





# INTRODUCTION

## Our People and Planet Agenda: managing our environmental, social and governance (ESG) responsibilities

In January 2021, we outlined our new five-year strategy to transform Imperial. Later that year, we launched a new Company purpose and vision, defining why we are here and what we are trying to achieve. Our commitment to environmental, social and governance (ESG) issues is enshrined in these two statements.

In December 2021, we completed an ESG materiality assessment for tobacco and Next Generation Products (NGP), listening to, listening to the views of consumers, customers, employees, investors and shareholders. This survey identified eight focus areas, which we have grouped into three broad categories: Healthier Futures, Positive Contribution to Society, and Safe & Inclusive Workplace. Each of our eight focus areas is also aligned to at least one of the United Nations’ Sustainable Development Goals (UN SDGs).

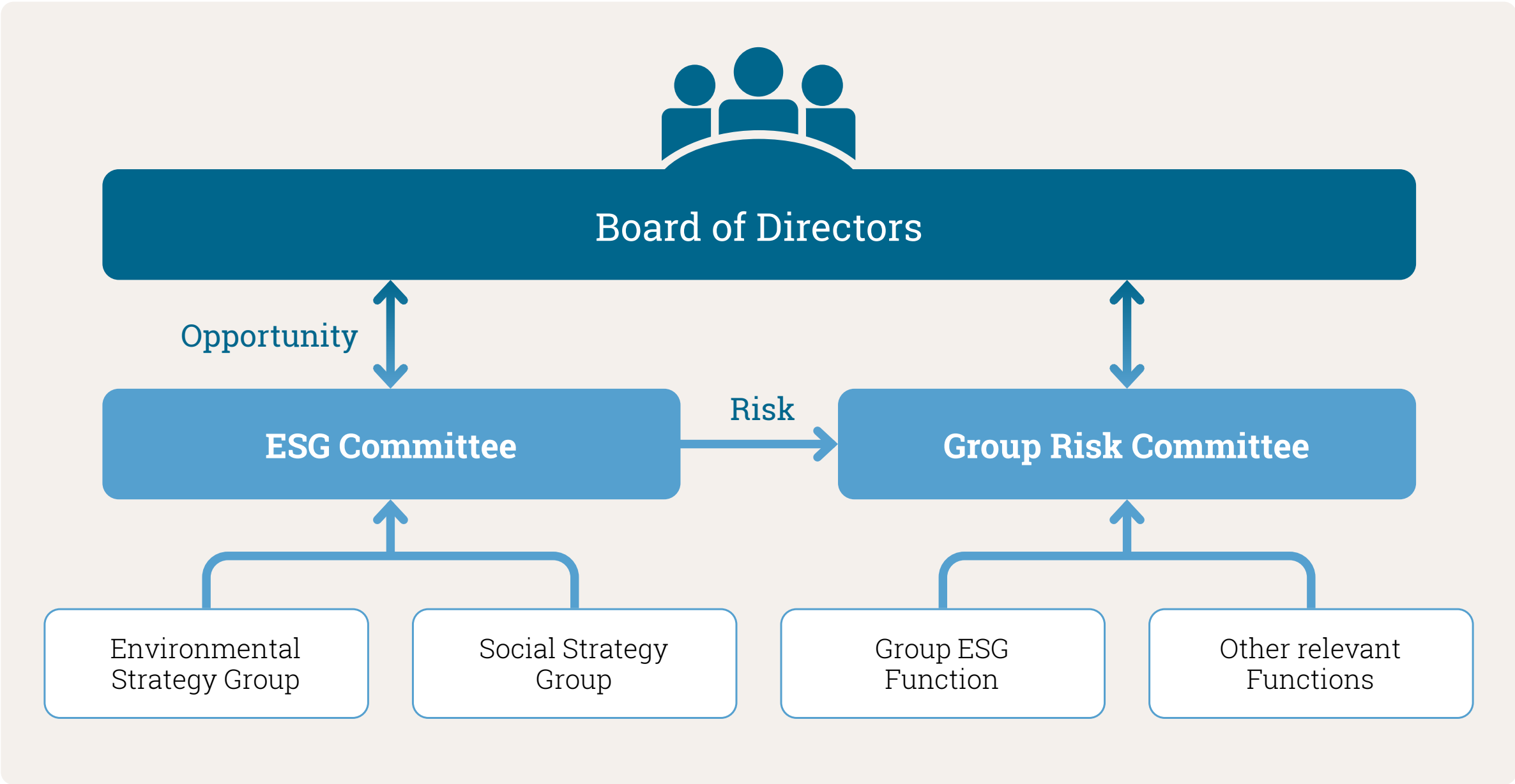
Alongside this work, we introduced a new ESG governance framework to ensure rigour in the way in which we set objectives and deliver on our commitments.

We are committed to operating responsibly in everything we do, respecting our people, our communities, and our planet. We discharge our ESG responsibilities through a framework of governance.

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 ESG Committee reports to the Board for ESG-related opportunities, and to the Group Risk Committee for potential material ESG-related risks. The Board reviews our ESG performance on a quarterly basis.

The cross-functional Environmental and Social Strategy groups report to the ESG Committee and are in turn fed into by a range of ESG topic-specific working groups. This strengthened governance approach enables cross-functional collaboration and avoids duplication of efforts.

This Performance Summary details the work and progress we have made to date against our People and Planet Agenda.



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### Further Reading

### Our refreshed ESG approach supports our strategy, purpose and vision

### Our People and Planet Ambition

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### Our People & Planet Agenda

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



# FURTHER READING

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

## Annual Report and Accounts:

Detailing corporate strategy, financial and non-financial performance as well as information on Risk and ESG performance and our disclosures based on the Task Force on Climate-related Disclosures (TCFD) requirements.

[FIND OUT MORE](#)

## Corporate Website: Healthier Futures:

We provide further detail on our approach to managing our ESG responsibilities on our website, and in our ESG strategy document.

[FIND OUT MORE](#)

## Reporting Criteria Document:

This document sets out our reporting approach, scope and criteria which underpins the PLC Board's commitment to disclose our ESG performance in the Annual Report and Accounts and on the corporate website.

[FIND OUT MORE](#)

## GRI and SASB Index:

Our ESG reporting is aligned to the Global Reporting Initiative (GRI) Standards and the Sustainable Accounting Standards Board (SASB) framework for Tobacco. This index lists the GRI and SASB Standards we are reporting against, and where the information can be found across our suite of ESG reporting.

[FIND OUT MORE](#)

## Independent Assurance Statement:

We appointed Ernst & Young LLP to provide limited independent assurance over selected ESG content within the Annual Report for the period ended 30 September 2022. The assurance statement is available on our corporate website.

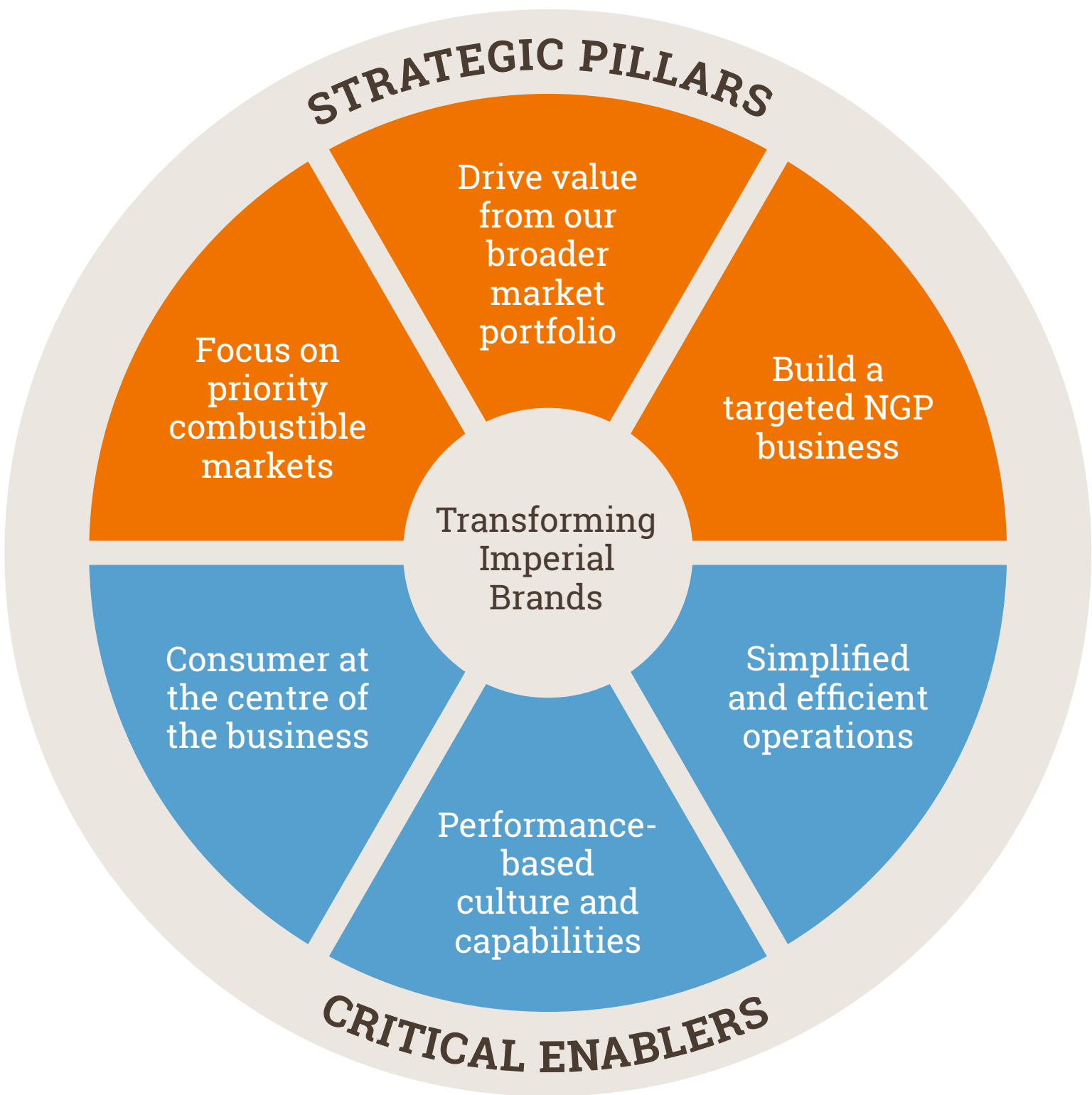
[FIND OUT MORE](#)





# OUR REFRESHED ESG APPROACH SUPPORTS OUR STRATEGY, PURPOSE AND VISION

Board and senior management are highly engaged with our ESG agenda



## Our Purpose:

To forge a path to a healthier future for moments of relaxation and pleasure.



## Our Vision:

To build a strong challenger business powered by responsibility, focus and choice.



Start with the  
**Consumer**



Take accountability  
**with Confidence**



Collaborate  
**with Purpose**



Be Authentic,  
**Inclusive to all**



Build  
**our Future**

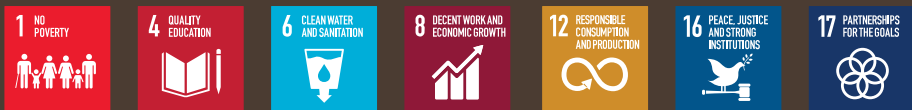


# OUR PEOPLE & PLANET AMBITION

## HEALTHIER FUTURES



## POSITIVE CONTRIBUTION TO SOCIETY



## SAFE & INCLUSIVE WORKPLACE



POWERED BY RESPONSIBILITY



### CONSUMER HEALTH

We are committed to strengthening our next generation products (NGP) and making a more meaningful contribution to harm reduction by offering adult smokers a range of potentially less harmful products.

#### OUR PLAN:

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



### CLIMATE CHANGE

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

#### OUR PLAN:

By 2040 our Value Chain will be Net Zero Emissions.(Scope 1,2,3).  
By 2030, 100% of the energy sourced for our operations from renewable sources, And \*25% energy reduction, therefore achieving Net Zero in our direct operations.  
By 2025, 100% of our purchased grid electricity will come from traceable renewable sources.



### PACKAGING & WASTE

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

#### OUR PLAN:

By 2025 our operations will send zero waste to landfill.  
100% of our packaging will be reusable, recyclable or compostable (EU & UK) by 2025.  
Reduce total waste from our operations \*20% by 2030.



### FARMER LIVELIHOODS & WELFARE

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

#### OUR PLAN:

Purchase from leaf suppliers who are committed to support their farmers access a decent standard of living. Supporting suppliers to provide access to 100% sustainable wood use by 2025.  
Improve access to basic needs for 180,000 farmers and their families by 2030.



### SUSTAINABLE & RESPONSIBLE SOURCING

We are committed to sourcing products and services in a compliant, sustainable and socially conscious manner. We will work with our suppliers to ensure continuous improvements.

#### OUR PLAN:

Source products and services from a diverse supply base that matches our ESG values and ambitions.  
Responsible Sourcing Policy roll out FY23.  
Responsible sourcing Framework roll out FY23.  
Risk assessment across supply base from FY23.



### 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.

#### OUR PLAN:

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



### EMPLOYEE HEALTH, SAFETY & WELLBEING

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

#### OUR PLAN:

A "Zero" injury aspiration.  
100% compliance with OHSE Framework by 2025.  
\*\*75% reduction in LTA rate by 2030.  
\*\*60% reduction in fleet collision rate by 2025.  
Health and Wellbeing framework established FY23.



### DIVERSITY EQUITY & INCLUSION

We are committed to creating a truly diverse and inclusive organisation renowned for celebrating difference, enabling our people to feel that they belong and be their authentic selves.

We will respect, recognise and value the diversity of our consumers and reflect the communities in which we operate.

#### OUR PLAN:

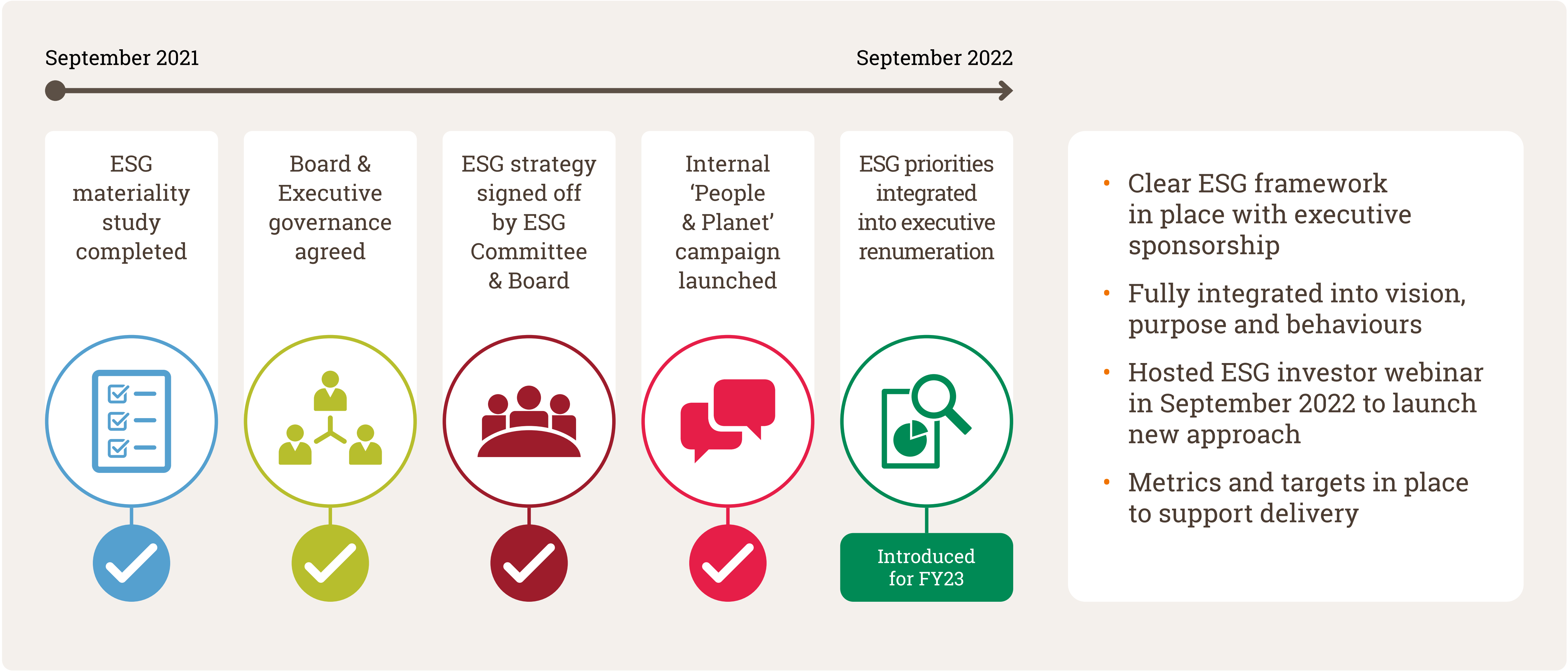
Develop awareness and understanding.  
Ensure practices and policies best attract, support, develop and retain diverse talent.  
Capture data and measure the progress we're making.  
Launch Strategy FY23.





# DEVELOPED THROUGH A COMPREHENSIVE REVIEW

ESG fully integrated into strategy, vision, purpose and behaviours



# IMPERIAL BRANDS IN NUMBERS

4TH  
LARGEST

international  
tobacco  
business



5 CORE  
BEHAVIOURS

defined to enable  
delivery of new  
strategy



c.120  
MARKETS

selling brands



160  
BRANDS

in our portfolio



'TOP  
EMPLOYER  
EUROPE'

for a 5th  
successive  
year<sup>1</sup>



SPEAKING  
UP

service available  
in 76 countries



MODERN  
SLAVERY

e-learning  
course available  
in 15 languages



26,000

employees





# OUR PEOPLE AND PLANET AGENDA



## CONSUMER HEALTH

We are committed to strengthening our next generation products (NGP) to make a more meaningful contribution to harm reduction by offering adult smokers a range of potentially less harmful products.

SDGs

3

GOOD HEALTH AND WELL-BEING



We are committed to tobacco harm reduction.

### Consumer-led harm reduction strategy

We start with our consumers, focusing on consumer insight and research to ensure we build a portfolio that suits them. One way we can make a material contribution to harm reduction is by getting ever closer to our consumers, understanding their needs and behaviours, and then innovating at pace and creating new compelling propositions.

Tobacco Harm Reduction (THR)

=

Potentially Less Harmful Product

×

Consumer Acceptance

As illustrated in the above equation, NGP have the potential to be less harmful to consumer health than tobacco. However, in order to do so, these new products must be accepted by consumers as alternatives to cigarettes.

This is why we believe harm reduction starts with the consumer.

#### Why is it important?

We understand society's concerns about the health risks of smoking and recognise our role in helping to reduce the harm caused by combustible tobacco products.

Our ambition is to make a meaningful contribution to tobacco harm reduction. This ambition is also directly linked to target 3.4 of the UN SDG 3, which is "to reduce mortality from non-communicable diseases and promote mental health".

Clearly, the best health-related outcome is for adult smokers to stop smoking. However, the next best option is to offer potentially harm reduced alternative products to those consumers who are uninterested or unwilling to stop smoking. We have found these consumers fall into two distinct categories and are likely to be attracted to different product types:

1. Willing to try new products but wanting an experience as close to smoking as possible.
2. A more health-conscious smoker, looking to find something potentially less harmful and likely to compromise somewhat on the experience but not fully.

By increasing NGP choice and improving the experience, tobacco companies can increase the number of adult smokers who choose potentially harm-reduced alternatives.

#### What are we doing about it?

Our new NGP strategy is focused on driving consumer choice. We have defined an approach which plays to our strengths and is centred on meeting consumer needs. As the smallest of the global players, it is not our role to create categories in markets. At this stage, we are focused on markets where an NGP category is already well established and where we can leverage our existing combustible routes to market.

Once we have identified which markets are attractive to us, we seek to understand what our target consumers value most about their smoking experience. Having clearly understood the consumer dynamics, our role in these markets is then to provide greater consumer choice with a differentiated product offering that meets an untapped consumer need.

NGP have the potential to make a significant contribution to harm reduction. Products in other nicotine categories, whilst not risk free, differ from cigarettes in their risk profiles. Current scientific evidence suggests NGP have the potential to significantly reduce harm, relative to continuing to smoke cigarettes. While each category of NGP has a differing risk profile, no NGP involve the burning of tobacco and so do not produce the smoke which is the primary cause of smoking-related disease.

Persuading consumers to choose potentially reduced risk products requires innovation across the entire value chain. For an adult smoker to choose a potentially reduced risk product, we need to ensure their journey is as frictionless as possible.

This requires innovation across our supply chain, superior distribution networks, focused consumer insights

and novel marketing models. We seek to substantiate the reduced harm potential through our scientific research in the laboratory, the clinic and once products are in market.

Our products target existing adult smokers. Our focus is on driving consumer acceptance, while recognising that not all consumers and markets are the same. There are different preferences and regulations across different markets, which is why we are taking a portfolio approach with our range of NGP.

Under age<sup>1</sup> people should never use our products. It is vital that any NGP use by "neversmokers", including youth, is minimised or eliminated altogether. NGP are for adult smokers and adult nicotine consumers only.

Our entire NGP philosophy reflects a no-tolerance approach to youth access through every stage of our products' life. This applies from conception, development and manufacturing through to perception and behavioural science, marketing and post-market surveillance. We maintain a strict responsible marketing protocol. To reinforce our commitment to youth access prevention, we seek to ensure that regulatory requirements are implemented, adhered to and enforced.

We are committed to marketing and advertising our products responsibly within the laws, codes of practice and voluntary agreements of those countries within which we operate. Our commitment to responsible marketing and sale of our NGP and combustible tobacco products is summarised by our Marketing Principles.

We are also developing a framework to assess, understand and act to mitigate the risk of underage<sup>1</sup> use. We intend to expand on this framework in 2023.



## Marketing Principles

- 1 We only **engage with adult consumers** of tobacco and nicotine products.
- 2 Our marketing is **honest and transparent**.
- 3 We give our consumers the information they need to **make informed choices**.
- 4 We will **never encourage people to start smoking** or non-smokers to use recreational nicotine products, and never discourage consumers of our products from quitting.
- 5 We **comply with the local laws, codes of practice and voluntary agreements** which govern the advertising, promotion and sale of our products.

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People and Planet | Performance Summary 2022

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



# OUR PEOPLE AND PLANET AGENDA



## CONSUMER HEALTH

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SDGs

3

GOOD HEALTH AND WELL-BEING

We are committed to tobacco harm reduction.

## Our progress in 2022

We seek to substantiate the reduced harm potential of NGP through our rigorous scientific research in the laboratory, the clinic and once products are in market. We have refined our scientific assessment framework (SAF), which is a multi-stage, multi-year testing and research programme designed to evaluate the harm reduction potential of each of our NGP relative to combustible cigarettes. Our comprehensive consumer product safety programme ensures we are rigorously validating NGP safety profiles throughout their lifecycles. Simultaneously, we are scientifically assessing the Tobacco Harm Reduction potential and relative risks of our NGP compared to cigarettes, focusing on both individuals and wider populations. We believe the SAF is crucial in generating the necessary scientific proof points and evidence to build and maintain trust in NGP with consumers, regulators, public health and the media. We also think the comprehensive scientific assessment of these relative risks should form the basis of risk-proportionate, evidence based regulation. Our SAF is therefore aligned with guidelines provided by leading global public health authorities and regulators.

By the end of FY22, our commercially available NGP had achieved the following SAF completion<sup>1</sup> rates to demonstrate harm reduction potential:

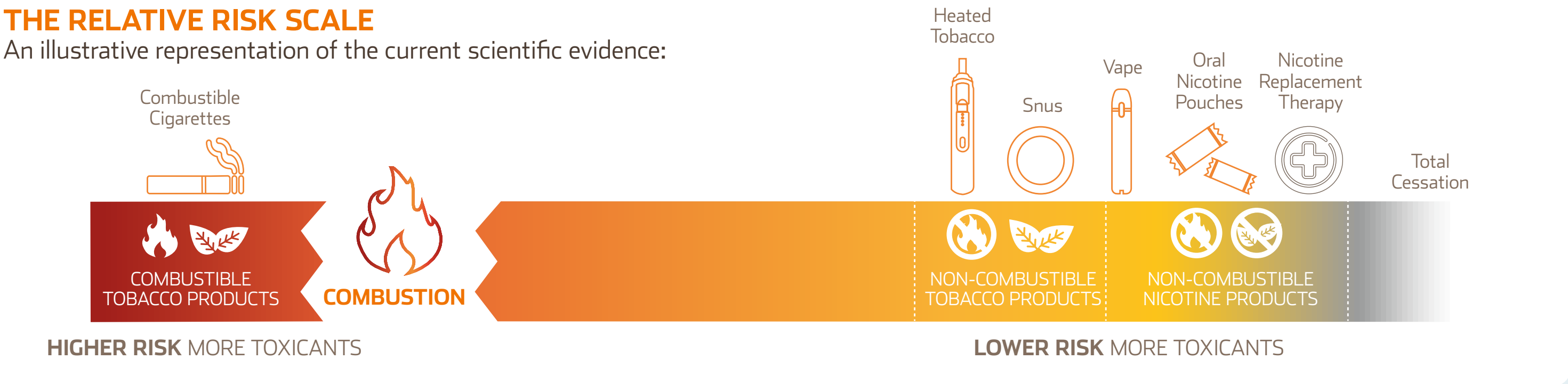
## PROGRESS OF TESTING HARM REDUCTION POTENTIAL OF OUR NGP AGAINST THE SCIENTIFIC ASSESSMENT FRAMEWORK

NGP type		SAF progress	Scientific highlights
Vape device	myblu	% 97	Analysis of behavioural data from a 12-month longitudinal study shows 23.1% of smokers quit smoking with myblu after 3 months, 35.9% after 6 months, and 46.2% after 12 months. For smokers who did not quit, they reduced the number of cigarettes smoked per day on average by 51 %. For blu 2.0 we have completed safety testing and assessment for launch.
	blu 2.0	% 28	
Heated tobacco	Pulze and iD	% 62	Our first clinical study <sup>2</sup> 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.
Tobacco-free oral nicotine pouch	Zone X	% 47	We have now completed two clinical studies <sup>3</sup> 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 consumers’ urge for nicotine.

We believe that the totality of the research generated by the SAF, alongside in-market consumer data on adult smoker switching/retention rates and the broader scientific literature, will ultimately confirm that our NGP contribute to improved consumer health outcomes compared to continuing to smoke, thus demonstrating our meaningful contribution to THR.

### THE RELATIVE RISK SCALE

An illustrative representation of the current scientific evidence:



1. Please note 100% SAF completion is not required for market product launch.  
2. Study not yet published in the scientific literature.  
3. Only one of these studies is currently published in the scientific literature.



# OUR PEOPLE AND PLANET AGENDA



## CLIMATE CHANGE


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

**SDGs**


7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

We are taking action to combat climate change and its impacts.



Imperial has been recognised as a 2022 Climate Leader by the Financial Times for a second consecutive year, in its ranking of actions taken by European businesses.



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

83% of our operations certified to the environmental management standard ISO 14001

83%

At the end of FY22, 52% of our purchased grid electricity was supplied by traceable renewable source

52%

### Why is it important?

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

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have explored the impact that climate change is likely to have on our value chain. Please see page 59 of our 2022 [Annual Report](#) for details

### What are we doing about it?

We monitor climate-related risks and put in place intervention or mitigation measures where necessary. Our targets on climate change also represent potential business opportunities. We expect to see cost and environmental benefits flow from our energy-saving and efficiency programmes.

We are focused both on curbing our use of energy and changing the mix of the energy we continue to use. Our ambitions are aligned to UN SDG 7: affordable and clean energy, specifically targeting points 7.2 and 7.3, which are to “increase the global percentage of renewable energy” and “double the improvement in energy efficiency”. Our first renewable energy site (for definition see our Reporting Criteria document), the Skruf plant in Savsjo, Sweden, is now acting as an exemplar for our other facilities as they work to further prove their energy efficiency.

Our Scope 3 emissions are those that we accrue from our value chain and we are working with our suppliers and other partners to better understand these emissions. We do this largely through the internationally recognised CDP Supply Chain Programme.

Although we do not have water intensive manufacturing processes, we maintain a strong track record of managing water use effectively, having reduced consumption by 28% since our 2017 baseline year.

### Net Zero by 2040

We have a strong track record of reducing our environmental impact through energy efficiency and carbon emissions management. Since 2019, we have had Scope 1, 2 and 3 targets, consistent with reductions required to limit climate warming to 2°C, approved by the Science Based Targets initiative (SBTi). However, in FY21 we set our sights higher and joined the Business Ambition for 1.5°C Race to Zero initiative, a campaign led by the SBTi.

This means we are now committed to reaching science-based Net Zero emissions by 2040. To achieve this, we have reset our science-based targets for carbon, increasing our ambition in line with 1.5°C global warming limits. These are detailed in “Our plan” which we will submit to the SBTi for their approval in FY23.

We have also set new energy targets which support our Net Zero emissions ambition. For example, during FY22 we took a Company decision to accelerate our transition to renewable electricity.

## Strong track record of performance

Over the last 10 years (2012-2021) we have:	Performance in FY22 versus 2017 baseline year
<div><div>26%</div>Reduced our <b>absolute scope 1 and 2 carbon emissions</b> (tonnes) by 26%</div>	<div><div>19%</div><b>Absolute energy consumption</b> 19% decrease</div>
<div><div>33%</div>Reduced our <b>absolute energy consumption</b> (GWh) by 33%</div>	<div><div>19%</div><b>Total absolute Scope 1 and Scope 2 location-based CO<sub>2</sub>e emissions</b> 19% decrease</div>
<div><div>42%</div>Reduced our <b>absolute water consumption</b> in our operations (m³) by 42%</div>	<div><div>28%</div><b>Reduction in water consumption in our operations</b> 28% decrease</div>

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

- Undertake energy efficiency initiatives
- Switch to 100% renewable grid electricity
- Transition all other energy types to renewable sources
- Achieve Net Zero in our operations
- Become climate positive, which means removing additional carbon dioxide from the atmosphere

Note: Our Scope 1 emissions arise from stationary fuel combustion at our sites, refrigerant gases and from mobile fuel combustion in our fleet of company sales vehicles. Our Scope 2 emissions comprise of the indirect emissions resulting from the use of purchased electricity, heat and steam at our sites. Our Scope 3 emissions are the emissions arising from our value chain as a result of activities carried out by Imperial. For example from the manufacture of components that go into our products.



# OUR PEOPLE AND PLANET AGENDA



## CLIMATE CHANGE

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

**SDGs**



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION

We are taking action to combat climate change and its impacts.


### Our progress in 2022

**We report progress against our 2017 baseline.**

Our first renewable energy site, the Skruf plant in Savsjo, Sweden, is now acting as an exemplar for our other facilities as they work to further prove their energy efficiency.

We are committed to reaching science-based Net Zero emissions by 2040. To achieve this, we have reset our science-based targets for carbon, increasing our ambition in line with 1.5°C global warming limits, which we will submit to the SBTi for their approval in FY23.

We have also set new energy targets which support our Net Zero emissions ambition.



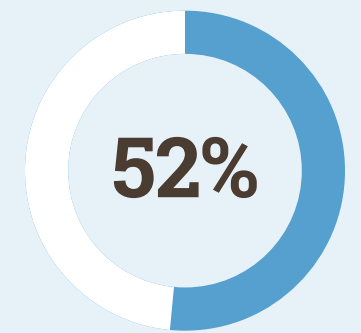
2025

**100% OF OUR PURCHASED GRID ELECTRICITY**

will come from traceable renewable sources


Reduce absolute scope 1 and 2 GHG emissions by

**MORE THAN 50%**



52%

52% of our purchased grid electricity was supplied by traceable renewable source, at the end of FY22



2030

**100% OF THE ENERGY SOURCED**

for our operations from renewable sources

**BE NET ZERO**

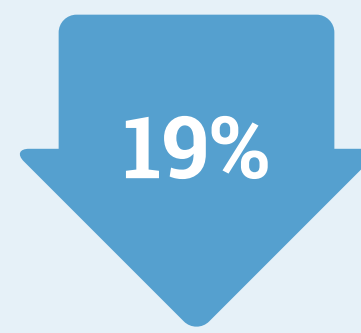
in our direct operations (scope 1 and 2 GHG emissions)

**REDUCE:**

Our total carbon footprint (absolute scope 1, 2 and 3 GHG emissions) by 30%

Absolute scope 3 emissions by 20%

Energy consumption by 25%



19%

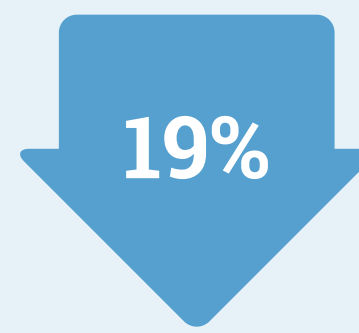
19% reduction in energy consumption



2040

**OUR VALUE CHAIN WILL BE NET ZERO EMISSIONS**

(absolute scope 1, 2 and 3 GHG emissions)



19%

19% reduction in Scope 1 and 2 location based CO<sub>2</sub>e emissions



# PERFORMANCE



## CLIMATE CHANGE

Performance Indicator	Unit	2017	2020	2021	2022	Progress	Commentary
Operations with ISO 14001 certification	%	92	86	78	83	<div></div>	Travel restrictions resulting from the COVID-19 pandemic adversely impacted recertifications in 2020 and 2021, but these are now increasing. We aim to continue increasing certification levels in FY23.
Absolute energy consumption <sup>1</sup>	GWh	875	773	729	712 <sup>A</sup>	<div></div>	Within our Net Zero ambition, one of the targets is to reduce energy consumption by 25% by 2030 versus a 2017 baseline. In FY22, energy consumption had reduced by 19% compared to 2017 and therefore we are on track to achieve this target.
Relative energy consumption <sup>1</sup>	KWh/£m net revenue	112,801	96,625	95,740	91,364 <sup>A</sup>	<div></div>	We have seen a 5% decrease in relative energy consumption compared to last year.
Electricity from purchased renewable sources <sup>1</sup>	%	8	5	6	52 <sup>A</sup>	<div></div>	We purchase Renewable Energy Certificates (RECs) from within the same market boundary as electricity is being consumed, where possible, as defined by CDP. In markets where the means to purchase renewable electricity is less developed, we purchase from a nearby geographical location, but keep this under constant review with an intention to purchase from within the same market boundary once a source becomes available.
Absolute Scope 1 CO <sub>2</sub> e emissions <sup>1</sup>	Tonnes	114,270	105,242	92,900	91,007 <sup>A</sup>	<div></div>	Our Scope 1 emissions arise from stationary fuel combustion at our sites, refrigerant gases, and mobile fuel combustion in our fleet of Company sales vehicles. We have seen a 2% decrease in Scope 1 emissions since last year and a 20% reduction from our 2017 baseline year.
Absolute Scope 2 CO <sub>2</sub> e location-based emissions <sup>1</sup>	Tonnes	161,573	147,039	143,990	131,236 <sup>A</sup>	<div></div>	Our Scope 2 emissions comprise the indirect emissions resulting from the use of purchased electricity, heat and steam at our sites. We have seen a 1.5% decrease in Scope 2 location-based emissions since last year and a 19% reduction from our 2017 baseline year.
Absolute Scope 2 CO <sub>2</sub> e market-based emissions	Tonnes	173,902	–	–	84,759 <sup>A</sup>	<div></div>	We report Scope 2 location-based and market-based emissions according to the GHG Protocol Scope 2 Guidance (2015) and CDP guidance. We have seen a 51% reduction in emissions compared to the 2017 baseline year.
Total absolute Scope 1 and 2 location-based CO <sub>2</sub> e emissions <sup>1</sup>	Tonnes	275,630	236,887	226,192	222,243 <sup>A</sup>	<div></div>	We have seen a 19% decrease in our total Scope 1 and 2 emissions from our 2017 baseline. Our target is to be at Net Zero in our direct operations by 2030. We have also set a Scope 3 target to be Net Zero by 2040.
Relative Scope 1 and 2 location-based CO <sub>2</sub> e emissions <sup>1</sup>	Tonnes/£m net revenue	35.5	29.6	29.7	28.5 <sup>A</sup>	<div></div>	We have seen a 4% decrease in relative Scope 1 and 2 location-based CO <sub>2</sub> e emissions compared to last year.
Scope 3 CO <sub>2</sub> e emissions: business travel	Tonnes	–	–	1,837	5,901 <sup>A</sup>	<div></div>	Business travel is travel undertaken for work or business purposes. Increased emissions from business travel in FY22 reflect the easing of Covid-19 restrictions enabling increased business travel.

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

(A) Select 2022 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.



# PERFORMANCE



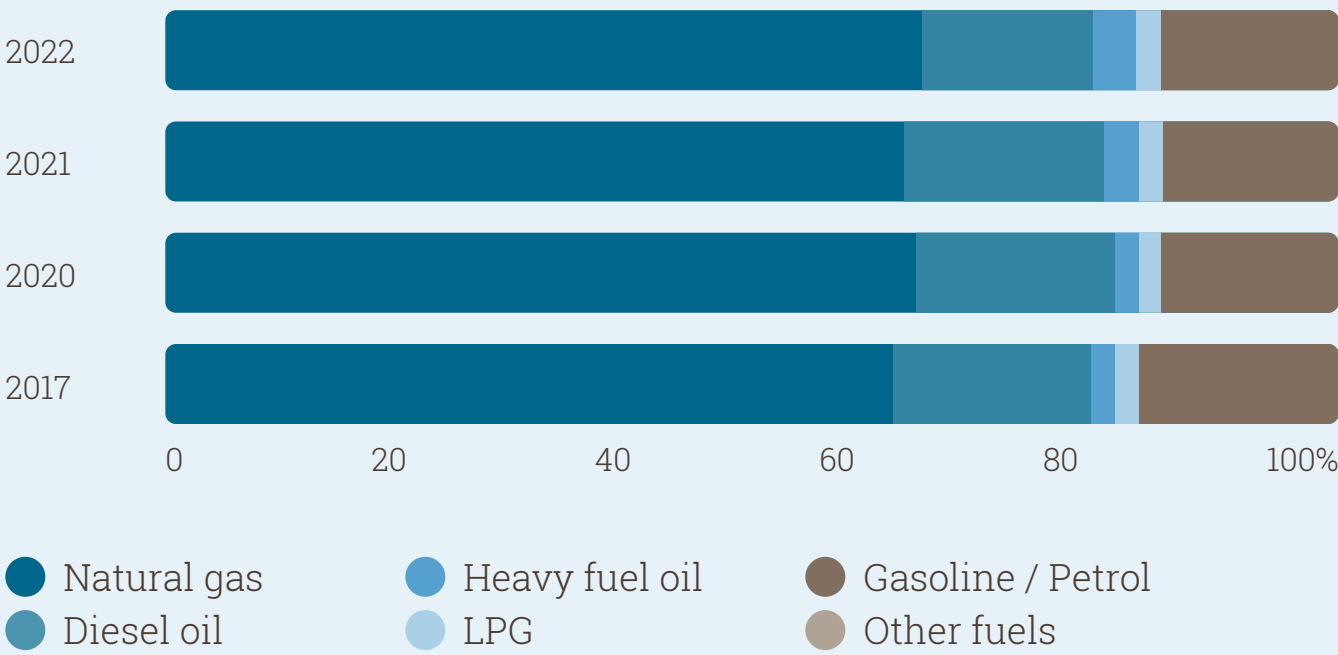
## CLIMATE CHANGE

Performance Indicator	Unit	2017	2020	2021	2022	Progress	Commentary
Key suppliers by spend with science-based targets	%	–	38	41	34	<div></div>	We aim to ensure that 50% of our suppliers by spend will have set science-based targets by 2024. In 2022 we more than doubled number of suppliers in scope to 104 (2021: 51) and of these 34% had set science-based targets.
Absolute water consumption <sup>1</sup>	m³	1,468,626	1,198,523	1,109,178	1,056,982 <sup>A</sup>	<div></div>	Having already achieved the original target of 15% reduction in water consumption by 2030, we have set a new target of 30% by 2030 versus a 2017 baseline. In FY22, we saw a 28% reduction in water consumption compared to the 2017 baseline year.
Relative water consumption	m³/£m net revenue	189	150	146	136 <sup>A</sup>		

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

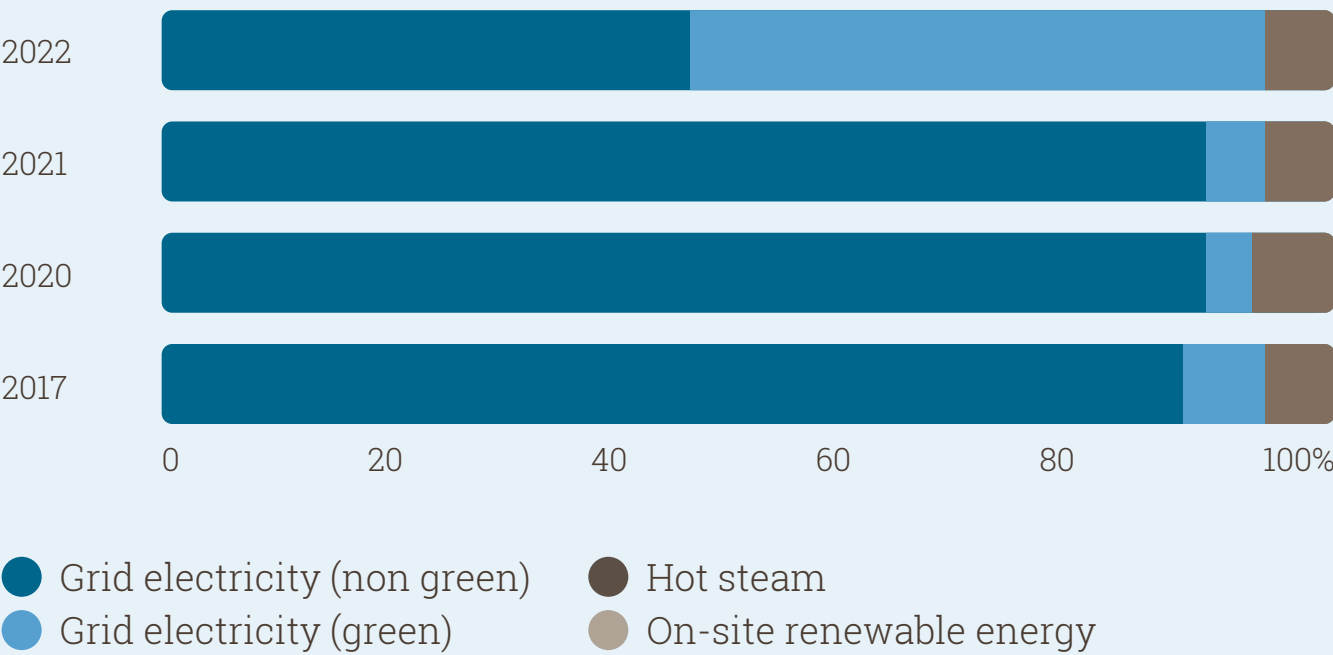
### Direct Energy Consumption by Source GWh (%)

GRI Standard 302-1



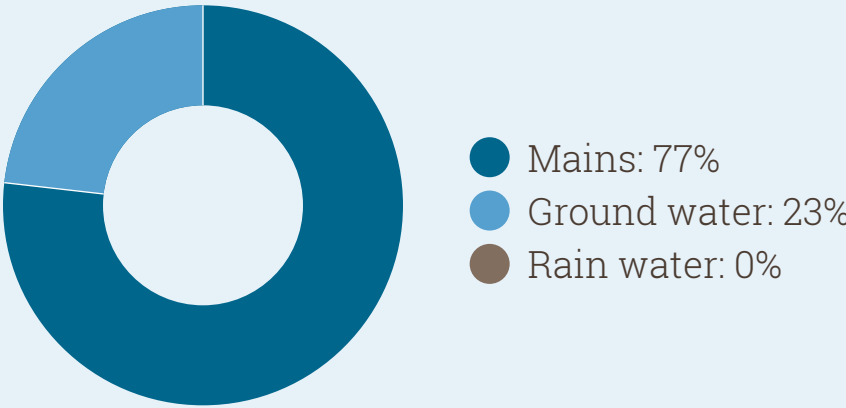
### Indirect Energy Consumption by Source GWh (%)

GRI Standard 302-2



### Water consumption by withdrawal source (m³)

GRI Standard 303-3



	Unit	2017	2020	2021	2022
Mains	m³	1187229	891417	822739	814728
Ground Water	m³	278566	305336	284725	240244
Rain Water	m³	2832	1769	1713	2010
Total	m³	1468626	1198523	1109178	1056982

A. Select 2022 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.  
1. Our 2022 environmental data covers the reporting period Q4 2021 to Q3 2022. This is to allow for data collection, validation and external assurance. We use the industry leading GHG Protocol standard to inform our reporting of Scope 1 and 2 emissions. In FY22 we reset our baseline and subsequent years data for Scope 1 and 2 GHG emissions to make it consistent with the latest guidance from the Greenhouse Gas Protocol and CDP, particularly relating to Scope 2 market-based emissions reporting.



# SCOPE 3 EMISSIONS



## CLIMATE CHANGE

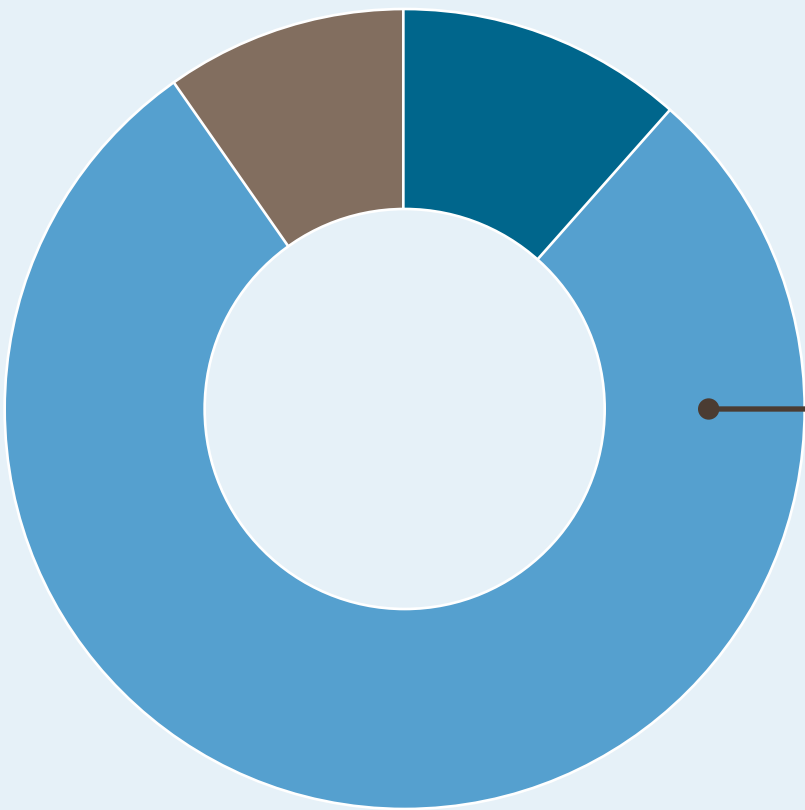
As illustrated in the first chart, 22% of our carbon footprint arises from our scope 1 and 2 and 78% arises from scope 3 emissions.

During 2022 we have continued to engage with our suppliers via the CDP Supply Chain Programme to better understand our suppliers operational emissions, which are our scope 3 emissions. We are working with CDP on the methodology for strengthening our approach to calculating scope 3 emissions across our value chain, based on spend data and further information is available in our [Reporting Criteria Document](#). We remain committed to developing our approach to scope 3 emissions calculation and reporting to ensure consistency and transparency against our scope 3 performance.



We are using the CDP platform for supplier engagement

GHG emissions across our value chain in 2017 (% tCO<sub>2</sub>e)



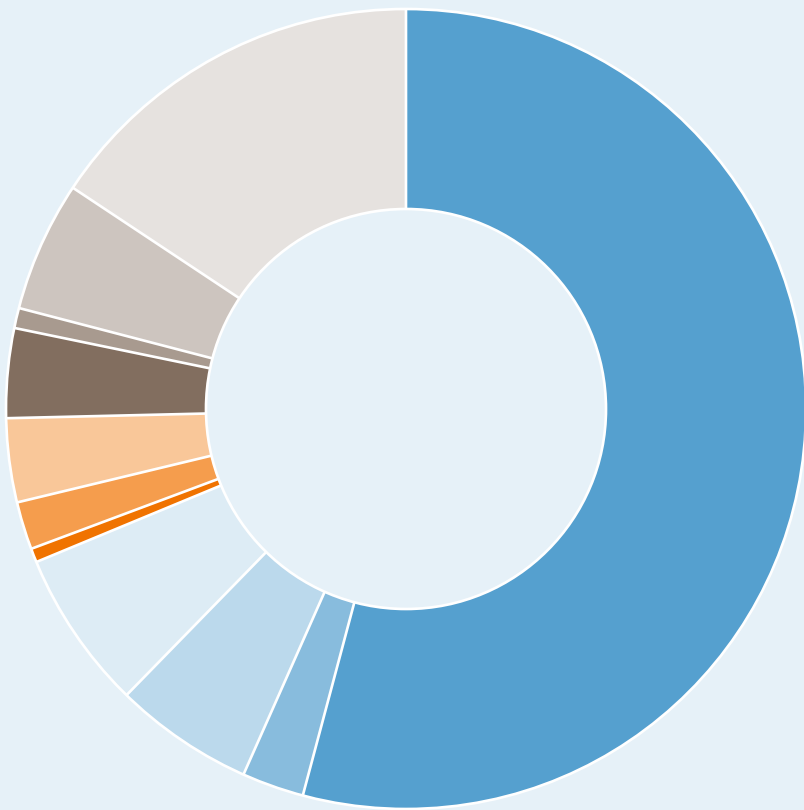
- 10% - Scope 1
- 12% - Scope 2
- 78% - Scope 3

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

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

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

GHG emissions per Scope 3 category in 2017 (% tCO<sub>2</sub>e)



- |   |   |
|---|---|
| 54.4% - Purchased goods and services            | 1.7% - Business travel                            |
| 2.5% - Capital goods                            | 3.4% - Employee commuting                         |
| 5.6% - Fuel and energy related activities       | 3.8% - Downstream transportation and distribution |
| 6.4% - Upstream transportation and distribution | 0.7% - Use of sold products                       |
| 0.6% - Waste generated in operations            | 5.2% - End-of-life treatment of sold products     |
|   | 15.8% - Investments*                              |

\*Investments refers to Logista. Logista's 2019 relative Scope 1 and 2 emissions comprise 38 tonnes of CO<sub>2</sub>e per £million of 2019 distribution fees (our non-GAAP revenue measure for Logista).



# OUR PEOPLE AND PLANET AGENDA



## PACKAGING & WASTE

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

SDGs

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

We aim to ensure sustainable consumption and production patterns.



## Consumer research

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

- Value waste reduction. They would like more information on how to recycle products, and they would like to see brands reduce the amount of packaging used and remove unnecessary plastic.
- Seek clarity on how we source materials which go into our products as well as the proportions sourced from recycled materials.
- Value human rights and expect us to commit to ethical work practices. Please see [page 24](#) for our approach to human rights.

### Why is it important?

Given our global reach we want to play a role in protecting the natural environment and we actively work to minimise our environmental impacts. We also recognise that certain resources are finite and, as such, this presents us opportunities to explore solutions that support our business sustainably and protect the environment. We are committed to compliance with environmental legislation. Reducing our environmental impact also supports efficiency and cost optimisation.

### What are we doing about it?

As part of our role in protecting the natural environment, we seek to minimise overall waste, eliminate waste to landfill and make all our packaging in the EU and UK reusable, recyclable or compostable.

In April 2022, we launched our zero waste to landfill project across our manufacturing sites, and since last year, we have seen a 20% decrease in waste to landfill. We have established a global knowledge hub on waste management to share best practice across sites and to encourage collaboration.

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.

We acknowledge that as our NGP business grows, we are faced with additional waste and recyclability issues. We continue to look at how we can improve the sustainability of NGP materials and packaging. We will continue to implement a consumer-led, regulatory compliant packaging strategy in FY23 and we are aiming to provide further details during this year.

We aim to send

**ZERO WASTE TO LANDFILL**

**in our operations by 2025**



### Litter

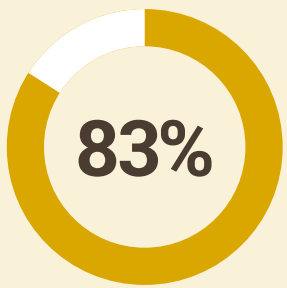
All consumers have a responsibility to properly dispose of their litter, whether this is cigarette butts or any other product or packaging. We are working on different solutions to enable consumers to dispose of our products and packaging responsibly but we acknowledge that litter is an issue being faced by all consumer goods companies.

We take our responsibilities in the area of product development and environmental impact seriously. Consumer acceptance and emissions regulation have meant that we are yet to find an adequate alternative substitute for the traditional cigarette filter, however, we remain committed to researching a new generation of filters. We are also adopting a challenger approach here, by testing and validating alternatives in test markets before business decisions are made.

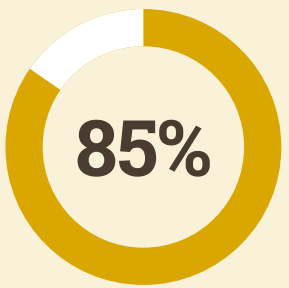
This is the approach being taken on our latest trial of paper filters, launched in Germany and Finland.

We believe the best approach to tackling litter is for key stakeholders, such as tobacco companies, government, environmental bodies, businesses, and local communities to work together to influence consumer behaviour.

**83% of our operations certified to the environmental management standard ISO 14001**



**85% waste diverted from landfill in 2022**





# OUR PEOPLE AND PLANET AGENDA



## PACKAGING & WASTE

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

SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



We aim to ensure sustainable consumption and production patterns.

### Our progress in 2022

We have reviewed and updated our waste and packaging-related targets, and these are illustrated here. As we target zero waste to landfill, we amended our definitions for waste to account for local regulations which require hazardous waste to be landfilled. For this reason we have restated our waste to landfill baseline and subsequent years' data.

**We report progress against our 2017 baseline.**

In April 2022, we launched our zero waste to landfill project across our manufacturing sites and established a global knowledge hub on waste management to share best practice across sites and to encourage collaboration.

We have conducted recycling assessments on our packaging for products sold in the EU. To date, 86% of packaging formats that we have assessed in the EU are recyclable.



2025

Send


## ZERO WASTE

to landfill  
in our operations

Make

## 100%

of our packaging reusable,  
recyclable or compostable



20%

20% reduction in waste sent to landfill compared to last year



2030


## REDUCE

waste generated within  
our operations

## BY 20%



20%



15%

15% reduction in waste across our operations compared to 2017 baseline



# PERFORMANCE



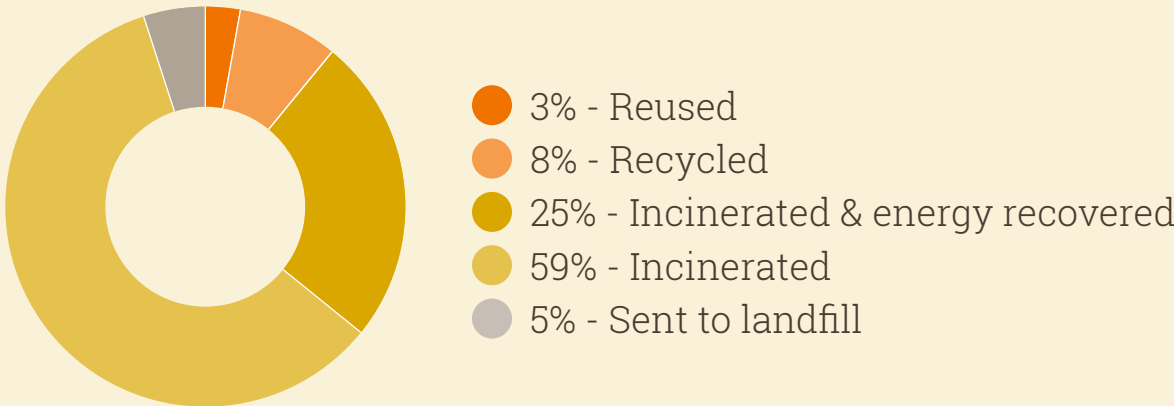
## PACKAGING & WASTE

Performance Indicator	Unit	2017	2020	2021	2022	Progress	Commentary
Absolute waste <sup>1</sup>	Tonnes	49,141	40,253	41,714	41,969 <sup>A</sup>	<div></div>	Our target is to reduce waste by 20% by 2030. We have seen a 15% decrease in waste from our 2017 baseline year. We have seen a slight increase of 0.6% in waste compared to last year which is mainly due to increased production volumes at our McAdoo site.
Relative waste	Tonnes/£m net revenue	6.34	5.03	5.48	5.39 <sup>A</sup>		
Waste to landfill <sup>1</sup>	Tonnes	7,200	6,646	10,619	8,544 <sup>A</sup>	<div></div>	Our target is to achieve zero nonhazardous waste sent to landfill by 2025. This year we have redefined waste to landfill to include waste incinerated without energy recovery and have therefore restated our data. Compared to last year, we have seen a 20% decrease in waste sent to landfill.
Relative waste to landfill	Tonnes/£m net revenue	0.93	0.83	1.40	1.10 <sup>A</sup>		
Landfill avoidance rate	%	88	88	83	85 <sup>A</sup>	<div></div>	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 energy recovery).

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

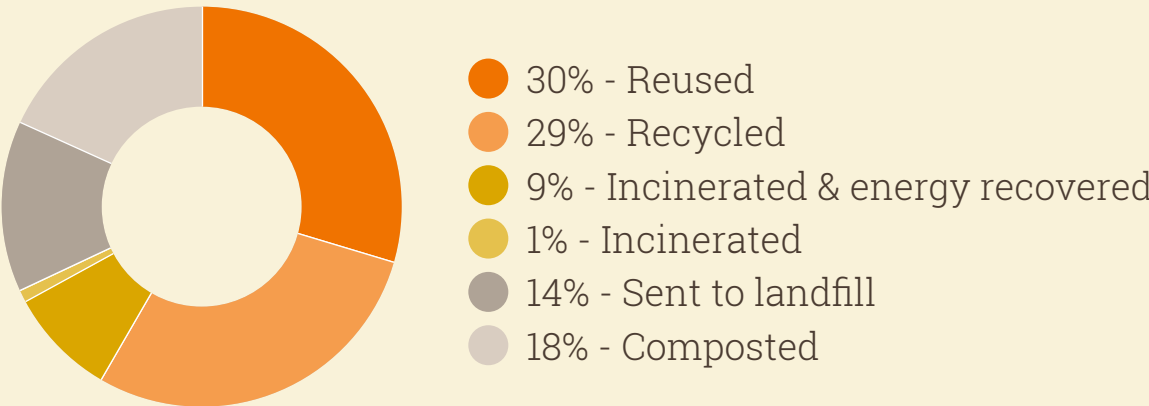
### Disposal of hazardous waste (Tonnes)

GRI Standard 306-2



### Disposal of non-hazardous waste (Tonnes)

GRI Standard 306-2



A. Select 2022 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.  
1. Our 2022 environmental data covers the reporting period Q4 2021 to Q3 2022. This is to allow for data collection, validation and external assurance. To note: Absolute waste does not include reused waste.



# OUR PEOPLE AND PLANET AGENDA



## FARMER LIVELIHOODS & WELFARE

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

SDGs

1 NO POVERTY

2 ZERO HUNGER

4 QUALITY EDUCATION

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

### Aims

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

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

### Why is it important?

We aspire to have a positive impact on the planet, and the farming communities in which our suppliers operate. We do this by continuing to support our suppliers to help their contracted farmers increase access to basic needs, diversify their income and farm sustainably. This supports our efforts to build a more responsible supply chain that is sustainable for the future.

### What are we doing about it?

We are working to enhance standards in our tobacco leaf supply chain both directly with our suppliers and through partnerships, such as those created through the Sustainable Tobacco Programme (STP). The STP aims to have a positive impact in tobacco growing communities, and all tobacco leaf suppliers are expected to participate. This is an independently managed framework that provides us with visibility over our supply chain in two ways: first, by empowering our suppliers to report on the actions they are taking to address any risks identified, and how they are having a positive impact on the ground; and second, by verifying these actions both remotely and in the field. This informs our strategy to support our suppliers in taking effective action. In 2022 (based on the tobacco leaf crop year 2021), 96% of our suppliers reported on their due diligence to the STP.

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. The third party also worked with each of the six participating suppliers in establishing individual action plans that address the findings, and an outcome was the establishment of an industry-wide body to collectively address areas of common focus. We have closely followed the development of these action plans and working groups over the last year, and will continue to stay informed through dialogue with our suppliers on their progress.

In addition, through Leaf Partnerships we work directly with suppliers to fund specific projects that complement the work they are already doing and thereby amplify their impact in tobacco growing communities.

These projects range from enhancing farmers' businesses to supporting communities increase access to basic needs, such as education and clean drinking water. In FY22, Imperial provided financial support to projects in 11 countries. These projects are benefiting at least 84,000 farmers and their families.



96% of suppliers reporting on their due diligence and actions through the Sustainable Tobacco Program



We are committed to purchasing tobacco from

**SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE SUPPLIERS**





# OUR PEOPLE AND PLANET AGENDA



## FARMER LIVELIHOODS & WELFARE

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

SDGs



### Child Labour

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

#### Addressing Child Labour

- 1** The Sustainable Tobacco Programme (STP)

The Human and Labour Rights section of STP is aligned with the relevant International Labour Organization (ILO) core conventions and the principles and guidance contained within the United Nations Guiding Principles (UNGPs) on Business and Human Rights.
- 2** Our Leaf Partnership Projects

Working directly with our suppliers to fund projects to help tackle some of the root causes of child labour.
- 3** Eliminating Child Labour in Tobacco Growing Foundation (ECLT)

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



### Forestry

Many of our suppliers' contracted farmers use wood in tobacco production, either as a fuel in the curing of tobacco or for constructing barns required for the curing of tobacco.

In support of our ESG strategy, Imperial has committed to supporting suppliers and their farmers to access sustainable wood by 2025. There are various tobacco leaf curing methods, including air-curing, sun-curing, and flue-curing. The type of curing method is dependent on the tobacco variety. Flue-cured tobacco requires wood for curing, since the tobacco leaf is dried, in curing barns, by means of heated air. As such, to be wood sustainable, the wood used for curing should not contribute towards deforestation or should utilise renewable energy curing methods.

In 2023, Imperial will continue to create partnerships in those remaining countries that are working towards wood sustainability and will directly fund commercial forestry programmes. This builds on the forestry programme Imperial directly funded with suppliers in Africa between 2015 and 2019.

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. 5,000 energy-efficient curing barns constructed with suppliers between 2012 and 2018.

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

Planting trees decreases the pressures on the indigenous woodland that is being harvested for use in tobacco production.

There are also economic benefits for farmers in labour saving, reduced cost of wood and transport. 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. Please see our Madagascar video on our website for more details.

### Biodiversity

The responsible husbandry and restoration of natural habitats, soils, and water are integral to sustainable agriculture. Our suppliers are encouraged to protect and enhance biodiversity in their growing areas. This includes topic areas covered by STP, such as: the mapping of sensitive areas, responsible soil management and integrated pest management (IPM) to reduce the use of pesticides and increase micro-flora.

We also support and engage with suppliers in the planting of indigenous trees to encourage and grow local biodiversity by supporting insect and bird life. We intend to publish a full biodiversity policy in FY23.



## Water

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

Up to 136,000 farmers and their families benefiting from water, sanitation, and hygiene projects we have funded.

Encouraging a water stewardship approach to managing water in our suppliers' catchment areas and directly supporting their projects through our Leaf Partnership are key areas of importance for Imperial. Between 2021 and 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.

UP TO  
136,000

farmers and their families  
benefiting from water,  
sanitation, and hygiene  
projects we have funded

5,000

energy-efficient  
curing barns  
constructed  
with suppliers  
between 2012 and  
2018

1,300  
HECTARES

of commercial  
forestry planted in  
our own operations  
in Madagascar



# OUR PEOPLE AND PLANET AGENDA



## FARMER LIVELIHOODS & WELFARE

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

SDGs

1 NO POVERTY

2 ZERO HUNGER

4 QUALITY EDUCATION

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

### Our progress in 2022

98%

Suppliers' directly contracted farmers in prioritised countries with access to initiatives to increase agricultural productivity.

94%

Suppliers' directly contracted farmers in prioritised countries, growing complementary crops.



Support suppliers to provide access to

**100%**

**SUSTAINABLE WOOD USE**

80%

Wood sustainable in Madagascar, a focus country



Support suppliers to improve access to basic needs for

**180,000**

**FARMERS AND THEIR FAMILIES**

**84,000**

Tobacco farming community members benefitting from **NEW** Imperial Leaf Partnership projects



# PERFORMANCE



## FARMER LIVELIHOODS & WELFARE

Performance Indicator	2021	2022	Progress	Commentary
Percentage of suppliers' directly contracted farmers growing complementary crops <sup>1</sup>	88	94	<div></div>	Complementary crops are grown alongside or in rotation with tobacco. These crops are grown for household consumption, sale, or as rotational crops to enrich and conserve the soil. These efforts have resulted in an increase of 7% in this metric over the last reporting year.
Percentage of suppliers' directly contracted farmers with access to initiatives to improve agricultural productivity <sup>1</sup>	97	98	<div></div>	Suppliers aim to provide all their directly contracted farmers with access to initiatives to improve agricultural productivity, including technical support, improved efficiencies, and improved infrastructure. These efforts have resulted in an increase of 1% for suppliers' directly contracted farmers with access to initiatives to improve agricultural activity over the last reporting year.
Tobacco farming community members benefiting from new Imperial Leaf Partnership projects	130,000	84,000	<div></div>	Imperial continues to fund projects aimed at addressing key livelihood and welfare issues in tobacco communities. This number represents the number of new beneficiaries from 2022 projects. Imperial currently supports 230,000 farmers and their families through ongoing projects.
<div><div></div> Progress on track <div></div> Focus required to accelerate progress <div></div> Intervention required to accelerate progress</div>				

1. Data is from strategic suppliers in prioritised countries in most need of support, as outlined by a sustainability index compiled using Maplecroft risk indexes.



# OUR PEOPLE AND PLANET AGENDA



## SUSTAINABLE & RESPONSIBLE SOURCING

We are committed to sourcing products and services in a compliant, sustainable and socially conscious manner. We will work with our suppliers to ensure continuous improvements.

SDGs



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We aim to ensure sustainable consumption and production patterns.

## Procurement strategy

Our updated procurement strategy covers all third-party spend among all five of our supply chain categories:

1

Tobacco leaf

2

Non-tobacco materials (NTM)

3

Next generation products (NGP)

4

Indirect goods and services

5

Logistics

While suppliers may be managed globally, regionally, or locally, the ambition is that all suppliers meet the same standard to enable Imperial to meet its commitments to stakeholders, employers, and communities.

### Why is it important?

Ensuring continuity in our supply chain has a direct impact on our business today, as well as the potential to impact business sustainability in the future. It is important that the standards we expect in terms of quality, labour practices, human rights and environmental concern are adhered to by our suppliers. We establish a relationship of trust and integrity with our suppliers. We expect them to conduct their business in an ethical and responsible manner and comply with all applicable laws and regulations.

We only select and do business with suppliers who can demonstrate that they operate in a manner consistent with our standards and Supplier Code of Conduct. Sustainability strategies are integrated into the management of our supply chains, via supplier management programmes and standards.

#### 1. Tobacco leaf

We source tobacco leaf globally primarily through large international tobacco merchants. We have a global sourcing footprint, which covers Africa, Americas, Asia and Europe. Of these, our major tobacco sourcing countries include Brazil, India, Spain, China and others in Asia and Sub-Saharan Africa.

#### 2. Non-tobacco materials (NTM)

The NTM we buy directly include paper, filters, glue and ingredients for cigarette products. Of our direct material supplier base, approximately 85% of our main spend is with 21 suppliers.

#### 3. Next generation products (NGP)

The NGP supply chain encompasses all of the components that go into making NGP including electronics, liquids, and packaging materials.

#### 4. Indirect goods and services

We also have indirect suppliers who provide services and goods such as IT hardware and software, professional and corporate services and provision of utilities.

#### 5. Logistics

We have logistics suppliers both upstream and downstream of our operations.

### What are we doing about it?

#### Supply Chain Due Diligence

Tobacco leaf supply due diligence is covered in the Farmer Livelihoods & Welfare section.

Our existing Supplier Qualification Programme is the first screening process for all new non-tobacco material (NTM) and NGP suppliers. Once on board, our Supplier Quality Assurance Audit team undertake a phased cycle of onsite supplier validation audits using a risk-based approach, following a detailed Supplier Audit Risk and Control Matrix which includes the supplier providing evidence for their management of ESG issues which are listed in the green box on the right.

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. The updated Supplier Code of Conduct will be rolled out in FY23. We have also developed our risk assessment framework to include the five major categories within our supply chain and this will also be rolled out to the business in FY23.

Source products and services from a **DIVERSE SUPPLY BASE** that matches our ESG values and ambitions

### The Supplier Qualification Programme

Self-assessment questionnaire completed by suppliers and includes questions on:

✓

Business conduct

✓

Environmental management

✓

Labour practices including discrimination

✓

Child and forced labour

✓

Freedom of association,


✓

Wages and working hours


✓

Health and safety

## 2022 Performance Highlights



We have refreshed our Supplier Code of Conduct, dividing topics into three sections for clarity: **Business Integrity, Human Rights, and Environment.** This will be launched externally in 2023.



We have been recognised as a **Supplier Engagement Leader** by CDP for a third successive year. All companies making climate change disclosures to CDP receive a Supplier Engagement Rating (SER) in addition to their climate change score, rating them on how effectively they engage their suppliers on the issue.



# OUR PEOPLE AND PLANET AGENDA



## SUSTAINABLE & RESPONSIBLE SOURCING

We are committed to sourcing products and services in a compliant, sustainable and socially conscious manner. We will work with our suppliers to ensure continuous improvements.

SDGs


12

RESPONSIBLE CONSUMPTION AND PRODUCTION

We aim to ensure sustainable consumption and production patterns.

### Our progress in 2022

- Source products and services from a diverse supply base that matches our ESG values and ambitions
- Updated Supplier Code of Conduct
- Risk assessment developed for all 5 major categories within our supply chain



Refresh our

## SUPPLIER CODE OF CONDUCT

Develop our

## RISK ASSESSMENT FRAMEWORK



Start a

## RISK ASSESSMENT

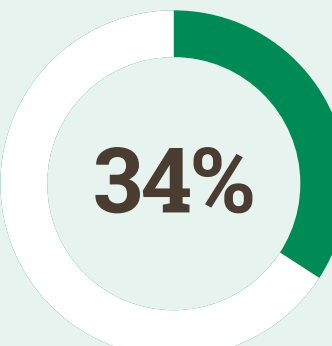
of our supply base according to our refreshed Supplier Code of Conduct



Ensure that

## 50%

of our suppliers by spend, will set science-based targets by 2024



34%

34% of our suppliers by spend have set science-based targets<sup>1</sup>

1. Suppliers reporting through the CDP Supply Chain Programme.



# OUR PEOPLE AND PLANET AGENDA



## HUMAN RIGHTS

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

SDGs



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

We have identified the following key human rights issues that are particularly relevant to our direct operations:

- The potential for modern slavery – which includes forced labour, slavery, servitude, and human trafficking.
- Ongoing commitment towards fair wages and decent work, gender equity, non-discrimination and non-harassment, freedom of association, and collective bargaining.
- Human rights topics within our value chain are covered in the Farmer Livelihoods & Welfare and Sustainable & Responsible Sourcing sections.

### Why is it important?

Human rights abuses are unacceptable. We take allegations relating to human rights extremely seriously and are committed to investigating any potential human rights issues within our supply chain and direct operations. Where non-conformance is identified in our direct operations, we prioritise, respond, measure and report on actions taken to implement corrective and preventative actions. Raising awareness and broadening our knowledge about human rights are crucial factors in delivering our strategic objectives. Human Rights within our value chain are covered in the Farmer Livelihoods & Welfare and Sustainable & Responsible Sourcing topics.

### What are we doing about it?

Our Human Rights Policy has been updated to align with our refreshed ESG Strategy. The policy is informed by the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the ILO's core conventions, as well as the principles contained within the United Nations Guiding Principles (UNGP) on Business and Human Rights, OECD Guidelines for Responsible Business and the UN Sustainable Development Goals. We have established due diligence programmes to respond to and mitigate the risk of human rights abuses in our direct operations and supply chain through appropriate processes and procedures. As part of this, our internal escalation channels, including the Human Rights Compliance Working Group and Leaf Compliance Working Group, ensure potential and actual risks are reported and responded to appropriately within the business. We have created a Modern Slavery Working Group to step up our alignment and response to potential human rights violations as and when required. In 2022, we also carried out an internal analysis to update our list of salient human rights issues. These are detailed in the box. By focusing our efforts on these new salient human rights issues, Imperial Brands additionally contributes to UN SDGs 1, 3, 4, 5, 8, 10, and 16, which aligns with our new ESG Strategy and Human Rights Policy. In 2022 we created an ESG digital learning programme and its Human Rights module pays special attention to modern slavery, its most prominent indicators and how to report perceived or real concerns. This digital learning programme will be available both online and offline to our employees across the business with roll-out planned for FY23. We are proud to be a founding member of the Slave-Free Alliance (SFA) and we continue to support the international charity Hope for Justice, in their pursuit of a slave-free world.

### Our plan

Strengthen 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 a duty of care to protect and support our employees. We aim to avoid disruptions, create a thriving workplace, and consolidate best practices.

### Continue to strengthen

- ✓ Employee access to Speaking Up channels and a remediation process.
- ✓ Monitoring of human rights leading indicators in our operations and report on the number of audits completed.
- ✓ The audit process of our facilities management supplier across its Europe sites, using our anti-modern slavery internal audit module.
- ✓ Modern slavery training needs to ensure effective understanding globally.

### 2023

- ✓ Assess priority locations for salient human rights issues, to inform and test the robustness of our due diligence pro



# OUR PEOPLE AND PLANET AGENDA



## HUMAN RIGHTS

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

SDGs



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

### Our progress in 2022

- Strengthened our due diligence framework and embedded human rights awareness across the business.
- Improved governance through the appointment of a new Human Rights Manager.
- Updated our Human Rights Policy to ensure better alignment to evolving international best practice guidelines and principles.
- Continued to monitor human rights leading indicators in our operations and updated modern slavery internal audits of our manufacturing sites.
- 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.
- Updated our list of salient human rights issues for our priority locations.

### CONTINUE TO STRENGTHEN

Employees  
**ACCESS TO  
SPEAK UP  
CHANNELS**  
and a  
remediation process.

**THE AUDIT  
PROCESS**  
of our facilities  
management supplier  
across its Europe sites,  
using our anti-modern  
slavery internal  
audit module

**MONITORING OF  
HUMAN  
RIGHTS**  
leading indicators in our  
operations and report  
on the number of audits  
completed

**MODERN  
SLAVERY**  
training needs to ensure  
effective understanding  
globally



**SALIENT  
HUMAN  
RIGHTS  
ISSUES  
ASSESSED**  
for each of our priority  
locations to inform and test  
the robustness of our due  
diligence processes



# OUR PEOPLE AND PLANET AGENDA



## EMPLOYEE HEALTH, SAFETY & WELLBEING

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

SDGs

3

GOOD HEALTH AND WELL-BEING



8

DECENT WORK AND ECONOMIC GROWTH



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

### Our Wellbeing Plan:

- Launch our refreshed wellbeing strategy during our 2023 financial year.
- Include wellbeing responsibilities into our policies.
- Assemble a Wellbeing Working Group responsible for overseeing and maintaining effective governance of wellbeing activities within Imperial's operations.
- Benchmark the range of support available in our priority locations for the maintenance of mental health.
- Develop a Wellbeing Framework with key leading indicators.
- Measure our performance moving forward.
- Foster a mentally healthy culture by incorporating these principles into People Leader training.
- Run regular initiatives to raise awareness of mental health issues at work.

### Why is it important?

We want to continue to create a working environment where the wellbeing and safety of our employees are absolute priorities. As part of this commitment, we have health, safety & wellbeing as one of the core focus areas of our refreshed ESG strategy.

This includes setting new, long-term targets as well as launching a “zero injury” aspiration. But we can only achieve this if all colleagues take personal responsibility. Therefore, our health, safety and wellbeing key message to colleagues is: “I Own Safety”.

To help achieve our vision we have adopted an Occupational Health, Safety and Environmental (OHSE) framework based on a “Plan Do Check Act” model. This is applied throughout the business, with a focus on the consistent integration of our health and safety standards as well as adopting robust governance and reporting processes.

The wellbeing of our employees is of paramount importance to us and has been confirmed as an ESG priority, following the refresh of our ESG strategy and the outcome of a materiality assessment. We are working to improve our management of and approach to this issue.

### What are we doing about it?

To support continuous improvement we have developed a range of leading indicators to help us measure compliance and identify improvement opportunities. We use these leading indicators to manage our key health and safety risks – such as working at height, operating machinery, and driving – and to measure compliance against our framework. This approach ensures we focus resources in the right areas and can effectively manage risk across all our factories, warehouses, offices, and sales forces.

We have global procedures to help maintain consistent standards across the entire business, covering areas such as hazard identification, risk assessment, road risk and incident investigation. These are applicable to all locations and are audited as part of our internal and external audit programmes.

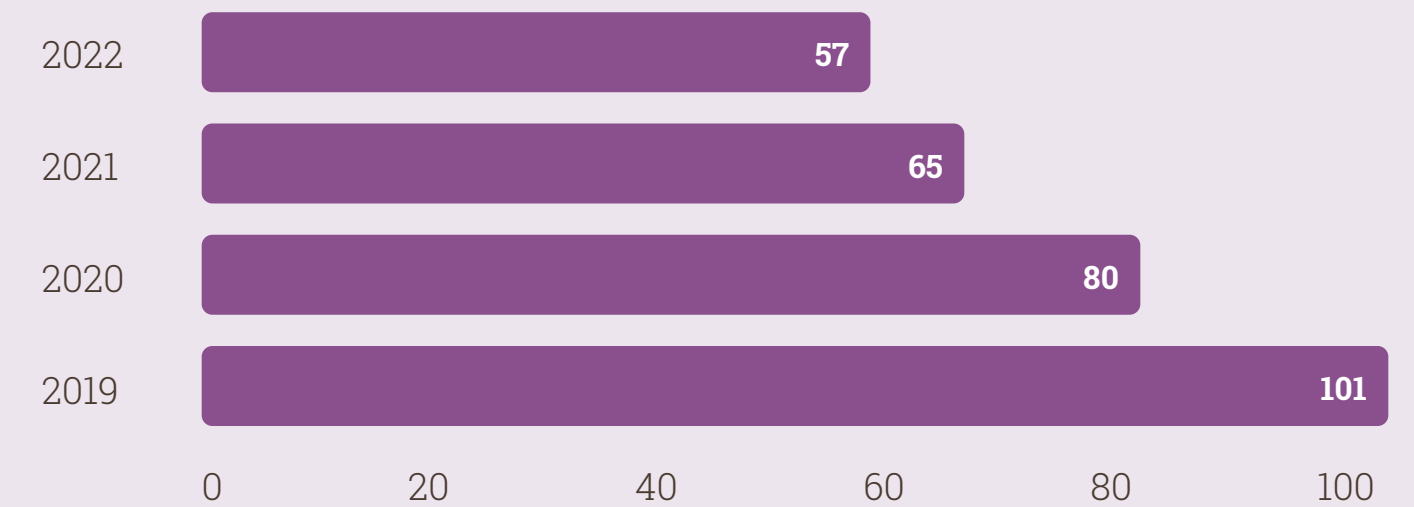
The personal support we give employees is focused on three key areas: mental, physical, and social wellbeing.

Currently, our employee wellbeing support is managed locally and includes resilience training, employee assistance programmes, health checks and awareness programmes, flexible working, family-friendly policies and facilities, and workplace celebrations and social events.

We aim to demonstrate our commitment to the mental health and wellbeing of employees, contractors and visitors in its broadest, holistic sense, with our new Wellbeing Plan detailed in the purple box.

### Lost Time Accidents

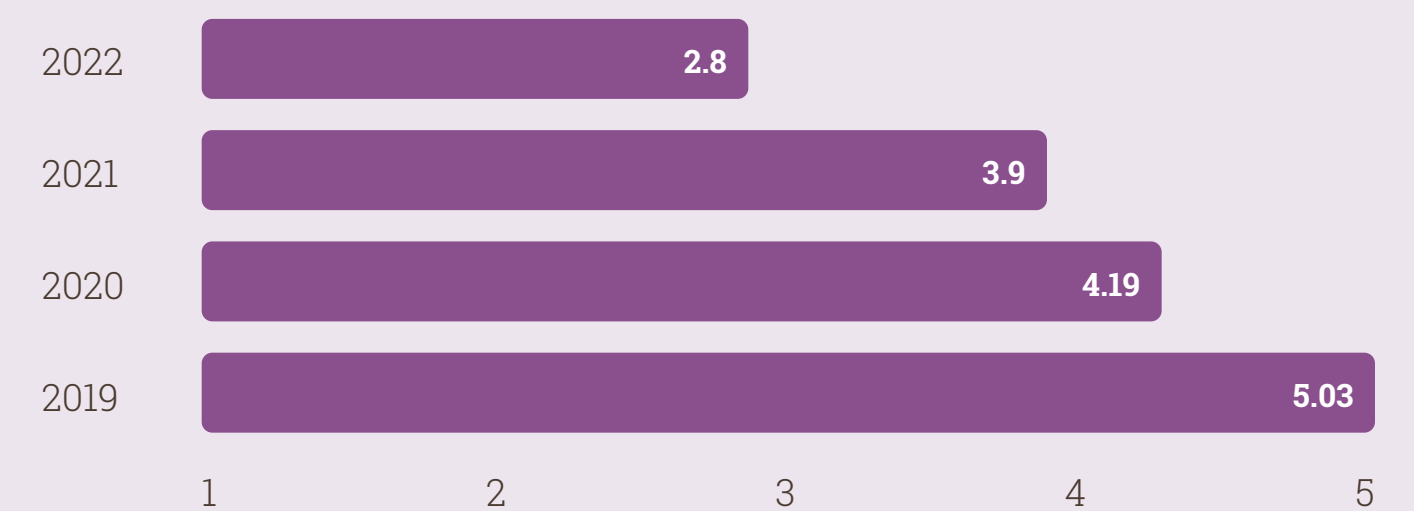
We have seen a 44% reduction in the number of lost time accidents since the 2019 base year.



### Fleet collision rate

(accidents per million kilometers)

We have seen a 44% reduction in our fleet collision rate since the 2019 base year.





# OUR PEOPLE AND PLANET AGENDA



## EMPLOYEE HEALTH, SAFETY & WELLBEING

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SDGs



3 GOOD HEALTH AND WELL BEING




8 DECENT WORK AND ECONOMIC GROWTH

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

### 2022 Performance Highlights

<div><div>44%</div><div>We have seen a 44% decrease in lost time accidents (LTAs) since our 2019 baseline year</div></div>	<div><div>34%</div><div>The <b>accident rate</b> has decreased by 34% since our 2019 baseline year</div></div>
<div><div>40%</div><div>We have seen a 40% decrease in our LTA rate since our 2019 baseline year</div></div>	<div><div>44%</div><div><b>Accident collision rate</b> has decreased by 44% since the 2019 baseline year</div></div>
<div><div>39%</div><div><b>Total number of accidents</b> have decreased by 39% since our 2019 baseline year</div></div>	<div><div>71%</div><div>71% of our factories certified to the <b>occupational health and safety management standard</b> in 2022</div></div>



## 2025

### 75% OF FLEET VEHICLES

will be fitted with an In Vehicle Monitoring System

### 60% REDUCTION

in fleet collision rate

### 100% COMPLIANCE

with the OHSE Framework



## 2030

### 75% REDUCTION

in LTA rate

44%

44% reduction in fleet collision rate

40%

40% reduction in LTA rate



# PERFORMANCE: SAFE & INCLUSIVE WORKPLACE



## EMPLOYEE HEALTH, SAFETY & WELLBEING

Performance Indicator	Unit	2019	2020	2021	2022	Progress	Commentary
Employee fatalities <sup>1</sup>	Number	2	3	1	0	<div></div>	Health and safety remains a priority for all our employees.
Contractor fatalities <sup>1</sup>	Number	0	0	0	0	<div></div>	Health and safety remains a priority for all our stakeholders.
Members of the public fatalities involving Imperial Brands vehicles <sup>1</sup>	Number	1	0	0	0	<div></div>	Road safety remains a priority across all our operations.
Lost time accidents (LTAs) <sup>1,2</sup>	Number	101	80	65	57	<div></div>	There has been a 12% decrease in the number of lost time accidents compared to last year.
LTA rate <sup>1,2</sup>	Lost time accidents per 200,000 hours worked	0.40	0.32	0.27	0.24 <sup>A</sup>	<div></div>	We have seen an 11% decrease in our lost time accident rate compared to last year. During FY22 we continued to increase the use of leading indicators to better manage risk throughout our operations.
Total number of accidents <sup>1,2</sup>	Number	850	720	573	522	<div></div>	We have seen a 9% decrease in total accidents compared to last year.
Accident rate <sup>1,2</sup>	Total accidents per 200,000 hours worked	3.39	2.19	2.36	2.24	<div></div>	We have seen an 5% decrease in our accident rate compared to last year. We are pleased to see a continued reduction in our total number of accidents and our LTA rate.
Fleet collision rate	Accidents per million kilometres	5.03	4.19	3.9	2.8	<div></div>	There has been a 28% decrease in our vehicle accident rate compared to last year. Road safety remains a key priority for us. We adopt global standards for road safety and use our Drive Safe campaign to promote awareness and influence behaviour.
Fleet vehicles fitted with an IVM system	%	–	–	–	57.3	<div></div>	Evidence shows that in vehicle monitoring systems (IVM) typically lead to fuel reduction and improved safety performance – we will continue to test and extend coverage.
Compliance with the OHSE Framework (Manufacturing)	%	–	–	–	87	<div></div>	We aim to be at 100% compliance with our framework standards by 2025.
Compliance with the OHSE Framework (Sales)	%	–	–	–	93	<div></div>	We aim to be at 100% compliance with our framework standards by 2025.
OHSAS 18001/ISO 45001 certification	%	79	79	74	71	<div></div>	Re-certification of some sites (particularly in Africa) continues to be a challenge since the Covid-19 pandemic.

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

A. Select 2022 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

1. Our health and safety data is for the full 2022 financial year.

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



# PERFORMANCE: SAFE & INCLUSIVE WORKPLACE



## EMPLOYEE HEALTH, SAFETY & WELLBEING

	FY19 (base line year)	FY20	FY21	FY22
<b>Fatalities</b> Death of any person caused by an incident related to our business activities.	2	3	1	0
<b>Major Injuries</b> Reportable specified injuries to employee. The types of injuries include among others: fractures, amputations, serious burns and loss of consciousness.	8	12	7	4
<b>Lost Time Accidents</b> Work-related accidents resulting in absence from one or more scheduled workdays or shifts, beyond the day or shift the accident occurred.	101	80	65	57
<b>Accidents</b> Work-related accidents resulting in no lost time i.e., the employee is able to immediately return to work, or the employee is unable to work for a period of time on the day the accident but is able to return to work at the next available workday or shift.	850	720	573	522
<b>Near Misses</b> An incident where no one was injured, an unsafe act or unsafe condition. An unsafe act is performing a task in a way that could threaten anyone's health and/or safety.	12,182	9,354	13,903	15,437



# OUR PEOPLE AND PLANET AGENDA



## DIVERSITY, EQUITY & INCLUSION

We are committed to creating a truly diverse and inclusive organisation renowned for celebrating difference, enabling our people to feel that they belong and be their authentic selves. We will respect, recognise and value the diversity of our consumers and reflect the communities in which we operate.

SDGs



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

### Why is it important?

Diversity, equity and inclusion (DEI) is critical for our business and ESG ambitions, our culture change and for our people. We are developing a performance-driven and inclusive culture which supports the delivery of Imperial's strategy. Underpinning our cultural shift is a set of five clear behaviours, which demonstrate how we need to think and act to succeed. To "be authentic and inclusive to all" is one of our core behaviours and aligned to our commitment to DEI.

A key aspect of our cultural transformation is our focus on creating a more diverse and inclusive organisation. We strongly believe that diversity across our organisation not only makes it a better place to work but also helps us realise our commercial strategy.

We define diversity as everything that makes us unique; equity as giving fair treatment, access, opportunity, and advancement for everyone; and inclusion as involving and accepting every individual and valuing their difference.

Promoting a diverse and inclusive culture also results in the increased attractiveness of Imperial as an employer for both current and potential employees.

### What are we doing about it?

We are committed to treating employees with respect and we support equal opportunities, as outlined in our Fairness at Work Policy and Code of Conduct. We want a culture that is vibrant and where our employees can be themselves at work.

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.

We promote diversity within the business through awareness campaigns, career talks, unconscious bias training and diversity celebrations. We have provided bespoke e-learning courses in 11 languages to help our people leaders understand the issues of unconscious bias and microaggressions.

Throughout FY22 we continued to celebrate globally important cultural events, including International Day of Persons with Disabilities, International Women's Day, World Day for Cultural Diversity for Dialogue and Development, and Pride. Members of our Executive Leadership Team globally sponsor our ERGs and actively steer and support their work. Our new global DEI strategy will be launched in FY23 and this will set out our diversity and inclusion approach for the next five years.

In FY23 we intend to focus on three areas:

- 1 Improving our employee data. We know we need a more solid baseline to measure future progress.
- 2 Creating a community of allies, which is a bedrock for a sustainable approach to DEI.
- 3 Reviewing and improving how we attract, recruit and retain talent, and how we manage career advancement.

We will continue to raise awareness of DEI through learning modules in inclusion and allyship and embedding DEI into everything we do.

We are pleased with the progress we have made to date but we know we have more to do.



We will launch our new global DEI Strategy in FY23

### Employee Resource Groups (ERGs)

We have developed our approach to diversity, equity and inclusion in close collaboration with our employees. At the centre of our efforts have been four new Global Employee Resource Groups (ERGs). Over 500 members of these groups have been instrumental in helping us to develop an end-to-end five-year strategy which will be launched in FY23.

- |   |                    |   |
|---|--------------------|---|
| 1 | The Gender ERG     | Our four ERGs have continued to grow their memberships and raise awareness across the organisation on key diversity topics. The ERGs have also begun to partner with DEI Centre of Expertise (CoE) on priority programmes of work, including increasing diversity data disclosure throughout the business and creating a community of global allies to support our DEI ambitions. |
| 2 | The Ethnicity ERG  |   |
| 3 | The LGBTQ+ ERG     |   |
| 4 | The Disability ERG |   |



# OUR PEOPLE AND PLANET AGENDA



## DIVERSITY, EQUITY & INCLUSION

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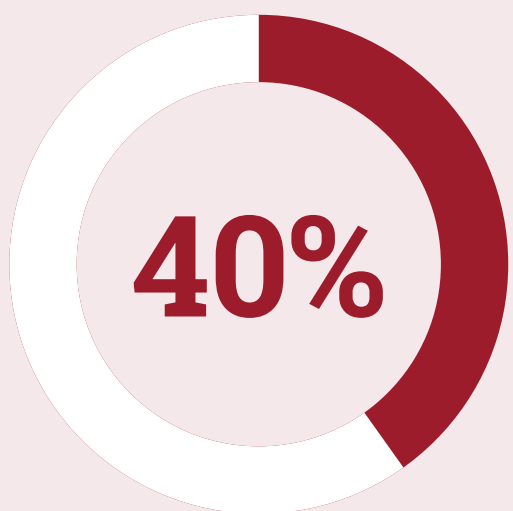
SDGs



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



40% of the **WORKFORCE** are female



40% of the **BOARD** are female



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



29% of the **SENIOR MANAGEMENT** are female

### Our progress in 2022

- Throughout FY22 we continued to celebrate globally important cultural events, including International Day of Persons with Disabilities, International Women’s Day, World Day for Cultural Diversity for Dialogue and Development, and Pride.
- Members of our Executive Leadership Team globally sponsor our ERGs and actively steer and support their work.
- Our new global DEI strategy will be launched in FY23 and this will set out our diversity and inclusion approach for the next five years.



# PERFORMANCE: SAFE & INCLUSIVE WORKPLACE



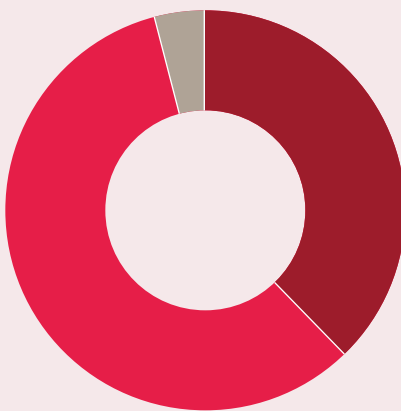
## DIVERSITY, EQUITY & INCLUSION

Performance Indicator	Unit	2019	2020	2021	2022	Progress	Commentary
Female employees in the workforce	%	40	43	40	40 <sup>A</sup>	<div></div>	Female employee numbers remain the same as last year, even though there has been a significant increase in the employee turnover rate.
Female senior management <sup>2</sup>	%	–	–	–	29 <sup>A</sup>	<div></div>	We are committed to increasing representation of women in senior management (Global Grades 3, 4, 5) and clear KPIs will be set as part of our strategy.
Female Executive Leadership Team (ELT) members	%	11	14	33	30 <sup>A</sup>	<div></div>	Female representation on the ELT as at 30 September 2022 (end of FY22) was 30%.
Female PLC Board members	%	39	25	22 <sup>A</sup>	40 <sup>A</sup>	<div></div>	We made a commitment to increase female representation in senior management roles to 30% by 2023. We are pleased to report that on 30 September 2022 (end of FY22) female representation on the Board was 40%.
Ethnic background on our Board	%	–	–	–	20	<div></div>	At 30 September 2022 (end of FY22), 20% of the Board members identified as being from an ethnic minority background.
Employee turnover rate <sup>3</sup>	%	15	14	10	30 <sup>A</sup>	<div></div>	There has been a significant increase in involuntary turnover for employees with permanent contracts due to workforce reduction and divestiture.

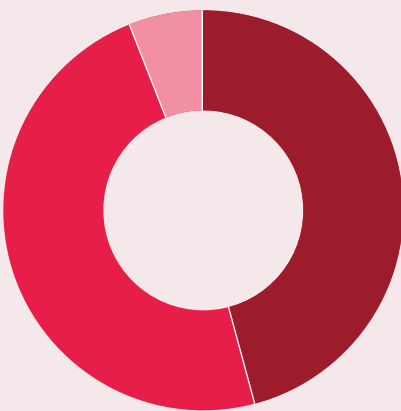
Progress on track    Focus required to accelerate progress    Intervention required to accelerate progress

### New Employee Hires for 2022\*

GRI Standard 401-1



**Gender %**  
● 38% - Female  
● 58% - Male  
● 4% - Undisclosed Gender



**Age %**  
● 46% - Under 30  
● 48% - 30-50  
● 6% - Over 50  
● N/A% - Undisclosed Age

### Employee Turnover Rate for 2022\*

GRI Standard 401-1

Group	Total	% Rate
Female	875	37%
Male	1466	63%
Under 30	799	34%
30-50	1050	44%
Over 50	512	22%

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

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

A. Select 2022 data has been independently assured by Ernst & Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. EY Assurance Opinion is available on our website. Our reporting scope and definitions are detailed in the Reporting Criteria document published on our website.

1. We recognise the need to gain more comprehensive employee demographic data in order to understand the diversity of our employee base and drive inclusion. This will form a key part of our new DEI strategy and will help us measure (where appropriate) ethnic minority, disability, LGBTQ+ and other key DEI dimensions.

2. The proportion of senior management employees (Global Grade 5 and above) recorded as female across Imperial Brands Group excluding Logista.

3. This reflects all employees excluding those employed by ITG Brands and Logista





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