

**REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSAL TO THE ANNUAL
GENERAL MEETING OF THE RATIFICATION AND APPOINTMENT
AS PROPRIETARY DIRECTOR OF
MS. LILLIAN ALICE BLOHM**

I

On February 18th 2021, the Company received a communication from the proprietary Director Ms. Lisa Anne Gelpey, tendering her resignation as Director of the Company as, with effect from March 1st, 2021, she would cease to provide Imperial Brands PLC with professional services. In its April 8th, 2021 meeting, the Board took note of such resignation.

Mrs. Gelpey had worked in the capacity of proprietary Director, in application of article 529 duodecies 4 of the Law of Capital Companies, because she represented Imperial Brands – the Company’s majority indirect shareholder – on the Board of Directors.

II

In accordance with the provisions of article 244 in relation to article 529 decies of the Capital Companies Act, the appointment by co-option has to be submitted to the first General Meeting of the Company that is held. Therefore, the Board of Directors, prior to the report from the Appointment and Remuneration Committee, has proposed to submit to the General Meeting the ratification and appointment of Ms. Lillian Alice Blohm as proprietary Director.

III

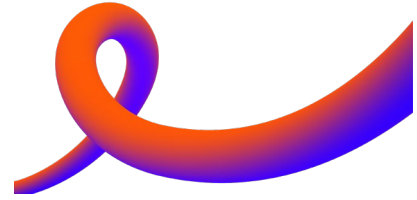
In the context of the exercise of the proportional representation right, recognized by the Capital Companies Act and, in accordance with the rules of the Relationship Framework Agreement of 12th June, 2014, signed between the Company and Imperial Brands (formerly, Imperial Tobacco Group), the latter proposed the appointment of five directors, out of the twelve who currently constitute the Company’s Board of Directors.

The vacancy created by Ms. Gelpey’s resignation must be filled, as per the Framework Agreement rules, by another Director who represents IB on the Board.

The Secretary of IB’s Board of Directors, representing IB and taking into consideration the prescriptions of the said Framework Agreement, has proposed to the Chairman of the Company’s Board of Directors the appointment of Ms. Lillian Alice Blohm to fill the existing vacancy.

Ms. Blohm graduated with honors in Law & Sociology (Exeter University, UK). She joined Imperial in Group Legal in December 2006, where she was responsible for the legal and corporate affairs of the UK market for four years before she moved into the Group Corporate Affairs team.

At the end of 2012 she moved into the Manufacturing & Supply area (MS). She is currently Strategy Director in MS.



IV

The Appointments and Remuneration Committee, in its meeting of today, has evaluated again Ms. Blohm profile and decided that Ms. Blohm:

- i) still 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 has highly valued Ms. Blohm's performance since her appointment by co-option and has considered that her candidacy reinforces various areas of the Board's skill matrix, bringing added value from her international experience in strategy and logistics.

Therefore, the Appointments and Remuneration Committee unanimously reports favourably on the proposal for the ratification and appointment of Ms. Lillian Alice Blohm as proprietary Director.

V

In view of the foregoing, the Board of Directors unanimously agreed to adopt the above-mentioned Report of the Appointments and Remuneration Committee, related to the ratification proposal and appointment by the General Shareholders Meeting of Ms. Lillian Alice Blohm as proprietary Director, on the understanding that Ms. Blohm has the necessary skills, experience and merits, and fulfils the requirements to be ratified and appointed by the General Shareholders Meeting as proprietary Director of the Company, for the statutory period of four years.

This report was unanimously approved by the Board of Directors, in accordance with the provisions of the Capital Companies Act, and will be joined to the General Meeting Minutes that may approve her re-election as Director.

Leganés, December 2nd, 2021

The Board Secretary

María Echenique Moscoso del Prado