

**Imperial Brands PLC  
Annual General Meeting  
2 February 2022**

**Slide 1: Annual General Meeting**

**Slide 2: Thérèse Esperdy**

Good afternoon and welcome to our 2022 Annual General Meeting.

I'm Thérèse Esperdy.

It's great to once again be able to host this important event face to face, after last year Covid restrictions forced us to hold a virtual AGM.

In light of the ongoing situation however, we have taken the decision to restrict the number of Board members in attendance today.

Here with me is, on my far right, Non-Executive Director and Chair of the Audit Committee Jon Stanton, followed by Senior Independent Non-Executive Director and Chair of the Remuneration Committee, Sue Clark. Next to Sue is our Group Chief Executive Stefan Bomhard.

On my immediate left are John Downing, Company Secretary, and Lukas Paravicini, Chief Financial Officer.

Today's proceedings are being recorded.

I'll shortly hand over to Stefan for a business overview but first I'd like to say a few words about our progress in the past year.

The past 12 months have been about beginning to implement our new five-year strategy and building the foundations to strengthen performance.

A key element of this foundation building has been assembling the right team.

And 2021 was a year of important progress in the development of your Board.

**Slide 3: The Board**

In June, Pierre-Jean Sivignon stepped down from the Board for unforeseen personal reasons.

The Board and I were saddened to hear of his need to step down and we thank Pierre-Jean for his contribution.

In November, Ngozi Edozien and Diane de Saint Victor, both joined the Board as Non-Executive Directors.

Ngozi brings to the Board experience in general management, finance, consultancy, and business development gained at multinational companies in Europe, the United States and Africa.

Diane has strong legal, regulatory and ESG experience, having held a number of General Counsel roles.

We also welcomed Lukas Paravicini to the Board as Chief Financial Officer in May.

Lukas joined from ED&F Man Holdings where he was CFO and brings financial and operational experience from the consumer goods sector.

Lukas succeeds Oliver Tant, who retired in July.

We thank Oliver for his contribution during his seven-year tenure.

After six years of service, Non-Executive Director Steven Stanbrook has decided to step down from the Board at the end of today's meeting.

I would like to thank him for his significant contribution, including his role as Workforce Engagement Director.

We wish you well for the future Steven.

We've worked hard to enhance the composition of the Board, and I am really pleased with the rich diversity of experience and capabilities we have now assembled. This means we are well placed to provide high-quality counsel and challenge to management as they continue to transform our company.

The ongoing pandemic means that Board engagement with our stakeholders has been more important than ever.

#### **Slide 4: Board Dialogue**

Over the past year, the Board stepped up its dialogue with our people.

Our activities included listening events with groups of employees from around the world.

On behalf of the Board, I would like to thank our 27,500 people for their dedication and resilience in often challenging conditions.

Their actions have enabled our supply chain to operate smoothly throughout the pandemic.

Today's AGM forms part of the Board's year-round dialogue with shareholders.

I really value the feedback I receive from my one-to-one meetings and I look forward to your questions later in today's meeting.

I have also supported the new leadership team in their increased engagement with all key stakeholders, including customers, suppliers, regulators and NGOs.

The Board believes this more outward-looking approach is critical to changing the culture to create a stronger and more agile business.

### **Slide 5: Thérèse Esperdy**

Our commitment to our environmental, social and governance responsibilities – our E-S-G responsibilities – is captured in our new vision, purpose and values and will be delivered through our strategy.

We recognise that the most important ESG priority for many stakeholders is consumer health.

In order to realise our ambitions, we are building a stronger next generation products business offering potentially reduced risk products.

This is a key pillar of the new strategy – and Stefan will talk more about this in a moment.

With our new strategy clearly articulated, we have plenty to achieve in the year ahead.

The newly formed executive team will continue to make the changes required for the next phase of Imperial's development and we will see a new consumer-centred, performance-focused and collaborative culture emerge.

The Board is confident that Imperial has great potential and we remain focused on delivering the necessary changes to strengthen performance and realise value for our shareholders.

I'll now hand over to Stefan to take you through our 2021 performance.

### **Slide 6: Stefan Bomhard**

Thank you, Thérèse.

And good afternoon everyone.

Today I will talk about how we are implementing our new strategy, how this is starting to

translate into operational and financial performance, and how everything we do is now underpinned by our new Purpose and Vision.

I'll conclude with our priorities for 2022... and, after that, as Therese said, we look forward to taking your questions.

### **Slide 7: 2021 Highlights**

Put simply, the goal of our strategy is the transformation of your company into a business which delivers attractive returns, year in, year out, over the long-term.

A business that's built to last – just like a building – needs strong *foundations*.

And this is what the past 12 months have been about – digging deep and firm foundations to support future growth.

This is our strategy wheel from our capital markets day a year ago.

The bottom three segments, the enablers, are the hidden foundations that support the strategic pillars, the top three segments.

In the past year we have made progress in putting the consumer at the centre, with the appointment of our first Chief Consumer Officer and the creation of a Group Consumer Office.

We have completed a refresh of our leadership. This has introduced a much more rigorous performance management process.

And we have introduced a simpler structure, for example, by reducing the number of market clusters.

Taken together, these new foundations are already helping us execute on the three priorities we laid out last year.

The primary focus of our combustible business is on our top-five markets, which deliver around 70 per cent of our profit.

A second priority is the creation of a focused next generation products business, led by consumer preferences and needs.

The third priority, creating value from our wider portfolio, is one you will hear more about in future presentations.

Here, we have built the foundations. This includes the creation of a new “Triple A” region with a strong emerging markets focus led by Paola Pocci, who joined us from P&G's China business.

## **Slide 8: Strengthened Leadership Team**

A great demonstration of our pace of change is how we have strengthened the leadership team with several new hires.

We have attracted high-quality talent from blue chip organisations and also promoted from within; with Kim Reed now leading our US business.

It is a truly diverse team with no fewer than eight different nationalities represented.

And this diversity is already bringing fresh perspectives.

## **Slide 9: Improving Share Trajectory in Priority Markets**

We are seeing encouraging improvements in operational performance.

In particular, a sharper focus on our top-five markets is beginning to stabilise aggregate market share.

This follows more than five consecutive years of double-digit basis-point decline.

In an industry like ours where volume is declining, long-term market share across our most important markets is perhaps the best indicator of underlying sustainability.

While these early signs are encouraging, we take nothing for granted.

## **Slide 10: Successful Year of Delivery**

Turning to our financial performance...

We now manage this business using a balanced dashboard which measures revenues, cash generation, financial flexibility and the effectiveness of our capital allocation.

All lights were green on our dashboard for 2021, with all arrows pointing in the right direction.

There are, of course, some one-offs as you would expect in any business of our size and complexity.

However, what's really pleasing is that the positive evolution of our financials is, in large measure, linked to strategic management decisions and the underlying performance of the business.

## **Slide 11: A Clear Five-Year Plan with Two Phases**

We are now at the start of the second year in a five-year strategic plan.

This is a strategy of two unequal halves. The first two years are about the foundation building I highlighted earlier.

We anticipate the acceleration in returns to start in earnest during the subsequent three-year period from our 2023 financial year.

## **Slide 12: New Purpose and Vision**

Since last year's AGM, COVID travel restrictions have been easing in many markets.

I have taken every opportunity to meet face-to-face with consumers, customers and our people on the ground.

This is something I have found incredibly energising.

Like Therese, I'm grateful to our people for their dedication at a time when the pandemic still constrains our ability to operate.

I recognise that, for some, it's led to difficult personal circumstances and, as a business, we've continued to prioritise their wellbeing.

Building the right culture is an essential part our strategy.

Last October, at Imperial's first ever all-staff conference, we launched our new purpose, vision and behaviours, which taken together are our new guiding principles.

We now describe our purpose as "Forging a path to a healthier future for moments of relaxation and pleasure".

And our vision is "to build a strong challenger business powered by responsibility, focus and choice".

Our vision of becoming "a strong challenger business" is particularly important to me.

As the smallest of the four main tobacco players internationally, the only way we demonstrate the quality of our business is by operating as a challenger.

This means being agile, spotting value pools that play to our competitive strengths, acting as a fast follower, and creating competition and choice in markets.

Being a challenger business also means challenging on behalf of our consumers.

There are one billion adult smokers in the world and I think it is important that they are appreciated as active citizens, diverse individuals and informed consumers.

### **Slide 13: ESG – Foundations for a Responsible Business**

Turning our aspiration of a healthier future into reality is important too.

We are committed to providing adult smokers with potentially reduced harm products.

We will do this by creating an NGP business which is targeted and consumer-centric – and therefore set up to grow sustainably ... and responsibly.

Our ESG priorities are aligned to the UN Sustainable Development Goals...  
And, we have already achieved much in the important social and environmental areas, such as energy efficiency and reducing waste.

However, we recognise the world around us is changing fast.

The climate crisis is no longer something we speak about in the future tense – it's with us here and now.

When we speak about forging a healthier future, we have in mind not just our consumers but also the wider health of our people, as well as the health of our planet.

Last year we made a commitment to be net zero by 2040.

We have also recruited a new head of ESG to lead a strengthened team who are taking a fresh look at our strategy and priorities.

They are identifying the areas where we can make the strongest positive contributions...  
...as well as assessing how we measure and report success in this area.

We will provide a more detailed update this year.

### **Slide 14: 2022 Will Enhance Our Investment Case**

So overall, I am pleased with our progress in this first year.

We are starting to see green shoots emerging as a result of the actions we are taking.

Looking ahead ... we will continue to build strong foundations and strengthen the key areas of our investment case.

2022 is a further step-up year in investment in our priority markets to support the revitalisation of our tobacco business.

Our NGP trials are allowing us to test our NGP approach and informing our next steps towards making a meaningful contribution to harm reduction and provide options for growth.

We're rolling out new ways of working, which will drive operational improvements and strengthen performance.

Our focus on strong cash flow will remain a key priority – and we will remain highly disciplined in our capital allocation, which is a key part of our investment case.

Twelve months ago, we set out a clear five-year plan ... and we have been able to deliver on our first year objectives.

This, I hope, gives you confidence in our ability to continue delivering for you and to realise the full potential of this business.

Thank you. I'll now hand back to Thérèse.

### **Slide 15: Annual General Meeting**

Thanks Stefan

Let's now deal with the 20 resolutions to be put to the meeting.

These were set out in the Notice of Meeting which, with your agreement, I'll take as read.

I intend to take questions in respect of all resolutions now and then ask you to vote on all 20, rather than propose each one in turn.

If you do ask a question, please wait for the microphone and let everyone know who you are.

Please also state which resolution your question is about.

Are there any questions please?  
Thank you for your questions.

We will now proceed to vote on all the resolutions.

All resolutions at our shareholder meetings are decided by polls and our registrar, Equiniti, is present as the polls' scrutineer to count the votes at the end of the Meeting.

The Directors are unanimously in favour of each resolution and recommend that you vote in favour.



Please complete your poll card, ensuring that you sign it, and then place it in the ballot box by the exit as you leave.

I now formally propose that each of the resolutions set out in the Notice of Meeting, and on the poll card, is put to the meeting as a separate resolution.

Resolutions 18 to 20 are special resolutions and will be passed if more than 75 per cent of the votes are cast in favour.

All other resolutions are ordinary resolutions and will be passed if more than 50 per cent of the votes cast are in favour.

For the purposes of such counts, abstentions are not included.

(PAUSE TO ALLOW TIME TO COMPLETE VOTING CARDS)

**Slides: 16-19**

The proxy votes received prior to the Meeting are now being shown on the screen.

(PAUSE)

That now completes today's agenda.

**Slide 20: Annual General Meeting**

Please place your completed voting card in the ballot boxes located at the exits within the next five minutes, at which time the poll will close.

The results will not be available here today; they will be announced on our corporate website as soon as possible.

Regretfully, due to the current situation in respect of COVID the Board does not feel it is appropriate to join you on the floor of the auditorium as normal, but would like to thank you for attending today's meeting and I hope you have a safe journey home.

Thank you.