to targeted mitigation measures and periodic reviews to ensure continued operational readiness.</p> <p>The location of the factory and the warehouse significantly reduced exposure to urban flash-flood risk. The warehouse is situated on elevated land and the factory is located within a planned industrial zone with established drainage and flood mitigation infrastructure. As such, actual flood risks at site-level are assessed to be lower in both impact and likelihood of occurrence.</p> <p>In addition, with a comprehensive BCP in place, sufficient insurance coverage for property damage and business interruption, alternative warehousing arrangements and the maintenance of buffer stock, the Management foresees minor financial impact on operations.</p>
<p><b>Rising Temperature and Heatwaves</b></p>	<p>Taking into account existing temperature-controlled facilities at the factory, warehouse, and offices, the use of solar panels to offset grid electricity consumption, pest control, and fumigation measures, and employee heat-related safety protocols, the Management expects the financial impacts of rising temperatures and heatwaves to remain contained over the short- and medium-term.</p> <p>Over the longer term, while sustained increases in surface temperatures are expected to lead to higher cooling and energy costs, these controls are designed to preserve product quality, maintain workforce productivity, and limit material inventory losses.</p>
Transition Risks:	
RISK	Strategic Response and Mitigation Action
<p><b>Capital Markets, Financing and Reputation</b></p>	<p>BAT Malaysia continues to undertake regular and active engagement with the BAT Group, investors, the local stock exchange, and regulators towards ensuring it remains abreast with evolving industry trends and requirements. This is reflected in stakeholder engagement activities including investor relations plans and programmes, timely updates and announcements, and continued dialogues and meetings with the financial community, government ministries, and agencies.</p>
<p><b>Transition Risk: Energy And Logistics</b></p>	<p>To manage energy- and fuel-price exposure, BAT Malaysia has deployed solar photovoltaic systems at the Johor Bahru factory and the Pulau Indah warehouse, implemented the telematics system that monitors driver behaviour, which in turn improves fuel efficiency, and continues to assess EV deployment as infrastructure in Malaysia matures.</p> <p>BAT Malaysia continues to implement fleet-efficiency and decarbonisation initiatives, including the progressive transition of its company fleet to hybrid vehicles. BAT Malaysia's fleet vehicles are leased from a third-party provider, and upgrades to hybrids occur as vehicles are replaced or newly leased for tool-of-trade use.</p> <p>As a result, the company does not incur significant costs for its fleet transition programme. In parallel, incremental capital expenditure is expected for packaging redesign, recycling systems, and sustainable-materials sourcing as EPR requirements in Malaysia are phased in from 2027 – 2030. This includes the initiative to convert the pack lock mechanism to fully paper-based solution in alignment with the BAT Group's packaging strategy.</p>

## SUSTAINABILITY STATEMENT

RISK	Strategic Response and Mitigation Action
<p><b>The Introduction of EPR And Sustainable Materials Procurement</b></p>	<p>BAT Malaysia has also taken several steps to improve circularity including transitioning to paper-based materials for locally produced products, increasing waste recycling, and diverting waste from landfill.</p> <p>Further, the BAT Group's SCoC and global procurement standards have embedded deforestation-free certification requirements into the supplier selection process. A BAT Group-led project to convert the pack locking mechanism to a fully paper-based solution is planned to be implemented during the second half of 2026.</p>
<p><b>Transition Risk: Expansion Of Scope 3 (Value-Chain) Emissions and Disclosures</b></p>	<p>To manage Scope 3 and reporting exposure, BAT Malaysia relies on assured BAT Group Scope 3 datasets while developing a plan to identify and collect Malaysia-specific Scope 3 data across priority upstream and downstream categories by Q4 2026.</p>

**b) information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a)**

BAT Malaysia continues to use internally generated funds and operating cash flows to fund the necessary CAPEX and OPEX for climate mitigation plans. This includes making investments in assets, transition plans, implementing additional solar energy generation capacity, packaging redesign and strengthening data collection as well as costs associated with related reporting.

**c) quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).**

Not applicable in the first year of ISSB reporting.

**15) An entity shall disclose information that enables users of general purpose financial reports to understand:**

- a) the effects of climate-related risks and opportunities on the entity's financial position, financial performance, and cash flows for the reporting period (current financial effects); and
- b) the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short-, medium-, and long-term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).

While BAT Malaysia has provided scenario-based quantitative information where available, standalone quantitative estimates have not been disclosed for all climate-related risks and opportunities. This is because, for certain impact pathways, the associated financial effects are currently not separately identifiable, or measurement uncertainty remains high.

The financial impacts of climate-related disruptions are influenced by multiple interacting factors, including climate variability, market demand, energy prices, trade programmes and insurance arrangements, making it impracticable to isolate climate-specific financial effects with sufficient reliability for decision-useful disclosure at this stage.

There are inherent uncertainties and judgements involved in modelling climate scenarios and their associated business impacts. There remains uncertainty as to how climate change, including changes in global and regional GHG emissions trajectories, will affect rainfall patterns, temperature extremes and the severity of weather-related hazards in the regions where BAT Malaysia operates. These uncertainties arise from variability in climate projections, limitations in regional downscaling, and the potential for non-linear or unexpected changes in weather behaviour as climate systems evolve.

## SUSTAINABILITY STATEMENT

While BAT Malaysia continues to enhance its climate-related data, systems, and analytical capabilities, it currently does not have the data granularity, modelling maturity, or financial attribution tools required to produce robust quantitative estimates of the full standalone financial effects of all climate-related risks across its operations and value chain. The Management expects the scope, precision, and reliability of climate-related financial disclosures to improve progressively as these capabilities mature.

### 16) Specifically, an entity shall disclose quantitative and qualitative information about:

a) *how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;*

Given this is the first year of implementation, BAT Malaysia intends to improve and enhance its management approach and disclosures progressively. In the interim, BAT Malaysia has applied the various reliefs provided under the NSRF's proportionality mechanism. For specific information on proportionality mechanisms and reliefs applied, please refer to Row 18b.

b) *the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and Financial planning liabilities reported in the related financial statements;*

Thus far, no climate-related risks and opportunities have been identified to pose a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and financial planning liabilities reported in the related financial statements.

c) *how the entity expects its financial position to change over the short-, medium-, and long-term, given its strategy to manage climate-related risks and opportunities; and*

d) *how the entity expects its financial performance and cash flows to change over the short-, medium-, and long-term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue Financial planning from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation)*

Based on the climate scenarios used, BAT Malaysia does not expect material, significant changes to its financial performance or position over the short-, medium-, and long-term. The view is based on current information available and the scenarios assessed, severity and likelihood of identified physical and transition risks, the expected impacts over the short-, medium-, to long-term timeframes, and the existing and future mitigation strategies that BAT Malaysia has undertaken or intends to implement.

Given CAPEX and OPEX are comparatively low as opposed to funding working capital requirements, the Management does not expect material changes to financial performance or financial position.

## SUSTAINABILITY STATEMENT

<b>18) In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an entity shall</b>
<p>a) <i>use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and</i></p> <p>b) <i>use an approach that is commensurate with the skills, capabilities, and resources that are available to the entity for preparing those disclosures</i></p>

In the development of its IFRS S2 disclosures under the NSRF requirements, BAT Malaysia has undertaken a comprehensive approach to developing its disclosures, encompassing structured data collection and cross-functional collaboration to support a collective Management perspective. This is supported by a methodological and strategic approach in the identification and development of its climate risks profile, which includes the undertaking of BAT Malaysia's inaugural CRA workshop.

The approach has been centred on tapping the cross-functional skills, expertise, experiences, and knowledge of a wide range of personnel from BAT Malaysia, supported by an independent sustainability guidance and advisory firm, Joshua Rayan Integrated and Sustainability Reporting Specialists Sdn Bhd (JRC). JRC is an IFRS Sustainability Alliance Member, an IFRS licensed Integrated Reporting Training Partner, and GRI Community Member.

Given this is the first year of implementation, BAT Malaysia intends to improve and enhance its management approach and disclosures progressively. In the interim, BAT Malaysia has applied the various reliefs provided under the NSRF's proportionality mechanism as follows:

<p>Shall use all <b>reasonable and supportable information</b> that is available to the entity at the reporting Date <b>without undue cost or effort</b> for:</p> <ul style="list-style-type: none"> <li>● Identifying CRROs;</li> <li>● Scope of value chain;</li> <li>● Anticipated financial effects;</li> <li>● Climate scenario analysis;</li> <li>● Scope 3 emissions measurement; and</li> <li>● Climate-related metrics (physical risks, transition risks, opportunities).</li> </ul> <p>Shall use an approach that is <b>commensurate with the skills, capabilities and resources</b> that are available to the entity for preparing those disclosures (<b>qualitative approach</b>):</p> <ul style="list-style-type: none"> <li>● Anticipated financial effects; and</li> <li>● Climate scenario analysis.</li> </ul>
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Other reliefs applied, where relevant include:

<b>GHG Emissions Measurement &amp; Scope 3</b>	<p><b>Non-GHG protocol methods</b> can continue to be used (i.e., ongoing jurisdictional-specific standard). <b>Scope 3 exempted</b> first two years (Group 1&amp;2) and three years (Group 3) of application.</p>
<b>Principal Business Segment Focus</b>	<p>Can focus on <b>climate-related disclosures</b> for principal business-segments.</p>

<b>22) An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances (see paragraphs B1–B18). In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:</b>
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BAT Malaysia applied two climate scenarios in assessing and determining its climate related risks and opportunities. The scenarios were integral to develop a set of parameters for expected precipitation; temperature rise and other criteria as well as underlying assumptions and bases for conclusions. These support a more informed approach while determining the severity and likelihood of climate-related risks based on the following:

- Physical risk intensity, reflecting the severity and frequency of climate hazards; and
- Transition risk intensity, reflecting the speed and scale of decarbonisation, regulatory change and market transformation.

# SUSTAINABILITY STATEMENT

Following are the climate scenarios applied by BAT Malaysia as part of its inaugural CRA exercise:

Scenario 1: SSP2-4.5 (IPCC)	Scenario 2: NGFS Net Zero 2050
<ul style="list-style-type: none"> <li>Represents a continuation of current global development trends, with moderate climate policy ambition and gradual decarbonisation.</li> <li>Assumes uneven progress across regions, with incremental adoption of low-carbon technologies, and moderate strengthening of climate policies over time.</li> <li>Transition and physical risks are both assessed as moderate, with increasing regulatory requirements, rising energy costs, and growing climate-related disruptions, but without abrupt policy shifts or severe system shocks.</li> <li>Global temperatures are projected to increase by approximately 1.7°C to 3.2°C by 2100, reflecting an intermediate emissions pathway.</li> </ul>	<ul style="list-style-type: none"> <li>Represents a rapid and coordinated global transition toward a net-zero carbon economy, consistent with limiting global warming to 1.5°C.</li> <li>Assumes the early introduction of stringent climate policies, accelerated deployment of renewable energy, widespread electrification, significant improvements in energy efficiency, and increased use of low- and zero-carbon technologies.</li> <li>Under this scenario, emission reductions are achieved through a combination of switching to low- and zero-carbon alternatives, improvements in energy efficiency, and limited deployment of carbon capture and carbon removal technologies.</li> <li>Carbon pricing mechanisms, sustainability-linked regulations and stricter disclosure requirements are assumed to intensify over time, increasing transition risks for companies that are unable to adapt at sufficient pace.</li> </ul>

BAT Malaysia reviews the underlying assumptions, quantitative inputs, and key findings on an ongoing basis, recalibrating the scenario analysis where necessary to reflect material changes in climate data, policy developments, or business conditions.

*a) the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general-purpose financial reports to understand the: i) implications for the strategy and business model; ii) areas of uncertainty in the assessment; and iii) capacity to adjust or adapt the strategy and business model.*

Disclosure pertaining to resilience provided as per Row 14a. While there are climate-related challenges and uncertainties ahead, we believe that BAT Malaysia is well placed to manage the risks identified (from the climate modelling undertaken based on the two climate scenarios applied including a 2°C or lower scenario) given the mitigation activities established.

*b) how and when the climate-related scenario analysis was carried out*

The climate related scenario analysis as undertaken as part of the BAT Malaysia inaugural CRA workshop.

The CRA was developed specifically for BAT Malaysia's business model and operational context, which includes considerations for the socio-political and legal environment of Malaysia as well as the country's public listing regulatory requirements and other factors including industry trends and developments related to tobacco and the manufacturing sectors.

Both the SSP 2-4.5 and NGFS 2050 scenarios were used as the basis for the development of parameters as explained in Row 22. BAT Malaysia applied two climate scenarios in assessing and determining its climate-related risks and opportunities. The scenarios were integral to develop a set of parameters for expected rainfall (precipitation), temperature rise, for comprehension of potential impacts / implications from existing and future government policies / legislation as well as present and upcoming industry / global developments. These enabled BAT Malaysia to develop company specific underlying assumptions and bases for conclusions to enable a more informed approach in its scenario analysis.

The usage of the scenarios through the CRA also enabled the identification of climate-related opportunities, including resource efficiency improvements, productivity enhancements, and potential value creation in a lower-carbon economy.

23) In preparing disclosures to meet the requirements in paragraphs 13–22, an entity shall refer to and consider the applicability of cross-industry metric categories, as described in paragraph 29, and industry-based metrics associated with disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2 as described in paragraph 32.

Disclosure provided as per Row 12.

## Risk Management

25) An entity shall disclose information about:

a) *the processes and related policies the entity uses to identify, assess, prioritise, and monitor climate-related risks,*

BAT Malaysia identifies and assesses climate related risks and opportunities based on the BAT Group risk management methodology. Hence, sustainability risks including climate risks are captured in the ERR and assessed against five risk impact levels and expressed in financial (quantitative) as well as non-financial (qualitative) terms in accordance with the Group risk scoring.



Climate-related risks are identified and developed through a CRA workshop, which involved cross-functional BAT Malaysia personnel including Sustainability, Risk, Corporate Affairs, Procurement, and Operations and participation of several BAT Malaysia's Leadership Team members.

Development of preliminary findings and subsequent refinement of the climate-related risks are carried out by the Management, and these risks are captured in the CRR. Once approved by the SC, RMC, and the Board, the CRR is integrated into the ERR.

Likelihood assessment considers historical trends, projected climate impacts, and anticipated regulatory developments, while impact assessment considers potential financial, reputational, operational, legal, and safety implications. BAT Malaysia's Risk Matrix is applied to determine the impact and likelihood of occurrence of risks, and overall risk ratings, with assessments conducted on both a gross and net basis to reflect the impact of existing controls and mitigation measures. Through this approach, BAT Malaysia could incorporate and manage climate-related risks within its existing ERM framework, with appropriate oversight, accountability and escalation mechanisms applied in line with its planning horizons.

Opportunities are also identified during the CRA, subsequently refined and then approved by BAT Malaysia's Management for inclusion into business plans and decision-making going forward.

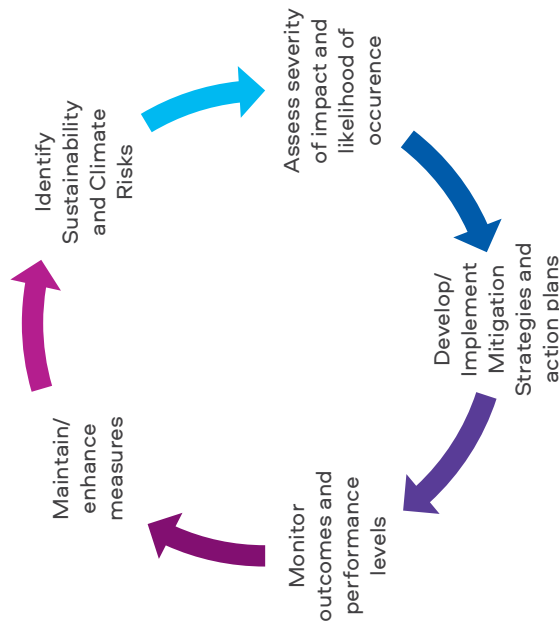
In addition to the aforementioned and the sustainability governance structure, BAT Malaysia is guided by its Environmental Policy Statement which stipulates the following:

- Acknowledgement of climate change as an environmental-related impact;
- To assess for impact within the business model and the value chain;
- Commitment to undertake necessary measures as part of the alignment with UNSDG 13: Climate Action; and
- Tackling climate change by implementing KPIs and targets to drive mitigation and decarbonisation performance.

# SUSTAINABILITY STATEMENT

b) the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and

Following is BAT Malaysia's risk management process implemented in 2025:



c) the extent to which, and how, the processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process

Climate related risks are tracked and reported using the same governance structures, review mechanisms and reporting channels as other principal business risks. Over-arching oversight of climate risks is achieved through the comprehensive sustainability governance structure provided on pages 98 to 99 of the SS2025.

Ownership of the CRR is assigned to the CSO and Corporate and Regulatory Affairs Director. However, mitigation actions may sit with other functions such as Operations, HR or Finance.

Climate-related risks with potential impacts expected to materialise predominantly over the long-term are not formally risk-rated within the ERR at this stage, as its current risk rating framework focuses on short- and medium-term planning horizons. These longer-term risks are instead considered through climate-related scenario analysis, strategic planning processes with a view to progressively enhancing integration as methodologies, data availability and regulatory expectations evolve.

## Metrics and Targets

### 28) An entity shall disclose:

#### a) information relevant to the cross-industry metric categories (see paragraphs 29–31);

BAT Malaysia has adopted the (SASB Sector-Specific Disclosures for the Tobacco sector. Specific details on topics and metrics disclosed on can be found in Market Performance (page 64) and the SASB Content Index (page 251).

#### b) industry-based metrics that are associated with particular business models, activities, or other common features that characterise participation in an industry (see paragraph 32); and

As prior mentioned in Row 12, BAT Malaysia has applied the relevant SASB Sector-Specific Industry Standard, which is the Tobacco standard. Detailed disclosures of relevant metrics can be found at the SASB Content Index disclosures of SS2025 on page 251. This includes quantitative disclosures on GHG emissions (absolute and intensity-based measurements), energy consumption, and progress against decarbonisation initiatives.

To the best knowledge of BAT Malaysia at the time of reporting there are no tobacco industry-based metrics imposed by any regulatory body for disclosure in annual sustainability reporting. However, if any or such disclosures become necessary for compliance or is deemed useful to investors and providers of capital, the Management may choose to include such industry-based metrics in future sustainability reporting.

BAT Malaysia complies and aligns with best practice sustainability reporting frameworks and standards, included a wide range of economic, environmental, social, and governance (ESG) topics, indicators and disclosures in its SS2025.

#### c) targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets (see paragraphs 33–37).

Aligned with the BAT Group's science-based targets and global decarbonisation pathway, BAT Malaysia has adopted the following targets in relation to climate change, energy consumption and emissions:

- 50% reduction in absolute Scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline); and
- Over 50% renewable energy use across own operations by 2030.

This commitment is supported by a defined decarbonisation roadmap with interim milestones designed to guide emissions reduction across BAT Malaysia's own operations.

Progress against these targets is monitored through internal performance tracking, supported by energy consumption data, emissions inventories, and assurance processes related to BAT Group's data as described in the Climate section of SS2025. These metrics inform decision-making, capital allocation, and the prioritisation of decarbonisation initiatives, supporting alignment with BAT Malaysia's broader decarbonisation strategy. BAT Malaysia's climate-related metrics and targets are disclosed in the Climate section on pages 66 to 68 of SS2025.

### 29) An entity shall disclose information relevant to the cross-industry metric categories of:

#### a) greenhouse gases;

Please refer to the Climate section on pages 66 to 68 of SS2025.

#### b) climate-related transition risks—the amount and percentage of assets or business activities vulnerable to climate-related transition risks;

#### c) climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks;

BAT Malaysia's CRA had assessed assets or business activities vulnerable to identified physical or transition climate risk. Such disclosures are provided in Row 9a. Based on the present climate scenarios, no specific assets or percentage of assets were identified as being exposed to significant climate risks. However, BAT Malaysia's Management intends to undertake further analysis to determine if BAT Malaysia's assets such as operational sites may see effects to valuation over the medium- to long-term horizons.

No specific amount and percentage of assets or business activities vulnerable to identified physical or transition climate risks.

## SUSTAINABILITY STATEMENT

### *d) climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities;*

Presently, BAT Malaysia's assets installed with solar energy generation capacity as well as its hybrid vehicles are assets that are aligned to climate-related opportunities. No specific valuation calculations have been undertaken during the financial year. BAT Malaysia will look to undertake such valuations as its approach to climate risks and opportunity identification and management matures progressively over time.

### *e) capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;*

Consistent with the proportionality mechanisms and transition reliefs provided to companies under the NSRF, BAT Malaysia has opted to develop its CRRO disclosures focused on risk identification, risk mitigation and where possible, quantification of both. As BAT Malaysia's maturity in financial quantification as well as data collection improves progressively, other aspects of financial quantification such as CAPEX, financing costs, and investments made will be progressively developed and included as part of the disclosures.

### *f) internal carbon prices—the entity shall disclose: (i) an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and (ii) the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions;*

BAT Malaysia does not implement an internal carbon price (ICP) for its operations. The Management intends to first study national considerations such as the expected plans by the Malaysian Government to introduce carbon tax. Hence, BAT Malaysia will continue to monitor developments on the national front.

### *g) remuneration—the entity shall disclose: (i) a description of whether and how climate-related considerations are factored into executive remuneration (see also paragraph 6(a)(v)); and (ii) the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations*

In 2025, a climate-related performance metric was introduced into the BAT Group's Short-Term Incentive Plan, linking compensation of Executive Directors and wider employees with the decarbonisation of BAT Group's operations. This metric represents 10% of the Short-Term Incentive component of the compensation and considers Scope 1 and 2 greenhouse gas emissions reductions versus the 2020 baseline.

### **32) An entity shall disclose industry-based metrics that are associated with one or more particular business models, activities, or other common features that characterise participation in an industry. In determining the industry-based metrics that the entity discloses, the entity shall refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the Industry-based Guidance on Implementing IFRS S2.**

Disclosed in the following sections:

- Market Performance (page 64); and
- SASB Content Index (page 251).

### **33) An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:**

- a) *the metric used to set the target (see paragraphs B66–B67);*

BAT Malaysia has established the following targets in relation to climate change, energy consumption and emissions:

- 50% reduction in absolute Scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline); and
- Over 50% renewable energy use across own operations by 2030.

Following is further detailed information on the description of the target; the methodology applied to setting the target and the performance / progress achieved as of end 2025:

Target	Metric	Baseline Year	Absolute / Intensity-Based Target	Status
Over 50% renewable energy use across own operations by 2030	GJ	-	Absolute	In 2025, BAT Malaysia achieved 45.62% of renewable energy use. Based on its present trajectory, the Company remains well on track to achieve the 2030 target.
50% reduction absolute in Scope 1 and 2 GHG emissions by 2030 (gross)	CO <sub>2</sub> e Tonnes	2020	Absolute	In 2025, BAT Malaysia achieved 51.91% reduction in Scopes 1 and 2 emissions versus baseline. Based on its present trajectory, the Company remains well on track to achieve the 2030 target.

*b) the objective of the target (for example, mitigation, adaptation, or conformance with science-based initiatives);*

BAT Malaysia's targets are consistent with the targets set by the BAT Group with the latter in line with the Paris agreement. The BAT Group has set near-term 2030 1.5°C-aligned, absolute reduction targets that accommodate Net Zero GHG criteria-and definitions, supported by a range of commitments across energy, waste, water and biodiversity. The Science Based Targets initiative (SBTi) has verified BAT Group's near-term targets for 2030 and Net Zero by 2050.

BAT Malaysia maintains a clear position in support of climate policies aligned with national and global commitments, including the Malaysian Nationally Determined Contributions (NDCs), the National Energy Transition Roadmap (NETR), and the Paris Agreement. This alignment is reflected in our Environmental Policy Statement that outlines commitment to reducing environmental impact, mitigate climate change, and reduce GHG emissions. However, beyond alignment with BAT Group and national developments and policies, BAT Malaysia's KPIs and targets have been established towards driving its decarbonisation pathway, which would reduce exposure to transition risks, notably in the medium- to long-term horizons.

*c) the part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region);*

The targets apply to BAT Malaysia in its entirety and hence, its entire operations.

*d) the period over which the target applies;*

*e) the base period from which progress is measured;*

*f) any milestones and interim targets;*

*g) if the target is quantitative, whether it is an absolute target or an intensity target; and*

Disclosure provided as per Row 33a.

## SUSTAINABILITY STATEMENT

*h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.*

BAT Malaysia's targets are aligned with the targets set by the BAT Group with the latter in line with the Paris agreement. The BAT Group has set near-term 2030 1.5°C-aligned, absolute reduction targets that accommodate Net Zero GHG criteria and definitions, supported by a range of commitments across energy, waste, water and biodiversity.

The SBTi has verified BAT Group's target to reach Net Zero GHG emissions across the value chain by 2050. Hence, BAT Malaysia's targets have been informed or driven by the Paris Agreement as well as the Malaysian Government's NETR that aims to achieve Net Zero carbon as early as 2050.

**34) An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:**

*a) whether the target and the methodology for setting the target have been validated by a third party;*

SBTi has verified the BAT Group target to reach Net Zero GHG emissions across its value chain by 2050 and approved its near- and long-term science-based GHG emissions reduction targets.

*b) the entity's processes for reviewing the target;*

As part of its performance monitoring mechanism, BAT Malaysia's targets are reviewed by its Management, primarily the CSO, the Leadership Team and once approved, escalated to the SC, with updates provided by the CSO on the performance achieved each quarter. Such updates pertain to how performance was achieved, and in the case of non-performance, reasons and plans to rectify performance going forward. The SC deliberates on the information and when approved, the Chairwoman of the CS presents the information to the Board for review and endorsement.

This process is applied to all sustainability related KPIs and targets including climate-related ones such as GHG emissions reductions, and renewable energy use.

*c) the metrics used to monitor progress towards reaching the target; and*

Disclosure provided as per Row 33a.

*d) any revisions to the target and an explanation for those revisions.*

Targets have not been revised during the financial year.

**35) An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.**

Disclosure provided in Row 33a. Additional contextual details provided as follows:

BAT Malaysia's GHG inventory primarily consists of Scope 1 emissions, produced mostly by the Company's vehicle fleet. The absence of Scope 2 emissions is due to the extensive use of self-generated solar derived electricity at various operational sites, as well as use of i-RECs to retire related emissions, thus bringing market-based Scope 2 emissions to zero.

Hence, in 2025, total operational emissions, comprising purely of Scope 1 emissions, had decreased to 933.27 tCO<sub>2</sub>e, compared to the 2020 baseline of 1,940.50 tCO<sub>2</sub>e. This is a 51.91% reduction.

Pertaining to solar energy generated and consumed, BAT Malaysia consumed 11,039 GJ from renewable energy sources in 2025. This amount is equivalent to 45.62% of total energy consumed from all sources.

<b>36) For each greenhouse gas emissions target disclosed in accordance with paragraphs 33–35, an entity shall disclose:</b>
a) which greenhouse gases are covered by the target;
b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;
Disclosure provided as per Row 33a.
c) whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target (see paragraphs B68–B69)
Disclosure provided as per Row 33a.
d) whether the target was derived using a sectoral decarbonization approach
No – consistent with the approach of BAT Group, BAT Malaysia's targets were derived using the Absolute Contraction Approach. This approach requires companies to reduce absolute emissions by an amount that is, at minimum, consistent with the cross-sector pathway and consistent with limiting warming to 1.5 degrees. Source: <a href="https://sciencebasedtargets.org/net-zero">https://sciencebasedtargets.org/net-zero</a> .
e) the entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target.
Carbon offset credits are presently not part of BAT Malaysia's decarbonisation plans or part of its mitigation approach to transition climate risks. BAT Malaysia also does not have any ongoing carbon neutrality initiatives. Carbon credits may be considered as a final strategy after all other strategies and avenues have been exhausted towards offsetting any residual emissions which cannot be avoided due to the nature of business operations.

# SUSTAINABILITY STATEMENT

## Prescribed Table

British American Tobacco Malaysia Berhad IFRS S2						
Date & Time: 2026-03-30_18:09:58 FYE 31/12/2025						
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate	Scope 1 emissions	tCO <sub>2</sub> e	933.27	50% reduction in absolute scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline).	No assurance	Scope 1 emissions had decreased to 933.27 tCO <sub>2</sub> e, versus the 2020 baseline, reflecting a 51.91% reduction.
Climate	Scope 2 emissions	tCO <sub>2</sub> e	Nil	50% reduction in absolute scope 1 and 2 GHG emissions by 2030 (vs. 2020 baseline).	No assurance	Scope 2: Electricity-related emissions have been addressed through the retirement of an equivalent volume of i-RECs. As a result, we report zero Scope 2 emissions.
Climate	Scope 3 emissions	tCO <sub>2</sub> e	-	-	No assurance	Not reported in 2025. BAT Malaysia will begin reporting Scope 3 emissions from 2027 as required by Group 1 Main Market listed issuers.
Climate	Climate-related Transition Risks - Amount and percentage of operations susceptible to climate-related transition risks	Amount (RM'000) and percentage (%)	Nil (0%)	-	No assurance	Based on the present climate scenarios, no specific assets or percentage of assets were identified as being exposed to significant transition climate risks.
Climate	Climate-related Physical Risks - Amount and percentage of operations susceptible to climate-related physical risks	Amount (RM'000) and percentage (%)	Nil (0%)	-	No assurance	Based on the present climate scenarios, no specific assets or percentage of assets were identified as being exposed to significant physical climate risks.

Prescribed Table

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Climate	Capital deployment - the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	RM'000	-	-	No assurance	Consistent with the proportionality mechanisms and transition reliefs provided to companies under the NSRF, BAT Malaysia has opted to develop its CRRO disclosures focused on risk identification, risk mitigation and where possible, quantification of both. As BAT Malaysia's maturity in financial quantification as well as data collection improves progressively, other aspects of financial quantification such as CAPEX, financing costs and investments made will be progressively developed and included as part of the disclosures.
Climate	Climate-related opportunities - the amount and percentage of assets or business activities aligned with climate-related opportunities	RM'000	-	-	No assurance	Presently, BAT Malaysia's assets installed with solar energy generation capacity as well as its hybrid vehicles are assets that are aligned to climate related opportunities. No specific valuation calculations have been undertaken during the financial year.
Climate	Annual sourcing of renewable energy	%	45.62	Over 50% renewable energy use across own operations by 2030.	No assurance	BAT Malaysia has consumed 11,039 gigajoules of renewable energy in 2025. Based on its present trajectory, the Company remains well on track to achieve the 2030 target.