

**REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSAL OF APPOINTMENT, BY
THE GENERAL SHAREHOLDERS MEETING, OF
MS. MARIE ANN D' WIT, AS PROPRIETARY DIRECTOR**

I

The Board of Directors intends to submit to the consideration of the General Shareholders Meeting the increase of the number of Directors of the Company from 10 to 12, within the limit established in the Bylaws (between 10 and 15 members). There is an additional vacancy in the Board after the resignation of Mr. Amal Pramanik. In this context, and in the event that the General Shareholders Meeting agrees on the aforementioned extension of the number of Directors, the shareholder Imperial Brands Plc has proposed the appointment as Director of Ms. Marie Ann D' Wit. In the light of this, the Board, prior a favourable report of the Appointments and Remuneration Committee, proposes to the General Shareholders' Meeting the appointment of Ms. Marie Ann D' Wit as Director of the Company, having the category of proprietary Director, on behalf of Imperial Brands Plc.

II

In accordance with article 529 decies of the Companies Act, this appointment proposal has to be informed by the Appointments and Remuneration Committee.

III

The Appointments and Remuneration Committee, in its meeting of February 10th, 2020, evaluated again the professional and biographical profiles of Ms. Marie Ann D' Wit, which are the following:

Ms. D' Wit joined Imperial Brands as Deputy Chief Financial Officer in March 2017. In this role, she has responsibility for different financial aspects of the Group, related, among other, to the Commercial & Supply Chain, Group Tax and Group Financial Control. She played a key role in setting the strategy for Finance at Imperial. Before joining Imperial Brands, Ms. D' Wit held senior finance positions at Ferguson Plc, Dixons Carphone and Cadbury Schweppes.

She brings international experience specially in creating high performing teams, finance transformations, merger and acquisitions, and investor relations, supported by an early career across audit and advisory (PwC) and in investment banking.

IV

The Appointment and Remuneration Committee has noted that Ms. D' Wit:

- i) fulfils the requirements of the Law and of the Company's Policy on the Selection of Directors of 19th December, 2017, (knowledge, professional experience, recognized soundness and competence, responsibility for the exercise of their office, and absence of conflicts of interest) for appointment as a Director;
- ii) is not involved in any case involving prohibition or incompatibility under the Law or under the Company's Policy on the Selection of Directors; and
- iii) fulfils the legal and statutory requirements for inclusion in the category of proprietary Director.

In addition, the Committee considers that this appointment reinforces its commitment with diversity.

Therefore, the Appointments and Remuneration Committee unanimously reports in favour that the Board of Directors propose to the AGM the appointment of Ms. Marie Ann D' Wit, as proprietary Director of the Company.

V

Taking into account all these considerations, the Board of Directors unanimously decides to adopt and approve the ARC report hereby included relating to the proposal of appointment by the AGM of Ms. Marie Ann D' Wit as proprietary Director, as it considers that Ms. Marie Ann D' Wit has the adequate capabilities, experience and merits and fulfils the requirements to be appointed as proprietary Director by the AGM.

Madrid, February 10th, 2020

The Secretary of the Board,

María Echenique Moscoso del Prado