

**16% DECREASE
IN LOST TIME
ACCIDENT RATE**
COMPARED TO 2020

**17% DECREASE IN
ENERGY CONSUMPTION**
COMPARED TO 2017 BASELINE YEAR

**40% OF OUR
WORKFORCE
ARE FEMALE**

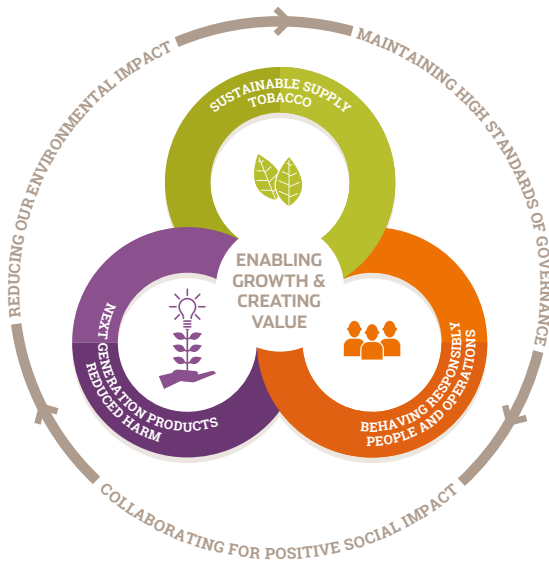
SUSTAINABILITY PERFORMANCE SUMMARY 2021



INTRODUCTION

Managing our Environmental, Social and Governance responsibilities remains a core part of the way we operate at Imperial Brands.

Our Sustainability Performance Summary details the work and progress we have made against our sustainability agenda and in particular our five priority sustainability issues: consumer health, climate and energy, farmer livelihoods and welfare, human rights and waste. Our sustainability strategy is aligned with the UN Sustainable Development Goals which aim to have a transformational impact on the world by 2030. In this document we also provide information on key sustainability performance indicators aligned to the Global Reporting Initiative (GRI) standards.



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This Summary forms part of our wider sustainability reporting, which includes our:

Annual Report and Accounts:

Detailing corporate strategy, financial and non-financial performance as well as information on Risk and Environmental, Social, Governance (ESG) performance.

Sustainability Webpages:

Providing further detail on our approach to managing our sustainability responsibilities along with case studies to demonstrate progress. Downloadable documents such as our Modern Slavery Statement and Independent Assurance Statement can be accessed from the [website](#).

Reporting Criteria Document:

Detailing our approach to sustainability reporting, scope and definitions for key non-financial metrics as reported within the Annual Report and Accounts within this summary.

Global Reporting Initiative (GRI) and SASB Index:

Providing detail of where information aligned to the GRI indicators can be found across our suite of reporting. Our sustainability reporting has been prepared in accordance with the GRI Standards: Core Options.



OUR 5 PRIORITY ESG ISSUES

1

CONSUMER HEALTH

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 progress in 2021

We have launched our Heated Tobacco offering (Pulze) in Greece and the Czech Republic. Our vaping product myblu now benefits from an enhanced route to market and communication plan in the USA.

We have a thriving Oral Nicotine business in the Nordics with brands like Skruf, and have launched a cutting edge bamboo fibre based product under our Zone-X brand.

Our scientific substantiation to date continues to indicate that myblu, Skruf, ZoneX and Pulze are all likely to be substantially less harmful than continued combustible cigarette smoking and provide potentially reduced risk alternatives to combustible products for adult consumers.

We refrain from testing our products on animals, and use cutting edge in-vitro technologies to test our products.

See more on our science [website](#).

2

CLIMATE AND ENERGY

Given our global reach and influence, we want to play a role in protecting the natural environment and actively work to minimise our environmental impacts.

Our progress in 2021

We recognise that energy efficiency is the first step towards carbon reduction and we have reduced our absolute energy consumption by 17% from the 2017 base line year.

We have seen a 14% decrease in total Scope 1 and 2 emissions from our 2017 baseline year and our target is to reduce them by 25% by 2030.

We have committed to reach net-zero global emissions by 2040 in line with the aim to limit global warming to 1.5°C.

We were awarded an A rating by CDP for our 2020 Climate Change submission for a second consecutive.

3

FARMER LIVELIHOODS AND WELFARE

Farmer livelihoods and welfare are of paramount importance to sustainable tobacco production and we continue to engage with our suppliers to help to support and develop farming communities.

Our progress in 2021

Industry-wide collaboration focused through the STP.

Engaged with subject matter experts and local implementing partners to enable us and our suppliers to better understand the risks in certain countries. This informs the projects we support on the ground, ensuring they have maximum impact for the tobacco farming communities within which our suppliers operate.

Established a baseline including two externally reported farmer livelihoods KPIs. These highlight how many farmers have access to initiatives that aim to increase farm productivity (97%) and how many farmers are diversifying their income by growing complementary crops (88%).

A third KPI highlights the impact of projects we funded with our suppliers in Africa, Asia, Europe and South America aimed at improving livelihoods. In 2021 there were 130,000 direct farmer beneficiaries.

4

HUMAN RIGHTS - MODERN SLAVERY

As an international business we recognise the importance, influence and role we have in promoting respect for human rights across our business and supply chains.

Our progress in 2021

Undertook Supply Chain Impact Assessments with tobacco leaf suppliers to better understand important human rights issues in our global supply chains.

Our Modern Slavery e-learning module is now available to employees in 15 different languages. Introduced more tailored and in-depth training to our managers on modern slavery.

Further developed our approach to undertaking due diligence in relation to human rights issues.

Strengthened the Sustainable Tobacco Programme (STP) to better respond to and measure the work our suppliers do as part of a continual process to manage human rights.

Established a cross-functional Human Rights Compliance Working Group.

Developed a modern slavery audit module in collaboration with Slave Free Alliance and used to conduct a test pilot audit of our UK facilities management provider.

5

WASTE

As part of our role in protecting the natural environment, we seek to minimise waste and waste sent to landfill.

Our progress in 2021

We trialled take back recycling schemes in Germany and France for myblu pods, diverting consumer waste away from landfill.

We are improving packaging recyclability for our combustible brands by replacing the aluminium inner liner with paper.

UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

We are committed to tobacco harm reduction.



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



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



Ensure access to water and sanitation for all.



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



Ensuring sustainable consumption and production pattern



TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURE (TCFD) - REPORTING FRAMEWORK

Imperial Brands is committed to implementing the recommendations of the TCFD and providing transparency to our stakeholders on progress. We are pleased to provide the below progress update as we prepare for full implementation of these requirements in our 2022 Annual Report, which supplements the information contained within the Annual Report.

Governance

We have embedded climate governance across all levels of the organisation:

1. The Board of Directors is responsible for the ESG performance of the Company, including climate risk.
2. The cross-functional ESG Steering Committee, chaired by the CEO of Imperial Brands, is responsible for delivering the ESG strategy and our climate risk responsibilities.
3. Management-level responsibility has been assigned for specific climate risks and opportunities.

Scenario analysis

We have undertaken an initial qualitative assessment of climate risk and opportunity to inform both our risk management and strategic decisions.

We considered a "2 degrees" aligned scenario to test our value chain resilience to an ambitious reduction in GHG emissions, as well as considering physical impacts across our priority locations.

Risk management:

Based on the scenario analysis findings, we have integrated climate risk management into our Enterprise Risk Management framework by considering the impact of climate change on each of our principal risks. This allows us to continue to manage and monitor climate risk effectively as part of core business activities.




Climate risks

- > Extreme weather events causing disruption to operations, supply and distribution of products.
- > Compliance obligations from new and existing climate legislation.
- > Increased costs of energy and raw materials.

Strategy:

Our strategy is built on our commitment to ESG. We have identified a number of climate related opportunities through our scenario analysis. We are now working towards securing these opportunities as we deliver on our decarbonisation commitments and integrate ESG fully into our Group business strategy.



Climate opportunities

- > Increased recycling rates and reuse of materials to reduce costs.
- > Shift to renewable energy to mitigate potential price increases.
- > Investing in supply chain resilience to reduce disruption.

Next steps

We will continue to evolve our approach to managing climate risks and opportunities during FY22.

Key actions will include:

- > Developing a comprehensive financially quantified scenario analysis to inform our decisions across both risk and strategy.
- > Developing a climate transition plan to co-ordinate efforts across our business in pursuit of our decarbonisation targets.
- > Continuing to integrate climate related information into our Annual Report and Accounts.
- > Continuing to engage with suppliers on their carbon reduction plans.

Metrics and targets

We are delivering on our science based targets:

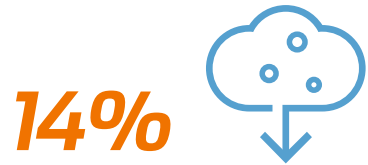
<p>Scope 1 & 2 emissions reduced by 25% by 2030</p>	↓	<p>Scope 3 emissions reduced by 20% by 2030</p>	↓	<p>50% of suppliers by spend having SBTs by 2023</p>	↓	<p>Landfill waste reduced by 50% by 2030</p>	↓	<p>Water use reduced by 15% by 2030</p>
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PERFORMANCE SUMMARY OVERVIEW

Environment



decrease in total waste compared to 2017 base year



decrease in total absolute Scope 1 and 2 CO₂e emissions compared to 2017 base year



decrease in water consumption compared to 2017 base year

Health and Safety

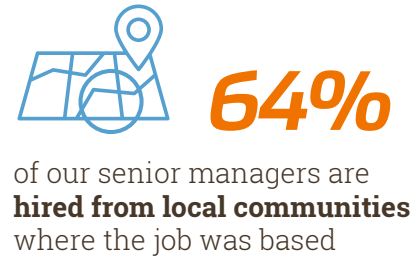
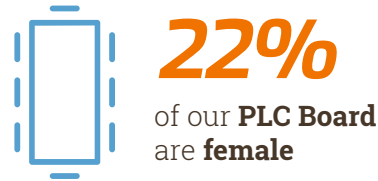
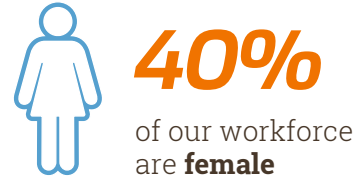


↓ decrease in lost time accident rate compared to 2020



of our operations are **certified** to the internationally recognised health and safety management systems, **OHSAS 18001 /ISO 45001**

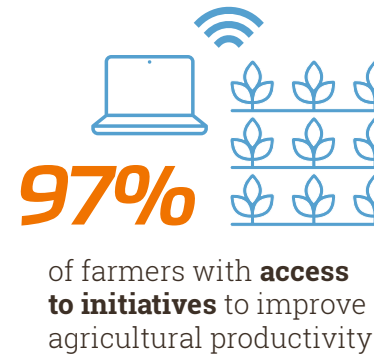
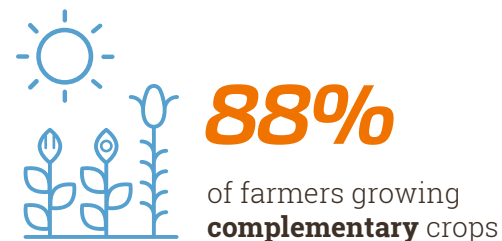
Diversity and Inclusion



Community



Farmer Livelihoods and Welfare





ENVIRONMENTAL PERFORMANCE

Performance Indicator	Unit	2017	2018	2019	2020	2021	Commentary
Environmental Management System							
Operations with ISO 14001 certification	%	92	91	86	86	78	Due to the ongoing COVID-19 pandemic, there have been delays in some sites (particularly those in Africa) in obtaining re-certification. We will aim to undertake a review in FY 22.
Climate and Energy¹							
Absolute Energy Consumption GRI Standard 302-1	GWh	875	842	788	773 ^A	729 ^A	We have seen a 17% decrease in energy consumption from our 2017 baseline year. Our target is to reduce energy consumption by 25% by 2030. In compliance with the UK streamlined energy and carbon reporting (SECR) requirements, our total UK energy consumption was 13.46 GWh which is 1.84% of the global total (2020: 14.33 GWh and 1.85%).
Relative Energy Consumption GRI Standard 302-3	KWh/£million tobacco and NGP net revenue	112801	108926	98500	96625 ^A	95740 ^A	
Absolute Scope 1 CO₂e emissions GRI Standard 305-1	Tonnes	118000	110896	108241	99577 ^A	95987 ^A	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. We have seen a 4% decrease in Scope 1 emissions since last year and a 19% reduction from our 2017 baseline year.
Absolute Scope 2 CO₂e location-based emissions GRI Standard 305-2	Tonnes	161573	161020	158108	147039 ^A	143990 ^A	Our Scope 2 emissions comprise of the indirect emissions resulting from the use of purchased electricity, heat and steam at our sites. We have seen a 2% decrease in Scope 2 emissions since last year and a 11% reduction from our 2017 baseline year.
Total Absolute Scope 1 and 2 CO₂e emissions GRI Standard 305-5	Tonnes	279573	271916	266349	246616 ^A	239977 ^A	We have seen a 14% decrease in total Scope 1 and 2 emissions from our 2017 baseline year. Our target is to reduce these emissions by 25% by 2030. We have also set a Scope 3 target to minimise our carbon impact beyond our direct operations. In compliance with the UK SECR requirements, our total UK Scope 1 and 2 emissions were 2975 tonnes CO ₂ e emissions, which is 1.24% of the global total (2020: 3289 CO ₂ e emissions and 1.33%). During 2020, our main office in Bristol has had significantly reduced occupancy due to COVID-19. We optimised the Building Management System controls to shorten operating hours of plant equipment to minimise our demand for energy.
Relative Scope 1 and 2 CO₂e emissions GRI Standard 305-4	Tonnes per £million tobacco and NGP net revenue	39.0	35.2	32.4	30.8 ^A	31.5 ^A	
Key suppliers by spend with science-based target	%	–	19	22	38	41	We aim to ensure that 50% of our suppliers by spend will have science-based targets by 2023.
Emissions of ozone-depleting substance: R22 GRI Standard 305-6	Kg	247	275	100	167	18	We are pleased to report a decrease of 89% in this ozone-depleting substance.



ENVIRONMENTAL PERFORMANCE

Performance Indicator	Unit	2017	2018	2019	2020	2021	Commentary
Waste¹							
Total Waste GRI Standard 306-2	Tonnes	49141	43388	41366	40253^A	41714^A	We have seen a 15% decrease in waste from our 2017 baseline year. However, we have seen an increase of 4% in waste compared to last year which is due to an improvement in the accuracy of waste measurements from one of our sites in Central America. Our target is to reduce waste by 20% by 2030.
Relative Waste	Tonnes per £million tobacco and NGP net revenue	6.34	5.61	5.17	5.03^A	5.48^A	
Waste to Landfill							
Waste to Landfill GRI Standard 306-2	Tonnes	6746	6769	7019	6431^A	9411^A	We are very disappointed to report a 40% increase in waste sent to landfill from our 2017 baseline year. This increase is mainly driven by two factors. Firstly, one of our sites in Central America recorded a doubling of waste to landfill in comparison to the previous year due to more accurate measurements by the waste management provider. Secondly, one of our sites was responsible for safely destroying menthol cigarettes due to the menthol cigarette ban in the UK, which subsequently led to an increase in total waste to landfill. Our target is to reduce waste sent to landfill by 50% by 2030.
Relative Waste to Landfill	Tonnes per £million tobacco and NGP net revenue	0.87	0.88	0.89	0.80^A	1.24^A	
Landfill Avoidance Rate	%	–	–	–	–	95	This year we have calculated the landfill avoidance rate. This KPI shows the percentage of our waste diverted from landfill.
Recycling Rate	%	69	68	64	63	61	Our target is to increase the recycling rate to 75% by 2030.
Water¹							
Absolute Water Consumption GRI Standard 303-5	m ³	1468626	1327102	1316904	1198523^A	1109178^A	We are pleased to report a 24% reduction in water use from our 2017 baseline year, which exceeds our target to reduce water consumption by 15% by 2030. We are currently reviewing our ESG strategy and will set a new water target.
Relative Water Consumption	m ³ /£million tobacco and NGP net revenue	189	172	165	150^A	146^A	

(A) Select 2021 data has been independently assured by Ernst and Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. The Assurance Opinion is available on our [website](#).

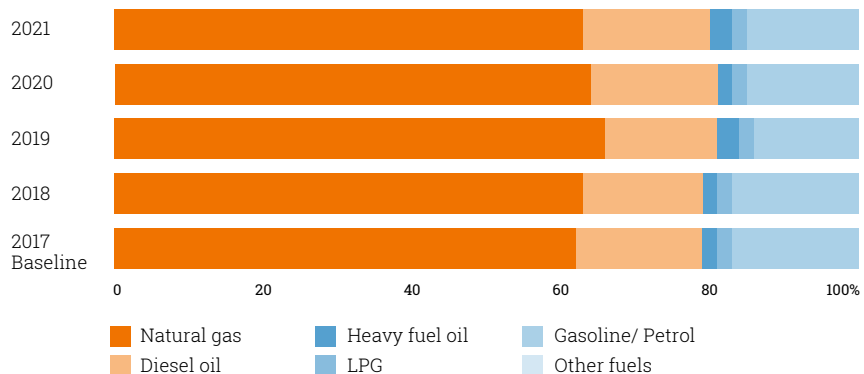
1. Our 2021 environmental data follows the reporting period Q4 financial year 2020 to Q3 financial year 2021. This is to allow for data collection, validation and external assurance. We use the GHG Protocol Standard to inform our reporting of Scope 1 and 2 emissions. Our reporting scope and definitions are detailed in the Reporting Criteria Document published on our [website](#).



ENVIRONMENTAL PERFORMANCE

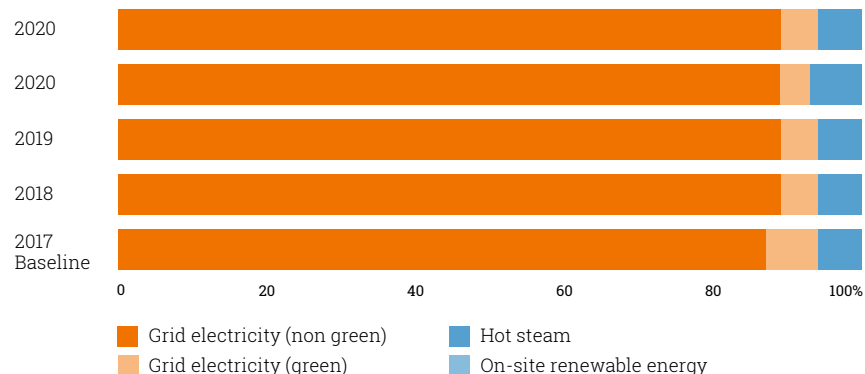
Direct Energy Consumption by Source GWh (%)

GRI Standard 302-1



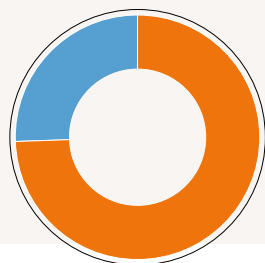
Indirect Energy Consumption by Source GWh (%)

GRI Standard 302-2



Water consumption by withdrawal source (m³)

GRI Standard 303-3



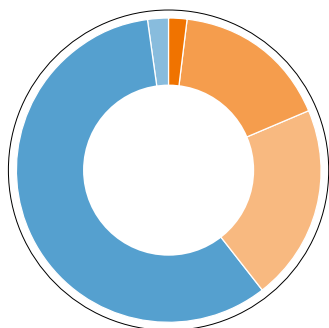
- Mains - 74%
- Ground water - 26%
- Rain water - 0%

Water consumption by withdrawal source (m³)

	Unit	2017 base year	2018	2019	2020	2021
Mains	m³	1187229	1040046	1021047	891417	822739
Ground water	m³	278565	285445	294219	305336	284725
Rain water	m³	2832	1610	1638	1769	1713
Total	m³	148626	1327102	1316904	1198523	1109178^A

Disposal of hazardous waste (Tonnes)

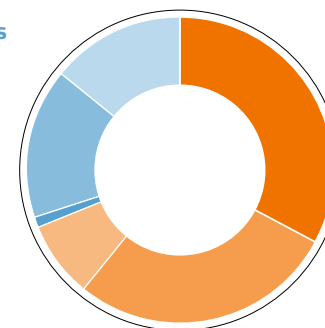
GRI Standard 306-2



- 2% - Reused
- 17% - Recycled
- 21% - Incinerated & energy recovered
- 59% - Incinerated
- 2% - Sent to landfill

Disposal of non-hazardous waste (Tonnes)

GRI Standard 306-2



- 33% - Reused
- 28% - Recycled
- 8% - Incinerated & energy recovered
- 1% - Incinerated
- 16% - Sent to landfill
- 14% - Composted

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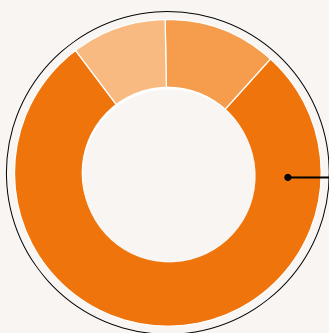
SCOPE 3 EMISSIONS

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

During 2021 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.

GHG emissions across our value chain in 2017 (% tCO₂e)



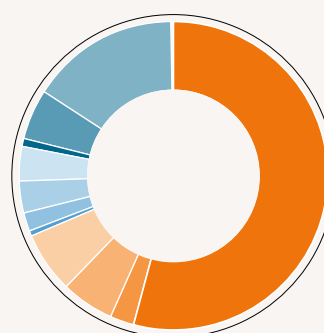
- 10% - Scope 1
- 12% - Scope 2
- 78% - Scope 3

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 (% tCO₂e)



- 54.4% - Purchased goods and services
- 2.5% - Capital goods
- 5.6% - Fuel and energy related activities
- 6.4% - Upstream transportation and distribution
- 0.6% - Waste generated in operations
- 1.7% - Business travel
- 3.4% - Employee commuting
- 3.8% - Downstream transportation and distribution
- 0.7% - Use of sold products
- 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 CO₂e per £million of 2019 distribution fees (our non-GAAP revenue measure for Logista).



HEALTH AND SAFETY PERFORMANCE

Performance Indicator	Unit	2017	2018	2019	2020	2021	Commentary
Health and Safety¹							
Employee fatalities² GRI Standard 403-9	Number	0	0	2	3	1	We deeply regret to report one work-related employee fatality in 2021 following a road accident. A thorough investigation has been conducted and support provided to the family and work colleagues of the deceased.
Contractor fatalities²	Number	0	0	0	0	0	Health and safety remains a priority for all our stakeholders.
Members of the public fatalities involving Imperial Brands vehicles²	Number	1	4	1	0	0	Road safety remains a priority across all our operations.
Lost time accidents (LTA)² GRI Standard 403-9	Number	92	118	101	80	65	There has been a 19% decrease in the number of lost time accidents compared to last year.
LTA rate² GRI Standard 403-9	Lost time accidents per 200,000 hours worked	0.36	0.46	0.40	0.32 ^A	0.27 ^A	There has been a 16% decline in our lost time accident rate compared to last year. During FY21 we increased the use of leading indicators to better manage risk throughout our operations.
Total number of accidents²	Number	937	931	850	720	573	We have seen a 20% decrease in total accidents compared to last year.
Accident rate²	Total accidents per 200,000 hours worked	3.66	3.61	3.39	2.19	2.36	We have seen an 8% increase in our accident rate compared to last year. However, we are pleased to see a continued reduction in our total number of accidents and our LTA rate.
Vehicle accident frequency rate²	Accidents per million kilometres	–	–	5.03	4.19	3.9	There has been a 7% 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.
OHS Management System							
OHSAS 18001 / ISO 45001 certification GRI Standard 403-1	%	87	87	79	79	74	Due to the ongoing COVID-19 pandemic, there has been delays in some sites (particularly those in Africa) in obtaining re-certification. We aim to undertake a review in FY 22.

(A) 2021 data has been independently assured by Ernst and Young LLP (EY) under the limited assurance requirements of the ISAE 3000 standard. The Assurance Opinion is available on our [website](#).

1. Our health and safety data is for the full 2021 financial year. Our reporting scope and definitions are detailed in the Reporting Criteria Document published on our [website](#).

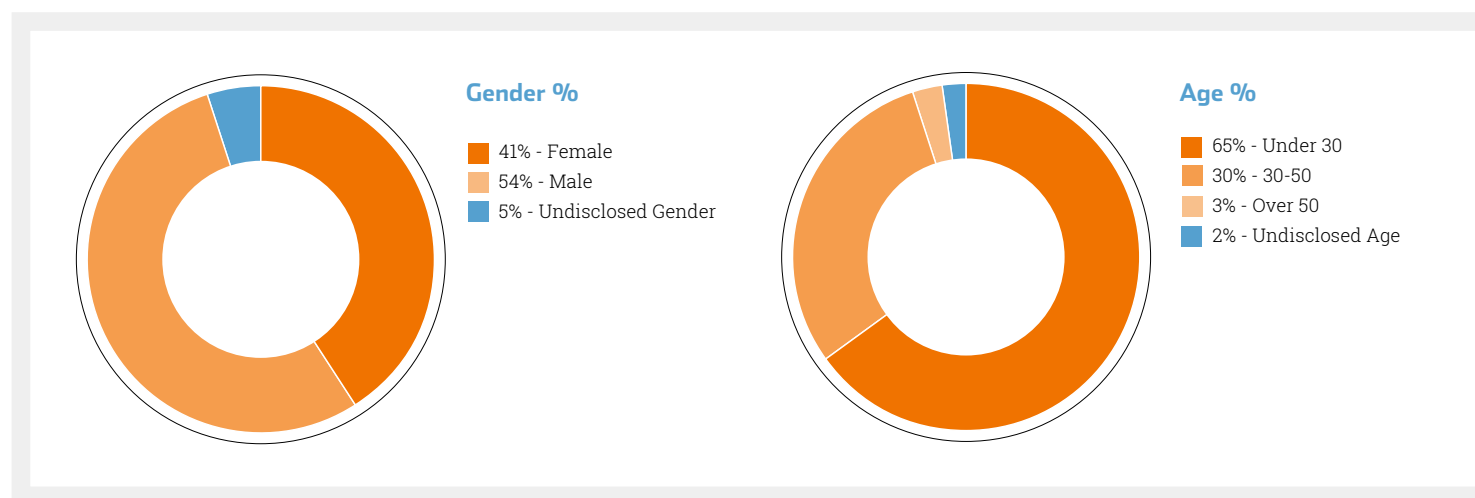
2. Accidents reported do not include commuting to or from work or third parties such as distributors.

DIVERSITY PERFORMANCE

Performance Indicator	Unit	2017	2018	2019	2020	2021	Commentary
Diversity							
Female employees GRI Standard 102-8	%	40	41	42	42	40	Female employee numbers have decreased by 7% compared to last year. This is largely driven by the divestment of parts of our Premium Cigar Division which employed a larger number of females compared to males.
Female Executive Leadership Team (ELT) members* GRI Standard 405-1	%	11	13	11	14 ^A	33 ^A	We are committed to increasing female representation within senior management roles to 30% by 2023.
Female Board members GRI Standard 405-1	%	30	33	40	25 ^A	22 ^A	The number of female members of the Board on 30 th September 2021 (end of FY 21) was 22%. We are pleased to report that from the 15 th November 2021, this has now increased to 36% following new appointments.
Employee turnover rate GRI Standard 401-1	%	15.0	15.1	13.2	11.8	10.2	Employee turnover rate has decreased in comparison to last year. This is the lowest turnover rate in recent years.

New Employee Hires for 2021*

GRI Standard 401-1



Employee Turnover Rate for 2021*

GRI Standard 401-1

Group	Total	% Rate
Female	941	10.7
Male	1453	11.9
Under 30	773	13.2
30-50	1077	8.9
Over 50	524	14.6
Undisclosed	44	-

*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.

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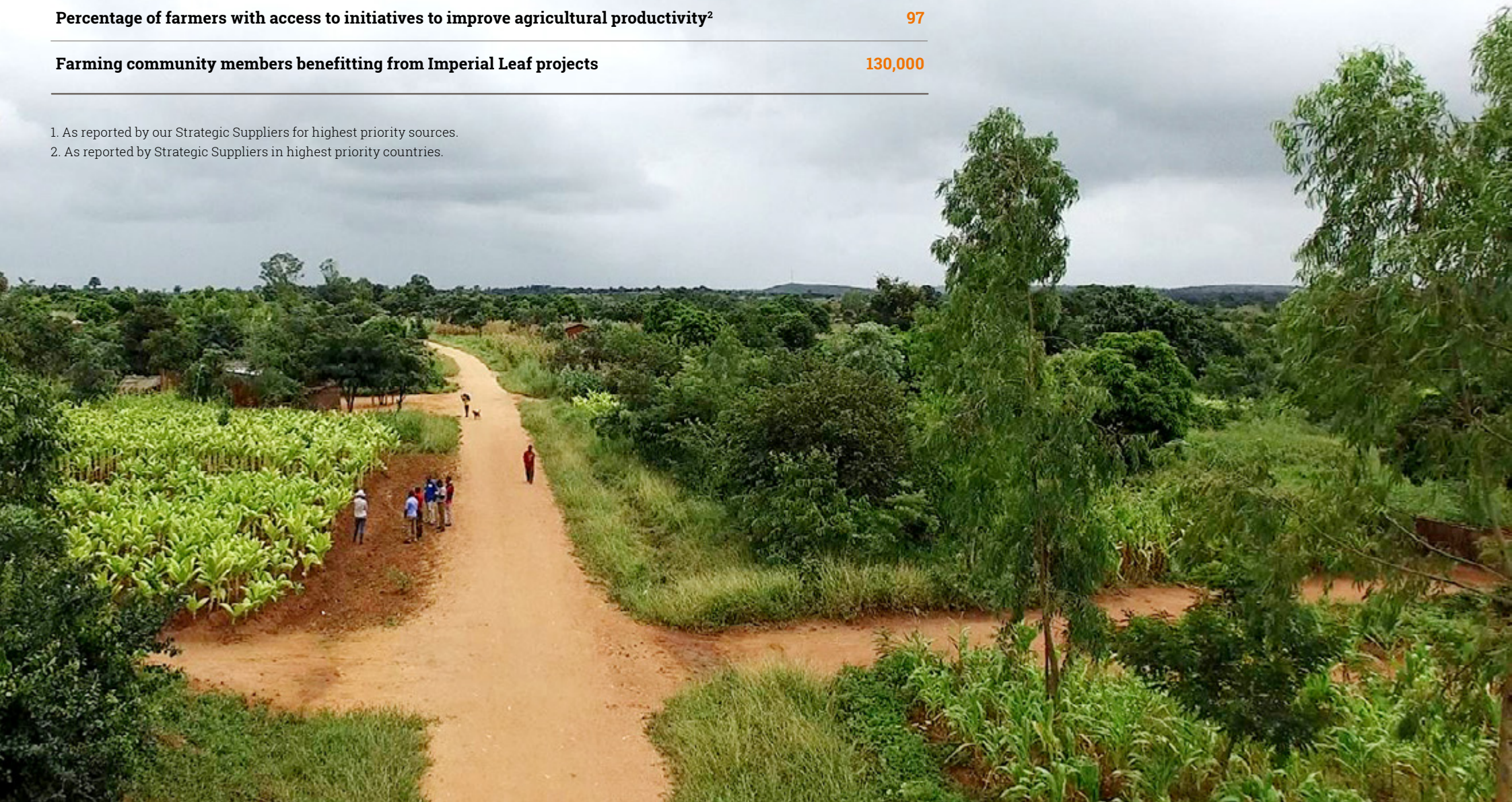
*ELT and ELT-1 (direct reports to the ELT) percentage of females is 21.4% (calculated in October 2021).

FARMER LIVELIHOODS AND WELFARE PERFORMANCE

Performance Indicator	2021
Percentage of farmers growing complementary crops ¹	88
Percentage of farmers with access to initiatives to improve agricultural productivity ²	97
Farming community members benefitting from Imperial Leaf projects	130,000

1. As reported by our Strategic Suppliers for highest priority sources.

2. As reported by Strategic Suppliers in highest priority countries.





DRIVE SAFE AWARDS 2022

3 GOOD HEALTH AND WELL-BEING

CUTTING RISKS ON THE ROADS

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2 ZERO HUNGER

ALTERNATIVE CROPS

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CLIMATE CHANGE

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NEXT GENERATION PRODUCTS - TOBACCO HARM REDUCTION



[VIEW VIDEO](#)



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

ADDRESSING YOUTH ACCESS IN GERMANY

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7 AFFORDABLE AND CLEAN ENERGY

SOLAR BOREHOLES IN MALAWI

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6 CLEAN WATER AND SANITATION

DELIVERING DRINKING WATER TO VILLAGE COMMUNITIES

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We have aligned our priority focus areas with five of the UN SDGs, however through our business activities we are able to positively contribute to additional SDGs, recognising the importance of all 17.



15 LIFE ON LAND

A PROMISING FUTURE FOR FORESTRY IN AFRICA

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