

Independent Assurance statement to the Directors of Imperial Brands plc

We have been engaged by Imperial Brands plc ("the Group") to perform a 'limited assurance engagement' as defined by International Standards on Assurance Engagements, hereinafter referred to as "the engagement", to report on selected performance data and qualitative statements in the following for the year ended 30th September 2022 (collectively referred to as "the Report") :

- The Group's 2022 Annual Report (ESG Review section)
- The Group's ESG: People and Planet Performance Summary 2022

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

ESG Data Sets (Imperial Brands plc)

Environment	<ul style="list-style-type: none"> • Relative environmental waste - tobacco segment (t/£m tobacco net revenue) • Absolute environmental waste - tobacco segment (t) • Relative environmental waste to landfill - tobacco segment (t/£m tobacco net revenue) • Absolute environmental waste to landfill - tobacco segment (t) • Landfill avoidance rate (%of total waste generated which is diverted from landfill) • Relative water consumption - tobacco segment (m³/£m tobacco net revenue) • Absolute water consumption - tobacco segment (m³) • Relative energy consumption - tobacco segment (kWh / £m tobacco net revenue) • Absolute energy consumption - tobacco segment (GWh) • Relative energy consumption - fleet fuel (kWh / £m tobacco net revenue) • Absolute energy consumption - fleet fuel (GWh) • % of electricity from renewable sources • Relative Scope 1 CO₂ equivalent emissions - tobacco segment (t/£m tobacco net revenue) • Absolute Scope 1 CO₂ equivalent emissions - tobacco segment (t) • Relative Scope 1 CO₂ equivalent emissions - fleet fuel (t/£m tobacco net revenue) • Absolute Scope 1 CO₂ equivalent emissions - fleet fuel (t) • Relative Scope 2 CO₂ equivalent emissions (location-based) - tobacco segment (t/£m tobacco net revenue) • Absolute Scope 2 CO₂ equivalent emissions (location-based) - tobacco segment (t) • Relative Scope 2 CO₂ equivalent emissions (market-based) - tobacco segment (t/£m tobacco net revenue) • Absolute Scope 2 CO₂ equivalent emissions (market-based) - tobacco segment (t) • Scope 3 CO₂ equivalent emissions (t) - business travel
Safety	<ul style="list-style-type: none"> • Lost-time accident frequency rate (per 200,000 hours)
Diversity	<ul style="list-style-type: none"> • Female PLC Board members (%) • Female Executive Committee members (%) • Gender balance in the total workforce (%) • Gender balance in senior management (%)

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



Other than as described in the preceding section, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report and accordingly, we do not express a conclusion on this information. The Subject Matter Information has been indicated with a 'A' symbol in the Report.

Criteria applied by Imperial Brands

In preparing the Subject Matter, the Group applied the methodology as described in the Reporting Criteria Document ("the Criteria").

Imperial Brands' responsibilities

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

EY's responsibilities

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

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with Imperial Brands plc on 21 June 2022. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our Independence and Quality Control

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

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

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

A limited assurance engagement in accordance with ISAE3000 (revised) in particular does not contemplate testing internal controls, assessing control risk or other procedures ordinarily performed during a reasonable assurance engagement (e.g., assessing fraud risk; testing company's records by obtaining sufficient appropriate evidence through inspection, observation, confirmation, or the review of source documents). Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

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

The procedures we performed were based on our professional judgement and included the steps outlined below:

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

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

Conclusion

Conclusion on ESG Data Sets

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 30th September 2022, in order for it to be in accordance with (or based on) the Criteria.

Conclusion on selected statements within the Report

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



Restricted use

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

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

Ernst & Young LLP
14 November 2022
London

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

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

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

Page number	Statement within The Group's 2022 Annual Report and Accounts (ESG Review section)
40	<u>We have now completed two clinical studies⁴ on a range of Zone X nicotine strengths. They demonstrate the product has a good short-term safety profile, offers a satisfying alternative to combustible cigarettes and snus, and reduces the users' urge to use nicotine.</u>
40	<u>Our first clinical study³ on Pulze and iD, with adult smokers with no intention to quit smoking, demonstrated a good safety profile and that the product reduces their desire to smoke</u>
42	<u>We maintain a strong track record of managing water use effectively, having reduced consumption by 28% since our 2017 baseline year.</u>
45	<u>We have conducted recycling assessments on our packaging for products sold in the EU. These assessments have been conducted by a third party and have allowed us to identify non-recyclable packaging on which to focus our improvement efforts. To date, 86% of packaging formats that we have assessed in the EU are recyclable.</u>
46	<u>In 2022 (based on the tobacco leaf crop year 2021), 96% of our suppliers reported on their due diligence to the STP.</u>
46	<u>Within the last year we participated in four independent Supply Chain Impact Assessments (SCIA). These assessments help focus our suppliers to prioritise topics and develop or enhance action plans to have a meaningful impact on the ground. Where collaboration is beneficial to achieving impact, we jointly commission these assessments with other manufacturers or suppliers. A recent example of industry collaboration is the Türkiye 2021 SCIA. A total of 560 stakeholders' perspectives on social conditions in the Turkish Tobacco Leaf supply chain were secured during field research in tobacco growing communities during the harvest period.</u>
47	<u>There are also economic benefits for farmers in labour saving, reduced cost of wood and transport. In Madagascar, since 2017 we have planted 1300 hectares of commercial forestry, delivering 80% wood sustainability to date (2022), with 100% wood sustainability expected to be achieved by 2025.</u>
47	<u>Percentage of suppliers' directly contracted farmers growing complementary crops: 94</u> <u>Percentage of suppliers' directly contracted farmers with access to initiatives to improve agricultural productivity: 98</u> <u>Tobacco farming community members benefiting from new Imperial Leaf Partnership projects: 84,000</u>
47	<u>Through our Leaf Partnership programme since 2012, we have funded the construction of over 5,000 energy-efficient tobacco-curing barns. These barns can use up to 20% less wood fuel compared to standard curing barns.</u>
48	<u>Up to 136,000 farmers and their families benefiting from water, sanitation, and hygiene projects we have funded.</u>



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48	<u>Between 2021 and 2022 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\$ 1.8m.</u>
49	<u>In 2022, 34% of our suppliers by spend had set science-based targets.</u>
49	<u>In FY22 we engaged with relevant internal stakeholders from across the business to review and update our Supplier Code of Conduct, and agreed to include more detail on environmental and human rights aspects.</u>
51	<u>Strengthened our due diligence framework and embedded human rights awareness across the business through designing an anti-modern slavery internal audit module, reinforcing human rights -focused internal structures, and creating a dedicated new mandatory ESG digital learning programme which includes a focus on human rights and modern slavery.</u>
51	<u>Conducted an anti-modern slavery audit with our Europe facilities management provider in Germany, and an internal review of our manufacturing sites in Poland and the Philippines.</u>
51	<u>Through our Slave-Free Alliance membership, we commemorated UK Anti-Slavery Week, which was an opportunity to raise the profile of our work to minimise our exposure to modern slavery and human trafficking.</u>
52	<u>To help achieve our vision we have adopted an Occupational Health, Safety and Environmental (OHSE) framework based on a "Plan Do Check Act" model.</u>
54	<u>OHSAS 18001/ISO 45001 certification: 71%</u>
55	<u>In FY22 we formed a new Global Diversity, Equity, and Inclusion Centre of Expertise (CoE). The CoE is developing our new global DEI ambition and strategy which will inform our activities across the business in pursuit of becoming a truly diverse and inclusive organisation.</u>
55	<u>Global Employee Resource Groups (ERGs)</u> Gender ERG Ethnicity ERG LGBTQ+ ERG Disability ERG
56	<u>To ensure the Board has full oversight of all relevant ESG issues, we have established a cross-functional ESG Committee, chaired by the CEO of Imperial Brands. The Committee meets at least three times per year.</u>
57	<u>Mandatory governance education modules on a variety of topics are rolled out to employees with online access, based on role and location.</u>
60	<u>Climate-related issues in the business are assessed and managed through the Environmental Strategy Group. These Groups are chaired by the Global ESG Director and provide oversight of ESG risks and opportunities across the business.</u>
64	<u>The transition risks identified in our climate scenario analysis are embedded in the risk framework and are communicated with the effected sites and functions; action plans are being implemented accordingly, particularly for the primary risks: carbon taxation and materials costs.</u>
65	<u>To drive business focus in FY23, for the first time, we will have remuneration relating to performance against our climate change objectives.</u>