



REPORTING CRITERIA DOCUMENT 2022:

Principles, Criteria and Methodologies



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This document sets out Imperial Brands' reporting approach, scope and criteria which underpins the PLC Board's commitment to disclose our responsible performance, in the Environmental, Social, and Governance (ESG) section of the Annual Report and Accounts (AR&A) and on the corporate website.

WE AIM TO:

- Report our activities honestly and give a fair impression of business conduct.
- Provide key stakeholders with appropriate information, as guided by leading frameworks and standards such as the Global Reporting Initiative (GRI); and
- Inform relevant investor evaluations and indices.

COMMITMENT TO REPORTING

As a UK public company, we are required to disclose specific information in the AR&A, under the UK Companies Act. In addition, we provide information on how we manage our business responsibly, with key performance measures to demonstrate our progress. This helps to demonstrate that our Board of Directors is addressing their environmental, social and governance (ESG) responsibilities towards key stakeholders, including employees, investors, suppliers, customers, consumers, communities, government, and society.

We have a formal approach to ESG reporting which identifies important issues and performance indicators. Resulting information is used by Executive Management to set improvement objectives and targets, which are also endorsed by the PLC Board. Performance management is then driven and enabled at functional, market and site level.

We periodically undertake an ESG materiality assessment, to review, identify and prioritise the most important sustainability issues for our business and external stakeholders. We conducted our latest materiality assessment in November 2021 listening to the views of consumers, customers, employees, regulators, investors, and shareholders. The assessment identified eight focus areas, which we have grouped into three broad categories: Healthier Futures, Positive Contribution to Society and Safe and Inclusive Workplace. These ESG focus areas are critical to achieving our vision and longer-term purpose, as we build a strong challenger business, powered by responsibility, focus and choice. We make our own internal assessments by considering global sustainability issues and relevant social and environmental risks. We reference leading guidelines and indices, which include the Global Reporting Initiative (GRI) Standards and CDP.

GENERAL REPORTING PRINCIPLES

In developing our reporting, we have been guided by good practice principles. We therefore seek to report information which is:

- Inclusive; relevant to our key stakeholders.
- Material; mutually important to us and our stakeholders.
- Responsive; action based on informed decisions.
- Impactful; effective action addressing mutually important issues; and
- Robust; timely, accurate and, where appropriate, subject to verification and assurance.

Where possible we provide year-on-year comparable data with explanations on our performance.

REPORTING BOUNDARIES AND SCOPE OF REPORTING

Our business is managed and reported on a functional basis.

We manage, gather and report data either as a whole or by function for activities over which we have operational control. We do not report on a legal entity basis. Our reporting includes all activities at manufacturing sites, main offices and from sales operations associated with the production and sale of products. Operations not included, as deemed de minimis or being outside of our current reporting scope, relate to the small sales offices, which collectively contribute no more than two per cent of each reported indicator.

OUR PEOPLE AND PLANET AGENDA

An important element of the foundation-building phase of our business strategy has been a refresh of our approach to environmental, social and governance (ESG) responsibilities. Imperial has a long tradition of responsible business with a strong track record of preventing underage¹ access, combating illicit

trade and continually reducing its carbon footprint. Our recent ESG review has focused on prioritising our activities to ensure they fully align with our new strategy, purpose and vision and meet the evolving expectation of stakeholders. Our ESG strategy represents an exciting opportunity to make a positive difference, as well as be

a platform to demonstrate our strategic risk management of ESG issues. A full materiality study, which combined both quantitative data-led analysis and qualitative stakeholder interviews, highlighted eight key areas of focus. **We have grouped these into three broad categories:**

HEALTHIER FUTURES



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.



CLIMATE CHANGE

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



PACKAGING & WASTE

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

POSITIVE CONTRIBUTION TO SOCIETY



FARMER LIVELIHOODS & WELFARE

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



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 ESG strategy remains aligned with the United Nations Sustainable Development Goals (SDGs).



SAFE & INCLUSIVE WORKPLACE



HUMAN RIGHTS

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



EMPLOYEE HEALTH, SAFETY & WELLBEING

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



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.

1. Underage is defined as consumers under the age of 18 or a higher legal age for purchase.

REPORTING ENTITIES*



*Correct as of 30 September 2022. Entities may have been double counted if site is both a manufacturing site and a Sales and Marketing entity. Not all entities are required to complete all OHSE campaigns, see individual indicator for scope details.

Where appropriate, we differentiate manufacturing operations as these locations make a greater contribution to the data values for the majority of indicators. Unless stated otherwise, all manufacturing sites under our operational control are in scope. Not all entities detailed above will report both occupational health and safety and environmental data, full scope inclusions are detailed under 'scope' for each indicator. Due to the higher occupational health and safety (OHS) risk they pose, our farms in Madagascar and Laos report to the Group on OHS indicators but are otherwise excluded from all other indicators due to limited data availability.

The logistics part of our Group business operates under the legal entity of Logista. Due to commercial sensitivities this entity is managed remotely and does not report into Group non-financial data; this is specified in the scope of individual indicators. We report independently verified information provided by Logista in our Annual Report and Accounts. Logista has provided verified data since financial year (FY) 2014 for absolute Scope 1, 2 and 3 emissions. Further information on Logista can be found at <http://www.grupologista.com>.

Our relative indicators are expressed against tobacco and NGP net revenue, which comprises of tobacco and NGP revenue less duty and similar items, excluding peripheral products. Units for absolute and relative measures can be found in the 'unit' section for each individual indicator.

INTRODUCING NEW SITES AND SITE CLOSURES

Based on business transformation, we introduce and remove entities to our reporting scope. Any changes in scope are clearly reported within this document and in particular the 'scope' section of each reported indicator. Our relative reported performance against tobacco and NGP net revenue helps to normalise any such changes in scope.

Occupational health safety and environment data for new sites is included into the Group reporting scope once the data collection from sites has been validated in the Non-Financial Reporting (NFR) System. Where possible, historic data may be used to ensure we have a full reporting years worth of data before reporting, where this is not possible an estimate may be used.

Where we have sites that are closing, data will be included in our Group reporting until such time as is impractical to do so. For Occupational Health and Safety (OHS) data this will include data up until the last day of operational control. For environmental data this will include data up until the last day of production.

RESTATING THE GROUP BASELINE

Restating the Group baseline for environmental data may be required if a material or significant change occurs. If material data errors are detected during the independent assurance process, we make all necessary steps to restate data, including the baseline if required.

Our baseline year is 2017 for all environmental indicators. This has been determined based on the work done to set science-based carbon reduction targets which were approved by the Science Based Targets Initiative. In FY22 we reset our baseline to make it consistent with the latest guidance from the Greenhouse Gas Protocol and CDP, particularly relating to market-based emissions reporting.

IMPERIAL BRANDS NFR SYSTEM

The NFR system is the main reporting system for collecting OHS and environment data. The system is subject to administrative support provided by a third-party, SustainIt.

Raw data, in line with NFR data definitions, is entered into the system at site level by contributors, generally topic specialists in their area. Data is then validated on the system, by a senior manager, taking full accountability for timeliness and accuracy of the data.

The system calculates performance indicators from the data entered and can generate reports at any level of the organisation including at local, regional, functional and Group level to inform performance management processes.

Data collection campaigns are launched through the NFR System, on a monthly, quarterly, or annual basis; further information on campaign frequency can be found in the 'method' section of each individual indicator. Users are required to submit data against strict deadlines to meet internal and external reporting requirements.

Once deadlines have passed, campaigns are closed. Following monthly investigation, data checks and clarifications, the data is reported internally. At the end of our reporting year the data is frozen to allow for assurance, and any further changes required are logged in a change log and can only be implemented once the system is unlocked by SustainIt. The data checking process provides a series of data quality checks assessing trends and anomalies.

Amendments may be made as part of the validation and correction process or following the end-of-year independent assurance process. In the unlikely event amendments are significant, the figures will be restated in the subsequent annual reporting with a footnote in the public disclosures explaining the restatement.

Our environmental reporting year 1 July – 30 June covers a 12-month period which is 3 months from the previous financial year and 9 months of the current year, allowing us enough time for internal consolidation, checking and external data verification. Normalised net revenue indicators relate to the full financial year.

ASSURANCE

We engage an independent third party to provide assurance of selected publicly reported information. This is in line with good practice and to help build trust with our stakeholders.

The assurance exercise is scoped to test select quantitative indicators and whether reporting is accurate and reliable. The performance indicators that are selected for assurance are generally those that are most material to both us and to stakeholders. It enables the third party to provide a limited assurance opinion as to whether the reported information is complete and accurate in all material respects.

The assurance and verification process includes data assessment and testing, sample site visits and a number of interviews with management and subject matter experts. Details of assurance activities including the assurance statement can be accessed on our [website](#).

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INDICATORS FOR NON-FINANCIAL REPORTING – REPORTING SPECIFICS AND METHODOLOGY

This section details the methodology for all indicators we publicly disclose in the 2022 Annual Report and Accounts and the ESG section of the corporate website: Healthier Futures. Not all indicators have been subject to third party data verification. This is clearly stated within the criteria for each indicator.



EMPLOYEE HEALTH, SAFETY & WELLBEING

Compliance with Occupational Health Safety and Environmental (OHSE) Framework

Definition	Our framework follows a Plan-Do-Check-Act approach, and it is measured through 17 key leading indicators that include policy review and communication, establishing a strategy and defining roles and responsibilities, having access to competent advice, identifying legal requirements, and proving compliance, provision of work equipment, resources, and training, regular review of objectives and targets, completion of audits and risk assessments, and incident management.
Scope	Data for this indicator is collected for all sales and marketing entities, all manufacturing sites, warehouses, and offices.
Reporting Period	1 October 2021 – 30 September 2022
Unit	Percentage
Method	Compliance with the Framework Leading Indicators is recorded quarterly. For sales and marketing entities and offices, the data is collated by the central NFR team with help from the cluster contributors. For manufacturing sites and warehouses, this data is collated by the Global Supply Chain OHS team.
Third party data verification FY21	No

Operations with OHSAS 18001/ ISO 45001 at the time of reporting

Definition	We approach the improvement of OHS performance through risk management, employee training, performance reporting, audits and improvement planning. This is structured by the application of a local formal OHS management system, which is subject to an annual independent audit by external certification companies to help drive continuous improvement. We have selected the international standard OHSAS 18001 and ISO 45001 as the most appropriate standard for guiding the development of our local OHS systems.
Scope	The scope covers manufacturing sites including cigarette, other tobacco products (OTP), tobacco leaf processing, paper and tube operations. It currently excludes cigar, laboratories, printing facilities, main offices, Sales and Marketing entities, distribution centres, leaf warehouses, farms and joint ventures.
Reporting Period	As of end of financial year 30 September 2022
Unit	Percentage
Method	Through the NFR system, information on the occurrence of OHSAS 18001 or ISO 45001 certifications is collated centrally on an annual basis. The central team calculates the percentage by dividing the number of certifications by the number of operating sites within the scope. NFR users at the sites are required to upload the current certificate.
Third party data verification FY21	No



EMPLOYEE HEALTH, SAFETY & WELLBEING

Accidents & lost time accidents

Definition	Work related incidents including physical assaults to employees. 'Work-related' means that the incident occurred in relation to the employees' activities executed on behalf of the company. Travelling to and from work accidents are excluded. "Lost Time Accidents" are work-related accidents resulting in absence from one or more scheduled workdays or shifts beyond the day or shift the accident occurred. A workday or shift is the specified hours that the employee is required to do activity on behalf of the company within any 24-hour period. "Accidents" are work-related accidents resulting in no lost time i.e., the employee can immediately return to work, or the employee is unable to work for a period on the day of the accident but is able to return to work at the next available workday or shift.
Scope	Data for this indicator is collected for all sales and marketing entities, all manufacturing sites, warehouses, and offices. Employees include those employed directly by the company whether they are full-time, part-time or on a specific length contract including agency workers under the control of Imperial Brands.
Reporting Period	1 October 2021 – 30 September 2022
Unit	Number
Method	'Lost Time Accident' and 'Accident' data is entered into the NFR system monthly, by local personnel. The system then consolidates the data for the central Group ESG team to review.
Third party data verification FY22	No

Fleet Fuel

Definition	Work related incidents including physical assaults to employees. 'Work-related' means that the incident occurred in relation to the employees' activities executed on behalf of the company. Travelling to and from work accidents are excluded. "Lost Time Accidents" are work-related accidents resulting in absence from one or more scheduled workdays or shifts beyond the day or shift the accident occurred. A workday or shift is the specified hours that the employee is required to do activity on behalf of the company within any 24-hour period. "Accidents" are work-related accidents resulting in no lost time i.e., the employee can immediately return to work, or the employee is unable to work for a period on the day of the accident but is able to return to work at the next available workday or shift.
Scope	Data for this indicator is collected for all sales and marketing entities, all manufacturing sites, warehouses, and offices. Employees include those employed directly by the company whether they are full-time, part-time or on a specific length contract including agency workers under the control of Imperial Brands.
Reporting Period	1 October 2021 – 30 September 2022
Unit	Number
Method	'Lost Time Accident' and 'Accident' data is entered into the NFR system monthly, by local personnel. The system then consolidates the data for the central Group ESG team to review.
Third party data verification FY22	No



EMPLOYEE HEALTH, SAFETY & WELLBEING

Lost time accident frequency rate

Definition	Lost time accidents are work-related incidents resulting in absence from one or more scheduled workdays or shifts, beyond the day or shift the accident occurred. A workday or shift is the specified hours that the employee is required to do activity on behalf of the company within any 24-hour period. 'Work-related' means that the incident occurred in relation to the employees' activities executed on behalf of the company. This excludes situations such as travelling to and from work.
Scope	Data for this indicator is collected for all sales and marketing entities, all manufacturing sites, warehouses, and offices. Lost time accident frequency rate relates to employees who are employed directly by the company whether they are full-time, part-time or on a specific length contract. It does not apply to contractors who are employed by a third party but does include agency workers working under the control of Imperial Brands.
Reporting Period	1 October 2021 – 30 September 2022
Unit	Number of lost time accidents per 200,000 hours
Method	<p>Lost time accident, and hours worked data is entered into the NFR system monthly by local personnel. The system then consolidates the data for the central Group ESG team to review.</p> <p>Hours worked: is the average number of hours worked multiplied by the average number of employees during the period. Where actual data is available this is used (e.g., clock in/out systems).</p> <p>The lost time accident frequency rate is calculated as follows: (Total number of lost time accidents except while travelling to and from work/number of hours worked) x 200,000 hours.</p>
Third party data verification FY22	Yes

Accident frequency rate

Definition	Accidents are work-related incidents resulting in no lost time i.e., the employee can immediately return to work, or the employee is unable to work for a period on the day of the incident but is able to return to work at the next available workday or shift. 'Work-related' means that the incident occurred in relation to the employees' activities executed on behalf of the company. This excludes situations such as travelling to and from work.
Scope	Data for this indicator is collected for all sales and marketing entities, all manufacturing sites, warehouses, and offices. Accident frequency rate relates to employees who are employed directly by the company whether they are full-time, part-time or on a specific length contract. It does not apply to contractors who are employed by a third party but does include agency workers working under the control of Imperial Brands.
Reporting Period	1 October 2021 – 30 September 2022
Unit	Number of accidents per 200,000 hours
Method	Accident and hours worked data is entered into the NFR system monthly by local personnel. The system then consolidates the data for the central Group ESG team to review. The accident frequency rate is calculated as follows: Total number of accidents except travelling to and from work / (number of hours worked x 200,000).
Third party data verification FY22	No



EMPLOYEE HEALTH, SAFETY & WELLBEING

Fleet Collision Rate

Definition	Work related vehicle accidents involving the Imperial Brands fleet of vehicles including motorbikes, 3 wheeled vehicles such as "Tuk Tuks", cars, and goods vehicles. 'Work-related' means that the accident occurred in relation to the employees' activities executed on behalf of the company. Travelling to and from a place of work accidents are excluded, however, accidents involving Sales Representatives travelling between home and a customer's premises are included. A workday or shift is the specified hours that the employee is required to do activity on behalf of the company within any 24-hour period. All vehicle accidents are included that result in injury, death, or material damage, however there are several types of accidents that are excluded: acts of God/nature, collisions with animals, hit while parked, fire, theft, vandalism, collisions with debris, glass/windscreen only damage, or vehicle failure. Internal transport accidents such as forklift trucks are excluded.
Scope	Data for this indicator is collected only for Sales entities. Employees include those employed directly by the company whether they are full-time, part-time or on a specific length contract including agency workers under the control of Imperial Brands.
Reporting Period	1 October 2021 – 30 September 2022
Unit	Collisions per million kilometres
Method	Data is entered into the NFR system monthly by local personnel. The system then consolidates the data for the Group ESG team to review. Accident frequency rate is calculated by: number of collisions / (kilometres driven x 1,000,000).
Third party data verification FY22	No

Fatalities

Definition	Work related incidents including physical assaults resulting in the death of employees, third party contractors or members of the public. 'Work-related' means that the incident occurred in relation to the employees' or contractors' activities executed on behalf of the company, or a member of the public was killed because of an employee or contractor work activity. Travelling to and from work accidents are excluded as well as other non-work-related death-in-service such as employee death from natural causes or other non-work-related cause.
Scope	Data for this indicator is collected for all sales and marketing entities, all manufacturing sites, warehouses, and offices. Fatalities to employees include those employed directly by the company whether they are full-time, part-time or on a specific length contract including agency workers under the control of Imperial Brands. Contractors relates to third parties working at Imperial Brands premises conducting work commissioned by Imperial Brands. Visitors to an Imperial Brands location involved in fatal accidents will be recorded as "members of the public".
Reporting Period	1 October 2021 – 30 September 2022
Unit	Number
Method	A central incident reporting e-mail is used to report all fatal accidents as soon as information is available. This is followed by reporting using the NFR system every month.
Third party data verification FY22	No



EMPLOYEE HEALTH, SAFETY & WELLBEING

Fleet vehicles fitted with an In Vehicle Monitoring (IVM) system

Definition	A range of IVMS solutions are available including basic 'App' type monitoring, through to hardware installed in vehicles linked to data gathering and reporting software. Markets should choose the system most suited to their needs. As a minimum, it must record against a driver identifier such as employee or driving license number, the speed, harsh acceleration or deceleration, kilometres or miles driven, driven hours.
Scope	Data for this indicator is collected for all Sales entities.
Reporting Period	1 October 2021 – 30 September 2022
Unit	Percentage
Method	Data is entered into the NFR system on a quarterly basis by local personnel. The system then consolidates the data for the central Group ESG team to review.
Third party data verification FY22	No



DIVERSITY EQUITY & INCLUSION

Female Representation in the workforce

Female employee representation in the workforce	The proportion of employees recorded as female across Imperial Brands Group excluding Logista.
Scope	The scope covers full-time and part-time employees at Imperial Brands companies excluding Logista.
Reporting Period	As of end of financial year 30 September 2022
Unit	Percentage
Method	Number of female employees divided by number of all employees.
Third party data verification FY21	Yes

Female employee representation in senior management

Definition	The proportion of senior management employees (Global Grade 5 and above) recorded as female across Imperial Brands Group excluding Logista.
Scope	The scope covers full-time and part-time employees at senior management level: Global Grade 5 and above.
Reporting Period	As of end of financial year 30 September 2022
Unit	Percentage
Method	Number of female employees (Global Grade 5 and above) divided by number of all Global Grade 5 and above employees.
Third party data verification FY22	Yes

Female employee direct reports to the Executive Leadership Team (ELT)

Definition	The proportion of direct reports to the ELT recorded as female across Imperial Brands Group.
Scope	The scope covers all direct reports to the ELT across Imperial Brands excluding administrative or support staff.
Reporting Period	As of end of financial year 30 September 2022
Unit	Percentage
Method	Number of female employees reporting to the ELT divided by number of all employees reporting to the ELT – excluding administrative or support staff.
Third party data verification FY22	No



DIVERSITY EQUITY & INCLUSION

Female Executive Leadership Team (ELT) Members

Definition	The Executive Leadership Team (ELT) comprises the Executive Directors and key members of our senior management team. The ELT is responsible for supporting the Chief Executive with implementation of Group strategy, monitoring the detailed operational performance of all aspects of the business and ensuring the Group achieves its financial and non-financial targets.
Scope	The scope covers all ELT members.
Reporting Period	As of end of financial year 30 September 2022
Unit	Percentage
Method	Number of female ELT members divided by the total number of ELT members, excluding the Company Secretary. ELT member adjustments are announced by the Company Secretariat.
Third party data verification FY22	Yes

Female PLC Board Members

Definition	The Imperial Brands Board manages overall control of Group affairs, including responsibility for: commercial strategy; approval of financial statements; major acquisitions and disposals; authority levels for expenditure; treasury and risk management policies; and succession plans for senior executives.
Scope	The scope covers all PLC Board members. The Company Secretary is excluded.
Reporting Period	As of end of financial year 30 September 2022
Unit	Percentage
Method	Number of female Board members divided by number of total PLC Board members. Board member adjustments are announced to the Group by Corporate Communications and Company Secretariat.
Third party data verification FY22	Yes

Average number of hours of training and development provided per full-time employee (FTE)

Definition	This is the number of hours of learning done by employees on core online platforms: Harvard Mentor Manage, LinkedIn Learning, GetAbstract, Leadership Learning and Field Force Academy. Local learning, development programmes and personal development are excluded. The FTE is the number of Full Time Equivalent (FTE) employees, each employee's FTE is based on their scheduled working hours compared to the standard working hours for their role.
Scope	The scope includes all employees in our Workday system. This reflects all employees excluding those employed by ITG Brands and Logista, which represents approximately 65% of our employee population.
Reporting Period	As of end of financial year 30 September 2022
Unit	Hours per FTE
Method	The total number of hours of training and development done on the in-scope platforms by employees divided by average FTE employees over the period.
Third party data verification FY22	No



DIVERSITY EQUITY & INCLUSION

Employee Turnover Rate

Definition	The percentage of employees who have left the business over the financial year either voluntarily or involuntarily.
Scope	The scope includes all employees in our Workday system. This reflects all employees excluding those employed by ITG Brands and Logista, which represents approximately 65% of our employee population.
Reporting Period	As of end of financial year 30 September 2022
Unit	Percentage: Leavers as a percentage of the average population
Method	The total number of employees who left the company over the reporting period divided by the average of the Employee population at the start and end of the reporting period.
Third party data verification FY22	No

New Employee Hires

Definition	The number of employees who were hired into the company over the reporting period.
Scope	The scope includes all employees in our Workday system. This reflects all employees excluding those employed by ITG Brands and Logista, which represents approximately 65% of our employee population.
Reporting Period	As of end of financial year 30 September 2022
Unit	Percentage. Split by Gender and Split by Age Group
Method	The number of employees hired for each demographic group divided by the total number of employees hired over the reporting period.
Third party data verification FY22	No



FARMER LIVELIHOODS & WELFARE

Percentage of tobacco farmers growing complimentary crops

Definition	Complimentary crops are those the farmer grows alongside or in-between tobacco harvests either for their own consumption or commercialization. This includes food crops such as maize, groundnuts, and supplementary crops such as cotton and timber. We request visibility on all types of complimentary crops grown and initiatives that support farmers growing these crops, such as through technical assistance. It is important for us to know how many farmers are growing complimentary crops, either independently or with supplier support, to assess food, security and living standards.
Scope	12 Priority Countries, 8 global suppliers
Reporting Period	1 October 2021 – 30 September 2022
Unit	Percentage of total farmers contracted to suppliers in priority origins.
Method	A risk-based approach is used to identify priority countries, the methodology uses sustainability data from Maplecroft risk indexes, plus insights from STP and other specific data. 12 of the 32 countries currently supplying leaf to Imperial are identified as priority. Eight key suppliers participate in an annual Livelihoods Survey. Data used in this indicator is based on supplier submissions for their operations in the 12 priority countries. The Imperial Leaf Sustainability team review, analyse, and visualise the data submitted, which is then reviewed and confirmed by suppliers. For this KPI the number of contracted farmers growing complimentary crops (on any scale, and be purely for self-sufficiency or commercialisation) is deducted from the total number of farmers contracted to suppliers in the priority origins, and then turned into a percentage.
Third party data verification FY22	No

Percentage of tobacco farmers with access to initiatives to improve agricultural productivity

Definition	Productivity and efficiency initiatives enable farmers to increase efficiency of tobacco production, by reducing costs of production or improving yield and/or quality. We request suppliers disclose all their efforts to assist farmers improve agricultural productivity and efficiency, which covers enhancing mechanisation, provision of financing, training, or inputs such as fertilizer. It is important for us to know how many farmers are granted access to these initiatives to assess differing levels of supplier support for tobacco production, and therefore understand farmer income stability and future prospects.
Scope	12 Priority Countries, 8 global suppliers.
Reporting Period	1 October 2021 – 30 September 2022
Unit	Percentage of total farmers contracted to suppliers in priority origins.
Method	A risk-based approach is used to identify priority countries, the methodology uses sustainability data from Maplecroft risk indexes, plus insights from STP and other specific data. 12 of the 32 countries currently supplying leaf to Imperial are identified as priority. Eight key suppliers participate in an annual Livelihoods Survey. Data used in this indicator is based on supplier submissions for their operations in the 12 priority countries. The Imperial Leaf Sustainability team review, analyse, and visualise the data submitted, which is then reviewed and confirmed by suppliers. For this KPI the number of contracted farmers given access to initiatives is deducted from the total number of farmers contracted to suppliers in the priority origins, and then turned into a percentage.
Third party data verification FY22	No



FARMER LIVELIHOODS & WELFARE

Tobacco farming community members benefitting from new Imperial Leaf Partnership Projects

Definition	The Leaf Partnership projects are used in our annual reporting to evidence Imperial's commitment to responsible sourcing. The focus is on improving farmer livelihoods, promoting human rights, and reducing farmer impact on the environment. The specific projects carried out annually are agreed in collaboration with the participating suppliers from high priority countries to ensure they are relevant to the local situation and benefit as many community members as possible.
Scope	Direct and indirect beneficiaries from current projects our suppliers have implemented with the support of Imperial Leaf Partnership. Current projects include any projects that are completed by September 2021. Beneficiaries include not only farmers, but their direct family members as well. Family size is based on average family size per country.
Reporting Period	1 October 2021 – 30 September 2022
Unit	Number of direct and indirect beneficiaries
Method	Data submitted from project partners following project completion. Data is then categorised into one of the three headlines (Livelihoods, Human rights or environment) and not reported over various categories. Imperial has internal desk-based data validation techniques to confirm data accuracy. Spot audits are carried out to verify projects have been implemented on the ground. For the last 2 years, due to COVID, projects have not been verified in country.
Third party data verification FY22	No



PACKAGING & WASTE

Absolute and Relative Environmental Waste

Definition	A key element of our environmental approach is to minimise both total waste and the waste sent to landfill. This is also part of our focus on cost optimisation. In general, waste includes items such as tobacco, paper, packaging materials, glues, cellophane, filter tow and cardboard. Where possible we seek to reduce, re-use and recycle waste. A small amount of waste is classified as hazardous. Hazardous waste is identified as being potentially harmful to the environment or to humans and its handling is guided by regulation such as the European Regulation on Classification, Labelling and Packaging (CLP Regulation). The handling of waste is dependent on the geographical location.
Scope	The scope covers waste originating from manufacturing sites and main offices under our operational control but excludes waste reused within our operations and externally. Waste related to Sales and Marketing entities is excluded.
Reporting Period	1 July 2021 – 30 June 2022
Unit for Absolute Waste	Tonnes
Unit for Relative Waste	Tonnes per £million tobacco and NGP net revenue
Method	Waste data is entered into the NFR system on a quarterly basis and consolidated ready for the Group OHSE team to review. Waste data is reported by 13 waste types: Tobacco, Paper, Cardboard, Wood, Plastic, Glass, Metal, Other Non-Hazardous, Hazardous Solid, Hazardous Liquid, Operational write-offs, Non-operational write-offs, Construction Waste. The inputted data is based on weights provided by waste management companies, invoices, and internal computation. Estimated data is based on actual and assured numbers from the previous reporting period. Once available, estimated data is changed to actual data.
Third party data verification 2022	Yes

Absolute and Relative Environmental Waste to Landfill

Definition	A key element of our environmental approach is to minimise both total waste and the waste sent to landfill. Some factories have reduced the amount of waste they send to landfill by reducing waste, reusing, and recycling and where possible, composting tobacco waste. We are unable to use this disposal route in all countries. In some instances, the compost containing tobacco materials is prohibited for agricultural production. Waste sent to landfill is waste classified under local legislation as non-hazardous that we have been unable to recycle, reuse or incinerate for energy recovery. Incineration without energy recovery is included in our definition of landfilled waste.
Scope	The scope covers waste originating from manufacturing sites and main offices. Waste related to Sales and Marketing entities is excluded.
Reporting Period	1 July 2021 – 30 June 2022
Unit for Absolute Waste to Landfill	Tonnes
Unit for Relative Waste to Landfill	Tonnes per £million tobacco and NGP net revenue
Method	Waste data is entered into the NFR system on a quarterly basis and consolidated ready for the Group ESG team to review.
Third party data verification 2022	Yes



PACKAGING & WASTE

Landfill waste avoidance

Definition	A key element of our environmental approach is to minimise the waste sent to landfill. Some factories have reduced the amount of waste they send to landfill by reusing waste, recycling, composting and incineration (with and without energy recovery).
Scope	The scope covers materials reused and waste recycled, composted, and incinerated (with and without energy recovery) originating from manufacturing sites and main offices. Waste relating to Sales and Marketing entities is excluded.
Reporting Period	1 July 2021 – 30 June 2022
Unit	Percentage/tonnes
Method	Data is entered into the NFR system on a quarterly basis and consolidated ready for the Group OHSE team to review centrally. Landfill waste avoidance data is entered from data sources such as invoices. Calculated as (Total Waste Diverted from Landfill + Waste Reused)/(Total Waste + Waste Reused).
Third party data verification 2022	Yes

Waste Recycled

Definition	Waste materials which have been reprocessed into products, materials, or substances whether for the original or other purposes. This includes the reprocessing of organic material but does not include energy recovery and the reprocessing into materials that are to be used as fuels or for backfilling operations. For example: plastic, paper, carton board, cleaning solvents and pallets sent to third parties to be recycled.
Scope	The scope covers waste originating from manufacturing sites and main offices. Waste related to Sales and Marketing entities is excluded.
Reporting Period	1 July 2021 – 30 June 2022
Unit	Percentage/tonnes
Method	Data is entered into the NFR system on a quarterly basis and consolidated ready for the Group ESG team to review.
Third party data verification 2022	No

Reusable, recyclable, or compostable packaging waste

Definition	A key element of our environmental approach is that all our packaging is reusable, recyclable or compostable. We are looking into the recyclability of each packaging we sell and where we can improve, we are increasing the recyclability. Our target is that all our packaging is recyclable by 2025 and to have a recycling recovery score of at least 80% by 2030. The recycling system we are assessing against is the German sorting and recycling system.
Scope	In scope is all packaging sold in the EU and UK produced by in-house operations.
Reporting Period	1 July 2021 – 30 June 2022
Unit	Percentage
Method	Packaging samples are provided to an external agency which assesses the recyclability (how much material in % of the total packaging can be recovered during the recycling process) of our packaging and certifies it. More information can be found here .
Third party data verification 2022	No



CLIMATE CHANGE

Operations with ISO 14001 at the time of reporting

Definition	We approach the improvement of environmental performance through risk management, employee training, performance reporting, audits, and improvement planning. This is structured by application of formal environmental management systems which are subject to an annual independent audit by external certification companies, to help drive continuous improvement. We have selected the international standard ISO 14001 as the most appropriate standard for guiding the development of our environmental management systems.
Scope	The scope covers all manufacturing sites including cigarette, other tobacco products (OTP), tobacco leaf processing, paper, and tube operations. It currently excludes laboratories, cigar, printing facilities, main offices, Sales and Marketing entities, distribution centres, leaf warehouses, farms, and joint ventures.
Reporting Period	As of end of financial year 30 September 2022
Unit	Percentage
Method	Through the NFR system, information on the occurrence of ISO 14001 environmental management system certifications is collated centrally on an annual basis. The Group ESG team calculates the percentage by dividing the number of certifications by the number of operating sites within the scope. NFR users at the site are required to upload the current certificate.
Third party data verification FY22	No

Absolute and relative energy consumption

Definition	Our operations use energy to generate light, heat, power, cooling, refrigeration, and steam, and to run compressors. These originate from a variety of sources including fossil fuels and renewable sources. The electricity we use is sourced from a combination of grid electricity and green energy suppliers.
Scope	The scope covers manufacturing sites and main offices producing cigarettes, fine-cut, and cigar products. Energy relating to Sales and Marketing entities are excluded as their main source is fleet fuel which is covered below.
Reporting Period	1 July 2021 – 30 June 2022
Unit for Absolute Energy Consumption	GWh
Unit for Relative Energy Consumption	KWh per £million tobacco and NGP net revenue
Method	Energy usage data is collated monthly at entity level and entered into the NFR System. The Group ESG team collate and review the data centrally. Energy usage is entered from data sources such as invoices and where not available meter readings, stock-records, and usage-records. Estimated data is based on actual and assured numbers from the previous reporting period. Once available, estimated data is changed to actual data.
Third party data verification 2022	Yes



CLIMATE CHANGE

Percentage of purchased grid electricity from renewable sources

Definition	Purchased electricity that is delivered to sites via national grids may be generated from fossil and renewable sources. Renewable sources are where the site has entered into a contractual arrangement with the supplier for renewable electricity or where Renewable Energy Certificates (RECs) have been purchased. RECs are purchased from within the same 'market-boundary', as defined by CDP, as the site consuming the electricity, where available, otherwise from a nearby geographical country.
Scope	The scope covers electricity that is generated by a third party and delivered via a national grid system. Electricity generated on-site.
Reporting Period	1 July 2021 – 30 June 2022
Unit	Percentage
Method	Electricity usage data is collated monthly at entity level and entered into the NFR System. The Group ESG team collate and review the data centrally. Electricity usage is entered from data sources such as invoices and where not available meter readings, stock-records, and usage-records. Contractual arrangements to identify renewable sources are obtained from Group Procurement. Calculated as Renewable grid electricity/ total grid electricity.
Third party data verification 2022	Yes

Fleet Fuel

Definition	In line with mandatory greenhouse gas emissions reporting, we have included fleet fuel data as part of our overall energy consumption data. See the 'Absolute & Relative CO ₂ Equivalent Emissions from Energy Consumed' indicator for further information. We use the UK DEFRA emissions factors for combustion in mobile sources to calculate emissions associated with fleet fuel.
Scope	The scope covers Sales and Marketing sites only, manufacturing sites are not included. Fleet fuel data has been incorporated into the energy (kWh) and CO ₂ equivalent performance indicators. This indicator also includes scheme cars and executives' cars, although sales is the vast majority. In some markets, it was not possible to split the personal mileage from the business mileage, so the overall data includes a small element of personal mileage.
Reporting Period	1 July 2021 – 30 June 2022
Unit	GWh
Method	Data is collected in the NFR system monthly. NFR users are required to enter volume data for the consumption of petrol or gasoline, LPG; and diesel. We use UK DEFRA emission factors to convert the usage of fuels to their carbon emissions. Sales and Marketing entities submit fuel type and litres consumed for this calculation.
Third party data verification 2022	Yes



CLIMATE CHANGE

Absolute & Relative CO₂ Equivalent Emissions

Definition	As part of our commitment to tackle climate change, we monitor energy and HFC refrigerant usage to calculate our carbon dioxide equivalent emissions with a view to target reductions.
Scope	<p>Our reported emissions include all main sources from manufacturing sites over which we have operational control and our main offices. Operations not included, as deemed de minimis or being outside of our current reporting scope, relate to the small sales offices, which are immaterial to our total Scope 1 (direct) and 2 (indirect) emissions.</p> <p>In compliance with UK Mandatory Greenhouse Gas (GHG) emissions reporting regulations, we report on GHG emissions resulting from our tobacco operations which fall within our operational control.</p> <p>Our Scope 1 emissions comprise of: emissions from stationary fuel combustion at our sites; emissions from mobile fuel combustion in our fleet of company vehicles; leakage of refrigerant gases; and process emissions from the Dry Ice Expanded Tobacco process at our tobacco expansion plant.</p> <p>Our Scope 2 emissions comprise of the indirect emissions resulting from the use of purchased electricity (including green energy), heat and steam at our sites.</p> <p>Our scope of reporting against the UK Streamlined Energy and Carbon Reporting (SECR) comprises of energy consumption from our UK Head Office and UK Sales in Bristol; Nottingham site and Nerudia site in Liverpool and our Republic of Ireland Sales office in addition emissions from sales fleet fuel at these locations has also been included.</p>
Reporting Period	1 July 2021 – 30 June 2022
Unit for Absolute CO₂e Emissions from Energy Consumed	Tonnes
Unit for Relative CO₂e Emissions from Energy Consumed	Tonnes per £million Tobacco and NGP net revenue
Method	<p>Energy usage data is collated monthly at entity level and entered into the NFR System for automated emissions calculation. Group OHSE collate and review the data centrally. Energy usage is entered from data sources such as invoices and where not available meter readings, stock-records and usage-records.</p> <p>We report Scope 1 and Scope 2 CO₂ emissions for which we are responsible using a methodology based on the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). As such, we report on the seven main greenhouse gases and report in terms of tonnes of CO₂ equivalents (CO₂e).</p> <p>We report Scope 2 location-based and market-based emissions according to the GHG Protocol Scope 2 Guidance (2015) and CDP guidance.</p> <p>We use UK DEFRA emission factors for stationary combustion and UK Government conversion factors managed by the Department for Business, Energy & Industrial Strategy (BEIS) to inform our carbon reporting. We monitor these guidelines, including updates for conversion factors and make updates to methodology calculations as required. Emission factors for purchased grid electricity are obtained from the International Energy Agency (IEA), Association of Issuing Bodies (AIB) and Green-e.</p>
Third party data verification 2022	Yes



CLIMATE CHANGE

Renewable Energy Site

Definition	Imperial Brands defines a site as carbon neutral if the site uses only renewable energy for its direct operations, excluding minor applications such as emergency systems, when they do not exceed 1% of the total energy use of the site. At Imperial Brands, we understand carbon neutrality as an intermediate step in our journey towards being a Net Zero company.
Scope	All sites over which we have operational control.
Reporting Period	1 July 2021 – 30 June 2022
Unit	Number
Method	Imperial Brands defines a site as carbon neutral if the site uses only renewable energy for its direct operations, excluding minor applications such as emergency systems, when they do not exceed 1% of the total energy use of the site.
Third party data verification 2022	No

Absolute Scope 3 CO₂ equivalent emissions

Definition	An independent carbon life cycle analysis (LCA) conducted across our value chain identified that around 75% of our total carbon footprint is attributed to our Scope 3 emissions. Scope 3 emissions are a consequence of the activities of our business but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of goods; and use of products and services.
Scope	We undertook an independent review of all 15 Scope 3 categories of the Greenhouse Gas (GHG) Protocol to determine where our greatest carbon impacts are. The analysis demonstrated that our most significant carbon impacts came from just two categories: Category 1 Purchased Goods and Services which account for around 54% of our Scope 3 emissions; and Category 15 Investments which account for around 16% of Scope 3 emissions. Our share in Logista falls into the Investment category. Based on this analysis we have set the following target for Scope 3 emissions which have been validated by the Science Based Targets Initiative: We commit to reduce absolute Scope 3 emissions by 20% by 2030 from a 2017 baseline year.
Reporting Period	1 July 2021 – 30 June 2022
Unit	Tonnes
Method	We invite all our key suppliers to participate in the annual CDP Supply Chain Programme. Through this platform suppliers disclose key environmental information including: their Scope 1 and 2 emissions, the targets they have set and their environmental risks. They can also suggest collaborative opportunities for us to work on together to reduce environmental impacts. CDP generate a Scope 3 report based on the data provided by suppliers. We input our procurement spend for each supplier into the CDP Scope 3 report to determine the Scope 3 emissions allocated to us by each supplier based on procurement spend.
Third party data verification FY22	No



CLIMATE CHANGE

Scope 3 CO₂ equivalent emissions – Business Travel

Definition	Business travel is travel undertaken for work or business purposes.
Scope	Business travel is tracked through a Group-wide agreement with a third-party global expense booking system provider. The system records details of all air and rail travel taken during the reporting period indicated which is converted into CO ₂ e emissions in line with the GHG Protocol for Scope 3 business travel, distance-based method. The system does not track hotel stays or car travel and therefore these are out of scope. All data is collected and shared with Imperial via the systems reporting tool called Decision Source.
Reporting Period	1 July 2021 – 30 June 2022
Unit	Tonnes CO ₂ e
Method	Data reported through the Decision Source system is converted to tonnes CO ₂ e using the UK Government GHG Conversion Factors for Company Reporting, managed by DEFRA, which is updated annually. Air travel is separated into nine categories based on domestic, international, distance travelled and travel class. For Rail travel there are two categories. The mileages are calculated using a formula based on the distance travelled between two locations derived from the longitude and latitude of each location.
Third party data verification FY22	Yes

Key Suppliers with Science Based Targets (SBT)

Definition	An independent carbon life cycle analysis (LCA) conducted across our value chain identified that around 75% of our total carbon footprint is attributed to our Scope 3 emissions. Scope 3 emissions are a consequence of the activities of our business but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of goods; and use of products and services.
Scope	We undertook an independent review of all 15 Scope 3 categories of the Greenhouse Gas (GHG) Protocol to determine where our greatest carbon impacts are. The analysis demonstrated that our most significant carbon impacts came from just two categories: Category 1 Purchased Goods and Services (PG&S) which account for around 54% of our Scope 3 emissions; and Category 15 Investments which account for around 16% of Scope 3 emissions. Our share in Logista falls into the Investment category. Based on this analysis we have set the following targets for our suppliers which have been validated by the Science Based Targets Initiative: We commit that 50% of our suppliers by spend covering Category 1 Purchased Goods and Services will have science-based targets by 2024; and We commit that 100% of our suppliers covering Category 15 Investments, will have science-based targets by 2024.
Reporting Period	1 October 2021 – 30 September 2022
Unit	Percentage
Method	We invite all our key suppliers to participate in the annual CDP Supply Chain Programme. Through this platform suppliers disclose key environmental information including: their Scope 1 and 2 emissions, the targets they have set and their environmental risks. They can also suggest collaborative opportunities for us to work on together to reduce environmental impacts. CDP generate a Scope 3 report based on the data provided by suppliers. This report enables us to determine what percentage of our suppliers in Category 1 Purchased Goods and Services have set a science-based target.
Third party data verification FY22	No



CLIMATE CHANGE

Absolute and Relative Water Consumption

Definition	We monitor and measure our water consumption, both water provided by suppliers and water which we extract from natural sources. Water conservation and protection is managed locally within ISO 14001 management systems, and wastewater is controlled to meet local consent limits. Our total water consumption is aligned to CDPs definition and represents the amount of water that is drawn into the boundaries of the organization and not discharged back to the water environment or a third party over the course of the reporting year.
Scope	The scope covers manufacturing sites producing tobacco products and main offices. Sales and Marketing entities are excluded. Tobacco factories are where most of the water is utilised as part of tobacco processing during the manufacturing processes. A small amount of water consumption from non-core business entities may be included in Group totals. In general, our factories use mains water from local suppliers. However, some have a well on the premises for the extraction of groundwater, which, after filtering and treatment, can be used for production purposes. This is done in agreement with the permits issued by the local authority for water that can be extracted.
Reporting Period	1 July 2021 – 30 June 2022
Unit for absolute water consumption	Cubic meters (m ³)
Unit for Relative Water Consumption	Cubic metre (m ³) per £million tobacco and NGP net revenue
Method	Water usage information is collated monthly at entity level using meter readings, invoices, extracted water measurements and usage records, as appropriate for the entity. Data is entered into the NFR System for central collation and review by the Group ESG team. Sources of water withdrawals are municipal or mains water, surface water, ground water and rainwater. Types of discharged water are subsurface waters, surface waters, sewers lead to rivers; lakes; oceans; wetlands; after treatment and ground water.
Third party data verification 2022	Yes

COMMUNITY INVESTMENT

Community Investment (Allocations)

Definition

On a voluntary basis we seek to support several communities in which we operate and from where we source tobacco. This is through community and sustainability related projects which provide benefits over and above those are brought by our normal commercial operations and transactions. The term 'community investment' covers funds which are allocated to not-for-profit partnerships, community and sustainability related projects and charitable donations.

Scope

- the Eliminating Child Labour in Tobacco Growing Foundation (ECLT) and Hope for Justice.
- Leaf Partnerships, which predominately addresses farmer viability, rural incomes, and environmental sustainability issues in prioritised tobacco-growing communities, and
- a reserve for ad hoc allocations and requirements, such as in response to a humanitarian disaster. The allocations are predominately facilitated by the UK Charities Aid Foundation (CAF), which provides banking facilities and verifies charitable organisations. The main exception in the use of CAF is for the Leaf Partnerships, where project costs with suppliers are charged directly against the cost of leaf.

We refer to allocations rather than actual spend, because the time at which funds are spent within a project may occur later than within the current financial year. The financial value of the Community Investment spend does not include employee time, in-kind contributions, management costs or other community support that may be provided by any budget holder within our Group, at a local level.

Reporting Period

As of end of financial year 30 September 2022

Unit

Reported in UK Sterling Millions of Pounds (£m)

Method

The financial value for the Community Investment allocations made within the financial year is extracted from our financial reporting and accounting system by Group Finance.

All allocations are to £m British Sterling and where applicable utilise the Group's defined average exchange rate for the period in question.

Third party data verification FY22

No

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