



# FARMER LIVELIHOODS & WELFARE

## COMMITMENT:

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

### Links to SDGs



### Behaviours



### KPI

All leaf suppliers expressing a commitment to supporting their farmers to access a decent standard of living

### METRIC

Percentage of leaf suppliers expressing a commitment to support their farmers to access a **decent standard of living**

Status: On track



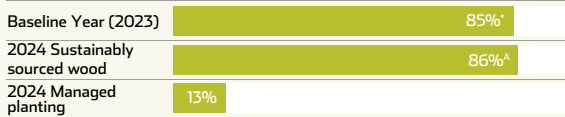
### TARGET

100% Sustainable wood used as tobacco curing fuel<sup>1</sup> by 2025

### METRIC

Percentage of **sustainably sourced wood or matched by managed planting**

Status: On track



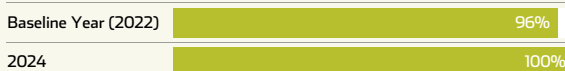
### KPI

100% of our tobacco leaf suppliers participating in the Sustainable Tobacco Programme (STP)

### METRIC

Percentage of total **leaf suppliers participating in the STP**

Status: Achieved



### FY24 Performance

98%<sup>A</sup> of our leaf suppliers have expressed a commitment to support their farmers to access a decent standard of living.

86%<sup>A</sup> of the wood was sourced from sustainable and traceable sources with an additional 13% matched by managed planting.

The baseline number<sup>\*</sup> has been restated following a retesting of supplier data.

100% of our leaf suppliers participated in the STP.

For us to be able to serve our consumers over the long term, it is important that farmers continue choosing to grow tobacco.

We purchase approximately 97% of our tobacco through both global and niche suppliers from more than 30 countries worldwide, and around 3% from our own directly contracted farms.

Tobacco farmers are facing new challenges including extreme weather events, succession challenges, and inflation. In addition farmers have choices over whether to prioritise growing tobacco over other crops.

We engage with our leaf suppliers to ensure security of supply, develop farming communities and promote sustainable agriculture. These activities include improving farmer access to basic needs, a decent standard of living and income diversification, enabling them to continue to grow tobacco sustainably.

## The Sustainable Tobacco Programme

We collaborate with our suppliers to enhance standards in our leaf supply chain and manage leaf supply risks with our suppliers and through partnerships, such as those created through the Sustainable Tobacco Programme (STP).

The STP is an industry body which verifies annual supplier self-assessments. To accelerate positive social and environmental impact in tobacco-growing communities we aim to enhance agricultural supply chain due diligence.

The STP is independently managed and provides us with enhanced 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 these actions either remotely or 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. In 2024 (based on the 2023 tobacco leaf crop year), 100% of our suppliers reported on their due diligence.

Our key suppliers have mature due diligence processes in place, underpinned by the suppliers' on-farm monitoring technology. Our suppliers contract with farmers at the beginning of a growing season with the necessary training and inputs to grow tobacco responsibly. Their technicians monitor the crop and labour practices throughout the year.



For more targets and metrics related to farmer livelihoods and welfare please see our [ESG Performance Summary 2024](#).

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

### Decent standard of living

The industry has formally adopted the Living Income Benchmark which is detailed in the STP Workbook 2023. This is the guidance document developed by the STP secretariat which our suppliers can reference when completing the annual STP self-assessment.

The benchmark varies by country and includes costs for food, housing, education, healthcare, transport, clothing and other essential needs.

Overall farm net income, including income from outside the farm, is measured against the relevant Living Income Benchmark for that location. This income needs to exceed the benchmark to be considered a living income, meaning the farmer can afford a decent standard of living.

At the end of FY24, 98%<sup>A</sup> of our leaf suppliers expressed a commitment to supporting their farmers to access a decent standard of living.

We are collaborating with our suppliers to identify those farmers that have difficulties in achieving a living income and to support them with specific actions via our Leaf Partnership Programme.

### Leaf Partnership Programme

Through our Leaf Partnership Programme, we support the supply chain and the journey of farmers to achieving a decent standard of living.

The Leaf Partnership Programme is integral to our leaf sourcing strategy and an essential part of our farmer livelihoods and welfare ambition. The programme is conducted in close partnership with suppliers. In each country, we identify the best local solutions that the suppliers then implement using our funding.

In FY24, Imperial provided financial support for projects in 13 countries, with more than 128,000 beneficiaries, focusing on three broad initiatives:

1. Dedicated financial sustainability projects to help farmers enhance their income. We have a target to improve farmers' access to projects that improve their financial sustainability by 2030. This year we enabled our suppliers to roll out financial literacy training to more than 1,500 farmers in three countries.
2. Increasing access to basic needs to make farming communities a better place to live. We have a target to support suppliers to improve access to basic needs for 180,000 farmers<sup>2</sup> by 2030. This target aims to reach 180,000 active beneficiaries in each project category: childcare and education; clean water; and sanitation and hygiene. In FY24 we reached the target of 180,000 tobacco community members benefiting from projects aimed at increasing access to clean water.
3. The introduction of sustainable agricultural practices where they are not already in place. We have a target to support suppliers to provide access to 100% sustainable wood for use as tobacco curing fuel by 2025.

### 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.

We have committed to supporting suppliers to provide their farmers access to 100% sustainable wood for use as tobacco curing fuel by 2025. The ambition is for 100% of the wood harvested to be sourced sustainably or that the wood used will be matched by managed planting.

In FY24, 86%<sup>A</sup> of the wood was sourced from sustainable and traceable sources with an additional 13% matched by managed planting. Therefore, 99% of the wood used for tobacco curing is now sustainably sourced or matched by managed planting.

We also financially support forestry programmes. This includes Imperial Brands' own dedicated forestry programme managed through a key supplier in Tanzania. Planting trees sustainably that farmers can access 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.

### Addressing child labour

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

#### 1. The Sustainable Tobacco Programme (STP)

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

#### 2. Our Leaf Partnership Programme

Working directly with our suppliers to fund projects that aim to tackle some of the root causes of child labour.

#### 3. Eliminating Child Labour in Tobacco Growing Foundation (ECLT)

We are members of the ECLT and support its aims to tackle the root causes of child labour.



For more information on how we are addressing the issue of child labour, please see our [ESG Performance Summary 2024](#).