



2023 ESG Highlight Report

Our business is on a transformation journey to build a smokeless Canada and we are looking ahead with confidence. We live in a world where consumer trends and technologies are in constant evolution, and where sustainability is becoming a key driver of value creation and competitive advantage.

We are proud of our ESG progress, but we also recognize that we have more work to do. We are constantly seeking to improve our ESG performance and reporting, and to respond to the evolving expectations and needs of our stakeholders. We welcome your feedback and suggestions on how we can further our ESG journey.

Sincerely,
Frank Silva, CEO

About us and our report

Imperial Tobacco Canada (ITCAN) Limited is Canada's leading tobacco and nicotine company. ITCAN is a wholly owned subsidiary of BAT. The world's most international tobacco and nicotine group.

Across BAT, we have a clear purpose to build A Better Tomorrow™ by reducing the health impact of our business. We are accelerating our transformation journey to create A Better Tomorrow™ for all our stakeholders by building a long-term sustainable business in the process.

Environmental, Social, and Governance (ESG) is central to our strategy and key to delivering value for all our stakeholders. It inspires our innovation, strengthens our organisational resilience and affects our reputation.

It shapes how we can create positive impacts for our communities and society, creating a diverse, inclusive culture for our employees while reducing our environmental footprint.

We invite you to read through our 2023 ESG Highlight Report. If you wish to learn more about ITCAN's ESG strategy, goals, and achievements please read our full 2023 ESG Report.

Thank you for your interest.

Some of the highlights of our ESG achievements in 2023 include:



Launch of the only Health Canada approved nicotine pouch



Proudly ISO 45001 and 14001 certified since 2022



Top employer recognition



90% of fleet vehicles switched to hybrid electric vehicles (PHEVs)



One of the first commercial sites in BAT to be certified carbon neutral for scope 1 & 2



32% reduction in waste to landfill in 2023 as compared with 2022



500

employees nationwide approximately



23,000

retailers across Canada approximately

Environment

ITCAN, in alignment with BAT's global commitment to building A Better Tomorrow™, has set forth ambitious ESG objectives focusing on Climate Change, Waste Management, and Water Stewardship.

Our key environmental goals include significantly increasing the use of renewable energy, with a target of 50% by 2030, and reducing Scope 1 and 2 emissions by 50% by 2030 compared to our 2020 baseline.

We are committed to reducing total waste by 25% and achieving a 90% recycling rate by 2025, while also aiming for less than 1% of waste to landfill.

Our Take Back program, launched in 2021, recycles 95% of rechargeable devices and 85% of disposable devices, with 100% of recovered pods processed through waste-to-energy methods.

Additionally, we are focused on responsible water management with a goal to reduce water withdrawal by 30% by 2025.

These efforts are part of our comprehensive strategy to enhance environmental sustainability and contribute positively to societal well-being, backed by our ISO 14001 certification since 2022.

- In 2023, 28% of our energy came from renewable resources.
- By June 2023, we were able to switch 90% of our fleet to lower-emission vehicles.
- PAS 2060 certified carbon neutral for our Scope 1 & 2 emissions.
- In 2021, we launched our Take Back responsible disposal program.
- In 2023, a total of 3.9 tonnes of devices and consumables were disposed of through recycling and waste-with-energy recovery.



64%

of our waste was recycled in 2023 vs a target of 44%



+20%

of recycling waste vs 2022



Social

At ITCAN, our commitment to social responsibility is a cornerstone of our ESG strategy. We are aiming to foster a healthier, more inclusive, and supportive environment for our consumers, employees, and communities.

Our primary objective is to help adult smokers quit or reduce nicotine use through innovative products like ZONNIC*, while ensuring stringent measures to prevent underage access.

We prioritize diversity and inclusion within our workforce, striving for gender balance and celebrating multicultural perspectives.

Employee well-being is supported through comprehensive health programs and flexible work arrangements. For example, we provide a fully remote working option for our field force employees to take on new opportunities and expand our reach of talent across Canada.

Additionally, our community investment initiatives are aligned with the UN Sustainable Development Goals, focusing on meaningful contributions and local impact. Through these efforts, we are dedicated to creating a better tomorrow for everyone involved.

- 84% Engagement Index Score in Your Voice (BAT's internal employee engagement survey) including overall scores across all 17 categories to be above Fast-moving Consumer Goods (FMCG) norms.
- Accredited as Global Top Employer by the Top Employers Institute in Canada.
- Certified 50 Best Workplaces in Canada by Great Place to Work® Canada.

* Since August 28, 2024, due to new federal regulations, ZONNIC nicotine pouches are only sold in pharmacies.



40.4%

of our managers are women, and our ambition is to achieve 50% representation of women in management roles by 2028



60%

of our new hires in 2023 were women



Up to **50%**

of the time, employees from the Head Office can work from home as a standard



20%

of our total Head Office headcount work on a fully remote basis

BAT's community investment activities are aligned with eight SDGs



Governance

ITCAN is committed to robust sustainability governance, ensuring rapid adaptation to regulatory changes, and industry-specific challenges.

BAT Global refreshed its Double Materiality Assessment (DMA) in 2023, identifying sustainability governance as a critical topic underpinning our ethical corporate culture and adherence to high standards of conduct.

Our governance framework includes comprehensive policies for employees and suppliers, a strong engagement platform

through our 'Speak Up' channels, and a dedicated leadership structure for sustainability initiatives.

We emphasize responsible marketing and compliance with evolving regulations, aiming to provide less risky alternatives to smoking while preventing youth access to nicotine products.

Our primary goal is to harmonize BAT's global sustainability targets with ITCAN's local business initiatives, promoting a responsible and sustainable future.

All advertising and marketing activities must be compliant with BAT's 7 principles under the Responsible Marketing Framework:



Our marketing is targeted to adult consumers



Our marketing is honest and accurate



We respect and comply with all applicable laws



Our products are intended for adult consumers



We are committed to underage access prevention



We inform consumers that our products are not risk free



We require our partners to market our products responsibly



