

ENGAGING STAKEHOLDERS

Building and maintaining trust with our stakeholders underpins the success and reputation of Imperial Brands. Through stakeholder collaboration we aim to develop the Company, minimise our environmental impact, make a positive social contribution and uphold high standards of governance. The output of our stakeholder engagement activities is shared with the Board and taken into consideration when making business decisions.



CONSUMERS

Why this stakeholder is important to us

Millions of adults worldwide choose to enjoy our tobacco and NGP products. Meeting their expectations of quality and understanding their evolving needs is vital for the long-term sustainable growth of our business. Engagement with consumers this year has continued to inform brand and product investment decisions, as well as the way we manage our portfolio in markets.



EMPLOYEES

The health, safety and wellbeing of our people has never been more important. In the current climate it is essential that we create a supportive, safe and rewarding work environment that enables employees to continue to deliver our goals and develop their careers. Our 2020 engagement was considerable, as we actively took steps to explain performance issues, leadership changes and the impact of COVID-19 on our operations.



GOVERNMENTS & WIDER SOCIETY

We are transparent about the way we operate and seek to work together with a broad range of authorities and non-governmental organisations to address challenges and realise opportunities. Throughout the year, we continued to engage on regulatory issues and other areas of shared interest. During the coronavirus lockdown we increased engagement with a multitude of societal stakeholders to better understand how we could provide support.



RETAILERS

Our products are sold in a diverse range of outlets worldwide. We seek to develop partnerships that recognise the commercial objectives of retailers and the importance of responsible sales practices. This year's engagement included explaining our customer loyalty programmes and regulatory developments. In the second half, the focus shifted to discuss how we were maintaining product supply in a COVID-19 environment.



SHAREHOLDERS

It is important that we maintain the support of our shareholders and their confidence in the business. Through transparent and regular dialogue, we seek to enable a clear understanding of their opportunities to invest in the Company and the returns that can be delivered. Our engagement this year ensured shareholders were kept updated on financial performance, strategy, ESG matters, leadership changes and the way we responded to the coronavirus pandemic.



SUPPLIERS

We maintain strong relationships with our tobacco, non-tobacco and NGP suppliers to ensure sustainable supply and business continuity. We seek to work with suppliers to identify and action opportunities to improve our collective impact on society. This year we engaged with key suppliers on carbon emissions and reduction targets. We also allocated a proportion of our Leaf Partnership funds to support COVID-19 related initiatives within our tobacco supply chain.

► [Read more about our stakeholder engagement on page 68](#)

This section of the report provides an overview of the dialogue we had with our key stakeholders during the year. They are presented in alphabetical order and for each stakeholder group, we set out why they are important to us, what matters to them and our key areas of engagement. We anticipate that the strategic review will be an area of significant engagement in 2021. Further information on our stakeholder engagement and how the Board has considered stakeholders when making key decisions can be found on page 68.

What matters to these stakeholders

- Choice and satisfaction
- Product quality and availability
- Innovation
- Potentially less harmful Next Generation Products
- Affordability and value
- Responsible marketing practices
- Impact of COVID-19

Engagement in 2020

- Consumer panel testing
- Ongoing focus on product stewardship
- Consumer services
- Product innovation and quality investments
- Board consideration of right-sizing our investment behind NGP
- Audit Committee review of NGP provisioning

- Impact of COVID-19
- Health, safety and wellbeing
- Support for local communities
- Flexible ways of working
- Reward
- Business change explained
- Career development opportunities
- Diversity, inclusion and belonging
- Ethics and responsibility
- How we manage our ESG responsibilities

- Regular Group, functional and local communications
- CEO town hall meetings and market visits (mostly virtual in the second half)
- Regular communications from the Board and ExCom
- Employee engagement surveys

- Explaining the role of the new Workforce Engagement Director
- Training, development and learning programmes
- Feedback from surveys and town hall meetings used by the Board to develop future engagement activities

- Reliable taxation and excise revenues
- Public health impacts
- Countering illicit trade and youth access
- Responsible use of natural resources
- Community investment
- Impact of COVID-19

- Collaboration with law enforcement agencies to combat illicit trade
- Submissions to peer-reviewed journals
- Science-based carbon reduction targets
- Sustainability reporting

- CDP environmental disclosure
- Board approval of Modern Slavery Statement
- Audit Committee and Board review of tax audits and litigation and approval of provisions

- A diverse portfolio of quality products
- Profitable growth opportunities
- Expert sales and technical advice
- Effective account management
- Support to address illicit trade and underage sales
- Impact of COVID-19

- Customer loyalty programmes
- Support for youth access prevention

- Support to ensure regulatory compliance
- Investment in anti-illicit trade investigations
- Data and insights gathered from CEO market visits shared with Board and informed strategic review

- Credible strategy
- Robust business model
- Strong and sustainable returns
- Trusted leadership
- Transparent disclosure
- Executive Remuneration Policy
- Corporate governance
- Environmental, social and governance performance
- Impact of COVID-19

- Stock exchange and results announcements
- Investor meetings including updating on review of the Remuneration Policy
- CEO and Board meetings
- Annual General Meeting
- Annual Report & Accounts

- Shareholder information on website
- ESG webinar on sustainability strategy and farmer welfare
- Participation at CAGNY consumer goods conference
- ESG ratings submissions

- Fair contract and payment terms
- Impact of COVID-19
- Business continuity
- Environmental, Social and Governance performance
- Maximising quality tobacco yields
- Collaboration opportunities

- Supplier qualification programme
- Vendor rating system and engagement
- Sustainable Tobacco Programme enhancements

- Ongoing engagement and performance reviews
- Carbon emissions webinar
- Leaf Partnership funds