

**REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSAL TO
THE ANNUAL GENERAL MEETING OF THE RATIFICATION AND APPOINTMENT
AS PROPRIETARY DIRECTOR OF MR. MURRAY HENRY MCGOWAN**

I

By a letter dated 19th July 2021, Mr. John Michael Jones submitted his resignation as a Director of the Company, effective from 23.59 p.m. on July 22nd, in order to provide another member of Imperial Brands PLC ("IB") with the opportunity to be appointed a Director of the Company.

Mr. Jones had worked in the capacity of proprietary Director, in application of article 529 duodecies 4 of the Capital Companies Act, because he 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 Mr. Murray Henry McGowan as proprietary Director.

An appointment by co-option has to be ratified by the next General Meeting of the Company.

III

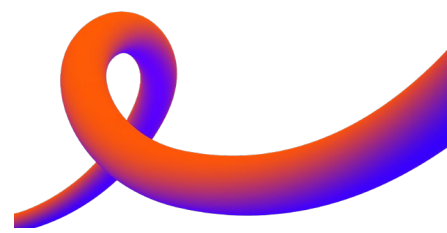
In the context of the exercise of the right to proportional representation, recognized by the Capital Companies Act, and in accordance with the rules of the Relationship Framework Agreement of 12th June, 2014, signed between the Company and Imperial Brands (formerly, Imperial Tobacco Group), the latter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

Under the rules of the Framework Agreement, the vacancy created by Mr. Jones' resignation has to be filled by another Director who represents IB on the Board.

The Secretary of the IB's Board of Directors has proposed to the Chairman of the Company's Board of Directors the appointment of Mr. Murray Henry McGowan to fill the vacancy produced.

Mr. McGowan holds a first-class honours degree in Actuarial Mathematics and Statistics from Heriot-Watt University, Edinburgh.

He has a strong background in strategy and operations from his time at McKinsey, where he started his professional career, working with a range of leading global FMCG businesses, and more recently from various strategic and operational leadership roles for companies such as Costa Coffee (Whitbread), The Restaurant Group, Yum! Brands and Cadbury.



He joined Imperial Brands Plc. in 2020, as Chief Strategy and Development Officer. He is also part of the Imperial Executive Committee. He is responsible for leading all elements of group strategy and operational transformation, and for the definition of the new five-year strategic plan for the Group.

IV

The Appointments and Remuneration Committee, in its meeting of December 2nd, 2021, has evaluated again Mr. McGowan professional profile and has decided that Mr. McGowan:

- 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 Mr. McGowan's performance since his appointment by co-option and his proven international experience, and has considered that his candidacy reinforces various areas of the Board's skill matrix, in particular, the Board's strategic profile.

Therefore, the Appointments and Remuneration Committee has unanimously reported favourably the proposal of ratification and appointment, as proprietary Director, of Mr. Murray Henry McGowan.

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 Mr. Murray McGowan as proprietary Director of the Company, on the understanding that Mr. McGowan 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 his re-election as Director.

Leganés, December 2nd, 2021

The Board Secretary,

María Echenique Moscoso del Prado