INTRODUCTION

Our People and Planet Agenda: managing our environmental, social and governance (ESG) responsibilities

In January 2021, we outlined our new five-year strategy to transform Imperial. Later that year, we launched a new Company purpose and vision, defining why we are here and what we are trying to achieve. Our commitment to environmental, social and governance (ESG) issues is enshrined in these two statements.

In December 2021, we completed an ESG materiality assessment for tobacco and Next Generation Products (NGP), listening to the views of consumers, customers, employees, investors and shareholders. This survey identified eight focus areas, which we have grouped into three broad categories: Healthier Futures, Positive Contribution to Society, and Safe & Inclusive Workplace. Each of our eight focus areas is also aligned to at least one of the United Nations Sustainable Development Goals (UN SDGs).

Alongside this work, we introduced a new ESG governance framework to ensure rigour in the way in which we set objectives and deliver on our commitments. We are committed to operating responsibly in everything we do, respecting our people, our communities, and our planet. We discharge our ESG responsibilities through a framework of governance.

To ensure the Board has full oversight of all relevant ESG issues, we have established a cross-functional ESG Committee, chaired by the CEO of Imperial Brands. The ESG Committee reports to the Board for ESG-related opportunities, and to the Group Risk Committee for potential material ESG-related risks. The Board reviews our ESG performance on a quarterly basis. The cross-functional Environmental and Social Strategy groups report to the ESG Committee and are in turn fed into by a range of ESG topic-specific working groups. This strengthened governance approach enables cross-functional collaboration and avoids duplication of effort.

This Performance Summary details the work and progress we have made to date against our People and Planet Agenda.

CONTENTS

Further Reading

Our refreshed ESG approach supports our strategy, purpose and vision

Our People and Planet Ambition

Developed through a comprehensive review

Imperial Brands in numbers

Our People & Planet Agenda

• Consumer Health
• Climate Change
• Packaging and Waste
• Farmer Livelihoods and Welfare
• Sustainable and Responsible Sourcing
• Human Rights
• Employee Health, Safety and Wellbeing
• Diversity, Equity and Inclusion
FURTHER READING

This summary forms part of our wider ESG reporting, which includes our:

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**Annual Report and Accounts:**
Detailing corporate strategy, financial and non-financial performance as well as information on Risk and ESG performance and our disclosures based on the Task Force on Climate-related Disclosures (TCFD) requirements.

**GRI and SASB Index:**
Our ESG reporting is aligned to the Global Reporting Initiative (GRI) Standards and the Sustainable Accounting Standards Board (SASB) framework for Tobacco. This index lists the GRI and SASB Standards we are reporting against, and where the information can be found across our suite of ESG reporting.

**Corporate Website: Healthier Futures:**
We provide further detail on our approach to managing our ESG responsibilities on our website, and in our ESG strategy document.

**Independent Assurance Statement:**
We appointed Ernst & Young LLP to provide limited independent assurance over selected ESG content within the Annual Report for the period ended 30 September 2022. The assurance statement is available on our corporate website.

**Reporting Criteria Document:**
This document sets out our reporting approach, scope and criteria which underpins the PLC Board’s commitment to disclose our ESG performance in the Annual Report and Accounts and on the corporate website.
OUR REFRESHED ESG APPROACH SUPPORTS OUR STRATEGY, PURPOSE AND VISION

Board and senior management are highly engaged with our ESG agenda

Our Purpose:
To forge a path to a healthier future for moments of relaxation and pleasure.

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

Start with the Consumer
Take accountability with Confidence
Collaborate with Purpose
Be Authentic, Inclusive to all
Build our Future
OUR PEOPLE & PLANET AMBITION

HEALTHIER FUTURES

We are committed to strengthening our next generation products (NGP) and making a more meaningful contribution to harm reduction by offering adult smokers a range of potentially less harmful products.

OUR PLAN:
- By 2024 our Value Chain will be the Zero Emissions Group (ZEG).
- By 2020, 100% of the energy sourced for our operations from renewable sources. And 25% energy reduction, therefore achieving Net Zero in our direct operations.
- By 2025, 100% of our purchased grid electricity will come from traceable renewable sources.

CLIMATE CHANGE

We are committed to reducing our impact on the climate throughout our value chain. Focusing on both mitigation and adaptation.

OUR PLAN:
- By 2040 our Value Chain will be Net Zero Emissions (Scope 1,2,3).
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- By 2025, 100% of our purchased grid electricity will come from traceable renewable sources.

PACKAGING & WASTE

We are committed to minimizing waste associated with our products, packaging and production processes.

OUR PLAN:
- By 2025 our operations will send zero waste to landfill.
- 100% of our packaging will be reusable, recyclable or compostable (EU & UK) by 2023.
- Reduce total waste from our operations *20% by 2030.

SUSTAINABLE & RESPONSIBLE SOURCING

We are committed to sourcing products and services in a compliant, sustainable and socially conscious manner. We will work with our suppliers to ensure continuous improvements.

OUR PLAN:
- Source products and services from suppliers whose values match ours.
- Responsible Sourcing Policy rolled out FY22.
- Responsible sourcing framework rolled out FY23.
- Risk assessment across supply base from FY23.

CONSUMER HEALTH

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- Responsible sourcing framework rolled out FY23.
- Risk assessment across supply base from FY23.
DEVELOPED THROUGH A COMPREHENSIVE REVIEW

ESG fully integrated into strategy, vision, purpose and behaviours

- Clear ESG framework in place with executive sponsorship
- Fully integrated into vision, purpose and behaviours
- Hosted ESG investor webinar in September 2022 to launch new approach
- Metrics and targets in place to support delivery

<table>
<thead>
<tr>
<th>September 2021</th>
<th>September 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG materiality study completed</td>
<td>-</td>
</tr>
<tr>
<td>Board &amp; Executive governance agreed</td>
<td>-</td>
</tr>
<tr>
<td>ESG strategy signed off by ESG Committee &amp; Board</td>
<td>-</td>
</tr>
<tr>
<td>Internal ‘People &amp; Planet’ campaign launched</td>
<td>-</td>
</tr>
<tr>
<td>ESG priorities integrated into executive renumeration</td>
<td>-</td>
</tr>
<tr>
<td>Introduced for FY23</td>
<td>-</td>
</tr>
</tbody>
</table>
IMPERIAL BRANDS IN NUMBERS

4TH LARGEST international tobacco business

5 CORE BEHAVIOURS defined to enable delivery of new strategy

c.120 MARKETS selling brands

160 BRANDS in our portfolio

‘TOP EMPLOYER EUROPE’ for a 5th successive year¹

SPEAKING UP service available in 76 countries

MODERN SLAVERY e-learning course available in 15 languages

26,000 employees
CONSUMER HEALTH

We are committed to strengthening our next generation products (NGP) to make a more meaningful contribution to harm reduction by offering adult smokers a range of potentially less harmful products.

Why is it important?
We understand society’s concerns about the health risks of smoking and recognise our role in helping to reduce the harm caused by combustible tobacco products.
Our ambition is to make a meaningful contribution to tobacco harm reduction. This ambition is also directly linked to target 3.4 of the UN SDG 3, which is "to reduce mortality from non-communicable diseases and promote mental health.”
Clearly, the best health-related outcome is for adult smokers to stop smoking. However, the next best option is to offer potentially harm reduced alternative products to those consumers who are uninterested or unwilling to stop smoking. We have found these consumers fall into two distinct categories and are likely to be attracted to different product types:
1. Willing to try new products but wanting an experience as close to smoking as possible.
2. A more health-conscious smoker, looking to find something potentially less harmful and likely to compromise somewhat on the experience but not fully.
By increasing NGP choice and improving the experience, tobacco companies can increase the number of adult smokers who choose potentially harm-reduced alternatives.

What are we doing about it?
Our new NGP strategy is focused on driving consumer choice. We have defined an approach which plays to our strengths and is centred on meeting consumer needs. As the smallest of the global players, it is not our role to create categories in markets. At this stage, we are focused on markets where an NGP category is already well established and where we can leverage our existing combustible routes to market. Once we have identified which markets are attractive to us, we seek to understand what our target consumers value most about their smoking experience. Having clearly understood the consumer dynamics, our role in these markets is then to provide greater consumer choice with a differentiated product offering that meets an unmet consumer need.
NGP have the potential to make a significant contribution to harm reduction. Products in other nicotine categories, whilst not risk free, differ from cigarettes in their risk profiles. Current scientific evidence suggests NGP have the potential to significantly reduce harm, relative to continuing to smoke cigarettes. While each category of NGP has a differing risk profile, no NGP involve the burning of tobacco and so do not produce the smoke which is the primary cause of smoking-related disease.
Persuading consumers to choose potentially reduced risk products requires innovation across the entire value chain. For an adult smoker to choose a potentially reduced risk product, we need to ensure their journey is as frictionless as possible.
This requires innovation across our supply chain, superior distribution networks, focused consumer insights and novel marketing models. We seek to substantiate the reduced harm potential through our scientific research in the laboratory, the clinic and once products are in market.
Our products target existing adult smokers. Our focus is on driving consumer acceptance, while recognising that not all consumers and markets are the same. These are different preferences and regulations across different markets, which is why we are taking a portfolio approach with our range of NGP.
Under age: people should never use our products. It is vital that any NGP use by “neversmokers”, including youth, is minimised or eliminated altogether. NGP are for adult smokers and adult nicotine consumers only.
Our entire NGP philosophy reflects a no-tolerance approach to youth access through every stage of our products’ life. This applies from conception, development and manufacturing through to perception and behavioural science, marketing and post-market surveillance. We maintain a strict no-tolerance approach to youth access prevention, we seek to ensure that regulatory requirements are implemented, adhered to and enforced.
We are committed to marketing and advertising our products responsibly within the laws, codes of practice and voluntary agreements of those countries within which we operate. Our commitment to responsible marketing and sale of our NGP and combustible tobacco products is summarised by our Marketing Principles.
We are also developing a framework to assess, understand and act to mitigate the risk of underage use. We intend to expand on this framework in 2023.

Marketing Principles
1. We only engage with adult consumers of tobacco and nicotine products.
2. Our marketing is honest and transparent.
3. We give our consumers the information they need to make informed choices.
4. We will never encourage people to start smoking or non-smokers to use recreational nicotine products and never discourage consumers of our products from quitting.
5. We comply with the local laws, codes of practice and voluntary agreements which govern the advertising, promotion and sale of our products.
We are committed to strengthening our next generation products (NGP) to make a more meaningful contribution to harm reduction by offering adult smokers a range of potentially less harmful products.

Our progress in 2022

We seek to substantiate the reduced harm potential of NGP through our rigorous scientific research in the laboratory, the clinic and once products are in market. We have refined our scientific assessment framework (SAF), which is a multi-stage, multi-year testing and research programme designed to evaluate the harm reduction potential of each of our NGP relative to combustible cigarettes. Our comprehensive consumer product safety programme ensures we are rigorously validating NGP safety profiles throughout their lifecycles. Simultaneously, we are scientifically assessing the Tobacco Harm Reduction potential and relative risks of our NGP compared to cigarettes, focusing on both individuals and wider populations.

We believe the SAF is crucial in generating the necessary scientific proof points and evidence to build and maintain trust in NGP with consumers, regulators, public health, and the media. We also think the comprehensive scientific assessment of these relative risks should form the basis of risk-proportionate, evidence-based regulation. Our SAF is therefore aligned with guidelines provided by leading global public health authorities and regulators.

By the end of FY22, our commercially available NGP had achieved the following SAF completion rates to demonstrate harm reduction potential:

**PROGRESS OF TESTING HARM REDUCTION POTENTIAL OF OUR NGP AGAINST THE SCIENTIFIC ASSESSMENT FRAMEWORK**

<table>
<thead>
<tr>
<th>NGP type</th>
<th>SAF progress</th>
<th>Scientific highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vape device</td>
<td>%</td>
<td>97</td>
</tr>
<tr>
<td>myblu</td>
<td></td>
<td>Analysis of behavioural data from a 12-month longitudinal study shows 23.1% of smokers quit smoking with myblu after 3 months, 35.9% after 6 months, and 46.2% after 12 months. For smokers who did not quit, they reduced the number of cigarettes smoked per day on average by 51%. For blu 2.0, we have completed safety testing and assessment for launch.</td>
</tr>
<tr>
<td>blu 2.0</td>
<td>%</td>
<td>28</td>
</tr>
<tr>
<td>Heated tobacco</td>
<td>%</td>
<td>62</td>
</tr>
<tr>
<td>Pulze and iD</td>
<td></td>
<td>Our first clinical study on Pulze and iD, with adult smokers with no intention to quit smoking, demonstrated a good safety profile and that the product reduces their desire to smoke.</td>
</tr>
<tr>
<td>Tobacco-free oral</td>
<td>%</td>
<td>47</td>
</tr>
<tr>
<td>nicotine pouch</td>
<td></td>
<td>We have now completed two clinical studies on a range of Zone X nicotine strengths. They demonstrate the product has a good short-term safety profile, offers a satisfying alternative to combustible cigarettes and snus, and reduces the consumers’ urge for nicotine.</td>
</tr>
<tr>
<td>Zone X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We believe that the totality of the research generated by the SAF, alongside in-market consumer data on adult smoker switching/retention rates and the broader scientific literature, will ultimately confirm that our NGP contribute to improved consumer health outcomes compared to continuing to smoke, thus demonstrating our meaningful contribution to THR.

**THE RELATIVE RISK SCALE**

An illustrative representation of the current scientific evidence:

1. Please note 100% SAF completion is not required for market product launch.
2. Study not yet published in the scientific literature.
3. Only one of these studies is currently published in the scientific literature.
We have mapped a five-step approach towards Net Zero:

1. Undertake energy efficiency initiatives
2. Switch to 100% renewable grid electricity
3. Transition all other energy types to renewable sources
4. Achieve Net Zero in our operations
5. Become climate positive, which means removing additional carbon dioxide from the atmosphere

Note: Our Scope 1 emissions arise from stationary fuel combustion at our sites, refrigerant gases and from mobile fuel combustion in our fleet of company sales vehicles. Our Scope 2 emissions comprise of the indirect emissions resulting from the use of purchased electricity, heat and steam at our sites. Our Scope 3 emissions are the emissions arising from our value chains as a result of activities carried out by Impeva. For example from the manufacture of components that go into our products.
Our progress in 2022
We report progress against our 2017 baseline.

Our first renewable energy site, the Skruf plant in Sävsjö, Sweden, is now acting as an exemplar for our other facilities as they work to further prove their energy efficiency.

We are committed to reaching science-based Net Zero emissions by 2040. To achieve this, we have reset our science-based targets for carbon, increasing our ambition in line with 1.5°C global warming limits, which we will submit to the SBTi for their approval in FY23.

We have also set new energy targets which support our Net Zero emissions ambition.

OUR VALUE CHAIN WILL BE NET ZERO EMISSIONS (absolute scope 1, 2 and 3 GHG emissions)

100% OF OUR PURCHASED GRID ELECTRICITY will come from traceable renewable sources

REDUCE:
- Our total carbon footprint (absolute scope 1, 2 and 3 GHG emissions) by 30%
- Absolute scope 3 emissions by 20%
- Energy consumption by 25%

52% of our purchased grid electricity was supplied by traceable renewable source, at the end of FY22

19% reduction in energy consumption

19% reduction in Scope 1 and 2 location based CO₂e emissions

We are committed to reducing our impact on the climate throughout our value chain, focusing on both mitigation and adaptation.

We are taking action to combat climate change and its impacts.

SDGs

100% OF THE ENERGY SOURCED for our operations from renewable sources

BE NET ZERO in our direct operations (scope 1 and 2 GHG emissions)

SDGs
## Performance Indicator

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Unit</th>
<th>2017</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Progress</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations with ISO 14001 certification</td>
<td>%</td>
<td>92</td>
<td>86</td>
<td>78</td>
<td>83</td>
<td>•</td>
<td>Travel restrictions resulting from the COVID-19 pandemic adversely impacted recertifications in 2020 and 2021, but these are now increasing. We aim to continue increasing certification levels in FY23.</td>
</tr>
<tr>
<td>Absolute energy consumption</td>
<td>GWh</td>
<td>875</td>
<td>773</td>
<td>729</td>
<td>712*</td>
<td>•</td>
<td>Within our Net Zero ambition, one of the targets is to reduce energy consumption by 25% by 2030 versus a 2017 baseline. In FY22, energy consumption had reduced by 19% compared to 2017 and therefore we are on track to achieve this target.</td>
</tr>
<tr>
<td>Relative energy consumption</td>
<td>KWh/Km net revenue</td>
<td>112,801</td>
<td>96,625</td>
<td>95,740</td>
<td>91,364*</td>
<td>•</td>
<td>We have seen a 5% decrease in relative energy consumption compared to last year.</td>
</tr>
<tr>
<td>Electricity from purchased renewable sources</td>
<td>%</td>
<td>8</td>
<td>5</td>
<td>6</td>
<td>52*</td>
<td>•</td>
<td>We purchase Renewable Energy Certificates (RECs) from within the same market boundary as electricity is being consumed, where possible, as defined by CDP. In markets where the means to purchase renewable electricity is less developed, we purchase from a nearby geographical location, but keep this under constant review with an intention to purchase from within the same market boundary once a source becomes available.</td>
</tr>
<tr>
<td>Absolute Scope 1 CO₂ emissions</td>
<td>Tonnes</td>
<td>114,270</td>
<td>105,242</td>
<td>92,900</td>
<td>91,007*</td>
<td>•</td>
<td>Our Scope 1 emissions arise from stationary fuel combustion at our sites, refrigerant gases, and mobile fuel combustion in our fleet of Company sales vehicles. We have seen a 2% decrease in Scope 1 emissions since last year and a 20% reduction from our 2017 baseline year.</td>
</tr>
<tr>
<td>Absolute Scope 2 CO₂ location-based emissions</td>
<td>Tonnes</td>
<td>161,573</td>
<td>147,039</td>
<td>143,990</td>
<td>131,236*</td>
<td>•</td>
<td>Our Scope 2 emissions comprise the indirect emissions resulting from the use of purchased electricity, heat and steam at our sites. We have seen a 15% decrease in Scope 2 location-based emissions since last year and a 10% reduction from our 2017 baseline year.</td>
</tr>
<tr>
<td>Absolute Scope 2 CO₂ market-based emissions</td>
<td>Tonnes</td>
<td>173,902</td>
<td>–</td>
<td>–</td>
<td>84,759*</td>
<td>•</td>
<td>We report Scope 2 location-based and market-based emissions according to the GHG Protocol Scope 2 Guidance (2015) and CDP guidance. We have seen a 61% reduction in emissions compared to the 2017 baseline year.</td>
</tr>
<tr>
<td>Total absolute Scope 1 and 2 location-based CO₂ emissions</td>
<td>Tonnes</td>
<td>276,630</td>
<td>226,887</td>
<td>226,192</td>
<td>222,243*</td>
<td>•</td>
<td>We have seen a 19% decrease in our total Scope 1 and 2 emissions from our 2017 baseline. Our target is to be at Net Zero in our direct operations by 2030. We have also set a Scope 3 target to be Net Zero by 2046.</td>
</tr>
<tr>
<td>Relative Scope 1 and 2 location-based CO₂ emissions</td>
<td>Tonnes/Km net revenue</td>
<td>35.5</td>
<td>29.6</td>
<td>29.7</td>
<td>28.5*</td>
<td>•</td>
<td>We have seen a 4% decrease in relative Scope 1 and 2 location-based CO₂ emissions compared to last year.</td>
</tr>
<tr>
<td>Scope 3 CO₂ emissions: business travel</td>
<td>Tonnes</td>
<td>–</td>
<td>–</td>
<td>1,837</td>
<td>5,903*</td>
<td>•</td>
<td>Business travel is travel undertaken for work or business purposes. Increased emissions from business travel in FY22 reflect the easing of Covid-19 restrictions enabling increased business travel.</td>
</tr>
</tbody>
</table>

* Select 2022 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.
PERFORMANCE

CLIMATE CHANGE

Performance Indicator | Unit | 2017 | 2020 | 2021 | 2022 | Progress | Commentary
--- | --- | --- | --- | --- | --- | --- | ---
Key suppliers by spend with science-based targets | % | – | 38 | 41 | 34 | | We aim to ensure that 50% of our suppliers by spend will have set science-based targets by 2024. In 2022 we more than doubled the number of suppliers in scope to 104 (2021: 51) and of these 34% had set science-based targets.

Absolute water consumption¹ | m³ | 1,468,626 | 1,198,523 | 1,109,178 | 1,056,982 | | Having already achieved the original target of 10% reduction in water consumption by 2030, we have set a new target of 30% by 2030 versus a 2017 baseline. In FY22, we saw a 28% reduction in water consumption compared to the 2017 baseline year.

Relative water consumption | m³/£m net revenue | 189 | 150 | 146 | 136 | | 

Direct Energy Consumption by Source GWh (%)  
GRI Standard 302-1

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>22%</td>
<td>20%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Heavy fuel oil</td>
<td>3%</td>
<td>4%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Gasoline / Petrol</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Diesel oil</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>LPG</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Other fuels</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Indirect Energy Consumption by Source GWh (%)  
GRI Standard 302-2

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grid electricity (non green)</td>
<td>27%</td>
<td>25%</td>
<td>24%</td>
<td>18%</td>
</tr>
<tr>
<td>Hot steam</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Grid electricity (green)</td>
<td>43%</td>
<td>46%</td>
<td>47%</td>
<td>52%</td>
</tr>
<tr>
<td>On-site renewable energy</td>
<td>12%</td>
<td>16%</td>
<td>18%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Water consumption by withdrawal source (m³)

<table>
<thead>
<tr>
<th>Unit</th>
<th>2017</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mains</td>
<td>1,468,626</td>
<td>1,198,523</td>
<td>1,109,178</td>
<td>1,056,982</td>
</tr>
<tr>
<td>Ground Water</td>
<td>278,666</td>
<td>309,936</td>
<td>284,725</td>
<td>240,244</td>
</tr>
<tr>
<td>Rain Water</td>
<td>2,422</td>
<td>1,679</td>
<td>1,713</td>
<td>2,010</td>
</tr>
<tr>
<td>Total</td>
<td>1,749,714</td>
<td>1,539,094</td>
<td>1,395,616</td>
<td>1,301,148</td>
</tr>
</tbody>
</table>

A. Select 2022 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY Assurance Opinion is available on our website.

Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

¹ Our 2022 environmental data covers the reporting period Q4 2021 to Q3 2022. This is to allow for data collection, validation and external assurance. We use the industry leading GHG Protocol standard to inform our reporting of Scope 1 and 2 emissions. In FY22 we reset our baseline and subsequent years data for Scope 1 and 2 GHG emissions to make it consistent with the latest guidance from the Greenhouse Gas Protocol and CDP particularly relating to Scope 2 market-based emissions reporting.
As illustrated in the first chart, 22% of our carbon footprint arises from our scope 1 and 2 and 78% arises from scope 3 emissions.

During 2022 we have continued to engage with our suppliers via the CDP Supply Chain Programme to better understand our suppliers operational emissions, which are our scope 3 emissions. We are working with CDP on the methodology for strengthening our approach to calculating scope 3 emissions across our value chain, based on spend data and further information is available in our Reporting Criteria Document. We remain committed to developing our approach to scope 3 emissions calculation and reporting to ensure consistency and transparency against our scope 3 performance.

**GHG emissions across our value chain in 2017 (% tCO₂e)**

- 10% - Scope 1
- 12% - Scope 2
- 78% - Scope 3

**GHG emissions per Scope 3 category in 2017 (% tCO₂e)**

- 54.4% - Purchased goods and services
- 2.5% - Capital goods
- 5.6% - Fuel and energy related activities
- 6.4% - Upstream transportation and distribution
- 0.6% - Waste generated in operations
- 1.7% - Business travel
- 3.4% - Employee commuting
- 3.8% - Downstream transportation and distribution
- 0.7% - Use of sold products
- 5.2% - End-of-life treatment of sold products
- 15.8% - Investments*

*Investments refers to Logista. Logista’s 2019 relative Scope 1 and 2 emissions comprise 38 tonnes of CO₂e per £million of 2019 distribution fees (our non-GAAP revenue measure for Logista).
PACKAGING & WASTE
We are committed to minimising waste associated with products, packaging and production processes.

Why is it important?
Given our global reach we want to play a role in protecting the natural environment and we actively work to minimise our environmental impacts. We also recognise that certain resources are finite and, as such, presents us opportunities to explore solutions that support our business sustainably and protect the environment. We are committed to compliance with environmental legislation. Reducing our environmental impact also supports efficiency and cost optimisation.

What are we doing about it?
As part of our role in protecting the natural environment, we seek to minimise overall waste, eliminate waste to landfill and make all our packaging in the EU and UK reusable, recyclable or compostable.

In April 2022, we launched our zero waste to landfill project across our manufacturing sites, and since last year, we have seen a 20% decrease in waste to landfill. We have established a global knowledge hub on waste management to share best practice across sites and to encourage collaboration.

We have conducted recycling assessments on our packaging for products sold in the EU. These assessments have been conducted by a third party and have allowed us to identify non-recyclable packaging on which to focus our improvement efforts. To date, 86% of packaging formats that we have assessed in the EU are recyclable.

We acknowledge that as our NGP business grows, we are faced with additional waste and recyclability issues. We continue to look at how we can improve the sustainability of NGP materials and packaging. We will continue to implement a consumer-led, regulatory compliant packaging strategy in FY23 and we are aiming to provide further details during this year.

We aim to send ZERO WASTE TO LANDFILL in our operations by 2025
Our progress in 2022

We have reviewed and updated our waste and packaging-related targets, and these are illustrated here. As we target zero waste to landfill, we amended our definitions for waste to account for local regulations which require hazardous waste to be landfilled. For this reason we have restated our waste to landfill baseline and subsequent years’ data.

We report progress against our 2017 baseline.

In April 2022, we launched our zero waste to landfill project across our manufacturing sites and established a global knowledge hub on waste management to share best practice across sites and to encourage collaboration.

We have conducted recycling assessments on our packaging for products sold in the EU. To date, 86% of packaging formats that we have assessed in the EU are recyclable.

Send ZERO WASTE to landfill in our operations

Make 100% of our packaging reusable, recyclable or compostable

20% reduction in waste sent to landfill compared to last year

15% reduction in waste across our operations compared to 2017 baseline

FIND OUT MORE
## PERFORMANCE

### PACKAGING & WASTE

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Unit</th>
<th>2017</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Progress</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute waste</td>
<td>Tonnes</td>
<td>49,141</td>
<td>40,253</td>
<td>41,714</td>
<td>41,969</td>
<td>A</td>
<td>Our target is to reduce waste by 20% by 2030. We have seen a 15% decrease in waste from our 2017 baseline year. We have seen a slight increase of 0.6% in waste compared to last year which is mainly due to increased production volumes at our McAdoo site.</td>
</tr>
<tr>
<td>Relative waste</td>
<td>Tonnes/£m net revenue</td>
<td>6.34</td>
<td>5.03</td>
<td>5.48</td>
<td>5.39</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Waste to landfill</td>
<td>Tonnes</td>
<td>7,200</td>
<td>6,646</td>
<td>10,619</td>
<td>8,544</td>
<td>A</td>
<td>Our target is to achieve zero nonhazardous waste sent to landfill by 2025. This year we have redefined waste to landfill to include waste incinerated without energy recovery and have therefore restated our data. Compared to last year, we have seen a 20% decrease in waste sent to landfill.</td>
</tr>
<tr>
<td>Relative waste to landfill</td>
<td>Tonnes/£m net revenue</td>
<td>0.93</td>
<td>0.83</td>
<td>1.40</td>
<td>1.10</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Landfill avoidance rate</td>
<td>%</td>
<td>88</td>
<td>88</td>
<td>83</td>
<td>85</td>
<td>A</td>
<td>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 energy recovery).</td>
</tr>
</tbody>
</table>

- Progress on track
- Focus required to accelerate progress
- Intervention required to accelerate progress

### Disposal of hazardous waste (Tonnes)

<table>
<thead>
<tr>
<th>GRI Standard 306-2</th>
</tr>
</thead>
</table>

- 3% - Reused
- 8% - Recycled
- 25% - Incinerated & energy recovered
- 59% - Incinerated
- 5% - Sent to landfill

### Disposal of non-hazardous waste (Tonnes)

<table>
<thead>
<tr>
<th>GRI Standard 306-2</th>
</tr>
</thead>
</table>

- 30% - Reused
- 29% - Recycled
- 9% - Incinerated & energy recovered
- 1% - Incinerated
- 14% - Sent to landfill
- 18% - Composted

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A. Select 2022 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY Assurance Opinion is available on our website.

Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

1. Our 2022 environmental data cover the reporting period Q4 2021 to Q3 2022. This is to allow for data collection, validation and external assurance. To note: Absolute waste does not include reused waste.
People and Planet | Performance Summary 2022

OUR PEOPLE AND PLANET AGENDA

FARMER LIVELIHOODS & WELFARE

We are committed to engaging with our suppliers to support and develop farming communities and promote sustainable agriculture.

SDGs

Aims
We aim to purchase from and engage leaf suppliers who support their farmers to achieve a decent standard of living by:

- Continuing to enhance due diligence in our leaf supply chain, co-ordinated through our Leaf Compliance and Reporting E-tool (CARE) programme.
- Continuing to set high expectations for suppliers who contract with farmers.
- Increasing our support for projects that have a direct impact within the tobacco communities in our supply chain.

Why is it important?
We aspire to have a positive impact on the planet, and the farming communities in which our suppliers operate. We do this by continuing to support our suppliers to help their contracted farmers increase access to basic needs, diversify their income and farm sustainably. This supports our efforts to build a more responsible supply chain that is sustainable for the future.

What are we doing about it?
We are working to enhance standards in our tobacco leaf supply chain both directly with our suppliers and through partnerships, such as those created through the Sustainable Tobacco Programme (STP). The STP aims to have a positive impact in tobacco growing communities, and all tobacco leaf suppliers are expected to participate. This is an independently managed framework that provides us with visibility over our supply chain in two ways: first, by empowering our suppliers to report on the actions they are taking to address any risks identified, and how they are having a positive impact on the ground; and second, by verifying these actions both remotely and in the field. This informs our strategy to support our suppliers in taking effective action. In 2022 (based on the tobacco leaf crop year 2021), 96% of our suppliers reported on their due diligence to the STP.

Within the last year we participated in four independent Supply Chain Impact Assessments (SCIA). These assessments help focus our suppliers to prioritise topics and develop or enhance action plans to have a meaningful impact on the ground. Where collaboration is beneficial to achieving impact, we jointly commission these assessments with other manufacturers or suppliers. A recent example of industry collaboration is the Türkiye 2021 SCIA.

A total of 560 stakeholders’ perspectives on social conditions in the Turkish Tobacco Leaf supply chain were secured during field research in tobacco growing communities during the harvest period. The third party also worked with each of the six participating suppliers in establishing individual action plans that address the findings, and an outcome was the establishment of an industry-wide body to collectively address areas of common focus. We have closely followed the development of these action plans and working groups over the last year, and will continue to stay informed through dialogue with our suppliers on their progress.

In addition, through Leaf Partnerships we work directly with suppliers to fund specific projects that complement the work they are already doing and thereby amplify their impact in tobacco growing communities. These projects range from enhancing farmers’ businesses to supporting communities increase access to basic needs, such as education and clean drinking water. In FY22, Imperial provided financial support to projects in 11 countries. These projects are benefiting at least 84,000 farmers and their families.

96% of suppliers reporting on their due diligence and actions through the Sustainable Tobacco Program

We are committed to purchasing tobacco from

SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE SUPPLIERS

IMPERIAL INDUSTRY SUSTAINABLE TOBACCO PROGRAMME SUPPLIERS
OUR PEOPLE AND PLANET AGENDA

SDGs

Addressing Child Labour

Like other agricultural industries, the risk of child labour is highest in the cultivation part of our supply chain. In addition to working directly with our suppliers, we recognise that child labour is a multi-stakeholder issue, which no single entity can address in isolation. In collaboration with key stakeholders including the industry, suppliers and others operating in these communities, we seek to address child labour through three main avenues.

Child Labour

1. The Sustainable Tobacco Programme (STP): The Human and Labour Rights section of STP is aligned with the relevant International Labour Organization (ILO) core conventions and the principles and guidance contained within the United Nations Guiding Principles (UNGPs) on Business and Human Rights.

2. Our Leaf Partnership Projects: Working directly with our suppliers to fund projects to help tackle some of the root causes of child labour.

3. Eliminating Child Labour in Tobacco Growing Foundation (ECTL): We actively support the ECTL and its aims to tackle the root causes of child labour.

Child Labour

Many of our suppliers’ contracted farmers use wood in tobacco production, either as a fuel in the curing of tobacco or for constructing barns required for the curing of tobacco. In support of our ESG strategy, Imperial has committed to supporting suppliers and their farmers to access sustainable wood by 2025. There are various tobacco leaf curing methods, including air-curing, sun-curing, and flue-curing. The type of curing method is dependent on the tobacco variety. Flue-cured tobacco requires wood for curing, since the tobacco leaf is dried in curing barns, by means of heated air. As such, to be wood sustainable, the wood used for curing should not contribute towards deforestation or should utilise renewable energy curing methods.

In 2023, Imperial will continue to create partnerships in those remaining countries that are working towards wood sustainability and will directly fund commercial forestry programmes. This builds on the forestry programme Imperial directly funded with suppliers in Africa between 2012 and 2018.

Through our Leaf Partnership programme since 2012, we have funded the construction of over 5,000 energy-efficient tobacco-curing barns. These barns can use up to 20% less wood fuel compared to standard curing barns. 5,000 energy-efficient curing barns constructed with suppliers between 2012 and 2018.

Through the tobacco leaf we purchase, Imperial also financially supports national forestry programmes, such as the Tobacco Afforestation Programme in Tanzania.

Forestry

Planting trees decreases the pressures on the indigenous woodland that is being harvested for use in tobacco production. There are also economic benefits for farmers in labour saving, reduced cost of wood and transport. In Madagascar, since 2017 we have planted 1300 hectares of commercial forestry, delivering 80% wood sustainability expected to be achieved by 2025. Please see our Madagascar video on our website for more details.

Biodiversity

The responsible husbandry and restoration of natural habitats, soils, and water are integral to sustainable agriculture. Our suppliers are encouraged to protect and enhance biodiversity in their growing areas. This includes topic areas covered by STP such as: the mapping of sensitive areas, responsible soil management and integrated pest management (IPM) to reduce the use of pesticides and increase micro-flora.

We also support and engage with suppliers in the planting of indigenous trees to encourage and grow local biodiversity by supporting insect and bird life. We intend to publish a full biodiversity policy in FY23.

Water

In FY22 Imperial committed to supporting suppliers to improve access to basic needs for 180,000 farmers and their families by 2020. This includes access to clean water, sanitation, and hygiene (WASH). Up to 136,000 farmers and their families benefiting from water, sanitation, and hygiene projects we have funded.

Our investment in water, sanitation, and hygiene projects in countries of most need, including Mozambique, India, the Dominican Republic, Guatemala, Brazil, and Honduras equates to around US$ 1bn.

UP TO 136,000 farmers and their families benefiting from water, sanitation, and hygiene projects we have funded

5,000 energy-efficient curing barns constructed with suppliers between 2012 and 2018

1,300 hectares of commercial forestry planted in our own operations in Madagascar
OUR PEOPLE AND PLANET AGENDA

FARMER LIVELIHOODS & WELFARE
We are committed to engage with our suppliers to support and develop farming communities and promote sustainable agriculture.

Our progress in 2022

98% Suppliers’ directly contracted farmers in prioritised countries with access to initiatives to increase agricultural productivity.

94% Suppliers’ directly contracted farmers in prioritised countries, growing complementary crops.

Support suppliers to provide access to 100% SUSTAINABLE WOOD USE

Wood sustainable in Madagascar, a focus country

Support suppliers to improve access to basic needs for 180,000 FARMERS AND THEIR FAMILIES

84,000 Tobacco farming community members benefitting from NEW Imperial Leaf Partnership projects
# Performance Summary 2022

## Farmer Livelihoods & Welfare

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>2021</th>
<th>2022</th>
<th>Progress</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of suppliers’ directly contracted farmers growing complementary crops</td>
<td>88</td>
<td>94</td>
<td>-</td>
<td>Complementary crops are grown alongside or in rotation with tobacco. These crops are grown for household consumption, sale, or as rotational crops to enrich and conserve the soil. These efforts have resulted in an increase of 7% in this metric over the last reporting year.</td>
</tr>
<tr>
<td>Percentage of suppliers’ directly contracted farmers with access to initiatives to improve agricultural productivity</td>
<td>97</td>
<td>98</td>
<td>-</td>
<td>Suppliers aim to provide all their directly contracted farmers with access to initiatives to improve agricultural productivity, including technical support, improved efficiencies, and improved infrastructure. These efforts have resulted in an increase of 1% for suppliers’ directly contracted farmers with access to initiatives to improve agricultural activity over the last reporting year.</td>
</tr>
<tr>
<td>Tobacco farming community members benefiting from new Imperial Leaf Partnership projects</td>
<td>130,000</td>
<td>84,000</td>
<td>-</td>
<td>Imperial continues to fund projects aimed at addressing key livelihood and welfare issues in tobacco communities. This number represents the number of new beneficiaries from 2022 projects. Imperial currently supports 230,000 farmers and their families through ongoing projects.</td>
</tr>
</tbody>
</table>

- Progress on track
- Focus required to accelerate progress
- Intervention required to accelerate progress

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1. Data is from strategic suppliers in prioritised countries in most need of support, as outlined by a sustainability index compiled using Maplecroft risk indexes.
OUR PEOPLE AND PLANET AGENDA

SUSTAINABLE & RESPONSIBLE SOURCING

We are committed to sourcing products and services in a compliant, sustainable and socially conscious manner. We will work with our suppliers to ensure continuous improvements.

Why is it important?

Ensuring continuity in our supply chain has a direct impact on our business today, as well as the potential to impact business sustainability in the future. It is important that the standards we expect in terms of quality, labour practices, human rights and environmental concern are adhered to by our suppliers. We establish a relationship of trust and integrity with our suppliers. We expect them to conduct their business in an ethical and responsible manner and comply with all applicable laws and regulations.

We only select and do business with suppliers who can demonstrate that they operate in a manner consistent with our standards and Supplier Code of Conduct. Sustainability strategies are integrated into the management of our supply chains, via supplier management programmes and standards.

1. Tobacco leaf
We source tobacco leaf globally primarily through large international tobacco merchants. We have a global sourcing footprint, which covers Africa, America, Asia and Europe. Of these, our major tobacco sourcing countries include Brazil, India, Spain, China and others in Asia and Sub-Saharan Africa.

2. Non-tobacco materials (NTM)
The NTM we buy directly include paper, filters, glue and ingredients for cigarette products. Of our direct material supplier base, approximately 8% of our main spend is with 13 suppliers.

3. Next generation products (NGP)
The NGP supply chain encompasses all of the components that go into making NGP including electronics, liquids, and packaging materials.

4. Indirect goods and services
We also have indirect suppliers who provide services and goods such as IT hardware and software, professional and corporate services and provision of utilities.

5. Logistics
We have logistics suppliers both upstream and downstream of our operations.

What are we doing about it?

Supply Chain Due Diligence
Tobacco leaf supply due diligence is covered in the Farmer Livelihoods & Welfare section.

Our existing Supplier Qualification Programme is the first screening process for all new non-tobacco material (NTM) and NGP suppliers. Once on board, our Supplier Quality Assurance Audit team undertake a phased cycle of onsite supplier validation audits using a risk-based approach, following a detailed Supplier Audit Risk and Control Matrix which includes the supplier providing evidence for their management of ESG issues which are listed in the green box on the right.

In FY22, we engaged with relevant internal stakeholders from across the business to review and update our Supplier Code of Conduct, and agreed to include more detail on environmental and human rights aspects. The updated Supplier Code of Conduct will be rolled out in FY23. We have also developed our risk assessment framework to include the five major categories within our supply chain and this will also be rolled out to the business in FY23.

Procurement strategy

Our updated procurement strategy covers all third-party spend among all five of our supply chain categories:

1. Tobacco leaf
2. Non-tobacco materials (NTM)
3. Next generation products (NGP)
4. Indirect goods and services
5. Logistics

While suppliers may be managed globally, regionally, or locally, the ambition is that all suppliers meet the same standard to enable Imperial to meet its commitments to stakeholders, employers, and communities.

Source products and services from a DIVERSE SUPPLY BASE that matches our ESG values and ambitions

The Supplier Qualification Programme

Self-assessment questionnaire completed by suppliers and includes questions on:

- Business conduct
- Environmental management
- Wages and working hours
- Labour practices including discrimination
- Health and safety
- Child and forced labour
- Freedom of association

2022 Performance Highlights

We have refreshed our Supplier Code of Conduct, dividing topics into three sections for clarity:

- Business Integrity, Human Rights, and Environment.

This will be launched externally in 2023.

We have been recognised as a Supplier Engagement Leader by CDP for a third successive year. All companies making climate change disclosures to CDP receive a Supplier Engagement Rating (SER) in addition to their climate change score, rating them on how effectively they engage their suppliers on the issue.
**OUR PEOPLE AND PLANET AGENDA**

**SUSTAINABLE & RESPONSIBLE SOURCING**

We are committed to sourcing products and services in a compliant, sustainable and socially conscious manner. We will work with our suppliers to ensure continuous improvements.

**Our progress in 2022**

- Source products and services from a diverse supply base that matches our ESG values and ambitions
- Updated Supplier Code of Conduct
- Risk assessment developed for all 5 major categories within our supply chain

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**2022**

Refresh our **SUPPLIER CODE OF CONDUCT**

Develop our **RISK ASSESSMENT FRAMEWORK**

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**2023**

Start a **RISK ASSESSMENT** of our supply base according to our refreshed Supplier Code of Conduct

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**2024**

Ensure that **50%** of our suppliers by spend, will set science-based targets by 2024

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**34%**

34% of our suppliers by spend have set science-based targets\(^1\)
**HUMAN RIGHTS**

We are committed to raising awareness and improving processes in our supply chains, and we recognise the importance, influence, and role we have in promoting and protecting human rights.

**OUR PEOPLE AND PLANET AGENDA**

**Why is it important?**

Human rights abuses are unacceptable. We take allegations relating to human rights extremely seriously and are committed to investigating any potential human rights issues within our supply chain and direct operations. Where non-conformance is identified in our direct operations, we prioritise, respond, measure and report on actions taken to implement corrective and preventative actions.

Raising awareness and broadening our knowledge about human rights are crucial factors in delivering our strategic objectives.

**Human Rights within our value chain are covered in the Farmer Livelihoods & Welfare and Sustainable & Responsible Sourcing topics.**

**What are we doing about it?**

Our Human Rights Policy has been updated to align with our refreshed ESG Strategy. The policy is informed by the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the ILO’s core conventions, as well as the principles contained within the United Nations Guiding Principles (UNGP) on Business and Human Rights, OECD Guidelines for Responsible Business and the UN Sustainable Development Goals.

We have established due diligence programmes to respond to and mitigate the risk of human rights abuses in our direct operations and supply chain through appropriate processes and procedures. As part of this, our internal escalation channels, including the Human Rights Compliance Working Group and Leaf Compliance Working Group, ensure potential and actual risks are reported and responded to appropriately within the business.

We have created a Modern Slavery Working Group to step up our alignment and response to potential human rights violations as and when required.

In 2022, we also carried out an internal analysis to update our list of salient human rights issues. These are detailed in the box. By focusing our efforts on these new salient human rights issues, Imperial Brands additionally contributes to UN SDGs 1, 3, 4, 5, 8, 10, and 16, which aligns with our new ESG Strategy and Human Rights Policy.

In 2022 we created an ESG digital learning programme and its Human Rights module pays special attention to modern slavery, its most prominent indicators and how to report perceived or real concerns. This digital learning programme will be available both online and offline to our employees across the business with roll-out planned for FY23.

We are proud to be a founding member of the Slave-Free Alliance (SFA) and we continue to support the international charity Hope for Justice, in their pursuit of a slave-free world.

**Our plan**

Strengthen our due diligence process in alignment with international frameworks, including the United Nations Guiding Principles on Business and Human Rights, and legislation to ensure we are equipped to identify, prevent, and mitigate potential human rights risks. We have a duty of care to protect and support our employees.

We aim to avoid disruptions, create a thriving workplace, and consolidate best practices.

**Continue to strengthen**

- **Employee access to Speaking Up channels and a remediation process.**
- **Monitoring of human rights leading indicators in our operations and report on the number of audits completed.**
- **The audit process of our facilities management supplier across its Europe sites, using our anti-modern slavery internal audit module.**
- **Modern slavery training needs to ensure effective understanding globally.**

**2023**

- **Assess priority locations for salient human rights issues, to inform and test the robustness of our due diligence process.**
HUMAN RIGHTS

We are committed to raising awareness and improving processes in our supply chains, and we recognise the importance, influence, and role we have in promoting and protecting human rights.

Our progress in 2022

• Strengthened our due diligence framework and embedded human rights awareness across the business.
• Improved governance through the appointment of a new Human Rights Manager.
• Updated our Human Rights Policy to ensure better alignment to evolving international best practice guidelines and principles.
• Continued to monitor human rights leading indicators in our operations and updated modern slavery internal audits of our manufacturing sites.
• Conducted an anti-modern slavery audit with our Europe facilities management provider in Germany, and an internal review of our manufacturing sites in Poland and the Philippines.
• Updated our list of salient human rights issues for our priority locations.

CONTINUE TO STRENGTHEN

Employees

ACCESS TO SPEAK UP CHANNELS and a remediation process.

THE AUDIT PROCESS of our facilities management supplier across its Europe sites, using our anti-modern slavery internal audit module

MONITORING OF HUMAN RIGHTS leading indicators in our operations and report on the number of audits completed

MODERN SLAVERY training needs to ensure effective understanding globally

SALIENT HUMAN RIGHTS ISSUES ASSESSED for each of our priority locations to inform and test the robustness of our due diligence processes

BY 2023

SDGs

We are committed to decent work for all and sustainable economic growth.

OUR PEOPLE AND PLANET AGENDA
OUR PEOPLE AND PLANET AGENDA

EMPLOYEE HEALTH, SAFETY & WELLBEING

We are committed to achieving world-class occupational health, safety & wellbeing for all our employees.

Our Wellbeing Plan:
- Launch our refreshed wellbeing strategy during our 2023 financial year.
- Include wellbeing responsibilities into our policies.
- Assemble a Wellbeing Working Group responsible for overseeing and maintaining effective governance of wellbeing activities within Imperial’s operations.
- Benchmark the range of support available in our priority locations for the maintenance of mental health.
- Develop a Wellbeing Framework with key leading indicators.
- Measure our performance moving forward.
- Foster a mentally healthy culture by incorporating these principles into People Leader training.
- Run regular initiatives to raise awareness of mental health issues at work.

Why is it important?
We want to continue to create a working environment where the wellbeing and safety of our employees are absolute priorities. As part of this commitment, we have health, safety & wellbeing as one of the core focus areas of our refreshed ESG strategy. This includes setting new, long-term targets as well as launching a "zero injury" aspiration. But we can only achieve this if all colleagues take personal responsibility. Therefore, our health, safety and wellbeing key message to colleagues is "I Own Safety".

To help achieve our vision we have adopted an Occupational Health, Safety and Environmental (OHS&E) framework based on a "Plan Do Check Act" model. This is applied throughout the business, with a focus on the consistent integration of our health and safety standards as well as adopting robust governance and reporting processes.

The wellbeing of our employees is of paramount importance to us and has been confirmed as an ESG priority, following the refresh of our ESG strategy and the outcome of a materiality assessment. We are working to improve our management of and approach to this issue.

What are we doing about it?
To support continuous improvement we have developed a range of leading indicators to help us measure compliance and identify improvement opportunities. We use these leading indicators to manage our key health and safety risks – such as working at height, operating machinery, and driving – and to measure compliance against our framework. This approach ensures we focus resources in the right areas and can effectively manage risk across all our factories, warehouses, offices, and sales forces.

We have global procedures to help maintain consistent standards across the entire business, covering areas such as hazard identification, risk assessment, road risk and incident investigation. These are applicable to all locations and are audited as part of our internal and external audit programmes.

The personal support we give employees is focused on three key areas: mental, physical, and social wellbeing.

Currently, our employee wellbeing support is managed locally and includes resilience training, employee assistance programmes, health checks and awareness programmes, flexible working, family-friendly policies and facilities, and workplace celebrations and social events.

We aim to demonstrate our commitment to the mental health and wellbeing of employees, contractors and visitors in its broadest, holistic sense, with our new Wellbeing Plan detailed in the purple box.

Lost Time Accidents
We have seen a 44% reduction in the number of lost time accidents since the 2019 base year.

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>101</td>
<td>88</td>
<td>65</td>
<td>97</td>
</tr>
</tbody>
</table>

Fleet collision rate
(accidents per million kilometers)
We have seen a 44% reduction in our fleet collision rate since the 2019 base year.

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>5.03</td>
<td>4.19</td>
<td>3.9</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Note: Accidents reported do not include commuting to or from work or third parties such as distributors.

26 People and Planet | Performance Summary 2022
We are committed to achieving world-class occupational health, safety & wellbeing for all our employees.

We aim to ensure healthy lives and promote well-being for all.

**2022 Performance Highlights**

- **44%** reduction in lost time accidents (LTAs) since our 2019 baseline year.
- **34%** decrease in lost time accidents (LTAs) since our 2019 baseline year.
- **40%** decrease in our LTA rate since our 2019 baseline year.
- **44%** reduction in our LTA rate since our 2019 baseline year.
- **44%** decrease in our LTA rate since our 2019 baseline year.
- **39%** reduction in total number of accidents since our 2019 baseline year.
- **71%** reduction in total number of accidents since our 2019 baseline year.
- **71%** of our factories certified to the occupational health and safety management standard in 2022.

**2025**

- **75% OF FLEET VEHICLES**
  - will be fitted with an In Vehicle Monitoring System

**2030**

- **75% REDUCTION** in LTA rate

- **60% REDUCTION** in fleet collision rate

- **100% COMPLIANCE** with the OHSE Framework
# PERFORMANCE: SAFE & INCLUSIVE WORKPLACE

## EMPLOYEE HEALTH, SAFETY & WELLBEING

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Progress</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee fatalities¹</td>
<td>Number</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>●</td>
<td>Health and safety remains a priority for all our employees.</td>
</tr>
<tr>
<td>Contractor fatalities¹</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>●</td>
<td>Health and safety remains a priority for all our stakeholders.</td>
</tr>
<tr>
<td>Members of the public fatalities involving Imperial Brands vehicles²</td>
<td>Number</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>●</td>
<td>Road safety remains a priority across all our operations.</td>
</tr>
<tr>
<td>Lost time accidents (LTAs)²</td>
<td>Number</td>
<td>101</td>
<td>80</td>
<td>66</td>
<td>57</td>
<td>●</td>
<td>There has been a 12% decrease in the number of lost time accidents compared to last year.</td>
</tr>
<tr>
<td>LTA rate²³</td>
<td>Lost time accidents per 200,000 hours worked</td>
<td>0.40</td>
<td>0.32</td>
<td>0.27</td>
<td>0.24</td>
<td>●</td>
<td>We have seen an 11% decrease in our lost time accident rate compared to last year. During FY22 we continued to increase the use of leading indicators to better manage risk throughout our operations.</td>
</tr>
<tr>
<td>Total number of accidents²³</td>
<td>Number</td>
<td>850</td>
<td>720</td>
<td>573</td>
<td>522</td>
<td>●</td>
<td>We have seen a 9% decrease in total accidents compared to last year.</td>
</tr>
<tr>
<td>Accident rate²³</td>
<td>Total accidents per 200,000 hours worked</td>
<td>3.39</td>
<td>2.19</td>
<td>2.36</td>
<td>2.24</td>
<td>●</td>
<td>We have seen an 8% decrease in our accident rate compared to last year. We are pleased to see a continued reduction in our total number of accidents and our LTA rate.</td>
</tr>
<tr>
<td>Fleet collision rate</td>
<td>Accidents per million kilometres</td>
<td>5.03</td>
<td>4.19</td>
<td>3.9</td>
<td>2.8</td>
<td>●</td>
<td>There has been a 28% decrease in our vehicle accident rate compared to last year. Road safety remains a key priority for us. We adopt global standards for road safety and use our Drive Safe campaign to promote awareness and influence behaviour.</td>
</tr>
<tr>
<td>Fleet vehicles fitted with an IVM system</td>
<td>%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>57.3</td>
</tr>
<tr>
<td>Compliance with the OHSE Framework (Manufacturing)</td>
<td>%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>94</td>
</tr>
<tr>
<td>Compliance with the OHSE Framework (Sales)</td>
<td>%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>93</td>
</tr>
<tr>
<td>OHSAS 18001/ISO 45001 certification</td>
<td>%</td>
<td>79</td>
<td>79</td>
<td>74</td>
<td>71</td>
<td>●</td>
<td>Re-certification of some sites (particularly in Africa) continues to be a challenge since the Covid-19 pandemic.</td>
</tr>
</tbody>
</table>

A. Select 2022 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY Assurance Opinion is available on our website.

1. Our health and safety data is for the full 2022 financial year.

2. Accidents reported do not include commuting to or from work, or those sustained by third parties such as distributors.
PERFORMANCE: SAFE & INCLUSIVE WORKPLACE

EMPLOYEE HEALTH, SAFETY & WELLBEING

<table>
<thead>
<tr>
<th></th>
<th>FY19 (base line year)</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fatalities</strong></td>
<td></td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Death of any person caused by an incident related to our business activities.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Major Injuries</strong></td>
<td></td>
<td>8</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Reportable specified injuries to employee. The types of injuries include among others: fractures, amputations, serious burns and loss of consciousness.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Lost Time Accidents</strong></td>
<td></td>
<td>101</td>
<td>80</td>
<td>65</td>
</tr>
<tr>
<td>Work-related accidents resulting in absence from one or more scheduled workdays or shifts, beyond the day or shift the accident occurred.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accidents</strong></td>
<td></td>
<td>850</td>
<td>720</td>
<td>573</td>
</tr>
<tr>
<td>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.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Near Misses</strong></td>
<td></td>
<td>12,182</td>
<td>9,354</td>
<td>13,903</td>
</tr>
</tbody>
</table>
| An incident where no one was injured, an unsafe act or unsafe condition. An unsafe act is performing a task in a way that could threaten anyone's health and/or safety.
We are committed to creating a truly diverse and inclusive organisation renowned for celebrating difference, enabling our people to feel that they belong and be their authentic selves. We will respect, recognise and value the diversity of our consumers and reflect the communities in which we operate.

We aim to achieve gender equality and a more inclusive organisation.

**Employee Resource Groups (ERGs)**

We have developed our approach to diversity, equity and inclusion in close collaboration with our employees. At the centre of our efforts have been four new Global Employee Resource Groups (ERGs). Over 500 members of these groups have been instrumental in helping us to develop an end-to-end five-year strategy which will be launched in FY23.

1. The Gender ERG
2. The Ethnicity ERG
3. The LGBTQ+ ERG
4. The Disability ERG

Our four ERGs have continued to grow their memberships and raise awareness across the organisation on key diversity topics. The ERGs have also begun to partner with DEI Centre of Expertise (CoE). The CoE is developing our new global DEI ambition and strategy which will inform our activities across the business in pursuit of becoming a truly diverse and inclusive organisation. We promote diversity within the business through awareness campaigns, career talks, unconscious bias training and diversity celebrations. We have provided bespoke e-learning courses in 11 languages to help our people leaders understand the issues of unconscious bias and microaggressions.

Throughout FY22 we continued to celebrate globally important cultural events, including International Day of Persons with Disabilities, International Women’s Day, World Day for Cultural Diversity for Dialogue and Development, and Pride. Members of our Executive Leadership Team globally sponsor our ERGs and actively steer and support their work. Our new global DEI strategy will be launched in FY23 and this will set out our diversity and inclusion approach for the next five years.

**Why is it important?**

Diversity, equity and inclusion (DEI) is critical for our business and ESG ambitions, our culture change and for our people. We are developing a performance-driven and inclusive culture which supports the delivery of Imperial’s strategy. Underpinning our cultural shift is a set of five clear behaviours, which demonstrate how we need to think and act to succeed. To “be authentic and inclusive to all” is one of our core behaviours and aligned to our commitment to DEI.

A key aspect of our cultural transformation is our focus on creating a more diverse and inclusive organisation. We strongly believe that diversity across our organisation not only makes it a better place to work but also helps us realise our commercial strategy. We define diversity as everything that makes us unique; equity as giving fair treatment, access, opportunity, and advancement for everyone; and inclusion as involving and accepting every individual and valuing their difference.

Promoting a diverse and inclusive culture also results in the increased attractiveness of Imperial as an employer for both current and potential employees.

**What are we doing about it?**

We are committed to treating employees with respect and we support equal opportunities, as outlined in our Fairness at Work Policy and Code of Conduct. We want a culture that is vibrant and where our employees can be themselves at work.

In FY22 we formed a new Global Diversity, Equity, and Inclusion Centre of Expertise (CoE). The CoE is developing our new global DEI ambition and strategy which will inform our activities across the business in pursuit of becoming a truly diverse and inclusive organisation.

In FY23 we intend to focus on three areas:

1. Improving our employee data. We know we need a more solid baseline to measure future progress.
2. Creating a community of allies, which is a bedrock for a sustainable approach to DEI.
3. Reviewing and improving how we attract, recruit and retain talent, and how we manage career advancement.

We will continue to raise awareness of DEI through learning modules in inclusion and allyship and embedding DEI into everything we do. We are pleased with the progress we have made to date but we know we have more to do.

**2023**

We will launch our new global DEI Strategy in FY23.
We are committed to creating a truly diverse and inclusive organisation renowned for celebrating difference, enabling our people to feel that they belong and be their authentic selves. We will respect, recognise and value the diversity of our consumers and reflect the communities in which we operate.

Our progress in 2022
• Throughout FY22 we continued to celebrate globally important cultural events, including International Day of Persons with Disabilities, International Women’s Day, World Day for Cultural Diversity for Dialogue and Development, and Pride.
• Members of our Executive Leadership Team globally sponsor our ERGs and actively steer and support their work.
• Our new global DEI strategy will be launched in FY23 and this will set out our diversity and inclusion approach for the next five years.

SDGs
We aim to achieve gender equality and a more inclusive organisation.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Target</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>Workforce</td>
<td>40% of the workforce are female</td>
</tr>
<tr>
<td>40%</td>
<td>Board</td>
<td>40% of the board are female</td>
</tr>
<tr>
<td>30%</td>
<td>Executive Leadership Team</td>
<td>30% of the executive leadership team are female</td>
</tr>
<tr>
<td>29%</td>
<td>Senior Management</td>
<td>29% of the senior management are female</td>
</tr>
</tbody>
</table>

FIND OUT MORE
**PERFORMANCE: SAFE & INCLUSIVE WORKPLACE**

### DIVERSITY, EQUITY & INCLUSION

<table>
<thead>
<tr>
<th>Performance Indicator</th>
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<th>2019</th>
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<th>2021</th>
<th>2022</th>
<th>Progress</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female employees in the workforce</td>
<td>%</td>
<td>40</td>
<td>43</td>
<td>40</td>
<td>40*</td>
<td>Progress on track</td>
<td>Female employee numbers remain the same as last year, even though there has been a significant increase in the employee turnover rate.</td>
</tr>
<tr>
<td>Female senior management</td>
<td>%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>29*</td>
<td>Intervention required to accelerate progress</td>
<td>We are committed to increasing representation of women in senior management (Global Grades 3, 4, 5) and clear KPIs will be set as part of our strategy.</td>
</tr>
<tr>
<td>Female Executive Leadership Team (ELT) members</td>
<td>%</td>
<td>11</td>
<td>14</td>
<td>33</td>
<td>30*</td>
<td>Progress on track</td>
<td>Female representation on the ELT as at 30 September 2022 (end of FY22) was 30%.</td>
</tr>
<tr>
<td>Female PLC Board members</td>
<td>%</td>
<td>39</td>
<td>25</td>
<td>22*</td>
<td>40*</td>
<td>Progress on track</td>
<td>We made a commitment to increase female representation in senior management roles to 30% by 2023. We are pleased to report that on 30 September 2022 (end of FY22) female representation on the Board was 40%.</td>
</tr>
<tr>
<td>Ethnic background on our Board</td>
<td>%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>20</td>
<td>Progress on track</td>
<td>At 30 September 2022, 20% of the Board members identified as being from an ethnic minority background.</td>
</tr>
<tr>
<td>Employee turnover rate</td>
<td>%</td>
<td>15</td>
<td>14</td>
<td>10</td>
<td>30*</td>
<td>Progress on track</td>
<td>There has been a significant increase in involuntary turnover for employees with permanent contracts due to workforce reduction and diversitisation.</td>
</tr>
</tbody>
</table>

**New Employee Hires for 2022*  
GRI Standard 401-1**

| Gender % | 38% - Female | 58% - Male | 4% - Undisclosed Gender |
| Age % | 46% - Under 30 | 48% - 30-50 | 8% - Over 50 | N/A - Undisclosed Age |

**Employee Turnover Rate for 2022*  
GRI Standard 401-1**

<table>
<thead>
<tr>
<th>Group</th>
<th>Total</th>
<th>% Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>875</td>
<td>37%</td>
</tr>
<tr>
<td>Male</td>
<td>1466</td>
<td>63%</td>
</tr>
<tr>
<td>Under 30</td>
<td>799</td>
<td>34%</td>
</tr>
<tr>
<td>30-50</td>
<td>1050</td>
<td>44%</td>
</tr>
<tr>
<td>Over 50</td>
<td>512</td>
<td>22%</td>
</tr>
</tbody>
</table>

*Excludes Logista and US Operations. The gender and age group figures above exclude any individual who has chosen not to disclose their age and/or gender and so will not sum up to the total figures.

---

1. We recognise the need to gain more comprehensive employee demographic data in order to understand the diversity of our employee base and drive inclusion. This will form a key part of our new DEI strategy and will help us measure (where appropriate) ethnic minority, disability, LGBTQ+ and other key DEI dimensions.
2. The proportion of senior management employees (Global Grade 5 and above) recorded as female across Imperial Brands Group excluding Logista.
3. This reflects all employees excluding those employed by ITG Brands and Logista.