

Executive Summary

Our gender pay gap report is issued in response to the UK's statutory requirement for any employer with 250 or more employees to report their gender pay gap data. This report describes our gender pay gap, the progress made in closing this gap and the continued actions we are taking.

We have committed to building a truly diverse and inclusive organisation renowned for celebrating difference, enabling everyone to feel that they belong. This means us working to create balance in the diversity of our workforce at all levels, reflecting the communities where we operate, and harnessing the ideas and experiences of everyone to deliver on our business objectives. All aspects of diversity are important, and we celebrate them all.

We are committed to making progress in relation to gender diversity. In October 2022, as part of our global Diversity, Equity and Inclusion strategy, we set a goal that by 2027, women would make up a minimum of 35% of our senior management grades. Over the past 18 months, we have put in place initiatives to effectively measure inclusion, attract new women into the business and develop our existing female talent. These include four questions focused on inclusion within our annual Employee Experience Survey, piloting a new more inclusive approach to the placing and phrasing of job ads, and a greater focus on unlocking career opportunities for female colleagues. Since the launch of our DEI strategy the percentage of women in our senior management has risen from 28.2% in 2022 to 31% in early 2024.

While more work is needed to ensure we make further progress in all aspects of diversity, our efforts are starting to show measurable progress.

Gender Pay Gap

The table below shows our mean and median gender pay gaps for our UK-based employees in Imperial Tobacco Ltd, as at the 05 April 2021, 05 April 2022, and 05 April 2023 snapshot dates.

	2021		2022		2023	
	Mean	Median	Mean	Median	Mean	Median
Hourly Pay	23.9%	12.6%	21.2%	10.7%	18.7%	11.8%
Bonus Pay	56.1%	19.1%	46.8%	23.3%	41.4%	22.2%

Fig.1 Comparison of Imperial Tobacco Ltd hourly and bonus pay gaps between 2021, 2022 and 2023.

Our mean hourly pay gap has improved, decreasing from **21.2%** to **18.7%**. This positive shift is primarily attributed to a greater increase in the mean female hourly pay compared to males.

Conversely, our median pay gap has widened from **10.7%** to **11.8%**. This shift is primarily due to changes in the distribution of males and females in the upper and lower pay quartiles. However, it is important to note that our current median pay gap of 11.8% remains below the current UK national median pay gap of 14.3%.

The mean bonus pay gap has decreased from **46.8%** to **41.4%** owing to an increase in the number of females in senior roles earning a bonus. Similarly, the median bonus pay gap has improved, dropping from **23.3%** to **22.2%**, again due to the increase in the number of females in senior roles earning a bonus.

It should be noted that our Executive Leadership Team (ELT) are employed by a separate entity, and therefore not included in our gender pay report data. If their data were included, the mean and median

hourly pay gaps would be 22.3% and 12.1% respectively. The mean and median bonus pay gaps would be 45.5% and 23.8% respectively.

Bonus Eligibility

The difference in the proportions of males and females earning a bonus (91.4% and 87.7% respectively) arises from a greater proportion of female new hires (compared to males) commencing employment after the start of the bonus eligibility period.

Employees Earning Bonus:



Fig.2 The proportions of males and females earning a bonus.

Distribution of Genders Across Pay Quartiles

Analysis of our gender distribution across pay quartiles shows that the upper pay quartile, consisting of our most senior roles, displays female representation at 31% (this was 28% in 2020). In contrast, the lower middle and lower pay quartiles boast female representation, reaching 48%. These imbalances significantly contribute to our gender pay gap.

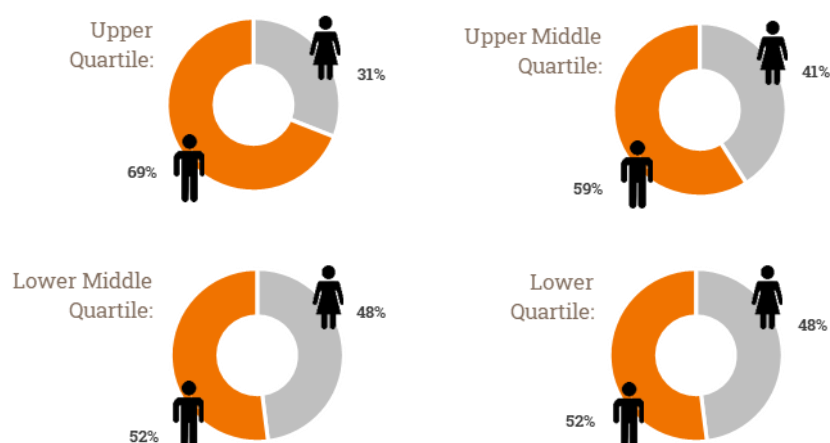


Fig.3 The proportions of males and females in the pay quartiles

Business Strategy

Creating a more diverse, equitable and inclusive organisation is an integral element of Imperial Brands' cultural transformation. Diversity across our organisation is a key enabler of realising our commercial strategy.

Underpinning our culture is a set of five clear behaviours, which describe how people should conduct themselves in order to best perform, and one of these is *'Be Authentic, Inclusive to All'*. To embed these behaviours, we have put in place a structured programme of activity, more detail of which can be found in our [2023 Annual Report](#). Our most recent Employee Experience Survey (October 2023) showed deep understanding of these behaviours, with 82% of employees in the UK agreeing that *"I understand what our behaviours mean for me in my role."*

We are committed to treating all employees respectfully and equitably, as outlined in our Fairness at Work Policy and [Code of Conduct](#).

Diversity, Equity & Inclusion Strategy

In November 2022, the Board approved a five-year DEI Ambition and Strategy. We have defined three strategic pillars, each with clear KPIs.

- Our Workplace; focused on our environment, policies, practices, and behaviours.
- Our Workforce; focused on representation – the makeup of our people.
- Our Marketplace; focused on how we operate with our consumers and ensure products and services are sourced from a diverse supplier base.

Initial priority focus has been placed on Our Workplace and Our Workforce. Our approach has been to set both global and local goals, mindful of local legislation and culture.

Plans to address our Gender Pay Gap

Global & Local Targets

Our global goal is to increase representation of women in senior management roles from 28.2% in 2022 to 35% by end of 2027. During early 2023, we set local functional and regional goals with each Executive Leadership Team member, measuring progress month on month. The percentage of women in these senior roles globally is currently 31%. We are making progress through implementing positive action initiatives, while ensuring that hiring decisions are based on merit rather than on a candidate's gender or other characteristics.

Policy, Process and Practice

Within our Workplace Pillar, there is focus on ensuring all processes, policies, and practices are inclusive. Priorities and progress are validated by independent expert organisations. Additionally, inclusion is measured through our annual Employee Experience Survey. Our commitment is to move towards externally validated high-performing benchmarks.

Employee Resource Groups

At the centre of our efforts have been our global Employee Resource Groups (ERGs), first established in 2021.

We have four global Employee Resource Groups (ERGs), one of which is focused on gender and has over 260 members, of whom 140 are UK-based.

Our ERG members share their personal experiences to inform our key areas of focus, inform our DEI priorities, and raise awareness across the organisation on key diversity topics. They have been instrumental in helping educate and spread awareness of our DEI ambition and strategy.

DEI upskilling

We continue to develop and implement interactive development programmes for employees to further raise awareness and understanding, in support of creating an inclusive culture. Allyship and inclusive recruitment are core areas of focus in 2024.

Talent Attraction and Development

We have implemented a range of targeted candidate attraction strategies. A DEI statement is now included in all role advertisements, and we are introducing digital tools to support the removal of gender-specific language from our recruitment processes.

We will pilot a Women into Leadership Programme in 2024 to actively support the progression of middle management women into senior roles.

We will continue to focus on targeted activity in inclusive talent acquisition, diverse talent management and retention to address global gender balance goals and UK pay gap challenges.

Moments That Matter

In August 2023 we initiated a pilot programme for UK and Ireland cluster employees that offers additional support at key life stages including pregnancy, childbirth, parenting and returning to work, as well as to those with childcare or eldercare responsibilities. All employees have access to a platform with expert support and information and the opportunity to have:

- 'Speak to an expert' calls - these sessions provide one-to-one consultations on life transitions and key life moments.
- Care Choice Calls - specialist consultants can advise and help to find the right type of regular care with the provider that's right for employees, their children, their parents or other close relatives.

We are also piloting additional coaching support and parental toolkits with a small group of colleagues.

In summary, our commitment and focus will continue throughout 2024 and beyond to deliver our stated DEI Ambition.

Declaration

I confirm that the Imperial Tobacco Ltd Group Gender Pay Gap calculations featured in the above report are accurate.



ALISON CLARKE

Chief People and Culture Officer