



**Corporate Responsibility  
Review 2005**  
Executive summary

# Executive summary

## About us

Imperial Tobacco is the world's fourth largest international tobacco company, employing around 15,000 people. We manufacture, market and sell a range of cigarettes and other tobacco products. Our products are sold in around 130 countries and we have 32 manufacturing sites in 25 countries.

As an international company, we often find that issues of global importance present as local problems that need a local response. In our third Corporate Responsibility (CR) Review, we have focussed on the product, social and environmental issues we face, the positions we take and the progress we have made in meeting our objectives and targets. We use local examples to demonstrate how we meet the challenges of global issues.

Again, two independent experts have given critiques of our Review and of our approach to corporate responsibility in general.

As in previous years the occupational health, safety and environmental information and performance data has been verified by SGS United Kingdom Limited using their Level One Sustainability Report Assurance protocol as detailed in their Assurance Statement. This year, the exercise was extended to cover the information and data in all of the Review. Their assurance protocols are based on the current best practice guidance provided by the Global Reporting Initiative and the AA1000 Assurance Standard. They have now visited 24 of our factories, our Head Office in Bristol and our Hamburg offices at least once during the last four years.

The sections of the Review reflect our four corporate responsibility priorities.

## Priority Product stewardship

Product stewardship encompasses our consideration of the science relevant to our raw materials, processes of manufacture and product properties. It includes compliance with legislation and regulation and monitoring scientific developments and claims about the health effects of our products.

We recognise the concerns surrounding our products and are addressing them through a positive approach to product stewardship, a stance on public smoking which we believe is proportionate to the risks involved and through the development of potentially reduced exposure products (PREPS) which government authorities may regard as having reduced risk.

In this Review, we report how we exercise our product stewardship. We support reasonable and practicable regulation of tobacco products based on sound science. We seek dialogue with governments, particularly in the area of PREPS. We describe issues that arise frequently in the smoking debate, namely adult choice, youth smoking prevention, other people's tobacco smoke and public smoking bans. We believe that the decision to smoke is a choice for adults. We do not want children to smoke and are active in youth smoking prevention programmes in several parts of the world. We discuss the science of other people's tobacco smoke and advocate a proportionate response to public smoking issues, illustrating this with examples from our various markets.

## Priority Social performance

Our Business Principles appear on our web site. They commit us to responsible practices not only in our commercial operations but also in our social impacts. We build respectful, honest, cooperative trading relationships and contribute to the wider community by encouraging best practice amongst our business partners. It is in this context that we review our performance in the areas of responsible marketing, suppliers, community investment and employment.

Our response to smuggling and counterfeiting our products is robust. No one benefits from these activities but the criminals involved. We are extending our programmes of collaboration with Excise authorities, including the development of formal Memoranda of Understanding (MOU). We have signed four MOU and, in addition, are a party to three co-operation agreements, either directly or through Trade Associations of which we are a part. Many more are at various stages of discussion. Our International Standard for the Marketing of Tobacco Products sets out clear principles and rules for advertising our products. We have made progress with its implementation but realise that we need to extend our communication and audit activities.

Our planned work with suppliers is going well. Our Social Responsibility in Tobacco Production (SRI TP) programme has shown year-on-year improvement in the social and environmental performance of our tobacco suppliers. We are continuing to extend our non-tobacco supplier programme.



One aim of our community investment activity is to benefit the local communities of which we are a part. Another is to make a long-term beneficial impact on significant global issues related to our business. Our regional committee structure is designed to facilitate the first of these. We address the second by building long-term partnerships with NGOs through the activities of our International Community Investment Committee. The early priorities of this committee in addressing environmental sustainability issues and HIV/AIDS reflect our fundamental reliance on tobacco as a crop and our operation in a small number of countries with both high rates of HIV infection and low levels of social provision.

Our employees are important stakeholders in our business. The conditions under which we employ them, their personal development and their welfare, health and safety are all important aspects of our management activity. In this Review, we give an overview of our employment practices and recent developments in our integrated performance management and leadership programmes. We also describe our progress in developing relevant key performance indicators.

#### **Priority OHS&E management**

We have a well-established policy for occupational health, safety and environmental management and have made significant progress in these areas over the last four years. Our policy states our commitment to exercise responsible care for employees and others involved in our business activities and our aim is to minimise the adverse impact of our products, activities and services on the natural environment.

In this Review, we describe our environmental performance and progress in management system implementation in our manufacturing facilities. Four achieved ISO 14001 registration this year, bringing our total to 17. Our pollution control arrangements have been successful and, during the 2004 financial year, we had no prosecutions or interventions for exceeding emissions to air, land or water. Improvements such as recycling initiatives and raising employees' environmental awareness, have led to a reduction in landfill waste in all our manufacturing regions since we started reporting in 2002.

Our performance in relation to work-related accidents and ill health has remained stable and two of our factories have achieved recognition for their health and safety management systems.

We sell products that are made from agricultural commodities, tobacco and paper. Our carbon management and energy savings activities contribute to reducing the environmental impact of tobacco growing and processing. We have self-sufficiency projects where our direct use of wood for curing is greatest and are developing a number of tree-planting or husbandry partner projects in some countries where we have indirect impact through our suppliers.

#### **Priority Robust processes**

Corporate Responsibility is fundamental to the way we choose to do all of our business. Robust processes to ensure this happens are a key element in building our future success.

In 2003, we identified the priorities for strengthening our existing processes or introducing new ones. These included Group policies and standards, training and incentives, stakeholder engagement, non-financial reporting, audit and verification. We report our progress in this Review.

In this section, we also summarise our organisation and management. We report on our Group policy review exercise, detailing developments in policies for acceptable business practice, whistle-blowing and developments in human rights. We also describe our stakeholder engagement and non-financial reporting activities.

We expect robust processes to lead to improvements in performance. This has already proved to be the case for our performance in the Business in the Community Environment Index, where our score has increased from 49 per cent in 2001 to 83 per cent in 2004.

#### **Performance**

In this Review, we report our performance primarily through our non-financial key performance indicators (KPIs) for potentially material issues and through progress against objectives and targets.

This is the first year of reporting the non-financial KPIs we have defined so far and so no trends are discernible.

We have met 41 of the 54 targets that we set ourselves for our financial period 2003 to 2005. We have reassessed and carried over the remainder into our newly-published objectives and targets for the next two-year period. We also report, in this section, details of our performance in occupational health, safety and environment.

For the first time, we made a formal submission for assessment by SAM Research for the Dow Jones Sustainability Index. We are delighted that we achieved an overall score of 66 per cent against a sector average of 44 per cent.

The information in our CR Review 2005 supplements that provided in our Annual Report and Accounts for 2005 and our previous CR Reviews.

Visit our web site at [www.imperial-tobacco.com/cr05](http://www.imperial-tobacco.com/cr05) for further information.

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Published December 2005