



SCANDINAVIAN TOBACCO GROUP

Supply Chain and Manufacturing

GRAHAM CUNNINGHAM

Chief Supply Chain Officer





KEY TAKEAWAYS

- 1 Global manufacturing network with robust supply chains
- 2 Distinct production model respecting the cigar craftsmanship
- 3 Committed sustainability focus with more to come
- 4 Continued focus on upgrading and optimising production and distribution



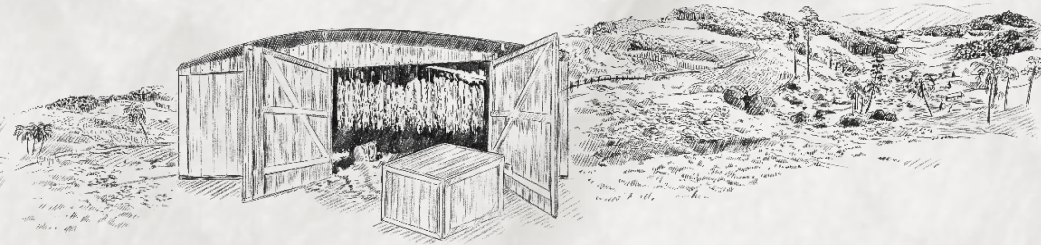


OUR SUPPLY CHAIN

1 It starts with a seed



2 We purchase raw tobacco



3 Our production setup is global



4 We sell in more than 100 countries



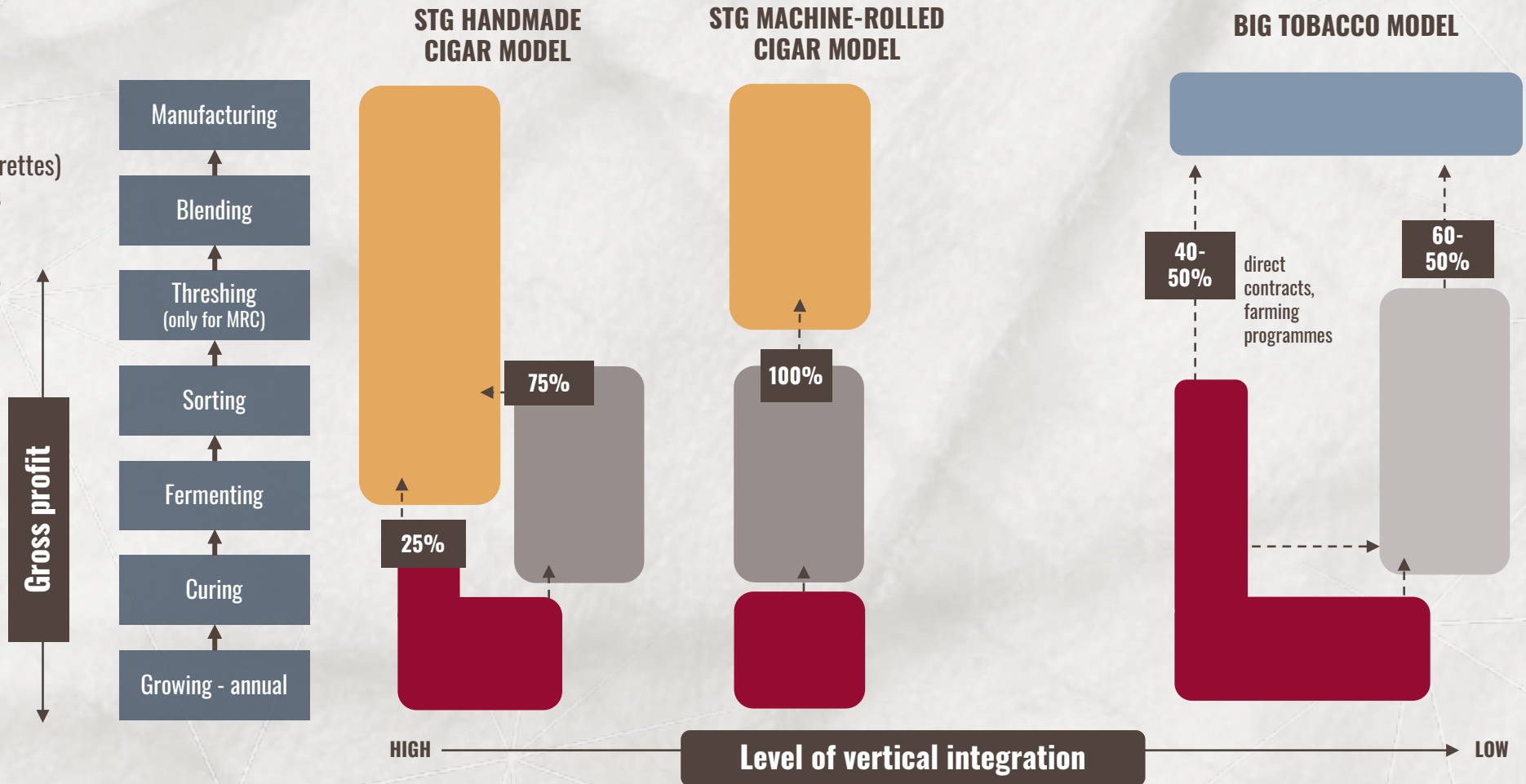
5 In the US we also sell online to consumers





DISTINCT CIGAR PRODUCTION MODEL

- STG
- FMC (factory made cigarettes)
- Products Manufacturers (e.g. PMI, BAT, JTI)
- Tobacco Leaf Merchants
- Farmers / growers





GLOBAL SUPPLY CHAIN OPERATIONS

- Handmade cigars
- Machine-rolled cigars making, finishing and packing
- Machine-rolled wrappers and binders
- Smoking tobacco
- Production sites





OPERATIONAL AND SUPPLY CHAIN RESILIENCE



Two years of
leaf inventory



Highly engaged and
resilient workforce



Standardised technology
with global footprint



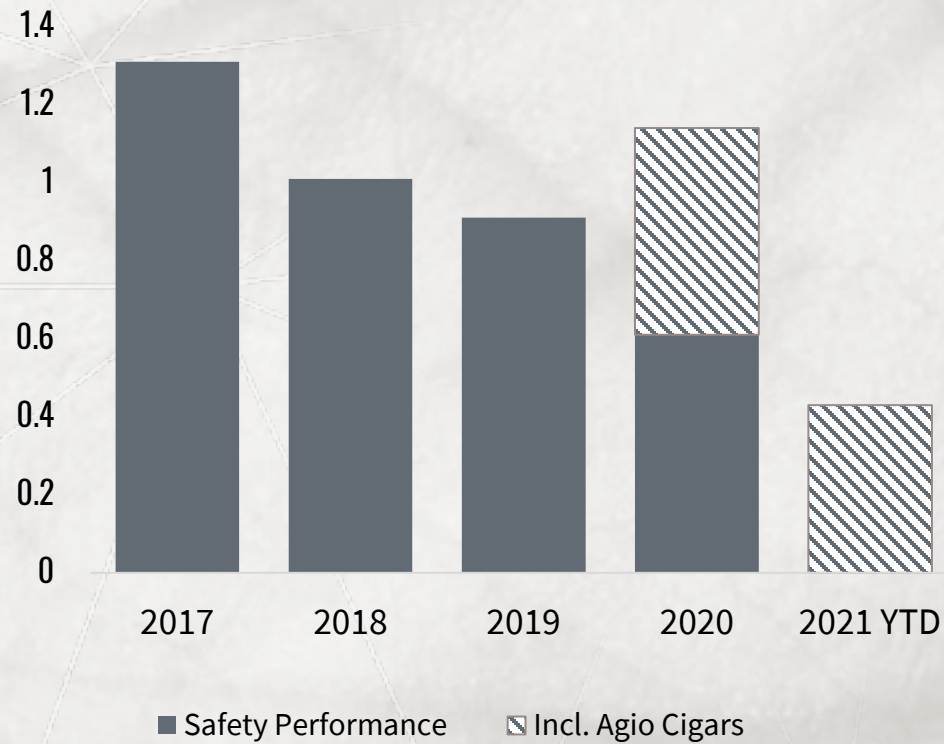
CONSOLIDATION OF FACTORY FOOTPRINT





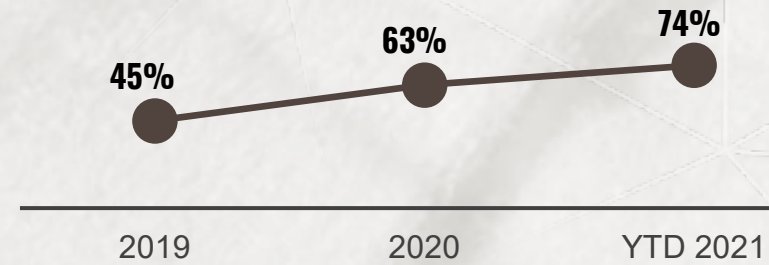
OPERATIONAL HIGHLIGHTS

SAFETY PERFORMANCE

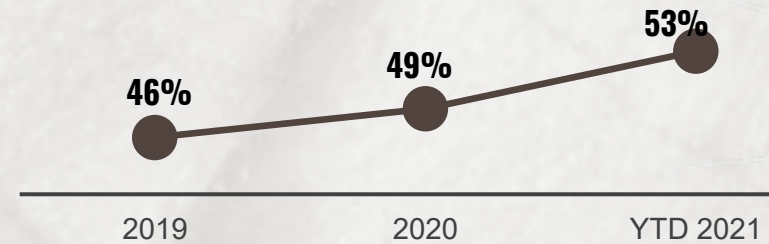


(Total Recorded Injury Frequency Rate per 200K hours)

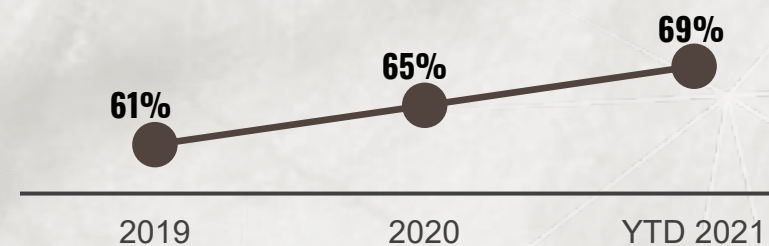
OVERALL EQUIPMENT EFFECTIVENESS HANDMADE CIGARS



CIGAR PRODUCTIVITY/HOUR ACROSS HANDMADE CIGARS



OVERALL EQUIPMENT EFFECTIVENESS MACHINE-ROLLED CIGARS





A HIGHLY ENGAGED WORKFORCE



8500+
Colleagues in
Operations



70%

Directly
touch the leaf

83%

Of the workforce is
highly engaged*

92%

Are proud to
work for STG*

89%

Feel work gives a feeling of
personal accomplishment*



SUSTAINABILITY AT OUR CORE



Building Robust Fundamentals



Lean 6 Sigma Continuous
Reduction in Carbon Usage



Green Electricity



OUR GOAL: OPTIMISE OPERATIONS

- 01** | Upgrade warehousing, logistics and order fulfilment capability in the US
- 02** | Drive automation in high-cost labour environments
- 03** | Optimise manufacturing network to make use of labour arbitrage and retire excess capacity
- 04** | Enable data driven planning and procurement decisions
- 05** | Embrace regulation to upgrade, standardise and simplify the manufacturing technology base

