

# OUR STRATEGY IN ACTION

The choices we make are guided by our strategy, purpose and vision as well as our approach to managing our environmental, social and governance (ESG) priorities.


## OUR PURPOSE

Forging a path to a healthier future for moments of relaxation and pleasure.


## OUR VISION

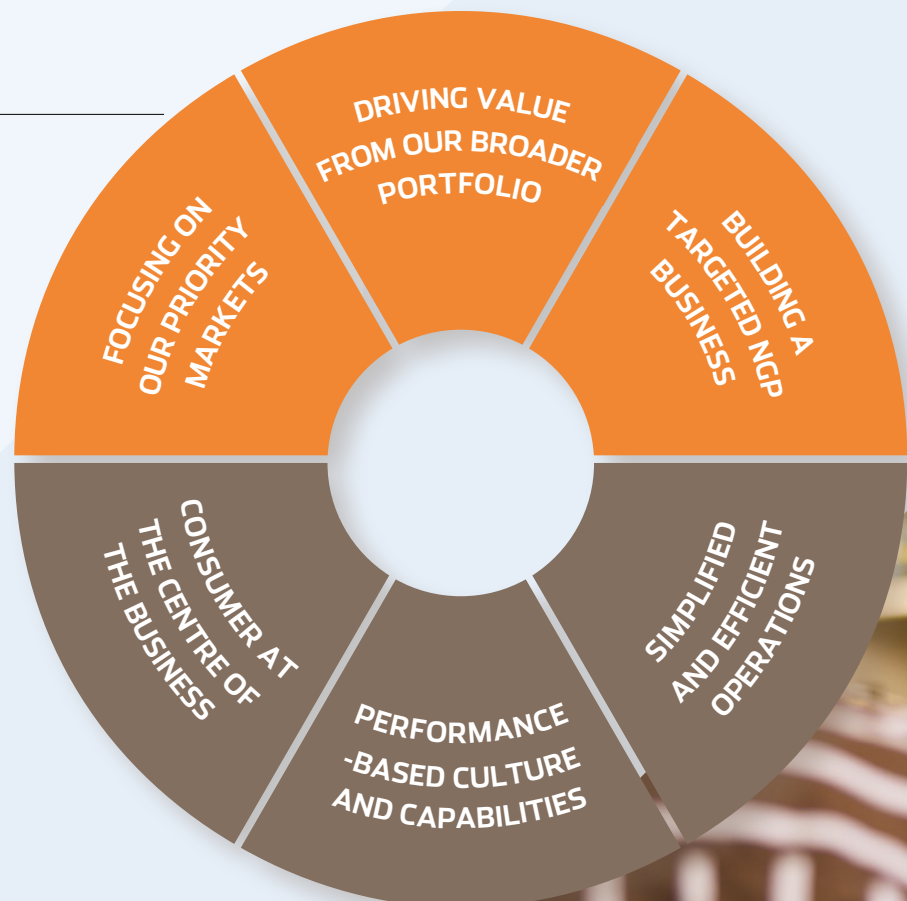
To build a strong challenger business powered by responsibility, focus and choice.

## STRATEGIC PILLARS

 For more information see pages 18-19.


## CRITICAL ENABLERS

 For more information see pages 20-21.



## HOW WE MEASURE OUR PERFORMANCE

To measure our performance we have 10 financial and four non-financial key performance indicators. We also measure the performance of several other indicators.

 Financial performance is reported on pages 34-41, and non-financial performance is reported on pages 59-77.

## OUR BEHAVIOURS



**Start with the Consumer**



**Collaborate with Purpose**



**Be Authentic, Inclusive to all**



**Take Accountability with Confidence**



**Build our Future**

## OUR APPROACH TO ESG



For more information see pages 59-77.

### HEALTHIER FUTURES



**Consumer health**



**Climate change**



**Packaging and waste**

### POSITIVE CONTRIBUTION TO SOCIETY



**Farmer livelihoods & welfare**



**Sustainable & responsible sourcing**

### SAFE & INCLUSIVE WORKPLACE



**Human rights**



**Employee health, safety & wellbeing**



**Diversity, equity & inclusion**





STRATEGIC PILLARS

## FOCUSING ON PRIORITY MARKETS

Our approach is creating growing revenue and profit from our largest tobacco businesses

KEY DEVELOPMENTS

Five markets – the United States, Germany, the UK, Spain and Australia – contribute around 70% of operating profit. A key pillar of our strategy is a focus on driving value in these businesses through targeted brand building, improvements in sales capabilities and careful portfolio management.

Our ambition is to maintain stable market share in aggregate and in any given year some markets will grow share while other markets may see reductions. In 2024, we recorded the fourth consecutive year of stable or growing aggregate share alongside strong pricing. Share gains in the US, Germany, Spain and Australia have more than offset declines in the UK.

## DRIVING VALUE FROM OUR BROADER MARKET PORTFOLIO

We focus on the medium-sized and smaller markets with the strongest opportunities for future growth

We have developed a rigorous approach to managing our broader portfolio of markets. This involves stronger consumer engagement, targeted investment in brands and improved sales execution.

The establishment of the Africa, Asia, Australasia and Central & Eastern Europe region has enabled stronger performance management of these markets and more effective sharing of best practices. We utilise the same tools as our largest five markets to drive performance across our broader market portfolio.

## BUILDING SCALE IN NEXT GENERATION PRODUCTS

We are defining a distinctive challenger position offering strong consumer choices across multiple categories

Our consumer-led, partnership approach to innovation and development means we now have attractive propositions across all categories: vape, heated products and oral nicotine. However, we continue to be disciplined in our market entry strategy – only launching products where there is existing consumer demand for the category and where we already have strong routes to market. Since 2020, at actual exchange rates we have grown NGP net revenue by 64%, and NGP now accounts for 4% of tobacco and NGP net revenue.

During 2024, we grew NGP net revenue across all three of our global regions – and across all categories. US performance was driven by the launch of our new Zone oral nicotine pouches. In the Europe region, growth was led by our refreshed portfolio of vaping products including the new blu bar disposable and the rechargeable blu bar kit. In AAACE, we are building consumer loyalty in heated products, including our new iSenzia tea-based sticks.

## OUR TRANSFORMATION IN ACTION

### 2021

Definition of key operational levers to drive performance in each of our five largest combustible markets; US, the largest global market established as separate region led by Kim Reed; aggregate market share for priority markets stabilised after a period of decline

### 2022

Branding refreshed for local jewel brands including Winston in US and Nobel in Spain

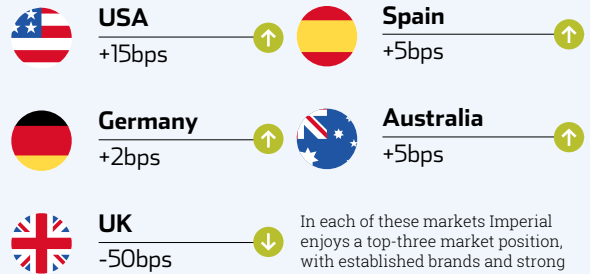
### 2023

Focused investment in sales force in US and Germany continues

### 2024

Aggregate market share growth alongside strong pricing; German market share growth

### Five priority markets and their FY24 share gains/losses 12-month share



In each of these markets Imperial enjoys a top-three market position, with established brands and strong customer relationships. Our aggregate market share has improved by +5bps versus the prior year.

### 2021

AAA (later AAACE) region established to enable stronger focus on attractive medium-sized and smaller markets

### 2022

Exits from Japan, Russia and several Central Asian markets

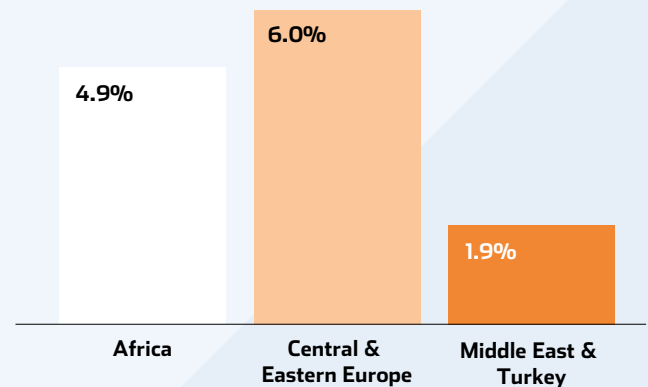
### 2023

Strong revenue growth reported in Africa; Asia, Middle East & Turkey; Central & Eastern Europe

### 2024

Further consumer experience added to the ELT with the appointment of AAACE President Priyali Kamath from P&G

### FY24 Tobacco and NGP net revenue growth by wider market clusters



### 2020

NGP reboot: disciplined market exits and underperforming investments cut

### 2021

Investment aligned behind new strategy; test and learn approach in heated tobacco with trials in Greece and Czech Republic

### 2022

blu 2.0 pod device pilots in France; roll-out of new oral pouch flavours in European markets

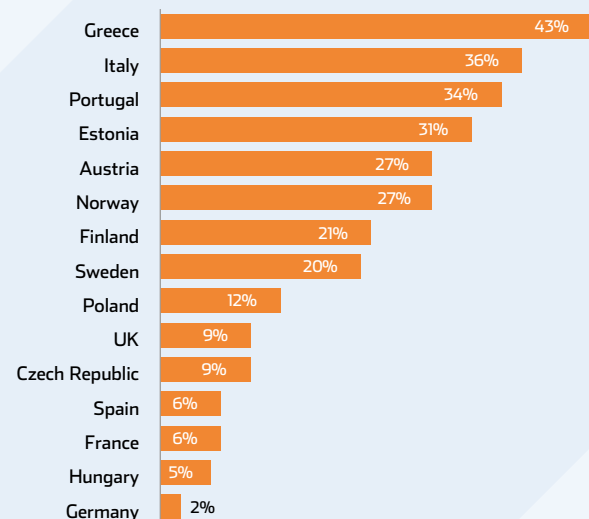
### 2023

Multiple vape and heated product and market launches; NGP now available in more than 20 European markets

### 2024

Launch of Zone oral pouches in US; NGP accounts for 20% or more of tobacco and NGP net revenue in eight European markets

### NGP as a percentage of Imperial's tobacco and NGP net revenue in European markets





## CRITICAL ENABLERS

# PUTTING THE CONSUMER AT THE CENTRE OF THE BUSINESS

Investments in insights, innovation, marketing and portfolio management are supporting success in global markets

## KEY DEVELOPMENTS

The tobacco and nicotine environment is undergoing transformative change with consumer tastes becoming more eclectic. The pace of innovation is accelerating and there is now a broad NGP ecosystem where partnering is important to success. To capitalise on these long-term trends, we have been patiently investing in our consumer capabilities.

In consumer insights, there has been a step change in our level of consumer interactions. During FY24 we conducted a total of 220,000 interviews and, at any one time, we have at least 70 research programmes in flight. Also during the year, we opened a new sensory laboratory in Shenzhen adding to our existing facilities in Liverpool and Hamburg. In revenue growth management, after initial pilots, we have begun a global roll-out of SWIPE, our new price simulation tool.

# DEVELOPING OUR PERFORMANCE CULTURE

We have a structured approach to becoming a more accountable, collaborative and inclusive organisation

Our progress towards becoming a consistently high-performing business has been driven by an integrated multi-year programme. Underpinning all our activities have been our five behaviours: Start with the Consumer; Collaborate with Purpose; Take Accountability with Confidence; Be Authentic and Inclusive to all; and Build our Future.

Key activities for 2024 have included an expansion of the Connected Leadership programme, which enables our senior people to become better coaches and unlock the full potential of their teams. We have also launched new initiatives to support career development and the acceleration of high-potential female leaders.

This year we maintained our strong engagement score of 74%, one point above the global benchmark.

# SIMPLIFYING AND BECOMING MORE EFFICIENT

New ways of working and improvements in tech and data are enabling more sustainable growth

Our 2021 strategy identified a need to better integrate our operations to become simpler and more efficient.

We have made significant structural changes to our enabling functions including finance, IT and People & Culture to help these teams partner more closely with the business. Our Global Business Services unit, set up in 2022, is now well established and across our global factory footprint, we are improving standardisation, driving a safety-first and quality-first approach.

We have also embarked on Unify, our multi-year business transformation programme, enabling the simplification of our operations and making them more efficient by standardising our core business processes, harmonising our data and unifying our core system that connect us globally to provide enhanced business and consumer insights, enabling informed decisions at speed for us to be an agile and challenger business. In October 2024, we passed an important milestone with the first market cluster adopting these tools.

## OUR TRANSFORMATION IN ACTION

### 2021

Group Consumer Office established, creating new centre of expertise for insights, innovation, marketing and portfolio management

### 2022

Acceleration of development cycles enables new NGP launches

### 2023

Innovation hubs open in Liverpool and Hamburg; launch of "Dimensions", global insights project segmenting individual consumer moments; New York capital markets day showcasing consumer capabilities; Paola Pocci appointed as Chief Consumer Officer

### 2024

Opening of Shenzhen sensory laboratory, enabling closer collaboration with partners

### Consumer interviews in FY24

# 220,000

### Innovation centres

# 3

### People in the Global Consumer universe

# 1,000

### 2021

Strategy launch identifies Culture as key enabler for improved performance; Connections programme to embed five core behaviours

### 2022

Connected Performance – more rigorous performance management for objective setting and bonuses; Board approves long-term diversity, equity and inclusion ambitions

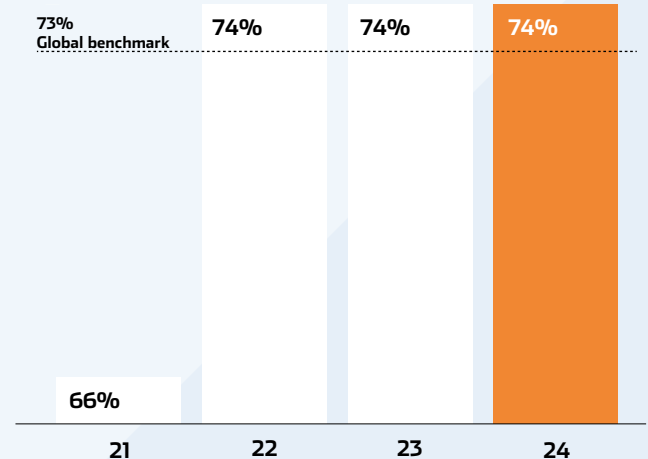
### 2023

Connected Leadership coaching courses begin. By end FY24, 850 leaders have graduated from this seven-day programme

### 2024

We maintained our engagement score at 74%, one percentage point above the global benchmark

### Employee engagement



### 2021

New performance management approach introduced; market clusters reduced from 13 to 10

### 2022

Changes to business support functions; investment in new ERP system announced

### 2023

300 roles moved to new Global Business Services unit

### 2024

Connected Change programme launched to embed change management skills among senior leaders; new ERP system live in first market October 2024

### Legacy systems to be replaced by 2028

# 60

### People employed in our Global Business Services unit

# >320

### Productivity gains

# 10%