

Independent Assurance Statement to the Directors of Imperial Brands plc

We have been engaged by Imperial Brands plc (“The Group”) to perform a ‘limited assurance engagement,’ as defined by the International Standards on Assurance Engagements, here after referred to as the engagement, to report on Imperial Brands plc’s selected performance data and qualitative statements for the year ended 30th September 2023 presented in the below reports (collectively referred to as the “Report”):

- The Group’s 2023 Annual Report and Accounts (ESG Review section)
- The Group’s 2023 ESG Performance Summary

Specifically, our statement is applicable to the following disclosures (“the Subject Matter”):

ESG Data Sets (Imperial Brands Plc)

Climate Change	<ul style="list-style-type: none"> • Relative water consumption - (m3/£m net revenue) • Absolute water consumption - (m3) • Relative energy consumption - (kWh/£m net revenue) • Absolute energy consumption - (GWh) • Electricity from purchased renewable sources - (%) • Energy from renewable sources - (%) • Absolute Scope 1 CO2 equivalent emissions - (tCO2e) • Absolute Scope 2 CO2 equivalent emissions (location-based) - (tCO2e) • Absolute Scope 2 CO2 equivalent emissions (market-based) - (tCO2e) • Relative Scope 1 & 2 CO2 equivalent emissions (location-based) - (t/£m net revenue) • Relative Scope 1 & 2 CO2 equivalent emissions (market-based) - (t/£m net revenue) • Absolute Scope 3 CO2 equivalent emissions: Business travel - (tCO2e)
Packaging and Waste	<ul style="list-style-type: none"> • Relative waste - (t/£m net revenue) • Absolute waste - (t) • Relative waste to landfill - (t/£m net revenue) • All waste sent to landfill - (t) • Landfill avoidance rate - (%)
Health, Safety & wellbeing	<ul style="list-style-type: none"> • Lost-time accident (LTA) rate - (LTAs per 200,000 hours worked) • Fleet collision rate - (accidents per million kilometres)



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ESG Data Sets (Imperial Brands Plc)

Diversity, Equity & Inclusion	<ul style="list-style-type: none">• Female PLC Board members - (%)• Female Executive Leadership Team (ELT) members - (%)• Female employees in the workforce - (%)• Female senior management - (%)• Ethnic background minority on PLC Board - (%)• FTSE Women Leaders Review Combined Executive Leadership Team & Direct Reports - (%)
Consumer Health	<ul style="list-style-type: none">• Revenue from Next Generation Products (NGP) - (£m)
Farmer Livelihoods and Welfare	<ul style="list-style-type: none">• % of sustainable wood used as curing fuel - (%)

The selected statements within the Report that are included within the Subject Matter are included in Appendix 1 of our Assurance Statement.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Imperial Brands

In preparing the Subject Matter, Imperial Brands applied the methodology as described in the Reporting Criteria Document 2023 (“The Criteria”) which is located on the Imperial Brands plc website.

Imperial Brands’ responsibilities

Imperial Brands’ management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (‘ISAE 3000 (Revised)’) and the terms of reference for this engagement as agreed with Imperial Brands’ on 13 June 2023. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report.



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The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

1. **Interviewed a selection of the Group's management** to understand the progress made in the area of ESG performance during the reporting year and to test the coverage of topics within the Report.
2. **Conducted one in-person and three remote site visits** to understand local level ESG performance, data collection processes and to test samples back to underlying source evidence.



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3. **Considered the coverage of key issues within the Report** against the topics discussed in our management interviews and business and site-level reviews.
4. **Performed detailed testing on the ESG Data Sets** and carried out the following activities to assess the Subject Matter:
 - a. Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period;
 - b. Undertook analytical review procedures to understand the appropriateness of the data;
 - c. Performed testing, on a sample basis, against underlying source information to check the accuracy and completeness of the data and the appropriate application of the Criteria;
 - d. Assessed the Report for the appropriate presentation of the data including limitations and assumptions.
5. **Assessed supporting evidence for selected statements in The Report** to assess whether such statements are fairly stated considering the supporting evidence. Refer to Appendix 1 of this Assurance Statement for the statements subject to our assurance procedures.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Conclusion on ESG Data Sets:

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 30th September 2023 in order for it to be in accordance with the Criteria.

Conclusion on selected statements within the report:

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected statements (refer to Appendix 1), are not, in all material respects, fairly stated in line with the supporting evidence.

Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance report or its conclusions to any persons other than Imperial Brands plc, or for any purpose other than that for which it was prepared.

Accordingly, we accept no liability whatsoever, whether in contract, tort or otherwise, to any third party for any consequences of the use or misuse of this assurance report or its conclusions.

Ernst & Young LLP
13th November 2023
London

Appendix 1: Selected statements within the Reports, forming part of the Subject Matter

We list the selected statements, with the words underlined, that have been subject to the procedures described in step 5 of the procedures performed within our Assurance Statement.

Where the statements selected contain quantitative information, our procedures performed were the review of supporting evidence to assess whether the statements are fairly stated. Our procedures did not assess the completeness and accuracy of the underlying data, to the degree that we assess the selected performance data, forming the other part of our Subject Matter.

Page number	Statement within The Group's 2023 Annual Report and Accounts (ESG Review section)
39	<u>Executive Leadership Team (ELT) sponsors have been appointed for each of our eight ESG priorities</u> , to be accountable for performance, challenge strategy development, and drive integration and visibility from the top down.
40	<u>Scored 92% on 2022 ShareAction Workforce Disclosure Initiative</u>
41	The <u>Board will review our ESG performance on a quarterly basis</u> .
41	To ensure the Board has full oversight of all relevant ESG issues, <u>we have established a cross-functional ESG Committee</u> , chaired by the CEO of Imperial Brands. <u>The Committee meets at least three times per year</u> .
42	The <u>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 operational working groups</u> which are noted in each of the ESG focus areas, this activity is facilitated by the ESG team.
45	To oversee a more holistic approach to consumer health, <u>in FY23 we set up the Consumer Health Working Group</u> which brings together key internal stakeholders from across the business including the ESG team, <u>Group Science & Regulatory Affairs, Investor Relations, Group Communications, Corporate and Legal Affairs, Product Innovation and the Global Consumer Office</u> .
45	The <u>Product Stewardship and Health Group (the PSHG) is responsible for formally advising the Board, via the Chief Executive, on all consumer safeguarding issues</u> .
45	<u>Both our own - and independent - scientific evidence suggests all nicotine products which do not involve the burning of tobacco are potentially less harmful to consumers, compared to continuing to smoke cigarettes</u> .
46	<u>We interviewed c.8,600 consumers across eight countries, collecting in-depth information on c.15,800 different consumption occasions. Our research highlighted how, moment by moment, there are wide variations in how consumers behave</u> .
47	Across all markets, <u>blu's marketing proposition targets mature consumers</u> making a broader lifestyle shift.



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47	To confirm the tobacco harm reduction potential of our heated tobacco products in market, we have recently concluded a <u>behavioural study on Pulze 2.0 in the Czech Republic, where we tracked adult smoking participants to understand how they use our products over time to potentially help cut down - or perhaps even entirely replace - cigarette smoking. Initial findings from the draft publication are extremely positive, suggesting the system's potential to help adult smokers either stop smoking or substantially reduce their cigarette consumption.</u>
47	Clinical trials have also been conducted to confirm Pulze and iD delivered nicotine effectively to adult smokers, while also reducing their desire to smoke. <u>Simultaneously, we published behavioural research to show Pulze appealed to its intended audience - adult smokers - but was not attractive to neversmokers, including young people.</u>
49	<u>We also established an internal carbon pricing mechanism to account for the cost of greenhouse gas emissions resulting from our operations.</u>
51	We aim for 50% of our suppliers by spend within the Purchased Goods and Services category to have science-based targets by 2024. <u>Of the suppliers in scope, 33% had science-based targets at the end of FY23.</u>
53	To gain further insights, we have conducted recycling assessments on our packaging for products sold in the EU & UK. These assessments have been conducted by an external institute and have allowed us to identify nonrecyclable packaging on which to focus our improvement efforts. To date <u>96% of our packaging formats assessed are now considered recyclable.</u>
53	In FY23 we continued to use the <u>Combustible Product Strategy Group and the Product Sustainability Forum to discuss existing and upcoming environmental legislation and policies and the potential impact this will have on the business, new product-related sustainability innovations and performance against our ESG targets and goals.</u>
54	Packaging and waste performance table: <u>Sustainable sourcing - 97%</u>
54	Vaping products: To support our consumers with the responsible disposal of our blu products, several markets have introduced 'take-back' schemes for vaping devices and pods.
45	HTP: For our Pulze 2.0 product packaging we have achieved an <u>92% reduction in use of plastic, compared to the packaging for Pulze 1.1.</u>
56	We <u>commissioned our own similar Human Rights Impact Assessment (HRIA) within our direct supply chain in Madagascar. Based on rights holder interviews and community engagement, prioritised risks were identified including fair treatment, working hours and children working on family farms. These risks were investigated to further our understanding of root causes and effective solutions. As well as implementing corrective action plans, a thorough preventative action plan was also developed to address all findings regardless of priority level.</u>
56	<u>During the past year we participated in six independent Supply Chain Impact Assessments (SCIA) conducted in the field. The objective of these assessments was to identify risks within the leaf supply chain and help focus suppliers to develop prioritised action plans. Where appropriate, we jointly commissioned these assessments with key stakeholders.</u>
56	<u>A supply chain impact assessment was conducted in Indonesia in partnership with other tobacco manufacturers and included 14 tobacco merchants in total. A total of 231 rights holders were engaged with from tobacco-growing communities to help identify salient risks</u>



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56	We have a strong governance structure in place for our tobacco leaf supply chain. <u>This is overseen by our Leaf Compliance Working Group (LCWG) and part of their responsibility is to maintain effective governance and response to ESG risks within the tobacco leaf supply chain.</u>
56	<u>In our direct operations in Madagascar, we have launched interventions targeted at improving awareness amongst rights holders. In our experience, the biggest influencers in preventing child labour are mothers and the children themselves - so we have rolled out posters in schools and community sessions with groups of parents.</u>
57	<u>In 2023, Imperial continued to create partnerships in those remaining countries that are working towards wood sustainability and directly funded commercial forestry programmes. This builds on the forestry programme Imperial directly funded with suppliers in Africa between 2015 and 2019.</u>
57	<u>155,000 people in our leaf supply chain benefitting from our Leaf Partnership Projects aimed at improving access to clean water</u>
57	<u>Between 2021 and 2023 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\$ 2.78m</u>
59	<u>We appointed a new Head of Procurement Capability and ESG Lead for Procurement</u>
60	<u>We are using Sedex to encourage our partner suppliers to undertake an ethical trading self-assessment. This not only allows us to identify risks within our supply chain, but also target areas of focus to improve on with our partners.</u>
63	<u>The ESG team also conducted three international modern slavery audits, which followed a risk-based approach in the Dominican Republic, Spain and Madagascar.</u>
65	<u>Eight of our sites achieved higher levels of compliance with the Drive Safe leading indicators, reaching a global compliance score of 92%.</u>
65	<u>In FY23, 45 leaders in our Global Supply Chain function were trained on Behavioural Science Course for Leadership in Safety, accredited by the Institution of Occupational Safety and Health (IOSH). Additionally, 239 leaders in Europe took part in training on impactful safety conversations.</u>
66	<u>To capture diverse perspectives, we established a Wellbeing Working Group, which included representatives from different functions and regions</u>
66	<u>In FY23, 47 employees from nine factories received mental health training.</u>
67	<u>Nov 2022 ▶ Board approved a five-year ambition for DEI.</u>
68	<u>We have broadened the scope of our annual Global Talent Review to increase visibility of Talent deeper into the organisation, identifying diverse individuals we can support and develop to realise their full career potential.</u>