

## — PERFORMANCE OVERVIEW —

TOBACCO & NGP NET REVENUE\*

£8.0bn

+0.8%

ADJUSTED EARNINGS PER SHARE\*

254.4p

-5.6%

DIVIDEND PER SHARE\*\*

137.7p

-33.3%

ASSET BRAND NET REVENUE\*

£5.2bn

+1.0%

REPORTED EARNINGS PER SHARE

158.3p

+49.3%

\* Movement on a constant currency basis.

\*\* Rebased by a third to accelerate debt repayment.

► **More detailed information on how we measure progress against our financial and non-financial key performance indicators can be found on pages 12-13**

### Performance measures used throughout the report

#### Reported (GAAP)

Complies with International Financial Reporting Standards and the relevant legislation.

#### Adjusted (Non-GAAP)

Non-GAAP measures provide a useful comparison of performance from one period to the next. Reconciliations can be found in notes 3, 6, 8, 10 and 31.

#### Constant currency basis

Removes the effect of exchange rate movements on the translation of the results of our overseas operations. We translate current year results at prior year foreign exchange rates.

#### Market share

Market share data is presented as a 12-month moving average weighted across the markets in which we operate.

#### Stick equivalent

Stick equivalent volumes reflect our combined cigarette, fine cut tobacco, cigar and snus volumes.

## — NON-FINANCIAL INFORMATION STATEMENT —

The following table constitutes our Non-Financial Information Statement in compliance with Sections 414CA and 414CB of the Companies Act 2006. The information listed is incorporated by cross-reference. Additional Non-Financial Information is also available on our website [www.imperialbrands.com](http://www.imperialbrands.com).

Reporting requirement	Policies and standards which govern our approach <sup>1</sup>	Information necessary to understand our business and its impact, policy due diligence and outcomes	
Environmental matters	<ul style="list-style-type: none"> <li>Occupational health, safety and environmental policy and framework</li> <li>Sustainable tobacco programme</li> </ul>	Environmental targets	13, 20, 21, 22
		International management systems	22, 24
		Climate and energy	13, 20, 21, 23, 45
		Reducing waste	13, 20, 21
		Sustainable tobacco supply	20, 21
		Employees	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Group-wide employment policy</li> <li>Fairness at work policy</li> <li>Occupational health, safety and environmental policy and framework</li> </ul>
Respect for human rights	<ul style="list-style-type: none"> <li>Human rights policy</li> <li>Code of Conduct</li> <li>Supplier Code</li> <li>Supplier qualification programme</li> <li>Modern slavery statement</li> <li>Speaking Up policy</li> </ul>	Workforce Engagement Director	18
		Workplace health and safety	13, 24, 25
		International management systems	22, 24
		Lost time accident (LTA) rate	13, 24
		Diverse and engaged workforce	18, 19
		Workforce Engagement Director	18
Social matters	<ul style="list-style-type: none"> <li>International marketing standards</li> <li>Fontem marketing standards</li> <li>Policy on taxation</li> <li>Community contributions and volunteering policy</li> <li>Information security policy</li> </ul>	Workplace health and safety	13, 24, 25
		International management systems	22, 24
		Responsible operations and people	20-28
		Youth access prevention	27
Anti-corruption and anti-bribery	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Fraud risk management policy</li> <li>Speaking Up policy</li> <li>Finance manual</li> <li>Group control matrix</li> </ul>	Charitable and political donations	87
		How we manage risk	42
		Governance, risk management and internal control	82, 83
		Description of principal risks and impact of business activity	<ul style="list-style-type: none"> <li>Principal risks and uncertainties</li> <li>Governance, risk management and internal control</li> </ul>
Description of the business model	<ul style="list-style-type: none"> <li>Our business model</li> </ul>		11
Non-financial key performance indicators	<ul style="list-style-type: none"> <li>Key performance indicators</li> <li>Sustainability performance indicators</li> </ul>		12, 13
			13, 22, 24, 26

1. Not all of our Group policies and standards are publicly available.

# LOOKING TO THE FUTURE WITH CONFIDENCE

Thérèse Esperdy is the new Chair of Imperial, having previously served as Senior Independent Director since May 2019. Thérèse joined the Board in July 2016 and was appointed Chair on 1 January 2020.



## DEAR SHAREHOLDERS

This was a year of significant change, in which the Board took decisive action to address performance issues and strengthen leadership capabilities. After appointing a new Chief Executive Officer, we initiated a strategic review of the Company that is assessing all aspects of our strategy, business model, culture and purpose. The results will be shared with stakeholders in January 2021.

The actions we have taken underpin our commitment to create a more consumer focused organisation that will deliver stronger and more consistent results in both tobacco and next generation products (NGP). The Board firmly believes Imperial has great potential and we will continue to make the improvements required to realise the value creation opportunities that lie ahead.

*“The Board firmly believes Imperial has great potential and we will continue to make the improvements required to realise the value creation opportunities that lie ahead.”*

Our new CEO Stefan Bomhard will be instrumental in realising these opportunities. He joined the Board on 1 July 2020, following five successful years as CEO at Inchcape, the global automotive distribution and retail company. He brings significant brand-building and consumer-led sales and marketing experience from large multinational organisations across multiple sectors.

Stefan is our first external CEO and is providing a fresh perspective at a pivotal time for the business. As well as leading Imperial through the final quarter of the year, Stefan has been strengthening the Executive Committee (ExCom) to ensure we have the skills, experience and capabilities required to realise our ambitions.

## COVID-19

The commitment of our employees has enabled us to respond effectively to the challenges posed by COVID-19. We continued to prioritise their health and safety as we entered the second wave of the pandemic. On behalf of the Board, I would like to thank all our people around the world for their support and dedication.

The vast majority of our manufacturing sites operated throughout the coronavirus crisis, ensuring we maintained supply to our consumers. Employees in other functions worked from home and many continue to do so, as we embed new and more flexible ways of working.

The Board was highly engaged in the way the organisation responded to the situation. At the height of the pandemic, the safety of our people and the performance of the business were the most important agenda items in all formal and informal Board meetings.

I was in contact with our executive and senior management team throughout, and the Board received detailed weekly update reports. A series of additional Board calls with senior leaders was established to enable Non-Executive Directors to hear and discuss how the business was responding. Although the level of engagement was adjusted as the situation stabilised during the second half of the year, the Board continues to receive regular updates.

## STATEMENT ON SECTION 172 OF THE COMPANIES ACT 2006

The ongoing sustainable success of the business is dependent on our relationship with a wide range of stakeholders, including shareholders, consumers, employees, suppliers, retailers, governments and non-governmental organisations.

Your Board seeks to consider the interests of all relevant stakeholders when reaching decisions.

Throughout this report you will find information about how the Board operates and makes decisions in accordance with Section 172 of the Companies Act, which states that:

- A director of a company must act in the way he/ she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
  - a. the likely consequences of any decision in the long term,
  - b. the interests of the company's employees,
  - c. the need to foster the company's business relationships with suppliers, customers and others,
  - d. the impact of the company's operations on the community and the environment,
  - e. the desirability of the company maintaining a reputation for high standards of business conduct, and
  - f. the need to act fairly as between members of the company.

► See pages 14, 15 and 68 for more information

## Balance sheet and dividend

COVID-19 impacted the timing of the completion of the sale of our Premium Cigar business in the year. The transaction was completed in the first quarter of the new financial year realising proceeds of €1.1 billion, which will be used to reduce debt.

The importance of deleveraging to strengthen the balance sheet and support a more flexible approach to capital allocation has been heightened by the uncertainty and volatility of the current environment.

With that in mind, the Board decided in May to rebase the dividend by one-third to accelerate debt repayment. Going forward, we will retain a progressive dividend policy, with the dividend growing annually from the rebased level, taking into account underlying business performance.

## Board engagement

Given the level of change during the year, it was imperative for myself and the Board to step up our stakeholder engagement. My focus was on shareholders and employees.

I have regularly engaged with shareholders throughout the year, recognising the need to hear their concerns directly and to inform them of the steps we are taking to address performance issues, as well as updating them on our progress with the Chair, CEO and CFO transitions. I have welcomed engagement through the Investor Forum, which has provided a useful conduit to address shareholder concerns. We have also had constructive dialogue with shareholders on the proposed new Remuneration Policy.

*“Given the level of change during the year, it was imperative for myself and the Board to step up our stakeholder engagement.”*

My communication with employees was focused on keeping them updated on the appointment of Stefan, including introducing him to the business. I have also engaged with our people on the importance of working together to create a new and inclusive culture that will support the new strategy and embrace diversity and equality.

## Environmental, social and governance responsibilities

Our sustainability strategy is integral to our long-term success and frames the way we manage our environmental, social and governance (ESG) responsibilities. ESG considerations inform the way we run the business and are regularly assessed by the Board.

One of my first actions as Chair was to establish an ESG Steering Committee to provide greater oversight of the way we address ESG issues. The committee is chaired by me and is comprised of senior leaders from across the business.

The committee's initial focus has been to establish key performance indicators for our main ESG responsibilities. We will start reporting against these new KPIs in the 2021 financial year, once they have been aligned with the refreshed corporate strategy.

### Board changes

My predecessor Mark Williamson, who served on the Board for 13 years, including six as Chairman, stepped down in December and I would like to thank him for the significant contribution he made to Imperial over the years.

Former Chief Executive Alison Cooper and Chief Development Officer Matthew Phillips left the business in February and Dominic Brisby (Divisional Director, Americas, Africa, Asia and Australasia) and Joerg Biebnick (Divisional Director, Europe) assumed the roles of Joint Interim CEOs, until Stefan's appointment.

Dominic and Joerg took on these roles just weeks before the coronavirus pandemic worsened, leading to lockdown restrictions across our markets. I would like to thank them for stepping up to lead the business in such challenging circumstances. Both have returned to their divisional roles, reporting to Stefan.

In June Karen Witts, Chair of the Audit Committee, stepped down from the Board after six years as a Non-Executive Director. Jon Stanton, who has been a member of the Audit Committee since May 2019 and has the required relevant financial experience, took over as Chair of the Audit Committee. My thanks to Karen for her considerable contribution.

In July we welcomed Pierre-Jean Sivignon to the Board as Non-Executive Director and a member of the Audit Committee. Pierre-Jean is an experienced finance professional, having held Chief Financial Officer positions at a number of companies including the global retailer Groupe Carrefour, where he was also deputy Chief Executive Officer. Pierre-Jean's international financial expertise in customer facing businesses will be of great value to Imperial.

Bob Kunze-Concewitz, Chief Executive of Campari Group, will join the Board on 1 November 2020. Bob has a wealth of international business experience and is particularly skilled at marketing, having held a number of senior roles at leading FMCG companies. His skills and capabilities will be another strong addition to the Board.

I was pleased that Sue Clark agreed to succeed me as Senior Independent Director in January. Sue is also Chair of the Remuneration Committee and has been leading the current Remuneration Policy review, which will be put to shareholders for approval at the Annual General Meeting in February 2021.

These appointments reflect my drive to reshape the Board and strengthen its capabilities to bring real insight and experience from the consumer and retailer sectors. I am determined to improve the diversity of the Board going forward to ensure we have the best possible mix of skills, experience and perspectives to support the business.

*"Stefan's arrival has energised Imperial. He brings focus and discipline to the business and has rapidly built strong relationships with employees, who are providing him with their full support."*

### The year ahead

2020 was a year of substantial change and we look to the future with renewed optimism and confidence.

Stefan's arrival has energised Imperial. He brings focus and discipline to the business and has rapidly built strong relationships with employees, who are providing him with their full support.

The Board is working with Stefan to finalise the strategic review and we look forward to updating stakeholders early in the 2021 calendar year. Tobacco will continue to be the core focus, supported by stronger, more disciplined NGP operations. Our key aim is to ensure that over time, we deliver a better and more consistent performance that will create long-term sustainable value.



**THÉRÈSE ESPERDY**

Chair



# FOCUSED ON VALUE CREATION

Stefan Bomhard joined Imperial as the Chief Executive on 1 July 2020. Stefan has significant experience across multiple consumer sectors and within large multinational organisations, particularly in brand building and consumer-led sales and marketing.



## 1. What attracted you to Imperial Brands?

Imperial is a great consumer business that, despite the best efforts of employees, has not lived up to its potential in recent times. So, the attraction for me is the opportunity to lead a revitalised team that over time can deliver stronger results and create long-term value.

*“I want us to become a successful consumer centric company that we can all be proud of.”*

The foundations for building a successful consumer centric company that we can all be proud of are very much here.

I believe in freedom of choice and respect the preferences of millions of adult smokers around the world who choose to enjoy combustible tobacco products. Although we have some classic tobacco brands, not all of them are performing as well as we'd like and we need to address that and make sure our core consumer offerings stay fresh and relevant.

I also want us to make a meaningful contribution to harm reduction and reduce the public health impact of smoking. This means, of course, that we need a significantly stronger NGP business. So, this is another key area for us to focus on. We need to take a more disciplined approach to capital investment to ensure that over time, NGP delivers attractive returns.

## 2. Why are you qualified for the role of CEO?

In terms of my qualifications for the role of CEO, I think I have the qualities needed to deliver the necessary performance improvements. I have accrued significant experience in the consumer and retail sector at companies such as Unilever, Cadbury, Burger King, Bacardi and Procter & Gamble.

More recently I was CEO at Inchcape for five years and during that time I reinvigorated the strategy and delivered transformational change and an improved performance.

I have always enjoyed being in businesses and sectors that are going through change, and that is certainly the case for Imperial and tobacco, which presents both challenges and opportunities.

I'm also attracted by the fact that Imperial is not the market leader. I have experience of working for companies that are the number two or number three players and I like the way that drives the need to work harder and smarter to identify your point of competitive difference.

So, my track record and experience are relevant to Imperial at this time of change. I also think it's significant that I am coming into the business with no background in tobacco or NGP. I am the first external CEO Imperial has appointed and that enables me to bring a new and fresh perspective, although it's clear that delivering the stronger performance we all want to see will take time.

### 3. How have you approached your first months in the business?

There were a number of priorities. First, stay focused on the great work the business has been doing to protect the health, safety and wellbeing of our people during the coronavirus pandemic.

Second, start to address the strategy and performance issues. As I've said, despite best efforts, the strategy and business model are clearly not delivering what our stakeholders expect and we need to tackle this. I have started by instilling greater discipline into the way the business operates, stemming the losses in NGP and embedding a more rigorous approach to tracking performance. The work we are doing on reviewing the strategy and business model is progressing well and I expect to be able to share the results in the first quarter of calendar year 2021.

Thirdly, I also prioritised engagement with employees, consumers and customers. Opportunities for actual market visits have obviously been limited due to COVID-19 but I have managed to meet retailers and consumers on the ground and have engaged physically or virtually with thousands of employees across all our main markets and functions. That was very enjoyable and informative and has really helped me build my knowledge and understanding of Imperial. All my stakeholder engagement is adding to the data and insights that are informing the strategic review.

### 4. You've also expanded the Executive Committee (ExCom) with a number of external appointments who are all new to tobacco. Was it important for you to appoint people from different sectors?

Yes, it's very important because we need new skills and fresh thinking for a changing industry. We have plenty of tobacco expertise in the management team, which of course is important. What we're doing now is adding to that by bringing in additional skills and capabilities that Imperial hasn't had at the top level of the business before and I have to say, it's proving really valuable in terms of shaping the new strategy.

Similarly, Thérèse has taken steps to strengthen the Board, appointing two new Non-Executive Directors who both bring a wealth of different international business experience.

### MY INITIAL KEY PRIORITIES



FOCUS ON EMPLOYEE HEALTH AND SAFETY



LEAD THE STRATEGIC REVIEW



STRENGTHEN PERFORMANCE MANAGEMENT



ENGAGE WITH KEY STAKEHOLDERS



VISIT AS MANY MARKETS AS POSSIBLE



GATHER DATA AND INSIGHTS



STRENGTHEN EXECUTIVE COMMITTEE

### 5. What are your initial impressions of Imperial?

At a headline level, it's mostly as I expected. We have a solid, resilient tobacco business with good brands but the performance has not been as good as it could have been, particularly in terms of the market share losses Imperial has incurred over recent years.

NGP has clearly underperformed and investment has not delivered the expected returns. As I've said, NGP absolutely has a role to play in Imperial's future but we will take a much more prudent approach, built around a tightly focused business model.

Although there is a lot we need to change, there are also areas of real excellence in the business that we must make sure we preserve. Our manufacturing and supply chain operations, for example, are truly competitive within our industry, and we have experienced minimal disruption across our factory footprint during the coronavirus pandemic.

**CEO Stefan Bomhard visits a tobacconist in Madrid.**

Our approach to customer engagement is also impressive. We have strong retail partnerships, which is critical given the role retailers can play in influencing consumer brand and product choices.

Finally, there's our people. I have been truly excited to see their energy, passion and overall willingness to embrace change. I appreciate all their support so far and the honesty they have shown. I feel confident that by working together we will deliver stronger and more consistent results over time.

*“NGP absolutely has a role to play in Imperial's future but we will take a much more prudent approach, built around a tightly focused business model.”*

**6. How has COVID-19 impacted your operations?**

Imperial has shown resilience and the employees have done an exceptional job in keeping the business going and elsewhere in the report we quite rightly celebrate their extraordinary efforts.

Many of our people have worked from home for prolonged periods of time and we've ensured they've received all the support they need to create the right working environment.

Most of our factories stayed open and operational, which is another tremendous achievement, although of course the layout of the facilities and shift patterns had to change to enable us to adhere to local government health and safety guidelines. Also I'm pleased to say that we didn't furlough any employees, implement any pay cuts or make any redundancies as a result of COVID-19.

**7. Imperial's performance has had a considerable impact on the share price. What is your message to shareholders?**

I empathise with anyone who has invested in Imperial and has then seen the value of that investment decline so significantly. Many of our employees are shareholders and they have expressed their frustrations to me, as have some of our larger investors.



So, I very much understand the concerns and my message is this: we are going to address the performance of the business and once results start to strengthen, we will start to win back the trust and confidence of shareholders and other stakeholders, which is critical for rebuilding the valuation.

*“We are going to address the performance of the business and once results start to strengthen, we will start to win back the trust and confidence of shareholders and other stakeholders.”*

**8. What do you see as the key challenges and opportunities in both tobacco and NGP?**

The challenges in tobacco are around managing declining volumes and increasing regulation, while growing returns. Imperial has a solid tobacco business with a good portfolio of brands and we have the opportunity to deliver better results over time. This will require improvements in our share performance, especially in our large markets, where we've suffered declines for a number of years, although we have started to see some improvements in recent months.

I've touched on the difficulties Imperial has had in NGP. As part of the strategic review, we are assessing our assets and capabilities in this space and the role they can play in meeting consumer needs for reduced risk products. In my view, no company has yet found the NGP solution that truly meets the expectations of adult smokers, so there is everything to play for.

**9. You say you're committed to harm reduction? What will that mean for your NGP operations?**

NGP has a role to play going forward and I want to be clear about that. The strategic review will define exactly what the new NGP business model looks like and as that is ongoing it would be premature to go into detail at this stage.

But, as I've said, we are now taking a different approach that is more disciplined and focused. In vapour, for example, we have historically had commercial plans that were far too ambitious, which resulted in significant NGP write-downs, which is not sustainable.

**10. What is your broader view on the Company's ESG (environmental, social and governance) responsibilities?**

The first point to make here is that ESG considerations are being factored into the strategic review.

I think we have a compelling and credible sustainability strategy, with clearly defined ESG priorities. This is important, given the controversial nature of our products and the level of stakeholder scrutiny we quite rightly receive.

As I've said, we need to do better in NGP to be able to deliver against our consumer health and harm reduction ambitions but if I look at the progress we're making in other areas, there's much to be pleased with.

On climate and energy, for instance, we have stretching long-term goals, with our carbon reduction targets validated and approved by the Science Based Targets initiative. We were also awarded an A rating by CDP for our commitment to addressing climate change and supplier engagement.

One area that has required attention is transparency around the way we measure performance. For some ESG issues, we have robust key performance indicators (KPIs) that we publicly report against, for others we have none. That will be changing this fiscal year.

The ESG Steering Committee has been working with the business to identify and agree appropriate KPIs for all our priority ESG issues. That work is complete and once these additional KPIs have been validated against the new strategy we will make them publicly available.

*“Regular stakeholder engagement is very important to me. I'm also passionate about delivery and firmly believe a commitment is a commitment.”*

**11. How would you describe your leadership style?**

I have a very open and honest style and I encourage others to behave in the same way. Teamwork is also very important to me. In my experience, employees working together and truly collaborating for the good of the company, always get the best results.

The CEO needs to lead the culture of the business and in my view, the best culture is underpinned by transparency and engagement. In my first 100 days I hosted 300 internal meetings, connecting with thousands of employees in the process, and this enabled me to get authentic insights into the issues we need to work together to address.

Early on, I spoke with some of our largest shareholders and, as I've said, I have also listened to the views of consumers and retailers. Regular stakeholder engagement is very important to me. I'm also passionate about delivery and firmly believe a commitment is a commitment. In other words, if we say we will deliver something, we will deliver it.

**12. Why are you so optimistic about the future of Imperial Brands?**

If I didn't think that over time we could turn things around and create a brighter future for our stakeholders, I wouldn't have taken the CEO role.

*“Imperial has many attractive qualities, including its people, brands and market positions.”*

Imperial has many attractive qualities, including its people, brands and market positions. These are the foundations of a successful business and I truly believe that over time, we can leverage these assets to drive a stronger performance.

The people in particular have really impressed me. The way employees have welcomed me to the business and their receptiveness to change and new ways of working have been great to see and only reinforces my confidence.

So, the potential is absolutely there. We are very focused on making the right strategic choices to strengthen results and the work we are doing on reviewing our strategy, business model and culture is progressing well.

It takes time to change a large organisation but I am excited about the future and convinced that with a clearer focus and better execution, we will deliver a new era of success that will create long-term value for stakeholders.



**STEFAN BOMHARD**

Chief Executive

## A STRENGTHENED EXECUTIVE COMMITTEE



**STEFAN BOMHARD**  
Chief Executive Officer

Stefan delivered successful transformational change during a five-year tenure as CEO of Inchcape. He has also held senior roles at Bacardi, Cadbury, Diageo, Unilever and Procter & Gamble.



**ALISON CLARKE**  
Chief People and Culture Officer

Alison is a highly experienced business leader. She was Chief Human Resource Officer at Inchcape and held a number of senior positions at Whitbread, Ford and United Utilities.



**OLIVER TANT\***  
Chief Financial Officer

Oliver held a number of senior positions in a 32-year career at KPMG, including Global Managing Director Financial Advisory and Private Equity Division and Head of UK Audit.



**MURRAY MCGOWAN**  
Group Strategy and Transformation Director

Murray has a strong background in strategy gleaned from strategic and operational leadership roles for Costa Coffee, Yum! Brands, Cadbury, The Restaurant Group and McKinsey & Company.



**JOERG BIEBERNICK**  
Division Director, Europe

Joerg's considerable consumer goods sector experience in Europe and the US includes senior roles at Kimberly Clark, Georgia Pacific and Procter & Gamble.



**WALTER PRINZ\*\***  
Group Manufacturing & Supply Chain Director

Walter joined Reemtsma in 1987 and has held a number of senior roles at Imperial including Research & Development Director and Director of Product Development and Purchasing.



**DOMINIC BRISBY**  
Division Director, Americas, Africa, Asia & Australasia

Dominic has held a number of senior positions since joining Imperial in 1999. He was appointed Division Director in 2013 and has been a member of the Executive Committee since 2014.

\* In August 2020, Oliver Tant announced that he planned to retire once a suitable successor had been found.

\*\* In October 2020, Walter Prinz announced that he would be retiring in the 2021 financial year. He will be succeeded by Javier Huerta, Executive Vice President Supply Chain for Foods and Refreshment at Unilever.

# RESPONDING TO EVOLVING TRENDS

Our regulatory environment continues to evolve rapidly, with smokers increasingly likely to consume more than one type of product from a wide range of nicotine categories.

Nevertheless, the value of the world tobacco market remains significant at approximately US\$705 billion (excluding China), with over 5,300 billion cigarettes consumed a year by 19 per cent of the world's adult population. Social change, regulation and innovation are combining to influence nicotine consumption trends, with a number of smokers transitioning to potentially less harmful next generation products (NGP) such as vapour, oral nicotine and heated tobacco.

This is an example of harm reduction, a pragmatic public health approach that focuses on reducing the negative impacts of an activity rather than eliminating the behaviour itself. Our new CEO Stefan Bomhard is actively considering the role NGP and harm reduction will play in Imperial's future as part of his strategic review.

A key focus to date has been to enhance the consumer experience through innovation and to share our scientific and other expertise. Constructive engagement in support of legislative frameworks that raise industry standards and give smokers the confidence to try NGP is essential if these products are to flourish.



## TOBACCO PRODUCTS

Tobacco continues to be highly regulated and we are experienced in monitoring and managing the impact of legislation.

We believe tobacco control policies should recognise the public health potential of NGP and we encourage regulators to draw on our expertise when considering legislative measures.

As much as we wish to realise the potential of our NGP, we recognise that many adults still choose to smoke and it's important they are supplied by responsible, legitimate companies like Imperial.

Our responsible approach is enshrined in our International Marketing Standard, which is published on our corporate website.

We actively support reasonable regulation, especially when it aims to reduce illicit trade and stop youth smoking.

We also support appropriate ingredients disclosure and agree that tobacco products should display written health warnings. We oppose disproportionate regulation, such as plain packaging which, combined with high taxes, can fuel illicit trade.

The consequences of illicit trade are considerable, as youths can more easily obtain cigarettes, smokers are deprived of the quality they expect and governments and retailers lose revenue.

We are committed to tackling illicit trade, applying stringent controls to our distributors and employing a dedicated team of specialists to lead our anti-illicit trade initiatives. In 2020, the intelligence we shared with these agencies resulted in the seizure of around 200 million illicit cigarettes and the closure of three manufacturing facilities producing counterfeit product.



## NEXT GENERATION PRODUCTS

To ensure that the benefits of harm reduction are realised, it is imperative that NGP are shown to be potentially safer than combustible alternatives, have the ability to meet the needs of adult smokers and do not encourage non-smokers or youths to start using NGP. As a responsible organisation, we work hard to ensure that our NGP portfolio and sales and marketing activities pass these tests.

In the USA, we have submitted a substantial volume of clinical, technical and behavioural science to the Food and Drug Administration to support our vapour products. We have also supported government efforts to promote the responsible development of the category through higher product and marketing standards.

The responsible approach we take is outlined in our E-vapour Products Marketing Standard, which is published on our corporate website.

We believe that a robust and comprehensive scientific assessment of the relative risk of NGP compared to cigarettes should form the basis of evidence-based global regulation.

For example, a significant body of evidence demonstrates that vapour flavours play a critical role in attracting adult smokers and preventing their return to combustible tobacco. Bans on the sale of flavoured liquids are therefore disproportionate and unjustified in our view.

Smokers should receive clear messages about the potential health benefits of NGP, and we oppose regulatory action based on poor science or public misconceptions.

Negative news flow, combined with widely differing levels of understanding about harm reduction, has undermined confidence in certain NGP, and we continue to engage with regulators to highlight and discuss quality scientific evidence.

# OUR BUSINESS MODEL AND STRATEGY

Our new CEO Stefan Bomhard is leading a review of our business model, strategy and culture and will provide an update in the first quarter of calendar year 2021. Throughout the financial year, our strategic focus has been on driving performance in three areas: Tobacco, Next Generation Products and Cost and Cash. High standards of governance and a robust sustainability strategy that seeks to enable the business to grow and create value, underpin our commercial ambitions. We sell our products through three divisions, as set out in the Operating Review.

Our business model depends on high operating margins, which deliver the strong cash flows that are a hallmark of the Company. We use the cash we generate to reinvest to support growth, pay down debt or return to shareholders. When we are successful we are able to create value for a broad range of stakeholders. People are at the centre of everything we do and as part of his review, Stefan is also examining how we need to redefine our culture and purpose to support the consistent delivery of the new strategy.



# HOW WE MEASURE PERFORMANCE

We use these key performance indicators and the metrics in the Operating Review to assess the progress we are making in delivering our strategy. As the strategy evolves in the coming year, these measures could potentially change to reflect our new strategic priorities.

2020	£8.0bn	2020	254.4p	2020	£5.2bn
2019	£8.0bn	2019	272.3p*	2019	£5.2bn*
2018	£7.7bn	2018	272.2p	2018	£5.0bn

## TOBACCO & NGP NET REVENUE (£BN)<sup>1</sup>

### Performance

Tobacco & NGP net revenue was down 0.1 per cent at actual exchange rates but grew by 0.8 per cent on a constant currency basis. Tobacco net revenue increased by 1.8 per cent and NGP revenue was down by 27.0 per cent at constant currency.

### Definition

Tobacco & NGP net revenue comprises tobacco and NGP revenue less duty and similar items, excluding peripheral products

## ADJUSTED EARNINGS PER SHARE<sup>1</sup> (PENCE)

### Performance

Adjusted earnings per share was down 5.6 per cent on a constant currency basis. Reported earnings per share was up 49.4 per cent. This is explained in the Financial Review.

### Definition

Adjusted earnings per share represents adjusted profit after tax attributable to the equity holders of the Company divided by the weighted average number of shares in issue during the period, excluding shares held to satisfy employee share plans and shares purchased by the Company and held as treasury shares.

\* 2019 EPS restated to exclude other income.

## ASSET BRANDS NET REVENUE (£BN)

### Performance

Asset Brands net revenue increased by 1.0 per cent on a constant currency basis. Asset Brands account for 64.8 per cent of our total revenue, up 10 basis points on last year.

### Definition

Asset Brands net revenue is revenue from our most important tobacco and NGP brands less duty and similar items, excluding peripheral products.

\* Asset Brand net revenue restated to incorporate revised brand definitions.

2020	41.2%	2020	137.7p	2020	13.2%
2019	44.1%	2019	206.6p	2019	14.4%
2018	46.0%	2018	187.8p	2018	14.2%

## TOBACCO & NGP OPERATING MARGIN (%)

### Performance

Margins have declined with NGP write-downs, further NGP losses, COVID-19 related costs and increased regulatory costs.

### Definition

Tobacco & NGP operating margin is adjusted operating profit divided by tobacco and NGP net revenue expressed as a percentage.

## DIVIDEND PER SHARE (PENCE)

### Performance

As announced in May 2020, we rebased our dividend by one-third to accelerate debt repayment. We retain a progressive dividend policy, growing annually from the rebased level.

### Definition

Dividend per share represents the total annual dividends, being the sum of the paid interim dividend and the proposed final dividend for the financial year.

## RETURN ON INVESTED CAPITAL (%)

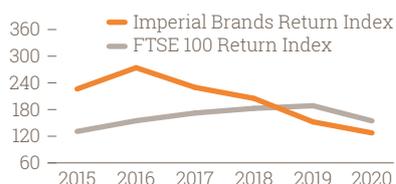
### Performance

Return on invested capital reduced in the year impacted by lower tobacco and NGP profitability.

### Definition

Return on invested capital measures the effectiveness of capital allocation and is calculated by dividing adjusted net operating profit after tax by invested capital. Invested capital is adjusted total equity and reported net debt.

1. KPIs used as bonus and LTIP performance criteria for Executive Directors. See Remuneration Report on page 113 for more information.  
2. 2020 data has been independently assured by EY. Our Reporting Criteria Document contains detail on definition and scope of all non-financial KPIs. See [www.imperialbrandsplc.com/sustainability](http://www.imperialbrandsplc.com/sustainability) for more information.



### TOTAL SHAREHOLDER RETURN<sup>1</sup>

#### Performance

This was another challenging year in which total shareholder returns declined 25 per cent, with a lower share price and reduced dividend.

#### Definition

Total shareholder return is the total investment gain to shareholders resulting from the movement in the share price and assuming dividends are immediately reinvested in shares.



### CASH CONVERSION RATE<sup>1</sup> (%)

#### Performance

Reported 2020 cash conversion of 127 per cent benefited from temporary upside due to the timing of duty payments. Strong underlying cash conversion of 107 per cent was driven by working capital improvements.

#### Definition

Cash conversion is calculated as cash flow from operations pre-restructuring and before interest and tax payments less net capital expenditure relating to property, plant and equipment, software and intellectual property rights as a percentage of adjusted operating profit.

### NON-FINANCIAL KPIs<sup>2</sup>



### ENERGY CONSUMPTION (GWH)<sup>3</sup>

#### Performance

We have seen a 12 per cent decrease in energy consumption from our 2017 baseline year. Our target is to reduce energy consumption by 25 per cent by 2030. Our 2020 relative energy consumption is 96,625 kWh/£million.

#### Definition

We measure relative indicators against 'emillion' tobacco and NGP net revenue. Energy consumption covers the energy used in our offices, manufacturing sites and by our sales fleet vehicles. The energy we use originates from a variety of sources including fossil fuels and renewable sources.



### WASTE (TONNES)<sup>3</sup>

#### Performance

We have seen an 18 per cent decrease in waste from our 2017 baseline year. We seek to minimise the waste and waste to landfill associated with our production processes through a combined approach of reduce, reuse and recycle.

#### Definition

This includes waste from manufacturing sites and main offices, excluding Logista and Sales and Marketing entities. It does not include any material which is re-used.



### ABSOLUTE CO2 EQUIVALENT EMISSIONS (TONNES)<sup>3</sup>

#### Performance

We have seen a 12 per cent decrease in total Scope 1 and 2 emissions from our 2017 baseline year. Our target is to reduce CO<sub>2</sub>e emissions by 25 per cent by 2030. We have also set a Scope 3 target to minimise our carbon impact beyond our direct operations.

#### Definition

We report on greenhouse gas emissions resulting from the operations that fall within our consolidated financial statements, using the operational control reporting approach. We report on the seven main greenhouse gases and report in terms of tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e).



### LOST TIME ACCIDENT FREQUENCY RATE (PER 200,000 HOURS)<sup>4</sup>

#### Performance

Our continued focus on health, safety and risk management has resulted in a 20 per cent decline in our lost time accident rate compared to last year.

#### Definition

A lost time accident is an 'on-the-job' accident that results in an employee being unable to return to work for a minimum of one full day.

3. Our 2020 environmental data follows the reporting period Q4 financial year 2019 to Q3 financial year 2020. This is to allow for data collection, validation and external assurance. Our reporting scope and definitions are detailed in the Reporting Criteria Document published on our website.  
4. Our health and safety data is for the full 2020 financial year. Our reporting scope and definitions are detailed in the Reporting Criteria Document published on our website.

# 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

# CELEBRATING OUR PEOPLE

Our people have done a tremendous job in keeping the business going and dealing with the unprecedented challenges posed by COVID-19. Our thanks to them all. We value and appreciate all their hard work and support.

## COVID-19

We have 32,500 employees globally who have continued working with a relentless focus on health, safety and wellbeing. As we have repeatedly stated in previous annual reports, the welfare of our people is of paramount importance and this was a year when we truly put these words into action as we faced into the coronavirus crisis.

Early on we established a Group Coronavirus Steering Committee of senior leaders to oversee business continuity planning. The committee met daily at the peak of the crisis and regularly reported to the Executive Committee and the Board.

We maintained operational continuity throughout the crisis and did not furlough any employees, implement any pay cuts or make any redundancies as a result of COVID-19.

Across our markets, we scrupulously followed the advice of governments and public health bodies and continue to do so.

We operate 38 factories and it is a credit to our manufacturing colleagues that they managed to keep the vast majority operating throughout the crisis. To ensure appropriate infection controls and social distancing, we reconfigured factory layouts and introduced new shift patterns.

We are sad to report that two of our people died after becoming infected with the coronavirus. We ensured comprehensive support was provided to the families of both employees.



# 32,500

Employees globally who have continued working with a relentless focus on health, safety and wellbeing.



## KIM REED EXECUTIVE VICE PRESIDENT SALES ITG BRANDS

I have the privilege of leading the ITG Brands sales organisation, a total of 860 people, who cover 160,000 stores across the USA.

Traditionally, each sales rep regularly visits retail outlets but that wasn't possible once the country went into lockdown. At that time, the entire field force transitioned to work from home, but most retailers were still open for business and distribution was operating as normal.

We rapidly moved from a traditional retail sales model to a call-based model. Instead of making 10 visits a day, each rep was now making 25 phone calls a day.

This was a major transition, but we had the foresight to plan for it, not just in terms of adapting the model, but also ensuring the team had the technical support they needed to work effectively from home.

By May, restrictions began easing and we started returning reps back to the field on a phased basis, prioritising their health and safety, with everyone equipped with personal protective equipment.

Since the end of July, we've returned to a traditional model. I'm very pleased with the results we achieved this year, particularly in terms of the growth we delivered in cigarette and mass market cigars.

My thanks to this fantastic team for the way they responded to a very challenging situation.

Many employees worked from home for extended periods of time and we provided all the support they needed to create the right working environment. This included strengthening our IT infrastructure and accelerating the roll-out of software to facilitate team working.

We also adopted a flexible approach to home working, encouraging employees to find a routine that works best for them and their families. Our new WorkFlex policy was developed from the learnings of recent months and provides employees with a permanent range of flexible working options.

We recognise the impact COVID-19 has had in the areas where our people live and work and we temporarily revised our community support guidelines so that we could support a broader range of charities and organisations.

This enabled us to fund a number of community initiatives across our geographic footprint including, among many others, providing support for hospitals in Poland and the UK and supporting homeless charities in Germany.



*We operate 38 factories and it is a credit to our manufacturing colleagues that they managed to keep the vast majority operating throughout the crisis.*

To ensure appropriate infection controls and social distancing, we reconfigured factory layouts and introduced new shift patterns.

### **NURIA GOMEZ OHSE ADVISOR CANTABRIA FACTORY**



Our Cantabria factory in northern Spain employs 220 people and produces around 900 million cigars a year for European consumers.

Spain was hit hard and fast by the impact of COVID-19 and was among the first countries to experience a state of emergency and enter lockdown in the middle of March.

Employees were understandably nervous and we swiftly developed a contingency plan with two objectives: to keep our people safe and to ensure we maintained continuity of supply.

Developing and successfully implementing the plan involved support from a range of stakeholders, including employees, their representatives and contractors.

I'm proud that the model we came up with has served as a guide for how other Imperial factories now operate around the world.

We adapted our behaviours and resources to succeed in a COVID-19 environment, maintaining performance and delivering against our commercial targets for the year.

This has been a huge achievement and I would like to thank everyone for their hard work and support.

We continue to stay focused on the wellbeing of our people and although there are obviously challenges ahead, we are confident that we will deliver another strong performance in the coming year.



### CEO EMPLOYEE ENGAGEMENT

Stefan Bomhard's CEO onboarding programme included extensive employee engagement.

On his first day, Stefan introduced himself to the business via a global employee video, and on day three he had his first session with the top 60 leaders via a virtual town hall meeting.

This marked the start of a comprehensive series of town hall meetings that connected him with thousands of people from all parts of the organisation.

This activity was supported by a drumbeat of CEO communications that covered a variety of topics, including business and COVID-19 updates, announcements on senior management changes, feedback on market visits and most recently, reflections on his first 100 days.

Quantitative and qualitative feedback tells us that our people have hugely appreciated these regular touch points with Stefan. They have warmed to his personable and transparent style, as well as his focus on teamwork and delivering against commitments.

### EMPLOYEE ENGAGEMENT

Regular engagement is crucial for motivating employees to work together to deliver our strategy.

Throughout the year we provided updates on our strategic priorities, performance and leadership changes through a broad range of communication channels including meetings, emails, videos, intranet, webinars, virtual town halls and employee publications.

As you would expect, we significantly stepped up communication at a Group and market level during the coronavirus crisis, so that employees understood how Imperial was responding to the situation. We also ensured they were made aware of the latest health and safety advice from governments and public health bodies.

We conducted a number of engagement surveys and the feedback told us that during the prolonged lockdown period, employees remained positive and had adjusted well to new ways of working. Inevitably, morale was higher in some parts of the business than others and we are taking action to address this.

Workforce Engagement Director Steven Stanbrook, a Non-Executive Director of the Board, has been actively involved in our engagement activities.

The Board regularly engages with employees through Board and committee meetings as well as site visits, although clearly opportunities for these have been limited this year. Steven's role is to strengthen the connection between employees and the Board, ensuring our people have a voice at the highest level of the business.

During the year, Steven engaged with a broad array of colleagues and took the lead in two Group-wide employee videos, one explaining his role and responsibilities as Workforce Engagement Director and another outlining the results of a global engagement survey that he launched earlier in the year.

As with other Board members, his plans were severely hampered by COVID-19 restrictions, including the cancellation of the annual European Works Council meeting at which he was due to speak. Please see the Governance section of this report for further information.

### CREATING A NEW CULTURE

The Board recognises the role it has to play in assessing and monitoring our culture. As part of the strategic review Stefan and the Board are examining the culture of the organisation, taking into account employee feedback gathered through this year's engagement surveys and the CEO onboarding programme. Culture defines our ethics, behaviours and the way we work together. The right culture ensures we value and respect each other, and truly embrace diversity and equality.

Our ambition is to create a culture and capabilities that will strengthen performance and give Imperial competitive advantage.

With that in mind at the end of the financial year we welcomed Alison Clarke to Imperial in the newly created Executive Committee role of Chief People and Culture Officer. Alison has significant experience of HR and business transformation at a number of organisations, including Inchcape, Ford, Whitbread and United Utilities.

Alison and her team will be working with the business and the Board to define the people and culture strategies required to successfully underpin the new strategic direction.

### THE IMPORTANCE OF DIVERSITY

We are proud of our international workforce but recognise there is more we can do to improve diversity in the business. We want our people to feel they are heard, valued, supported, motivated and empowered.

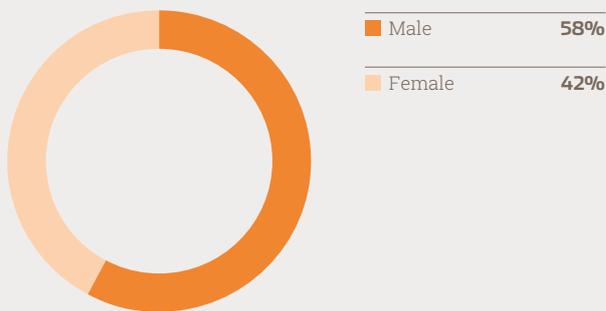
Our new Chair and CEO have committed to address this and have spoken with employees about the importance of Imperial continuing to stand firm against racism and all other forms of discrimination and injustice.

In recognition of the need to work harder at creating a diverse and inclusive culture – whether that be diversity of gender, race, age, disability, sexual orientation or beliefs – we have focused on preparing our largest ever diversity and inclusion survey, which will be administered by a specialist third party supplier early next year in the first quarter of our new financial year.

The results will provide us with independent benchmark data from which we can set the standards and actions needed to effectively address the issues raised.

During the year, we also established a global Diversity Network, which connects employees who have a passion for diversity, inclusion and belonging. The network has a particular focus on creating global and local initiatives that will support our efforts to improve diversity in the business.

#### DIVERSITY OF OUR BUSINESS



► Please read more on diversity on page 24

#### LEARNING AND DEVELOPMENT

We are committed to creating a culture where everyone is able to take control of their career development and access learning.

During the year, we launched iLearn, a global learning platform of internal content, with links to a number of our partner organisations, including LinkedIn Learning and Harvard.

Initial uptake was encouraging, with 3,891 employees completing 12,418 hours of learning during the first six months of the year. This increased during the COVID-19 lockdown. Popular learning modules accessed by our people during this time were Microsoft Teams, Working Flexibly and Leading Virtually.

At the end of the year, a total of 5,933 employees had completed 30,986 hours of learning.

Teams of people set up collaboration groups to help promote and share more specialised content to aid their knowledge and to also maintain regular social contact.

In addition, more than 800 employees took part in 10 'lockdown learning' live webinars and as restrictions eased, we organised online 'bounce back' sessions. Although we advised employees to continue working from home wherever possible, these sessions were aimed at encouraging our people to start thinking about returning to a 'new normal' work environment.

The variety of learning opportunities we are providing employees has been very well-received and was recognised as one of the top 10 most positive factors in our global engagement survey.

#### TALENT AND LEADERSHIP

Realising the potential of our most talented people is integral to our long-term success.

Through our Talent Deal initiative, we provide select employees with targeted development solutions designed to accelerate their career progression. In return, we expect these employees to proactively seek opportunities to stretch themselves and, in turn, drive business performance.

Our Emerging Potential Programme is a good example of this: a six-month virtual programme we have developed in collaboration with Harvard to help junior colleagues make their first steps into global leadership roles.

This year we launched our third cohort of the programme. Although completing the programme does not automatically guarantee immediate career progression, out of the more than 150 employees that have taken part, nearly half have gone on to secure a promotion or a significantly enhanced role.

We continue to invest in developing our global leadership population, ensuring all new leaders experience a consistent induction programme and are able to access a range of learning and development tools.

This includes our Dare to Lead and Inspire to Lead flagship programmes of workshops, digital learning, on the job exercises and peer support.

Based on our Leadership Expectations, these programmes have been adapted to be delivered virtually so that leaders can continue to develop without the need to travel or be in the same physical offices. In total, 320 leaders across 12 markets participated in Dare to Lead and Inspire to Lead during the year.