

# RESPONSIBLE PERFORMANCE: PRINCIPLES, CRITERIA AND METHODOLOGIES

This document sets out Imperial Brands’ reporting approach, scope and criteria which underpins the PLC Board’s commitment to disclose our responsible performance, in the Sustainability section of the Annual Report and Accounts (AR&A) and on the corporate website.

### WE AIM TO:

- Report our activities honestly and give a fair impression of business conduct;
- Provide key stakeholders with appropriate information, as guided by leading frameworks and standards such as the Global Reporting Initiative (GRI); and
- Inform relevant investor evaluations and indices.

### COMMITMENT TO REPORTING

As a UK public company, we are required to disclose specific information in the AR&A, under the UK Companies Act. In addition, we provide information on how we manage our business responsibly, with key performance measures to demonstrate our progress. This helps to demonstrate that our Board of Directors is addressing their social, environmental and economic responsibilities towards key stakeholders; including employees, investors, suppliers, customers, consumers, communities, government and society.

We have a formal approach to Sustainability reporting which identifies important issues and performance indicators. Resulting information is used by Executive Management to set improvement objectives and targets, which are also endorsed by the PLC Board. Performance management is then driven and enabled at functional, market and site level.

We periodically undertake a materiality assessment, to review, identify and prioritise the most important sustainability issues for our business and external stakeholders more information can be found on our website [www.imperialbrandsplc.com/Sustainability](http://www.imperialbrandsplc.com/Sustainability). We make our own internal assessments by considering global sustainability issues and relevant social and environmental risks. We reference leading guidelines and indices, which include the GRI and the Carbon Disclosure Project (CDP). We also participate in relevant external forums and engage with our stakeholders. In May 2019 we convened an independently facilitated Stakeholder Panel to appraise our approach.

### GENERAL REPORTING PRINCIPLES

In developing our reporting, we have been guided by good practice principles. We therefore seek to report information which is:

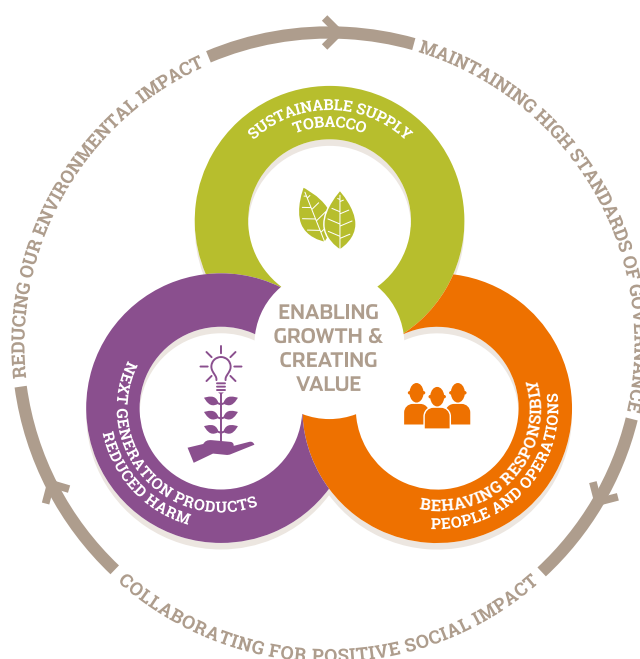
- Inclusive; relevant to our key stakeholders;
- Material; mutually important to us and our stakeholders;
- Responsive; action based on informed decisions;
- Impactful; effective action addressing mutually important issues; and
- Robust; timely, accurate and, where possible, subject to verification and assurance.

Where possible we provide year-on-year comparable data with explanations on our performance.

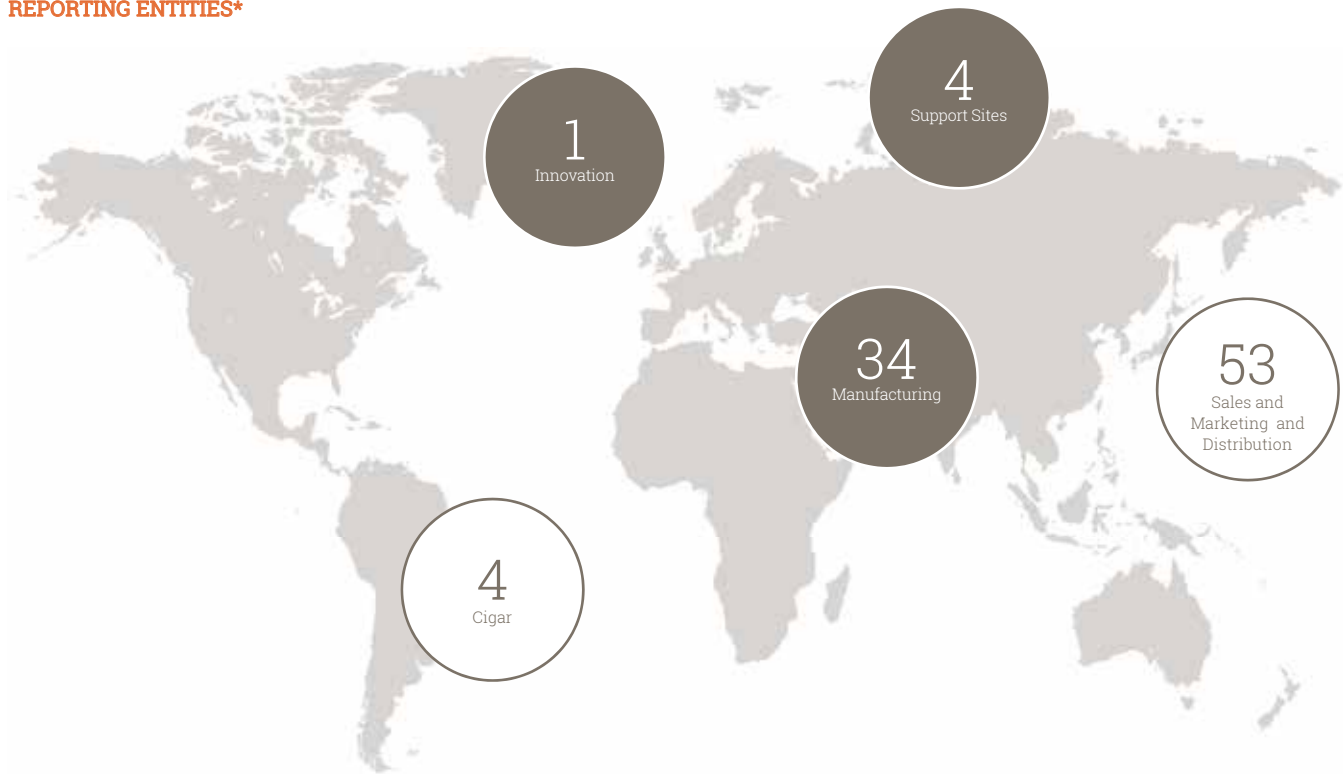
### REPORTING BOUNDARIES AND SCOPE OF REPORTING

Our business is managed and reported on a functional basis. We therefore manage, gather and report data either as a whole or by function. We do not report on a legal entity basis. Our reporting includes all main sources from manufacturing sites over which we have operational control and our main offices. Operations not included, as deemed de minimis or being outside of our current reporting scope, relate to the small sales offices, which collectively contribute no more than two per cent of each reported indicator.

### OUR SUSTAINABILITY FRAMEWORK



**REPORTING ENTITIES\***



*\*Correct as of 30 September 2021 Entities may have been double counted if site is both a manufacturing site and a Sales and Marketing entity. Not all entities are required to complete all OHSE campaigns, see individual indicator for scope details.*

Where appropriate, we differentiate manufacturing operations as these locations make a greater contribution to the data values for the majority of indicators. Unless stated otherwise, all manufacturing sites under our operational control are in scope. Not all entities detailed above will report both OHS and ENV data, full scope inclusions are detailed under 'scope' for each indicator.

The logistics part of our Group business operates under the legal entity of Logista. Due to commercial sensitivities this entity is managed remotely and does not report wholly into Group non-financial data; this is specified in the scope of individual indicators. We report externally verified information provided by Logista in our Annual Report and Accounts. Logista has provided verified data since financial year (FY) 2014 for absolute Scope 1, 2 and 3 emissions. Further information on Logista can be found at <http://www.grupologista.com>.

Our relative indicators are expressed against tobacco and NGP net revenue, which comprises of tobacco and NGP revenue less duty and similar items, excluding peripheral products. Units for absolute and relative measures can be found in the 'unit' section for each individual indicator.

**INTRODUCING NEW SITES AND SITE CLOSURES**

As our business continues to expand, we introduce and remove entities to our reporting scope. Any changes in scope are clearly reported within this document and in particular the 'scope' section of each reported indicator. Our relative reported performance against tobacco and NGP net revenue helps to normalise any such changes in scope.

Occupational Health Safety and Environment (OHSE) data for new sites is included into the Group reporting scope once the data collection from sites has been validated in the Non-Financial Reporting (NFR) System. Where possible, historic data may be used to ensure we have a full reporting year worth of data before reporting, where this is not possible an estimate may be used.

Where we have sites that are closing, data will be included in our Group reporting until such time as is impractical to do so. For Occupational Health and Safety (OHS) data this can include data up until the last day of operational control. For Environmental (ENV) data this can include data up until the last day of production. Once production stops and until the site is fully closed, Group Sustainability may estimate ENV data based on the average historic monthly data.

**RESTATING THE GROUP BASELINE**

When introducing new sites into our reporting scope, it may be necessary to restate our environmental baseline and reset reduction targets. A full year of independently verified environmental data for the new reporting site is added to the original baseline, all subsequent years and the reduction target. If material data errors are detected we make all necessary steps to restate data, including the baseline if required.

Our baseline year is 2017 for all environmental indicators. This has been determined based on the work done to set science-based carbon reduction targets which were approved by the Science Based Targets Initiative.

**IMPERIAL BRANDS NFR SYSTEM**

The NFR system is the main reporting system for collecting OHSE data. The system is subject to administrative support provided by an external service provider – SustainIt.

Raw data, in line with NFR data definitions, is entered into the system at site level by Contributors, generally topic specialists in their area. Data is then validated on the system, by a senior manager, taking full accountability for timeliness and accuracy of the data.

The system calculates performance indicators from the data entered and can generate reports at any level of the organisation including at local, Regional, Functional and Group level to inform performance management processes.

OHSE campaigns are launched through the NFR System, on a monthly, quarterly or annual basis; further information on campaign frequency can be found in the 'Method' section of each individual indicator. Users are required to submit data against strict deadlines in order to meet internal and external reporting requirements.

Once deadlines have passed, campaigns are closed. Following investigation through the data checking process amendments can only be made once the system is unlocked by SustainIt. The data checking process provides a series of data quality checks assessing trends and anomalies.

Amendments may be made as part of the validation and correction process or following the end-of-year assurance process. In the unlikely event amendments are significant, the figures will be restated in the subsequent annual reporting with a footnote in the public disclosures explaining the restatement.

Our environmental reporting year 1 July – 30 June covers a 12 month period which is 3 months from the previous financial year and 9 months of the current year, allowing us enough time for internal consolidation, checking and external data verification. Normalised net revenue indicators relate to the full financial year.

**ASSURANCE**

We engage an independent third party to provide assurance of selected publicly reported information. This is in line with good practice and to help build trust with our stakeholders.

The assurance exercise is scoped to test select quantitative indicators and whether reporting is accurate and reliable. The performance indicators that are selected for assurance are generally those that are most material to both us and to stakeholders. It enables the third party to provide a limited assurance opinion as to whether the reported information is complete and accurate in all material respects.

The assurance and verification involves data assessment and testing, sample site visits and a number of interviews with management and relevant personnel. This year due to the ongoing impact of COVID-19, all site visits were conducted remotely and were desk-based rather than field-based. Details of assurance activities including the assurance statement can be accessed on our website <http://www.imperialbrandsplc.com/sustainability>

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## INDICATORS FOR NON-FINANCIAL REPORTING – REPORTING SPECIFICS AND METHODOLOGY

This section details the methodology for all indicators we publicly disclose in the 2021 Annual Report and Accounts and Sustainability section of the corporate website. Not all have been subject to third party data verification. This is clearly stated within the criteria for each indicator.

### PEOPLE

#### Lost time accident frequency rate

<b>Definition</b>	Lost time accidents are work-related incidents resulting in absence from one or more scheduled workdays or shifts. A workday or shift is the specified hours that the employee is required to do activity on behalf of the company within any 24-hour period. 'Work-related' means that the incident occurred in relation to the employees' activities executed on behalf of the company. This excludes situations such as travelling to and from work.
<b>Scope</b>	Data for this indicator is collected for all Sales and Marketing entities, all Manufacturing sites, warehouses and offices. The scope excludes Logista. Lost time accident frequency rate relates to employees who are employed directly by the company whether they are full-time, part-time or on a specific length contract. It does not apply to contractors who are employed by a third party but does include agency workers working under the control of Imperial Brands.
<b>Reporting Period</b>	1 October 2020 – 30 September 2021
<b>Unit</b>	Number of lost time accidents per 200,000 hours.
<b>Method</b>	Lost time accident, and hours worked data is entered into the NFR system on a monthly basis by local personnel. The system then consolidates the data for the central Group OHSE team to review. The lost time accident frequency rate is calculated as follows: Total number of lost time accidents except while travelling to and from work/ (number of hours worked x 200,000 hours).
<b>Third party data verification FY21</b>	Yes

#### Accident frequency rate

<b>Definition</b>	Accidents are work-related incidents resulting in no lost time i.e. the employee is able to immediately return to work, or, the employee is unable to work for a period of time on the day of the incident but is able to return to work at the next available workday or shift. 'Work-related' means that the incident occurred in relation to the employees' activities executed on behalf of the company. This excludes situations such as travelling to and from work.
<b>Scope</b>	Data for this indicator is collected for all Sales and Marketing entities, all Manufacturing sites, warehouses and offices. The scope excludes Logista. Accident frequency rate relates to employees who are employed directly by the company whether they are full-time, part-time or on a specific length contract. It does not apply to contractors who are employed by a third party but does include agency workers working under the control of Imperial Brands.
<b>Reporting Period</b>	1 October 2020 – 30 September 2021
<b>Unit</b>	Number of accidents per 200,000 hours
<b>Method</b>	Accident and hours worked data is entered into the NFR system on a monthly basis by local personnel. The system then consolidates the data for the central Group OHSE team to review. The accident frequency rate is calculated as follows: Total number of accidents except travelling to and from work / (number of hours worked x 200,000).
<b>Third party data verification FY21</b>	No

**Accidents & Lost Time Accidents**

<b>Definition</b>	Work related incidents including physical assaults to employees. 'Work-related' means that the incident occurred in relation to the employees' activities executed on behalf of the company. Travelling to and from work accidents are excluded. "Lost Time Accidents" are work-related accidents resulting in absence from one or more scheduled workdays or shifts. A workday or shift is the specified hours that the employee is required to do activity on behalf of the company within any 24-hour period. "Accidents" are work-related accidents resulting in no lost time i.e. the employee is able to immediately return to work, or, the employee is unable to work for a period of time on the day the accident but is able to return to work at the next available workday or shift.
<b>Scope</b>	Data for this indicator is collected for all Sales and Marketing entities, all Manufacturing sites, warehouses and offices. The scope excludes Logista. Employees include those employed directly by the company whether they are full-time, part-time or on a specific length contract including agency workers under the control of Imperial Brands.
<b>Reporting Period</b>	1 October 2020– 30 September 2021
<b>Unit</b>	Number
<b>Method</b>	'Lost Time Accident' and 'Accident' data is entered into the NFR system on a monthly basis by local personnel. The system then consolidates the data for the central Group OHSE team to review.
<b>Third party data verification FY21</b>	No

**Fatalities**

<b>Definition</b>	Work related incidents including physical assaults resulting in the death of employees, third party contractors or members of the public. 'Work-related' means that the incident occurred in relation to the employees' or contractors activities executed on behalf of the company, or a member of the public was killed as a result of an employee or contractor work activity. Travelling to and from work accidents are excluded as well as other non-work-related death-in-service such as employee death from natural causes or other non-work-related cause.
<b>Scope</b>	Data for this indicator is collected for all Sales and Marketing entities, all Manufacturing sites, warehouses and offices. The scope excludes Logista. Fatalities to employees include those employed directly by the company whether they are full-time, part-time or on a specific length contract including agency workers under the control of Imperial Brands. Contractors relates to third parties working at Imperial Brands premises conducting work commissioned by Imperial Brands. Visitors to an Imperial Brands location involved in fatal accidents will be recorded as "members of the public".
<b>Reporting Period</b>	1 October 2020– 30 September 2021
<b>Unit</b>	Number
<b>Method</b>	A central incident reporting e-mail is used to report all fatal accidents as soon as information is available. This is followed by reporting using the NFR system every month.
<b>Third party data verification FY21</b>	No

### Vehicle Accident Frequency Rate

<b>Definition</b>	Work related vehicle accidents involving the Imperial Brands fleet of vehicles including motorbikes, 3 wheeled vehicles such as "Tuk Tuks", cars, and goods vehicles. 'Work-related' means that the accident occurred in relation to the employees' activities executed on behalf of the company. Travelling to and from a place of work accidents are excluded, however, accidents involving Sales Representatives travelling between home and a customer's premises are included. A workday or shift is the specified hours that the employee is required to do activity on behalf of the company within any 24-hour period. All vehicle accidents are included that result in injury, death or material damage. Internal transport accidents such as fork lift trucks are excluded.
<b>Scope</b>	Data for this indicator is collected from the Imperial Brands fleet. The scope excludes Logista. Employees include those employed directly by the company whether they are full-time, part-time or on a specific length contract including agency workers under the control of Imperial Brands.
<b>Reporting Period</b>	1 October 2020 – 30 September 2021
<b>Unit</b>	Collisions per million kilometres
<b>Method</b>	Data is entered into the NFR system on a monthly basis by local personnel. The system then consolidates the data for the central Group OHSE team to review. Accident frequency rate is calculated by number of collisions / kilometres driven x 1,000,000
<b>Third party data verification FY21</b>	No

### Operations with OHSAS 18001/ ISO 45001 at the time of reporting

<b>Definition</b>	We approach the improvement of OHS performance through risk management, employee training, performance reporting, audits and improvement planning. This is structured by the application of a local formal OHS management system, which is subject to an annual independent audit by external certification companies to help drive continuous improvement. We have selected the international standard OHSAS 18001 and ISO 45001 as the most appropriate standard for guiding the development of our local OHS systems.
<b>Scope</b>	The scope covers manufacturing sites including cigarette, other tobacco products (OTP), tobacco leaf processing, paper and tube operations. It currently excludes cigar, laboratories, printing facilities, main offices, Logista, Sales and Marketing entities, distribution centres, leaf warehouses, farms and joint ventures.
<b>Reporting Period</b>	As of end of financial year 30 September 2021
<b>Unit</b>	Percentage
<b>Method</b>	Through the NFR system, information on the occurrence of OHSAS 18001 or ISO 45001 certifications is collated centrally on an annual basis. The central team calculates the percentage by dividing the number of certifications by the number of operating sites within the scope. NFR users at the sites are required to upload the current certificate.
<b>Third party data verification FY21</b>	No

### Female Representation in the workforce

<b>Definition</b>	The proportion of workers recorded as female across all companies operating under the Imperial Brands Group, including ITG Brands and Logista.
<b>Scope</b>	The scope covers all Imperial Brands companies
<b>Reporting Period</b>	As of end of financial year 30 September 2021
<b>Unit</b>	Percentage. Female workers as a percentage of all workers
<b>Method</b>	Number of female workers divided by number of workers
<b>Third party data verification FY21</b>	No



### Female Executive Leadership Team Members

<b>Definition</b>	The Executive Leadership Team (ELT) comprises the Executive Directors and key members of our senior management team. The ELT is responsible for supporting the Chief Executive with implementation of Group strategy, monitoring the detailed operational performance of all aspects of the business and ensuring the Group achieves its financial and non-financial targets.
<b>Scope</b>	The scope covers all ELT members.
<b>Reporting Period</b>	As of end of financial year 30 September 2021
<b>Unit</b>	Percentage. Number of female ELT members divided by total number of ELT members.
<b>Method</b>	ELT member adjustments are announced by the Company Secretariat.
<b>Third party data verification FY21</b>	Yes

### Female PLC Board Members

<b>Definition</b>	The Imperial Brands Board manages overall control of Group affairs, including responsibility for: commercial strategy; approval of financial statements; major acquisitions and disposals; authority levels for expenditure; treasury and risk management policies; and succession plans for senior executives.
<b>Scope</b>	The scope covers all PLC Board members. The Company Secretary is excluded.
<b>Reporting Period</b>	As of end of financial year 30 September 2021
<b>Unit</b>	Percentage. Number of female Board members divided by number of PLC Board members.
<b>Method</b>	Board member adjustments are announced to the Group by Corporate Communications and Company Secretariat. Company Secretariat collate and report the end of year figure as of 30 September 2021
<b>Third party data verification FY21</b>	Yes

### Average number of hours of training and development provided per full-time employee (FTE)

<b>Definition</b>	This is the number of hours of learning done by employees on core online platforms: Harvard Mentor Manage, LinkedIn Learning, GetAbstract, Leadership Learning and Field Force Academy. Local learning, development programmes and personal development are excluded. The FTE is the number of Full Time Equivalent (FTE) employees, each employee's FTE is based on their scheduled working hours compared to the standard working hours for their role.
<b>Scope</b>	The scope includes all employees in our Workday system. This reflects all employees excluding those employed by ITG Brands and Logista, which represents approximately 65% of our employee population.
<b>Reporting Period</b>	As of end of financial year 30 September 2021
<b>Unit</b>	Hours per FTE
<b>Method</b>	The total number of hours of training and development done on the in-scope platforms by employees divided by average FTE employees over the period.
<b>Third party data verification FY21</b>	No

### Employee Turnover Rate

<b>Definition</b>	The percentage of employees who have left the business over the financial year either voluntarily or involuntarily.
<b>Scope</b>	The scope includes all employees in our Workday system. This reflects all employees excluding those employed by ITG Brands and Logista, which represents approximately 65% of our employee population..
<b>Reporting Period</b>	As of end of financial year 30 September 2021
<b>Unit</b>	Percentage: Leavers as a percentage of the average population
<b>Method</b>	The total number of employees who left the company over the reporting period divided by the average of the Employee population at the start and end of the reporting period
<b>Third party data verification FY21</b>	No

### New Employee Hires

<b>Definition</b>	The number of employees who were hired into the company over the reporting period..
<b>Scope</b>	The scope includes all employees in our Workday system. This reflects all employees excluding those employed by ITG Brands and Logista, which represents approximately 65% of our employee population.
<b>Reporting Period</b>	As of end of financial year 30 September 2021
<b>Unit</b>	Percentage. Split by Gender and Split by Age Group
<b>Method</b>	The number of employees hired for each demographic group divided by the total number of employees hired over the reporting period.
<b>Third party data verification FY21</b>	No

### Community Investment (Allocations)

<b>Definition</b>	On a voluntary basis we seek to support a number of communities in which we operate and from where we source tobacco. This is through community and sustainability related projects which provide benefits over and above those are brought by our normal commercial operations and transactions. The term 'community investment' covers funds which are allocated to not-for-profit partnerships, community and sustainability related projects and charitable donations.
<b>Scope</b>	<ul style="list-style-type: none"> <li>- the Eliminating Child Labour in Tobacco Growing Foundation (ECLT) and Hope for Justice;</li> <li>- Leaf Partnerships, which predominately addresses farmer viability, rural incomes and environmental sustainability issues in prioritised tobacco-growing communities, and</li> <li>- a reserve for ad hoc allocations and requirements, such as in response to a humanitarian disaster. The allocations are predominately facilitated by the UK Charities Aid Foundation (CAF), which provides banking facilities and verifies charitable organisations. The main exception in the use of CAF is for the Leaf Partnerships, where project costs with suppliers are charged directly against the cost of leaf.</li> </ul> <p>We refer to allocations rather than actual spend, because the time at which funds are actually spent within a project may occur later than within the current financial year. The financial value of the Community Investment spend does not include employee time, in-kind contributions, management costs or other community support that may be provided by any budget holder within our Group, at a local level.</p>
<b>Reporting Period</b>	As of end of financial year 30 September 2021
<b>Unit</b>	Reported in UK Sterling Millions of Pounds (£m).
<b>Method</b>	The financial value for the Community Investment allocations made within the financial year is extracted from our financial reporting and accounting system by Group Finance. All allocations are to £m British Sterling and where applicable utilise the Group's defined average exchange rate for the period in question.
<b>Third party data verification FY21</b>	No



### Percentage of Farmers Growing Complimentary Crops

<b>Definition</b>	<p>Complimentary crops are those the farmer grows alongside or in-between tobacco harvests either for their own consumption or commercialization. This includes food crops such as maize, groundnuts, and supplementary crops such as cotton and timber. We request visibility on all types of complimentary crops grown and initiatives that support farmers growing these crops, such as through technical assistance.</p> <p>It is important for us to know how many farmers are growing complimentary crops, either independently or with supplier support, in order to assess food security and living standards.</p>
<b>Scope</b>	12 Priority Countries, 8 global suppliers
<b>Reporting Period</b>	1 October 2020 – 30 September 2021
<b>Unit</b>	Percentage of total farmers contracted to suppliers in priority origins
<b>Method</b>	<p>A risk based approach is used to identify priority countries, the methodology uses sustainability data from Maplecroft risk indexes, plus insights from STP and other specific data. 12 of the 32 countries currently supplying leaf to Imperial are identified as priority.</p> <p>Eight key suppliers participate in an annual Livelihoods Survey. Data used in this indicator is based on supplier submissions for their operations in the 12 priority countries. The Imperial Leaf Sustainability team review, analyse, and visualise the data submitted, which is then reviewed and confirmed by suppliers.</p> <p>For this KPI the number of contracted farmers growing complimentary crops (on any scale, and be purely for self-sufficiency or commercialisation) is deducted from the total number of farmers contracted to suppliers in the priority origins, and then turned into a percentage.</p>
<b>Third party data verification FY21</b>	No

### Percentage of Farmers with Access to Initiatives to Improve Agricultural Productivity

<b>Definition</b>	<p>Productivity and efficiency initiatives enable farmers to increase efficiency of tobacco production, by reducing costs of production or improving yield and/or quality. We request suppliers disclose all their efforts to assist farmers improve agricultural productivity and efficiency, which covers enhancing mechanisation, provision of financing, training, or inputs such as fertilizer.</p> <p>It is important for us to know how many farmers are granted access to these initiatives in order to assess differing levels of supplier support for tobacco production, and therefore understand farmer income stability and future prospects.</p>
<b>Scope</b>	12 Priority Countries, 8 global suppliers
<b>Reporting Period</b>	1 October 2020 – 30 September 2021
<b>Unit</b>	Percentage of total farmers contracted to suppliers in priority origins
<b>Method</b>	<p>A risk based approach is used to identify priority countries, the methodology uses sustainability data from Maplecroft risk indexes, plus insights from STP and other specific data. 12 of the 32 countries currently supplying leaf to Imperial are identified as priority.</p> <p>Eight key suppliers participate in an annual Livelihoods Survey. Data used in this indicator is based on supplier submissions for their operations in the 12 priority countries. The Imperial Leaf Sustainability team review, analyse, and visualise the data submitted, which is then reviewed and confirmed by suppliers.</p> <p>For this KPI the number of contracted farmers given access to initiatives is deducted from the total number of farmers contracted to suppliers in the priority origins, and then turned into a percentage.</p>
<b>Third party data verification FY21</b>	No

### Farming Community Members Benefitting from Imperial Leaf Partnership Projects

<b>Definition</b>	The Leaf Partnership projects are used in our annual reporting to evidence Imperial's commitment to responsible sourcing. The focus is on improving farmer livelihoods, promoting human rights and reducing farmer impact on the environment. The specific projects carried out annually are agreed in collaboration with the participating suppliers from high priority countries to ensure they are relevant to the local situation and benefit as many community members as possible.
<b>Scope</b>	Direct and indirect beneficiaries from current projects our suppliers have implemented with the support of Imperial Leaf Partnership. Current projects includes any projects that are completed by September 2021 Beneficiaries include not only farmers, but their direct family members as well. Family size is based on average family size per country.
<b>Reporting Period</b>	1 October 2020 – 30 September 2021
<b>Unit</b>	Number of direct and indirect beneficiaries
<b>Method</b>	Data submitted from project partners following project completion. Data is then categorised into one of the three headlines (Livelihoods, Human rights of environment) and not reported over various categories. Imperial has internal desk based data validation techniques to confirm data accuracy. Spot audits are carried out to verify projects have been implemented on the ground. For the last 2 years, due to COVID, projects have not been verified in country.
<b>Third party data verification FY21</b>	No

## ENVIRONMENT

### Operations with ISO 14001 at the time of reporting

<b>Definition</b>	We approach the improvement of environmental performance through risk management, employee training, performance reporting, audits and improvement planning. This is structured by application of formal environmental management systems which are subject to an annual independent audit by external certification companies, to help drive continuous improvement. We have selected the international standard ISO 14001 as the most appropriate standard for guiding the development of our environmental management systems.
<b>Scope</b>	The scope covers all manufacturing sites including cigarette, other tobacco products (OTP), tobacco leaf processing, paper and tube operations. It currently excludes laboratories, cigar, printing facilities, main offices, Logista, Sales and Marketing entities, distribution centres, leaf warehouses, farms and joint ventures.
<b>Reporting Period</b>	As of end of financial year 30 September 2021
<b>Unit</b>	Percentage
<b>Method</b>	Through the NFR system, information on the occurrence of ISO 14001 environmental management system certifications is collated centrally on an annual basis. The central team calculates the percentage by dividing the number of certifications by the number of operating sites within the scope. NFR users at the site are required to upload the current certificate.
<b>Third party data verification FY21</b>	No

### Absolute and Relative Environmental Waste

<b>Definition</b>	A key element of our environmental approach is to minimise both total waste and the waste sent to landfill. This is also part of our focus on cost optimisation. In general, waste includes items such as tobacco, paper, packaging materials, glues, cellophane, filter tow and cardboard. Where possible we seek to reduce, re-use and recycle waste. A small amount of waste is classified as hazardous. Hazardous waste is identified as being potentially harmful to the environment or to humans and its handling is guided by regulation such as the European Regulation on Classification, Labelling and Packaging (CLP Regulation). The handling of waste is dependent on the geographical location.
<b>Scope</b>	The scope covers waste originating from manufacturing sites and main offices. Waste related to Logista or Sales and Marketing entities is excluded. It does not include any material which is re-used.
<b>Reporting Period</b>	1 July 2020 – 30 June 2021
<b>Unit for Absolute Waste</b>	Tonnes
<b>Unit for Relative Waste</b>	Tonnes per £million tobacco and NGP net revenue.
<b>Method</b>	Waste data is entered into the NFR system on a quarterly basis and consolidated ready for the Group OHSE team to review.
<b>Third party data verification 2021</b>	Yes

### Waste Recycled

<b>Definition</b>	Waste materials which have been reprocessed into products, materials or substances whether for the original or other purposes. This includes the reprocessing of organic material but does not include energy recovery and the reprocessing into materials that are to be used as fuels or for backfilling operations. For example: plastic, paper, carton board, cleaning solvents and pallets sent to third parties to be recycled.
<b>Scope</b>	The scope covers waste originating from manufacturing sites and main offices. Waste related to Logista or Sales and Marketing entities is excluded.
<b>Reporting Period</b>	1 July 2020– 30 June 2021
<b>Unit</b>	Percentage/ tonnes
<b>Method</b>	Data is entered into the NFR system on a quarterly basis and consolidated ready for the Group OHSE team to review.
<b>Third party data verification 2021</b>	No

### Absolute and Relative Environmental Waste to Landfill

<b>Definition</b>	A key element of our environmental approach is to minimise both total waste and the waste sent to landfill. Some factories have reduced the amount of waste they send to landfill by reducing waste, reusing, and recycling and where possible, composting tobacco waste. We are unable to use this disposal route in all countries. In some instances, the compost containing tobacco materials is prohibited for agricultural production. Waste sent to landfill is non-hazardous waste that we have been unable to recycle, reuse or incinerate.
<b>Scope</b>	The scope covers waste originating from manufacturing sites and main offices. Waste related to Logista or Sales and Marketing entities is excluded.
<b>Reporting Period</b>	1 July 2020– 30 June 2021
<b>Unit for Absolute Waste to Landfill</b>	Tonnes
<b>Unit for Relative Waste to Landfill</b>	Tonnes per £million tobacco and NGP net revenue.
<b>Method</b>	Waste data is entered into the NFR system on a quarterly basis and consolidated ready for the Group OHSE team to review.
<b>Third party data verification 2021</b>	Yes

**Landfill waste avoidance**

<b>Definition</b>	A key element of our environmental approach is to minimise the waste sent to landfill. Some factories have reduced the amount of waste they send to landfill by reusing waste, recycling, composting and incineration (with and without energy recovery).
<b>Scope</b>	The scope covers waste reused, recycled, composted and incinerated (with and without energy recovery) originating from manufacturing sites and main offices. Waste relating to Logista or Sales and Marketing entities is excluded.
<b>Reporting Period</b>	1 July 2020– 30 June 2021
<b>Unit</b>	Percentage/tonnes
<b>Method</b>	Data is entered into the NFR system on a quarterly basis and consolidated ready for the Group OHSE team to review centrally. Landfill waste avoidance data is entered from data sources such as invoices..
<b>Third party data verification 2021</b>	No

**Absolute and Relative Energy Consumption**

<b>Definition</b>	Our operations use energy to generate light, heat, power, cooling, refrigeration and steam, and to run compressors. The energy we use originates from a variety of sources including fossil fuels and renewable sources. The energy we use is sourced from a combination of grid electricity and green energy suppliers.
<b>Scope</b>	The scope covers manufacturing sites and main offices producing cigarettes, fine-cut and cigar products. Energy relating to Logista and Sales and Marketing entities is excluded.
<b>Reporting Period</b>	1 July 2020 – 30 June 2021
<b>Unit for Absolute Energy Consumption</b>	GWh
<b>Unit for Relative Energy Consumption</b>	KWh per £million tobacco and NGP net revenue.
<b>Method</b>	Energy usage data is collated monthly at entity level and entered into the NFR System for an automated emissions calculation. Group OHSE collate and review the data centrally. Energy usage is entered from data sources such as invoices and where not available meter readings, stock-records and usage-records.
<b>Third party data verification 2021</b>	Yes

**Fleet Fuel**

**Definition**

In line with mandatory greenhouse gas emissions reporting, we have included fleet fuel data as part of our overall energy consumption data. See the 'Absolute & Relative CO<sub>2</sub> Equivalent Emissions from Energy Consumed' indicator for further information. We use the UK DEFRA emissions factors for combustion in mobile sources to calculate emissions associated with fleet fuel.

**Scope**

The scope covers Sales and Marketing sites only, manufacturing sites are not included. Fleet fuel data has been incorporated into the energy (kWh) and CO<sub>2</sub> equivalent performance indicators. This indicator also includes scheme cars and executives' cars, although sales is the vast majority. In some markets, it was not possible to split the personal mileage from the business mileage, so the overall data includes a small element of personal mileage.

**Reporting Period**

1 July 2020 – 30 June 2021

**Unit for:**

**Absolute Energy Consumed fleet fuel** GWh

**Relative Energy Consumed fleet fuel** kWh per £million tobacco and NGP net revenue.

**Absolute Scope 1 CO<sub>2</sub>e Emissions** Tonnes

**Relative Scope 1 CO<sub>2</sub>e Emissions** Tonnes per £million tobacco and NGP net revenue

**Method**

Data is collected in the NFR system monthly.

**Third party data verification 2021**

Yes

**Absolute & Relative CO<sub>2</sub> Equivalent Emissions**

<b>Definition</b>	As part of our commitment to tackle climate change, we monitor energy usage and calculate our carbon dioxide equivalent emissions with a view to target reductions. We use the UK DEFRA emission factors for stationary combustion and UK Government conversion factors managed by the Department for Business, Energy & Industrial Strategy (BEIS) to inform our carbon reporting. We keep in line with updates to these guidelines, including updates for conversion factors.
<b>Scope</b>	<p>Our reported emissions include all main sources from manufacturing sites over which we have operational control and our main offices. Operations not included, as deemed de minimis or being outside of our current reporting scope, relate to the small sales offices, which are immaterial to our total Scope 1 (direct) and 2 (indirect) emissions.</p> <p>In compliance with UK Mandatory Greenhouse Gas (GHG) emissions reporting regulations, we report on GHG emissions resulting from our tobacco operations which fall within our consolidated financial statements using the operational control reporting approach.</p> <p>We report Scope 1 and Scope 2 CO<sub>2</sub> emissions for which we are responsible using a methodology based on the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). As such, we report on the seven main greenhouse gases and report in terms of tonnes of CO<sub>2</sub> equivalents (CO<sub>2</sub>e). In 2020 we updated the calculation of hazardous gases using the greenhouse warming potentials (GWP) provided by UK DEFRA and if not available then we sourced from IPCC's Fourth Assessment Report (AR4).</p> <p>Our Scope 1 emissions comprise of: emissions from stationary fuel combustion at our sites; emissions from mobile fuel combustion in our fleet of company vehicles; leakage of refrigerant gases; and process emissions from the Dry Ice Expanded Tobacco process at our tobacco expansion plant. .</p> <p>Our Scope 2 emissions comprise of the indirect emissions resulting from the use of purchased electricity (including green energy), heat and steam at our sites. We report according to the GHG Protocol Scope 2 Guidance (2015), using location-based emission factors. Our scope of reporting against the UK Streamlined Energy and Carbon Reporting (SECR) comprises of energy consumption from our UK Head Office and UK Sales in Bristol; Nottingham site and Nerudia site in Liverpool and our Republic of Ireland Sales office in addition emissions from sales fleet fuel at these locations has also been included.</p>
<b>Reporting Period</b>	1 July 2020 – 30 June 2021
<b>Unit for Absolute CO<sub>2</sub>e Emissions from Energy Consumed</b>	Tonnes
<b>Unit for Relative CO<sub>2</sub>e Emissions from Energy Consumed</b>	Tonnes per £million tobacco and NGP net revenue.
<b>Method</b>	Energy usage data is collated monthly at entity level and entered into the NFR System for an automated emissions calculation. Group OHSE collate and review the data centrally. Energy usage is entered from data sources such as invoices and where not available meter readings, stock-records and usage-records.
<b>Third party data verification 2021</b>	Yes

**Absolute Scope 3 CO<sub>2</sub>e emissions**

<b>Definition</b>	An independent carbon life cycle analysis (LCA) conducted across our value chain identified that around 75% of our total carbon footprint is attributed to our Scope 3 emissions. Scope 3 emissions are a consequence of the activities of our business but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of goods; and use of products and services.
<b>Scope</b>	We undertook an independent review of all 15 Scope 3 categories of the Greenhouse Gas (GHG) Protocol to determine where our greatest carbon impacts are. The analysis demonstrated that our most significant carbon impacts came from just two categories: Category 1 Purchased Goods and Services which account for around 54% of our Scope 3 emissions; and Category 15. Investments which accounts for around 16% of Scope 3 emissions. Our share in Logista falls into the Investment category. Based on this analysis we have set the following target for Scope 3 emissions which have been validated by the Science Based Targets Initiative: We commit to reduce absolute Scope 3 emissions by 20% by 2030 from a 2017 baseline year.
<b>Reporting Period</b>	1 October 2019 – 30 September 2020
<b>Unit</b>	Tonnes
<b>Method</b>	We invite all of our key suppliers to participate in the annual CDP Supply Chain Programme. Through this platform suppliers disclose key environmental information including: their Scope 1 and 2 emissions, the targets they have set and their environmental risks. They can also suggest collaborative opportunities for us to work on together to reduce environmental impacts. CDP generate a Scope 3 report based on the data provided by suppliers. We input our procurement spend for each supplier into the CDP Scope 3 report to determine the Scope 3 emissions allocated to us by each supplier based on procurement spend.
<b>Third party data verification FY20</b>	No

**Suppliers with Science Based Targets (SBT)**

<b>Definition</b>	An independent carbon life cycle analysis (LCA) conducted across our value chain identified that around 75% of our total carbon footprint is attributed to our Scope 3 emissions. Scope 3 emissions are a consequence of the activities of our business but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of goods; and use of products and services.
<b>Scope</b>	We undertook an independent review of all 15 Scope 3 categories of the Greenhouse Gas (GHG) Protocol to determine where our greatest carbon impacts are. The analysis demonstrated that our most significant carbon impacts came from just two categories: Category 1 Purchased Goods and Services which account for around 54% of our Scope 3 emissions; and Category 15. Investments which accounts for around 16% of Scope 3 emissions. Our share in Logista falls into the Investment category. Based on this analysis we have set the following targets for our suppliers which have been validated by the Science Based Targets Initiative: We commit that 50% of our suppliers by spend covering Category 1. Purchased Goods and Services, will have science-based targets by 2024; and we commit that 100% of our suppliers covering Category 15. Investments, will have science-based targets by 2024.
<b>Reporting Period</b>	1 October 2020 – 30 September 2021
<b>Unit</b>	%
<b>Method</b>	We invite all of our key suppliers to participate in the annual CDP Supply Chain Programme. Through this platform suppliers disclose key environmental information including: their Scope 1 and 2 emissions, the targets they have set and their environmental risks. They can also suggest collaborative opportunities for us to work on together to reduce environmental impacts. CDP generate a Scope 3 report based on the data provided by suppliers. This report enables us to determine what percentage of our suppliers in Category 1. Purchased Goods and Services have set a science based target.
<b>Third party data verification FY21</b>	No



**Absolute and Relative Water Consumption**

<b>Definition</b>	We monitor and measure our water consumption, both water provided by suppliers and water which we abstract from natural sources. Water conservation and protection is managed locally within ISO 14001 management systems, and waste water is controlled to meet local consent limits.
<b>Scope</b>	The scope covers manufacturing sites and main offices producing cigarettes, fine-cut and some cigar products. Logista and Sales and Marketing entities are excluded. Tobacco factories are where the majority of water is utilised as part of tobacco processing during the manufacturing processes. A small amount of water consumption from non-core business entities may be included in Group totals. In general, our factories use mains water from local suppliers. However, some have a well on the premises for the abstraction of groundwater, which, after filtering and treatment, can be used for production purposes. This is done in agreement with the permits issued by the local authority for the amount of water that can be abstracted. A minimal amount of water data may include consumption from non-core assets.
<b>Reporting Period</b>	1 July 2020 – 30 June 2021
<b>Unit for Absolute Water Consumption</b>	Cubic meters (m <sup>3</sup> )
<b>Unit for Relative Water Consumption</b>	Cubic metre (m <sup>3</sup> ) per £million tobacco and NGP net revenue.
<b>Method</b>	Water usage information is collated monthly at entity level using meter readings, invoices, abstracted water measurements and usage records, as appropriate for the entity. Data is entered into the NFR System for central collation and review by Group OHSE.
<b>Third party data verification 2021</b>	Yes