

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 STRATEGY IN ACTION



OUR PURPOSE



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

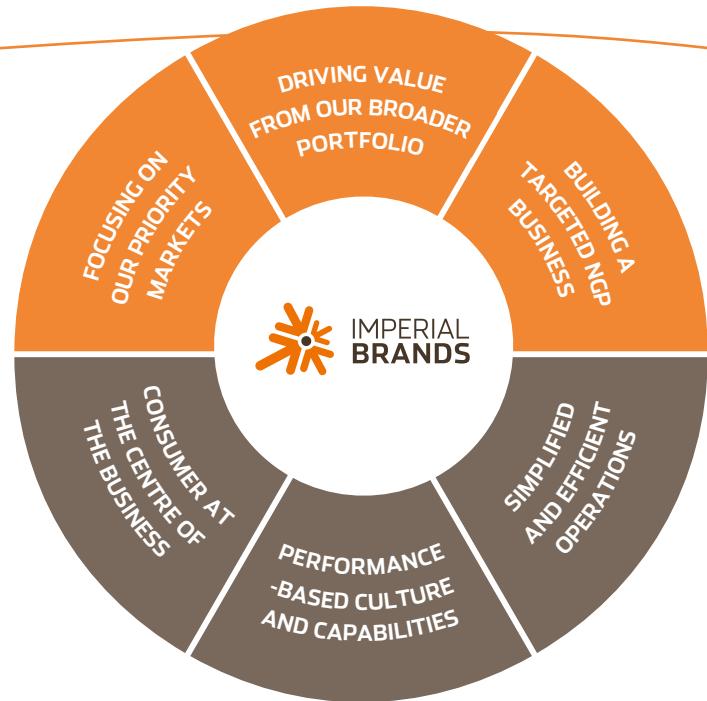
OUR VISION



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

STRATEGIC PILLARS

Pages 18-23



CRITICAL ENABLERS

Pages 24-29

OUR BEHAVIOURS

Pages 26-27



Start with the Consumer
Collaborate with Purpose
Take Accountability with Confidence

Be Authentic, Inclusive to all
Build our Future

HOW WE MEASURE OUR PERFORMANCE

Pages 30-31

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 92 to 99, and non-financial performance is reported on pages 38 to 81.

OUR APPROACH TO ESG

Pages 38-69



Consumer health



Climate change



Packaging and waste



Farmer livelihoods & welfare

POSITIVE CONTRIBUTION TO SOCIETY



Sustainable & responsible sourcing

SAFE & INCLUSIVE WORKPLACE



Employee health, safety & wellbeing



Diversity, equity & inclusion



Human rights

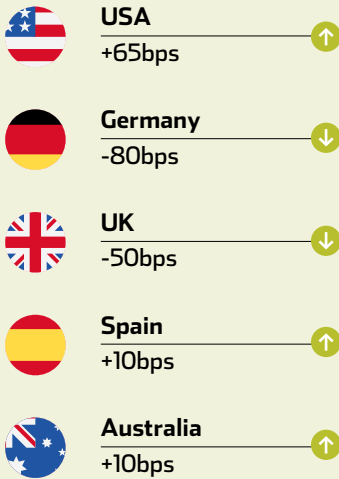


FOCUS ON OUR PRIORITY MARKETS

Focused investment in our most material combustible opportunities has driven stabilisation of our aggregate market share.

PRIORITY MARKET SHARES

12-month share



In each of these markets Imperial enjoys a top-three market position, with established brands and strong customer relationships. Growth in aggregate market share +10bps

As a challenger business, we need to channel our investment and energies towards the most material opportunities. This means a consistent laser-focus on our five largest combustible markets, which make up around 70% of our operating profits. These are the United States, Germany, the United Kingdom, Spain and Australia. Each market has attractive features. The US and Germany are both markets where cigarettes continue to be relatively affordable, creating opportunity for long-term growth.

Together these two markets account for around 50% of our operating profit. In the UK and Spain, we enjoy strong market positions supported by iconic local jewel brands, which are proving increasingly popular with consumers seeking distinctive propositions with strong heritage. In Australia, a market heavily restricted by regulation, we have opportunities to capitalise on our status as the second largest player and optimise value creation.

Each market has tightly defined priorities in marketing, distribution and portfolio management, which are subject to monthly reviews. Our strategy, launched in early 2021, defined six operational levers to improve combustible performance across the five markets, and three years on we continue to make progress on each.

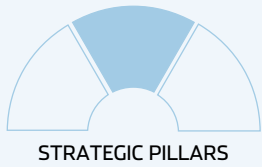
1. Increase participation in premium segments: In the US, focused investment in our flagship brands Winston and Kool has led to stabilisation of our share of the premium segment after years of decline.
2. Rejuvenate local jewels: In Spain, our refresh of Nobel in 2022, including new packaging and line extensions, supported the brand gaining 30bps in FY23. In the UK, the rejuvenation of local brands Embassy and Regal led to share growth of these brands.
3. Optimise the value segment: It is important that we are able to offer consumers high-quality choices – whatever their price points. Across our markets, we have been investing in more rigorous approaches to portfolio management. In Australia, the introduction of Lambert & Butler in the fifth price tier underpinned a refresh of our pricing strategy across our brand portfolio enabling share and value growth in FY23.
4. Maximise the potential of fine cut tobacco: In Germany, where high inflation is driving downtrading, the launch of our Paramount brand grew our share of the sub-value fine cut segment.



Priority markets
account for
c.70%
of operating profit

- 5. Drive performance in under-penetrated channels: In the US our larger sales force has enabled us to increase coverage of smaller convenience stores and gas stations.
- 6. Maximise value creation through key accounts: In the US a focus on joint business plans with our key accounts underpinned out-performance of our cigarette portfolio.

Consistent progress across these six areas of focus means that, after years of sharp declines in market share, we have now reported three years of stable-to-growing aggregate market share for our priority markets. At Group level, we manage these five markets as a portfolio and therefore in any reporting period we would not expect all five to increase share. What matters is maintaining stable or growing share in aggregate over the long term.



DRIVING VALUE FROM OUR BROADER MARKET PORTFOLIO

We have identified a clear role for each of our diverse markets.

In a similar way to how we have focused our investment in our five priority markets, we have brought an equally rigorous approach to creating value and identifying future growth opportunities across our broader portfolio. We have created new structures and processes designed to help the teams in all our markets maximise their contribution to the success of the Group.

In particular, over the past year we have created a new regional structure with the formation of the AAACE region, covering Africa, Asia, Australasia and Central & Eastern Europe. Led by Paola Pocci this unit is being developed as a centre of expertise for our medium-sized and smaller markets, many of which have attractive margins and the potential to become platforms for future growth in combustible tobacco and next generation products.





In aggregate, some of these market clusters, such as Africa which accounts for about 10% of Group tobacco profit, have the potential to make a significant contribution to overall Group success. Within each portfolio, every market is assigned a specific role and a distinct set of priorities.

Under the new regional structure, groups of markets are now being run more effectively as portfolios with insights, expertise and services being pooled.

Greater consumer engagement in each market has guided our investment in wider consumer choice. Brand innovations have supported brand equity building and underpin sustainable price increases.

We have also shared best practice across our wider markets. Disciplined go-to-market strategies used to good effect elsewhere in the Group have been repeated across our wider markets, where appropriate. In our African markets strong price increases were combined with revenue growth management measures and tools developed together with our Global Consumer Office team.

We use our unique portfolio of local jewel and international brands to meet local consumer preferences. For instance, in the Middle East international brand Davidoff resonates well with consumers, particularly in

Kuwait. Here the country benefited from reopened borders and we exercised strong pricing discipline and a more focused go-to-market approach to drive revenue growth there.

Our global duty free business performed well during the year as travel plans returned to pre-pandemic levels in most locations, apart from Asia where travelling is expected to recover to pre-pandemic levels over time. Our performance was enhanced as we increased our share of market in major airports, mainly in Europe and the Middle East.

In line with our approach as a focused challenger, we have been ready to exit markets where we believe we lack the right to win. In 2022 we exited Japan, a large market for tobacco but one where after a decade of investment, the business remained small and unprofitable. Also in 2022, following the invasion of Ukraine we decided to exit Russia and subsequently, we have closed our operations in several central Asian markets, which had previously been reliant on our Russian supply chain.

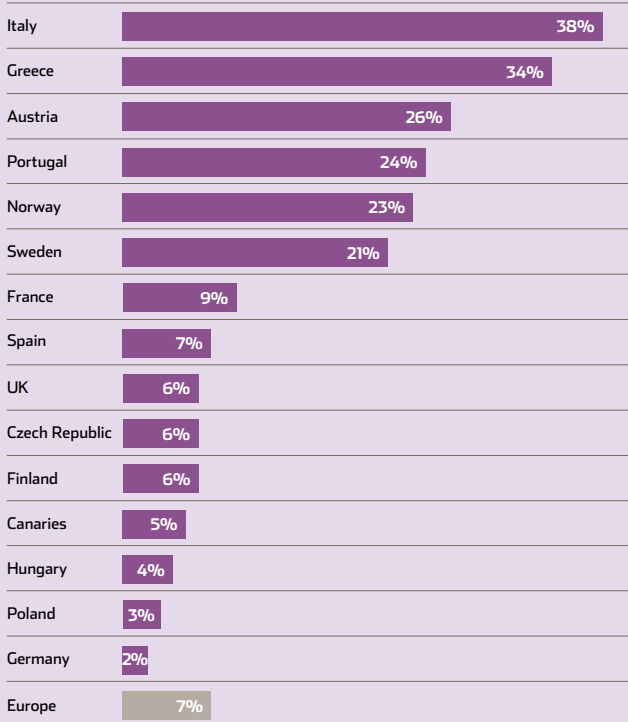
Focus, discipline and our new consumer approach and revenue growth management frameworks are enabling us to continue to drive value from our broader market portfolio.



BUILDING SCALE IN NGP



NGP as percentage of Imperial's overall net revenue in European markets



FY23 saw a step-up in our next generation product operations.

For our potentially reduced-harm business this has been an important year, with product innovation and targeted market launches translating into accelerated revenue growth.

Following the introduction of new propositions in vape, heated tobacco and oral nicotine, we now have credible offerings in all three major categories.

And consumers can now buy our NGP in more than 20 European markets, as well as the United States.

This operational acceleration has translated into revenue growth of 26.4% globally, and 40.4% in Europe where we have been focusing our investment.

Next generation products (NGP)



TRANSFORMATION IN ACTION

2020

NGP reboot: disciplined market exits and under-performing investments cut

-27%

2021

Investment aligned behind new strategy; Pulze 1.1 trials begin in Greece and Czech Republic

-4%

NGP net revenue growth at constant currency

The step-up during FY23 follows a comprehensive reboot of our approach to NGP in line with the strategy we launched in January 2021.

We operate as a challenger both in our choice of markets and in the way we innovate.

This means we focus only on markets where an NGP category has already become a material proportion of overall nicotine consumption, and where we have strong existing routes to market.

In innovation, reflecting our agility and our smaller size compared to other global players, we have developed a partnership approach.

This is exemplified by our three new innovation centres. Our Sense Hubs in Liverpool and Hamburg bring together our own development teams with third-party partners and our consumers. Our Shenzhen site enables us to get closer to our supply chain partners.

Our new way of working has halved the time from initial concept to market launch and increased our capacity to work simultaneously on multiple projects.

This is particularly important because of the need for us to take a multi-category approach, reflecting the way different markets are evolving different NGP preferences because of local culture and regulatory environments.

During FY21 and FY22, we first refocused the business, by withdrawing from several markets, such as heated tobacco in Japan, which did not fit our challenger criteria.

Then we began a test-and-learn process introducing new products in pilot markets, closely studying reaction from consumers and customers, before scaling up.

For example, in heated tobacco, we introduced the Pulze and iD proposition to Greece and the Czech Republic, while blu 2.0, our latest pod-based vape, was

tried in selected French cities. This helped to validate our propositions with consumers.

Then over the past year, having studied consumer feedback and made alterations to devices, flavours and brand propositions, we began to scale up. Our blu 2.0 device is now available in nine markets and our disposable blu bar is available in 11 markets, while our heated tobacco offerings, which include an upgraded Pulze 2.0 device, are up and running in seven markets.

In oral nicotine, with our Zone X and Skruf brands, we have focused on selected markets, mainly in the Nordic region, where this category is preferred by consumers. Here we have been innovating with a range of new flavours and brand propositions. During 2024 we will launch a range of oral nicotine pouches in the US.

Already, in some European markets where our combustible presence had historically been smaller, NGP has grown to become a significant proportion of overall net revenue (see chart on opposite page).

Our challenge next is to build a larger NGP presence in our major European markets, where we can leverage the strength of our sales forces and broader business infrastructure.

FY24 will be a year of consolidation as we continue to innovate, build brand equity and develop the markets we have already entered.

The strength of our competitors and the accelerating pace of regulatory change mean that we cannot expect to make progress in all markets in all years.

However, as more consumers make potentially healthier choices, we see a future where NGP becomes a larger proportion of nicotine consumption over time and where Imperial secures its fair share of this growing market.

MAIN NGP MARKETS

Vapour

France 	UK 	Spain 
Canaries 	Germany 	Greece 
Italy 	Portugal 	Czech Rep 
USA 	Belgium 	Ireland 

Heated tobacco

Czech 	Italy 	Greece 
Hungary 	Portugal 	Bulgaria 
Poland 		

Modern oral

Sweden 	Estonia 	Norway 
Denmark 	Austria 	Iceland 

2022

blu 2.0 trialed in four French cities and roll-out of new Zone X flavours

+11%

2023

Pulze 2.0, blu 2.0 and blu bar launched in multiple markets

+26%



For more information on consumer health see pages 44-47.



CRITICAL ENABLERS



PUTTING THE CONSUMER AT THE CENTRE OF THE BUSINESS



We're investing to support a more rigorous approach to consumer insight, innovation and marketing.

A critical enabler for our strategy is to place the consumer at the centre of the business. Our refreshed focus on starting with the consumer is a key element of our challenger mindset. The tobacco and nicotine environment has undergone transformative change recently. Consumer tastes are becoming more eclectic – choice matters more. The pace of innovation is accelerating and there is now a broad NGP ecosystem where partnering is important to success.

We're building a holistic approach to understanding our consumers by developing a multi-disciplinary community to design and develop products. This means investing in capabilities, data and insights to ensure that the voice of the consumer shapes and influences our decision-making and becomes part of the fabric of our culture.

Since the creation in 2021 of our Global Consumer Office (GCO) we have successfully attracted talent from a range of blue-chip consumer goods firms who are bringing best practice to the team and combining it with our

8,600
consumer
interviews



existing deep knowledge in tobacco and local markets. The GCO team, collaborating closely with the wider business, is supporting our vision by listening carefully to smokers and next generation product users, and we are challenging on behalf of these consumers to provide them with more choice.

In June 2023, we hosted our “Start with the Consumer” capital markets day in New York to demonstrate our progress on consumer centricity. The event provided insight into how we are putting the consumer at the centre of the business with presentations on insights, marketing, innovation and NGP. The full slides and transcript are available on our website, www.imperialbrandsplc.com

ENHANCING OUR CONSUMER INSIGHTS

We have refreshed our consumer insights and how we analyse new opportunities now follows a consistent global approach applied across markets and categories. At the centre of this new approach is our investment in one of Imperial’s largest ever pieces of consumer research.

We used an approach called demand spaces, a type of analysis which is well established in other consumer sectors but is still quite new in tobacco and nicotine. This method, which internally we call “Dimensions”, breaks down the lives of our consumers into individual moments when they enjoy our products, for example, morning or evening, in the home or out and about, alone or with friends. We interviewed 8,600 consumers across eight countries, collecting in-depth information on 15,800 different consumption occasions. By analysing these different moments of consumption we are better able to differentiate our offerings to the same consumer.

In addition, we have created new data and analytics tools and made these available across the organisation. This is a clear example of how we are

putting technology to work in the consumer space. Having piloted the tracker in 2022, we launched the revamped dashboard this year to strengthen our ability to compare brand funnels and understand switching and other brand dynamics.

UNLOCKING OUR PORTFOLIO

We are embracing our role as a challenger, by taking control of our portfolio. Imperial is transitioning from a business which only prioritised global brands to one that also embraces its portfolio of local jewels, widening consumers’ choice with brands reflecting their national identity or their global tribe. We are a business with a clear portfolio strategy where each brand has a clear role and targets a specific consumer and price, tying into the new Dimensions framework developed by the insights team.

We have reinvested in our brands, increasing investment in marketing as an overall percentage of net revenue. This is delivering results, as demonstrated by the success of brands such as Nobel in Spain, together with Winston and Kool in the US.

A NEW APPROACH TO INNOVATION

Our innovation capabilities have been reoriented to provide consistent and coherent consumer experiences across combustibles and NGP. A new and differentiated approach to innovation has been developed. It is one that is consumer led and involves close collaboration across functions. We are now delivering NGP in a more sustainable way, and at pace. In improving our agility, we can respond to the needs of consumers more quickly.

We have created and embraced a partner ecosystem, and these partners are working with us on our innovation agenda across flavour, device, digital, sensory and packaging. We are building deep partnerships that allow us to be unencumbered by ownership of an entire value chain in a sector where technologies and products are evolving quickly. We are operating innovation

centres in Liverpool, Hamburg and Shenzhen, which will accelerate the feedback loop by giving us the ability to test and learn from consumers as we innovate.

A CHALLENGER APPROACH TO NGP

Collaboration between the NGP team and our insights, innovation and marketing teams has enabled us to leverage consumer insights from combustibles, and develop a holistic view of consumer behaviour and preferences. This financial year has been a breakout year for NGP launches: we have successfully rolled out our blu 2.0, blu bar and Pulze 2.0 devices. There has been a noticeable increase in the pace of innovation.

Our market roll-out strategy is clearly defined. We will only enter markets where the category has already been created and we have an existing route to market. Product development in vapour and heated tobacco has been complemented by new flavour roll-outs in our oral nicotine products in Europe. In June 2023, we completed the acquisition of a US oral nicotine product range from TJP Labs, and we are excited about launching our new brand, Zone, in 2024.

Looking ahead, we will optimise the organisational design to make sure the consumer centre of excellence is working in tandem with the markets to continue to deliver maximum benefit for the business and our consumers.

“The Global Consumer Office is supporting our vision by listening carefully to smokers and next generation product users.”

TRANSFORMATION IN ACTION

October 2022

Launch of Nobel Super Slims in Spain

First half of 2023

First launches of blu 2.0, blu bar and Pulze 2.0

Throughout 2023

Increased flavour roll-out across the OND portfolio

February 2023

New JPS campaign launched in Germany

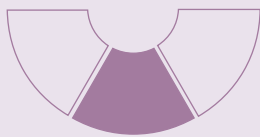
March 2023

Davidoff Double Crushball launched in the Middle East

Q4 2023

Premium non-menthol variant of Kool launched in the US

CRITICAL ENABLERS



TRANSFORMING OUR CULTURE



Over the past three years, as part of Imperial’s transformation into a strong challenger business, we have been developing a performance culture which is more collaborative, accountable and inclusive.

This has been a highly structured, multi-year programme and, while we know there is considerable work still to do, we are pleased with our progress so far.

The process of cultural change began in 2021 when, in support of our newly launched strategy, we unveiled a new purpose, vision and five behaviours.

These behaviours, which have been the foundation of all subsequent activity, are: Start with the Consumer; Collaborate with Purpose; Take Accountability with Confidence; Be Authentic and Inclusive to all; and Build our Future.

During 2022, our focus was on supporting colleagues to become familiar with these behaviours. Every employee received training in understanding how best to live our behaviours in their working lives, with leaders going through an immersive five-day programme, which we called Connections.

We also rebranded our global office and factory estate, and stepped up our internal communications with new global, regional and functional events enabling broad-ranging dialogues and the sharing of best practice.

Over the past year, we have continued to develop this new culture. Our behaviours are now embedded in the way we manage performance, with leaders paid bonuses based not just on what they achieve but also how they deliver those achievements.

Also during 2023, we have made a significant investment in the coaching and development skills of our senior managers. Three hundred leaders, including the full Executive Leadership Team, have completed a bespoke course, called Connected Leadership,

designed to help each of them become better coaches and unlock the full potential of their teams. Examples of our people’s response to the programme are on the opposite page.

As part of our broader culture change agenda, during 2021 and 2022, we built the foundations of a new, more rigorous approach to diversity, equity and inclusion (DEI). This included the establishment of Employee Resource Groups covering gender, ethnicity, disability and LGBTQ+, and the recruitment of a new central team. During 2023, we agreed a set of long-term DEI ambitions. These are covered in more detail on pages 67-69.

The positive impact of these activities is evidenced in our most recent global employee experience survey, where we saw a 91% response rate and maintained our above-benchmark engagement score of 74%. Among our Global Business Leaders – roughly our top 500 people – we saw engagement improve by 10 percentage points to 84%.

We will continue to embed our new culture through rigorous performance management and further coaching to support our leaders.

TRANSFORMATION IN ACTION

Jan 2021

Strategy launch: Culture is identified as a key enabler for improved performance

Oct 2021

New purpose, vision & behaviours unveiled at first-ever all-colleague conference

Nov 2021

Immersive Connections sessions start. All colleagues receive training in how to bring to life our behaviours in their daily working lives

Feb 2022

Launch of Connected Performance. New performance management process embeds behaviours into objective setting and bonuses



2023 employee
engagement
74%

**WHAT LEADERS ARE SAYING
ABOUT OUR CONNECTED
LEADERSHIP PROGRAMME...**

"In 15 years here, this is the first time ever I have seen such investment from the leadership in us."

"This is the only time learning had made me a better leader on a day-to-day basis."

"I've had more difficult conversations now re people's performance than ever before – caring and challenging."

**AND WHAT TEAMS ARE SAYING
ABOUT THEIR LEADERS...**

"My leader is making me think differently, when I make a commitment, it feels more personal."

"I can see a positive 360 change in leading – asking more questions, making us think more, solve our own problems and not tell us."

"My leader is pausing and listening more – I noticed it."

Nov 2022

Long-term diversity, equity and inclusion ambitions approved by the Board. This is followed by the launch of the "I Belong" campaign to build awareness and buy-in for self-declaration data gathering (see pages 67-69 for more details)

Dec 2022

Second all-employee conference highlights how colleagues have adopted new behaviours. Contributions from markets across all regions show how culture change is translating into operational progress

Jan 2023

Connected Leadership coaching courses begin. During 2023, 300 leaders devoted seven working days to building skills in developing and supporting their teams to improve performance and unlock potential

Oct 2023

Record 91% response rate for global employee experience survey. We maintain benchmark-beating 74% engagement score

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