

CRITICAL ENABLERS



SIMPLIFIED AND EFFICIENT OPERATIONS

We are improving our global processes and digital strategies.


Imperial emerged as the world's fourth largest tobacco business through bold acquisitions over the past two decades. These transactions have given the Company significant positions in some of the world's most attractive markets and a strong stable of local and international brands.

Our strategy, launched in 2021, identified a need to better integrate this portfolio of businesses to create simpler, more efficient operations, enabling us to better capture future opportunities. Three years on, our transformation is well underway with

significant structural changes, the introduction of new capabilities, and investment in our digital backbone.

In addition to restructuring our regions in FY21 to allow a greater focus on our largest market, the United States, this year we created a new region to include Africa, Asia, Australasia and Central & Eastern Europe (AAACE).

This change reflects our more rigorous approach to how we manage our broader portfolio of small and medium-sized markets, some of which have the potential to become engines of future growth for the Group. We have also rationalised the number of clusters and defined clearer operating models for our large, medium-sized and smaller markets. These changes are supported by a rigorous monthly performance review process.

 Our drive to create value from our broader markets is covered in more detail on pages 20-21.

TRANSFORMATION IN ACTION

2021

New performance management approach introduced

Market clusters reduced from 13 to 10



In our two largest markets, the United States and Germany, we have invested in our sales teams, and, where applicable, have supported them with training and new sales technology to support faster decision-making. In order to derisk our investments, we are deliberately using technologies which have already been proven by our peers in the consumer goods sector.

i Our focus on our top five priority markets is covered in more detail on pages 18-19.

We have been introducing new ways of working to ensure strong collaboration between our central functions and market teams, and to develop high-quality business partnering. A major focus this year has been embedding our new Global Consumer Office to work closely with our regions, supporting consumer insight, revenue growth management, and brand and portfolio management. An example of how we have achieved this is the creation of our central business intelligence function focusing on market and business performance. The architecture of this function was co-created by both central and market teams in a collaborative process with the resulting new insights centre of expertise enabling local execution with central support.

i Our drive towards greater consumer centricity is covered in more detail on pages 24-25.

In our business partnering functions – including Finance, Procurement, IT and People & Culture – we created Global Business Services (GBS) to deliver more strategic support to our sales, marketing and manufacturing teams, and to provide the flexibility to adapt and respond to changes in the market. In creating GBS, we streamlined our global processes to ensure that our resources are better allocated towards the customer and consumer-facing areas of the business – with a particular focus on our five priority markets. Across this year, we have seen over 300 roles move to the GBS, with the opening of a new office in Krakow, Poland, for specialists in areas including Finance, IT, Data and Procurement.

Our Global Supply Chain has also been transforming. Here, the focus has been on building a fully integrated supply chain with centralised planning, resourcing and demand forecasting capabilities based in our Warsaw hub. This team, collaborating closely with our factories and people in the markets, offers a range of skill sets, experiences and backgrounds – from packaging solutions to end-to-end planning. The new hub is designed as a space for more agile decision-making and professional excellence.

These changes are all being supported by significant digital improvements. Our investment in an all-new Enterprise Resource Planning (ERP) system will

make us a more connected organisation by replacing local legacy systems and provide a new technology backbone. This is a once-in-a-generation opportunity to enhance the speed, integrity and availability of business information, improving our decision making and agility. Alongside this, the programme will simplify and standardise core processes across our finance, supply chain and commercial operations. A strong programme team has been mobilised, combining external expertise in similar transformations and experience from within Imperial, together with best-in-class delivery partners and specialists that can help us accelerate the delivery. During this financial year we have made significant progress, having completed the global design phase, and we are now implementing the model in the first market and factory, which are set to go live in the second half of the next financial year.

The initial change programme, outlined in our 2021 strategy, is now complete. However, the work to develop a simpler and more efficient organisation continues, as we seek to create a working environment where our people can be more fulfilled and effective, enabling improved operational and financial outcomes.

2022

Changes to business support functions
Investment in new ERP system announced

2023

Embedding consumer capabilities
300 roles moved to new Global Business Services unit