

*ESG  
INVESTOR  
WEBINAR*

*People & Planet*

*27 September 2022*



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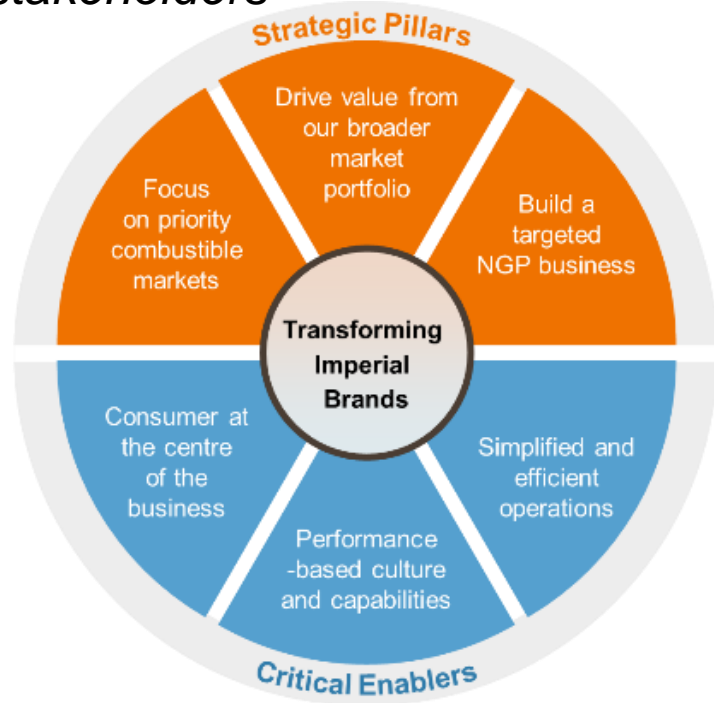
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# Our refreshed ESG approach supports our strategy, purpose and vision




We are transforming to create a more sustainable business better able to create value for all stakeholders



 **OUR PURPOSE**

*“Forging a path to a healthier future for moments of relaxation and pleasure”*

 **OUR VISION**

*“To build a strong challenger business powered by responsibility, focus and choice”*



Start with the **Consumer**



Collaborate **with Purpose**



Take Accountability **with Confidence**



Be Authentic, **Inclusive to all**



Build **our Future**

# Developed through a comprehensive review



January 2021

September 2022





# We have identified eight priority areas



Powered by responsibility

### HEALTHIER FUTURES

- 3 GOOD HEALTH AND WELL-BEING
- 7 AFFORDABLE AND CLEAN ENERGY
- 12 CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND

Consumer Health

Climate Change

Packaging & Waste

### POSITIVE CONTRIBUTION TO SOCIETY

- 1 NO POVERTY
- 4 QUALITY EDUCATION
- 6 CLEAN WATER AND SANITATION
- 8 ECONOMIC GROWTH
- 12 CONSUMPTION AND PRODUCTION
- INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Farmer Livelihoods & Welfare

Sustainable & Responsible Sourcing

Human Rights

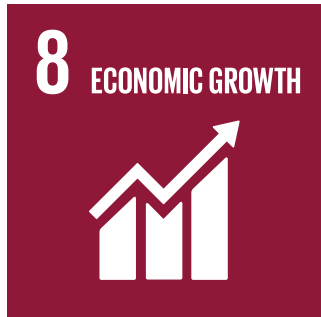
### SAFE & INCLUSIVE WORKPLACE

- 3 GOOD HEALTH AND WELL-BEING
- 5 GENDER EQUALITY
- 8 ECONOMIC GROWTH

Diversity, Equity & Inclusion

Employee Health, Safety & Wellbeing

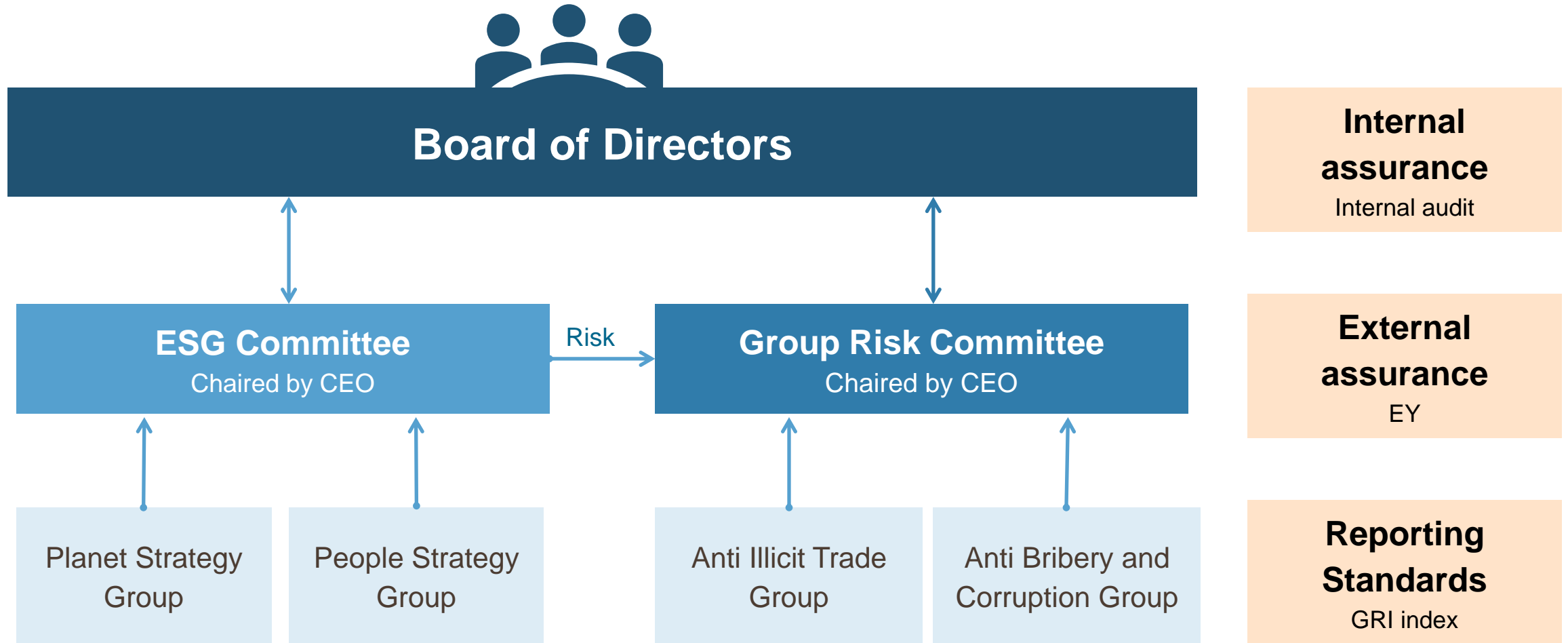
# Our priorities are aligned to several UN SDGs



# Our approach is governed by a rigorous process



Board and senior management are highly engaged with our ESG agenda



# With executive sponsors for each ESG priority



**ESG Committee Chair**  
Stefan Bomhard

**ELT lead on ESG**  
Alison Clarke

**Global ESG Director**  
Tony Dunnage





# Focusing on four key areas today



Powered by responsibility

### HEALTHIER FUTURES

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- 8 ECONOMIC GROWTH

Diversity, Equity & Inclusion

Employee Health, Safety & Wellbeing

# Today's Agenda

Consumer Health	<b>Andy Dasgupta</b>	<i>Chief Consumer Officer</i>
Climate Change	<b>Tony Dunnage</b>	<i>Global ESG Director</i>
Farmer Livelihoods & Welfare	<b>Mark Ballance</b>	<i>Senior Manager Leaf Sustainability</i>
Cultural Transformation	<b>Alison Clarke</b>	<i>Chief People &amp; Culture Officer</i>
Q&A	<b>All</b>	



# Consumer Health





# Tobacco harm reduction starts with the consumer



*We take a holistic approach to maximise net benefit*



- Best health-related outcome is adult smokers not to smoke or use *any* tobacco product
- Next best outcome is transitioning them to potentially reduced harm products
- By increasing NGP choice, Imperial helps to increase adult smoker switching





# Our new NGP approach is focused on driving consumer choice



Our targeted investment is informed by consumer insight and market data

Our consumer-led approach will improve consumer acceptance

## Market focus

Prioritising markets with an **established category presence** and **existing route to market**



## Consumer-led

Understand what the **consumer values most** about their smoking experience



## Product differentiation

Differentiated products to **provide greater choice to existing consumers**



## Consumer engagement

Investment focused on **brand building and consumer communications**



## Investment focus

**Focused approach** reflects our smaller size and will deliver more harm reduction choices





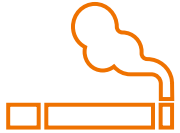
# Nicotine categories have different risk profiles from cigarettes



The relative risk scale indicates their relative harm

$$\text{THR} = \text{Less Harmful Product} \times \text{Consumer Acceptance}$$

Combustible Cigarettes

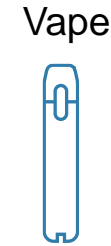


Combustible tobacco products



**Higher Risk**  
More Toxicants

Heated Tobacco



Total Cessation

Non-combustible tobacco products

Non-combustible nicotine products

**Lower Risk**  
Fewer Toxicants



# Persuading consumers to switch requires innovation across the whole value chain



*No one has yet created the perfect reduced-harm alternative to the cigarette*

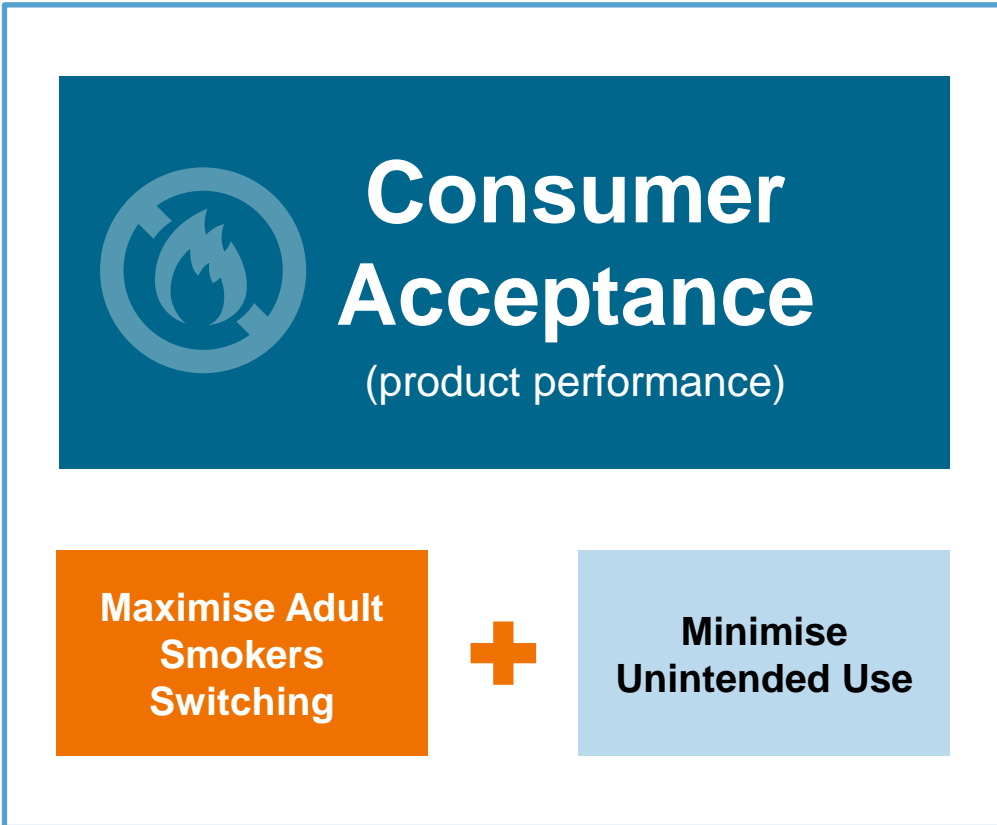


Further information on the science of NGP can be found: <https://imperialbrandsscience.com/>



# Our products target existing adult smokers

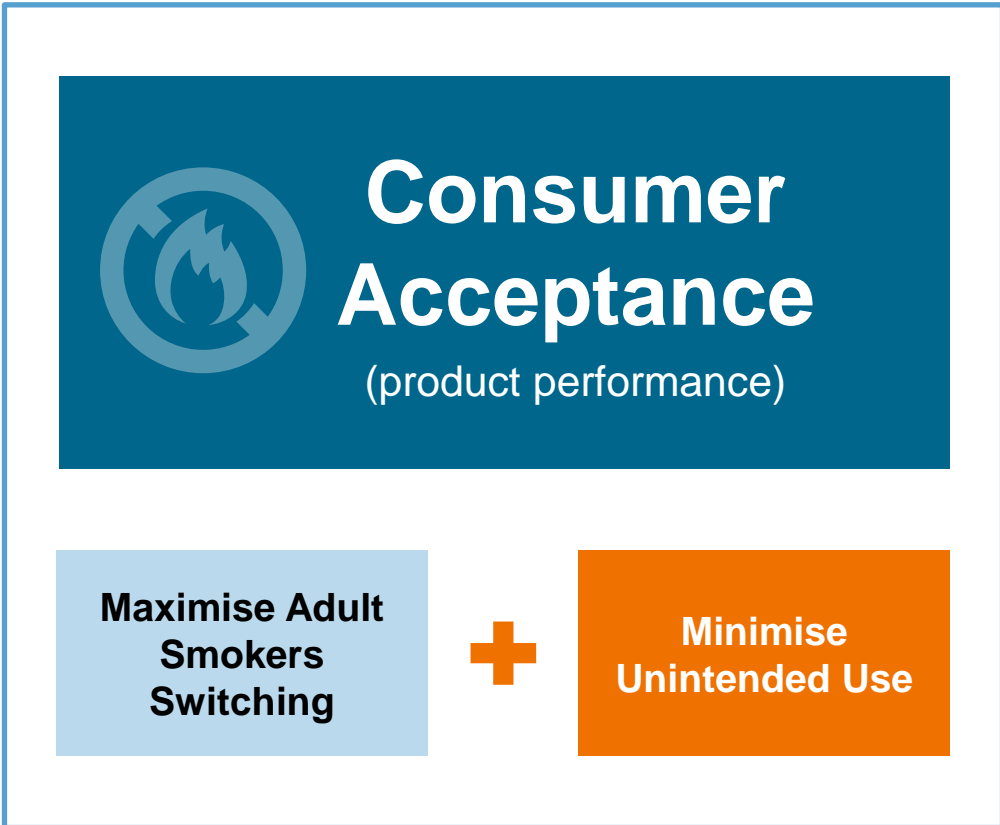
Offering specific product experience valued by those adult smokers





# Under-age people should never use our products...

...and we are constantly improving the ways we prevent youth access



- WE ARE COMMITTED TO:**
- Responsible marketing
  - Working with partners to reinforce message
  - Ensure regulatory requirements implemented



# We have made a good start on our NGP journey



We have validated our new approach with consumer trials

Jan 2021 → Sept 2021 → Sept 2022

**New NGP strategy launched**

NGP teams brought together under new Global Consumer Office

NGP investment optimised with market exits completed

New innovation director appointed

**PULZE**  
Pulze and iD launched in Italy

Enhanced our insights capabilities

Pulze and iD launched in Greece and Czech Republic

blu 2.0 launched in France

Further market and product launches planned to drive our harm reduction agenda







# Climate Change





# UN Sustainable Development Goals



**1** NO POVERTY

**2** ZERO HUNGER

**3** GOOD HEALTH AND WELL-BEING

**4** QUALITY EDUCATION

**5** GENDER EQUALITY

**6** CLEAN WATER AND SANITATION

**7** AFFORDABLE AND CLEAN ENERGY

**8** ECONOMIC GROWTH

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

**10** REDUCING INEQUALITIES

**11** SUSTAINABLE CITIES AND COMMUNITIES

**THE GLOBAL GOALS**  
For Sustainable Development

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

**13** CLIMATE ACTION

**14** LIFE BELOW WATER

**15** LIFE ON LAND

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS

**17** PARTNERSHIPS FOR THE GOALS



# Sustainable Development Goal 7



1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

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**THE GLOBAL GOALS**  
For Sustainable Development



# Sustainable Development Goal 7



**7 AFFORDABLE AND CLEAN ENERGY**

**TARGET 7-1**

**UNIVERSAL ACCESS TO MODERN ENERGY**

**TARGET 7-2**

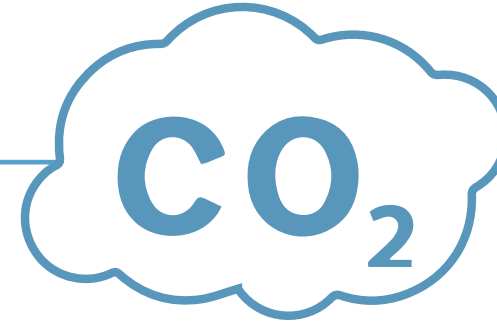
**INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY**

**TARGET 7-3**

**DOUBLE THE IMPROVEMENT IN ENERGY EFFICIENCY**

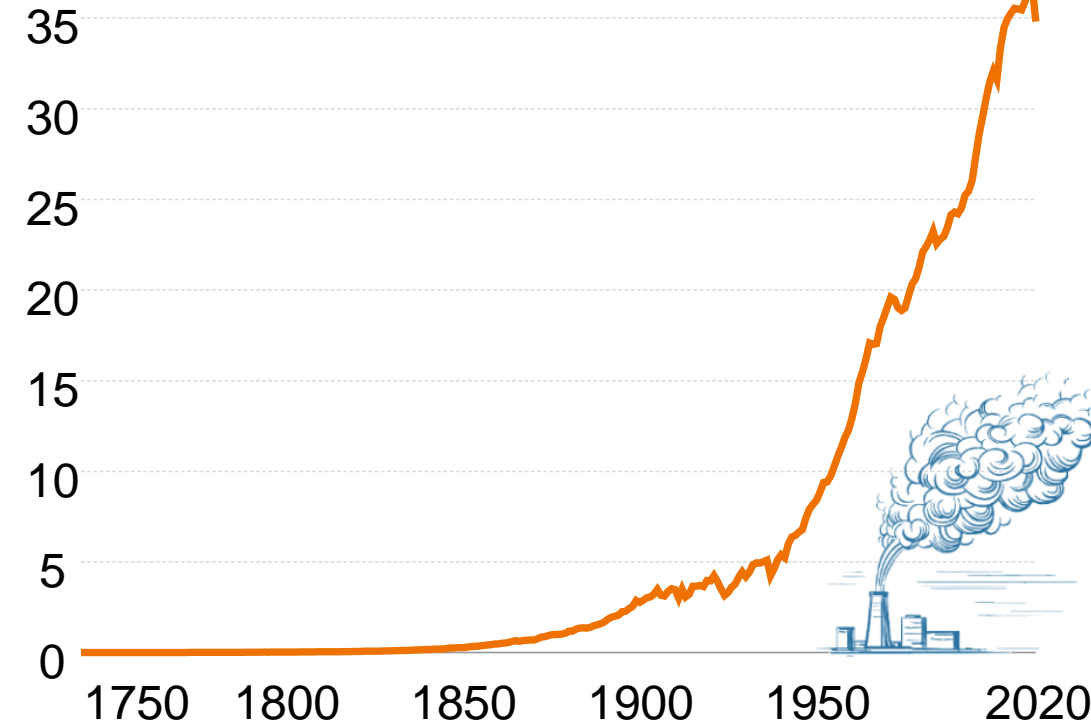


# *There is a clear call for collective action*



## Bn *TOTAL PLANET ANNUAL CO<sub>2</sub> EMISSIONS*

Tonnes



Source: Global Carbon Project

- Acknowledge our responsibility as part of the movement for positive change
- We have committed to achieve net zero:
  - in our own operations by 2030
  - in our value chain by 2040



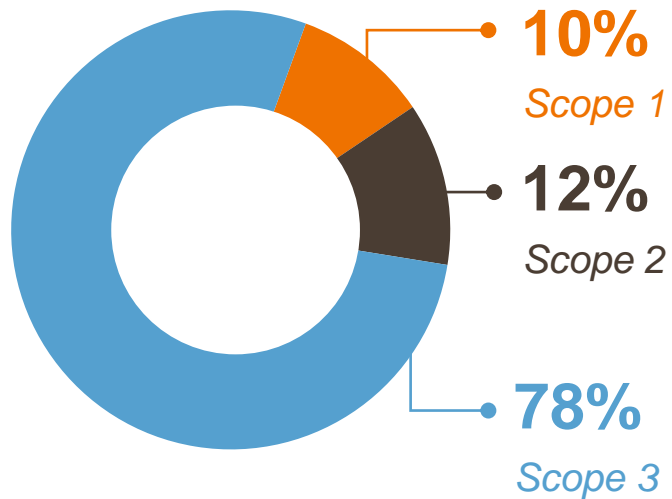


# Our climate change priorities



## GHG EMISSIONS ACROSS IMPERIAL'S VALUE CHAIN

Emissions scope in 2017 (% tCO<sub>2</sub>e)



We have robust data providing clear transparency of our emissions

## 5 STEP APPROACH TO ACHIEVING NET ZERO

- 1 Energy efficiency
- 2 100% renewable grid electricity
- 3 All energy from renewable sources
- 4 Achieve Net Zero
- 5 Climate positive

Action targeted at Scope 1 and 2 emissions related to Imperials direct operations

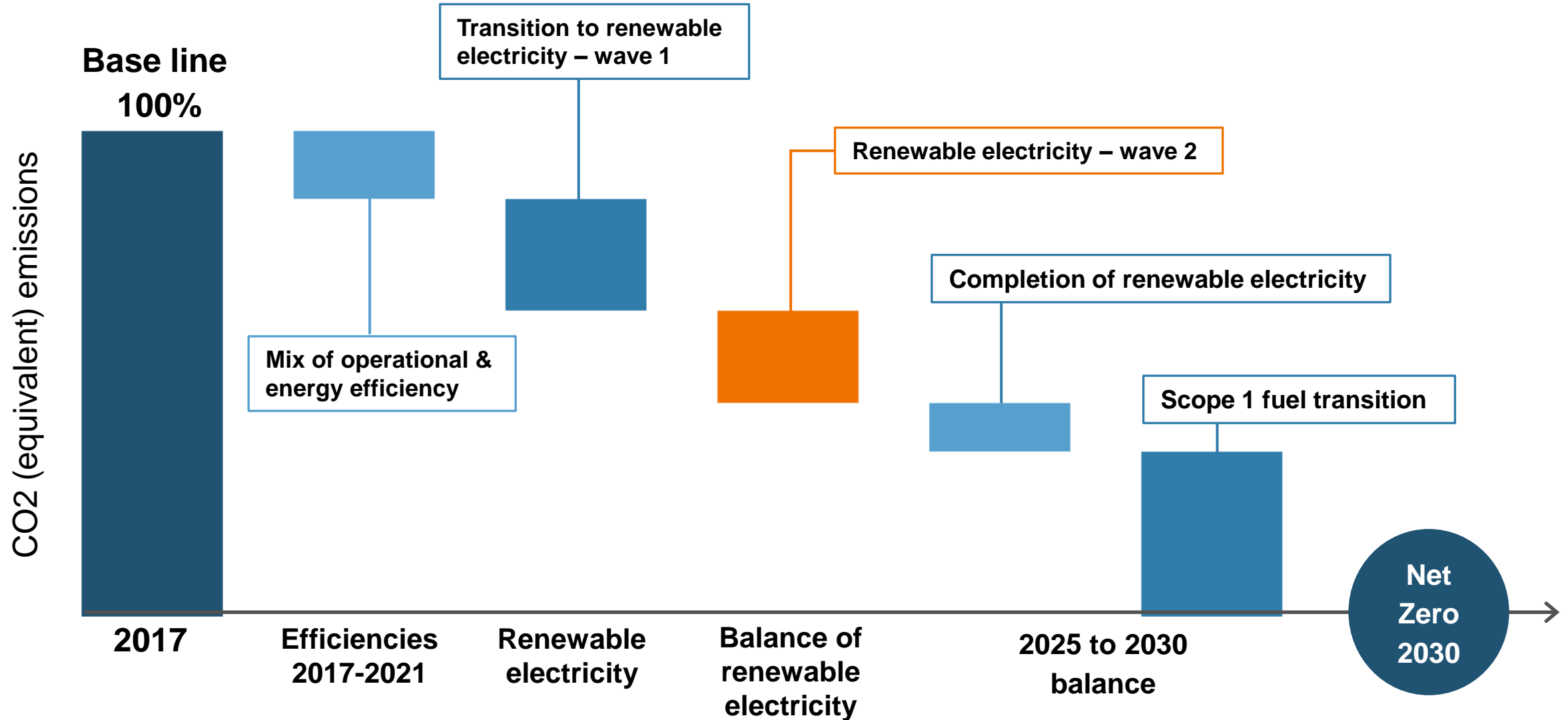
Partnership approach with our suppliers to target Scope 3 emissions

## TARGETING SCOPE 3 EMISSIONS

- Identified 104 suppliers representing 80% of our annual spend
- >50% of these suppliers have already committed to having science based targets in place by 2025
- Using CDP's platform to engage with suppliers



# Our scope 1 and 2 transition to net zero





# We are well positioned to achieve this

And our track record has been recognised



## SINCE 2017



**\*37%↓**

Decrease in total absolute  
Scope 1 & 2 CO2e



## SINCE 2017

**\*17%↓**

Decrease in total absolute  
energy consumption

**>50%**

Tier 1 Suppliers have committed  
to have Science Based Targets in  
place by 2025

## IN THE LAST YEAR



# Our ambition



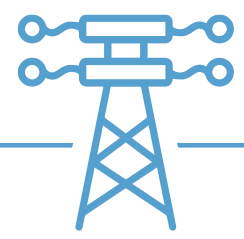
## CLIMATE CHANGE

We are committed to reducing our climate impacts across our value chain. Focusing on both mitigation and adaptation.

## UN SDGs

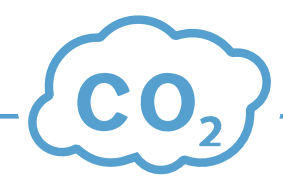


We are taking action to combat climate change and its impacts.



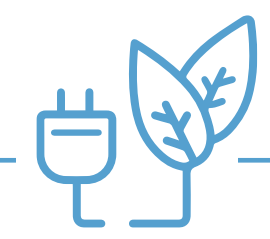
### 100%

**Of purchased grid electricity from renewable sources by 2025**  
(>90% achieved)



### 30%

**Reduction of total CO<sub>2</sub> by 2030**  
(Scope 1,2&3)  
**ON TRACK**



### NET ZERO

**BY 2030**  
in our direct operations  
(Scope 1&2)  
(~38% achieved)

**BY 2040**  
in our total operations  
(Scope 1,2&3)  
**SOLID START**



# Farmer Livelihoods & Welfare







# Working together as an industry

*To amplify the impact for communities and the environment*





# ***We partner with reputable suppliers***

*Whose core competencies are growing and processing tobacco*



Source majority of leaf from two global suppliers



Mature **due diligence** processes

**Engagement** with farmers

Business **Code of Conduct** available

**Speak up** mechanisms in place

**Child labour policies** being practised





# Robust governance to manage risk

Build on partnerships



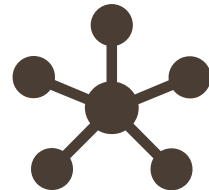
## Supplier integrated tobacco production

### Core Business Activity



120

farmers per leaf technician



8

visits per year per farmer both announced and unannounced



Data recorded for end to end traceability





# Drive improvement and create positive impact

Through robust frameworks

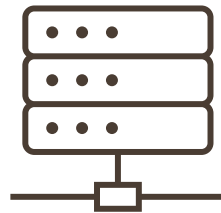


## Mature industry programmes

- Sustainable Tobacco Programme
- Sets policies informed by ILO, OECD & UNGPs
- Good Agricultural Practices
- Agricultural Labour Practices



**Verifies:**



**100%**

data verified





# Imperial's due diligence process

Supported through continuous dialogue with suppliers and in field verifications



## LEAF CARE programme

Imperial commissions and supports supply chain impact assessments

- 136,000 with access to water and sanitation from mature projects
- Over 20 childcare and education projects implemented
- Re-forestation, 1000 hectares surviving in Madagascar
- 88% farmers growing complimentary crops
- 97% of farmers with access to productivity initiatives







## FARMER LIVELIHOODS & WELFARE

We are committed to continue to engage with our suppliers to support and develop farming communities and promote sustainable agriculture

### UN SDGs



# Our ambition and progress so far

## What are our commitments?



180,000 farmers with access to projects to **INCREASE FINANCIAL SECURITY** by 2025

Support suppliers to improve access to **BASIC NEEDS** for 180,000 farmers and their families by 2030

Support suppliers to implementing **SUSTAINABLE AGRICULTURE**, including providing access to 100% sustainable wood by 2025





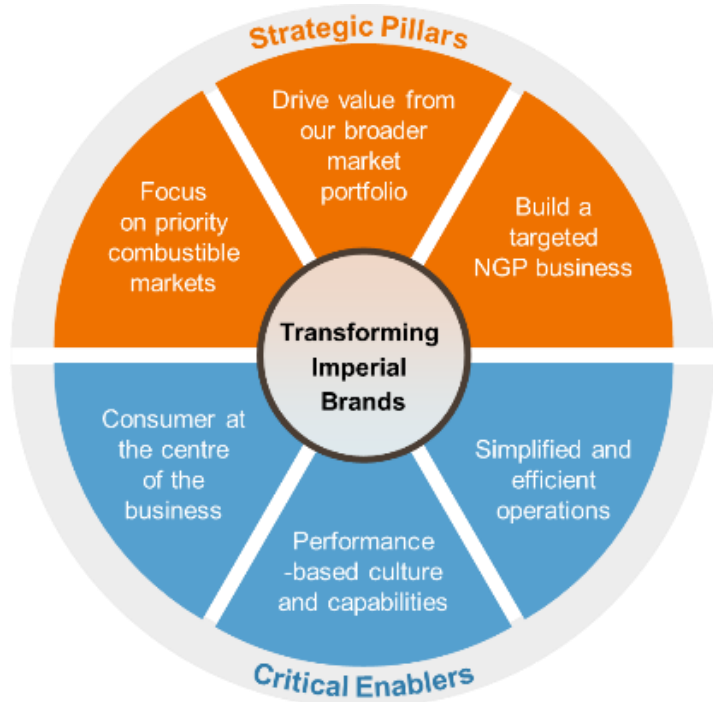



# Cultural Transformation






# Creating an inclusive performance-based culture



 **OUR PURPOSE**

*“Forging a path to a healthier future for moments of relaxation and pleasure”*

 **OUR VISION**

*“To build a strong challenger business powered by responsibility, focus and choice”*

## OUR BEHAVIOURS



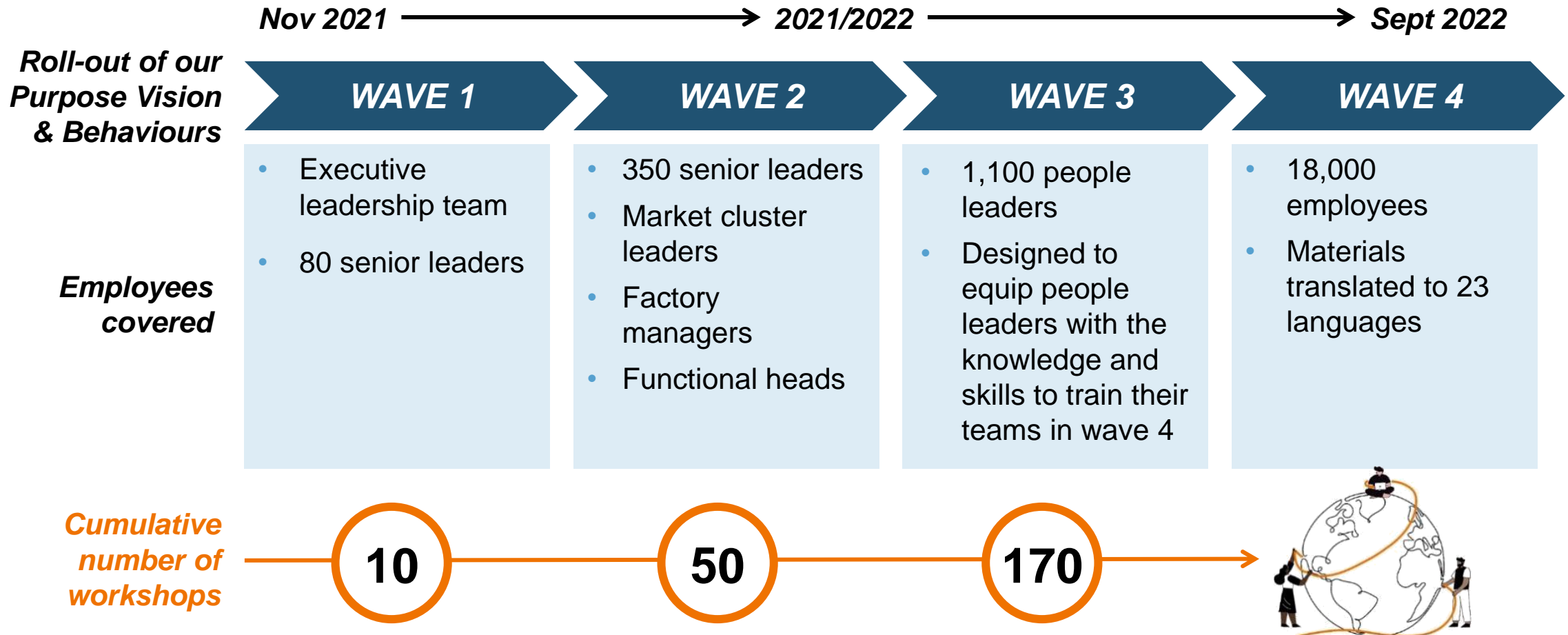


# A company-wide cultural change programme

Cascading change throughout the organisation to enable our strategy



## ENABLING OUR STRATEGIC DELIVERY



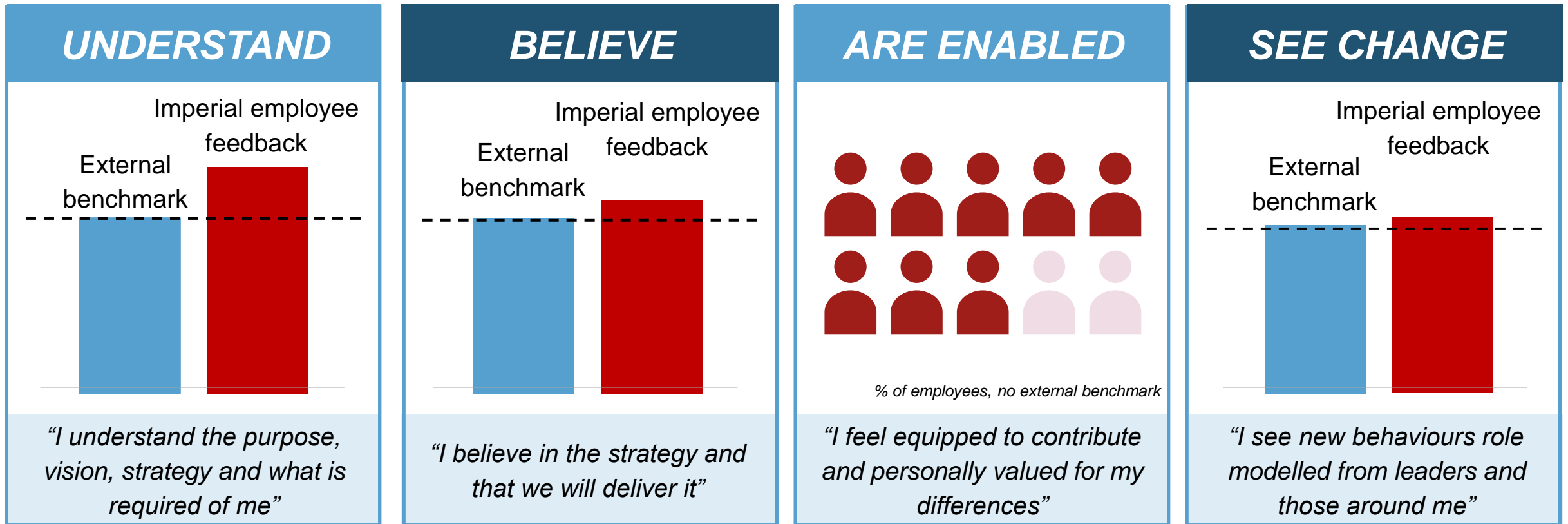


# Change programme gaining momentum

External survey of 500 employees shows programme already resonating



**EMPLOYEE SURVEY RESULTS INDICATE IMPERIAL CHANGE PROGRAMME IS EXCEEDING EXTERNAL BENCHMARKS ON ALL KEY DETERMINANTS OF SUSTAINABLE ORGANISATIONAL CHANGE**





# Improving diversity, equity & inclusion underpins our cultural change



## EMPLOYEE RESOURCE GROUPS

Company sponsored, employee led



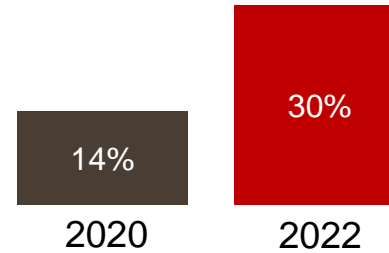
### Each Group aims to

- Promote cultural awareness
- Role model inclusive behaviour
- Drive the people and culture strategy
- Demonstrate our commitment

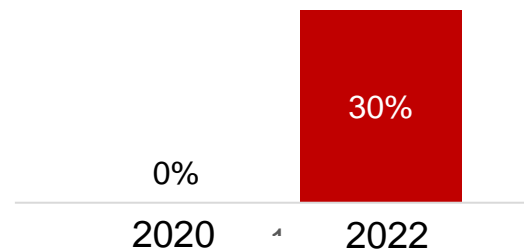
## OUR LEADERSHIP TEAM

### EXECUTIVE LEADERSHIP TEAM

% women

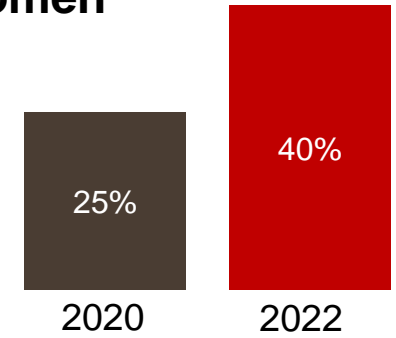


% ethnic minorities

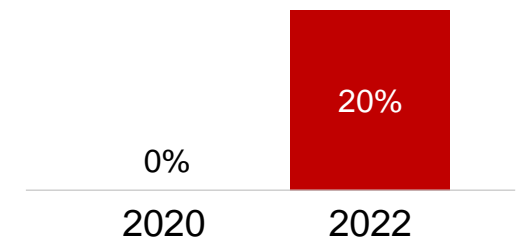


### BOARD OF DIRECTORS

% women



% ethnic minorities







# ***Cultural change ambition***



**Five-year diversity, equity and inclusion strategy**

**Improving employee data disclosure**

**Create a community of allies**

**Reviewing prioritised policies and practices:**

- Attract and retain the best talent
- Equal opportunities and career development
- Compensation



# ***We are committed to making a difference***



Refreshed ESG approach integral to strategy, purpose and vision



Building on good progress in some areas; more to do in others



Culture transformation will support delivery of our ESG priorities



Strengthened capabilities and governance structure to reinforce our approach



# Questions?



# APPENDIX – Further information



Information on ESG Strategy:

<https://www.imperialbrandsplc.com/healthier-futures>

Information on ESG performance and reporting:

<https://www.imperialbrandsplc.com/healthier-futures/our-performance>

Information on Imperial Brands Science and NGP:

<https://imperialbrandsscience.com/>