



# MODERN SLAVERY STATEMENT 2019



IMPERIAL  
BRANDS

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This statement has been published in accordance with the UK Modern Slavery Act 2015. It was approved by the Board of Imperial Brands PLC in February 2020 and is signed on its behalf by:



**THÉRÈSE ESPERDY**  
Chair  
Imperial Brands PLC

## ➤ OUR COMMITMENT

This statement sets out the steps taken by Imperial Brands PLC and its subsidiaries, during the year ending 30 September 2019, to understand all potential modern slavery risks related to its business and to prevent modern slavery and human trafficking in its business and supply chains. This is the fourth statement produced by Imperial Brands PLC.

As an international business we recognise the importance, influence and duty we have in promoting respect for human rights. Our policy is to respect and support the dignity, wellbeing and human rights of our employees, the workers in our supply chain and the communities in which we operate. We are committed to conducting our business in a responsible and sustainable way, seeking to mitigate the risks and impacts of potential human rights abuses both within our direct and indirect operations.

We recognise that modern slavery can include forced and child labour; bonded labour (work provided to repay a debt); slavery and servitude (a person exercising power of ownership over another); and human trafficking.

Like all businesses, we run the risk of being exposed to modern slavery either within our direct operations or indirectly through our supply chain. We are fully committed to preventing slavery and human trafficking, recognising that the greatest risk of slavery lies within our supply chains; where we undertake procurement activities and where operational and managerial oversight are out of our direct control.

Our commitment to human rights, including forced labour, extends through several Group policies, including our **Code of Conduct**, **Supplier Code** and **Human Rights Policy**. These documents set out the foundations to

## KEY PROGRESS IN 2019

### ESG Steering Committee

We have further strengthened our governance structures around our environmental, social and governance (ESG) responsibilities to include an ESG Steering Committee, chaired by the Chair of the Board, Thérèse Esperdy. This is a cross-functional committee and includes representatives from Human Resources, Corporate Affairs, Procurement, Investor Relations, Leaf Sustainability, Science, Research and Development, Health and Safety, Governance, Manufacturing, Sales, Group Communications and Group Sustainability. The committee will meet twice a year and report directly to the Board on key sustainability issues including the address of human rights and modern slavery. The Board will continue to receive regular updates on ESG matters throughout the year.

### Slave Free Alliance



In 2019 we commissioned a modern slavery gap analysis by the Slave Free Alliance (SFA), an arm of the international charity, Hope for Justice. The purpose of the analysis was to assess and evaluate any potential exposure to the risk of modern slavery, understand whether our mitigation efforts are effective and develop a three-year strategy to address the SFA feedback.

Our response to recommendations made by the SFA are noted throughout this statement.

our approach to human rights, which all our employees, suppliers and business partners are required to adhere to.

In 2019, no incidents of modern slavery or forced labour were identified through our own due diligence processes and no incidents, grievances or concerns relating to modern slavery or forced labour were reported or identified through our whistleblowing procedures or grievance mechanisms. We recognise that whilst no incidents were identified this does not mean issues do not potentially exist, especially further away from our direct sphere of influence. We therefore remain committed to further enhancing our approach and understanding, recognising that this is a continuous, collaborative and evolving process.



For more information on our sustainability strategy and detailed approach to human rights please visit: [www.imperialbrandspc.com/sustainability](http://www.imperialbrandspc.com/sustainability)

# > OUR BUSINESS AND SUPPLY CHAINS

## OUR BUSINESS

Our purpose is to create something better for the world's smokers with a portfolio of high-quality Next Generation Products (NGP) and tobacco products. We are a dynamic fast-moving consumer goods company borne out of a strong tobacco heritage, headquartered in Bristol, UK. We have continually evolved to embrace changing market dynamics and develop new consumer experiences. We have a diverse portfolio of products including traditional cigarettes, cigars and e-vapour and heated tobacco products. In 2019 our products were sold in 160 markets worldwide and generated a net revenue of £8.0 billion.

Our PLC name reflects the breadth of our brands focus across five distinct entities: Imperial Tobacco, Tabacalera, ITG Brands, Fontem Ventures and Logista.



Our **Imperial Tobacco** subsidiaries manufacture and market a range of cigarettes, fine cut and smokeless tobacco products, mass market cigars, and tobacco accessories such as papers and tubes, and the blu vapour brand.



**Tabacalera**, our international premium cigar business, is headquartered in Madrid, Spain and its operations are split into three main areas. It is responsible for the marketing of our Cuban hand-made cigars, overseeing our cigar businesses in the US as well as the sales of our cigar products in other markets such as Spain and France.

## OUR WORKFORCE



# 32,700

people in 71 countries worldwide were employed in 2019



## 89%

of these employees are on permanent contracts and are skilled office-based professionals such as lawyers, scientists, managers and sales representatives as well as skilled factory workers such as machine operators.

## 7%

of these employees are on temporary contracts and can include maternity cover, administrative support as well as factory workers employed during peak periods of productivity.

## 4%

of this employee population are third-party workers and can include IT and HR support services as well as specialist project teams.



**ITG Brands** is the third largest tobacco company in the USA, which is a key market for Imperial Brands. The business is headquartered in Greensboro, North Carolina and offers a broad portfolio of well-known cigarette, mass market cigar brands and blu.



**Fontem Ventures** is our vaping subsidiary, headquartered in Amsterdam and supported by the Nerudia research and development centre in Liverpool. Fontem Ventures and Nerudia are focused on driving vaping technology forward to deliver potentially less harmful alternatives to combustible cigarettes.



**Logista** is one of the largest distribution businesses in Europe, serving 300,000 outlets across Spain, France, Italy, Portugal and Poland. Imperial Brands holds a majority share of the business through its subsidiary Altadis S.A.U.

# > OUR BUSINESS AND SUPPLY CHAINS

## OUR SUPPLY CHAINS

We establish a relationship of trust and integrity with all our suppliers and we are committed to working with our suppliers and business partners to improve supply chain standards. We expect our suppliers to conduct their business in an ethical and responsible manner and comply with all applicable laws and regulations. Our Supplier Code, based on our Code of Conduct, sets out the behaviours we expect our suppliers to demonstrate.

**We have two distinct supply chains consisting of tobacco leaf supply and non-tobacco materials (NTM) supply which includes NGP and general goods and services supply.**

### TOBACCO LEAF SUPPLY

We take a responsible approach to sourcing tobacco. We work with suppliers and farmers to address our ESG responsibilities. All our tobacco suppliers are required to participate in the **Sustainable Tobacco Programme (STP)** which ensures they develop and implement best practices within their own operations.

STP is our key platform to ensure our minimum standards are met in the growing of tobacco. Even though the tobacco supply chain varies from country to country with supply generated by smallholder and commercial farms, STP is applied globally and standards are expected to be consistently implemented.

We have a global sourcing footprint, which covers Africa, Americas, Asia and Europe. Of these, our major tobacco sourcing countries include Mozambique, Brazil, India and Spain. The vast majority of our tobacco, 97%, is sourced from third party suppliers, with the remaining balance coming from our own small vertical operations in Madagascar and Laos.

Approximately 70-80% of our sourced tobacco comes from two international suppliers: Universal Leaf and Alliance One, with whom we have had a partnership relationship for more than 20 years.

In 2019, we purchased more than 160,000 tonnes of tobacco leaf from 36 countries around the world. In the last five years or so we have rationalised our supplier base and consider it to be very stable.

IN 2019 WE PURCHASED MORE THAN

> **160,000**

TONNES OF TOBACCO LEAF FROM 36 COUNTRIES



THERE WAS A TOTAL OF

**19,000**

NTM SUPPLIERS ON OUR APPROVED SUPPLIERS LIST

IN 2019, WE HAD

> **366**

DIRECT MATERIAL SUPPLIERS

### NON-TOBACCO MATERIALS SUPPLY

The non-tobacco materials (NTM) we directly buy include paper, filters, glue and ingredients for cigarette products and the components that go into making NGP; these are sourced from our direct suppliers.

We also have indirect suppliers who provide services and goods such as IT hardware and software, professional and corporate services and provision of utilities. This includes procurement for facilities management.

All our key strategic direct and indirect suppliers are managed by our global procurement team and smaller suppliers are managed by our local procurement teams.

In 2019, we had some 366 direct material suppliers, 77 of which are managed centrally by our global procurement team and 289 managed by our local procurement teams. Of our direct material supplier base, approximately 80% of our main spend is with 22 suppliers.

There was a total of 19,000 suppliers on our Approved Supplier List which includes both direct and indirect suppliers.

## > POLICIES IN RELATION TO MODERN SLAVERY

**Our values** and **Code of Conduct** are embedded throughout Imperial Brands and drive our responsible approach. Our values reflect the behaviours we expect from everyone who works for us and with us and our Code of Conduct is aligned with policies, internal controls and risk management processes that underpin our strategy.

Our commitment to human rights is a fundamental part of our **Code of Conduct** and **Supplier Code**. These documents set out the foundations to our approach to human rights, which all our employees, suppliers and business partners are required to adhere to. Whilst we operate in several countries where human rights are of concern, our global governance is the same. We comply with all human rights law and where local law is less stringent, our **Human Rights Policy** takes precedent.

Our Human Rights Policy and approach are guided by the international human rights principles in line with the International Bill of Human Rights, the International Labour Organization's (ILO) core conventions and the principles and guidance contained within the **United Nations Guiding Principles** (UNGP) on Business and Human Rights.

Our Human Rights Policy applies to all Imperial Brands companies and to any joint venture where Imperial Brands has management control. It applies to all employees, directors and officers of Imperial Brands companies, including temporary and contract staff. Our due diligence processes enable us to monitor compliance with our policy commitments and identify areas for improvement.

We recognise that, along with our direct operations, our supply chain has the potential for human rights abuses, and we are committed to working with our suppliers and business partners to improve supply chain standards. The respect for human rights is predominately enabled through our requirements for supplier standards, business conduct and employment practices.

We require all joint venture partners where we do not have management control to adopt similar standards to those set out in our Supplier Code, which is fully aligned with our Human Rights Policy. All third-party distributors, customers and suppliers are also required to adhere to the Supplier Code.

Through our procurement processes, suppliers are required to comply with our Supplier Code. We only select and do business with suppliers who can demonstrate that they operate in a manner consistent with our standards and Code. We also expect our suppliers to ensure that their own business partners meet similar standards.

### OUR POLICIES TO PROTECT HUMAN RIGHTS

**Code of Conduct**

**Supplier Code**

**Human Rights Policy**

**Speaking Up (whistleblowing)**

**Anti-Bribery and Corruption Policy**

**Employment Policy**

**Fairness at Work Policy**

**Global Procurement Policy**

**Health Protection and Wellbeing Policy**

**Occupational Health, Safety and Environment Policy**



For further information on how we are addressing the issue of child labour and modern slavery in the supply chain visit our website:

**Addressing Child Labour**

**Collaborating for Positive Societal Impact**



**WE RECOGNISE THAT, ALONG WITH OUR DIRECT OPERATIONS, OUR SUPPLY CHAIN HAS THE POTENTIAL FOR HUMAN RIGHTS ABUSES, AND WE ARE COMMITTED TO WORKING WITH OUR SUPPLIERS AND BUSINESS PARTNERS TO IMPROVE SUPPLY CHAIN STANDARDS.**

## > ASSESSMENT OF MODERN SLAVERY RISK WITHIN OUR OPERATIONS AND SUPPLY CHAIN

We have assessed the nature and extent of exposure to modern slavery risks in our business and supply chains using human rights impact assessments in the past. To further inform our approach and to ensure we are addressing all issues related to modern slavery in our supply chains, in December 2018, we became one of the founding members of the Slave Free Alliance (SFA) – an arm of the international charity, Hope for Justice. SFA is a global movement working towards slave-free supply chains and we developed a partnership approach with them to address the issue of modern slavery.

In May 2019, we convened a stakeholder panel to review our sustainability strategy. The panel identified 'raising awareness and improving processes for identifying and addressing modern slavery as one of our priority sustainability focus areas. Full details of the [Stakeholder Panel Report](#) are available on our website. Following the panel's feedback and as part of our ongoing commitment to strengthen our processes in this area, in July 2019, we commissioned SFA to conduct a modern slavery gap analysis across our operations and supply chain.

SFA subject matter experts conducted a policy gap analysis and review of the policies and processes we have in place to mitigate against modern slavery. The review included stress testing processes, interviews with subject matter experts and testing the application of global policies on the ground including those detailed within our previous modern slavery statements.

Whilst a number of good practices were identified, including due diligence within the supply chain, several recommendations were also made by SFA. We are committed to working with relevant internal and external stakeholders to implement these recommendations. We have prioritised the recommendations made based on risk and our focus in 2020 will be to improve our processes by implementing the recommendations made. We have highlighted these recommendations throughout this statement, as detailed opposite.



### Our response to SFA Recommendation:

**To strengthen our understanding of risk, during 2020 we will map the workforce to identify vulnerable workers which may include temporary staff recruited during peak periods of activity in our operations. This will also extend to assessing the peak labour requirements of our leaf suppliers focusing on how this is managed for migrant workers and temporary staff.**



**IN MAY 2019, WE CONVENED A STAKEHOLDER PANEL TO REVIEW OUR SUSTAINABILITY STRATEGY. THE PANEL IDENTIFIED 'RAISING AWARENESS AND IMPROVING PROCESSES FOR IDENTIFYING AND ADDRESSING MODERN SLAVERY AS ONE OF OUR PRIORITY SUSTAINABILITY FOCUS AREAS.**

## > DUE DILIGENCE PROCESSES

We conduct due diligence within our supply chains and direct operations to ensure that the controls we have in place to mitigate against potential human rights abuses remain effective.

### DIRECT OPERATIONS

Our direct operations are regularly monitored and are audited using a risk-based approach. Where there is considered a risk, internal audits can include an assessment of labour practices, health and safety procedures in place as well as assessing local employee awareness of and training in the following: Imperial's Code of Conduct; International Marketing Standards; Whistleblowing Policy; and Grievance Policy. In 2019, where modern slavery or human rights risks were identified as in scope for an audit in our direct operations, no related concerns were raised.



#### Our response to SFA Recommendation:

**To ensure that our due diligence processes continue to adequately mitigate against the risk of modern slavery, during 2020 we will enhance Internal Audit (IA) capabilities. IA are working with SFA to develop a modern slavery audit methodology for use in our direct operations and supply chain.**

### TOBACCO LEAF SUPPLY

As with other agricultural commodities, there is a risk of modern slavery and child labour in our tobacco growing supply chain. In its worst form, child labour resulting in 'hazardous' work can damage children's health and development and becomes a form of human rights abuse.

The risk of modern slavery and child labour are managed in our tobacco leaf supply chain through the industry-wide STP and further details are provided in our [Addressing Child Labour](#) document available on our website. All our tobacco suppliers are required to participate in the STP.

#### The following aspects of the STP directly relate to modern slavery and child labour:

- The STP guiding principles are aligned with ILO core conventions;
- Guidance is provided to help suppliers prevent child labour and other forms of unfair or unsafe work;

- Employment of children on farms is covered in the guidance with reference to the types of hazardous work not permitted; and it is made clear that active recruitment of children is not tolerated;
- Guidance is provided on forced labour, human trafficking and that workers on farms must not work under bond, debt or threat; and
- Guidance is provided on freedom of movement and on imprisonment and compulsory labour.

Suppliers complete a detailed self-assessment questionnaire on an annual basis. The completed questionnaire is then assessed and scored by a third-party service provider. The scores obtained by each supplier are assessed and if required improvement plans are developed for areas of underperformance detailing how improvements will be made within a specified timescale.

Suppliers are subject to a formal third-party review. This provides an understanding of the reliability of their self-assessment and is complementary to the more frequent supplier reviews and visits undertaken by our own Leaf Sustainability Managers. All suppliers are visited at least once a year, with strategically important and high-risk suppliers visited more frequently. An onsite supplier audit is usually a detailed four-day review.

Through the STP, we have determined a baseline performance which is our minimum acceptable standard. If a supplier fails to meet the minimum performance requirements, our preference is to work with them to understand when and how the supplier will reach the standards. However, as we are committed to purchase tobacco from socially and environmentally responsible suppliers, we will cease to purchase from any suppliers who persistently fail to meet our minimum standards.

We are currently working with others in the tobacco industry to redefine our requirements for the STP framework, with the specific aim of further alignment with the United Nations Sustainable Development Goals. STP 2.0 is being designed to identify risks and opportunities based on the geographical location of our suppliers. The risks will be prioritised, and suppliers will need to provide details on what they are doing to mitigate the risk and what measures they have in place to determine how successful these interventions are.

This risk-based approach will allow us to better support the suppliers with interventions and projects. This will further enhance our transparency and reporting of our sustainability impacts and practices in our agricultural supply chain.

We anticipate development of the platform through 2020. As part of STP 2.0 development the application of the STP standards are also being reviewed and explicit guidance on addressing the issue of modern slavery and child labour will feature prominently in the updated version.

## > DUE DILIGENCE PROCESSES CONTINUED

We do not accept or want child labour in our supply chain and we address the issue through three main avenues, detailed below, with further information available on our [website](#):

- 1** The STP, which all our leaf suppliers are expected to participate in.
- 2** Our Leaf Partnership Projects where we directly work with our suppliers to fund projects in tobacco growing communities to help tackle child labour.
- 3** Our active support of the **Eliminating Child Labour in Tobacco Growing Foundation**, which aims to tackle the root causes of child labour by improving access to education and providing alternatives to childhood working.

### NTM AND NGP SUPPLY

The Supplier Qualification Programme is the first screening process for all new suppliers. This involves suppliers completing a self-assessment which includes questions on business conduct, environmental management, and labour practices including discrimination, child and forced labour, freedom of association, remuneration, working hours and health and safety. Once on board, our Internal Audit team undertake a phased cycle of onsite supplier validation audits using a risk-based approach.

**Internal Audit follow a detailed Supplier Audit Risk and Control Matrix which includes the supplier providing evidence for the following:**

- The supplier has a Code of Conduct which is in alignment with Imperial's and that this has been communicated across all its operations;
- The supplier formally audits against a set of ESG criteria, this includes the procedures the supplier has in place for employees to raise concerns and grievances; the procedures in place to protect against the risk of bribery and corruption; and that adequate health and safety procedures are in place that meet all legal requirements to protect worker safety. Evidence of audit programmes and outcomes are requested along with confirmation of any actions taken.

All new suppliers or supplier sites are subject to a mandatory audit. This applies to both centrally managed and locally managed suppliers. All our suppliers are required to sign-up to our Code of Conduct.

We have at least two meetings per year with all our centrally managed suppliers and any concerns can be raised during these meetings. We will cease our relationship with a supplier if they continually fail to meet our requirements.

### SERVICES AND GOODS SUPPLY

The SFA identified areas for improvement for our goods and services supply, including facilities management. These suppliers are termed indirect suppliers and do not undergo the supplier qualification programme. Where we have run a tender process, we request the supplier to provide us with a number of their policies including those addressing the issue of labour practices, forced labour and child labour; and we review them as part of the selection process.

For larger service requirements we would typically conduct a site visit as part of the selection process although we do not carry out regular onsite audits of our indirect suppliers; any site visits would be ad-hoc and defined on a case-by-case basis. Our template contract does, however, include the right to audit, and the requirement that the supplier complies with our Code of Conduct.

### **S** Our response to SFA Recommendation:

**Facilities management, which can include security work and cleaning staff, was identified as an area where the potential for modern slavery is high. In 2020, we will review our procurement processes to ensure robust and consistent approaches are taken to procuring facilities management globally.**

## > ACTION TAKEN IN 2019

We are committed to fully investigating actual or potential modern slavery issues identified within our supply chain and direct operations. We take any allegations of malpractice seriously and will work with all relevant stakeholders including suppliers in a collaborative way, to ensure compliance with our standards.

### IN 2019, THE FOLLOWING ACTIONS WERE TAKEN:



### CHILD LABOUR INCIDENT IN NICARAGUA

In 2017, during an STP audit, we were disappointed to find instances of child labour at a farm belonging to one of our premium cigar leaf suppliers in Nicaragua. Further details are available in a case study on our website: '[Child labour in Nicaragua – how we have responded](#)'.

Since then we have been working with the supplier company to improve processes through corrective

action plans. This has included things like introducing contracts for temporary staff, better signage around farms to make it clear that child labour is not acceptable and maintaining better documentation of farm workers.

Our Leaf Sustainability team visited the supplier in 2018 and 2019 and we are pleased that no repeat signs of child labour have been found and that the supplier continues to enact all areas of the corrective action plan.

### OUR IMPROVED PROCESSES INCLUDE:



**Introducing contracts for temporary staff**



**Improved signage around farms to make it clear that child labour is not acceptable**



**Maintaining better documentation of farm workers**

## > ACTION TAKEN IN 2019



### **ADDRESSING CLAIMS OF FORCED LABOUR IN ITALY**

In May 2019 a report in the Guardian newspaper claimed that Imperial Brands among others were allegedly buying tobacco leaves that could have been picked by exploited African migrants in tobacco fields in the Campania region of Italy. This could have potentially been an incident of modern slavery which we take extremely seriously, and we immediately initiated our own investigation into the claims.

We source a very small amount of tobacco from the Campania region of Italy through a third-party supplier. The volume we purchase typically equates to around 3% of the 50,000 tons produced in the region on an annual basis.

Our supplier in Campania works with tobacco farmers to promote good agricultural labour practices and monitors compliance with the STP by making at least six visits to each farm every growing season. The STP clearly states that there shall be no child labour or forced labour and sets out clear minimum requirements for wages and working hours, amongst other labour-related practices.

During the visits by the supplier to our tobacco farmers, at no time has any evidence to support the claims made in the Guardian report been identified. In addition to supplier visits, an independent third-party auditor (AB Sustain) conducts audits to check on compliance with the programme.

In direct response to the Guardian report, our own Leaf Sustainability Manager visited supplier farms in Italy to further reinforce the good agricultural practices we expect from all the farmers in our supply chain.



### **IN ADDITION TO SUPPLIER VISITS, AN INDEPENDENT THIRD-PARTY AUDITOR (AB SUSTAIN) CONDUCTS AUDITS TO CHECK ON COMPLIANCE WITH THE PROGRAMME**

### **WORKING WITH FACILITIES MANAGEMENT PROVIDERS AT OUR HEAD OFFICE IN THE UK**

Following the gap analysis conducted by SFA, understanding how global facilities management contracts are developed and managed was identified as a high-risk area for the potential for modern

slavery. In September 2019, we started working in partnership with our facilities management providers to better understand the risk and identify areas for improvement.

We believe this collaboration will prove beneficial in strengthening processes and procedures which can be applied globally to ensure a consistent approach.

## > ACTION TAKEN IN 2019

### SPEAKING-UP

We expect and encourage employees and business partners, including suppliers, to report any breach of our Code of Conduct or Supplier Code, which can include issues like modern slavery, forced labour and other human rights abuse. To enable employees to do this, establishing an effective grievance mechanism is essential, whilst tracking of these issues is important in establishing the effectiveness of our policies. Mechanisms we have in place include grievance management and Speaking Up (whistleblowing). All our employees and business partners are expected to act with a respect of others and to uphold business practices that respect international human rights.

#### This means

- Acting with due diligence to avoid infringing on the rights of others;
- Addressing any adverse impacts across our global operations;
- Speaking up when human rights abuses are found or suspected.

Any allegations of misconduct, fraud and irregularity are thoroughly investigated. We have processes to ensure that concerns are handled consistently across the business. All investigations are conducted in accordance with our legal obligations and where possible, we will protect confidentiality. Information on compliance with policies and incidents reported via our Speaking-Up process, is gathered throughout the year and any material issues are reported quarterly to the Audit Committee and the Board.

In 2019, no incidents of modern slavery or forced labour were identified through our own due diligence processes and no incidents, grievances or concerns relating to modern slavery or forced labour were reported or identified through our whistleblowing procedures or grievance mechanisms.

We recognise that like many other businesses, we have more to do to ensure the effectiveness of our processes which includes setting specific KPIs. This is work in progress and will continue in 2020.



**Speaking Up** – There are many ways for our employees and business partners to raise concerns, including via their people manager, local human resources team, Company Secretary or Group Human Resources Director.

Employees and third parties can also raise a concern anonymously or independently through the Expolink External Hotline service which is available in the local languages for the countries where we operate: [www.expolink.co.uk](http://www.expolink.co.uk). Please also see our [Whistleblowing Policy](#) which has been translated into 40 languages.

## > MODERN SLAVERY TRAINING AND AWARENESS

Our Code of Conduct sets out the responsible behaviours we expect from employees in their dealings with colleagues, customers, consumers, suppliers, agents, intermediaries, advisers, governments and competitors. It also includes our respect for human rights. Our **Code of Conduct** is available in over 30 languages and is published in full on our corporate website. In 2018, we introduced our **Supplier Code**, which is aligned to our Code of Conduct and available in 19 languages. All our employees are required to undertake Code of Conduct training either via an e-learning module or 'face-to-face' training. Code of Conduct training continues to be rolled out to all new employees.

During 2018, we developed a modern slavery e-learning course to support employees and key suppliers in understanding the issue and explaining how to raise concerns on suspected or actual human rights abuses. The course is mandatory for all employees to complete. In 2019, the e-learning was translated into German, Chinese, Dutch, French, Greek, Polish, Russian, Spanish

and Ukrainian to ensure maximum coverage of our operations and suppliers that are identified as being in geographic locations where human rights governance may be weaker.



#### Our response to SFA Recommendation:

**To ensure we continue to raise awareness and provide adequate training on modern slavery, in 2020, we will undertake training needs analysis, identifying target groups of employees that need additional and specific training on modern slavery.**

## > PROGRESS AGAINST 2019 COMMITMENTS

Commitment	Status	Comment
<p><b>Partner with Slave-Free Alliance to review our approach to addressing human rights and modern slavery and identify areas for improvement.</b></p>	<p>✓ </p>	<p>The recommendations made as a result of the modern slavery gap analysis conducted by SFA in July 2019 are strengthening our strategy to address, manage and mitigate the risk of modern slavery in our operations and supply chain going forward.</p>
<p><b>Continue to assess our human rights reporting increasing transparency where we can.</b></p>	<p>✓ </p>	<p>In May 2019, we convened a stakeholder panel to review our sustainability strategy and ESG priorities. The panel identified 'raising awareness and improving processes for identifying and addressing modern slavery' as a key priority.</p> <p>The panel's feedback combined with the SFA gap analysis, will improve our human rights reporting and increase transparency.</p> <p>Developments being made in STP 2.0 will further increase transparency and reporting of human rights in our leaf supply chain.</p>
<p><b>Further integrate human rights issues into internal audit processes.</b></p>	<p>✓ </p>	<p>In collaboration with SFA we have scoped out what a modern slavery audit module should include, and our Internal Audit team are in the process of developing this audit module placing emphasis on being able to identify forced labour, human trafficking and bonded labour.</p>
<p><b>Continue to raise employee awareness of human rights and modern slavery by enhanced communication and training offered.</b></p>	<p>✓ </p>	<p>In May 2019, our modern slavery e-learning course to support employees and key suppliers in understanding the issue and explaining how to raise concerns on suspected or actual human rights abuses, was translated into German, Chinese, Dutch, French, Greek, Polish, Russian, Spanish and Ukrainian and rolled out in all 9 markets. This ensured maximum coverage of our operations and suppliers that are identified as being in geographic locations where human rights governance may be weaker.</p>

## > NEXT STEPS IN 2020

We remain committed to strengthening our approach to addressing modern slavery in our operations and supply chain and recognise that this is a continuous, collaborative and evolving process.

**Guided by the SFA gap analysis, our priorities for 2020 are:**

1



### **EMPLOYEE RECRUITMENT**

Develop a global map of our workforce aligned to peak periods of activity in our operations and review the local recruitment policies we have in place for recruiting temporary staff.

Assess peak labour requirements of our leaf suppliers focusing on how this is managed for migrant workers and temporary staff.

2



### **FACILITIES RISK ASSESSMENT**

Better understand the risks associated with global facilities management, by mapping the high-risk areas in this supply chain. Internal audit with the support of SFA, to conduct a pilot audit of facilities management at our UK head office.

3



### **INTERNAL AUDIT MODULE**

Develop a modern slavery audit module to enhance Imperial Brand's capability in identifying risk.

4



### **EMPLOYEE TRAINING**

Undertake training needs analysis, identifying target groups of employees and provide them with specific modern slavery training and awareness.



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