

Operating responsibly is integral to the way we do business.

How we behave today impacts our business tomorrow. It supports our sales growth strategy and is vital for our long-term success. We measure our performance against the progress we make in four key areas: being responsible with products, having a rewarding workplace, respecting natural resources and reinvesting in society. These form the basis of our responsibility framework; they are the responsible focus for our business, our people and our stakeholders.

Our values and Code of Conduct are embedded in the business and drive our responsible approach. We also have policies, internal controls and risk management processes that underpin our sales growth strategy.

The following pages provide an overview of our Corporate Responsibility (CR) achievements. We have not included any performance data for our USA acquisition, which was completed on 12 June 2015. This data will be included in next year's report.

More detailed information on our performance can be found in the responsibility section of our corporate website www.imperial-tobacco.com/cr

You can also read our new stakeholder panel report online. This captures views on our approach to CR from a broad range of stakeholders, including leaf and non-tobacco material suppliers, investors, employees, consumers, non-governmental organisations, environment specialists, and independent consultants. The panel highlighted many positive aspects of our CR approach and gave constructive feedback on areas where we can drive improvement. Our thanks to all participants for their time and comments.

We're proud of the contribution our people make to our responsibility agenda and continue to be encouraged by the positive feedback we receive externally. We scored 98 per cent in the Business in the Community (BiTC) Corporate Responsibility Index and 76 per cent in the RobecoSAM assessment for the Dow Jones Sustainability Index.

Responsible with Products

Millions of people around the world choose to enjoy our products every day. We recognise there are societal concerns about the health risks of smoking and acknowledge that smoking is a cause of serious diseases in smokers. We ensure our products are manufactured, marketed and sold responsibly.

High Product Standards

Consumers and other stakeholders rightly expect us to adhere to high product standards. We rigorously test and analyse our products to ensure we continue to build our knowledge and understanding. This enables us to fulfil our duty of care to consumers and meet legal requirements for scientific disclosures and submissions.

We have continued our focus on the testing and scientific analysis of e-vapour products. Our research shows that the vast majority of tobacco smoke constituents are not present in e-vapour products, whereas they are still generated by heated tobacco products.

E-vapour products therefore have potential as a reduced risk product relative to tobacco products and we have shared our findings with regulators and other key stakeholders.

Clear and consistent e-vapour regulation is critical for consumer understanding and the long-term development of the category. We support regulation that has high consumer safety and product quality standards and believe that e-vapour products that make smoking cessation claims should be covered by pharmaceutical legislation.

Unlike e-vapour products, heated tobacco products contain tobacco and should therefore be regulated in line with conventional tobacco products.

Marketing Products Responsibly

Legislation that governs the way tobacco should be advertised and marketed to the public exists in most markets. We also have our own stringent International Marketing Standards (IMS), which we updated during the year and published in full on our corporate website.

All Imperial Tobacco Group companies and employees, and the agencies we work with around the world, must adhere to our IMS and local legislation at all times. To support IMS awareness and understanding we have developed an e-learning module that has been translated into 12 languages.

Fighting Illicit Trade

The illegal market in tobacco undermines society's efforts to ensure that tobacco products are marketed responsibly.

We advocate a partnership approach to fighting illicit trade and seek to work with governments and customs and law enforcement agencies to combat the problem of tobacco smuggling and counterfeiting.

We have 24 Memoranda of Understanding (MoU) with authorities around the world and continue to invest in our long-term anti-illicit trade partnership agreement with the European Commission and Member States. During the year, we renewed our MoU with authorities in Vietnam and signed a new MoU agreement with Latvia.

Working with Retailers

We continue to build strong relationships with retailers around the world and actively encourage them to sell responsibly. Tobacco products are for adults and should never be sold to children. We reinforce this through our support for initiatives aimed at preventing tobacco sales to children, including schemes that highlight the minimum age at the point of sale.

During the year we commissioned an independent report to analyse smoking trends in 20 of our key markets and the findings are helping us to further develop initiatives to prevent children from gaining access to tobacco products.

Rewarding Workplace

We strive to provide a safe and pleasant working environment that inspires employees to do their best. We want to see skills and talent flourish and are proud of the diversity and collaborative spirit of our workforce.

A Diverse Workforce

Following the acquisition of a number of assets in the USA in the year, we now employ around 36,400 people. Our employees come from many different backgrounds and cultures, enriching the vibrancy of our business.

Around 40 per cent of our workforce is female, with some 14,000 women employed. At a senior leadership level, 22 per cent of the Operating Executive and 22 per cent of the Board are female, as of 30 September 2015.

The importance of diversity, equality and non-discrimination is highlighted in our Code of Conduct and underpinned by our values. This is reinforced through offering equal opportunities and giving fair consideration to applications for employment, career development and promotion, irrespective of an employee's gender, race, religion, age or disability.

Our values capture the essence of what it's like to be part of Imperial Tobacco; the combination of the 'We' values and the 'I' values reflect the collective and individual behaviours we expect from our people.

Our efforts to provide the best possible working environment and opportunities for our people have been recognised with a number of Best Employer awards in the year in markets such as the USA, UK, Spain, Italy, Slovenia and Poland.

Engaging with our People

We are committed to employee engagement throughout the business. Employees are kept informed of our strategic priorities and performance through communication channels, including meetings, emails, videos, the intranet, webinars, conferences and employee magazines.

Our global engagement survey is carried out every 18 months. The survey gives employees the opportunity to have their say and provides us with valuable feedback that is used to develop local and global action plans. The 2015 survey generated an excellent 83 per cent response rate and again showed a slight increase in overall engagement levels. This is encouraging, given the ongoing change that is taking place in the business.

Workplace Health and Safety

The health and safety of people who work for us is of paramount importance and we have reduced Lost Time Accidents by 67 per cent over the last six years. We were saddened that a sales employee in Ukraine and a contractor in Vietnam were fatally injured in road traffic incidents. This has further strengthened our resolve to address occupational road risk management and other critical safety areas, such as working from heights.

We commissioned an independent health and safety capability and culture review to learn more about how we can improve our performance. We developed an action plan based on the review recommendations and this is now being implemented across the business.

We made further progress in installing world-class management systems aligned to the international occupational health and safety management standard OHSAS 18001 across our operations. Five additional sites in Senegal, Congo, the UK, Germany and France were certified as having reached this standard during the year. In total, 76 per cent of our sites have achieved the OHSAS 18001 accreditation.

Reinvesting in Society

We are proud to be part of many different communities around the world and have developed strong partnerships with a wide range of stakeholders in the communities we serve.

Human Rights

We have a role to play in addressing human rights issues, including slavery and human trafficking. This respect for human rights is reflected in our Code of Conduct, which is published on our website, our responsible sourcing programme SRiTP (Social Responsibility in Tobacco Production) and our Supplier Standards which we use to exert influence in our business and supply chain. We have a focus on anti-discrimination and harassment, a healthy and safe working environment, responsible procurement, supplier partnerships and environmental responsibilities.

All employees and business partners must comply with the Code of Conduct, now available in 29 languages. We provide Code of Conduct training for all employees and all suppliers are required to complete detailed self-assessment questionnaires. Suppliers are periodically subject to onsite audits against these self-assessments. More information on Supplier Standards and our responsible sourcing programme is available on our website.

The governance of companies may vary but our respect for human rights extends throughout our operations. It is implicit in our employment practices and within the high standards we expect from suppliers and other business partners.

To ensure we continue to adequately address our responsibilities in relation to human rights, we plan to conduct an independent Human Rights Impact Assessment across our value chain in 2016. A full statement on human rights is available on our website.

Supplier Standards

Working with supply chain stakeholders to address important issues such as leaf sustainability and child labour is a priority.

Our leaf and non-tobacco material suppliers must adhere to our Code of Conduct. All our leaf suppliers are required to participate in our SRiTP programme, which encourages continual performance improvement in areas such as employment, health and safety, environmental management and good agricultural practices. We were pleased to see our overall leaf supplier performance against the SRiTP criteria increase from 75 per cent to 79 per cent in the year.

We have a Supplier Qualification Programme for non-tobacco material (NTM) suppliers. This is a self-assessment questionnaire that covers business conduct, environmental management, health and safety and employment practices. We conduct periodic onsite audits to confirm these assessments.

Farmer Livelihoods and Child Labour

Child labour is a risk in agricultural supply chains and we continue to support the Eliminating Child Labour in Tobacco (ECLT) Foundation in tackling this problem. Working with the Foundation, we help communities understand child labour issues and seek better access to education and health services for children.

Our Leaf Partnership Committee continues to support projects aimed at enhancing the livelihoods of farmers by improving their overall labour and fuel efficiency in Malawi, Tanzania, Zimbabwe, Madagascar and Mozambique.

Supporting Communities

We fund projects that are connected to the communities in which we operate. We particularly focus on supporting the most disadvantaged communities around our factories, offices and tobacco sourcing activities.

Our Altadis Foundation supports initiatives to improve livelihoods in areas where we have operational sites. During the year the Foundation commissioned an independent report to evaluate partnership projects aimed at supporting disadvantaged people in countries such as Vietnam, Chad and Kyrgyzstan. The report found that in total, these projects had benefited around 31,000 people directly and 60,000 people indirectly.

We also commissioned an independent socio-economic impact study on our operations in West Africa, which highlighted that in 2012-13 we created more than £50 million in terms of wealth generated, benefiting employees and their communities, governments and local shareholders, and paid around £95 million in direct and indirect taxes. The full study is available on our website.

We continue to be encouraged by the growing number of employees who volunteer to get involved in projects linked to our responsibility framework. This year we launched our first global volunteering drive, entitled Mobilise for May, which involved employees supporting over 140 projects in 56 countries worldwide, exceeding our global target of 50,000 hours volunteered.

Respecting Natural Resources

We respect natural resources and are committed to further reducing our environmental impact, minimising waste and improving energy efficiency.

We have set long-term targets for our key environmental performance indicators, energy, waste and water use. Changing our factory footprint to align with market demands will always mean that our year-on-year environmental data trends are unlikely to be linear, so we track our progress against our 2009 baseline year. In line with other major companies, we measure our performance against the amount of net revenue we generate. Lower net revenue in 2015, driven by foreign exchange movements and conditions in the Near East, adversely affected CO₂ emissions, energy consumption and waste. This was the main driver of the slight increases shown for all three measures in our Responsibility Performance Indicators.

Our environmental data is independently verified one year in arrears.

Climate Change and Energy

We are well on track to reduce our carbon footprint and energy usage by 20 per cent by 2020, having already reduced our energy consumption by 14 per cent over the last six years.

We're original members of the Carbon Disclosure Project (CDP), which works with organisations to measure and reduce their emissions and climate change impacts. We continue to make improvements in this area, achieving a 98 per cent score from the CDP in 2015.

Resource Efficiency

Getting the most out of the materials and natural resources we use is good for our business and good for the environment. Our mantra is: reduce, re-use and recycle.

We have steadily reduced waste and waste to landfill in recent years and continue working with suppliers to help them reduce their environmental impact. Since the 2009 baseline year our environmental waste has reduced by 8 per cent and the amount of waste to landfill has reduced by 25 per cent.

In manufacturing we are increasing the use of environmental management systems that are independently certified to the environmental management standard ISO 14001. Ninety per cent of our factories are now certified to this standard.

Reforestation Programmes

In Africa, where wood is the primary fuel source and the majority of tobacco farmers are smallholders, we are actively involved in protecting natural forests and reducing wood consumption.

We have continued to work with our African tobacco suppliers on a major tree planting programme that aims to achieve wood sustainability in Africa by 2020. We also scaled up our support for more efficient tobacco curing barns, providing funding for 1,270 rocket barns. These barns run a faster curing process that uses significantly less wood than conventional barns.

Water Management

Water security is a key environmental issue that continues to rise in importance. Our operations and supply chain are both reliant on the secure supply of water.

We have a strong track record of effectively managing water use and have reduced water consumption by 22 per cent since the 2009 baseline year. In our factories we apply environmental management systems under the international standard ISO 14001 to reduce water use and manage waste water, and each location has its own local water management targets.

We have also started to focus some of our Leaf Partnership projects towards water security, particularly in Africa.

Environmental Reporting

We report on greenhouse gas emissions resulting from our tobacco operations which fall within our consolidated financial statements using the operational control reporting method. We report scope 1 (direct) and scope 2 (indirect) emissions for which we are responsible using a methodology based on the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (revised edition). Any deviations from this standard are described below. We have considered the seven main greenhouse gases and report in CO₂ equivalent. Our relative emissions are expressed against net tobacco revenue, which is consistent with the standardised CDP reporting format and facilitates meaningful comparison with other businesses that report both their emissions and financial fundamentals.

Our scope 1 emissions include: emissions from stationary fuel combustion at our sites; emissions from mobile fuel combustion in our fleet of company vehicles; leakage of refrigerant gases; and process emissions from the Dry Ice Expanded Tobacco process at our expansion plants. Our scope 2 emissions include the indirect emissions resulting from the use of purchased electricity, heat and steam at our sites.

This year we have changed the way we calculate emissions data and now apply the CO₂ factors and calculation methodology for fossil fuels and electricity set out in the UK Department for Environment, Food and Rural Affairs (DEFRA) document '2014 Government GHG Conversion Factors for Company Reporting'. This method splits scope 1 and 2 emissions into scope 1, 2 and 3 to more explicitly account for the transmission and distribution of electricity and fuel. This decreases our scope 1 and 2 emissions as scope 3 emissions are not reported. To improve transparency we have used the new methodology to recalculate historic data since our 2009 baseline year and this is shown in the graphs overleaf. We have also modified our calculation of CO₂ and energy from our sales fleet cars to increase the amount of emissions which are captured to 97 per cent (the remaining 3 per cent being beyond our current reporting capabilities).

Our reported emissions include all main sources from our manufacturing sites over which we have operational control, our expansion plants in Cadiz and Reidsville, and our main offices (Bristol, Hamburg, Paris, Madrid and Casablanca). Operations not included, as deemed immaterial or beyond our current reporting capabilities, relate to greenhouse gases other than the seven greenhouse gases, the JR 800 Cigar retail outlets in the USA, small sales offices (being those offices not listed above which contribute less than 0.05 per cent of our total scope 1 and 2 emissions), our Habanos joint venture and our Cambodian distribution operation.

Scope 1 emissions arising from mobile fuel combustion in our fleet of company vehicles are specified and for the latest financial year are unverified estimates based on data from the previous financial year. All other emissions for the latest financial year are unverified estimated data based on the first six months of the latest financial year and the final six months of the previous financial year. Verified data is reported 12 months in arrears to allow for internal checking, validation and external assurance.

We continue to work on improving our Group reporting boundaries and the timeliness of data. More information on our environmental reporting approach can be found in the Responsibility section of our website.

In addition to our reported emissions we also report information provided by Logista, which is managed remotely due to commercial sensitivities and does not report wholly into Group data. This year Logista has provided verified data for absolute emissions within scope 1, 2 and 3 for FY14 and we anticipate reporting on verified FY15 data in next year's report. Logista has also voluntarily extended its carbon footprint verification to include waste generated in operations, franchises, purchased goods and services of 14 additional business units.

Logista Data FY14

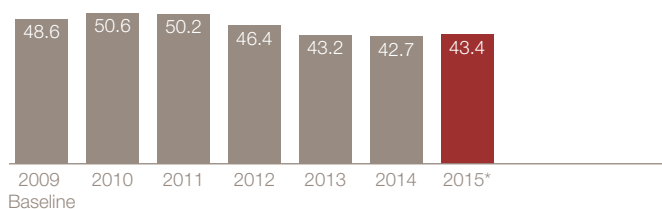
	Scope 1	Scope 2	Scope 3
CO ₂ equivalent emissions (Tonnes)	35,731	4,455	213,081

Logista's scope 1 emissions relate to refrigerant gas emissions and the stationary and mobile fuel combustion, including emissions from transport operations for which Logista has operational control. Scope 2 emissions include the indirect emissions resulting from the use of purchased electricity at Logista's sites. Scope 3 emissions correspond to transport activities for which Logista has no operational control.

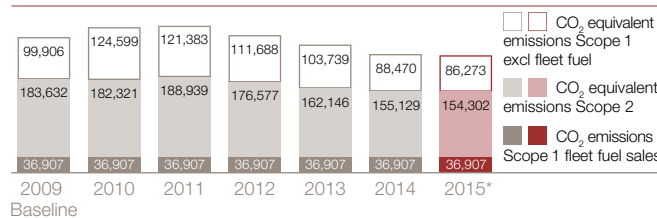
Logista's verified relative CO₂ equivalent emissions within scopes 1 and 2 amount to 47.4 tonnes per million pounds of FY14 distribution fees (our non-GAAP revenue measure for Logista). More detail is available at www.grupologista.com

Responsibility Performance Indicators

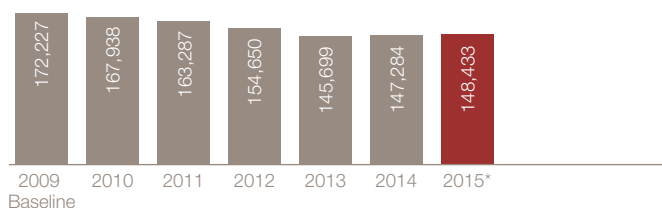
CO₂ Equivalent Emissions (Tonnes/£million)¹



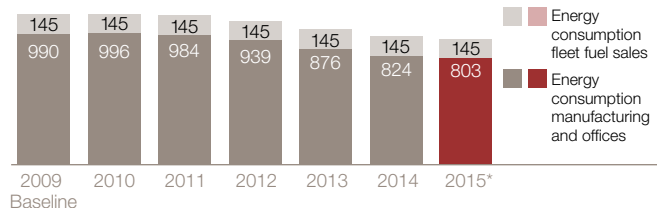
Absolute CO₂ Equivalent Emissions (Tonnes)¹



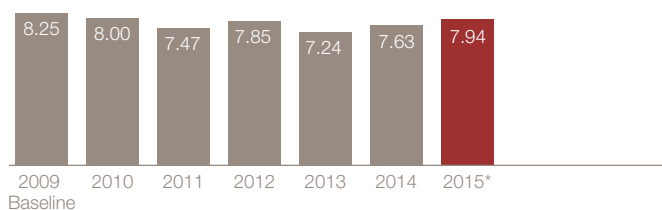
Energy Consumption (kWh/£million)¹



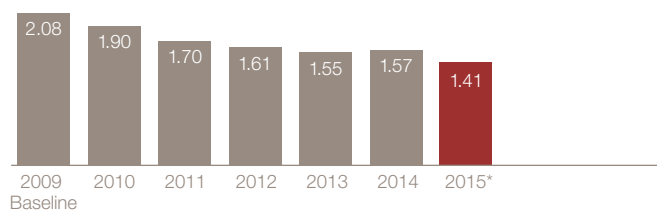
Absolute Energy Consumption (GWh)¹



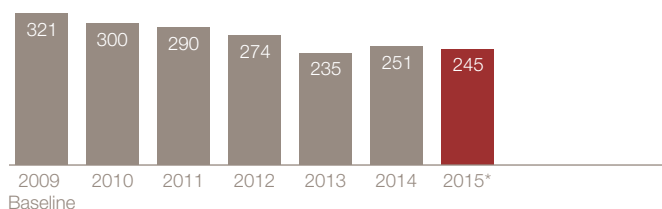
Waste (Tonnes/£million)¹



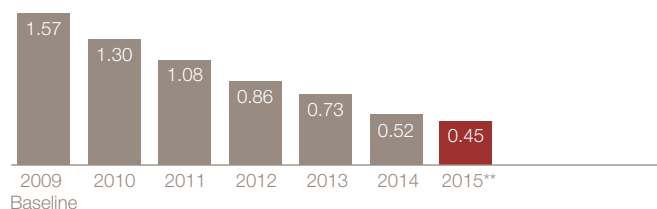
Waste to Landfill (Tonnes/£million)¹



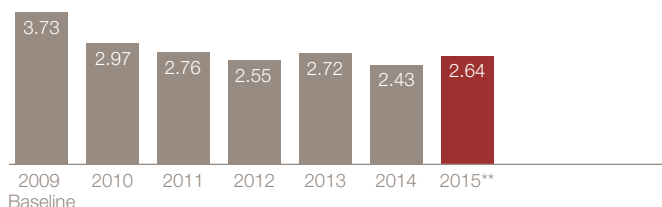
Water Consumption (m³/£million)¹



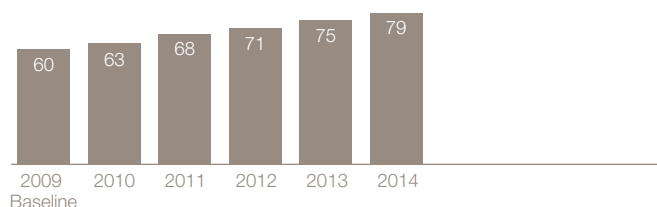
Lost Time Accident Frequency Rate (per 200,000 hours)²



Sickness Absence Rate (% of days worked)²



Social Responsibility in Tobacco Production Progress: Total Weighted Mean (%)³



1 Environmental data is reported 12 months in arrears to allow for data collection and verification. The monetary value '£ million' is for tobacco net revenue (or logistics distribution fees, where appropriate). FY14 data has been assured by PwC; see website for more information.

* Unverified FY15 data is estimated based on data from the last six months of FY14 and the first six months of FY15. Verified data for FY15 will be published next year.

2 Verified accident and absence data is reported 12 months in arrears to allow for data collection and verification. Sickness absence includes non-work related and work related absence. FY14 data has been assured by PwC; see website for more information.

** Provisional unverified FY15 data is provided. Verified data for FY15 will be published next year.

3 All our tobacco suppliers participated in the SRITP programme in 2014, which provides specific guidance for improvement against a variety of criteria. See our website for more information. Data for 2014 has been verified. We report 12 months in arrears to allow for the reporting and analysis of data.



Key data reported in the Annual Report and Accounts for the year to 30 September 2015 has been independently assured under the limited assurance requirements of the ISAE3000 standard by PwC. They have also been engaged to look at our description of alignment with AA1000APS (2008) principles of inclusiveness, materiality and responsiveness. Some of the selected information covered by this assurance is clearly highlighted within the Corporate Responsibility section of the Annual Report and all of the selected information is included in the Corporate Responsibility section of the website www.imperial-tobacco.com/cr where their limited assurance report can be found. PwC has provided Imperial Tobacco with CR assurance services from FY10. Earlier data was assured by another provider.