

# MODERN SLAVERY AND HUMAN TRAFFICKING

## STATEMENT 2023



# MODERN SLAVERY

## STATEMENT 2023

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For more information on our ESG strategy and detailed approach to human rights, please visit: [www.imperialbrandsplc.com/healthier-futures/our-esg-strategy](https://www.imperialbrandsplc.com/healthier-futures/our-esg-strategy)

This statement satisfies the requirements for those companies [in the Imperial Brands Group] which are in scope of the Modern Slavery Act 2015. This statement also sets out the steps taken by Imperial Brands PLC and its subsidiaries during the financial year ending 30 September 2023 to understand potential modern slavery risks related to our business and supply chains and describes measures taken to address these risks.

This is the eighth statement we have produced; previous statements can be accessed on our corporate [website](#).

# OUR COMMITMENT

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

As an international business, we recognise the importance, influence, and duty we have in promoting respect for human rights. Our policy is to respect and support the dignity, wellbeing and human rights of our employees, the workers in our supply chain and the communities in which we operate. We are committed to conducting our business in a responsible and sustainable way, seeking to mitigate the potential risk of human rights abuses both within our direct operations and supply chain.

As defined by the UK Government's modern slavery strategy<sup>1</sup>, modern slavery encompasses slavery, servitude, forced or compulsory labour, and human trafficking.

Like all businesses, we run the risk of being exposed to modern slavery either within our direct operations or indirectly through our supply chain. We recognise that managing this risk is a multi-stakeholder issue, one which requires engagement with our employees, business partners, suppliers and other key stakeholders associated with our business, including customers and NGOs.

Our commitment to human rights, including modern slavery and forced labour, extends through several Group policies, including our Code of Conduct, Supplier Code of Conduct and Human Rights Policy. These documents set out the foundations for our approach to human rights, which all our employees, suppliers and business partners are expected to adhere to. The Board has oversight of our ESG (environmental, social and governance) agenda, supported by a cross-functional ESG Committee, which I chair.

Human rights, which includes modern slavery, is one of our eight priority ESG issues. To read about the other priority areas, here: <https://www.imperialbrandsplc.com/healthier-futures/our-esg-strategy>.

Our ESG strategy sets clear aims for each of these issues and is aligned with the United Nations (UN) Sustainable Development Goals (SDGs), which aim to have a transformational impact on the world by 2030. Our performance against our ESG strategy is detailed within the Annual Report and Accounts, our corporate website, and our ESG Performance Summary.

Our focus in 2023 was to continue strengthening our human rights due diligence framework and embedding human rights awareness across functions within the business, including conducting three international modern slavery audits, following a risk-based approach, in the Dominican Republic, Spain, and Madagascar. We also created a modern slavery toolkit with a clear escalation process and launched a global digital human rights learning module for employees. We seized these two initiatives to emphasise how to raise concerns using our independently run speak-up service, which was complemented by several communication campaigns on our internal intranet. Equally, in 2023, we rolled out our new Supplier Code of Conduct.

We are committed to raising awareness and improving processes in our business and supply chains, and our progress against this commitment is detailed throughout this statement.

This statement has been published in accordance with the UK Modern Slavery Act 2015 and covers the full financial year October 1st, 2022 – September 30th, 2023. The statement was approved by the Board of Directors on 31/01/2024 and is signed on its behalf by:



**Stefan Bomhard**

Chief Executive Officer Imperial Brands PLC



For more information on our sustainability strategy and detailed approach to human rights, please visit: [www.imperialbrandsplc.com/healthier-futures/our-esg-strategy](https://www.imperialbrandsplc.com/healthier-futures/our-esg-strategy)

<sup>1</sup> <https://www.gov.uk/government/publications/modern-slavery-strategy>





# OUR BUSINESS AND SUPPLY CHAINS

We recognise that, along with our direct operations, our supply chain has the potential for human rights abuses, and we are committed to working with our employees, suppliers and business partners to improve supply chain standards.



# OUR BUSINESS AND SUPPLY CHAINS

## OUR BUSINESS

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 ESG issues is integral to our business strategy and underpins our purpose and vision.

Over time, our new strategic plan will deliver a more robust and more consistent performance in both conventional tobacco products and Next Generation Products (NGP).

Our ESG strategy and ESG priorities, including modern

slavery, have been actively considered as part of this review and will continue to underpin our commercial strategy.

We are committed to conducting our operations responsibly and respecting our people, our communities and our planet. Our ESG responsibilities are fulfilled through a robust governance framework, upholding high standards of corporate governance, transparency and ethics.

This statement includes policies and processes conducted by the following subsidiaries of Imperial Brands.



Our Imperial Tobacco subsidiaries manufacture and market a range of cigarettes, fine-cut and smokeless tobacco products, mass-market cigars, and tobacco accessories such as papers and tubes.

Key Imperial Tobacco subsidiaries include Reemtsma in Germany, Altadis in Spain and Seita in France, as well as our Imperial Tobacco businesses in the UK, Australia, Poland, and Ukraine.



ITG Brands is the third-largest tobacco company in the USA, which is a key market for Imperial Brands. The business is headquartered in Greensboro, North Carolina and offers a broad portfolio of well-known cigarettes and mass-market cigar brands.

[www.itgbrands.com](http://www.itgbrands.com)



Fontem Ventures is our vaping subsidiary, headquartered in Amsterdam and supported by the Liverpool Nerudia research and development centre. Fontem Ventures and Nerudia are focused on driving vaping technology forward to deliver potentially less harmful alternatives to combustible cigarettes.

[www.fontemventures.com](http://www.fontemventures.com)



Logista is the leading distributor to proximity retailers in Europe, serving around 200,000 points of sale across Spain, France, Italy, and Portugal. In addition, Logista distributes to wholesalers in Poland and provides express deliveries to/from Belgium and the Netherlands. It is listed on the Spanish Stock Exchanges. Imperial Brands holds a majority share of the business through its subsidiary Altadis S.A.U.

[www.grupologista.com](http://www.grupologista.com)

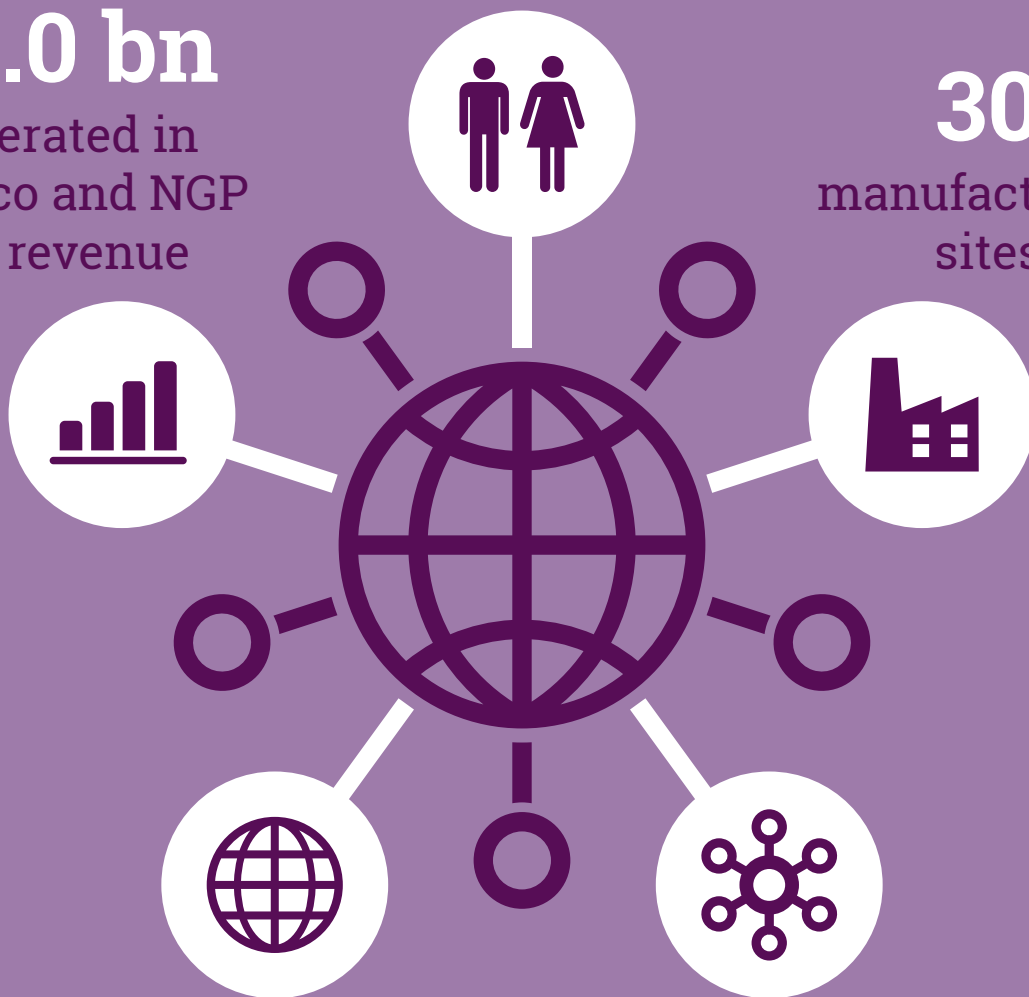
# OUR BUSINESS AND SUPPLY CHAINS

## OUR BUSINESS AND WORKFORCE IN 2023

**25,000**  
employees worldwide

**£8.0 bn**  
generated in  
tobacco and NGP  
net revenue

**30**  
manufacturing  
sites



**120**  
markets  
worldwide  
selling our  
products

**160**  
brands in  
our portfolio

# OUR BUSINESS AND SUPPLY CHAINS

## OUR SUPPLY CHAINS

We establish a relationship of trust and integrity with our suppliers. We expect our suppliers to conduct their business in an ethical and responsible manner and comply with all applicable laws and regulations, provide a fair and safe workplace, and demonstrate respect for human rights, diversity, equity, and inclusion, as well as to adopt policies and practices that protect the planet and reduce negative environmental impacts.

Our respect for human rights is reflected in our requirements for supplier standards, business conduct and employment practices. Our Supplier Code of Conduct sets out the behaviours we expect our suppliers to demonstrate.

Through our procurement processes, we encourage our suppliers to meet the minimum standards outlined in our Supplier Code of Conduct. We have regular meetings throughout the year with our centrally managed suppliers where any ESG-related concerns can be raised. If a supplier fails to demonstrate its commitment to ESG, we may require improvements or we may terminate the relationship.

We recognise that, along with our direct operations, our supply chain has the potential for human rights abuses. We are committed to working with our suppliers and business partners to improve supply chain standards. In 2023, we launched our updated Supplier Code of Conduct to reflect our sustainability commitments as part of our ESG strategy.

Our ambition doesn't stop at minimum standards. We will look to address activities that we think may breach the Supplier Code of Conduct, and we encourage our suppliers to seek opportunities to go beyond the expectations outlined in it so we can, together, make a positive social and environmental impact.

Since August 2023, we have been working with Sedex to encourage our partner suppliers to become members, undertaking a sustainability self-assessment to allow us to identify, manage and assess social and environmental supply chain risks. We plan to review the risk framework and launch it officially in 2024. Sedex stands for Supplier Ethical Data Exchange and is an independent organisation that teams up with companies to improve sustainable business practices in global supply chains.

### SEDEX SELF-ASSESSMENT

**Our ambition is to undertake a risk assessment across our supply base.**

By identifying a third-party provider and, thanks to the insights provided through their platform and completing a self-assessment and further in-depth targeted audits where appropriate, we intend to work with our partner suppliers to drive improvements and mitigate risks through our supply chain.

We have chosen Sedex to help gain supply chain visibility, assess supply chain risks and support legislation compliance. We encourage 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 and Safety, Environment, and Business Ethics.

We started our relationship with Sedex in 2023 and intend to obtain self-assessments from our crucial partner suppliers throughout 2024.

We have two distinct supply chains consisting of tobacco leaf supply and Non-Tobacco Materials supply (NTM), which includes NGP, indirect goods and services, and logistics.

# OUR BUSINESS AND SUPPLY CHAINS

## OUR SUPPLY CHAINS

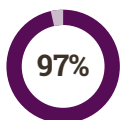
**We have two distinct supply chains consisting of tobacco leaf supply and Non-Tobacco Materials supply (NTM), which includes NGP, indirect goods and services, and logistics.**



### TOBACCO LEAF SUPPLY

We take pride in working with our suppliers to advance good agricultural practices and are committed to purchasing tobacco from socially and environmentally responsible suppliers.

We source tobacco globally, primarily through large international tobacco merchants. We have a global sourcing footprint covering Africa, the Americas, Asia and Europe. Of these, our largest tobacco-sourcing countries include Brazil, India, Spain, and China.



**The vast majority of our tobacco, 97%, is sourced from third-party suppliers, with the remaining balance coming from directly contracted growers in Madagascar and Laos and from vertically integrated farms in Madagascar.**

In 2023, we purchased more than 141,000 tonnes of tobacco leaf from 32 countries around the world.

In 2023, 93% of leaf suppliers reported on their due diligence and actions taken through the Sustainable Tobacco Programme (STP). The STP includes a human rights module and specifically references guidance on modern slavery. Further information on STP is detailed in the statement's Assessment of Modern Slavery Risk in our Operations and Supply Chain.

**c.141,000**

tonnes of tobacco leaf  
purchased from 32 countries



### NON-TOBACCO MATERIALS SUPPLY (NTM)

NTMs that we buy include paper, filters, glue and ingredients for cigarette and cigar products. Together with the components that go into making NGP, such as plastic casings, batteries and heaters, these represent the materials which are directly used in the manufacturing process and part of the final product. We also refer to these NTMs as 'direct materials' because they are included in our products.

We also procure goods and services that, while an essential part of the overall manufacturing or operations process, are not integrated into the final product. We refer to these as 'indirect', or general goods and services. These include IT hardware and software, professional and corporate services, the provision of utilities, facilities management and logistics.

All our key strategic direct and indirect suppliers are managed by our global procurement central category teams, and smaller suppliers are managed by our local procurement teams. Year-on-year, we consolidate the number of suppliers where we can, to better enable oversight and control over the supply chain.

In 2023, we had 299 direct material suppliers, 75 of which are managed centrally by our global procurement team and 224 managed by our local procurement teams. Of our direct material supplier base, approximately 85% of our main spend is with 23 suppliers.

**c.12,000**

suppliers on our approved  
direct and indirect supplier list



# GOVERNANCE AND POLICIES

As a global business, we recognise the role we have in promoting respect for human rights, including the prevention of modern slavery.

# GOVERNANCE AND POLICIES



The governance structure for our ESG responsibilities includes our ESG Committee, chaired by the Group CEO.

Endorsed by the ESG Committee, our Human Rights Compliance Working Group (HRCWG) operates to strengthen our human rights due diligence framework.

We maintain a human rights risk appetite statement which is endorsed by the ESG Committee and by the PLC Board.

## POLICIES

As a global business, we recognise the role we have in promoting respect for human rights, including the prevention of modern slavery and human trafficking. Our policy is to respect and support the dignity, wellbeing and human rights of our employees, the workers in our supply chain and the communities in which we operate.

Our Code of Conduct ("the Code") is embedded throughout Imperial Brands and drives our responsible approach. The Code is aligned with policies, internal controls and risk management processes that underpin our strategy.

Our commitment to human rights is a fundamental part of the Code and our Supplier Code of Conduct. These documents set out the foundations of our approach to human rights, to which all our employees, suppliers and business partners are expected to adhere.

We expect our employees, to comply with applicable human rights laws and with the human rights commitments contained in the Code and our Human Rights Policy.

We expect our suppliers, business and joint venture partners to comply with applicable human rights laws and with the human rights commitments contained in our Supplier Code.

Our commitment to respect human rights is informed by internationally recognised standards, including the International Bill of Human Rights<sup>2</sup>, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the ILO's core conventions<sup>3</sup>, as well as the principles contained within the UN Guiding Principles on Business and Human Rights<sup>4</sup> and the UN Sustainable Development Goals<sup>5</sup> (UNSDGs).

## RELATED POLICIES

Code of Conduct

Supplier Code of Conduct

Human Rights Policy

Speaking Up (whistleblowing)

Anti-Bribery and Corruption Policy

Employment Policy

Fairness at Work Policy

Global Procurement Policy

Group Environmental Policy

Group Health, Safety and Wellbeing Policy

<sup>2</sup>The International Bill of Human Rights is comprised of the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.

<sup>3</sup>We are also guided by ILO Convention No.138 on Minimum Age for Employment and ILO Recommendation No.190 on the Worst Forms of Child Labour, respectively; ILO Convention No.29 on Forced Labour and No.105 of the Abolition of Forced Labour.

<sup>4</sup>The UN Guiding Principles on Business and Human Rights are a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations.

<sup>5</sup>The UNSDGs are a set of 17 interconnected universal goals intended to create a "blueprint to achieve a better and more sustainable future for all." They are a global call to action for governments, businesses, academia, civil society organisations and individuals alike to realise sustainable development by 2030. The UNSDGs were adopted in September 2015 by the UN General Assembly.

# GOVERNANCE AND POLICIES

## POLICIES (cont.)

Our Human Rights Policy applies to all Imperial Brands companies, including wholly owned subsidiaries, and to any joint venture where Imperial Brands has management control. We also encourage our standards to be applied in companies where we do not have management control. Our Human Rights Policy applies to all employees, directors, and officers of Imperial Brands companies, including temporary and contract staff. In 2021, we conducted an expert review of our policy to increase alignment with international standards such as the UNGPs and the ILO Conventions. In 2022, we refreshed our Human Rights Policy in the spirit and ambition of our new ESG Strategy. As part of that work, we acted on feedback from a number of external agencies and internal stakeholders. In 2023, we reviewed our Human Rights Policy to ensure it reflected new trends and developments in respecting and promoting human rights. We also included an updated list of our human rights risks, also known as 'salient issues'. One of the salient issues identified is modern slavery.

Through our procurement processes, we encourage our suppliers to meet the minimum standards outlined in our Supplier Code of Conduct – and go further, where possible or required by contractual agreement. We take a 'continuous improvement' approach to the implementation of these standards. Where a breach of our Supplier Code of Conduct is suspected, we may request the supplier to cooperate with an internal or external review and to make improvements. We also expect our suppliers to endeavour to ensure that their own business partners meet standards comparable to those set out in our Supplier Code of Conduct.

Our updated Supplier Code of Conduct reinforces our commitment to conducting our business ethically and respecting and promoting human rights and the environment.

Compliance with our Code of Conduct and Supplier Code of Conduct is monitored through the due diligence processes outlined from **page 16**.

As a global business, we recognise the role and influence we have in promoting respect for human rights across our business and supply chains





# GOVERNANCE AND POLICIES



Our Human Rights Policy applies to all Imperial Brands companies, including wholly owned subsidiaries, and to any joint venture where Imperial Brands has management control.

It applies to all employees, directors and officers of Imperial Brands companies, including temporary and contract staff. In 2021, we conducted an expert review of our policy to increase alignment with international standards such as the UNGPs and the ILO Conventions. Our Human Rights Policy was updated in 2022 and reviewed again the following year. We launched our new Supplier Code of Conduct in 2023.

Through our procurement processes, we encourage our suppliers to meet the minimum standards outlined in our Supplier Code of Conduct – and go further, where possible or required by contractual agreement. We take a ‘continuous improvement’ approach to the implementation of these standards. Where a breach is suspected, we may request the supplier to cooperate with an internal or external review and to make improvements. We also expect our suppliers to endeavour to ensure that their own business partners meet standards comparable to those set out in our Supplier Code of Conduct.

## REPORTS OF MODERN SLAVERY

During 2022 we investigated several instances of potential modern slavery. Based on our assessment, none of these instances were determined to amount to modern slavery. However, we did identify examples of policy breach and in these cases remedial action has been taken.

Based on rightsholder interviews and community engagement, prioritised risks were identified, by a human rights impact assessment including, fair treatment, health and safety, and working hours. These risks are being addressed.

Within the fair treatment risks two findings emerged from worker interviews on transport fees and the retention of identity cards on one of our commercial farms, contrary to policy. These findings were solely associated with migrant workers from the south of Madagascar who travelled north for the tobacco growing and harvesting season. Our investigation confirmed that contrary to policy, 109 seasonal migrant workers had had their identity cards temporarily retained by local farm offices, and 979 migrant workers had paid transport fees totalling USD 30,000 during the growing season in 2022. Immediate remediation followed, which included returning any identity cards still withheld, a plan to fully reimburse the transport fee and restatement of policy.

During 2023, we worked on an ongoing preventative action plan for our commercial farms in Madagascar which aims to improve the fair treatment of workers. Actions include a full review of farm-level management systems, comprehensive training for farm-level management to increase their awareness of practices that may fall on the spectrum of forced labour, more frequent and in-depth monitoring and surveillance of implemented systems, and a revised worker onboarding process to help ensure that workers are fully aware of their rights. Related actions included launching the local grievance mechanism and supporting the development of worker committees.

The dedicated local grievance mechanism for our farms in Madagascar is operating successfully, and is complementary to our global speaking up service. All potential grievances raised are reviewed and, where appropriate investigated. Once our investigations are concluded – should any be confirmed as incidents of modern slavery - they will be reported in our next statement. We are continuing to embrace the lessons learned over the preceding year. The HRIA and issues identified through our grievance mechanisms will be used to inform improvements to our policies and processes in relation to the risk of modern slavery and human rights more generally.

We, remain committed to further enhancing our approach and understanding, recognising that this is a continuous, collaborative and evolving process.

## NON-COMPLIANCE CASE IN EUROPE

During 2023 we identified an incidence of non-compliance with our modern slavery processes. A facilities management company serving several of our European factories engaged a subcontractor that had not issued legally required employment contracts for all their personnel. An employee of the subcontractor at one of our factories brought this to the attention of the Imperial Brands Trade Union representative, who immediately informed the local People & Culture team.

The issue was investigated, and the findings shared with our contractor. A remediation action plan was agreed and implemented. This included ensuring that our contractor works only with directly contracted employees.



# GOVERNANCE AND POLICIES

## SPEAKING UP

The Group's Speaking Up process provides an important mechanism through which reports of modern slavery or other alleged human rights abuses can be made. There are several ways for our employees to raise concerns, including via their people leader and the local People and Culture team. Employees and third parties can also submit a concern anonymously or independently through an automated Confidential Reporting System, which can be accessed via a QR code. There is also a local toll-free line; a list of numbers can be accessed [here](#).

We do not tolerate retaliation against an individual who discloses an actual or suspected breach of the Code or helps with an investigation.

During 2023 no confirmed reports of modern slavery were received through the Group's Speaking Up reporting process. The Group's Board is provided with updates on our Speaking Up process and incidents.

Further information can be found in our [Speaking Up Policy](#).

## SPEAKING UP



There are several ways for our employees to raise concerns, including via their people leader and local People and Culture team.

Employees and third parties can also raise a concern anonymously or independently through an automated Confidential Reporting System, which can be accessed via a QR code. There is also a local toll-free line, and a list of numbers can be accessed [here](#).

## THE IMPORTANCE OF ASKING FOR HELP AND SPEAKING UP

We take any allegations relating to human rights extremely seriously. We believe that by sharing our opinions and concerns, we can innovate, improve, and become more effective as an organisation. We can reduce risks and resolve issues by telling people about unsafe conditions or improper behaviour to create a better, safer workplace. Besides our Speaking Up platform, there are other ways to raise concerns. For example, concerns about a breach of the law, our Code of Conduct or any other policy can be raised by employees speaking to people leaders, the People and Culture team, the Governance team, Legal Counsel or Group Legal or the Company Secretary.

We established a Modern Slavery Working Group to escalate any concerns of modern slavery effectively. We have utilised this working group to review our existing escalation process to identify potential areas for improvement. As one of our modern slavery commitments for 2023, working with Slave-Free Alliance, of which Imperial Brands is a founding member, we developed a modern slavery toolkit to help our colleagues enhance their knowledge about modern slavery, identify its key indicators and characteristics, respond appropriately to potential victims, and to escalate and report any concerns. The Human Rights Compliance Working Group endorsed the toolkit, which was soft-launched at an event hosted by our colleagues from the Manisa factory in Türkiye. The toolkit was presented to the ESG Committee at its September 2023 meeting.



Further information can be found in our Speaking Up Policy.

For further information on how we are addressing ESG-related topics please visit our website:

[www.imperialbrandspc.com/healthier-futures](http://www.imperialbrandspc.com/healthier-futures)



# ASSESSMENT OF MODERN SLAVERY RISK WITHIN OUR OPERATIONS AND SUPPLY CHAIN

Our ongoing commitment to human rights includes a desire to make a positive impact within our suppliers' tobacco-growing communities. The STP is our key framework enabling this commitment.





# ASSESSMENT OF MODERN SLAVERY RISK WITHIN OUR OPERATIONS AND SUPPLY CHAIN



Our ongoing commitment to human rights includes a desire to make a positive impact within our suppliers' tobacco growing communities. The STP is the key framework enabling our commitment.

The STP is aimed at enhancing agricultural supply chain due diligence and accelerating the positive social and environmental impact in tobacco growing communities. Our tobacco leaf suppliers are encouraged to participate in STP. It is an independently managed framework which works by providing us with visibility over our tobacco leaf supply chain in two ways. First, by empowering our suppliers to report on the actions they are taking to address any risks identified. Second, by verifying these actions both remotely and in the field (the latter on a risk-based approach). We use this information to design our response to support our leaf suppliers in taking effective action through action plans. We maintain a dialogue with these suppliers on their action plan progress and provide support through Leaf Partnerships to enhance long-term projects and initiatives. Through Leaf Partnerships, we work directly with our leaf suppliers to fund identified projects on a risk-based approach and support their impact in tobacco-growing communities.

We enhance the STP data gathered, analysed and responded to by conducting in-country verifications. The purpose is to corroborate information provided by suppliers through STP on their approach to address potential risks identified, and further understand their systems, processes and interventions in place. We conducted this in-country verification for seven of our twelve priority countries<sup>6</sup> in 2023 and have completed our annual review to improve this methodology.

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 noncompetitive 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 are proud to be a founding member of the Slave-Free Alliance (SFA) and continue to support the international charity Hope for Justice in their pursuit of a slave-free world. As part of our modern slavery commitments for 2023, with Slave-Free Alliance, we developed a modern slavery toolkit to help our colleagues enhance their knowledge about modern slavery, identify its key indicators and characteristics, respond appropriately to potential victims, and escalate and report any concerns.

## MODERN SLAVERY SELF-ASSESSMENTS

Building on the modern slavery review project conducted across our manufacturing sites in 2020, we mapped out the modern slavery workforce risks and potential areas of concern for our Global Supply Chain operations. This included owned factories' distribution centres and ITG Brands' operations management.

We used a self-assessment questionnaire for 21 modern slavery leading indicators to assess our baseline. From this exercise, we learned that improvements could be made in the clarity of the self-assessment questionnaire, and there were practical challenges in gathering data from some manufacturing sites. These findings were instrumental in shaping our modern slavery commitments for 2023. In order to ensure that our modern slavery local champions and their supporting teams had all the necessary support to carry out their responsibilities, we established a global community of modern slavery local champions. The aim of this community is to provide a specialised forum where sites facing similar challenges can collaborate and share best practices as well as new materials. Those sites yet to be fully compliant were encouraged to develop action plans to address identified gaps.

The output from the self-assessment questionnaires is captured in our Non-Financial Reporting (NFR) system and reported across the Group. They are tracked and monitored via self-assessments, which are verified in internal audits across the sites against our internal document 'Manufacturing Standard: Modern Slavery', which was developed in 2020 to support the local teams.

In 2023, we updated and renamed this standard, which is now known as our 'Modern Slavery Global Standard'. Changes included widening its scope of application and enhancing its alignment to relevant standards such as the BS25700 Organisation Responses to Modern Slavery, the first national standard of its type. We also took the opportunity to include our renewed policies and introduce additional content, including the latest statistics on modern slavery worldwide, a more comprehensive list of vulnerable groups, information about our speak-up channels, and our modern slavery leading indicators and local champions.

<sup>6</sup> Our Country Rating Model prioritises our sourcing origins based on several factors, including human rights risks.

# DUE DILIGENCE PROCESSES

Our focus in 2023 was to continue strengthening our due diligence process in alignment with international frameworks, including the UN Guiding Principles on Business and Human Rights, and legislation to ensure we are equipped to identify, prevent, and mitigate potential human rights risks.

# DUE DILIGENCE PROCESSES



Our focus in 2023 was to continue strengthening our due diligence process in alignment with international frameworks, including the United Nations Guiding Principles on Business and Human Rights and legislation, to ensure we are equipped to identify, prevent, and mitigate potential human rights risks.

## WE HAVE:

- We conducted three international modern slavery audits against our 21 modern slavery leading indicators, which observed a risk-based approach while maintaining a geographical balance. The audits in the Dominican Republic, Spain and Madagascar were unique opportunities to identify and act on areas of our due diligence activity. The outcome was that all three locations either reached or maintained full compliance with the leading indicators. Additionally, our Group Internal Audit, GIA, team assessed human rights controls in Poland, Belgium, the Republic of the Congo, and North Macedonia. These audits allowed us to gain a better understanding of the local context and share best practices with other factories facing similar challenges.
- With Slave-Free Alliance, of which Imperial Brands is a founding member, we developed a modern slavery toolkit to help our colleagues enhance their knowledge about modern slavery, identify its key indicators and characteristics, respond appropriately to potential victims, and escalate and report any concerns. This new resource includes Speak Up information as well as an updated list of modern slavery local champions. Our two human rights sponsors, Paola Pocci and Javier Huerta, Chief Consumer Officer & AAACE Region President and Chief Supply Chain Officer, respectively, endorsed the toolkit.
- We closely monitored the latest developments in upcoming legislation, such as the European directives on corporate sustainability reporting and corporate sustainability due diligence. We aim to be fully prepared for when these regulations come into effect to avoid any disruptions in our value chain.
- As part of the activities of the newly established modern slavery local champions community, we made several changes to our NFR platform to minimise the risk of modern slavery in our operations. All sites not fully compliant with the 21 modern slavery leading indicators have been asked to develop and share action plans to address the missing leading indicators.
- We updated our Modern Slavery Manufacturing Standard. It is now our Modern Slavery Global Standard with a wider scope of application and enhanced alignment to relevant standards, particularly the BS25700. This was an opportunity to include our renewed policies and introduce additional content, such as the latest statistics on modern slavery worldwide and a more comprehensive list of vulnerable groups.
- Our Human Rights Policy annual review allowed us to address the feedback we received from ESG rating agencies and international framework recommendations. We have also updated our list of salient issues, including child labour, modern slavery, occupational health, safety and well-being, fair wages and decent work, non-discrimination and harassment, gender equity, and freedom of association and collective bargaining.

## OUR OPERATIONS

In 2023, we took steps to enhance our human rights due diligence processes across our sites, consolidate the access to our Speaking Up process, and further embed human rights awareness across functions within the business. As well as to pay additional attention to our updated human rights salient issues, that is, child labour, modern slavery, occupational health, safety and wellbeing; fair wages and decent work; non-discrimination and harassment and gender equity; and freedom of association and collective bargaining.

We appreciate that, like all businesses, we run the risk of being exposed to modern slavery. For that reason, we kept our commitment to conduct three modern slavery audits. In 2023, these audits occurred in the Dominican Republic, Spain and Madagascar. They were unique opportunities to identify and act on potential concerns and gain a better understanding of the local context.

The audits did not identify any instances of suspected modern slavery. Areas of improvement were identified. These included clarifying the benefit of engaging with suppliers to encourage them to check any high levels of occupancy of people at a single address, and to check for unrelated people using the same bank account. The factories were praised for their comprehensive employee manuals, clear display of speak up information across changing areas, canteens, and corridors, and detailed pay slips.

Our operations are regularly monitored and audited using a risk-based approach. Where a risk is identified, internal audits can include an assessment of labour practices, health and safety procedures in place as well as assessing local employee awareness of, and training in, the following: Imperial's Code of Conduct; International Marketing Standards; Whistleblowing Policy; and Grievance Policy.

Additionally, Group Internal Audit performed a number of audits in which the newly created human rights module was implemented. These audits covered the factories of Tarnowo and Radom in Poland, the Wilrijk factory in Belgium, the factories in Greensboro in the US and Skopje in North Macedonia. As well as the Congo and Madagascar factories, and the Taiwan and Madagascar markets. GIA also conducted a review to validate the responses provided by a supplier in the Philippines to a human rights self-assessment.



# DUE DILIGENCE PROCESSES

## TOBACCO LEAF SUPPLY

We wish to make a positive impact within our suppliers' tobacco-growing communities and are working in partnership with our leaf suppliers to identify issues within tobacco-growing communities. We use SCIA, conducted in collaboration with our suppliers, which enable us to focus on local priorities and strengthen policy commitments and standards in order to increase the positive impact of our actions.

Similar to other agriculture dependent businesses, the risk of human rights abuses, including child labour and modern slavery, is most significant in our tobacco-growing supply chain. Addressing issues such as child labour and modern slavery requires a multi-stakeholder response; no single entity can address issues in isolation.

### In 2023:

All Human and Labour Rights potential issues reported to date by suppliers through STP<sup>7</sup> have been acted upon and Imperial remains in dialogue with suppliers on their efforts to address those issues. This approach includes our 'Leaf In-Country Verification' methodology to corroborate information provided by suppliers through STP on their approach to address potential risks identified, and further understand their systems, processes and interventions in place. We conducted this in-country verification for seven of our twelve priority countries<sup>8</sup> in 2023 and have completed our annual review to improve this methodology.

Within our leaf supply chain six Supply Chain Impact Assessments (SCIA) have been conducted. For those that are complete, supplier action plans are in progress.

Our 'Leaf Partnership' program supported 101,410<sup>9</sup> new beneficiaries in our priority countries across Africa, Asia, and the Americas. In funding these projects, we aim to boost our suppliers' efforts at addressing the root causes of human rights risks within their supply chains.

In collaboration with key stakeholders, including the industry, suppliers and NGOs, we seek to address the risk of child labour through three main avenues:

1

#### 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

#### The 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.](#)



<sup>7</sup> Crop year data is reported on STP once the season is fully completed, and then undergoes a desktop validation. Crop years 2021 and 2022 have now been fully responded to by Imperial.

<sup>8</sup> Our Country Rating Model prioritises our sourcing origins based on several factors, including human rights risks.

<sup>9</sup> This number represents the number of new beneficiaries from 2023 projects.

# DUE DILIGENCE PROCESSES

## SUSTAINABLE TOBACCO PROGRAMME

**In 2023 we continued to collaborate with the industry and have enhanced our due diligence processes to identify, prioritise, respond, measure and report on the work we and our suppliers do as part of a continual process to improve human rights impact.**

Through cross-industry dialogue and a continual improvement cycle, the STP has been designed to enable our suppliers to report on the steps they are taking to produce a sustainable quality supply of tobacco leaf, as well as providing the opportunity for farmers to improve labour standards, raise standards of living and address environmental challenges, by sharing knowledge on good agricultural practices.

All suppliers from whom we source tobacco are encouraged to participate in the STP. STP is independently managed on behalf of the participants by a Secretariat and is a framework for continuous improvement. Using an independent online platform, the Secretariat gathers specific data across eight themes – one of which is Human and Labour Rights – from suppliers via an annual self-assessment questionnaire. All this data is validated remotely and verified in-field on a risk basis by independent subject-matter experts.

Through the STP, suppliers are empowered to report on any risks identified and, on the actions, they are taking to address them. When this data is verified, the programmes and interventions that are in place in our supply chains are checked and measured. Additionally, we complement this process with in-country verifications carried out by our Leaf team to corroborate information provided by suppliers through STP on their approach to address potential risks identified, and further understand their systems, processes and interventions in place. In 2023, we conducted this in-country verification for seven of our twelve priority countries<sup>10</sup> and have completed our annual review to improve this methodology. We aim to cover our remaining five priority countries in 2024. The STP annual assessment is part of our formal supplier relationship management and is integral to the suppliers' ratings that we determine along with quality, cost and value. Where a supplier persistently fails to demonstrate how they are managing their environmental, social and governance responsibilities in a certain sourcing origin, we will consider ceasing purchase from that sourcing origin.

<sup>10</sup> Imperial's Country Rating Model prioritises our sourcing origins based on several factors, including human rights risks.

# DUE DILIGENCE PROCESSES

Through our procurement processes, we encourage our suppliers to meet the minimum standards outlined in our Supplier Code of Conduct. We have regular meetings throughout the year with all our centrally managed suppliers where any ESG-related concerns can be raised. If a supplier fails to demonstrate its commitment to ESG, we may require improvements or we may terminate the relationship.

## NTM AND NGP SUPPLY

The Supplier Qualification Programme is the first screening process for all new 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.

## SERVICES AND GOODS SUPPLY

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 provide copies of policies relevant to the services that they supply, which may include those addressing 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.

For larger service requirements, for example a new outsourced service or a move of service provision to a different geography, or goods manufacture for Imperial, we would typically conduct a site visit as part of the selection process. We do not carry out regular onsite audits of our indirect suppliers. Any site visits would be ad-hoc and defined on a case-by-case basis if an area of ESG risk has been identified.

## NEW SUPPLIER CODE OF CONDUCT

We aim to source products and services from a diverse supply base that matches our ESG values and ambitions.

By further defining our expectations for our partners in our supply chain, we can help ensure we work with partners who can match and drive our ESG values and ambitions.

In 2023, we launched our refreshed Supplier Code of Conduct, which has an increased focus on business integrity, human rights, diversity, equity and inclusion and the environment. While suppliers may be managed globally, regionally, or locally, the ambition is that all suppliers meet the same standard to enable Imperial Brands to meet its commitments to stakeholders, employers, and communities.

The new Supplier Code of Conduct can be found on our website, and a link is included in our purchase orders, T&Cs, contracts, and tender documents. The existing Supplier Code of Conduct will be “phased out” as the new one is communicated to new and existing suppliers as and when Procurement teams engage.





## EXTERNAL ALLEGATIONS AND REMEDIATION

We are committed to investigating potential human rights issues identified within our supply chain and direct operations. We take any allegations relating to human rights, including modern slavery, extremely seriously.

# EXTERNAL ALLEGATIONS AND REMEDIATION



We are committed to investigating potential human rights issues identified within our supply chain and direct operations. We take any allegations relating to human rights, including modern slavery, extremely seriously. We pursue multi-stakeholder initiatives, including an industry-wide STP which is aligned to the UNGP and engage both internally and with any relevant external stakeholders, which may include suppliers and NGOs, to investigate allegations and respond to any issues identified effectively.



## MALAWI

In June 2020 Imperial Brands responded to a claimant law firm's allegations of human rights issues in the Malawian tobacco supply chain, which included allegations relating to child and forced labour. In December 2020, a claim was filed in the UK High Court against Imperial Brands plc, Imperial Tobacco Limited and four of its subsidiaries by a group of tobacco farm workers. Imperial is vigorously defending the claim. As this is an ongoing litigation, we are unable to comment further.



# MODERN SLAVERY TRAINING AND AWARENESS

In early 2023, we launched a new ESG digital awareness programme for colleagues worldwide. The human rights section focuses on explaining what human rights are, our role as a company in respecting and promoting human rights, how to recognise the main signs of modern slavery, and how to report potential instances of human rights violations, both internally and externally. We also created specific content for different areas of our business, in particular operations, procurement, salesforce, and office workers. At the end of the training, we provide a list of additional resources for those colleagues who wish to expand their knowledge about human rights and modern slavery.

At the end of our financial year, in September 2023, we partnered with Hope for Justice to host a series of informative sessions aimed at raising awareness about modern slavery. The sessions looked at the rescue of victims and their experiences, and encouraged participants to take action to contribute to ending modern slavery beyond their workplace. These sessions were conducted in Spanish, French and English. Around 500 employees from over 20 countries attended the sessions.



# MODERN SLAVERY TRAINING AND AWARENESS



Our Code of Conduct is embedded throughout Imperial Brands and drives our responsible approach. It is aligned with the policies, internal controls and risk management processes that underpin our strategy. It also includes our respect for human rights.

Our Code of Conduct sets out the responsible behaviours we expect from employees in their dealings with colleagues, customers, consumers, suppliers, agents, intermediaries, advisers, governments and competitors. The Code is available in over 30 languages and is published on our corporate website. Our Supplier Code of Conduct, updated in 2023, is aligned to our Code of Conduct and is also available in multiple languages. Our employees are required to undertake Code of Conduct training, including e-learning courses and face-to-face sessions.

Since its launch in 2018 the course has been integrated into our governance learning module and has been completed by 99% of our priority target population; this includes the management group and key personnel from across our business functions. We are actively working to expand the rollout of the training to employees and third parties who may not have access to our online training platform, through face-to-face training.

Our modern slavery e-learning course has been developed to support employees understand the issue and explain how to raise concerns on suspected or actual human rights abuses. The course is available in 15 languages, including Chinese Traditional, Czech, Dutch, English, French, German, Greek, Italian, Japanese, Polish, Portuguese, Romanian, Russian, Spanish, and Ukrainian. Additionally, in-person training was carried out in Madagascar and Laos. In Madagascar, we reached 237 permanent workers and 3,007 seasonal workers (an increase of 30% and 172% from 2022, respectively). While in Laos, the training was delivered to 563 directly-contracted farmers, representing 100% of the grower base.

Training on sustainable practices and human rights for our Leaf team and directly contracted farmers is an ongoing process. This is paired with the vast majority of our key suppliers who provide training to farmers across the growing season, focusing on peak growing periods. A range of methods are used, such as posters, handbooks, storytelling and kits to help land key messages.

In 2023, as part of our ongoing commitment to continue raising awareness and further enhance our knowledge of human rights and modern slavery, we launched a new ESG digital awareness programme for colleagues worldwide. This digital training module 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 how to report potential instances of human rights violations, both internally and externally.

We believe that further improving our understanding of human rights will be instrumental in minimising the risks of potential abuses we may be exposed to.

In September 2023, we partnered with Hope for Justice to host a series of informative sessions to raise awareness about modern slavery. On this occasion, we focused on the rescue of the victims and how to restore their lives after such a traumatic experience. Additionally, participants were encouraged to take action to contribute to ending modern slavery beyond their workplace. These sessions were conducted in English, French and Spanish and covered four continents. On September 12, the session in Spanish covered the Madrid office and the Cantabria factory, both in Spain, as well as the factories in the Dominican Republic and Puerto Rico. For the Africa region, we organised three sessions gathering colleagues from Morocco, Madagascar, Ivory Coast, Burkina Faso, Mali, Niger, and La Réunion, and over 200 colleagues joined the Europe region session.

To mark Anti-Slavery Week 2023, we launched an internal communication campaign aimed at raising awareness about the complex and multifaceted nature of modern slavery. Thanks to the collective efforts of the Leaf, Procurement, Governance, Global Supply Chain, NGP, and People and Culture teams, our campaign received over 6,500 views on our intranet, which is a testament to our commitment to combat modern slavery.

Our modern slavery digital course has been developed to support employees to understand the issue and explain how to raise concerns on suspected or actual human rights abuses. Our new human rights digital learning seeks to deepen our commitment and role in respecting and promoting human rights.



# PROGRESS AGAINST 2023 COMMITMENTS







We have made progress this year, by strengthening our human rights governance and due diligence and our approach to sustainable procurement.



# PROGRESS AGAINST 2023 COMMITMENTS



We have made progress this year, by strengthening our human rights governance and due diligence and our approach to sustainable procurement, and with the launch of our new Supplier Code of Conduct. We continued monitoring our modern slavery leading indicators performance and reporting on key actions to prevent and address human rights-related issues arising within our supply chain. And we developed a new ESG digital learning programme to raise awareness among our employees of the importance of respecting human rights. We also established a Modern Slavery Local Champions Community, updated our modern slavery manufacturing standard, and created a modern slavery toolkit.

COMMITMENT	STATUS	COMMENT
Develop an <b>escalation process</b> and response plan to <b>address allegations of modern slavery</b> within our own operations in a standardised manner.	Completed 	Together with Slave-Free Alliance, we developed a modern slavery toolkit to help our colleagues enhance their knowledge about modern slavery, identify its key indicators and characteristics, respond appropriately to potential victims, and escalate and report any concerns. <b>See pages 13, 15 &amp; 17.</b>
Creation of a <b>Modern Slavery Local Champions Community</b> to ensure offline and local routes for allegations to be escalated and responded to effectively, provide ongoing support, and share best practices.	Completed 	To ensure that our modern slavery local champions had all the necessary support to carry out their responsibilities, we established a global community which aims to provide a specialised forum where sites facing similar challenges can collaborate and share best practices and new materials. <b>See pages 15 &amp; 17.</b>
Pilot a Human Rights Internal Audit Module in selected priority locations to facilitate assurance over human rights risks as part of Imperial Brands' factories and markets audit plan.	Completed 	The Human Rights Internal Audit Module was conducted in our factories in Tarnowo and Radom (Poland), Wilrijk (Belgium), Congo, Madagascar, Greensboro (the USA), and Skopje (North Macedonia). <b>See page 17.</b>
<b>Launch Imperial Brands updated Supplier Code of Conduct</b> , including a refreshed business ethics aspect as well as new human rights and environment sections, and roll out to all current and new suppliers.	Completed 	We launched our refreshed Supplier Code of Conduct, which has an increased focus on business integrity, human rights, diversity, equity and inclusion and the environment. The existing Supplier Code of Conduct will be phased out as the new one is communicated to new and existing suppliers. <b>See page 20.</b>
<b>Identify training needs</b> for targeted groups, including supplier communication and roll out of ESG digital awareness programme.	Completed 	We launched a new ESG digital awareness programme for colleagues worldwide. We partnered with Hope for Justice to host a series of informative sessions aimed at raising awareness about modern slavery in English, French and Spanish. Around 500 employees from over 20 countries attended. <b>See pages 23 &amp; 24.</b>
<b>Update our Modern Slavery Manufacturing Standard.</b>	Completed 	We renamed the standard to become our 'Modern Slavery Global Standard', widened its scope of application, included our renewed policies, and introduced additional content. <b>See pages 15 &amp; 17.</b>



# PROGRESS AGAINST 2023 COMMITMENTS

COMMITMENT	STATUS	COMMENT
<p><b>Report on key actions</b> being taken to prevent and address any human rights-related issues arising within our supply chain, whether this information comes through from our own assessments, the industry-wide Sustainable Tobacco Programme or from independently commissioned Impact Assessments being conducted within tobacco growing communities.</p>	<p>Completed</p> 	<p>93% of our leaf suppliers participated in the STP. The program includes a human rights module, which includes a section on modern slavery.</p> <p>Six Supply Chain Impact Assessments (SCIAs) with a focus on Human and Labour Rights were completed in 2023, all conducted by independent subject-matter experts. All assessment reports have been reviewed and action plans are in place to address prioritised findings.</p> <p>Separately, a key improvement that further formalises Imperial's due diligence approach is the enhancement of our in-house processes. All Human and Labour Rights potential issues reported to date by suppliers through STP have been acted upon and Imperial remains in dialogue with suppliers on their efforts to address. This approach includes our 'Leaf In-Country Verification' methodology to corroborate information provided by suppliers through STP on their approach to address potential risks identified, and further understand their systems, processes and interventions in place. We conducted this in-country verification for seven of our twelve priority countries in 2023 and have completed our annual review to improve this methodology.</p> <p>We continue to fund projects aimed at addressing key livelihood and welfare issues in tobacco-growing communities by improving access to basic needs. In the last year, our 'Leaf Partnership' program supported 101,410 new beneficiaries in our priority countries across Africa, Asia, and the Americas. In funding these projects, we aim to boost our suppliers' efforts at addressing the root causes of human rights risks within their supply chains. <a href="#">See pages 15 &amp; 21.</a></p>
<p>Over the course of the financial years 2023 and 2024, we will implement the <b>Third-Party Risk Framework</b> developed in 2022 to make continual improvements in the human rights and environmental aspects of supply chain operations.</p>	<p>Ongoing</p> 	<p>We started working with Sedex in August 2023 to encourage our partner suppliers to undertake its independent ethical trading self-assessment. This allows us to identify risks within our supply chain and target areas of improvement. Suppliers are already taking part. We plan to review the risk framework and launch it officially in 2024. <a href="#">See page 7.</a></p>

## NEXT STEPS IN 2024

We remain committed to strengthening our approach to addressing modern slavery in our operations and supply chain and recognise that this is a continuous, collaborative and evolving process.

# NEXT STEPS IN 2024



We remain committed to strengthening our approach to addressing modern slavery in our operations and supply chain and recognise that this is a continuous, collaborative and evolving process.

## Our priorities for 2024 are:

**Continue to enhance the Human Rights Internal Audit Module**, applying it in selected locations (taking a risk-based approach) as part of Imperial Brands' factories and markets audit plan.



Introduction of the **21 modern slavery leading indicators** to a (risk-based) selection of markets and clusters



Continue to roll out Imperial Brands' updated **Supplier Code of Conduct** to current and new suppliers.



We aim to cover our remaining five **priority countries** with an in-country verification in 2024.



**Implement the Third-Party Risk Framework** developed in 2022 and obtain ethical trading risk self-assessment questionnaires from our key partner suppliers to better focus on gaps and work with them to make continual improvements in the human rights and environmental aspects of our supply chain operations.



**Revisit the wording** of our 21 modern slavery leading indicators and create a guidance document to enhance clarity and reporting consistency.



**Conduct three audits** against our 21 modern slavery leading indicators in priority locations following a risk-based approach.



Undertake our first **Conflict Minerals Supplier Assessment** in order to understand what minerals are used in our supply chain and identify our areas of sourcing risk.



**Report on key actions** being taken to prevent and address any human rights-related issues arising within our supply chain, whether this information comes through from our own assessments, the industry-wide Sustainable Tobacco Programme or from independently commissioned Impact Assessments being conducted within tobacco growing communities.





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