

# ESG: PEOPLE AND PLANET

## PERFORMANCE SUMMARY 2023

# INTRODUCTION

## Solid progress against our environmental, social, and governance (ESG) commitments

**We are now into the third year of our five-year strategy to transform Imperial into a business better able to deliver sustainable growth year in, year out.**

Our commitment to environmental, social, and governance (ESG) issues is integral to our business strategy and underpins our purpose and vision.

Our purpose expresses our ambition to build a “healthier future”, and this applies not only to our consumers but also to our communities and planet.

Our vision states that our pursuit of commercial success will be “powered by responsibility”.

We have grouped our most material ESG issues into three broad categories:

1. Healthier Futures
2. Positive Contribution to Society
3. 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).

Internally, we refer to ESG as our “People and Planet” agenda. To further embed our ESG strategy across the business and to inspire employee engagement we developed our Triple Zero campaign.

Triple Zero refers to our aspirations and targets for zero injury, zero carbon and zero waste. Through this ambitious message, we aim to harness employee engagement and deepen their understanding of the required collective effort to achieve these ambitions. In financial year 2023 (FY23) we held Triple Zero events in the US and Turkey, bringing together factory managers, regional directors and subject matter experts from across our operations to ensure we adopt a consistent approach across the business to meet our targets, as well as develop plans in support of our aspirations.

As part of our approach to continually improve our ESG performance we take a data-led approach. Sources include our online non-financial reporting system, which compiles monthly information on energy consumption, water usage, as well as safety data. This is to drive more robust performance and transparency in our ESG reporting.



### 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.

### Upcoming ESG reporting requirements

We keep abreast of developing and new ESG-related regulations. The Corporate Sustainability Reporting Directive (CSRD) was formally adopted by the EU in November 2022.

To meet the requirements of the CSRD, the European Financial Reporting Advisory Group (EFRAG) has developed the European Sustainability Reporting Standards (ESRS).

Earlier this year we asked a third party to conduct a gap analysis of our current ESG reporting against the requirements of the CSRD. The aim was to identify the areas we need to focus on to ensure we comply with the reporting requirements which will come into force in 2025 for companies and entities in scope. The CSRD drives in-scope companies to bring non-financial reporting on par with financial reporting, with assurance of non-financial data becoming mandatory.

In FY24 we will establish a CSRD working group to ensure we remain on track to disclose in line with the requirements.

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- 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
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Further Reading

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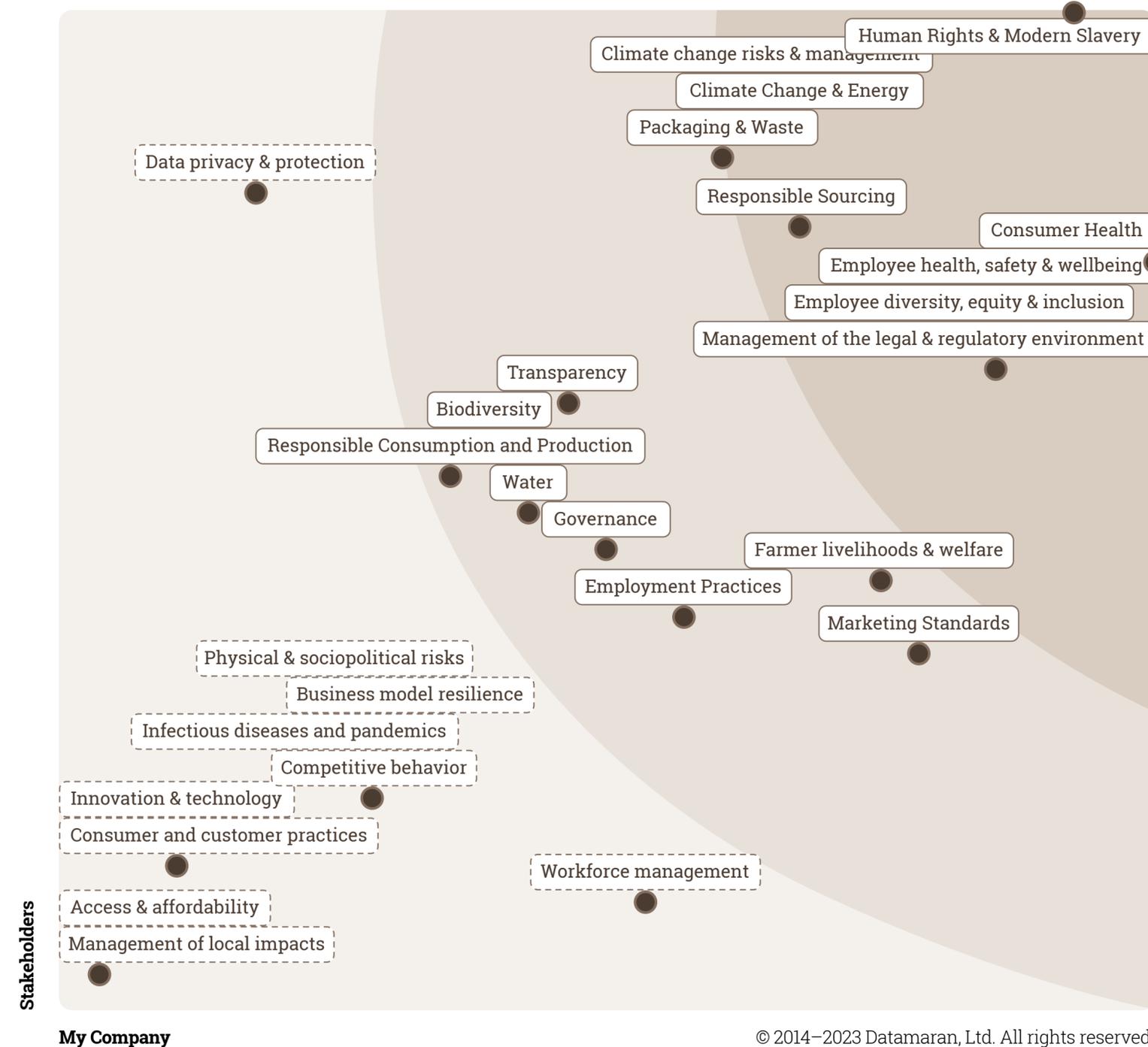
# MATERIALITY ASSESSMENT

**A materiality assessment is the principle of defining the environmental, social, and governance (ESG) topics that are most important for both your business and stakeholders.**

The results of our materiality assessment show that consumer health remains as our top priority, as we continue to strengthen 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.

We have seen an increased importance for human rights and modern slavery; employee health, safety, and wellbeing; employee diversity, equity, and inclusion; human rights and modern slavery; climate change and risk management; farmer livelihoods and welfare.

New additions include management of the legal and regulatory environment. This is covered in the Managing Risk section of our [2023 Annual Report](#) on page 100.



While we take great responsibility toward every topic, the assessment confirmed our eight ESG focus areas of high priority remain the same:

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

We will check the validity of our material ESG priorities on an annual basis.

# DOUBLE MATERIALITY ASSESSMENT

**In 2023, we conducted our first double materiality assessment as we continue to build on the strong foundations of our ESG strategy established in 2022.**

Double materiality identifies both how a company's operations impact people and the environment and how sustainability matters impact the company itself. We used an Artificial Intelligence tool through an external provider, Datamaran, to process thousands of data points from corporate reports, mandatory and voluntary regulations, and online news.

This allowed us to define which issues were most material to our business. In addition to desk research and interviews, using an objective and consistent methodology on large amounts of information makes the data-driven insights fully traceable and better suited for auditing purposes, including reasonable assurance.

The double materiality assessment yielded no significant changes in the identified material topics. While we recognise that some identified topics are different to our eight priority ESG topics, we have already implemented robust controls and frameworks in these areas, so they are well accounted for.

We commit to conducting this assessment on an annual basis to monitor any changes in our results and remain prepared for the upcoming CSRD legislation.

The chart on the right-hand side displays our results, categorising the priority issues for both financial materiality and impact materiality. We have organised our top three results by Environmental, Social, and Governance topics:

	Financial Materiality	Impact Materiality
<b>Environmental</b>	<ol style="list-style-type: none"> <li>Climate change risks &amp; management</li> <li>Climate change &amp; energy</li> <li>Water</li> </ol>	<ol style="list-style-type: none"> <li>Climate change risks &amp; management</li> <li>Water</li> <li>Packaging &amp; waste</li> </ol>
<b>Social</b>	<ol style="list-style-type: none"> <li>Consumer Health</li> <li>Physical &amp; sociopolitical risks</li> <li>Human Rights &amp; Modern Slavery</li> </ol>	<ol style="list-style-type: none"> <li>Infectious diseases &amp; pandemics</li> <li>Employee diversity, equity &amp; inclusion</li> <li>Human Rights &amp; Modern Slavery</li> </ol>
<b>Governance</b>	<ol style="list-style-type: none"> <li>Ethical corporate behaviour</li> <li>Data privacy &amp; protection</li> <li>Management of the legal &amp; regulatory environment</li> </ol>	<ol style="list-style-type: none"> <li>Transparency</li> <li>Governance</li> <li>Business model resilience</li> </ol>

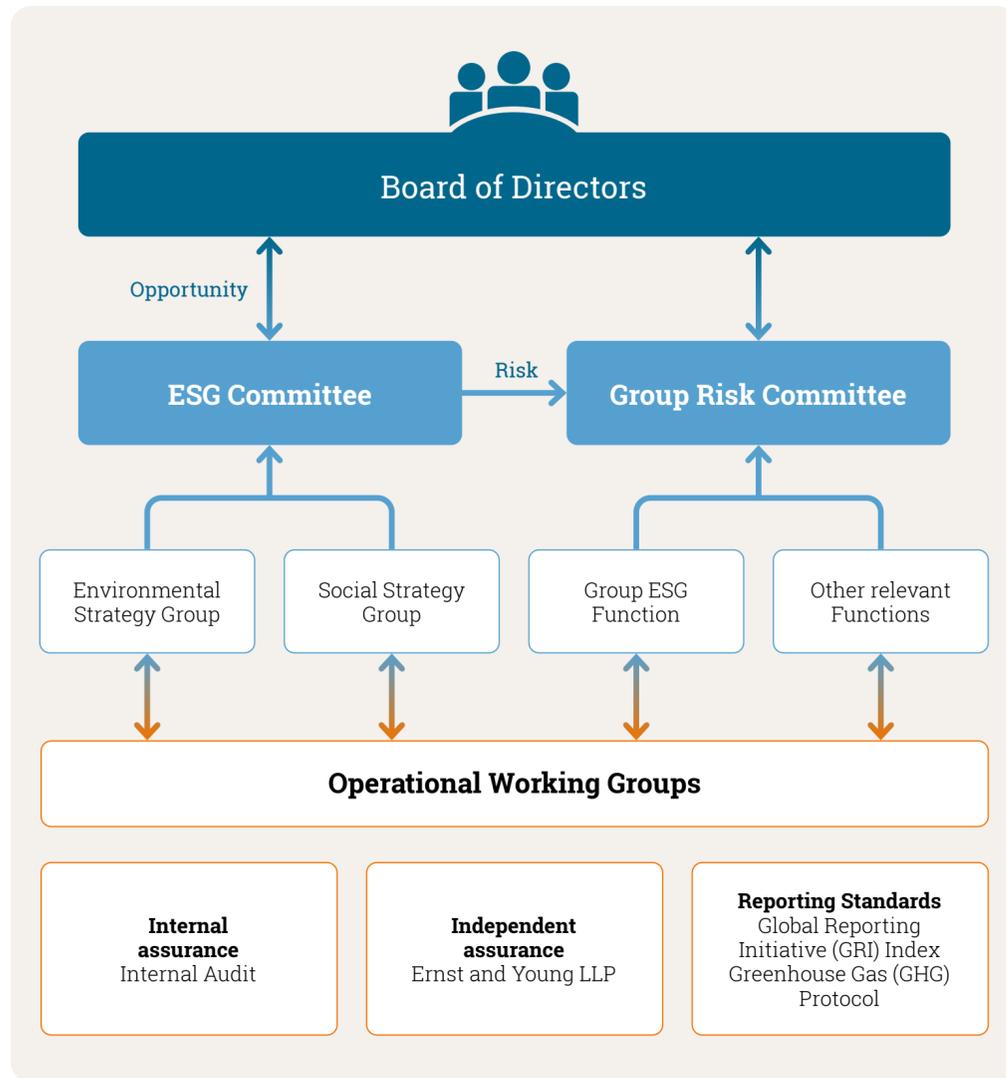


● Financial ● Impact

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# ESG GOVERNANCE

## POWERED BY RESPONSIBILITY



Governance continues to be a key focus and in FY23 we have built upon the ESG Governance framework introduced in FY22. Executive Leadership Team (ELT) sponsors have been appointed for each of our eight ESG priorities, to be accountable for performance, challenge, strategy development, and drive integration and visibility from the top down.

“As we enter the third year of our ESG ambition, we remain very encouraged by the progress made to date and we are determined to maintain this level of performance. We believe the governance structure we have put in place, coupled with our employee engagement efforts, positions us in good stead to continue to remain on track to deliver against our ambitions.”

**Tony Dunnage,**  
Global ESG Director

# ESG SPONSOR

## ALIGNED TO EXECUTIVE REMIT

<p><b>ESG Committee Chair</b> Stefan Bomhard, Chief Executive Officer</p>	<p><b>ELT lead on ESG</b> Alison Clarke, Chief People and Culture Officer</p>	<p><b>Global ESG Director</b> Tony Dunnage, ESG Director</p>

### ELT Sponsors Key Responsibilities

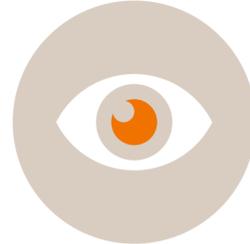
- Co-present topic at the ESG committee meeting
- Join, as necessary, conversations with investors regarding the topic
- Link to the Topic Owners to drive strategy development
- Calibrate and challenge accordingly
- Integrate People & Planet into business as usual throughout function, including performance reviews
- Input into Annual Report narrative

# OUR 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



## POSITIVE CONTRIBUTION TO SOCIETY



## SAFE & INCLUSIVE WORKPLACE



POWERED BY RESPONSIBILITY



### CONSUMER HEALTH

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:

Provide adult smokers with a reduced harm choice.  
Substantiate all our NGP products against our Scientific Assessment Framework (SAF).



### 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).  
By 2030, 100% of energy for our operations will be from renewable sources and we will also reduce energy use by \*25%, allowing us to achieve Net Zero in our direct operations.  
By 2025, 100% of our purchased grid electricity will come from traceable renewable sources.



### PACKAGING & WASTE

We are committed to minimising 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 2025.  
Reduce total waste from our operations \*20% by 2030.



### FARMER LIVELIHOODS & WELFARE

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

#### OUR PLAN:

Purchase from leaf suppliers who are committed to supporting their farmers access a decent standard of living.  
Supporting suppliers to provide access to 100% sustainable wood use by 2025.  
Improve access to basic needs for 180,000 farmers and their families 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 a diverse supply base that matches our ESG values and ambitions.  
100% of new and renegotiated contracts to include updated Supplier Code of Conduct in 2024.  
50% of partner suppliers by spend to be risk assessed (by Sedex or equivalent) in 2024.



### HUMAN RIGHTS

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

#### OUR PLAN:

Strengthen our due diligence process aligned to international frameworks and legislation.  
All employees have access to Speak Up channels and remediation process.  
Salient human rights issues assessed for each of our priority locations & test robustness of due diligence processes.



### EMPLOYEE HEALTH, SAFETY & WELLBEING

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

#### OUR PLAN:

A "Zero" injury aspiration.  
100% compliance with OHSE Framework by 2025.  
\*\*75% reduction in LTA rate by 2030.  
\*\*60% reduction in fleet collision rate by 2025.  
Deployment of Wellbeing framework in FY24.



### DIVERSITY, EQUITY & INCLUSION

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 PLAN:

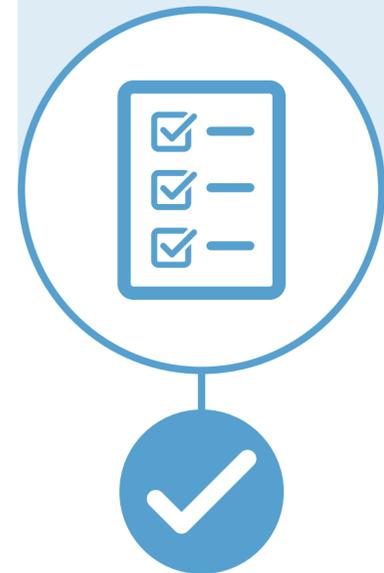
Develop awareness and understanding.  
Ensure practices and policies best attract, support, develop and retain diverse talent.  
Capture data and measure the progress we are making.

# DEVELOPED THROUGH A COMPREHENSIVE REVIEW

ESG fully integrated into strategy, vision, purpose and behaviours

September 2021

ESG materiality study completed



Board & executive governance agreed



ESG strategy signed off by ESG Committee & Board



2022

Internal 'People & Planet' campaign launched



2023

ESG priorities integrated into executive remuneration



September 2024

Continuous monitoring by ESG working groups and ESG Committee

Continuous ELT sponsorship of ESG issues and engagement across the organisation

- Strengthened governance of ESG with operational working groups and the ESG Committee
- ELT Sponsors established for each of the eight ESG priority areas
- Internal Triple Zero Campaign initiated to drive engagement and performance

# IMPERIAL BRANDS IN NUMBERS

**Our colleagues are our most important asset.**

We have

**25,000**

committed and passionate employees who want to make a difference.

We have a network of

**30**  
**MANUFACTURING SITES**

that source and process tobacco raw materials to provide high-quality products at lowest cost.

Our portfolio of

**160 BRANDS**

provides enjoyment and pleasure for millions of adult consumers every day.

We have solid, trusted partnerships with stakeholders, including customers and suppliers across

**C.120 MARKETS.**

Tobacco and NGP

**NET REVENUE**

generated in financial year 2023

**£8.0 BILLION.**

**CAPITAL RETURNED TO SHAREHOLDERS**

in financial year 2023

**£2.3 BILLION.**

# ESG PERFORMANCE HIGHLIGHTS

## HEALTHIER FUTURES



### CONSUMER HEALTH

NGP revenue has increased by

**40%**

between FY21 and FY23



### CLIMATE CHANGE

Reduced our Scope 1 and Scope 2 market-based emissions by

**65%**

since 2017



### PACKAGING & WASTE

Reduced absolute waste across our operations by

**27%**

since 2017

## POSITIVE CONTRIBUTION TO SOCIETY



### FARMER LIVELIHOODS & WELFARE

**155,000**

people in our leaf supply chain benefitting from our Leaf Partnership Projects aimed at improving our access to clean water



### SUSTAINABLE & RESPONSIBLE SOURCING

We have been recognised by CPD as

**A SUPPLIER ENGAGEMENT LEADER**

for a fourth consecutive year

## SAFE & INCLUSIVE WORKPLACE



### EMPLOYEE HEALTH, SAFETY & WELLBEING

Reduced lost time accidents by

**44%**

since 2019



### DIVERSITY, EQUITY & INCLUSION

Scored

**92%**

on 2022 ShareAction Workforce Disclosure Initiative



### HUMAN RIGHTS

All factories report against

**21**

modern slavery leading indicators monthly



# 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.

SDGs



We are committed to tobacco harm reduction.

## Governance

Consumer Health Working Group  
Product Stewardship and Health Group (PSHG)

### Key policies:

International Marketing Standards  
NGP Policy Positions

### ELT Sponsor:

**Paola Pocci,**  
Chief Consumer Officer & President,  
Africa, Asia, Australasia and Central  
& Eastern Europe Region

**Sean Roberts,**  
Chief Legal and Corporate  
Affairs Officer



## 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.

## Why is it important?

As a responsible manufacturer, we understand and maintain a detailed knowledge of our products; monitor the relevant scientific developments and literature relating to our products and respond accordingly. To oversee a more holistic approach to consumer health, in FY23 we set up the Consumer Health Working Group which brings together key internal stakeholders from across the business. This group is responsible for over-seeing the actions taken and the progress made related to Consumer Health.

**NGP have the potential to make a significant contribution to harm reduction.**

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.

To aid understanding of the harm reduction potential of each NGP relative to cigarettes, we have developed an illustrative representation of the current scientific evidence – the relative risk scale illustrated below.

## What are we doing about it?

**Supporting Consumer Choice - consumer behaviour is becoming more diverse.**

We are seeing growing diversity in consumer behaviour market by market. For example, France is a significant vaping market, while Italy is the largest heated tobacco market in Europe and in Austria oral nicotine is the dominant NGP category.

**Unintended use of NGP - we are committed to minimising unintended use.**

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 and underpinned by a strict group-wide International Marketing Standard for Next-Generation Products.

We are engaging with policymakers to develop regulatory frameworks which better balance adult smokers' needs for an attractive range of potentially harm-reduced alternatives with the imperative that children should not have access to nicotine products.

Europe has been the key area of focus for Imperial in NGP over the past two years – and in this region we are campaigning for:

1. Regulatory codes for NGP naming, packaging and marketing.
2. Retailer licensing regimes which provide stronger deterrents against under-age sales.
3. The extension of the excise system to the vape category to provide additional enforcement tools against rogue manufacturers and retailers.

The implementation of measures like these will, we believe, help to prevent youth access, and enable responsible NGP manufacturers to continue advancing tobacco harm reduction by offering adult smokers increasingly attractive, potentially less harmful alternatives to cigarettes.



## Case Study

### Scientific Assessment of NGP

One example of our structured approach to scientifically assessing our NGP through our Scientific Assessment Framework is the research we have conducted into our heated tobacco system, Pulze and iD.

After proving that Pulze does indeed heat, and not burn, tobacco we analysed its aerosol and demonstrated significant reductions in the harmful and potentially harmful constituents compared to cigarette smoke. We then confirmed these findings translated to reduced cell toxicity across a series of laboratory tests, with reductions of between 90-98% compared to cigarette smoke.

Clinical trials have also been conducted to confirm Pulze and iD delivered nicotine effectively to adult smokers, while also reducing their desire to smoke. Simultaneously, we published behavioural research to show Pulze appealed to its intended audience – adult smokers – but was not attractive to neversmokers, including young adults.

## THE RELATIVE RISK SCALE

An illustrative representation of the current scientific evidence:





# 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.

SDGs



We are committed to tobacco harm reduction.

## Imperial has accelerated innovation in potentially harm reduced products

Since the launch of our current Group strategy in January 2021, we have been investing in consumer insights, innovation capabilities and third-party partnerships to accelerate our NGP operations.

Focused investments have led to a step-change in the pace of development of new products across multiple categories - all designed to appeal to existing adult smoker and nicotine consumers.

- Pulze 2.0, our latest heated tobacco innovation – now available in seven markets.
- blu 2.0, the evolution of our myblu pod-based vape – available in nine markets.
- blu bar, our new disposable vape. It's already established in 11 markets.
- Three new variants of zoneX, our tobacco-free oral nicotine pouches, in select established European markets.

Substantiation of reduced risk – our innovation is underpinned by a rigorous scientific framework.

Our Group Science function, partnering closely with our consumer teams, ensures each of our NGP is substantiated against our Scientific Assessment Framework. This is designed to:

1. Reassure our consumers by ensuring all our products are manufactured to a high and consistent standard.
2. Evidence that our NGP are potentially reduced-risk compared to continuing to smoke, and that they are compelling to try and satisfying when used by adult smokers and existing NGP users (the "off-ramp" on the graphic below).
3. Support the conclusion through a wide range of measures that our NGP are unattractive to unintended populations, including never smokers and the under-age.

Furthermore, current internal research indicates that alternative nicotine products may be competing with combustible cigarettes rather than promoting smoking thereby potentially preventing "on-ramp", to potential cigarette smoking.

For further information please visit Imperial Brands Science website:

[www.imperialbrands.science.com](http://www.imperialbrands.science.com)

Our NGP NET REVENUE has increased by 41% between FY21 and FY23\*



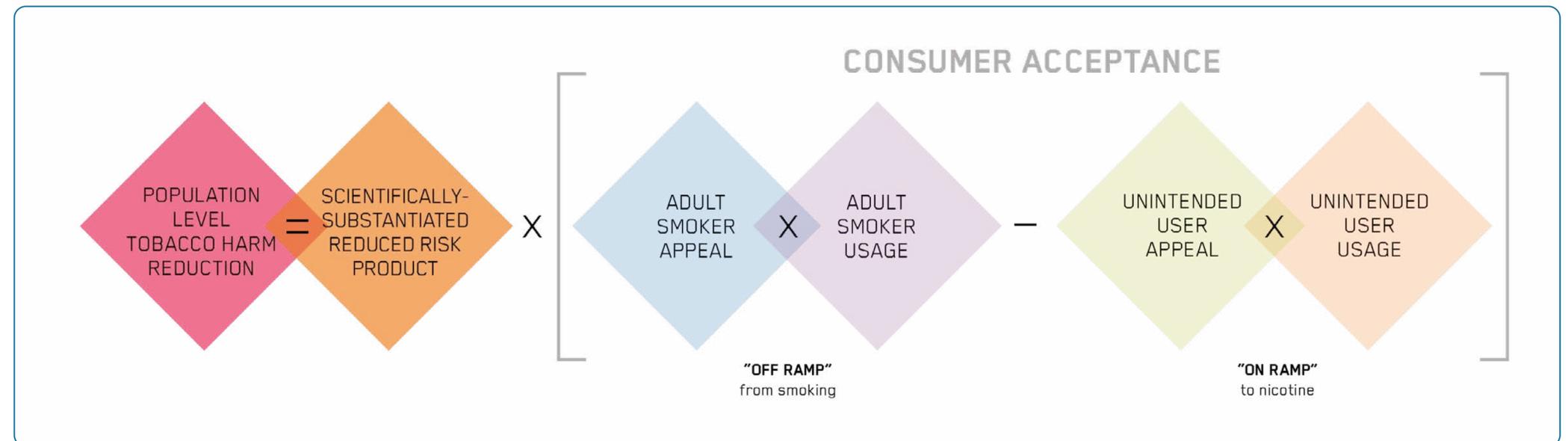
## Diversity of Consumer Behaviour

Over the past two years, Imperial has conducted a major piece of consumer research, using an approach called "demand spaces". This method breaks down the lives of our consumers into individual moments when they enjoy our products: for instance, in the morning or evening; in the home or out and about; and alone or with friends.

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.

We learned that, in some markets, NGP are already the dominant category for certain moments or occasions, for example, when people meet with friends outside the home. Equally, however, we learned that there are certain moments, which account for a high proportion of nicotine consumption, where NGP have made few inroads. These are typically moments when people are on their own at home, for example taking a break between tasks.

These trends suggest that there will be no one-size-fits-all solution in tobacco harm reduction, and there is room for a wide range of businesses, including Imperial, to carve out distinctive roles catering for specific consumer needs.





# CLIMATE CHANGE

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

## SDGs



Ensure access to affordable, reliable, sustainable, and modern energy for all.



Take urgent action to combat climate change and its impacts.

## Governance

Environmental Compliance Working Group  
Climate Change Engineering Forum

### Key policies:

Environmental Policy  
Biodiversity Statement

### ELT sponsor:

Lukas Paravicini,  
Chief Financial Officer



Imperial has been recognised as a 2023 Climate Leader by the Financial Times for a third consecutive year, in its ranking of actions taken by European businesses.



Our actions to cut emissions and mitigate climate risks have earned us a position on the CDP's 'A List' for climate change, for a fourth consecutive year. Our 2022 CDP scorecard is available on our [Performance page](#).

## Why is it important?

We know that climate change represents a potential long-term risk across the whole of our value chain and to society in general. Disruption in climate and energy has the potential to impact our business from challenges as diverse as crop failure, asset destruction and interruption in distribution.

We recognise the importance of disclosing how we are managing climate-related risks and opportunities and we have reported on our approach for several years now, both within our Task Force on Climate-related Financial Disclosures (TCFD) section in our 2023 Annual Report and through our CDP disclosures which are available on the CDP website.

## What are we doing about it?

We have committed to Net Zero emissions across our value chain by 2040 (absolute Scope 1, 2, and 3 Greenhouse Gas (GHG) emissions).

Our Net Zero commitment is part of our Triple Zero campaign and all our operations continue to develop local

carbon transition plans to ensure they are taking the correct steps and actions to contribute to this Net Zero commitment.

We also established an internal carbon pricing mechanism to account for the cost of GHG emissions resulting from our operations. The price will be reviewed annually and adjusted as necessary to reflect changes in the cost of emissions.

**By 2040 our value chain will be net zero emissions.**

Nearly 90% of our carbon footprint is in our value chain, accounted for in our Scope 3 emissions. We are working with our suppliers and other partners to better understand our Scope 3 emissions. We do this largely through the internationally recognised CDP Supply Chain Programme, and further integration with our sustainable sourcing pillar. In the past year we have re-baselined our entire Scope 3 inventory and recalculated all 15 Scope 3 categories for 2022.

For further details see the Sustainable and Responsible Sourcing section on page 28.

## The SDG Targets we are supporting

**SDG 13.3:** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

In FY23 we published training on climate change for our employees. The training focuses on the general topic of climate change as well as Imperial Brands specific measures and targets to mitigate the risks of climate change.

**SDG 7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.

We aim to have 100% of our purchased grid electricity from traceable renewable

sources by 2025 and we aim to source 100% of our energy from renewable sources by 2030.

**SDG 13.1:** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

We monitor climate-related risks and put in place intervention or mitigation measures where necessary. In line with the recommendations of the TCFD, we have explored the impact that climate change is likely to have on our value chain in terms of both risk and opportunities. Please see our 2023 Annual Report for details.

## Our 5 step plan towards Net Zero



### ENERGY EFFICIENCY



### 100% RENEWABLE GRID ELECTRICITY



### 100% RENEWABLE ENERGY



### NET ZERO



### CLIMATE POSITIVE





# CLIMATE CHANGE

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

### SDGs

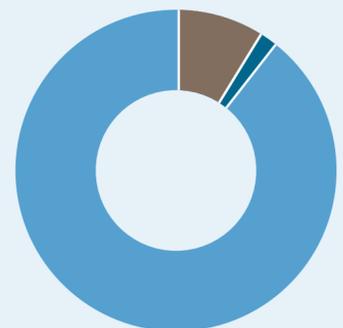


Ensure access to affordable, reliable, sustainable, and modern energy for all.



Take urgent action to combat climate change and its impacts.

### GHG emissions across our value chain in 2023 (% tCO<sub>2</sub>e)



- Scope 1 – 8.79%
- Scope 2 – 2.05%
- Scope 3 – 89.16%

**Scope 1:** Emissions that arise from stationary fuel combustion at our sites, refrigerant gases and from mobile fuel consumption in our fleet of company sales vehicles.

**Scope 2:** Indirect emissions which arise from the use of purchased electricity, heat and steam at our sites.

**Scope 3:** All other indirect emissions occurring in the value chain as a result of our activities.



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

Reduce absolute Scope 1 and 2 GHG emissions by **MORE THAN 50%**



96% of our purchased grid electricity was supplied by traceable renewable source, at the end of FY23



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

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

**REDUCE:** Absolute Scope 3 emissions by 50%  
Energy consumption by 25%



26% reduction in energy consumption compared to the 2017 base year



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



65% decrease in total Scope 1 and 2 market-based emissions compared to the 2017 base year

## PERFORMANCE HIGHLIGHTS



# CLIMATE CHANGE: PERFORMANCE

Performance Indicator	Unit	2017	2021	2022	2023	Progress	Commentary
Operations with ISO 14001 certification	%	92	78	83	82	●	We have updated the scope of this indicator to ensure we are addressing largest manufacturing sites. For further details please see our 2023 Reporting Criteria document.
Absolute energy consumption <sup>1</sup>	GWh	875	729	712	650 <sup>A</sup>	●	We set a target to reduce our absolute energy consumption by 25% by 2030 versus a 2017 baseline. We are pleased to report that in FY23 we exceeded this target with a 26% reduction compared to the baseline. We will now set a new target for energy reduction moving forward.
Relative energy consumption <sup>1</sup>	KWh/£m net revenue	112,801	95,740	91,364	81,128 <sup>A</sup>	●	
Electricity from purchased renewable sources <sup>1</sup>	%	8	6	52	96 <sup>A</sup>	●	We aim to purchase Renewable Energy Certificates (RECs) from within the same market boundary as electricity is being consumed. In markets where RECs are not available within the same market boundary, we purchase from a nearby geographical location. We are regularly reviewing this with the intention to purchase from within the same market boundary once a source becomes available.
Energy from renewable sources	%	5	4	23	41 <sup>A</sup>	●	The proportion of energy from renewable sources has increased by 36% since our 2017 baseline year. This is mainly driven by the use of renewable electricity with our RECs scheme. We have set a target to use 100% renewable energy by 2030.
Absolute Scope 1 CO <sub>2</sub> e emissions <sup>1</sup>	Tonnes	114,270	92,900	91,007	81,089 <sup>A</sup>	●	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 an 11% decrease in Scope 1 emissions since last year and a 29% reduction from our 2017 baseline year.
Absolute Scope 2 CO <sub>2</sub> e location-based emissions <sup>1</sup>	Tonnes	161,360	133,292	131,236	114,059 <sup>A</sup>	●	Our Scope 2 location-based emissions comprise the indirect emissions resulting from the use of purchased electricity, heat and steam at our sites. We have seen a 13% decrease in Scope 2 location-based emissions since last year and a 29% reduction from our 2017 baseline year.
Absolute Scope 2 CO <sub>2</sub> e market-based emissions <sup>1</sup>	Tonnes	173,902	-	84,759	18,896 <sup>A</sup>	●	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 78% reduction in Scope 2 market-based emissions compared to last year and an 89% decrease compared to the 2017 baseline year. This significant reduction in Scope 2 market-based emissions reflects the increase in our use of electricity purchased from traceable renewable sources.
Total absolute Scope 1 and 2 location-based CO <sub>2</sub> e emissions <sup>1</sup>	Tonnes	275,630	226,192	222,243	195,148 <sup>A</sup>	●	We have seen a 29% decrease in our total Scope 1 and 2 location-based emissions from our 2017 baseline. Our target is to be at Net Zero in our direct operations by 2030.
Relative Scope 1 and 2 location-based CO <sub>2</sub> e emissions <sup>1</sup>	Tonnes/£m net revenue	35.5	29.7	28.5	24.4 <sup>A</sup>	●	We have also set a Scope 3 target to be Net Zero by 2040.
Total absolute Scope 1 and 2 market-based CO <sub>2</sub> e emissions	Tonnes	288,172	-	175,766	99,985 <sup>A</sup>	●	We have seen a 65% decrease in our total Scope 1 and Scope 2 market-based emissions from our 2017 baseline year. This has been driven by our increased use of electricity purchased from traceable renewable sources.
Relative Scope 1 and 2 market-based CO <sub>2</sub> e emissions <sup>1</sup>	Tonnes/£m net revenue	37.15	-	22.55	12.48 <sup>A</sup>	●	

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

(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 2023 environmental data covers the reporting period Q4 2022 to Q3 2023. This is to allow for data collection, validation and external assurance. We use the industry leading Greenhouse Gases (GHG) Protocol standard to inform our reporting of Scope 1 and 2 emissions.



# CLIMATE CHANGE: PERFORMANCE

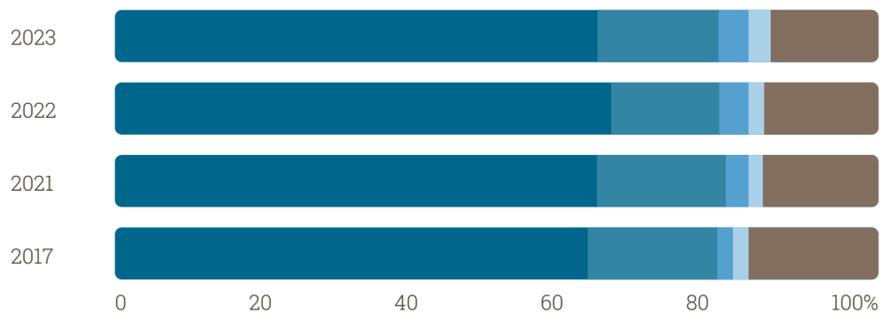
Performance Indicator	Unit	2017	2021	2022	2023	Progress	Commentary
<b>Total Scope 3 CO<sub>2</sub>e emissions</b>	Tonnes	981,638	-	-	<b>822,880</b>	●	In FY23 we recalculated our Scope 3 baseline of 2017 and calculated our 2022 Scope 3 emissions across all categories in accordance with the GHG Protocol. The resulting data shows a 16% decrease in our total Scope 3 emissions compared to the baseline year. Based on our recalculation, we have set a more ambitious target to reduce our Scope 3 emissions by 50% by 2030.
<b>Scope 3 CO<sub>2</sub>e emissions: Business travel<sup>1</sup></b>	Tonnes	16,003	1,837	5,901	<b>18,879<sup>A</sup></b>	●	Business travel is travel undertaken for work or business purposes. The main driver for the increase in emissions in FY23 is business travel mileage which increased by approximately 100% compared to the previous year.
<b>Key suppliers by spend with science-based targets</b>	%	-	20	25	<b>33</b>	●	We aim for 50% of our suppliers by spend within the Purchased Goods and Services category to have science-based targets by 2024. Of the suppliers in scope, 33% had science-based targets at the end of FY23. We are engaging with our key suppliers directly and via the CDP Supply Chain Programme to achieve this target.
<b>Absolute water consumption<sup>1</sup></b>	m <sup>3</sup>	1,468,626	1,109,178	1,056,982	<b>999,214<sup>A</sup></b>	●	We set a target to reduce our absolute water consumption by 30% by 2030 versus a 2017 baseline. We are pleased to report that in FY23 we exceeded this target with a 32% reduction compared to the baseline. We will now set a new target for water consumption moving forward.
<b>Relative water consumption<sup>1</sup></b>	m <sup>3</sup> /£m net revenue	189	146	136	<b>125<sup>A</sup></b>		

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

The charts below offer a breakdown of our total energy consumption, categorised by energy type, since our baseline year. Looking ahead, our strategic focus will center on direct energy sources, building upon the substantial progress we have achieved in decarbonising indirect energy sources.

## Direct Energy Consumption by Source GWh (%)

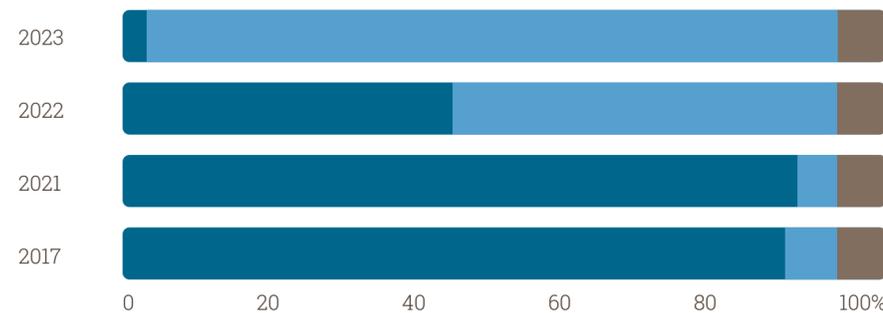
GRI Standard 302-1



● Natural gas ● Heavy fuel oil ● Gasoline / Petrol  
● Diesel oil ● LPG ● Other fuels

## Indirect Energy Consumption by Source GWh (%)

GRI Standard 302-2

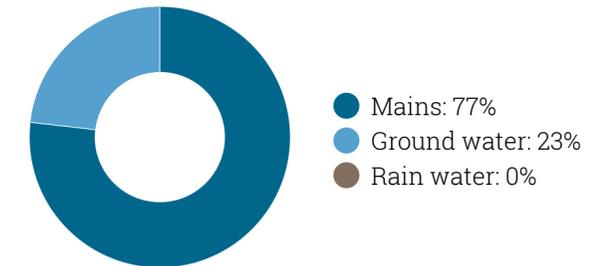


● Grid electricity (non green) ● Hot steam  
● Grid electricity (green) ● On-site renewable energy

The chart below focuses on our water consumption, emphasising its significance within our broader climate change program. Water conservation remains a key priority for our organisation, and we are committed to continually reducing our consumption.

## Water consumption by withdrawal source (m<sup>3</sup>)

GRI Standard 303-3



	Unit	2017	2021	2022	2023
<b>Mains</b>	m <sup>3</sup>	1,187,229	822,739	809,551	<b>767,607</b>
<b>Ground Water</b>	m <sup>3</sup>	278,566	284,725	240,244	<b>229,249</b>
<b>Rain Water</b>	m <sup>3</sup>	2,832	1,713	2,010	<b>2,358</b>
<b>Total</b>	<b>m<sup>3</sup></b>	<b>1,468,626</b>	<b>1,109,178</b>	<b>1,051,805</b>	<b>999,214</b>

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 2023 environmental data covers the reporting period Q4 2022 to Q3 2023. 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 1,2 and 3 emissions.



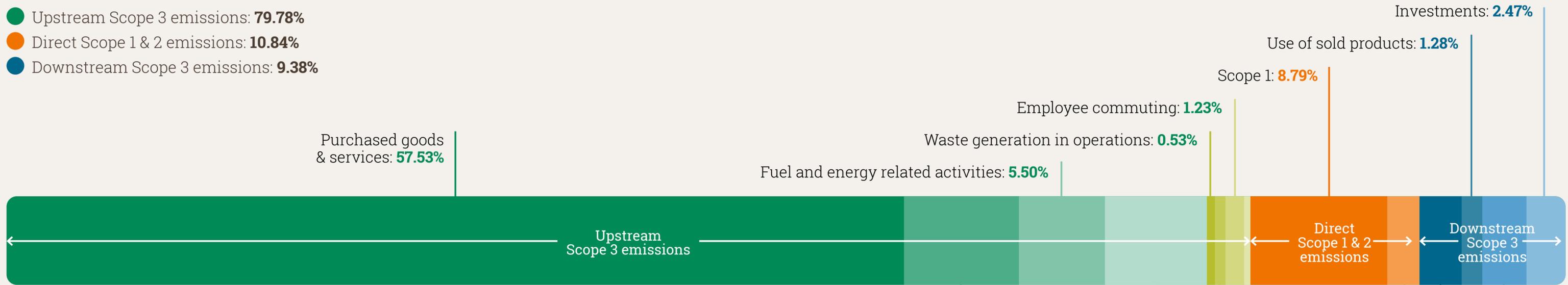
# CLIMATE CHANGE: OUR 2023 CARBON FOOTPRINT

## Our Supply Chain

## Our Operations

## Our Products

- Upstream Scope 3 emissions: **79.78%**
- Direct Scope 1 & 2 emissions: **10.84%**
- Downstream Scope 3 emissions: **9.38%**



### Scope 3:

In FY23 we recalculated our Scope 3 baseline of 2017 and calculated our 2023 Scope 3 emissions across all categories. This recalculation follows the latest methodology outlined in our Reporting Criteria document, and in accordance with the Global Greenhouse Gas (GHG) Protocol.

During the recalculation we re-assessed the Scope 3 categories relevant to us and have determined that our most material category is Purchased Goods and Services (PG&S) which makes up 57.53% of our total emissions.

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 have a clear methodology for further improving our data capture for Scope 3 by transitioning to a more market-based approach with our partner suppliers and updating using the most recent emissions factors.

We will continue to focus our efforts on the PG&S category and have set the following target: We aim for 50% of our suppliers by spend within the Purchased Goods and Services category, to have science-based targets by 2024.

### Scope 1 & 2:

In 2017, our biggest source of direct emissions was electricity, followed by gas and oil. The breakdown indicated that 76% of emissions were from our manufacturing facilities, 23% from our sales fleets, and 1% from our offices.

In 2023, we have had a strong focus on data. Following the calculation of market-based Scope 2 emissions in 2022, we have now transitioned to primarily communicating our Scope 2 market-based emissions.

Following this transition, we have prioritised monthly data cleaning, analytics, and reporting, to ensure that sites have an enhanced knowledge of what is required and why.

Capital goods: **7.43%**

Upstream transportation & distribution: **6.54%**

Business travel: **0.64%**

Homeworking: **0.38%**

Downstream transportation & distribution: **2.71%**

End of life treatment: **2.92%**



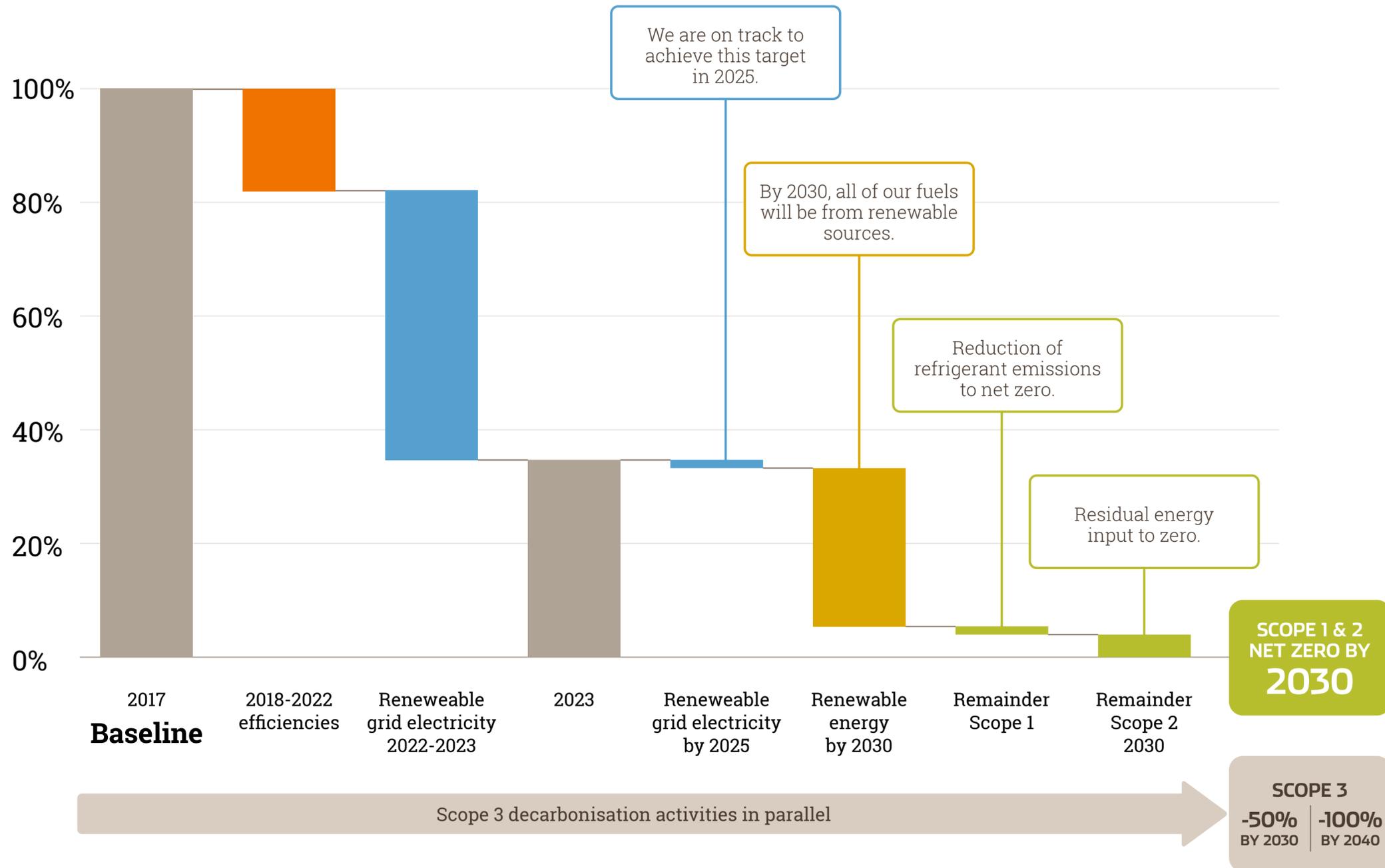
### CDP Supplier Engagement Leader:

We have been recognised as a Supplier Engagement Leader by CDP for a fourth 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 climate issues.



# CLIMATE CHANGE: TRANSITION PLAN

## Scope 1 & 2 Decarbonisation



We have a strong track record in reducing our Scope 1 and 2 emissions, and we have an ambition to fully decarbonise our direct operations by 2030

### We have mapped a five-step approach towards Net Zero:

- 1 Undertake energy efficiency initiatives: we aim to improve our energy efficiency at a rate of 2% per year
- 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 saving more greenhouse gases than we are generating



# PACKAGING & WASTE

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

SDGs



We aim to ensure sustainable consumption and production patterns.

## Governance

Combustible Product Strategy Group  
Product Sustainability Forum

### Key policies:

Environmental Policy  
Filter Policy  
NGP Policies

### ELT sponsor:

**Javier Huerta**,  
Chief Supply Chain Officer  
**Ales Struminsky**,  
President, Europe Region



## Consumer and Product Waste

We take our responsibilities in product development and environmental impact seriously. With the NGP business growing, we are faced with additional waste and recyclability challenges.

We continue to improve the sustainability and recyclability of NGP materials and packaging. We are keen to understand consumer behaviour and needs related to product waste.

### Why is it important?

We recognise the important role we must play in protecting the natural environment and we actively work to minimise our environmental impacts. Certain resources are finite and, as such, this 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. 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.

### What are we doing about it?

We continue to prepare for upcoming regulation such as the EU Packaging and Packaging Waste Directive. These efforts include re-engineering our packaging for recyclability and removing what is

not needed. We aim to use resources efficiently, source them from sustainably managed sources and to introduce recycled materials where possible.

To gain further insights, we have conducted recycling assessments on our packaging for products sold in the EU and UK. These assessments have been conducted by an external institute and have allowed us to identify non-recyclable packaging on which to focus our improvement efforts. To date 96% of our packaging formats assessed are now considered recyclable.

In FY24, we will focus on reducing further unnecessary packaging and to make more of our packaging recyclable. The next step of our zero waste to landfill program will be to concentrate on waste reduction at source, and to improve our internal recycling.

We have made further disclosures on our efforts to address plastic waste in our 2023 CDP Water Security submission which is available on the CDP website.



## Consumer Research Findings

**Our consumer research provides insights into what consumers value most. While they do not want to see compromise on the quality of the product, they do:**

- Value waste reduction. They would like more information on how to recycle products, and they would like to see brands reduce the amount of packaging used and remove unnecessary plastic.
  - Value human rights and expect us to commit to ethical work practices. Please see page 30 for our approach to human rights.
  - Seek clarity on how we source materials which go into our products as well as the proportions sourced from recycled materials.
- In FY24, we will continue to implement a consumer-led, regulatory compliant packaging strategy, and report on our progress.**

## The SDG Targets we are supporting

**SDG 12.2:** By 2030, achieve the sustainable management and efficient use of natural resources.

We aim to have 100% of all wood fibre in our packaging from recycled materials or responsibly managed forests by 2025.

**SDG 12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.

We aim to ensure that all our operations will send zero waste to landfill by 2025. We also aim to have 100% of our packaging in the EU and UK to be reusable, recyclable, or compostable by 2025.

**SDG 12.6:** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

We are committed to providing detailed ESG disclosures within our Annual Report and Accounts and on our corporate website. We are committed to partnering with our suppliers directly and through the CDP Supply Chain Programme, to collaborate with them to reduce our environmental impact across the whole of our value chain.

### Cigarette butts

Consumer acceptance and emissions regulation have meant that we are yet to find an adequate alternative substitute for the traditional cigarette filter.

We do not make any product or marketing claims on biodegradability and/or compostability of filters.

We believe that the most effective approach to combatting littering and ecotoxicity resulting from the littering of used filters (cigarette butts), is through partnership of key stakeholders, such as tobacco companies, government, environmental bodies, businesses, and local communities educating consumers on the importance of the proper disposal of used filters.

We recognise the importance of this issue and continue to search for alternative materials for filters which contain single-use plastics.

We participate in different Extended Producer Responsibility (EPR) schemes across the world, both on a voluntary basis and to fulfil regulatory requirements.

### NGP waste

#### 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. In those markets, we have provided incentives to consumers to return their empty pods, which enhances the commercial offering of blu in addition to achieving our environmental objectives.

#### Heated tobacco products

For our Pulze 2.0 product packaging we have achieved a 92% reduction in use of plastic compared to the packaging for Pulze 1.1.

We continue to focus on packaging improvements with further solutions under development.

#### Oral nicotine delivery

The sustainability aims are focused on recyclability improvements, exploring more sustainable materials for cans/ refilling options and potential returns schemes are being investigated across our footprint.



# PACKAGING & WASTE

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

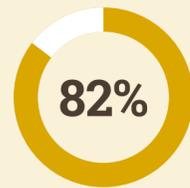
SDGs



We aim to ensure sustainable consumption and production patterns.

## Our progress in 2023

82% of our operations certified to the environmental management standard ISO 14001



91% waste diverted from landfill in 2023



96% of our packaging material in the EU and the UK is reusable, recyclable or compostable



97% of all wood fibre in our packaging<sup>1</sup> is from sustainable sources



Send **ZERO WASTE** to landfill in our operations

Make **100%** of our packaging reusable, recyclable or compostable in EU and UK

Sustainably source **100%** of the wood fibre in our packaging<sup>1</sup> in EU and UK



**REDUCE** waste generated within our operations **BY 20%**

Aim to have more than **80%** average packaging recycling recovery score in the EU and UK

### PERFORMANCE HIGHLIGHTS



38% reduction in waste sent to landfill compared to 2017 base year



27% reduction in waste across our operations compared to 2017 base year

1. Excludes products from ITG Brands



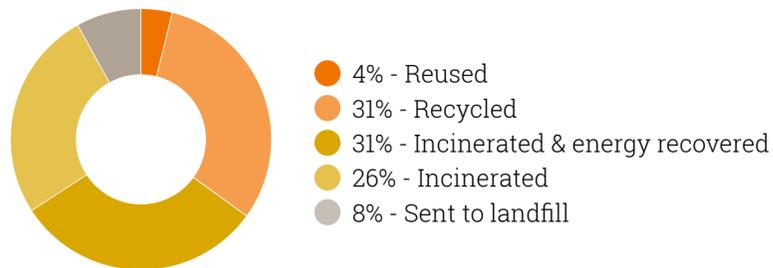
# PACKAGING & WASTE: PERFORMANCE

Performance Indicator	Unit	2017	2021	2022	2023	Progress	Commentary
Absolute waste <sup>1</sup>	Tonnes	49,141	41,714	41,969	35,744 <sup>A</sup>	●	Our target is to reduce waste by 20% by 2030. We have exceeded this target with a 27% reduction in waste compared to the 2017 baseline year.
Relative waste <sup>1</sup>	Tonnes/£m net revenue	6.34	5.48	5.39	4.47 <sup>A</sup>	●	We will set a new target for waste reduction moving forward.
Waste to landfill <sup>1</sup>	Tonnes	7,200	10,619	8,544	4,442 <sup>A</sup>	●	Our target is to achieve zero non-hazardous waste sent to landfill by 2025.
Relative waste to landfill <sup>1</sup>	Tonnes/£m net revenue	0.93	1.40	1.10	0.56 <sup>A</sup>	●	Compared to last year, we have seen a 38% decrease in waste sent to landfill since the 2017 baseline year. This decrease has been driven by our zero waste to landfill initiatives across our operations.
Landfill avoidance rate <sup>1</sup>	%	88	83	85	91 <sup>A</sup>	●	A key element of our environmental approach is to minimise the waste sent to landfill by reusing waste, recycling, composting and incineration (with energy recovery).
Recyclability score	%	-	-	95	96	●	We aim to have 100% of our packaging material in the EU and the UK to be reusable, recyclable or compostable by 2025. A third party assesses the materials for us and we are on track to achieve this target.
Sustainable sourcing	%	-	-	97	97	●	We aim to have 100% of all wood fibre in our packaging <sup>2</sup> from sustainable sources by 2025. We are on track to achieve this target.

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

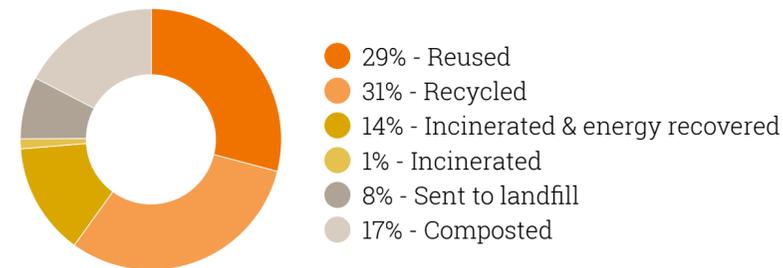
## Disposal of hazardous waste (Tonnes)

GRI Standard 306-2



## Disposal of non-hazardous waste (Tonnes)

GRI Standard 306-2



A. Select 2023 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's 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 2023 environmental data covers the reporting period Q4 2022 to Q3 2023. This is to allow for data collection, validation and external assurance. To note: Absolute waste does not include reused waste.  
 2. This excludes products from ITG Brands.



# FARMER LIVELIHOODS & WELFARE

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

SDGs



## Governance

Leaf Compliance Working Group  
Sustainable Tobacco Programme (STP) Guidance

### Key policies:

Human Rights Policy  
Child Labour Policy  
Biodiversity Statement

### ELT sponsor:

**Javier Huerta,**  
Chief Supply Chain Officer

**Kim Reed,**  
President and CEO,  
Americas Region

## The Sustainable Tobacco Programme (STP)

The STP is independently managed and provides us with visibility over our leaf supply chain in two ways:

1. 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.
2. By verifying the actions taken by farmers both remotely and in the field.

This informs our strategy to support our suppliers in taking effective action. All our tobacco leaf suppliers are expected to participate in the STP.

## Why is it important?

Sustainable agriculture impacts our people and our planet, providing food security, establishing livelihoods, and supporting environmental stewardship. Imperial works hard to support leaf suppliers' farmers and their families. This includes improving farmer access to basic needs, a decent standard of living, and income diversification enabling them to continue to grow tobacco sustainably.

We purchase approximately 97% of our tobacco through both global and niche suppliers from more than 30 countries worldwide, and only 3% from our own directly contracted farms. Therefore, we work collaboratively with our partners to enhance standards in our leaf supply chain both directly with our suppliers and through partnerships, such as those created through the Sustainable Tobacco Programme (STP).

## What are we doing about it?

We have a strong governance structure in place for our tobacco leaf supply chain. This is overseen by our Leaf Compliance Working Group and part of their responsibility is to maintain effective governance and response to ESG risks within the tobacco leaf supply chain.

We are members of the industry-wide STP which is independently managed. The STP is aimed at enhancing agricultural supply chain due diligence and accelerating the positive social and environmental impact in tobacco-growing communities.

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. For example, a SCIA was conducted in Indonesia in partnership

with other tobacco manufacturers and included 14 tobacco merchants in total. A total of 231 rightsholders were engaged with from tobacco-growing communities to help identify salient risks. These included the risk of unsafe use of pesticides and inconsistent PPE standards, poor waste collection and the potential of children working on family farms. Therefore, in addition to leaf suppliers developing individual action plans, local tobacco companies joined together to form an industry forum to work collectively on some of these non-competitive issues. We have closely followed the development of these action plans and forums over the last year and will continue to stay informed through dialogue with our suppliers on their progress.

We commissioned our own similar Human Rights Impact Assessment (HRIA) within our direct supply chain in Madagascar. Based on rightsholder interviews and community engagement, prioritized risks were identified. 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.

Our Leaf Partnership Programme complements the work our leaf suppliers are already doing, amplifying their impact in tobacco-growing communities, by directly funding specific projects. These projects range from enhancing farmers' businesses to supporting communities increase access to basic needs, such as childcare, education, clean drinking water, sanitation, and hygiene. In FY23, Imperial provided financial support for projects in 11 countries, with more than 100,000 beneficiaries.

**In FY23, Imperial provided financial support for projects in 11 countries, with more than 100,000 beneficiaries**



**93% of leaf suppliers reporting on their due diligence and actions through the Sustainable Tobacco Programme**



## Child Labour

Like other industries which rely on agricultural products, the risk of child labour is highest in the cultivation part of our supply chain. Addressing issues such as child labour requires a multi-stakeholder response; no single entity can address issues in isolation. In collaboration with key stakeholders including the industry, suppliers and NGOs operating in these communities, we seek to address child labour through three main avenues:

### Addressing Child Labour

**1** The Sustainable Tobacco Programme (STP)

The Human and Labour Rights section of STP is a critical element for the respect of human rights and is aligned with the relevant International Labour Organisation (ILO) core conventions and the principles and guidance contained within other external frameworks such as the UN Guiding Principles on Business and Human Rights.

**2** Our Leaf Partnership Projects

We work directly with our leaf suppliers to fund projects in tobacco growing communities to help tackle some of the root causes of child labour.

**3** Eliminating Child Labour in Tobacco Growing Foundation (ECLT)

We actively support the ECLT and its aims to tackle the root causes of child labour, by improving access to education and providing alternatives to childhood working. It also has an advocacy role, raising awareness with governments and communities to galvanise positive action. See ECLT website for more information.



# FARMER LIVELIHOODS & WELFARE

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

SDGs



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

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

## 155,000

people in our leaf supply chain benefitting from our Leaf Partnership projects aimed at improving access to clean water.



### Forestry

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.

Imperial has committed to supporting suppliers and their farmers access sustainable wood by 2025, as such our tobacco will be net sustainable- this means that the ambition is for 100% of the wood harvested to be matched by managed planting.

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.

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

### 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.

In FY23 we published our Biodiversity Statement.

### Water

In FY22 Imperial committed to supporting suppliers to improve access to basic needs for 180,000 farmers and their families by 2030. This includes access to clean water, sanitation, and hygiene (WASH).

Encouraging a water stewardship approach to managing water in our suppliers' catchment areas and directly supporting their projects through our Leaf Partnership are key areas of importance for Imperial.

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.

**Our Leaf Partnership Programme complements the work our leaf suppliers are already doing, amplifying their impact in tobacco-growing communities, by directly funding specific projects.**

An example of our Leaf Partnership projects is in the Philippines, where during the Covid-19 pandemic children spent more time at home and were potentially at risk of participating in work on family farms. This is why we supported the efforts of one of our key suppliers, Universal Leaf, in the Philippines.

In 2021 we contributed USD 136,000 to Universal Leaf's programme 'Let's P.L.A.Y. at Home'. With our support, our supplier was able to deliver over 5,000 kits directly to children's homes with materials for music, reading, writing, drawing, and sport. By nourishing learning and playtime at home, these children had the materials and opportunities to explore and develop new skills and talents.





# FARMER LIVELIHOODS & WELFARE

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



## Our progress in 2023



99% of suppliers' directly contracted farmers with access to initiatives to increase agricultural productivity<sup>1</sup>



89% of suppliers' directly contracted farmers growing complementary crops<sup>1</sup>



Support suppliers to provide access to

**100%**  
**SUSTAINABLE WOOD FOR USE AS TOBACCO CURING FUEL<sup>2</sup>**



96% of sustainable wood used as curing fuel



Support suppliers to improve access to basic needs for

**180,000 FARMERS<sup>3</sup> AND THEIR FAMILIES**



**36,000**

Childcare and education project beneficiaries

**155,000**

Clean water project beneficiaries

**33,000**

Sanitation and hygiene project beneficiaries

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.  
2. Based on flue cured and dark fire cured tobacco, which are the tobacco types that require wood for curing.  
3. Based on suppliers' directly contracted farmers in 2021 sourcing origins that are rated as high risk for poverty according to Maplecroft.



# FARMER LIVELIHOODS & WELFARE: PERFORMANCE

Performance Indicator	2021	2022	2023	Progress	Commentary
Percentage of suppliers' directly contracted farmers growing complementary crops <sup>1</sup>	88	94	89	●	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. Due to the ever-changing nature of our suppliers' farmer base, those that grow complementary crops change. In the next year, we aim to restructure this KPI to have an even more meaningful impact in our leaf supply chain.
Percentage of suppliers' directly contracted farmers with access to initiatives to improve agricultural productivity <sup>1</sup>	97	98	99	●	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. In the next year, we aim to restructure this KPI to have an even more meaningful impact in our leaf supply chain.
Suppliers participating in STP	-	96	93	●	With a change in our leaf supplier base, the total suppliers participating in STP reduced. We have already initiated discussions with suppliers who do not yet respond to STP to encourage their participation in the next cycle.
Tobacco farming community members benefiting from new Imperial Leaf Partnership projects	130,000	84,000	101,410	●	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 2023 projects.
Purchase from leaf suppliers who are committed to support their farmers access a decent standard of living by 2040	-	-	80%	●	As part of our ESG journey and restructuring over FY22, this is a new KPI. We require our leaf suppliers to be committed to supporting their farmers access a decent standard of living by having clear written commitments and/or policies in place to support the commitment.
Percentage of sustainable wood used as curing fuel	-	-	96% <sup>A</sup>	●	Imperial has committed to supporting suppliers and their farmers access sustainable wood for use as tobacco curing fuel by 2025. The ambition is for 100% of the wood harvested to be matched by managed planting.
<b>Improve access to basic needs for 180,000 farmers and their families by 2030</b>					
Childcare and education project beneficiaries	-	-	36,000	●	Imperial continues to fund projects aimed at addressing key livelihood and welfare issues in tobacco communities. This number represents the total number of cumulative active beneficiaries as of the end of FY23.
Clean water project beneficiaries	-	-	155,000	●	Imperial continues to fund projects aimed at addressing key livelihood and welfare issues in tobacco communities. This number represents the total number of cumulative active beneficiaries as of the end of FY23.
Sanitation and hygiene project beneficiaries	-	-	33,000	●	Imperial continues to fund projects aimed at addressing key livelihood and welfare issues in tobacco communities. This number represents the total number of cumulative active beneficiaries as of the end of FY23. Sanitation and hygiene projects, which mainly focus on infrastructure improvement and development, were impacted by cyclone Freddy in a number of African countries.

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



# 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.

SDGs



We aim to ensure sustainable consumption and production patterns.

## Governance

Sustainable and Responsible Sourcing Working Group

### Key policies:

Supplier Code of Conduct

Code of Conduct

Global Procurement Policy

Human Rights Policy

### ELT sponsor:

**Javier Huerta,**  
Chief Supply Chain Officer

## Updated Supplier Code of Conduct

The Code covers three main areas:

- 1. Business Integrity:** Our suppliers are expected to conduct their business in an ethical and responsible manner and comply with all applicable laws and regulations.
- 2. Human Rights & Diversity, Equity and Inclusion (DEI):** Our suppliers are expected to provide a fair and safe workplace, and demonstrate respect for human rights, diversity, equity, and inclusion.
- 3. Environmental Sustainability:** Our suppliers are expected to adopt policies and practices that protect the planet and reduce negative impacts on the environment.

All our suppliers are required to sign-up to our Supplier Code of Conduct.

## 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.

Our Supplier Code of Conduct aligned to our Code of Conduct, sets out the behaviours we expect our suppliers to demonstrate.

## What are we doing about it?

We expect all our suppliers – new and existing – to adhere to our updated version of the Code, but where possible we want suppliers to go beyond the expectations outlined in this Code. Together we must make a positive social and environmental impact.

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.

## Supply Chain Due Diligence

Tobacco leaf supply due diligence is covered in the Farmer Livelihoods & Welfare section on page 22

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.

Our Supplier Qualification Programme is the first screening process for all new non-tobacco material (NTM) and NGP suppliers. This involves suppliers completing a self-assessment which includes questions on business conduct, environmental management and labour practices including discrimination, child and forced labour, freedom of association, remuneration, working hours and health and safety. Once on board, our Global Quality team perform their own reviews which may include the supplier being asked to provide evidence for their management of ESG issues, including how the supplier communicates their own Code of Conduct and grievance policies across their operations, and how they conduct audits and act on findings.

Our logistics and indirect suppliers of goods and services, including facilities management, do not undergo the Supplier Qualification Programme. Where we have run a tender process, we request the supplier provides copies of policies relevant to the services that they supply, which may include those addressing the labour practices, forced labour and child labour (in the case of service outsourcing or goods manufacture). We review the policies as part of the selection process.

## Our Procurement Strategy

Covers all third-party spend among all five of our supply chain categories:

- 1 Tobacco leaf**  
We have a global sourcing footprint, which covers Africa, Americas, 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 85% of our main spend is with 21 suppliers.
- 3 Next generation products (NGP)**  
The NGP supply chain encompasses all the components that go into making NGP including electronics, liquids, and packaging materials.
- 4 Indirect goods and services**  
We 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.

## 2023 Performance Highlights



We have rolled out our refreshed Supplier Code of Conduct to our procurement teams and key partner suppliers. The Supplier Code of Conduct is available on our website.



We have been recognised as a **Supplier Engagement Leader** by CDP for a fourth 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 climate issues.



We are using Sedex to encourage our partner suppliers to undertake an ethical trading self-assessment.



# SUSTAINABLE & RESPONSIBLE SOURCING

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We aim to ensure sustainable consumption and production patterns.



2022

**Delivered:**  
Launched refreshed  
**SUPPLIER CODE OF CONDUCT**

Appointed Sedex to undertake

**ETHICAL TRADING ASSESSMENT**

of our partner suppliers

**BUILT CAPABILITY**

by appointing new Head of Procurement Capability and ESG Lead for Procurement



2024

Ensure that

**50%**

of our suppliers by spend within the  
**Purchased Goods and Services category,**  
will have science-based targets by 2024

Continue roll out of  
**Sedex risk assessments**  
to partner suppliers



2025

Confirm longer-term

**ESG METRICS**

for our value chain



## Using Sedex for suppliers' ethical trading risk assessments

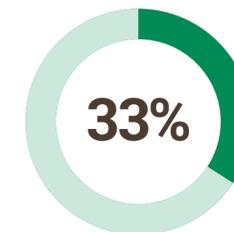
We have chosen to use Sedex to gain supply chain visibility, assess supply chain risks and support legislation compliance.

We expect our partner suppliers to be registered with Sedex (or equivalent) and have in the first instance completed a self-assessment questionnaire across the following categories:

- Labour, Health & Safety
- Environment
- Business Ethics

Thanks to the insights provided through the Sedex platform and the completion of further in-depth targeted SMETA audits (Sedex Members Ethical Trade Audits) where appropriate, we intend to work with our partner suppliers to drive improvements and mitigate risks through our supply chain.

### PERFORMANCE HIGHLIGHTS



33% of our suppliers by spend within the Purchased Goods and Services category have set science-based targets<sup>1</sup>



# 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.

SDGs



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

## Governance

Human Rights Compliance Working Group  
Leaf Compliance Working Group

### Key policies:

Health Safety and Wellbeing Policy  
Code of Conduct  
Supplier Code of Conduct  
Human Rights Policy  
Speaking Up Policy  
Fairness at Work Policy

### ELT sponsor:

**Javier Huerta,**  
Chief Supply Chain Officer  
**Paola Pocci,**  
Chief Consumer Officer & President,  
Africa, Asia, Australasia and Central  
& Eastern Europe Region

## Our Human Rights Ambitions

- Continue to strengthen our due diligence processes in line with international frameworks and legislation.
- Provide further access to our independent Speaking Up service.
- Assessing salient human rights issues in our priority locations.
- Training and communications initiatives to increase awareness of human rights.

## Why is it important?

Alongside prioritising employee health, safety, and wellbeing, as well as diversity, equity, and inclusion, we believe that respecting and promoting human rights is essential to creating a safe and inclusive workplace.

Human rights abuses are unacceptable.

In compliance with the UK Modern Slavery Act, every year since 2016, Imperial Brands submits its Modern Slavery Statement, where we outline our commitments for the upcoming year. You can read our latest Modern Slavery Statement on our website.

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

## What are we doing about it?

### Strengthening our due diligence processes

As in previous years, in 2023, Group Internal Audit assessed modern slavery controls and processes as part of our wider internal factory audits in six cases: Tarnowo Factory, Radom Factory, Wilrijk Factory, Congo Factory, Madagascar Factory and Skopje Factory.

The ESG team also conducted three international modern slavery audits, which followed a risk-based approach in the Dominican Republic, Spain and Madagascar. These audits enabled us to identify and act on potentially weaker areas of our due diligence activity and share best practices with other factories facing similar challenges. Over the last two years, we have audited six of our top eight priority locations.

All our factories report their compliance against our 21 modern slavery indicators on a monthly basis. This ensures that our sites are both managing the risk of modern slavery and continually improving transparency through reporting. At Group level, we monitor

compliance of each site against our leading indicators and facilitate the transfer of best practice.

Through collaboration with supply chain experts, we have improved our remediation approach. This included improving how to identify which human rights issues would require escalation and to whom, collecting evidence, and evaluating the success of our actions.

In early 2023, we launched a new digital learning programme on human rights for our employees worldwide. We believe that improving broader employee understanding of human rights will further improve our ability to identify potential abuses we may be exposed to in our operations. This digital training focuses on explaining what human rights are, our commitment and role in respecting and promoting human rights, how to recognise the main signs of modern slavery and, finally, how to report potential instances of human rights violations, both internally and externally.

**In 2024, we will reinforce our efforts to reduce the risk of modern slavery and labour exploitation in our operations.**

**To do this we will:**

1. Closely monitor the performance of our 21 modern slavery leading indicators, providing support for the implementation of action plans in manufacturing sites that are not yet fully compliant.
2. Introduce these indicators to a selection of markets and clusters to expand the scope of our due diligence efforts.
3. We will conduct three modern slavery audits based on our risk assessment approach and continue to provide human rights-related training and raise awareness through regular communication activities.

**In FY23 we re-assessed our salient issues, confirming we are focusing on the correct areas which are:**

- 1 Child labour
- 2 Modern slavery
- 3 Occupational health, safety and wellbeing
- 4 Fair wages and decent work
- 5 Non-discrimination and harassment and gender equity
- 6 Freedom of association and collective bargaining

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.



# 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.

SDGs



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

## Raising awareness about Human Rights

- Throughout 2023, we ran several internal communication campaigns to raise awareness about human rights, reaching thousands of colleagues from all continents.
- We launched a new digital learning programme on human rights for colleagues worldwide.
- We created a Modern Slavery Toolkit.
- We organised knowledge-sharing sessions about the rescue and recovery of modern slavery victims.
- We updated our Human Rights Policy after undergoing a comprehensive stakeholder engagement process.
- During September, we partnered with Hope for Justice to host a series of informative sessions aimed at raising awareness about modern slavery. These sessions were conducted in English, French and Spanish and covered four continents.



## 2023 MODERN SLAVERY AUDITS

ESG Team conducted three international following a risk-based approach while maintaining a geographical balance

## Created a MODERN SLAVERY TOOLKIT and an ESCALATION PROCESS

to ensure all employees are equipped with necessary knowledge



## 2024 SPEAK UP CHANNELS

Continue to strengthen employee access to

## Ongoing due diligence engagement via our HUMAN RIGHTS COMPLIANCE WORKING GROUP

## Continue to monitor HUMAN RIGHTS LEADING INDICATORS

in our operations and report on number of audits completed

## Align our internal DUE DILIGENCE PROCESS to the European Corporate Sustainability Due Diligence Directive and other relevant European and national laws



## 2025 Consistently maintain compliance with our 21 MODERN SLAVERY LEADING INDICATORS

across all manufacturing sites

## Aim for all relevant employees to understand and access to independent SPEAK UP CHANNELS AND REMEDIATION PROCESSES

## Continuous monitoring of all our priority locations against increasing DUE DILIGENCE REQUIREMENTS



# EMPLOYEE HEALTH, SAFETY & WELLBEING

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

SDGs



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

## Governance

Health and Safety Working Group  
Wellbeing Working Group

### Key policies:

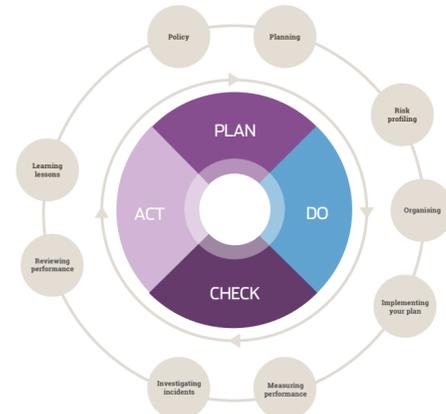
Health and Safety and Wellbeing Policy  
Health and Safety Framework  
Human Rights Policy

### ELT sponsor:

**Javier Huerta**,  
Chief Supply Chain Officer  
**Aleš Struminský**,  
President, Europe Region  
**Paola Pocci**,  
Chief Consumer Officer & President,  
Africa, Asia, Australasia and Central  
& Eastern Europe Region  
**Kim Reed**,  
President and CEO, Americas Region

## The plan, do, check, act model

An effective plan, do, check, act (PDCA) model achieves a balance between the systems and behavioural aspects of management. It also treats health and safety management as an integral part of good management generally, rather than as a stand-alone system. Success depends on the attitudes, behaviours and support of our people. Developing a positive safety culture, where safety as a value is vital for realising health and safety ambitions.



## Why is it important?

The health, safety and wellbeing of our employees continues to be of the utmost importance to us. We want to continue to create a working environment where wellbeing and safety are absolute priorities, creating a culture of care.

This includes setting granular long-term targets alongside a broader Zero Injury aspiration which is part of our internal Triple Zero campaign. These objectives can be achieved when all colleagues take personal responsibility.

We want to develop a Safety Culture of Care and in FY23 we reviewed and updated our Health, Safety and Wellbeing Policy to ensure safety responsibilities were clear across all levels of the business, to link our Zero Injury aspiration to this policy and to include wellbeing responsibilities and guidance for all employees.

## Wellbeing

The wellbeing of our employees remains of paramount importance. This was confirmed as an ESG priority in 2022, following the refresh of our ESG strategy and the outcome of a materiality assessment.

Our goal is for a consistent wellbeing approach across the organisation, reflecting our commitment to mental health and wellbeing, as outlined in our new Wellbeing Strategy.

## 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 safely to measure compliance against our Health and Safety framework which is

based on a Plan Do Check Act (PDCA) model. This approach ensures we focus resources in the priority areas and can effectively manage risk across all areas of the business.

In FY23, 45 leaders in our Global Supply Chain function were trained on a 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. We want to prevent accidents occurring and therefore we need to be able to better spot and assess risk.

We trained 3,086 employees from our European manufacturing operations on dynamic risk assessment, and we are going to roll out the training for remaining regions in FY24.

We are improving our processes for determining the root causes of incidents, to aid in a more targeted approach in addressing and educating our people. In FY24 we will launch updated Incident Reporting and Investigation Standards, alongside an app, for our people to report incidents which will be linked to a dashboard for better monitoring.

Implementing in-vehicle monitoring systems (IVMS) in five additional markets proved effective. Notably, Italy and Taiwan saw a 62% and 51% reduction in collision rates, respectively, thanks to the captured data pinpointing risk-increasing behaviours and enabling targeted training.

Our commitment remains steadfast as we strive to achieve our FY25 target of a 60% reduction in the vehicle collision rate. We will continue enhancing our vehicle safety initiatives to maintain momentum and ensure the wellbeing of our drivers and communities.

## Group-wide Wellbeing Strategy

- We have set an ambition to provide appropriate and prompt support to our employees, ensuring their wellbeing at work and reducing the likelihood of psychological harm due to workplace factors.
- In FY23 we developed a wellbeing framework to achieve this, co-created through an inclusive approach considering the needs of our people from responses to key questions in our employee experience survey and via employee wellbeing focus groups.
- This framework provides a clear structure and guiding principles for all wellbeing initiatives across the organisation. It also allows for flexibility, enabling individual regions and functions to adapt practices to suit their specific needs and cultural differences.
- We also benchmarked activities in wellbeing. By staying informed about industry trends and best practices, we were able to learn from successful initiatives implemented elsewhere and apply relevant strategies to our own organisation.
- We internally benchmarked 50 Imperial locations, finding areas for improvement and wellbeing enhancement.
- To capture diverse perspectives, we established a Wellbeing Working Group, which included representatives from different functions and regions. This approach ensured that all areas of the business were involved during the wellbeing strategy development and that the final plan resonated with various stakeholders.
- Looking ahead, we plan to establish clear metrics and leading indicators for measuring performance in wellbeing. By tracking the impact of our initiatives, we will be able to assess their effectiveness and identify areas for improvement. This data-driven approach ensures that our Wellbeing strategy remains relevant, impactful and continually evolving to meet the needs of our people.



# EMPLOYEE HEALTH, SAFETY & WELLBEING

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SDGs



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

## Zero Injury Aspiration

The purpose of this campaign is to educate and raise awareness amongst our employees on the different types of health and safety risks they maybe exposed to, and the control measures they can take to prevent incidents occurring.

### Initiatives include:

- Regular safety One Minute Lessons
- Health and Safety Newsletter
- Spotlight on Safety Initiatives already in place

We want to build a consistent safety culture and promote continuous improvement.



Further roll out of **BEHAVIOURAL SCIENCE IN SAFETY LEADERSHIP** training

Design **BEHAVIOURAL BASED SAFETY PROGRAMME** Foundations

Launch **GROUP STANDARDS** for safety leadership routines

**ZERO INJURY ASPIRATION** campaign focus on awareness and education  
Implementation of **WELLBEING FRAMEWORK AND GUIDANCE**



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

**60% REDUCTION** in fleet collision rate

**100% COMPLIANCE** with the OHSE Framework



**75% REDUCTION** in LTA rate

### PERFORMANCE HIGHLIGHTS



18% reduction in fleet collision rate since 2022



25% reduction in LTA rate compared to our 2019 baseline year



# EMPLOYEE HEALTH, SAFETY & WELLBEING: PERFORMANCE

Performance Indicator	Unit	2019	2021	2022	2023	Progress	Commentary
Employee fatalities <sup>1</sup>	Number	2	1	0	0	●	Health and safety remain a priority for all our employees.
Contractor fatalities <sup>1</sup>	Number	0	0	0	1	●	Regretfully, a contractor fatality occurred in April 2023, at the external premises of the Skopje Factory, North Macedonia. The impacted person was an employee of the Government owned contractor who was performing a routine waste collection activity.
Members of the public fatalities involving Imperial Brands vehicles <sup>1</sup>	Number	1	0	0	0	●	Road safety remains a priority across all our operations.
Lost time accidents (LTAs) <sup>1,2</sup>	Number	101	65	57	57	●	There has been no change in the number of lost time accidents compared to last year. However there has been a 44% decrease in lost time accidents since the 2019 base year.
LTA rate <sup>1,2</sup>	Lost time accidents per 200,000 hours worked	0.40	0.27	0.24	0.30 <sup>A</sup>	●	We have seen an 25% increase in our lost time accident rate compared to last year. The number of LTAs stayed the same as last year whilst the number of hours worked has reduced, leading to the 25% increase in LTA rate. During FY23 we continued to increase the use of leading indicators to better manage risk throughout our operations.
Total number of accidents <sup>1,2</sup>	Number	850	573	522	420	●	We have seen a 20% decrease in total accidents compared to last year.
Accident rate <sup>1,2</sup>	Total accidents per 200,000 hours worked	3.39	2.36	2.24	2.24	●	The total number of accidents compared to last year decreased, however the number of hours worked has also decreased which has resulted in the accident rate remaining the same as last year.
Fleet collision rate	Accidents per million kilometres	5.03	3.9	2.8	2.29 <sup>A</sup>	●	There has been a 18% 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.
Fleet vehicles fitted with an in-vehicle monitoring system (IVMS)	%	–	–	57.3	46.9	●	Evidence shows that in-vehicle monitoring systems typically lead to fuel reduction and improved safety performance and we will continue to test and extend coverage. The reduction in percentage is due to an increase in fleet size in markets without IVMS, and the closure of a market that had fleet vehicles with IVMS installed.
Compliance with the OHSE Framework (Manufacturing)	%	–	–	87	93	●	We aim to be at 100% compliance with our framework standards by 2025.
Compliance with the OHSE Framework (Sales)	%	–	–	93	94	●	We aim to be at 100% compliance with our framework standards by 2025.
ISO 45001 certification	%	79	74	71	72	●	Of the factories in scope, 72% have certification for the international standard for health and safety at work.

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

A. Select 2023 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's 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 health and safety data is for the full 2023 financial year.

2. Accidents reported do not include commuting to or from work, or those sustained by third parties such as distributors.



# EMPLOYEE HEALTH, SAFETY & WELLBEING: PERFORMANCE

	FY19 (base line year)	FY21	FY22	FY23
<b>Fatalities</b> Death of any person caused by an incident related to our business activities.	2	1	0	1*
<b>Major Injuries</b> Reportable specified injuries to employee. The types of injuries include among others: fractures, amputations, serious burns and loss of consciousness.	8	7	4	4
<b>Lost Time Accidents</b> Work-related accidents resulting in absence from one or more scheduled workdays or shifts, beyond the day or shift the accident occurred.	101	65	57	57
<b>Accidents</b> 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.	850	573	522	420
<b>Near Misses**</b> 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.	12,182	13,903	15,437	10,494***

\* Contractor fatality

\*\* Data is reported for Sales and Marketing Function

\*\*\* We have upskilled our workforce's understanding of the definition of near misses and its reporting. In prior years, the numbers had also included safety observations. From 2023, this figure is exclusive to near misses.



# DIVERSITY, EQUITY & INCLUSION

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.

SDGs



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

## Governance

People and Culture Leadership Team  
Employee Resource Groups (ERGs)

### Key policies:

- Code of Conduct
- Fairness at Work Policy
- Human Rights Policy
- Supplier Code of Conduct

### ELT sponsor:

**Murray McGowan,**  
Chief Strategy and Development Officer

**Alison Clarke,**  
Chief People and Culture Officer

## Global Employee Resource Groups (ERGs)

- Gender ERG
- Ethnicity ERG
- LGBTQ+ ERG
- Disability ERG

### Why is it important?

Diversity, equity and inclusion (DEI) is critical for our business and ESG ambitions, our cultural transformation and for our people.

Creating a more diverse and inclusive organisation is an integral element of our cultural transformation.

We define diversity as everything that makes us unique; inclusion as every individual feeling they belong; and equity as giving fair treatment and opportunity to all.

### What are we doing about it?

At the centre of our efforts have been our global Employee Resource Groups (ERGs) which were set up in 2021.

Our ERGs continue to grow their membership, inform our DEI priorities, and raise awareness across the organisation on key diversity topics.

In November 2022, the Board approved a five-year DEI Ambition and Strategy.

We have defined three strategic pillars, each with clear KPIs.

1. Our Workplace
2. Our Workforce
3. Our Marketplace

Our Workplace and Workforce pillars have been our focus during 2023. Our approach has been to set both global and local goals, mindful of local legislation and culture.

One priority goal for our Workplace pillar is to improve the inclusivity of our processes, policies and practices.

We use assessments validated by independent expert organisations including the Business Disability Forum, Stonewall and the Centre for Global Inclusion. We have assessed ourselves against criteria set out by these organisations and have a clear view of our baseline against benchmarks on which to improve.

In addition, we measure employee inclusion through four DEI-related questions in our annual global employee experience survey. Our commitment is to move towards high-performing benchmarks, externally validated by our employee experience provider.

In support of developing an inclusive culture, we are creating further interactive training programmes for all employees, to continue to raise awareness and understanding of DEI and create strong allyship. An ally is someone who is proactive in supporting the inclusion and causes of an under represented group whilst not being a member of that demographic. This programme will provide awareness and understanding of allyship and the skills and actions required to be an effective ally. The training programmes will be implemented in the next financial year.

Our goals for our workforce have initially focused on gender since this is where we have robust data. We have set a global goal to increase representation of women in senior management from 28.2% in 2022 to 35% by end of 2027.

We have implemented targeted candidate attraction campaigns and, in FY24, will introduce digital tools to support the removal of gender-specific language from our recruitment processes and provide inclusive recruitment training for hiring managers.

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.

We launched a self-declaration campaign called "I Belong" in July 2023, to access employee data for areas such as ethnicity, disability and LGBTQ+ . Robust data in these areas will inform future goals and actions.

For the Marketplace pillar we are assessing our status and the systems needed to measure diversity of suppliers as part of our supplier management system. We will accelerate work in this area during the next two fiscal years.

While the full achievement of our DEI Ambition will take time, we now have the right plans in place to accelerate our progress.

## The three strategic pillars of our DEI strategy

- 1 **Our Workplace**  
Focuses on our environment, policies, practices, and behaviours.
- 2 **Our Workforce**  
Focuses on representation, the makeup of our people.
- 3 **Our Marketplace**  
Focuses on how we operate with consumers and ensuring products and services are sourced from a diverse supply base.

"We are committed to creating a truly diverse and inclusive organisation renowned for celebrating difference, enabling our people to feel that they belong and can be their authentic selves, best enabling the performance of every colleague – benefiting our consumers, our business and our people".

**Alison Clarke,**  
Chief People and Culture Officer



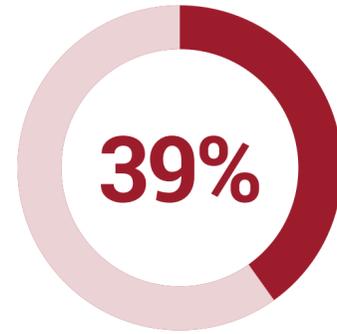
# DIVERSITY, EQUITY & INCLUSION

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.

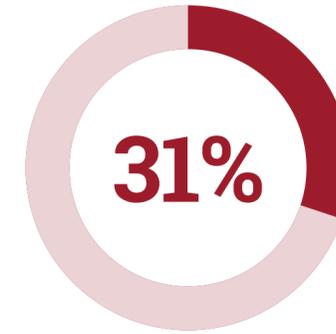
SDGs



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



39% of the **WORKFORCE** are female



31% of the **SENIOR MANAGEMENT\*** are female



20% of the Board identify as being from an **ETHNIC MINORITY BACKGROUND**



30% of the **EXECUTIVE LEADERSHIP TEAM** are female



40% of the **BOARD** are female

\*The proportion of senior management employees (Global Grades 3, 4, 5) recorded as female across Imperial Brands Group, excluding Logista.



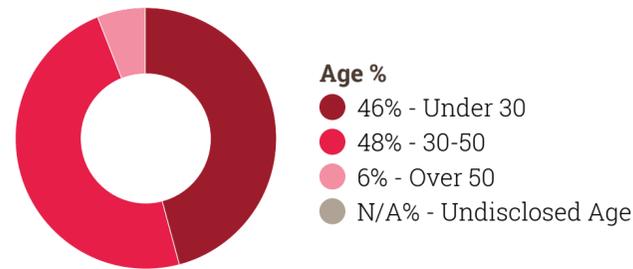
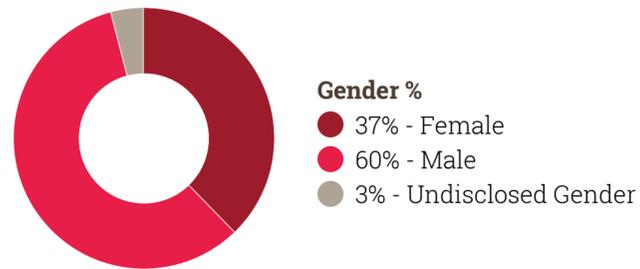
# DIVERSITY, EQUITY & INCLUSION: PERFORMANCE

Performance Indicator <sup>1</sup>	Unit	2021	2022	2023	Progress	Commentary
Female employees in the workforce <sup>2</sup>	%	40	40	39 <sup>A</sup>	●	Female representation has remained broadly consistent across the last three years. FY23: 6,672 women, 10,412 men, 66 not declared.
Female senior management <sup>3</sup>	%	–	29	31 <sup>A</sup>	●	We are committed to increasing representation of women in senior management (Global Grades 3, 4, 5) and have set a goal of reaching 35% women at this level by the end of FY27. FY23: 186 women, 420 men, 2 not declared.
Female Executive Leadership Team (ELT) members	%	33	30	30 <sup>A</sup>	●	Female representation on the ELT as at 30 September 2023 (end of FY23) was 30%. There has been no change in the composition of the ELT in FY23. FY23: 3 women, 7 men.
Female PLC Board members	%	22	40	40 <sup>A</sup>	●	Female representation on the Board has remained at 40%. We are proud to have met the 40% target set by the FTSE Women Leaders Review three years ahead of schedule. FY23: 4 women, 6 men.
Ethnic background on our Board	%	–	20	20 <sup>A</sup>	●	On 30 September 2023 (end of FY23), 20% of the Board members identified as being from an ethnic minority background.
FTSE Women Leaders Review Combined Executive Leadership Team & Direct Reports	%	21.4	24.3	26.7 <sup>A</sup>	●	The FTSE Women Leaders Review is the successor to the Hampton-Alexander Review. It is the UK's independent, voluntary initiative aimed at increasing the representation of women on FTSE 350 boards and leadership teams. The reporting date is 30 October 2023.
Employee turnover rate <sup>3</sup>	%	10	30	16	●	Following a spike in FY22 due to divestiture and business transformation, turnover reduced significantly in FY23.

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

## New Employee Hires for 2023\*

GRI Standard 401-1



## Employee Turnover Rate for 2023\*

GRI Standard 401-1

Group	Total	% Rate
Female	1123	43%
Male	1512	57%
Under 30	1146	43%
30-50	1114	42%
Over 50	398	15%

\*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 to the total figures.

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

A. Select 2023 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY's Assurance Opinion is available on our website.

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

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. Based on employees recorded in Imperial Brands Group Human Resources Information Systems, excluding Logista, contractors and casual labour.
3. The proportion of senior management employees (Global Grades 3, 4, 5) recorded as female across Imperial Brands Group, excluding Logista.
4. This reflects all employees excluding those employed by ITG Brands and Logista.

# FURTHER READING

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

## 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.

[FIND OUT MORE](#)

## 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.

[FIND OUT MORE](#)

## 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.

[FIND OUT MORE](#)

## 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.

[FIND OUT MORE](#)

## 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 2023. The assurance statement is available on our corporate website.

[FIND OUT MORE](#)



