
Towards a Sustainable Future



Rothmans, Benson & Hedges Inc.
a subsidiary of Philip Morris International Inc.

2022 SUSTAINABILITY REPORT

About This Report

Rothmans, Benson & Hedges Inc., (RBH) is on a transformational journey. We are doing all we can to create a smoke-free Canada and carve out a future beyond tobacco. A cornerstone of this transformation is continuing on a path of excellence when it comes to driving positive change across environmental goals, social commitments and governance. This report summarizes our progress in 2022, focusing on what we believe matters most to our stakeholders, and shares our vision and goals for the future.

This report is published to provide general information about RBH. The purpose of this report is not for advertising or marketing purposes. It is to inform scientists, regulators and other stakeholders interested in public health policy and corporate citizenship. The material in this report should not be regarded as an offer to sell, or a solicitation of an offer to buy, any product of RBH. Such products are marketed only in compliance with the laws of the jurisdictions in which they are sold.

RBH, a subsidiary of Philip Morris International Inc. (PMI), is one of Canada's leading tobacco and nicotine companies. We are also spearheading the Unsmoke Canada conversation to help Canadians go smoke-free.

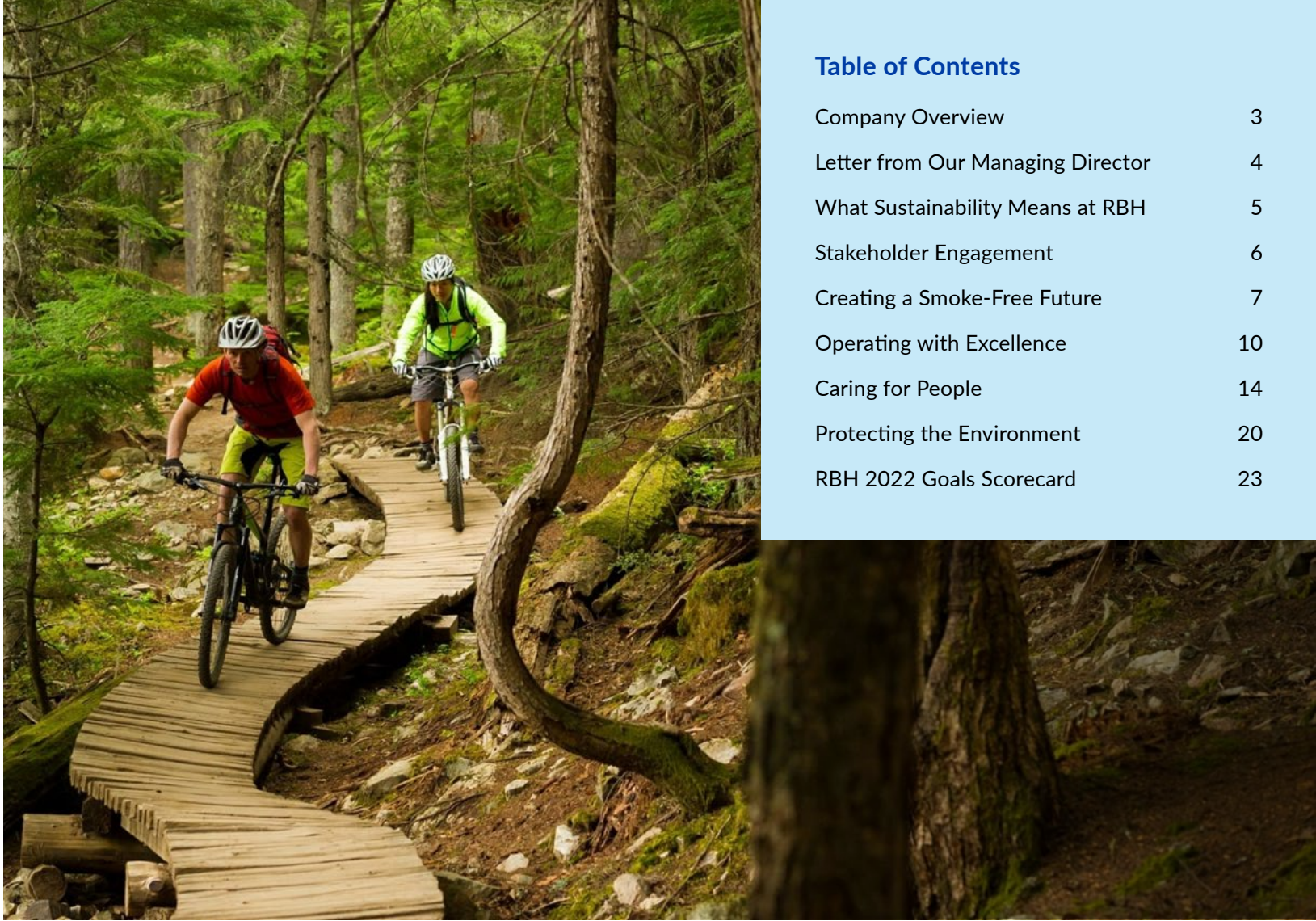


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Company Overview

 **67**
farmers in
Canada

 **739**
employees around
the country


 **~50 per cent**
of the sales fleet
replaced with hybrid
or electric vehicles

 **45 per cent**
reduction in CO₂ emissions
between 2021 and 2022

 **43 per cent**
female senior
leadership team

 **40 per cent**
reduction in water consumption
between 2021 and 2022

 **3**
offices across
Canada

 **88 per cent**
CO₂ reduction at the
Quebec plant (compared
to the 2019 baseline)

2022 Economic Impact

\$120 million
paid in employee wages and benefits

\$226 million
spent on local goods and services

\$800,000
invested in employee training

\$833,750
in funding to provincial blue box programs nationwide

\$267,000
given in support of community groups
and environmental initiatives

\$1.8 billion
paid in federal and provincial taxes



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Letter from Our Managing Director

It's an honour to be part of this incredible team and share our latest sustainability report highlighting the incredible work being done across our sustainability pillars as we transform our company.

In 2022, as part of our Environment, Social and Governance (ESG) journey, we introduced our new motto for RBH: *Bold Moves, Big Wins, Powered by People*. This reflects our commitment to building on our strengths and speaks to our drive to be united in our corporate vision.

Our parent company, Philip Morris International (PMI), has invested more than \$10.5 billion USD (\$14 billion CAD) towards research in smoke-free product development and deployment since 2008. Having a range of smoke-free products such as heated tobacco products, vapes, and oral nicotine products provides adult smokers, that choose to continue to smoke, with an alternative choice. While these products are addictive and are not risk-free, they eliminate the smoke caused by burning a cigarette. I encourage you to learn more about how we're working to provide Canadians with alternative choices on [page 9](#).

We continue to call on governments and regulators to adopt a smoking harm reduction approach. I must also stress that we remain unwavering in our commitment to preventing youth from using any type of nicotine-containing products, and we support tough penalties to prevent sales to minors. We can protect youth while still finding a way to help existing smokers; both are achievable.

The gains we've been able to achieve in advancing our goals across our four sustainability pillars, namely: creating a smoke-free future, operating with excellence, caring for people, and protecting the environment – are the result of the hard work and dedication of hundreds of employees, volunteers, as well as the participation of other stakeholders and retailers across the country. I am proud to witness the great momentum of the team, as they action our bold sustainability ambitions. Specifically, in the last year, I am pleased to share that we have been able to:

- provide more than \$250,000 in support to meaningful causes across Canada such as Indigenous mentorship and empowerment initiatives, biodiversity and conservation efforts, and women's emergency support services; and
- work with key partners to engage more than 2,400 volunteers who collected a total of 43,373 kg of litter, including over 1.3 million cigarette butts – double the amount collected in 2021 – via the national Unsmoke Canada Cleanup program.

In closing, our success as a company is due to our tremendous employees. While we are incredibly proud to be acknowledged as EQUAL-SALARY certified (fourth year in a row) and one of Greater Toronto's Top Employers (fifth year), we know that there is always more work to do. Our new SmartWork program is an example of how we have addressed various working styles to maintain engagement and connectivity, whether they are full-time in our offices, or using a hybrid schedule, which we discuss further on [page 16](#).

Our vision is possible thanks to the continued efforts of the entire team, and I am both grateful to and thankful for their unwavering dedication as we continue to engage in conversations with Canadians.



“We remain unwavering in our commitment to preventing youth from using any type of nicotine-containing products, and we support tough penalties to prevent sales to minors.”

Thank you,

Mindaugas Trumpaitis, Managing Director
Rothmans, Benson & Hedges Inc.



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What Sustainability Means at RBH

Our sustainability efforts are driven by our desire to find solutions to reduce our carbon footprint across all facets of our company. We've set ambitious goals to phase out cigarettes in Canada and established four strategic pillars where we believe we can have the biggest impact. This is the foundation for everything we do.



Creating a Smoke-Free Future

- Deliver smoke-free alternatives to adult smokers that choose not to quit
- Increase education and awareness around the benefits of moving to smoke-free alternatives and/or quitting or never starting to smoke
- Provide engagement and learning opportunities to health professionals on the science behind our smoke-free products
- Build a national network comprised of external experts in managing the impacts of smoking and exploring means of smoking harm reduction



Operating with Excellence

- Improve and protect our supply chain from disruption
- Only market to legal-age adults and prevent youth from using any nicotine-containing product



Caring for People

- Continually recertify RBH offices as smoke-free spaces
- Undergo ongoing ethics and compliance training
- Embrace and encourage a diverse work culture



Protecting the Environment

- Continued expansion of our Smoke-Free Recycling Program and worked extensively to collect and recycle smoke-free product waste
- Reduce waste at our Quebec Plant and find ways to support the environment
- Record number of cigarettes collected and recycled through our Unsmoke Cigarette Waste Recycling Program

Stakeholder Engagement

Our work with stakeholders – both internal and external – is vitally important. We strive to keep open channels of communication with our employees, government officials, the scientific community, as well as our adult consumers. We work with federal and provincial governments to highlight opportunities to decrease carbon emissions and our overall environmental footprint.

Connecting with Consumers

In 2020, we surveyed consumers regarding their thoughts on a consumer-centric recycling program. That led us to introduce our Smoke-Free Recycling Program in 2021, diverting vaping devices, pods and other smoke-free accessories from landfill to promote a fully circular economy. We've made great progress in promoting and extending our program beyond the collection of competitor waste by further expanding the number of collection bins to more than 3,500 locations across the country. We're proud to have built strong partnerships and relationships with retailers across the country who have taken up our call to participate in our recycling program. (Please see [page 21](#) for further details.)

Employee Engagement

When it comes to employee engagement, we introduced a new way of working at RBH. SmartWork builds on the premise of hybrid work by taking it a step further and considering a person's overall health and well-being, not just their scheduled working time.

To help everyone feel connected and maintain relationships, we brought forward initiatives such as 'One Team Tuesdays' and wellness challenges that have worked to keep everyone engaged and active. We cover these topics in more detail starting on [page 14](#).



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CREATING A SMOKE-FREE FUTURE

Providing alternatives for Canadian consumers

With a network of retailers nationwide – and through our Unsmoke Canada campaign – RBH is committed to helping Canadians become smoke-free. Tens of thousands of people have registered on the Unsmoke Canada website, where we share clear and concise information on the dangers of starting smoking, viable alternatives and the benefits of quitting.



RBH is working with thousands of retailers across the country to help drive awareness and educate people on smoking alternatives, quitting and the rationale for never starting smoking in the first place.

We encourage Canadians to quit fully if they do smoke and to change if they won't. Providing existing adult smokers with a range of smoke-free alternatives – including heated tobacco products, vaping products or oral nicotine pouches – can help eliminate cigarettes. But the government also has a role to play in helping ensure broader access to these products by reducing unnecessary barriers to better choices.

Unsmoke Canada

Unsmoke Canada is a campaign designed to educate and engage Canadians open to conversations about tobacco and nicotine products' role in achieving a smoke-free Canada.

Since launching in 2019, more than 160,000 Canadians have signed up to the Unsmoke Canada website. With information on smoke-free (non-combustion) alternatives, community environment initiatives, and tips on the benefits of quitting smoking, Unsmoke Canada is a great resource for those who share in the vision of a smoke-free future.



Tracking the Impact of Our Unsmoke Canada Program Activities

104.8 million+

impressions across Google and Facebook ads

\$112,000

in grants awarded to activate Unsmoke Canada Cleanups in 2022

162,141

Canadians are educating themselves about smoke-free alternatives

122,229

subscribers to the Unsmoke Canada bi-weekly email



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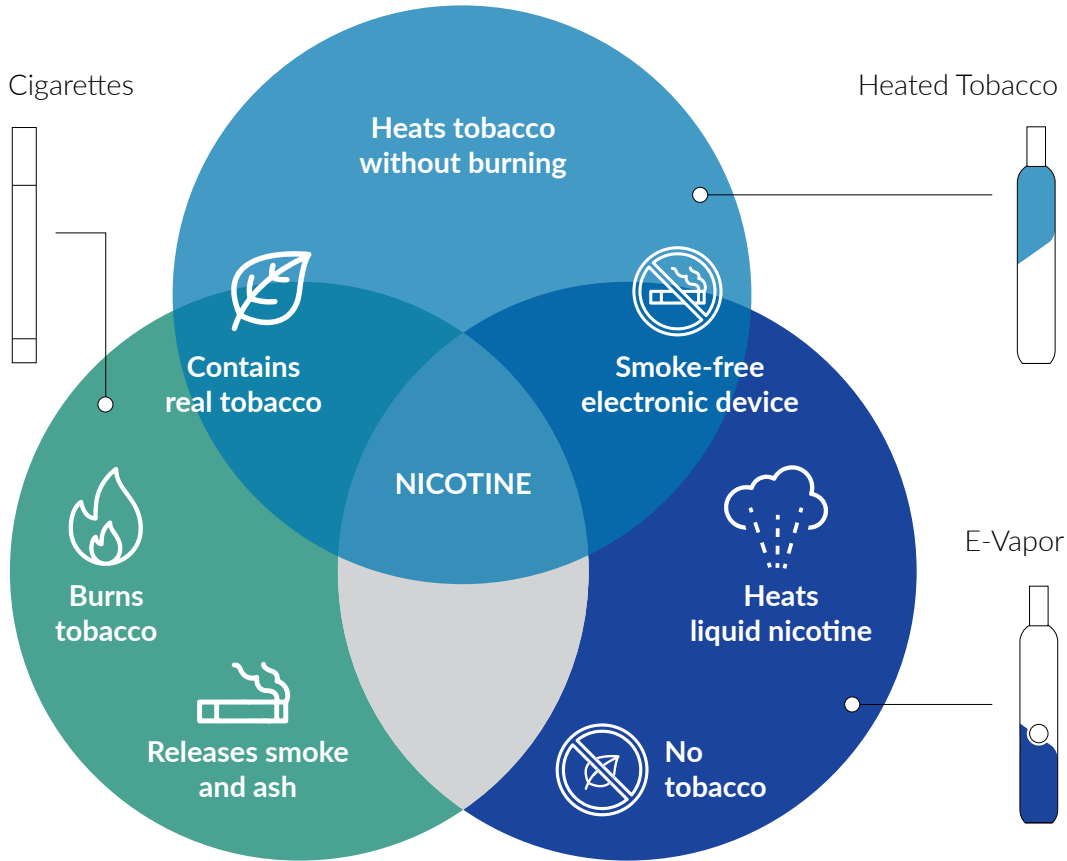
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Smoke-Free Alternatives

Technology advancements offer unprecedented opportunities to help adult smokers leave cigarettes behind. The best option is always to quit nicotine and tobacco use altogether, but smokers who choose not to quit should know alternatives exist. Heated tobacco, vaping products and nicotine pouches provide alternatives that eliminate the combustion and smoke created by cigarettes.

The difference between combustible cigarettes, e-vapor products (also known as e-cigarettes) and heated tobacco products



Working with the Medical Community

RBH has focused on building a national network comprised of external experts in managing the impacts of smoking and exploring means of applying harm reduction principles to smoking. In 2022, RBH hosted 43 educational events for health-care professionals. In addition, the Scientific Engagement Team attended or presented at 16 national and international conferences throughout the year.



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OPERATING WITH EXCELLENCE

Acting responsibly in all that we do

At RBH, we are committed to maintaining an ethical workplace and operating with complete transparency. We promote a culture of compliance that encourages proactivity. And we operate with integrity by living strong values and focusing on managing compliance risks.



Ethics and Integrity

Martha Membreño, RBH's Head of Ethics and Compliance, promotes a culture centred on following through on our commitments and promoting values of honesty, respect and fairness. Our Key Compliance Risk Areas include:

- Bribery & Corruption
- Fraud
- Conflicts of Interest
- Responsible Marketing & Sales Practices
- External Communications & Engagement (Scientific, Non-Scientific)
- Legal Compliance (Competition, Sanctions & Trade, Illicit Trade, Insider Trading, Intellectual Property)

Ethics and Compliance Mission Statement

Oversee the management of compliance risks across the organization by:

- empowering and enabling management, employees and third parties to meet applicable external (legal, regulatory, industry) and internal (policy) requirements by providing them with the tools, knowledge and advice to do their jobs in an ethical and compliant way;
- assessing risk, monitoring ongoing compliance, testing compliance controls, and investigating allegations of potential non-compliance; and
- driving a culture of compliance that encourages raising concerns about potential or actual compliance violations and proactively addressing issues.

Maintaining Ethics and Integrity

RBH actively takes a leading role in the tobacco industry by maintaining a stringent adherence to transparency. We believe that our reputation is vital as we work to try and build new and positive relationships with our end users, government officials, the medical community and retailers.



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Responsible Consumer Communications

Responsible sales and marketing are a key priority for RBH. Our smoke-free products are only intended for current adult smokers, and we firmly believe that tobacco or nicotine-containing products should never be in the hands of underage Canadians. With this in mind, we design all our communications in a way that is not appealing to youth, and we implement strict measures to discourage youth interest and prohibit access to our products. We also work with retailers to provide them with guidelines and tools to guard against the sale of combustible and smoke-free products to underage purchasers.

Reducing Our Carbon Footprint

Our parent company, PMI, has a global target of reducing greenhouse gas (GHG) emissions in the manufacturing sector. Following their lead, we are working with our service providers to collectively reduce our carbon footprint by using well-executed transportation practices. We limit the necessity of air and ground travel and ensure we are conscious of not having empty, climate-controlled trucks on the road. We make optimal use of our storage and transportation assets by utilizing just-in-time delivery practices and are engaged in research into biodiesel, hybrid and electric vehicles for our fleet. All of these efforts further RBH's commitment to sustainability from a product and waste standpoint.

Our Corporate Sustainability Task Force

To help educate and create more stakeholder buy-in with sustainability initiatives, RBH has created an internal Sustainability Task Force that will launch in 2023.



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Building Sustainability into Our Operations

The tobacco used in our products is entirely processed in North America, providing employment, supporting Canadian farmers and avoiding the environmental impact of longer supply chains.

Map of the RBH Cigarette Supply Chain



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CARING FOR PEOPLE

Transforming for good, powered by people

RBH embraced a new motto in 2022: *Bold Moves, Big Wins, Powered by People*. Created by our new Managing Director, these powerful words speak directly to the type of environment we have been working to create. With initiatives such as SmartWork and iEvolve, certifications such as being recognized as a smoke-free culture, and once again being a Greater Toronto Top Employer, RBH takes caring for people both internally and in our communities seriously.



RBH is pleased to be recognized for the fifth time as one of Greater Toronto’s Top Employers, as well as a certified Smoke-Free culture. This is also our fourth year in a row to earn EQUAL-SALARY certification, verifying that men and women are paid equally for equal work. These acknowledgements are well-earned and a testament to RBH’s work to ensure employee satisfaction and wellness.

An Ethical Culture

We work with internal stakeholders to maintain ethical practices and principles.

- We are an accredited Smoke-Free office.
- We maintain regular communications and build employee engagement through the regular distribution and publication of bulletins and newsletters that outline and explain all new products.
- 655 RBH employees participated in at least one ethics and compliance seminar in 2022.



Getting Engaged

On May 31, 2022, in an effort to help drive a positive impact for Canadian communities, more than 80 RBH employees took to the streets in Toronto, Montreal, Calgary and Vancouver, to clean up litter and cigarette butts in local neighbourhoods.



Flexibility in the Workplace

“A major trend in the workplace is the need for flexibility sought by the majority of employees. But how do we address it and stay competitive in the marketplace? How do we respond to the needs of the workforce? ‘SmartWork’ is how we’re bridging office and remote working. RBH is always thinking about how we can foster collaboration and how we can be inclusive at the same time.”

– MARY DESJARDINS,
MANAGER, PEOPLE ENGAGEMENT



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Coping with COVID

As the world began to move back to in-office work, RBH continued providing employees with a company-paid personal spending account to cover costs incurred in making their home office space more comfortable and ergonomically sound. We also granted people extra flexibility in their work schedules to balance the personal demands of working from home. We reintroduced Summer Fridays, which ran from July 8, 2022, until September 2, 2022, and maintained our Employee and Family Assistance Program, extending it from full-time permanent employees to include contract workers.

SmartWork

Introduced in March 2022, SmartWork is RBH’s new hybrid work program. SmartWork puts the needs of our employees first by balancing their mental health and well-being with where they work.

The basic structure has everyone on a schedule where they work two days a week in the office and three days a week remotely. We are continuing to listen and incorporate our employees’ feedback to create the environment that our team is looking for. Based on a desire to remain connected to their colleagues, we launched our Well-being Challenge where remote colleagues from various teams compete to see which team can be the most active. We are continuing to partner with employees and listen and incorporate their feedback to design an environment that promotes well-being and flexibility.

Partnering Mentors and Mentees with iEvolve

We launched iEvolve in 2021 and rolled it out completely in 2022. The program was created by team members in one of our Employee Resource Groups, recognizing an employee need for mentorship. In total, 90 employees – 48 mentees and 42 mentors – participated in the program, and the positive response was overwhelming. Using our internal Net Promoter Score (NPS), when surveyed, 76 per cent said they were likely to recommend the program to a colleague, and 61 per cent said they planned to continue their mentoring relationship with their mentor/mentee.



“I was looking to receive guidance from an experienced mentor who could share their experiences and help me gain new perspectives both personally and professionally. iEvolve provided me with the opportunity to learn and grow in a trusting and supportive environment. By working with my mentor, I enhanced my learning and gained more confidence too! I’d highly recommend iEvolve to anyone at RBH; the whole experience was enriching and helped me to enjoy my work even more.”

- LU GUO, TOTAL REWARDS SPECIALIST



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Bold Moves, Big Wins, Powered by People

When RBH’s new Managing Director, Mindaugas Trumpaitis came on board in 2022, he introduced a dynamic motto, *Bold Moves, Big Wins, Powered by People*, crafted to inspire RBH to take the company’s initiatives to the next level. Once this motto was unveiled, RBH held a contest for all employees, asking them to capture it in a compelling design. RBH was proud to award the best design to Newfoundland-based Stephen Lundrigan. Stephen had the opportunity to work with RBH’s advertising agency to formalize the concept that was put forward.

The logo created by Stephen represents the movement needed to win. The circle represents the energy required to move that is powered by people working together to make things happen. The four people images at the centre represent RBH employees, partners, consumers and society at large. Their raised hands symbolize the form of ‘V for Victory’ to represent big wins. And the horizontal lines indicate moving forward. Bright colours used in the energy wheel represent hope and growth.

“If ‘Bold Moves’ and ‘Big Wins’ are to be ‘Powered by People,’ then what better way to start than to get a logo submitted from one of our employees,” says Stephen. “I think when we all get behind a goal and work together towards it, we are all moving in the same direction, supporting and encouraging each other, which also includes our business partners. In any company, it’s the people that drive the business forward. It’s our people and the way we care for them that will make the difference.”



Diversity and Inclusion (D&I) – Employee Resource Groups

RBH is home to two employee resource groups (ERGs). These groups are truly grassroots and driven by our employees directly. They are an expression of RBH’s commitment to diversity and inclusion (D&I). Our groups include the Women’s Group and RISE.

In 2022, our RBH Women’s Group hosted several inspiring guest speakers, including a three-time Olympic medallist and four-time World Championship medallist. We also hosted an internal event, Women in Iran: Discussion, led by our very own Iranian-Canadian employees.

RISE has taken responsibility for organizing and hosting events for Black History Month and The National Day for Truth and Reconciliation, expanding knowledge and sharing cultures within the organization. We have also created additional opportunities for exploration into D&I by bringing in organizations like Disability Solutions to talk with us about normalizing the conversation and raising awareness for those with disabilities.

“ERGs as a whole are important to RBH because they represent the voice of employees. They are a vehicle that allows our uniqueness and commonalities to be celebrated with the whole organization. Further, they are also mandated to hold RBH’s leadership responsible for taking action. At RBH, leadership and ERGs work together to move the organization forward and to enable employees to bring their whole selves to the office.”

– GREG WALLACE, RISE



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🔍 Taking a Deep Dive into RISE

RISE is our employee resource group focusing on issues impacting the Black, Latino and Indigenous communities. RISE's mission is to have an organizational impact by educating employees and holding decision-makers accountable to make RBH a more diverse and inclusive place for all. RISE intends to foster an open and honest workplace where the voices of Black, Latino and Indigenous employees are elevated and showcased. RISE aims to provide learning opportunities on our cultural differences and the benefits of a diverse workforce while creating a safe space for tough conversations, connection and growth.

“As an employee and the President of RISE, I am proud to say that RISE is positively impacting our culture,” says Greg Wallace. “RISE models how to create a safe space where employees can come as they are, ask questions, learn and share their personal stories. I believe it's one thing to hear about the experience of a stranger, and it is another to hear the story of someone you've worked with for the past five to 10 years. It's through sharing personal experiences that I believe we can change and learn from one another, which in turn allows us to grow, empathize and ultimately be more inclusive.”



“RBH’s Giving Back Program is an important way for us as a company to work in concert with community groups across the country to drive impact where it is needed most.”

- JULIA HODGKINSON, RBH
SUSTAINABILITY & COMMUNITY LEAD

RBH Gives Back

The RBH Giving Back Program focuses on environmental and social initiatives. In 2022, we provided more than \$250,000 in support of meaningful causes across Canada. These include:



Reforestation efforts in Canada



Biodiversity and conservation efforts nationwide



Medical services for remote and Indigenous communities



Addictions and mental health advocacy



Managing post-consumer waste in the waterways in the Great Lakes Region



Indigenous health support services



Food insecurity in Quebec



LGBTQ2+ community advocacy



Indigenous mentorship and empowerment initiatives



Women's emergency services in Western Canada



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Into 2023 and Beyond


We are firmly committed to continuing our work on equity and inclusion because we believe this is a critical component of creating a welcoming and inclusive environment. We are also working to help employees develop and grow within the organization and providing upskilling opportunities as a way to support long-term employability. The goal is to provide curated learning and access to educational resources offered by post-secondary institutions through online platforms.


Preparing for the Future

RBH participated in two career fairs during 2022 to educate and encourage new and recent graduates to consider working for us. We had the opportunity to engage with potential candidates from across North America and inform them about our internship programs.



Feedback from Interns: 2021 Cycle

 **90%**
Highly likely to recommend
RBH to other students of alumni

 **100%**
Amazing internship
experience at RBH

5.00
Overall internship experience

4.25
Overall virtual ways of
working experience

5.00
Felt the expectations that were set
between themselves, and themselves
and their manager, were met

5.00
Felt that the program has helped
to discover their strengths and
areas of improvements

4.00
Felt that their work experience
was valuable in relation to their
skills/area of study

On a scale of 1 to 5, 1 being the lowest and 5 being the highest.



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PROTECTING THE ENVIRONMENT

Extending our sustainability efforts across the country

From our Cigarette Waste Recycling Program to the tens of thousands of dollars in grants awarded to organizations that fund anti-littering efforts, we embrace our role as caretakers of our communities. RBH is focused on reducing not only our waste, but waste created by other tobacco producers as part of our national Unsmoke Canada Cleanups. And the efforts undertaken by our Quebec processing plant to save water, reduce waste and live greener are all a part of what we are doing to preserve our environment.



We are making significant progress with our recycling programs. Through our Smoke-Free Recycling Program, we have provided recycling boxes to more than 3,500 retail stores nationwide where consumers can drop off their smoke-free product waste for recycling. This is a significant increase and improvement from just last year when we had 450 age-gated retail points of return. RBH continues to offer consumers the additional option to mail-in smoke-free products at no cost directly from their home or business.

The Smoke-Free Recycling Program

We launched the Smoke-Free Recycling Program in 2021, and by the end of 2022 have collected an estimated 12,000 devices equalling more than 200 kg of waste, recycling not only waste created by our products but also extending our efforts to collect some waste streams from our competitors, making us unique in the tobacco industry.

This program is vital in helping us reduce our carbon footprint while aligning with our sustainability goals as we work to transition current users to smoke-free products or encourage them to quit completely.

With this program now in place and gaining traction, we are working to create key performance indicators to help establish a baseline we can build on.

Unsmoke Cigarette Waste Recycling Program

With our Cigarette Waste Recycling Program, RBH is the only tobacco company in Canada that has taken the initiative to clean up and recycle cigarette butts. Our collection in 2022 came to 2.5 million kg of cigarette butts, bringing our grand total collected to 20 million kg since the recycling program was initiated.

Unsmoke Canada Cleanups

In 2022, in line with our commitment to tackling post-consumer waste, our national Unsmoke Canada Cleanups awarded \$112,000 in grants to 21 organizations to fund anti-littering efforts across Canada. Through these partnerships, the program engaged 2,405 volunteers who collected 1,304,956 cigarette butts (261 kg) – double the amount collected in 2021 (129 kg) and 47,373 kg of litter. The national cleanup program is unique in the industry. RBH is working to reduce litter in the environment while also working with an industry leader in recycling to recycle all the collected cigarette butts, specifically targeting the filters.



2022 Results

1.3 million butts collected by volunteers, through Unsmoke Canada Cleanups

1,000+ trees planted across Montreal and Quebec City, Quebec and Markham, Ontario



~12,000 devices collected through the Smoke-Free Recycling Program by the close of 2022 via retail and consumer mail-in programs



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Conservation Management at Our Quebec Processing Plant

Mitigating our environmental footprint is a top priority at our plant in Quebec City. We have been a local community fixture for over 120 years and feel a sense of responsibility for the land on which we operate. To that end, we delivered a 24 per cent reduction in energy consumption in 2022, and we continue to find efficiencies to help us better use not just our building but the natural resources necessary for the production process. We continue to optimize and improve our equipment through our resource management program to efficiently utilize high-energy-consuming resources. We've even optimized our floor plan, closing off the top level of the plant, which allowed us to completely switch off certain utilities and machines.

Smart Monitoring

We have implemented a smart monitoring program for our energy and water usage at the plant. Smart monitoring means we get a clear picture of how our equipment functions in real time, allowing us to find and fix problems quickly and efficiently before they become significant. For example, identifying a water leak at the Quebec facility early meant we could manage the problem and fix it immediately, avoiding a potentially significant waste of potable water that could have otherwise gone unnoticed until it became much more severe.

We have moved from fixed to variable utilities over the course of several years. This allows us to engage different fuel sources to relieve pressure on local energy systems that exclusively employ hydroelectricity when the municipal draw is high, for example, in deep winter when heat use is at a premium.

Our recent progress has included the following:

- a 45 per cent reduction in CO₂ emissions between 2021 and 2022;
- a 40 per cent reduction in water consumption between 2021 and 2022; and
- a reduction in product volume of 25 per cent that has been led by our sustainability initiatives.

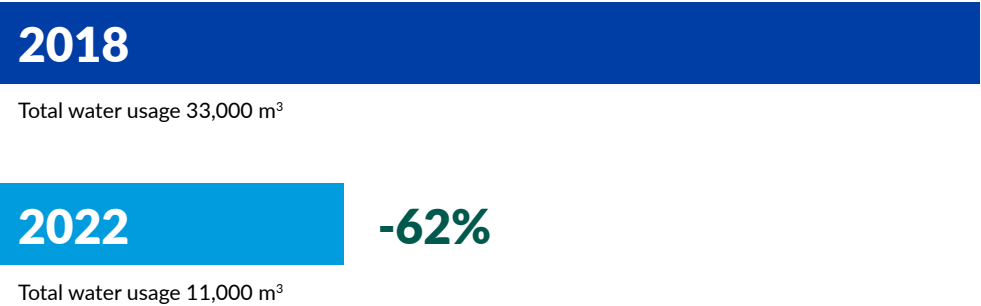
The Open Plus Program

The Global PMI system, the Open Plus Program, was introduced in 2018 to help improve factory efficiency worldwide. This system has been a significant contributing factor to our overall reduction of waste. The Open Plus Program is designed to reduce losses through education and engagement of employees on energy, environmental, labour time and material losses. Ongoing daily checks and balances ensure the accurate measurement of our consumption versus the products produced. Benchmarks are maintained to compare and alert the team to potential issues, so we continuously improve the system.

Reducing Water Usage

We've made progress in reducing water usage in our production cycle through steps such as taking water used to cool equipment from an open loop to a closed loop, effectively recycling used water and reducing the need for fresh water. We are also currently working to minimize steam use and the amount of water contained in our water towers. Introducing sustainability measures, such as eliminating the use of natural gas boilers, has helped to reduce Scope 1 emissions by 45 per cent compared to 2021. We are also currently working to minimize steam use and the amount of water contained in our water towers, reducing water use by 62 per cent compared to 2018, when total water usage was just over 33,000 m³, meaning a reduction of more than 22,000 m³ in just four years. This water use reduction is comparable to saving nine Olympic-sized swimming pools of water or 150,000 full bathtubs.

Water Reduction



Reducing Waste to Landfill

The closing of our cafeteria left us with a lot of materials and equipment that we no longer needed. But we did not simply want to dispose of everything as waste, so we looked into what other options we had. As it turned out, a local community centre needed new kitchen appliances to replace their own outdated facilities. So we made an in-kind donation to the community centre, giving them a new kitchen and diverting usable resources from landfill.

Going Greener

When the city of Quebec was looking for new spaces to plant trees as part of an overall collective environmental improvement effort, RBH happily partnered on the initiative and, as a result, additional trees were planted on the plant's property.

“We are fortunate to have a great group of people here that are passionate about teamwork and sustainability. We are always looking at new ways to conserve energy and resources; there is no ‘status quo’ at the plant because our team is always looking for new ways to improve.”

- ROBERT GRONDIN,
MANAGER, SUSTAINABILITY



Letter from Our
Managing Director

Sustainability

Creating a
Smoke-Free Future

Operating
with Excellence

Caring for People



Protecting
the Environment

Goals Scorecard

RBH 2022 Goals Scorecard

Sustainability is a journey. At RBH, the goal of improving our performance in each of our sustainability categories informs everything we do. This is a journey on which we will continue to take important steps and look for new opportunities to have a positive impact on Canadians, our communities, our economy and the environment.

Below is a summary of our progress toward our goals in 2022.

Strategic Pillars	Goals	Status	Progress in 2022
 Creating a Smoke-Free Future	Generate societal support for change in the way smoke-free products are treated and communicated in the Canadian market so that by 2022 we can create a favourable, differentiated regulatory and fiscal system across Canada to enable rapid transition from cigarettes to smoke-free products for existing adult smokers	Ⓕ	In progress
	Provide engagement and learning opportunities to health professionals to discuss the science behind our smoke-free products	Ⓕ	In 2022, RBH hosted 43 educational events for health-care professionals. In addition, the Scientific Engagement Team attended or presented at 16 national and international conferences throughout the year.
 Operating with Excellence	Assist and support the government in the fight against the illicit tobacco trade	Ⓕ	In 2022, we continued to work with our partners and government in the fight against contraband tobacco with the goal of decreasing damages to legitimate businesses, stopping the undermining of public health objectives, preventing further developments of organized crime, raising awareness around the issue, and assisting the government in disrupting the illicit supply chain.
	Youth Access Prevention (YAP) is an ongoing program within RBH that continues to ensure that products are being properly targeted towards legal nicotine users and not youth	Ⓕ	Continued to follow government mandates and work with our retailers to ensure that they are properly educated to continue to sell products responsibly.
	Optimize distribution centres to ensure fuel-efficient delivery by 2025 Build sustainability aspirations into third-party Master Service Agreements by 2025; for example, requiring delivery companies to use the most fuel-efficient routes possible Continue to convert more of our sales fleet cars to hybrid vehicles	Ⓕ	In 2022, we continued to work with our service providers to collectively reduce our carbon footprint by using well-executed transportation practices. We limit the necessity of air and ground travel and ensure we are conscious of not having empty, climate-controlled trucks on the road. We make optimal use of our storage and transportation assets by utilizing just-in-time delivery practices and are engaged in research into biodiesel, hybrid and electric vehicles for our fleet.

Ⓕ In Progress ✓ Achieved



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Strategic Pillars

Strategic Pillars	Goals	Status	Progress in 2022
 Caring for People	Organize at least 10 community impact events per year by 2025	✓	In 2022, in line with our commitment to tackling post-consumer waste, our national Unsmoke Canada Cleanups awarded \$112,000 in grants to 21 organizations to fund anti-littering efforts across Canada. Through these partnerships, the program engaged 2,405 volunteers who collected 1,304,956 cigarette butts (261 kg) – double the amount collected in 2021 (129 kg) and 47,373 kg of litter.
	Successfully launch the iEvolve mentorship program for RBH employees	✓	We piloted the iEvolve mentorship program in 2021 and rolled it out completely in 2022. The program was created by team members in one of our Employee Resource Groups, recognizing an employee need for mentorship. In total, 90 employees – 48 mentees and 42 mentors – participated in the program.
	Formalize policy on flexible working by 2023	✓	In March 2022, RBH launched the new SmartWork hybrid work program. SmartWork puts the needs of our employees first by balancing their mental health and well-being with where they work. To ensure work flexibility for employees, this program requires two days per week in-office with the rest available for remote working.
 Protecting the Environment	Collect more than 2,500,000 kg of litter by 2025	⌚	Since launching RBH's Unsmoke Cleanups in 2020, we collected nearly 2,278,000 kg of litter. We are on target to achieve this goal by the end of 2023, two years ahead of schedule.
	Plant 10,000 trees by 2030	⌚	RBH has increased our financial commitment to tree planting in order to achieve this goal five years earlier than originally planned: plant 10,000 trees by 2025.
	Reduce the total energy and water use at the Quebec manufacturing plant by 40 per cent from 2019 to year-end 2022	⌚	Energy use: delivered a 24 per cent reduction in energy consumption in 2022, compared to 2019.
		✓	Water use: reduced water consumption by 40 per cent in 2022, compared to 2019.
	Reduce waste product by our Quebec manufacturing plant by 20 per cent in 2022	✓	Reduced waste by 30 per cent, exceeding the target goal.
Achieve zero waste to landfill from the Quebec manufacturing plant by 2022	✓	Achieved	

⌚ In Progress ✓ Achieved

Strategic Pillars



Protecting the Environment
(continued)

Goals	Status	Progress in 2022
Offer a nationwide Smoke-Free Recycling Program for our Smoke-Free products by 2025	Ⓕ	RBH currently offers a Smoke-Free recycling program in all provinces, except Quebec.
Be carbon neutral by 2025	Ⓕ	In line with PMI's goal to achieve carbon neutrality in direct operations by 2025, RBH is working to meet this target.
Improve the environmental performance of our office spaces	Ⓕ	In 2022, we continued another phase of the Building Automation System (BAS) which automates temperature control and additionally times the lighting in our offices to conserve energy and reduce emissions.

Ⓕ In Progress ✓ Achieved



Letter from Our Managing Director

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Get in Touch

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