

*ESG
INVESTOR
WEBINAR*

People & Planet

27 September 2022



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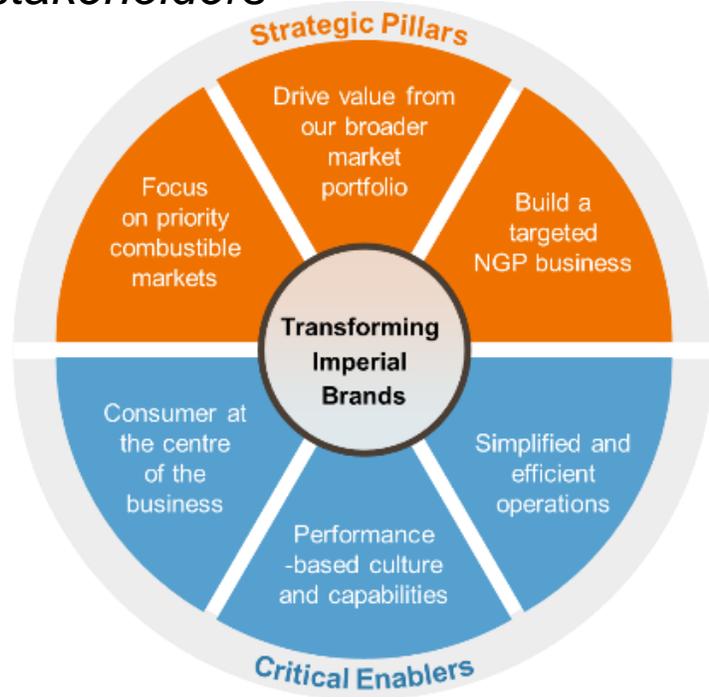
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Our refreshed ESG approach supports our strategy, purpose and vision



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

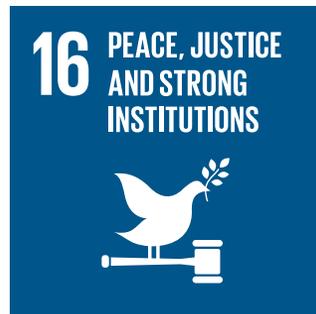
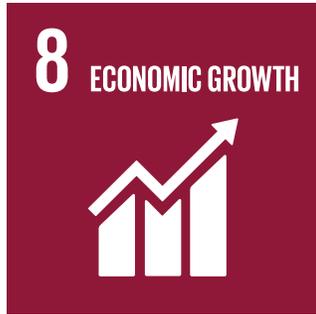
SAFE & INCLUSIVE WORKPLACE

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

Diversity, Equity & Inclusion

Employee Health, Safety & Wellbeing

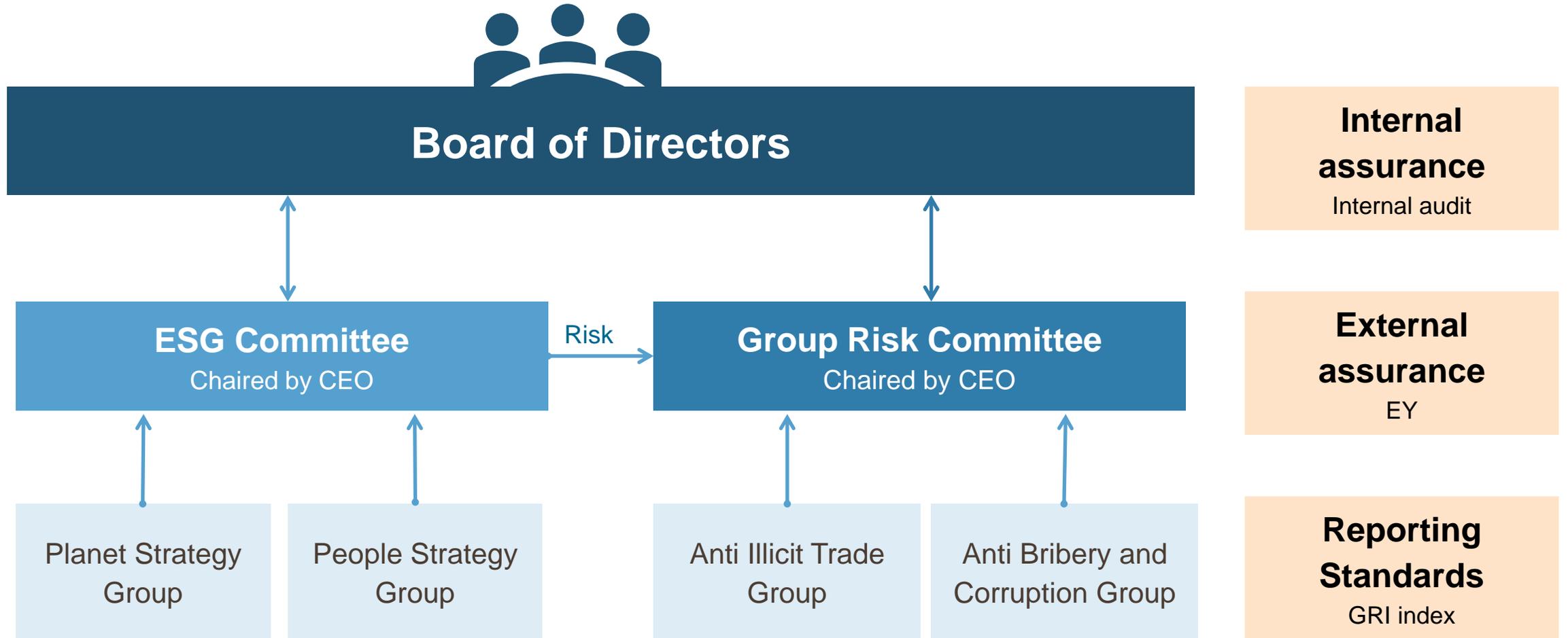
Our priorities are aligned to several UN SDGs



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 Dunning



Focusing on four key areas today



Powered by responsibility

HEALTHIER FUTURES

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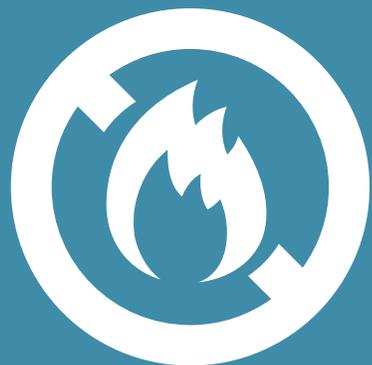
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Diversity, Equity & Inclusion

Employee Health, Safety & Wellbeing

Today's Agenda

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



Consumer Health





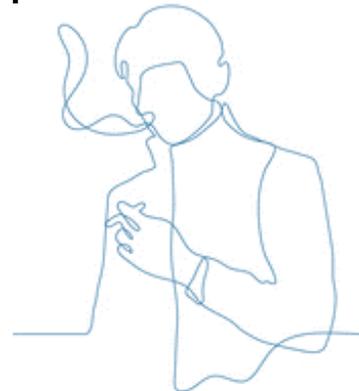
Tobacco harm reduction starts with the consumer



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

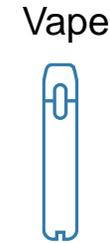


Combustible tobacco products



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

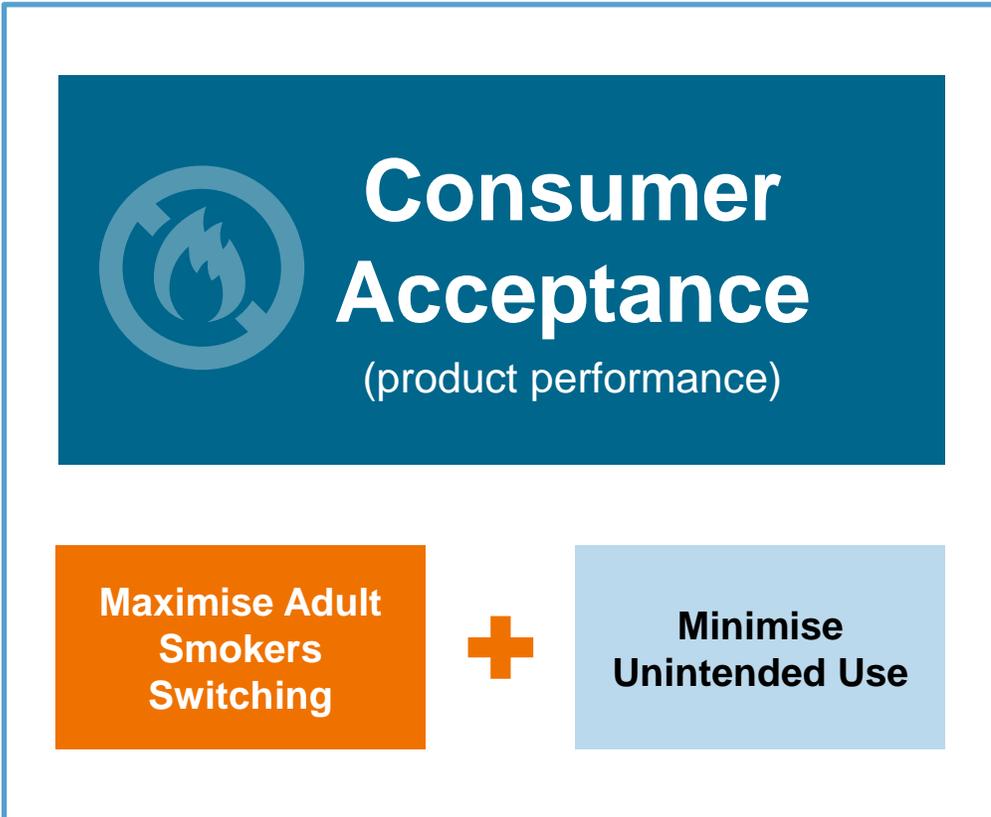


Further information on the science of NGP can be found: <https://imperialbrandsscience.com/>



Our products target existing adult smokers

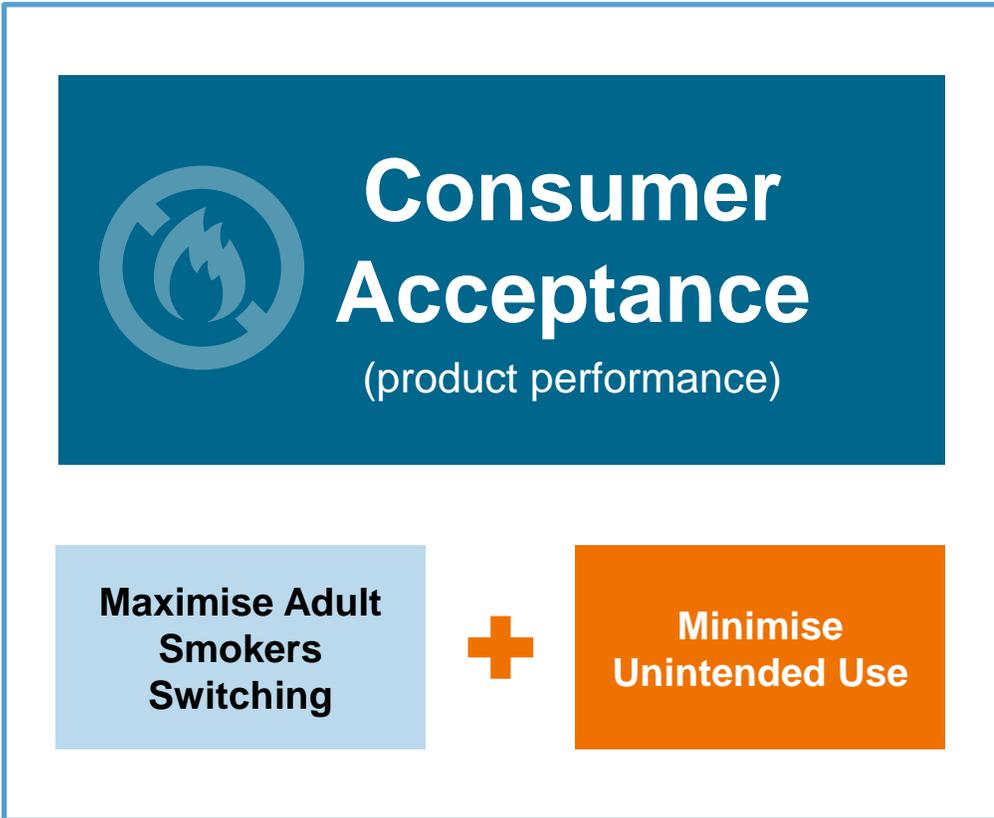
Offering specific product experience valued by those adult smokers





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

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THE GLOBAL GOALS
For Sustainable Development



Sustainable Development Goal 7



7 AFFORDABLE AND CLEAN ENERGY

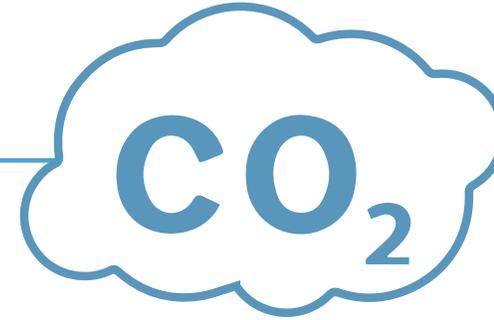
TARGET 7-1

UNIVERSAL ACCESS TO MODERN ENERGY

<p>TARGET 7-2</p> <p>INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY</p>	<p>TARGET 7-3</p> <p>DOUBLE THE IMPROVEMENT IN ENERGY EFFICIENCY</p>
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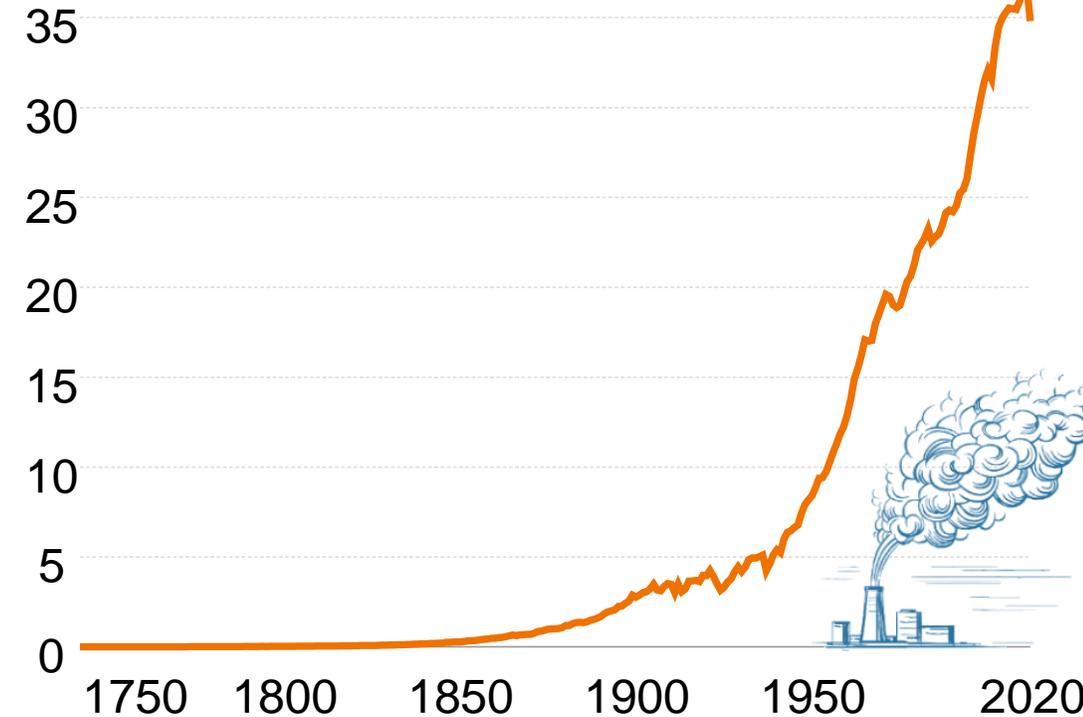


There is a clear call for collective action



Bn *TOTAL PLANET ANNUAL CO₂ 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

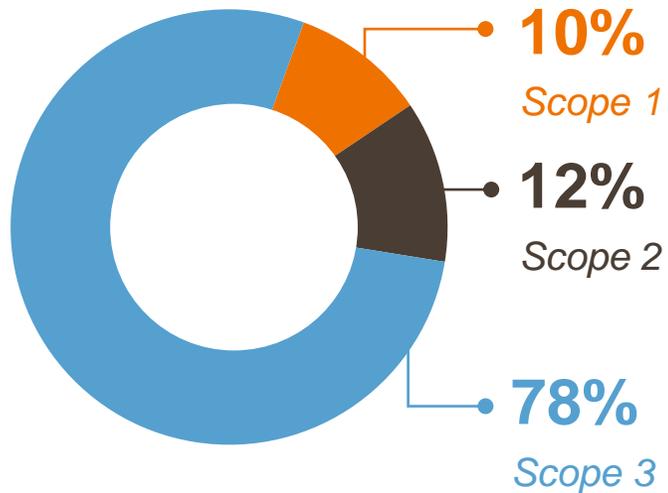


Our climate change priorities



GHG EMISSIONS ACROSS IMPERIAL'S VALUE CHAIN

Emissions scope in 2017 (% tCO₂e)



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

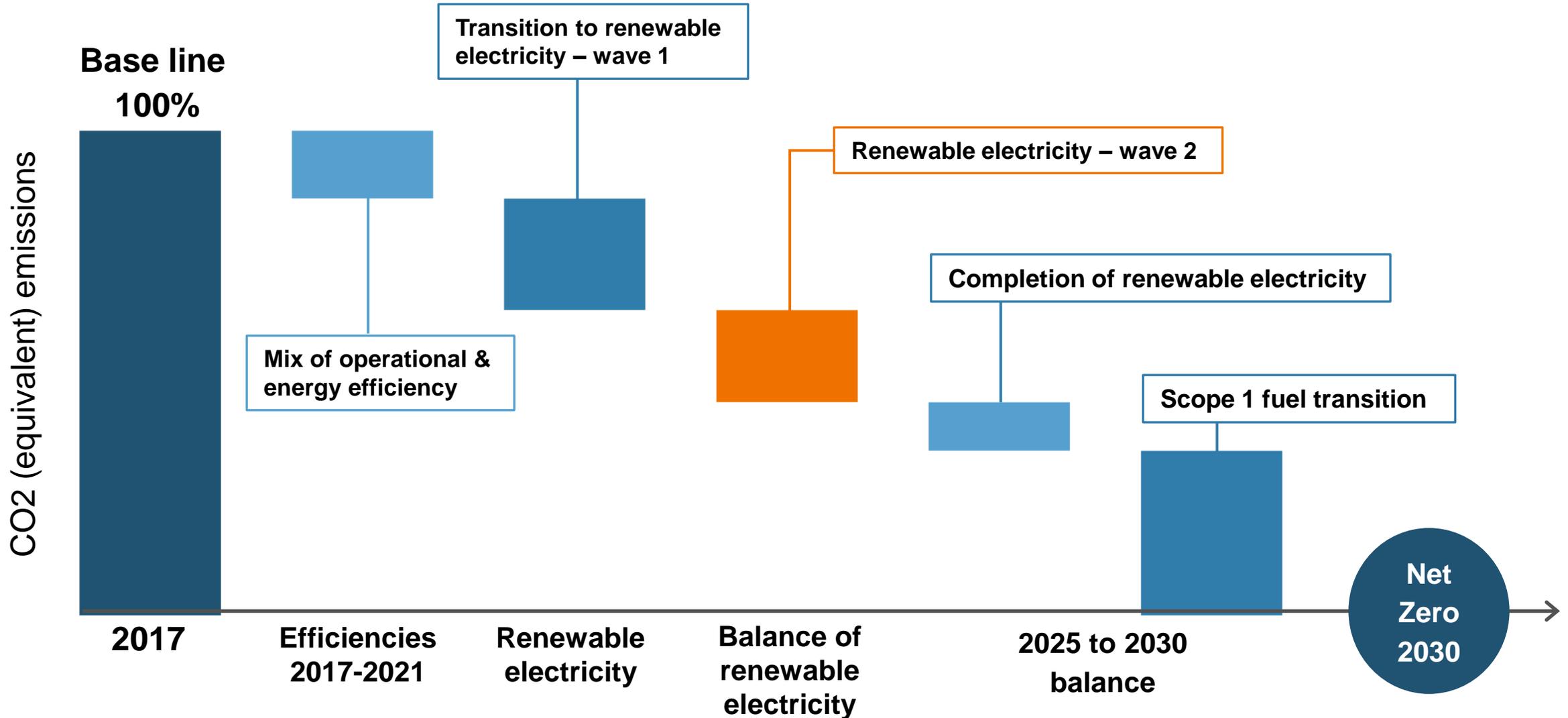
Partnership approach with our suppliers to target Scope 3 emissions

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



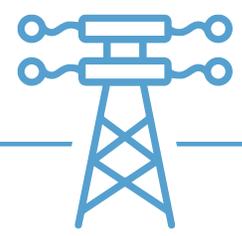
CLIMATE CHANGE

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.



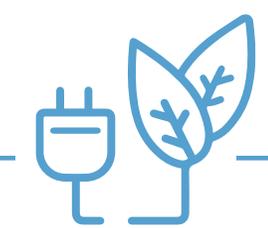
100%

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



30%

Reduction of total CO₂ 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



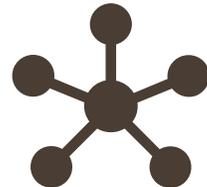
Supplier integrated tobacco production

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

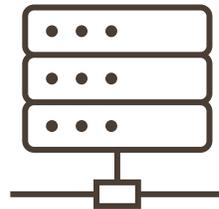


Mature industry programmes

- 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

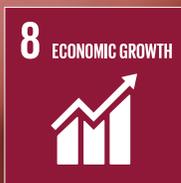
Support suppliers to improve access to **BASIC NEEDS** for 180,000 farmers and their families by 2030

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



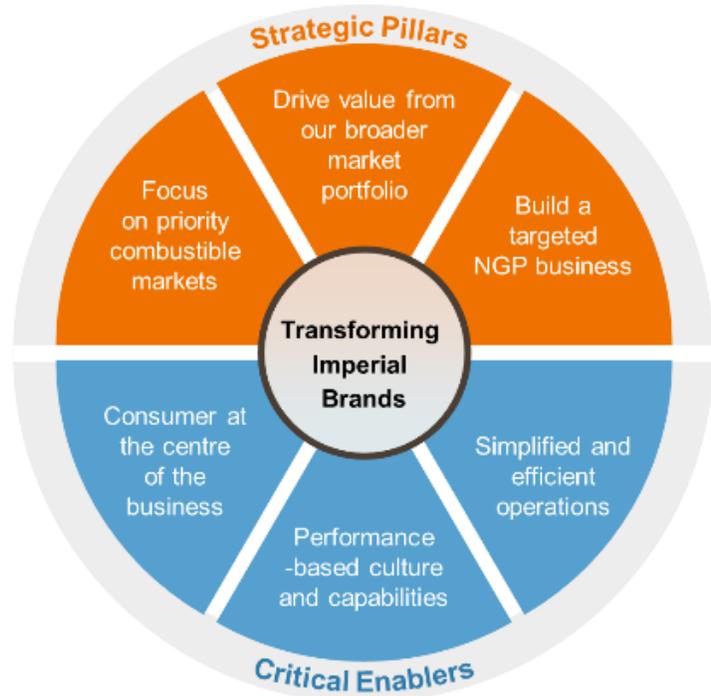


Cultural Transformation





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



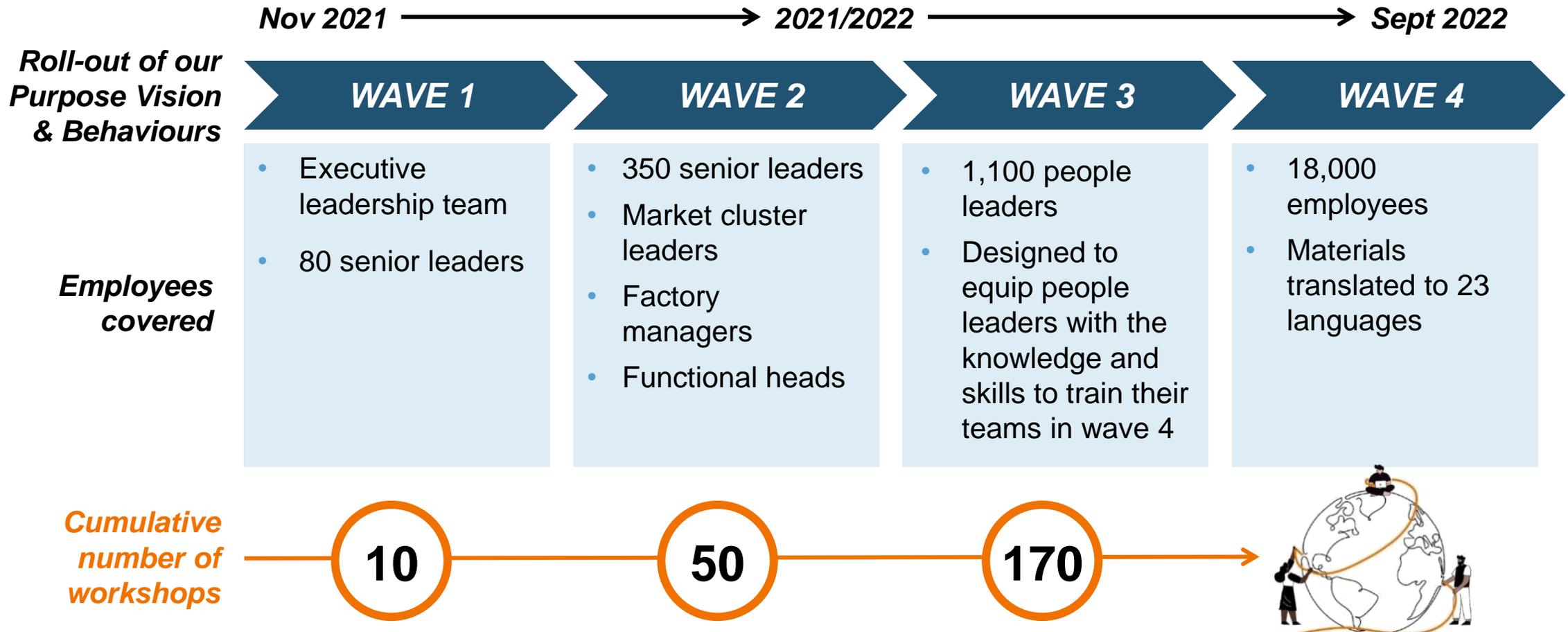


A company-wide cultural change programme



Cascading change throughout the organisation to enable our strategy

ENABLING OUR STRATEGIC DELIVERY



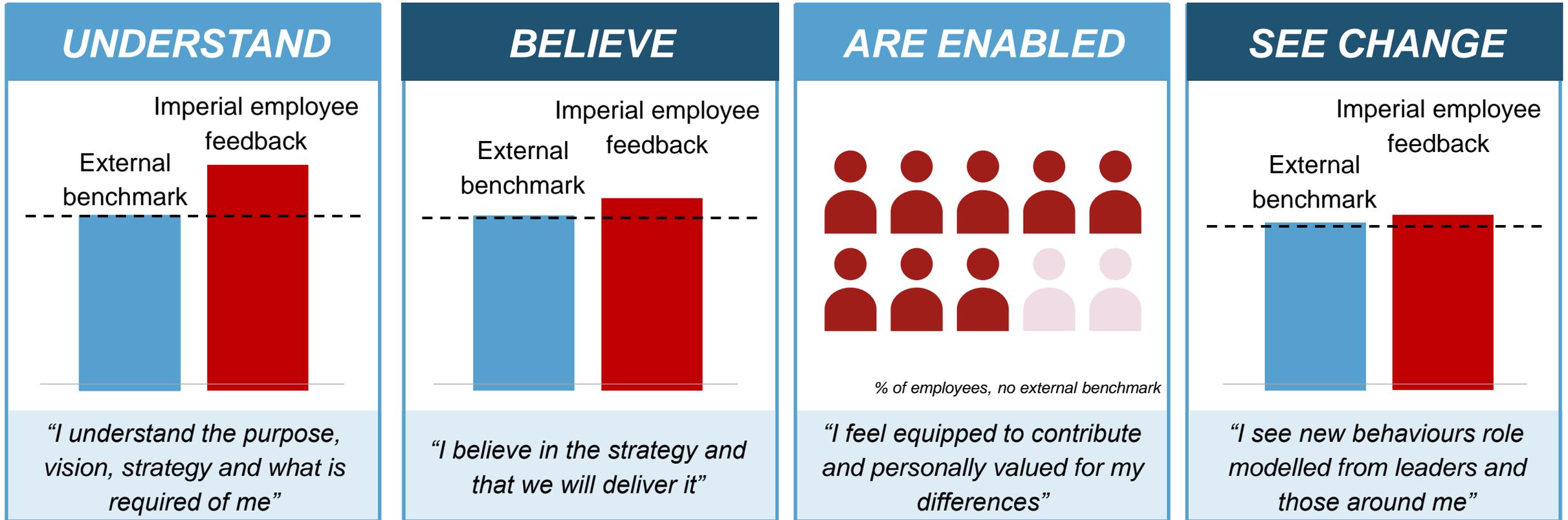


Change programme gaining momentum

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



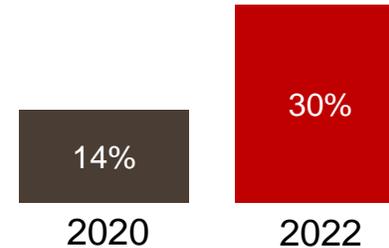
Each Group aims to

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

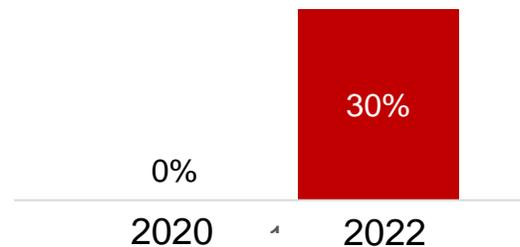
OUR LEADERSHIP TEAM

EXECUTIVE LEADERSHIP TEAM

% women

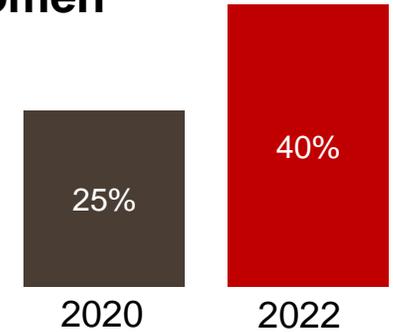


% ethnic minorities

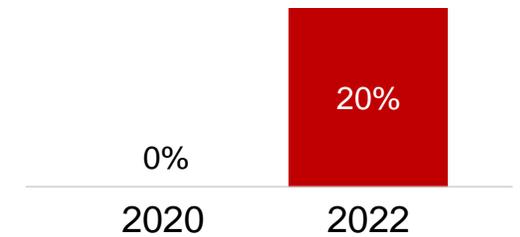


BOARD OF DIRECTORS

% 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/>