



# GROUP ENVIRONMENT POLICY

At Imperial Brands, we aim to be Net Zero in our value chain by 2040. We are committed to minimising our environmental impact and promoting sustainability throughout our value chain. We recognise the importance of preserving our planet and strive to be a responsible business. Environmental sustainability is integral to the long-term success of our business and, in line with our robust approach to ESG (Environmental, Social and Governance), underpins our drive to create shared value for our stakeholders.

The Group Environmental Policy makes our commitment clear, which extends through several Group policies, including our **Code of Conduct** and **Supplier Code of Conduct**. These set out the foundations of our approach to environmental sustainability which all our employees, suppliers, and business partners are required to adhere to. We aim to maintain high standards of governance on our journey to minimise our climate impact and reduce our carbon footprint, energy, waste, and water consumption as well as the impact we are having on biodiversity. This includes the way we produce, use, and dispose of our products, and requires all employees and partners to understand their responsibilities.

## OBJECTIVES OF THIS POLICY

To minimise the short, medium and long term impact of our business activities on the environment and to prevent non-compliance with local legal environmental requirements through appropriate product development, supply chain and local operational activities. Additionally, the objective is to reduce the likelihood of environmental issues impacting the company's ability to achieve its strategic objectives.

## SCOPE OF THIS POLICY

This Policy applies to all entities, functions and staff working for or on behalf of Imperial Brands PLC and any entities controlled by it, including ITGB but excluding our Spanish subsidiary Logista, a logistics company which operates independently and has its own independent Board. Where Imperial Brands PLC does not have direct control, it is recommended that the principles of this Policy be adopted or incorporated into an existing policy by our partners to demonstrate the commitments reflected in this Policy.

## EXCEPTION MANAGEMENT AND LOCAL LEGISLATIVE RESTRICTIONS

Where this Policy conflicts with local legislative requirements, such local requirements take precedence over the requirements stated in this Policy. Additionally, where there might be specific business reasons why this Policy, or part of this Policy, cannot be adopted by the Local Entity the exception can be managed against criteria set out by Group ESG.

Any such exceptions should be notified to the Policy Owner, supported by evidence of local legislative requirements or business reasoning. Policy exceptions require explicit approval by the Policy Owner, are recorded and shall be reviewed on an annual basis by the Policy Owner to confirm their ongoing validity.

## POLICY REVIEW

This Policy shall be reviewed on an annual basis or upon any significant changes to risk profile or risk appetite for the risks within the scope of this Policy.

## RELATED CONTENT

Additional policies should be considered alongside this Group Environmental Policy and it is the responsibility of the Policy Owner to ensure alignment by engaging the policy owners of the following policies:

- **Code of Conduct** – Describes the standards of responsible behaviour that all our employees are expected to follow.
- **Supplier Code of Conduct** – Describes the Group's basic sourcing process requirements.
- **Product and Technical Development Policy** – Describes meeting anticipated or established consumer demands.
- **Biodiversity Statement** – Describes the Group's commitment on reducing its impact on biodiversity.

# To fulfil our commitments, we shall:

- as a minimum, operate in compliance with all applicable environmental **legal requirements**, and, in markets where legislation is less stringent, we will apply our own rigorous standards set out in this policy (subject to approved policy exception).
- assess, monitor, and manage our environmental and climate related **risks to our own operations and our supply chain in line with LSE Listing Rule 9.8.6(8) R** (previously known as TCFD)<sup>1</sup>.
- implement and maintain **management systems** following the “Plan, Do, Check, Act” approach, based on the principles of continuous improvement.
- **monitor performance** by setting meaningful metrics and targets that stretch the business to continually improve environmental performance.
- provide suitable **resources** and enhance **capabilities** where required<sup>1</sup>.
- Continue to increase procurement of **responsibly sourced** goods and services.
- work towards a **circular economy** when innovating and developing products, packaging to reduce waste and keep resources in use for as long as possible.
- **engage with stakeholders** across our value chain on environmental issues, to ensure we effectively raise supply chain standards and reduce our wider environmental footprint.
- **report transparently** by communicating our environmental performance internally and externally, ensuring claims can be substantiated<sup>1</sup>.

This Policy applies to all employees at Imperial Brands. Where Imperial Brands does not have direct control, we encourage our partners to demonstrate the commitments reflected in this Policy and our Supplier Code of Conduct. We all have a role to play in reducing our impact on the environment and we expect everyone to take personal responsibility for delivering against these commitments. Employees are actively encouraged to engage with others to inform, share knowledge, and innovate to achieve our environmental ambitions. Further details on this Policy can be found in the remainder of this document.



**STEFAN BOMHARD**  
Chief Executive Officer  
September 2024

Policy Owner: Group Environmental Sustainability  
Effective Date: 20th September 2024



<sup>1</sup> More information on current metric and targets, including our aim towards supporting a circular economy can be reviewed in our ESG performance summary, or our [healthier futures](#) webpages

# Our environmental Policy outlines our key commitments and actions:

## 1. INNOVATION

We aim to utilise lifecycle assessment in the design of key new products as well as for current ones to better understand the environmental effects of our products and to find ways to reduce those effects. We look to apply the circular economy concept when innovating and developing products and packaging to reduce waste during the use of our products and keep resources in use for as long as possible.

## 2. SOURCING OF RAW MATERIALS

We are committed to improving our sourcing of products and services to be compliant, sustainable, and in a socially conscious manner. We will work with our suppliers to ensure continuous improvement. We refreshed our Supplier code of conduct in 2023, calling out the environmental expectations we have of our partners and we intend to further strengthen our supplier due diligence, risk assessment and management approach to complement this.

### **Deforestation:**

We are committed to supporting suppliers and their farmers access to sustainable wood by 2025, as such our tobacco will result in zero net deforestation- 100% of the wood harvested will either be sourced from sustainably managed forests or be matched by managed planting. In 2023 we also published a separate biodiversity statement.

## 3. MANUFACTURING

We aim to produce our products in an effective and efficient manner through the building upon the ISO certification of our production sites. Our environmental objectives<sup>1</sup> are focused but not limited to the following:

### **Emissions Reduction:**

We are committed to reducing our impact on the climate throughout our value chain, focusing on both mitigation and adaptation. We report our environmental performance in our annual report and accounts. By 2030 we aim to be net zero within our own operations (Scope 1 and 2) and to have a net zero value chain (Scope 1, 2 and 3) by 2040<sup>2</sup>.

### **Waste Management:**

We are committed to minimising waste associated with products, packaging, and production processes. This includes minimising overall waste, eliminating waste to landfill and making all our packaging in the EU and UK reusable, recyclable or compostable by 2025<sup>3</sup>.

### **Water Management:**

We are committed to reduce our water withdrawal especially in water scarce areas. We have embedded the physical risk of drought and flooding in our climate change scenario analysis and are reporting on these risks as part of our TCFD disclosure within the annual report and accounts<sup>2</sup>.

## 4. STAKEHOLDER ENGAGEMENT

We will actively engage with our employees, customers, suppliers, and local communities to raise awareness about environmental issues and encourage their participation in sustainable practices. We have a supplier engagement target for 50% of our suppliers by spend within the purchased goods and services category<sup>4</sup> to have science-based targets by 2024. One of our tools to engage with our suppliers is the Supplier Relationship Management-Connect program<sup>2</sup>.

### **The Sustainable Tobacco Programme (STP):**

We are committed to engaging with our suppliers to support and develop farming communities and promote sustainable agriculture. As part of our membership in the industry-wide STP, we are enhancing agricultural supply chain due diligence and aiming to improve the social and environmental impact in tobacco growing communities<sup>1</sup>.

## 5. COMPLIANCE AND CONTINUOUS IMPROVEMENT

We are committed to complying with all applicable environmental laws, regulations, and standards and ask our suppliers to do the same. Additionally, we will regularly assess our environmental performance, set targets for improvement, and strive for continuous environmental management system enhancement<sup>1</sup>. Further, we will periodically monitor local risks through climate scenario analysis and take appropriate actions in response to local incident reports.

<sup>1</sup> More information on current metric and targets, including our aim towards supporting a circular economy can be reviewed in our ESG performance summary, or our [healthier futures](#) webpages

<sup>2</sup> For more information on our environmental management targets within manufacturing including how 89% of our emissions are within our scope 3, please see our ESG performance summary, or our [healthier futures](#) webpages

<sup>3</sup> Covering level 1 and 2 packaging and based on assessment conducted through an external institute.

<sup>4</sup> Purchased goods and services is the global greenhouse gas protocol scope 3 category one. For Imperial, it contributes 60% of our scope 3 emissions as of 2023.

# Glossary

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## **CIRCULAR ECONOMY:**

The circular economy is a system where materials never become waste and nature is regenerated. In a circular economy, products and materials are kept in circulation through processes like maintenance, reuse, refurbishment, remanufacture, recycling, and composting.

## **ZERO NET DEFORESTATION:**

Allowing no change to the total forest area, with new forests compensating for converted forests.

## **NET ZERO:**

Our Net zero target has been approved by the Science Based Targets Initiative (SBTi). According to the SBTi net zero is defined as a state of balance between anthropogenic emissions and anthropogenic removals. We are targeting net-zero GHG emissions, which also includes non-CO2 GHGs. Net-zero GHG emissions must be achieved at the global level to stabilize temperature increase, and targets set using the SBTi's Net-Zero Standard must cover all UNFCCC/Kyoto GHG emissions

## **RESPONSIBLY/ SUSTAINABLY SOURCED:**

Responsible/Sustainable sourcing is the integration of social, ethical and environmental performance factors into the process of selecting suppliers

## **SUPPLY CHAIN STANDARDS:**

A series of minimum standards that we apply across our supplier base, as set out in the supplier code of conduct.

## **SUSTAINABLE WOOD OR AGRICULTURE:**

Forestry or agriculture conducted in a manner that means today's needs while also ensuring profitability, environmental health and social and economic equity

## **SUSTAINABILITY:**

meeting the needs of the present without compromising the ability of future generations to meet their needs