



**Thérèse Esperdy**  
Chair



IMPERIAL BRANDS PLC

121 Winterstoke Road  
Bristol BS3 2LL, UK

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Dear Shareholder

### **ANNUAL GENERAL MEETING OF IMPERIAL BRANDS PLC**

I am pleased to invite you to attend our annual general meeting ('AGM' or the 'Meeting') to be held on Wednesday 3 February 2021 at 2.30 pm.

Due to on going concerns about the COVID-19 pandemic, and in the interests of protecting the health and safety of our shareholders and colleagues, as well as adhering to government guidelines, we have decided that this year's AGM will be a virtual webcast event.

The resolutions on which you can vote and details of the arrangements we have made for you to access the webcast and ask questions are set out in this notice of meeting.

If you requested electronic copies of the Annual Report and Accounts and associated documents or if you did not return the election card previously sent to you, this letter is notification that the Annual Report and Accounts and associated documents have now been published on our website under Investors-Shareholder Centre-AGM ([www.imperialbrandsplc.com/investors/shareholder-centre/agm.html](http://www.imperialbrandsplc.com/investors/shareholder-centre/agm.html)).

If you have requested a printed copy of the Annual Report and Accounts, it is enclosed with this letter together with the associated documents.

### **Overview of Performance**

This was a year of significant change, in which the Board took decisive action to address performance issues and strengthen leadership capabilities. After appointing a new CEO, we initiated a strategic review of the Company that is assessing all aspects of our strategy, business model, culture and purpose. The results will be shared with stakeholders in January 2021.

The actions we have taken underpin our commitment to create a more consumer focused organisation that will deliver stronger and more consistent results in both tobacco and Next Generation Products (NGP). The Board firmly believes Imperial has great potential and we will continue to make the improvements required to realise the value creation opportunities that lie ahead.

Our new Chief Executive Officer Stefan Bomhard will be instrumental in realising these opportunities. He joined the Board on 1 July 2020, following five successful years as CEO at Inchcape, the global automotive distribution and retail company. He brings significant brand-building and consumer-led sales and marketing experience from large multinational organisations across multiple sectors.

Stefan is our first external CEO and is providing a fresh perspective at a pivotal time for the business. As well as leading Imperial through the final quarter of the year, Stefan has been strengthening the Executive Committee (ExCom) to ensure we have the skills, experience and capabilities required to realise our ambitions.

Registered in England  
and Wales No: 3236483

Registered Office:  
121 Winterstoke Road,  
Bristol BS3 2LL, UK

## COVID-19

The commitment of our employees has enabled us to respond effectively to the challenges posed by COVID-19. We continued to prioritise their health and safety as we entered the second wave of the pandemic. On behalf of the Board, I would like to thank all our people around the world for their support and dedication.

The vast majority of our manufacturing sites operated throughout the coronavirus crisis, ensuring we maintained supply to our consumers. Employees in other functions worked from home and many continue to do so, as we embed new and more flexible ways of working.

We recognise the impact COVID-19 has had in the areas where our people live and work and we temporarily revised our community support guidelines so that we could support a broader range of charities and organisations.

This enabled us to fund many community initiatives across our geographic footprint including providing support for hospitals in Poland and the UK and homeless charities in Germany.

The Board was highly engaged in the way the organisation responded to the situation. At the height of the pandemic, the safety of our people and the performance of the business were the most important agenda items in all formal and informal Board meetings.

The Board and I were in contact with our executive and senior management team throughout, and the Board received detailed weekly update reports. A series of additional Board calls with senior leaders was established to enable Non-Executive Directors to hear and discuss how the business was responding. Although the level of engagement was adjusted as the situation stabilised during the second half of the year, the Board continues to receive regular updates.

## Balance sheet and dividend

COVID-19 impacted the timing of the completion of the sale of our Premium Cigar business in the year. The transaction was completed in the first quarter of the new financial year realising proceeds of €1.1 billion, which will be used to reduce debt.

The importance of deleveraging to strengthen the balance sheet and support a more flexible approach to capital allocation has been heightened by the uncertainty and volatility of the current environment.

With that in mind, the Board decided in May to rebase the dividend by one-third to accelerate debt repayment. Going forward, we will retain a progressive dividend policy, with the dividend growing annually from the rebased level, taking into account underlying business performance.

## Stakeholder engagement

Given the level of change during the year, it was imperative for myself and the Board to enhance our stakeholder engagement to explain and provide reassurance on the changes that were being undertaken. The focus was on shareholders and employees.

We regularly engaged with shareholders throughout the year, recognising the need to hear their concerns directly and to inform them of the steps we are taking to address performance issues, as well as updating them on our progress with the Chair, CEO and CFO transitions. We welcomed engagement through the Investor Forum, which has provided a useful conduit to address shareholder concerns. We have also had constructive dialogue with shareholders on the proposed new Remuneration Policy.

Communication with employees was focused on keeping them updated on the appointment of Stefan, including introducing him to the business. We also engaged with our people on the importance of working together to create a new and inclusive culture that will support the new strategy and embrace diversity and equality.

Given the review of strategy, the Remuneration Committee consulted with the Company's major shareholders on a "light touch" set of changes to bring the policy in line with recent Corporate Governance requirements.

## Environmental, social and governance responsibilities

Our sustainability strategy is integral to our long-term success and frames the way we manage our environmental, social and governance (ESG) responsibilities. ESG considerations inform the way we run the business and are regularly assessed by the Board.

One of my first actions as Chair was to establish an ESG Steering Committee to provide greater oversight of the way we address ESG issues. The committee is chaired by me and is comprised of senior leaders from across the business.

The committee's initial focus has been to establish key performance indicators for our main ESG responsibilities. We will start reporting against these new KPIs in the 2021 financial year, once they have been aligned with the refreshed corporate strategy.

## Board changes

My predecessor Mark Williamson, who served on the Board for 13 years, including six as Chair, stepped down in December 2019 and I would like to thank him for the significant contribution he made to Imperial over the years.

Former CEO Alison Cooper and Chief Development Officer Matthew Phillips left the business in February and Dominic Brisby (Divisional Director, Americas, Africa, Asia and Australasia) and Joerg Biebernick (Divisional Director, Europe) assumed the roles of Joint Interim CEOs, until Stefan's appointment.

Dominic and Joerg took on these roles just weeks before the coronavirus pandemic worsened, leading to lockdown restrictions across our markets. I would like to thank them for stepping up to lead the business in such challenging circumstances. Following Stefan's appointment as CEO, both have returned to their divisional roles, reporting to Stefan.

In June Karen Witts, Chair of the Audit Committee, stepped down from the Board after six years as a Non-Executive Director. This was a planned change to mitigate the risk of cross directorships held by Karen and the incoming CEO, Stefan, who both served at Compass Group plc. Jon Stanton, who has been a member of the Audit Committee since May 2019 and has the required relevant financial experience, took over as Chair of the Audit Committee. My thanks to Karen for her considerable contribution.

In July we welcomed Pierre-Jean Sivignon to the Board as a Non-Executive Director and a member of the Audit Committee. Pierre-Jean is an experienced finance professional, having held Chief Financial Officer positions at a number of companies including the global retailer Groupe Carrefour, where he was also deputy Chief Executive Officer. Pierre-Jean's international financial expertise in customer facing businesses will be of great value to Imperial.

Bob Kunze-Concewitz, Chief Executive of Campari Group, joined the Board on 1 November 2020 as a Non-Executive Director. Bob has a wealth of international business experience and is particularly skilled at marketing, having held a number of senior roles at leading FMCG companies. His skills and capabilities will be another strong addition to the Board.

Alan Johnson will join the Board as a Non-Executive Director and a member of the Audit Committee, on 1 January 2021. His financial acumen and international experience across mature and developing markets and track record of successfully managing business transformations will strengthen and complement the overall Board composition.

Following the recommendation of the Succession and Nominations Committee, I was pleased that Sue Clark agreed to succeed me as Senior Independent Director in January 2020. Sue is also Chair of the Remuneration Committee and has been leading the current Remuneration Policy review, which will be put to shareholders for approval at the Annual General Meeting in February 2021.

These appointments reflect our drive to reshape the Board and strengthen its capabilities to bring real insight and experience from the consumer and retailer sectors. Going forward, we will continue the process of Board refreshment with a focus on diversity to ensure we have the best possible mix of skills, experience and perspectives to support the business. We have a good track record of board diversity, being fully compliant with the Hampton-Alexander target of 33 per cent female representation at Board level prior to beginning our programme of board refreshment. Whilst currently we do not meet these targets we are determined that as we progress we will, once again, demonstrate our commitment to diversity and inclusion both at Board level and in senior management positions.

### **The year ahead**

2020 was a year of substantial change and we look to the future with renewed optimism and confidence.

Stefan's arrival has energised Imperial. He brings focus and discipline to the business and has rapidly built strong relationships with employees, who are providing him with their full support.

The Board is working with Stefan to finalise the strategic review and we look forward to updating stakeholders early in the 2021 calendar year. Tobacco will continue to be the core focus, supported by stronger, more disciplined Next Generation Product operations. Our key aim is to ensure that, over time, we deliver a better and more consistent performance that will create long-term sustainable value.

### **New Remuneration Policy**

During the year the Remuneration Committee agreed the remuneration of the new CEO. It was imperative to attract an exceptional candidate for the role, to set the new strategy and deliver the transformation plan as we have described in our Annual Report. My conversations with shareholders reinforced how crucial this was. The base salary we agreed for him reflects his industry credentials and the breadth of his skills.

As we faced the COVID-19 pandemic, we were determined to prioritise the health and safety of our people. Our employees have done an exceptional job in keeping the business going and I am pleased to say that we did not furlough anyone, implement any pay cuts or make any redundancies as a result of COVID-19. The decision to make any bonuses to the Executive Directors albeit on a reduced basis took into account the interests of our stakeholders and the need to reward employee performance throughout the Group.

Mindful of Stefan's arrival and the associated strategic reset, the proposed new Remuneration Policy is the result of a relatively light touch review, incorporating amendments necessary to ensure continued compliance with the UK Corporate Governance Code and to provide greater flexibility and balance in the metrics used within incentive plans. During the review the Remuneration Committee consulted with the Company's major shareholders and its remuneration adviser FIT Remuneration Consultants LLP. Going forward, we will monitor developments in market best practice to ensure our Remuneration Policy evolves to meet the needs of the business and our shareholders.

### Updated Share Plan Rules and new Deferred Share Bonus Plan

The Company's existing savings-related option scheme (the 'Existing Sharesave') and long-term incentive scheme (the 'Existing LTIP') are each due to reach the end of their 10-year lives on 30 January 2023. Since their approval by shareholders in January 2013, the Existing Sharesave has provided for the grant of tax-advantaged savings-related options over Company shares ('Shares') to eligible employees, and the Existing LTIP has provided for the grant of performance-linked incentive awards over Shares to selected senior employees.

The Existing Sharesave (and the similar arrangement offered to the Company's worldwide employees) is popular with the Company's employees, with over 3,750 employees participating worldwide, and is an excellent way to motivate employees and promote a culture of wider share-ownership. The Existing LTIP is the primary mechanism for rewarding and motivating senior employees, and providing alignment with shareholders, through the delivery of performance-linked awards over Shares. Accordingly, the Remuneration Committee has concluded that shareholder authority should be sought under Resolutions 4 and 5 for the adoption now of the New Sharesave to replace the Existing Sharesave, and the New LTIP to replace the Existing LTIP. The terms of the New Sharesave are summarised in Part I of Appendix II of this Notice of Annual General Meeting, and have been drafted to be materially similar to the existing plan. The terms of the New LTIP are summarised in Part II of Appendix II of this Notice of Annual General Meeting, and have been drafted to be materially similar to the Existing LTIP (save where modified to match the provisions of the new Directors' Remuneration Policy).

The Company currently requires Executive Directors to purchase shares with a portion of their annual bonus. Under the proposed new Directors' Remuneration Policy Executive Directors shall be required to defer a portion of their annual bonuses into Shares. Accordingly, the Remuneration Committee has concluded that shareholder authority should be sought under Resolution 6 for the adoption now of the Deferred Share Bonus Plan (the 'DSBP') to facilitate such bonus deferral and to permit any deferred bonus awards which are granted under the DSBP to be satisfied with newly-issued and/or treasury shares. The terms of the DSBP are summarised in Part III of Appendix II of this Notice of Annual General Meeting.

### Recommendation

Your Board believes that the resolutions contained in the Notice of AGM promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of all resolutions, as they intend to do in respect of their own holdings.

Yours sincerely



**Thérèse Esperdy**  
Chair

## IMPERIAL BRANDS PLC NOTICE OF ANNUAL GENERAL MEETING

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO ANY ASPECT OF THE CONTENTS OF THIS DOCUMENT OR THE ACTION YOU SHOULD TAKE YOU ARE RECOMMENDED TO CONSULT AN INDEPENDENT ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.**

In light of the prevailing Government regulations in relation to COVID-19, the Board has determined that the AGM will be convened with the minimum quorum of Shareholders present in order to conduct the business of the meeting. This will be facilitated by the Company.

In the interests of protecting the health and safety of our Shareholders, colleagues and the wider public, Shareholders will not be admitted to the AGM. Our advisers and other guests have also been asked not to attend. Despite these exceptional circumstances, the Board is keen to maintain engagement with Shareholders. In order to facilitate this, if you are a Shareholder, we have arranged for you to attend the meeting electronically.

Notice is hereby given that, the Annual General Meeting (the 'AGM') of Imperial Brands PLC (the 'Company') will be broadcast from 121 Winterstoke Road, Bristol, BS3 2LL in accordance with the information provided on page 26 on Wednesday 3 February 2021 at 2.30 pm for the transaction of the following business:

### BUSINESS OF THE MEETING

#### ORDINARY RESOLUTIONS

To consider and, if thought fit, pass resolutions 1 to 21 inclusive as ordinary resolutions:

##### Resolution 1

THAT the Annual Report and Accounts for the financial year ended 30 September 2020 be received.

##### Resolution 2

THAT the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) set out on pages 96 to 123 of the Annual Report and Accounts for the financial year ended 30 September 2020, be approved.

##### Resolution 3

THAT the Directors' Remuneration Policy, the full text of which is set out on pages 100 to 109 of the Annual Report and Accounts for the financial year ended 30 September 2020, be approved.

##### Resolution 4

THAT the rules of the Imperial Brands PLC International Sharesave Plan 2021 (the 'New Sharesave'), a copy of the draft rules of which has been produced to the AGM and initialled by the Chair (for the purpose of identification only) and a summary of the main provisions of which is set out in Part I of Appendix II to the Notice of AGM, be and are hereby approved and the Directors be authorised to:

- (a) make such modifications to the New Sharesave as they may consider appropriate to take account of the requirements of best practice and applicable legislation, and to adopt the New Sharesave as so modified and to do all such other acts and things as they may consider necessary and expedient to give effect to the New Sharesave; and
- (b) establish further plans based on the New Sharesave but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that such further plans are materially similar to the New Sharesave and that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the New Sharesave.

##### Resolution 5

THAT the rules of the Imperial Brands PLC Long Term Incentive Plan 2021 (the 'New LTIP'), a copy of the draft rules of which has been produced to the AGM and initialled by the Chair (for the purpose of identification only) and a summary of the main provisions of which is set out in Part II of Appendix II to the Notice of AGM, be and are hereby approved and the Directors be authorised to:

- (a) make such modifications to the New LTIP as they may consider appropriate to take account of the requirements of best practice and applicable legislation, and to adopt the New LTIP as so modified and to do all such other acts and things as they may consider necessary and expedient to give effect to the New LTIP; and
- (b) establish further plans based on the New LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that such further plans are materially similar to the New LTIP and that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the New LTIP.

##### Resolution 6

THAT the rules of the Imperial Brands PLC Deferred Share Bonus Plan 2021 (the 'DSBP'), a copy of the draft rules of which has been produced to the AGM and initialled by the Chair (for the purpose of identification only) and a summary of the main provisions of which is set out in Part III of Appendix II to the Notice of AGM, be and are hereby approved and the Directors be authorised to:

- (a) make such modifications to the DSBP as they may consider appropriate to take account of the requirements of best practice and applicable legislation, and to adopt the DSBP as so modified and to do all such other acts and things as they may consider necessary and expedient to give effect to the DSBP; and

- (b) establish further plans based on the DSBP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that such further plans are materially similar to the DSBP and that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the DSBP.

**Resolution 7**

THAT a final dividend for the financial year ended 30 September 2020 of 48.01 pence per ordinary share of 10 pence payable on 31 March 2021 to those shareholders on the register at the close of business on 19 February 2021 be declared.

**Resolution 8**

THAT Stefan Bomhard be elected as a Director of the Company.

**Resolution 9**

THAT Susan Clark be re-elected as a Director of the Company.

**Resolution 10**

THAT Thérèse Esperdy be re-elected as a Director of the Company.

**Resolution 11**

THAT Alan Johnson be elected as a Director of the Company.

**Resolution 12**

THAT Robert Kunze-Concewitz be elected as a Director of the Company.

**Resolution 13**

THAT Simon Langelier be re-elected as a Director of the Company.

**Resolution 14**

THAT Pierre-Jean Sivignon be elected as a Director of the Company.

**Resolution 15**

THAT Steven Stanbrook be re-elected as a Director of the Company.

**Resolution 16**

THAT Jonathan Stanton be re-elected as a Director of the Company.

**Resolution 17**

THAT Oliver Tant be re-elected as a Director of the Company.

**Resolution 18**

THAT Ernst & Young LLP ('EY') be re-appointed as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

**Resolution 19**

THAT the Audit Committee (for and on behalf of the Board) be authorised to set the remuneration of the auditor.

**Resolution 20**

THAT in accordance with section 366 of the Companies Act 2006 the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect are authorised to:

- (a) make political donations to political parties or independent election candidates, not exceeding £100,000 in total;
- (b) make political donations to political organisations other than political parties, not exceeding £100,000 in total; and
- (c) incur political expenditure not exceeding £100,000 in total,

provided that the aggregate amount of any such donations and expenditure shall not exceed £100,000, during the period beginning with the date of the passing of this resolution and ending at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 31 March 2022.

For the purpose of this resolution the terms "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" have the meanings set out in sections 363 to 365 of the Companies Act 2006.

**Resolution 21**

THAT the Directors be authorised to allot ordinary shares of 10 pence each in the capital of the Company (the 'Ordinary Shares') or grant rights to subscribe for, or convert any security into, Ordinary Shares in accordance with article 7 of the Company's Articles of Association, up to a maximum nominal amount of £14,150,000 this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 31 March 2022; and

all previous unutilised authorities under section 551 of the Companies Act 2006 (the 'Act') shall cease to have effect (save to the extent that a previous authority is exercisable pursuant to section 551(7) of the Act by reason of any offer or agreement made prior to the date of this resolution which would or might require Ordinary Shares to be allotted or rights to be granted on or after that date).

## SPECIAL RESOLUTIONS

To consider and, if thought fit, pass resolutions 22 to 24 inclusive as special resolutions:

### Resolution 22

THAT, in accordance with article 8 of the Company's articles of association, if resolution 21 is passed, the Board be authorised to allot equity securities (as defined in section 560(1) the Companies Act 2006 (the 'Act')) for cash under the authority given by resolution 21 and/or to sell ordinary shares of 10 pence each in the capital of the Company (the 'Ordinary Shares') held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:

- i. the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities for a period fixed by the Board:
  - a. to or in favour of holders of Ordinary Shares in proportion (or as closely as may be practicable) to their existing holdings; and
  - b. to holders of other equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements as the Directors deem necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, any legal, regulatory or practical problems in, or under the laws of, any territory, or any other matter; and

- ii. to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (i) above) up to a nominal amount of £4,730,000,

such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on 31 March 2022) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

### Resolution 23

THAT in accordance with the Companies Act 2006 (the 'Act'), the Company is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10 pence each in the capital of the Company (Ordinary Shares) on such terms and in such manner as the Directors may from time to time determine, provided that:

- i. the maximum number of Ordinary Shares that may be purchased under this authority is 94,600,000;
- ii. the minimum price which may be paid for each Ordinary Share is 10 pence (exclusive of all expenses);
- iii. the maximum price which may be paid for each Ordinary Share (exclusive of all expenses) shall not be more than the higher of:
  - a. an amount equal to 105 per cent of the average of the middle market prices shown in the quotations for the Ordinary Shares in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary Share is purchased; and
  - b. an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out; and
- iv. the authority hereby conferred shall, unless previously revoked or varied, expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 31 March 2022 save in relation to purchases of Ordinary Shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry, where the Company may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

All previous unutilised authorities for the Company to make market purchases of Ordinary Shares are revoked, except in relation to the purchase of Ordinary Shares under a contract or contracts concluded before the date of this resolution and where such purchase has not yet been executed.

### Resolution 24

THAT a general meeting of the Company other than an annual general meeting of the Company may be called on not less than 14 clear days' notice.

Registered Office:  
121 Winterstoke Road  
Bristol BS3 2LL  
Registered in England and Wales No: 3236483

By order of the Board  
John M Downing  
Company Secretary

15 December 2020

## NOTES

1. Ordinarily only holders of Ordinary Shares are entitled to attend and vote at this AGM. Members entitled to attend and vote can appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote instead of them. A member may appoint more than one proxy, provided that they do not do so in relation to the same Ordinary Shares. A proxy need not be a member of the Company.

You may appoint your proxy electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need the Voting I.D., Task I.D. and Shareholder Reference which together make up your personal voting reference number printed on the front of the proxy form enclosed with this notice. Alternatively, if you have already registered with Equiniti's online portfolio service, Shareview, you can submit your proxy form at [www.shareview.co.uk](http://www.shareview.co.uk) by logging onto your portfolio using your usual user I.D. and password. Once logged in simply click "View" on the "My Investment" page, click on the link to vote then follow the on-screen instructions. For further information see the instructions printed on your proxy form.

You can appoint your proxy electronically or by using the form enclosed with this notice: instructions are shown on the form. Proxy forms and the power of attorney or other authority, if any, under which it is signed (or a certified copy of it) need to be received by the Company's registrar, Equiniti Limited, no later than 48 hours before the scheduled start of the AGM or any adjournment of the AGM. Equiniti's address is Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

A 'vote withheld' option is provided on the proxy form to enable you to instruct your proxy not to vote on any particular resolution. Note that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

You must inform the Company's registrar in writing of any termination of the authority of a proxy.

A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the 'Act') to enjoy information rights (a 'Nominated Person') may, under an agreement between them and the shareholder who nominated them, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statements of the rights of members in relation to the appointment of proxies in this notice do not apply to a Nominated Person. Only registered members of the Company can appoint proxies. Nominated Persons are reminded that they should contact the registered holder of their Ordinary Shares (and not the Company) on matters relating to their investments in the Company.

Under section 319A of the Act, a member attending the meeting has the right to ask questions in relation to the business of the meeting. The Company must answer any such questions relating to the business being dealt with at the meeting except if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

2. As at 15 December 2020 (being the last business day prior to publication of this notice) the Company's issued share capital consisted of 1,020,697,238 Ordinary Shares carrying one vote each (including 74,289,137 Ordinary Shares held by the Company in treasury which do not carry any voting rights). The total number of exercisable voting rights in the Company as at 15 December 2020 was, therefore, 946,408,101.
3. The following documents, which are available for inspection at an agreed time during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and public holidays excluded), they will also be available for inspection at the place of the AGM from 1.30 pm on the day of the AGM until the end of the meeting and through the Lumi website:
  - i. copies of the service contracts of the Executive Directors under which they are employed by the Company and the letters of appointment (and other related documents) of the Non-Executive Directors; and
  - ii. the Articles of Association of the Company.
4. Copies of the proposed rules of the Imperial Brands PLC International Sharesave Plan 2021, the Imperial Brands PLC Long Term Incentive Plan 2021 and the Imperial Brands PLC Deferred Share Bonus Plan 2021 are available for inspection at the Company's registered office, 121 Winterstoke Road, Bristol, England, BS3 2LL, at an agreed time during normal business hours from the date of this Notice until the date of the Annual General Meeting and will be available for inspection at the place of the AGM and through the Lumi website for at least 15 minutes prior to and during the meeting. The proposed rules of the Imperial Brands International Sharesave Plan 2021, the Imperial Brands PLC Long Term Incentive Plan 2021 and the Imperial Brands PLC Deferred Share Bonus Plan 2021 are also available for inspection at these times at the offices of Pinsent Masons LLP, 30 Crown Place, London EC2A 4ES.
5. Only those shareholders registered in the register of members of the Company as at 6.30 pm on 1 February 2021 (or, in the event of any adjournment, 6.30 pm on the date which is two days before the adjourned meeting) shall be entitled to attend and/or vote at the AGM in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after 6.30 pm on 1 February 2021 (or, in the event of any adjournment, 6.30 pm on the date which is two days before the adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the AGM.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Company's AGM to be held on 3 February 2021 and any adjournment(s) of the AGM by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or relates to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in this notice.

For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. In accordance with the Company's established practice, all resolutions will be taken on a poll so as to accurately record the decision of all members based on their shareholding interests in the Company.
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if more than one, they do not do so in relation to the same Ordinary Shares.
9. It is possible that, pursuant to requests made by members of the Company under section 527 of the Act, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM or any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Act and it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on its website.
10. A copy of this notice and other information required by section 311A of the Act can be found on the Company's website ([www.imperialbrandspc.com/investors/shareholder-centre/agm.html](http://www.imperialbrandspc.com/investors/shareholder-centre/agm.html)).
11. You may not use any electronic address provided either in this notice or in any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

#### Accessing the AGM website

The Lumi AGM website can be accessed online using most well-known internet browsers such as Internet Explorer (not compatible with versions 10 and below), Chrome, Firefox and Safari on a PC, laptop or internet enabled device such as a tablet or smartphone. If you wish to access the meeting using this method, please go to <https://web.lumiagm.com> on the day.

#### Logging in

On accessing the AGM website, you will be asked to enter a Meeting ID which is 148-010-738. You will then be prompted to enter your unique username (SRN) and PIN (first two and last two digits of your SRN). Your SRN can be found printed on your form of proxy. Access to the Lumi AGM platform will be available from 1.30 pm on 3 February 2021.

#### Webcast

The proceedings of the AGM will be webcast with presentation slides. Once logged in, and at the commencement of the meeting, you will be able to view the proceedings of the meeting on your device, as well as being able to see the slides of the meeting. These slides will advance automatically as the meeting progresses.

#### Voting at the meeting

Once the Chair has formally opened the meeting, they will explain the voting procedure. Voting will be enabled on all resolutions on the Chair's instruction. This means shareholders may, at any time while the poll is open, vote electronically on all of the resolutions put forward in the Notice of Meeting.

Once the resolutions have been proposed, the list of resolutions will appear along with the voting options available. Select the option that corresponds with how you wish to vote, "FOR", "AGAINST" or "WITHHELD". Once you have selected your choice, the option will change colour and a confirmation message will appear to indicate your vote has been cast and received – there is no submit button. If you make a mistake or wish to change your vote, simply select the correct choice; if you wish to "cancel" your vote, select the "cancel" button. You will be able to do this at any time whilst the poll remains open and before the Chair announces its closure at the end of the meeting.

#### **Requirements**

An active internet connection is required at all times in order to allow you to cast your vote when the poll opens, submit questions and listen to the audiocast. It is the user's responsibility to ensure you remain connected for the duration of the meeting.

#### **Duly appointed proxies and corporate representatives**

Once a valid appointment has been received and verified please contact the Company's registrar before 10.30 am on 3 February 2021 on 0371 384 2037 or +44 121 415 7009, if you are calling from outside the UK, for your unique username and password. Lines are open 9.00 am to 5.00 pm Monday to Friday (excluding public holidays in England and Wales).

#### **Questions**

Questions will be invited. Shareholders attending electronically may ask questions via the website by typing and submitting their question in writing – select the messaging icon from within the navigation bar and type your question at the bottom of the screen.

### **EXPLANATORY NOTES**

#### **Resolution 1 - Annual Report and Accounts**

The Directors of the Company must present the Company's Annual Report and Accounts to the AGM.

#### **Resolution 2 - Directors' Remuneration Report**

In accordance with section 439 of the Act, the Company is required to present the Directors' Remuneration Report to shareholders for their approval as a means of providing shareholder feedback to the Company in respect of overall remuneration packages. This vote will be advisory and the Directors' entitlement to remuneration is not conditional on it. The Directors' Remuneration Report can be found on pages 96 to 123 of the 2020 Annual Report and Accounts which is available on the Company's website.

#### **Resolution 3 - Directors' Remuneration Policy**

Shareholders are asked to approve the Directors' Remuneration Policy which is set out in full on pages 100 to 109 of the 2020 Annual Report and Accounts which is available on the Company's website. Once the Directors' Remuneration Policy is approved the Company will not be able to make a remuneration payment to a current or future director or a payment for loss of office to a current or past director, unless that payment is consistent with the policy or has been approved by a resolution of the members of the Company. During the year, with the support of an internal working group and FIT, the Remuneration Committee discussed various options and changes to the remuneration policy.

However, given the review of strategy, the Remuneration Committee consulted with the Company's major shareholders on a "light touch" set of changes to bring the policy in line with recent Corporate Governance requirements.

#### **Resolutions 4, 5 and 6 - Approval of renewed share plans and adoption of DSBP**

Resolution 4 relates to the proposed introduction of a new international savings-related option plan by the Company, the Imperial Brands PLC International Sharesave Plan 2021 (the 'New Sharesave'), to replace the Company's existing all-employee savings-related share option plans and arrangements for the Company's worldwide employees, the Imperial Brands UK Sharesave Plan (the 'Existing Sharesave').

Since its approval by shareholders in January 2013, the Existing Sharesave has provided for the grant of savings-related options over Company shares ('Shares') to eligible employees worldwide (including to UK and Irish employees on a tax-advantaged basis). Any eligible employee who agrees to join the Existing Sharesave enters into a savings contract for a period of three or five years, in return for the grant of an option to acquire Shares using the proceeds of the savings contract. The exercise price of an option is fixed at the time the invitation to apply for an option is issued and cannot be less than 80 per cent of the market value of a share at that time. The Existing Sharesave is popular with the Company's employees, with over 3,750 employees participating worldwide, and is an excellent way to motivate employees and promote a culture of wider share-ownership.

Resolution 5 relates to the proposed introduction of a new long-term incentive plan by the Company, the Imperial Brands PLC Long Term Incentive Plan 2021 (the 'New LTIP'), to replace the Company's existing long-term incentive plan, the Imperial Brands Long Term Incentive Plan (the 'Existing LTIP').

The Existing Sharesave and the Existing LTIP were each approved by shareholders in January 2013 and are due to reach the end of their 10-year lives on 30 January 2023. Accordingly, in order to ensure that the Company can continue to offer similar arrangements to its employees in future years, and (in the case of the New LTIP) to align with the new Directors' Remuneration Policy which is being put to shareholders for approval pursuant to Resolution 3, the Remuneration Committee has concluded that shareholder authority should be sought under Resolutions 4 and 5 for the adoption now of the New Sharesave and the New LTIP to replace the Existing Sharesave and the Existing LTIP. The terms of the New

Sharesave are summarised in Part I of Appendix II of this Notice of Annual General Meeting, and have been drafted to be materially similar to the Existing Sharesave. The terms of the New LTIP are summarised in Part II of Appendix II of this Notice of Annual General Meeting, and have been drafted to be materially similar to the Existing LTIP (save where modified to match the provisions of the new Directors' Remuneration Policy).

Resolution 6 relates to the proposed introduction of a deferred share bonus plan by the Company, the Imperial Brands PLC Deferred Share Bonus Plan 2021 (the 'DSBP'). The Company currently requires Executive Directors to purchase shares with a proportion of their annual bonus. However, under the new Directors' Remuneration Policy which is being put to shareholders for approval pursuant to Resolution 3 Executive Directors shall be required to defer a portion of their annual bonuses into Shares. Accordingly, the Remuneration Committee has concluded that shareholder authority should be sought under Resolution 6 for the adoption now of the DSBP to facilitate such bonus deferral and to permit any deferred bonus awards which are granted under the DSBP to be satisfied with newly-issued and/or treasury shares. The terms of the DSBP are summarised in Part III of Appendix II of this Notice of Annual General Meeting.

Resolutions 4, 5 and 6 will also authorise the Company to adopt further plans based on the New Sharesave, New LTIP or DSBP (as applicable) but modified to take account of local tax, exchange control or securities laws in any jurisdiction, provided that the terms of any such further plans are materially similar to the New Sharesave, New LTIP or DSBP (as applicable). The Company currently intends to adopt a tax-advantaged UK Sharesave Plan for the benefit of its UK employees and an Irish Sharesave for the benefit of the Company's Irish employees.

#### **Resolution 7 - Declaration of a dividend**

A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 48.01 pence per Ordinary Share is recommended by the Directors for payment to shareholders who are on the register at the close of business on 19 February 2021. If approved, the final dividend will become due and payable on 31 March 2021. In accordance with our policy of paying quarterly dividends, interim dividends of 20.85 pence per Ordinary Share were paid on 30 June 2020 and 30 September 2020 and an interim dividend of 48.0 pence per ordinary share will be paid on 31 December 2020.

#### **Resolutions 8 to 17 - Election and re-election of Directors**

The Company's Articles of Association and the UK Corporate Governance Code require that all Directors retire from office at each AGM and that those wishing to serve again shall submit themselves for election or re-election by the shareholders. Brief biographies of the Directors standing for election or re-election can be found in Appendix I to this notice and on pages 64 and 65 of the 2020 Annual Report and Accounts and on the Company's website. In the Board's view, these illustrate why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success. Having considered the performance of each Director seeking election or re-election as part of the Board Evaluation, the contribution made by each of these Directors and the independence of Non-Executive Directors the Board is satisfied that the performance of each Director seeking election or re-election continues to be effective and to demonstrate commitment to the role and as such recommends their election or re-election. In reaching its recommendations the Board also considered both the individual skills and experience brought by each member and the overall skill set of the Board.

Stefan Bomhard joined the Board on 1 July 2020. Stefan has significant experience across multiple consumer sectors and within large multinational organisations, particularly in brand building and consumer-led sales and marketing. He has demonstrated strong strategic and operational leadership and has developed a track record of delivering successful transformational change.

Pierre-Jean Sivignon joined the Board on 1 July 2020. Pierre-Jean is an experienced international finance professional, having held Chief Financial Officer positions at large organisations in Europe, most recently Groupe Carrefour, the global retailer, where he was also Deputy Chief Executive Officer. He is a Non-Executive director for a New York stock exchange listed oil & gas company headquartered in Mexico.

Bob Kunze-Concewitz joined the Board on 1 November 2020 and has a wealth of international business experience and is particularly skilled at marketing, having held a number of senior roles at leading FMCG companies. These include Global Prestige Products Corporate Marketing Director at Procter & Gamble and Group Marketing Director at Campari Group. Bob has been the Chief Executive Officer of Campari Group for the past thirteen years. Campari Group is a major player in the global spirits industry, with a portfolio of over 50 premium and super premium brands including the leading aperitif brands Campari and Aperol.

Alan Johnson will join the Board as a Non-Executive Director and a member of the Audit Committee, on 1 January 2021. His financial acumen and international experience across mature and developing markets and track record of successfully managing business transformations will strengthen and complement the overall Board composition.

Your Directors believe Stefan, Pierre-Jean, Bob and Alan will be great assets to the Board and the Group and, therefore, recommend their election.

#### **Resolutions 18 and 19 - Re-appointment and remuneration of Auditor**

Ernst & Young (EY) was appointed by the Board to fill the casual vacancy following PriceWaterhouseCooper's resignation, with effect from 12 December 2019. Resolution 18 is proposed for shareholders to approve EY's re-appointment and Resolution 19 seeks authority for the Audit Committee (on behalf of the Board) to set EY's remuneration. Further details of the external audit and the audit tender are set out on pages 83 to 85 of the Annual Report and Accounts 2020.

### **Resolution 20 - Authority to make donations to political organisations and to incur political expenditure**

Neither the Company nor any of its subsidiaries has any intention of making political donations or incurring any political expenditure under the terms of this resolution.

Part 14 of the Act, amongst other things, prohibits the Company and its subsidiaries from making donations to a political party or other political organisation or to an independent election candidate or from incurring political expenditure of more than £5,000 in any 12 month period in the United Kingdom or, until 31 December 2020, in any EU Member State unless authorised by the Company's shareholders.

The Act defines political organisations widely. It includes organisations which carry on activities which are capable of being reasonably regarded as intended to affect public support for a political party or an independent election candidate or to influence voters in relation to any referendum. As a result, it is possible that the definition may include bodies, such as those concerned with policy review and law reform or with the representation of the business community or sections of it, which the Company and/or its subsidiaries may see benefit in supporting.

Accordingly, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of the Act through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred. The resolution authorises the Company and its subsidiaries to:

- i. make political donations to political parties, or independent election candidates, not exceeding £100,000 in total;
- ii. make political donations to political organisations other than political parties, not exceeding £100,000 in total; and
- iii. incur political expenditure not exceeding £100,000 in total,

in the period commencing on the date of the resolution and ending at the conclusion of the AGM of the Company held in 2022 or, if earlier, the close of business on 31 March 2022. The overall expenditure under i, ii and iii above shall be capped at £100,000 in total.

For the purpose of this resolution the terms "political donations", "political parties", "independent election candidates", "political organisations" and "political expenditure" have the meanings set out in sections 363 to 365 of the Act.

### **Resolution 21 - Directors' authority to allot securities**

The Directors may only allot Ordinary Shares or grant rights over Ordinary Shares if authorised to do so by shareholders. The authority granted at the last AGM to allot Ordinary Shares or grant rights to subscribe for, or convert any security into, Ordinary Shares is due to expire at the conclusion of the 2021 AGM. Accordingly, this resolution seeks to grant a new authority under section 551 of the Act to authorise the Directors to allot Ordinary Shares or grant rights to subscribe for, or convert any security into, Ordinary Shares and will expire at the conclusion of the next AGM of the Company in 2022 or, if earlier, the close of business on 31 March 2022.

If passed, Resolution 21 would give the Directors authority to allot Ordinary Shares or grant rights to subscribe for, or convert any security into, Ordinary Shares up to an aggregate nominal value of £14,150,000 representing approximately 15 per cent of the Company's existing issued share capital (excluding Ordinary Shares held in treasury) and calculated as at 15 December 2020 (being the latest practicable date prior to publication of this notice).

There is no present intention of exercising this authority. However, it is considered prudent to maintain the flexibility that this authority provides. As at 15 December 2020, the Company held 74,289,137 Ordinary Shares in treasury, which represent approximately 7.8 per cent of the issued share capital (excluding Ordinary Shares held in treasury). The Directors intend to renew this authority annually.

### **Resolution 22 - Disapplication of pre-emption rights**

Under section 561(1) of the Act, if the Directors wish to allot any shares or grant rights over shares or sell shares held in treasury for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of Ordinary Shares for cash without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights.

Resolution 22 asks shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities, the authority will be limited to the issue of Ordinary Shares for cash up to a maximum aggregate nominal value of £4,730,000 (which includes the sale on a non pre-emptive basis of any Ordinary Shares held in treasury for cash), which is equivalent to approximately 5 per cent of the Company's issued share capital as at 15 December 2020 (being the latest practicable date prior to publication of this notice). The Directors do not intend to issue more than 7.5 per cent of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three-year period without prior consultation with shareholders. Shareholders will note that this resolution also relates to Ordinary Shares held in treasury and will be proposed as a special resolution.

This resolution seeks a disapplication of the pre-emption rights on a rights issue or other pre-emptive offer so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders. If given, the authority will expire at the conclusion of the next AGM of the Company in 2022 or, if earlier, the close of business on 31 March 2022. The Directors intend to renew this authority annually.

### **Resolution 23 - Authority to purchase own shares**

In certain circumstances it may be advantageous for the Company to purchase its own Ordinary Shares and Resolution 23 seeks the authority from shareholders to continue to do so. Authority was given to the Company to make market purchases up to an aggregate of 95,370,000 of its Ordinary Shares at the AGM held on 5 February 2020 (being equal to approximately 10 per cent of the Company's issued ordinary share capital, excluding Ordinary Shares held in treasury, as at 10 December 2019, the latest practicable date prior to the publication of the notice for the AGM held on 5 February 2020). This authority is due to expire at the end of the AGM and it is proposed that the Company be authorised to make market purchases up to an aggregate of approximately 10 per cent of the Company's issued share capital, excluding Ordinary Shares held in treasury, as further described below. The Directors will exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and will be likely to promote the success of the Company for the benefit of its members as a whole. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority. Any Ordinary Shares purchased in this way will either be held in treasury or cancelled and the number of Ordinary Shares in issue reduced accordingly. If the Directors consider it appropriate to do so, the Company may hold in treasury any of its Ordinary Shares that it purchases pursuant to the Act and the authority conferred by this resolution as an alternative to cancelling them. This gives the Company the ability to reissue Ordinary Shares held in treasury quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with Ordinary Shares held in treasury. Ordinary Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under employee share schemes. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings, in respect of the Ordinary Shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the Ordinary Shares held in treasury.

The proposed authority would be limited to purchases of up to 94,600,000 Ordinary Shares which is equal to approximately 10 per cent of the Company's issued share capital, excluding Ordinary Shares held in treasury, as at 15 December 2020 (being the latest practicable date prior to publication of this notice). The resolution specifies the maximum and minimum prices at which the Company's Ordinary Shares may be bought.

The minimum price which may be paid for each Ordinary Share is 10 pence (exclusive of all expenses). The maximum price which may be paid for each Ordinary Share is the higher of the amount equal to 105 per cent of the average of the middle market prices shown in the quotations for the Ordinary Shares in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased and an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out (in each case exclusive of all expenses).

For information, as at 15 December 2020 (being the latest practicable date prior to publication of this notice) there were outstanding 9,135,566 awards and options to subscribe for Ordinary Shares, representing 0.97 per cent of the Company's issued share capital (excluding Ordinary Shares held in treasury). If both the new authority and the existing authority were exercised in full, the awards and options would represent 1.21 per cent of the Company's ordinary share capital (excluding Ordinary Shares held in treasury).

Resolution 23 will be proposed as a special resolution to provide the Company with the necessary authority. If given, this authority will expire at the conclusion of the next AGM of the Company in 2022 or, if earlier, the close of business on 31 March 2022.

The Directors intend to seek renewal of this authority annually.

### **Resolution 24 - Authority to hold general meetings (other than annual general meetings) on 14 clear days' notice**

The notice period required by the Act for general meetings of the Company is 21 clear days unless shareholders approve a shorter period which cannot, however, be less than 14 clear days. AGMs must always be held on at least 21 clear days' notice. At the AGM held on 5 February 2020, shareholders authorised the calling of general meetings other than an AGM on not less than 14 clear days' notice, and it is proposed that this authority be renewed. The authority granted by Resolution 24, if passed, will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. Resolution 24 seeks the approval of shareholders to renew the authority to be able to call general meetings (other than an AGM) on 14 clear days' notice. The flexibility offered by Resolution 24 will only be used where, taking into account the circumstances, the Directors consider this appropriate in relation to the business of the meeting and in the interests of the Company and shareholders as a whole.

## APPENDIX 1



**THÉRÈSE ESPERDY**  
Chair of the Board

D R N\*

### Skills and experience

Thérèse has significant international investment banking experience having held a number of roles at JP Morgan including Global Chair of JP Morgan's Financial Institutions Group, Co-Head of Asia-Pacific Corporate & Investment Banking, Global Head of Debt Capital Markets, and Head of US Debt Capital Markets. She began her career at Lehman Brothers and joined Chase Securities in 1997 prior to the firm's merger with JP Morgan in 2000.

### Appointment

Appointed Chair in January 2020, having joined the Board in July 2016. Thérèse was appointed Senior Independent Director in May 2019.

### External appointments

Non-Executive Director and Chair of the Finance Committee of National Grid Plc<sup>1</sup>; Non-Executive Director of Moody's Corporation<sup>1</sup>.



**STEFAN BOMHARD**  
Chief Executive Officer

E

### Skills and experience

Stefan joined Imperial in July 2020 from Inchcape plc, a global distribution and retail leader in the premium and luxury automotive sectors, where he delivered successful transformational change during a five-year tenure as Chief Executive.

Prior to his role at Inchcape, Stefan was President of Bacardi Limited's European region and was also responsible for Bacardi's Global commercial organisation and Global Travel Retail.

Stefan has a PhD in marketing and has accrued significant experience in the consumer and retail sectors during his career. Previous roles have included Chief Commercial Officer of Cadbury plc and Chief Operating Officer of Unilever Food Solutions Europe. This followed senior management and sales and marketing positions at Diageo (Burger King) and Procter & Gamble.

### Appointment

Appointed to the Board as Chief Executive Officer in July 2020.

### External appointments

Non-Executive Director of Compass Group Plc<sup>1</sup>.



**OLIVER TANT, BSC, CA (SCOTLAND)**  
Chief Financial Officer

E

### Skills and experience

Oliver held a number of senior positions in a 32-year career at KPMG, including Global Managing Director Financial Advisory and Private Equity Division and Head of UK Audit.

He was also a member of both the UK and German boards of KPMG. He brings to Imperial international experience in change management, organisational restructuring, corporate finance and mergers and acquisitions.

In his current role he is responsible for finance, treasury, investor relations, procurement and information technology.

### Appointment

Appointed to the Board of Directors in October 2013 and became Chief Financial Officer in November 2013.

### External appointments

No external Director appointments.



**SUE CLARK**  
Senior Independent Director

D A N R\*

### Skills and experience

Sue has strong international business credentials with over 20 years' Executive Committee and Board level experience in the FMCG, regulated transport and utility sectors. Sue held the role of Managing Director of SABMiller Europe and was an Executive Committee member of SABMiller plc. She joined SABMiller in 2003 as Corporate Affairs Director and was part of the executive team that built the business into a top five FTSE company.

### Appointment

Appointed Non-Executive Director in December 2018, Chair of the Remuneration Committee in February 2019 and Senior Independent Director in January 2020.

### External appointments

Non-Executive Director and Chair of the Remuneration Committee of Britvic plc<sup>1</sup>, Non-Executive Director and member of the Audit and Remuneration Committees of Bakkavor Group plc<sup>1</sup> and a member of the Supervisory Board and Remuneration Committee of AkzoNobel N.V<sup>1</sup>. Sue is also a Non-Executive Director of Tulchan Communications LLP<sup>2</sup>.



**ALAN JOHNSON**  
Non-Executive Director

D A N

### Skills and experience

Alan has a strong financial background in consumer goods and retail, having held a number of senior finance positions at Unilever during a 30-year career, including Chief Audit Executive and Chief Financial Officer of the Global Foods Division. He was previously Chief Financial Officer and then a Non-Executive Director at food retailer Jerónimo Martins, SGPS, SA until April 2016.

### Appointment

Appointed Non-Executive Director with effect from 1 January 2021.

### External appointments

President and Chair of the Board of the International Federation of Accountants and a member of the Board and Chair of the Audit Committee of the International Valuation Standards Council.



**ROBERT (BOB)  
KUNZE-  
CONCEWITZ**

Non-Executive  
Director

D R N

**Skills and experience**

Bob is an experienced marketing professional and has held a number of senior roles at leading FMCG companies. He has been Chief Executive Officer at Campari Group since May 2007 having joined the business in 2005 as Group Marketing Director. Prior to his time at Campari Group, he held positions of increasing responsibility at Procter & Gamble, including Global Prestige Products Corporate Marketing Director.

**Appointment**

Appointed Non-Executive Director on 1 November 2020.

**Committee membership**

Member of the Remuneration Committee and the Succession and Nominations Committee.

**External appointments**

Director of Davide Campari-Milano N.V. incorporated under Dutch law and listed on the Mercato Telematico Azionario of Borsa Italiana (MTA) and a Non-Executive Director of Luigi Lavazza S.p.A.



**SIMON LANGLIER**

Non-Executive  
Director

D A N

**Skills and experience**

Simon has significant international experience within the tobacco industry. He held a number of senior commercial positions during a 30-year career with Philip Morris International, including in Latin America, Asia, Western and Eastern Europe, Middle East and Africa. In addition, he was President of their Next Generation Products & Adjacent Businesses.

**Appointment**

Appointed Non-Executive Director in June 2017.

**External appointments**

Chair of PharmaCielo Limited<sup>1</sup>.

Patron and Honorary Professorial Fellow at Lancaster University, and a member of the Deans Council of the university's Management School<sup>2</sup>.



**PIERRE-JEAN  
SIVIGNON**

Non-Executive  
Director

D A N

**Skills and experience**

Pierre-Jean is an experienced finance professional, having held Chief Financial Officer positions at Faurecia S.A., a global leader in automotive technology, Philips, the global health technology company, and most recently Groupe Carrefour, the global retailer, where he was also deputy Chief Executive Officer. Having stepped down from executive duties in 2017, he was adviser to the Carrefour Chair and CEO until the end of 2018. He has previously held Non-Executive directorships with Imerys S.A. and Technip S.A.

**Appointment**

Appointed Non-Executive Director in July 2020.

**External appointments**

Non-Executive Director of Vista Oil & Gas SAB<sup>1</sup>.



**STEVEN  
STANBROOK**

Non-Executive  
Director

D R N

**Skills and experience**

Steven brings considerable international executive experience to the Board, gained in a number of FMCG companies. This includes 18 years at SC Johnson & Sons Inc., most recently as Chief Operating Officer, where he was responsible for managing their international operations. Previously, he held senior positions at Sara Lee Corporation, including as Chief Executive Officer of Sara Lee Bakery, and at CompuServe Corp. He is also a former Non-Executive Director of Chiquita Brands International, Inc. and Hewitt Associates.

**Appointment**

Appointed Workforce Engagement Director in 2019, having joined the Board as a Non-Executive Director in February 2016.

**External appointments**

Non-Executive Director of Primo Water Corporation<sup>1</sup> and Group<sup>1</sup> Automotive Inc<sup>1</sup>. Steven is also a Partner of Wind Point Partners<sup>2</sup>.



**JON STANTON**

Non-Executive  
Director

D A\* R N

**Skills and experience**

Jon has a wide range of international leadership experience, encompassing transformation, M&A and all aspects of finance, principally in the B2B sector.

In 2016 he was appointed Chief Executive of The Weir Group PLC, one of the world's leading engineering businesses, having previously been CFO from 2010. Prior to that he spent 22 years at Ernst & Young, LLP, the last nine years of which were as a partner in their London office.

Jon is a Chartered Accountant and member of the ICAEW.

**Appointment**

Appointed Non-Executive Director in May 2019 and Chair of the Audit Committee in June 2020.

**External appointments**

Chief Executive of The Weir Group PLC<sup>1</sup>.

**Key**

E Executive Director

D Non-Executive Director

N Succession and Nominations Committee

A Audit Committee

R Remuneration Committee

\* Denotes Chair

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1. Public listed company  
2. Private organisation

## APPENDIX 2

### Part I – Summary of the principal terms of the Imperial Brands PLC International Sharesave Plan 2021

#### 1. General

The Imperial Brands PLC International Sharesave Plan 2021 (the "**New Sharesave**") has been designed to be materially similar to the existing Sharesave plan operated by Imperial Brands PLC (the "**Company**") (which was approved by shareholders in January 2013 and which is due to expire in January 2023).

The New Sharesave is an all-employee savings-related option scheme. Under the New Sharesave eligible employees of the Company's group ("**Group**") may be invited to participate in the New Sharesave. Employees who agree to participate in the New Sharesave and to make monthly savings will be granted options to acquire ordinary shares in the capital of the Company ("**Sharesave Options**") on the terms summarised below.

The New Sharesave is a non-tax-advantaged savings-related option arrangement which is intended to be offered to employees of the Group who are resident outside the United Kingdom and Ireland. Equivalent arrangements to the New Sharesave will be established for the benefit of employees of the Group who are resident in the United Kingdom and Ireland, save that any such arrangements will be modified in certain minor respects to comply with relevant legislative requirements in the United Kingdom and Ireland respectively in order to offer Sharesave Options on a tax-advantaged basis in those jurisdictions (as further described at paragraph 12).

Sharesave Options are not transferable (except on death) and are not pensionable benefits.

No payment shall be required for the grant of a Sharesave Option.

The operation of the New Sharesave will be overseen by the directors of the Company (the "**Directors**").

No Sharesave Options may be granted more than 10 years after approval of the New Sharesave by shareholders.

#### 2. Eligibility

Any employee (including any full-time Executive Director) of the Group who has been employed for a qualifying period of such length of time prior to the issue of an invitation to participate in the New Sharesave as the Directors may determine from time to time will be eligible to participate in the New Sharesave and receive Sharesave Options.

#### 3. Exercise price

The price per share at which shares may be acquired upon exercise of a Sharesave Option is determined by the Directors before the relevant Sharesave Options are granted. The price per share must not be less than 80 per cent of the market value of a share when invitations are issued to eligible employees.

#### 4. Monthly savings

Any employee who applies for a Sharesave Option under the New Sharesave must enter into an agreement to make regular savings or deductions from net pay (the "**Savings Arrangement**"). The employee agrees to enter a Savings Arrangement for a period of three or five years and make monthly savings or deductions of a fixed amount, of not less than £5 or more than £500 (or the equivalent amount in local currency), over three or five years. The employee may elect to apply the proceeds of the Savings Arrangement to exercise the Sharesave Option and acquire shares. Alternatively, the employee may choose to withdraw the proceeds of the Savings Arrangement.

For the initial invitation under the New Sharesave, it is envisaged that only three-year savings contracts will be offered and the maximum monthly savings contribution shall be £250. This is consistent with previous invitations made under the Company's existing Sharesave plan.

#### 5. Dilution limit

Sharesave Options may be satisfied by newly issued shares, shares purchased in the market or by the transfer of treasury shares.

No Sharesave Options may be granted under the New Sharesave if it would cause the number of new shares issued or issuable pursuant to Sharesave Options granted in the preceding 10 years under any Group share plan (including the New Sharesave) to exceed 10 per cent of the Company's issued ordinary share capital at the proposed date of grant.

As is typical, if Sharesave Options are specified as being capable of being satisfied by a transfer of existing shares only (including shares held by or purchased by the Company's employees' share trust), the percentage limit stated above will not apply.

For so long as it is required by institutional investor guidelines, these dilution limits will also apply to Sharesave Options satisfied by the transfer of treasury shares.

#### 6. Exercise of Sharesave Options

Sharesave Options under the New Sharesave will normally be exercisable only during the period of six months from the end of the Savings Arrangement.

#### 7. Leaving employment

Early exercise of Sharesave Options is permitted following death or cessation of employment by reason of injury, disability, redundancy, retirement, where the business or part of the business which employs the participant is transferred to a company outside the Group, where the participant's employer company is sold outside of the Group or in

any circumstances where cessation of employment occurs more than three years after the grant date. In such cases, Sharesave Options may be exercised within six months of leaving to the extent that the accumulated funds available under the employee's Savings Arrangement permit. In the case of death, personal representatives may normally exercise the Sharesave Option at any time within twelve months of the date of death. Except in the cases noted above, Sharesave Options will lapse on cessation of employment.

#### 8. Corporate events

Early exercise of Sharesave Options is permitted in the event of a takeover, reconstruction or voluntary winding-up of the Company. Alternatively, in the event of a takeover or reconstruction participants may be offered the opportunity to release their Sharesave Options in consideration of the grant of options over shares in the acquiring company or its parent company.

#### 9. Rights attaching to shares

Sharesave Options will not confer any shareholder rights, such as the right to vote the shares or to receive any dividend, until a participant has received the shares after exercise.

Shares allotted or transferred under the New Sharesave will rank alongside shares of the same class then in issue.

#### 10. Variations of share capital

If there is: (i) a capitalisation or rights issue; (ii) a sub-division, consolidation or reduction of the Company's ordinary share capital; (iii) a de-merger or payment of a special dividend; or (iv) any variation of the Company's share capital, then the Directors may (at their discretion) adjust:

- the number, amount or description of shares subject to any Sharesave Option;
- the exercise price payable upon the exercise of any Sharesave Option; and/or
- the acquisition cost of shares that have not been allotted or transferred following exercise of a Sharesave Option

provided that the market value and exercise price must be substantially the same before and after the variation of capital.

#### 11. Amendments

The Directors may amend the New Sharesave at any time at their discretion.

However, the provisions governing:- (i) eligibility requirements; (ii) equity dilution; (iii) the basis for determining participants' rights to acquire shares; and (iv) the adjustments that may be made following a rights issue or any other variation of capital, cannot be altered to the advantage of participants without the prior approval of the Company's shareholders in general meeting.

There is an exception for minor amendments to benefit the administration of the New Sharesave, to take account of a change in legislation affecting the New Sharesave or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the New Sharesave or for any member of the Group.

#### 12. International

By approving the New Sharesave, shareholders will also authorise the Directors to adopt schedules to, or establish further plans based on, the New Sharesave but which are modified to take account of local tax, exchange control or securities laws in any territory, provided that such further plans are materially similar to the New Sharesave and that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the New Sharesave (described at paragraphs 4 and 5 of this Part I respectively).

The Directors intend to rely on this authority to adopt the following further plans:

- a savings-related option plan which is a 'Schedule 3 SAYE option scheme' for the purposes of relevant tax legislation in the United Kingdom, and which will be used to offer Sharesave Options to UK-resident employees on a tax-advantaged basis (the "**UK Sharesave**"); and
- a savings-related option scheme which is a 'Chapter 12 Save As You Earn Scheme' for the purposes of relevant tax legislation in the Republic of Ireland, and which will be used to offer Sharesave Options to Irish-resident employees on a tax-advantaged basis (the "**Irish Sharesave**").

The terms of each of the UK Sharesave and the Irish Sharesave will be materially similar to the terms of the New Sharesave, save where modified in certain minor respects to comply with the requirements of relevant legislation in the United Kingdom and the Republic of Ireland (respectively).

**This summary does not form part of the rules of the New Sharesave and should not be taken as affecting the interpretation of its detailed terms and conditions.**

**The Directors reserve the right up to the time of the 2021 Annual General Meeting to make such amendments and additions to the rules of the New Sharesave as may be necessary or as they consider appropriate and provided that such amendments do not conflict in any material respect with this summary.**

## Part II – Summary of the principal terms of the Imperial Brands PLC Long Term Incentive Plan 2021

### 1. General

The Imperial Brands PLC Long Term Incentive Plan 2021 (the "**New LTIP**") has been designed to be materially similar to the Company's existing Long Term Incentive Plan (which was approved by shareholders in January 2013 and which is due to expire in January 2023). Appropriate changes have been made to the New LTIP rules to bring them in line with prevailing best practice and the new Directors' Remuneration Policy proposed for approval by shareholders at the 2021 Annual General Meeting.

The New LTIP will enable executive directors of the Company ("**Executive Directors**") and selected employees of the Company and its Group to be granted awards ("**LTIP Awards**") in respect of ordinary shares in the capital of the Company.

LTIP Awards are not transferable (except on death) and are not pensionable benefits.

The operation of the New LTIP will be overseen by the Remuneration Committee of the Board of Directors of the Company (the "**Remuneration Committee**"), which consists entirely of Non-Executive Directors.

No payment shall be required for the grant of an LTIP Award.

No LTIP Awards may be granted more than 10 years after approval of the New LTIP by shareholders.

### 2. Eligibility

All employees of the Group (including Executive Directors) are eligible to participate in the New LTIP and receive LTIP Awards at the discretion of the Remuneration Committee.

### 3. Types of LTIP Awards

LTIP Awards will not ordinarily be capable of vesting until the third anniversary of their grant date, except in exceptional circumstances such as corporate events (see paragraph 11 below), and ordinarily will be subject to continued employment and the attainment of performance conditions which will determine the extent to which such LTIP Awards shall be capable of vesting ("**Performance Awards**").

The Remuneration Committee may also grant LTIP Awards with or without performance conditions attached ("**Discretionary Awards**"). The Remuneration Committee may set the vesting date for Discretionary Awards at its discretion, which may be earlier than the third anniversary of their grant date. Executive Directors are not eligible to be granted Discretionary Awards.

LTIP Awards may also be granted to an employee for the purpose of facilitating their recruitment as an employee of the Group ("**Recruitment Awards**").

LTIP Awards may be structured as conditional awards of shares or as options to acquire shares.

The Remuneration Committee may also grant cash-based awards of an equivalent value to share-based awards, or settle share-based awards with cash, although the Remuneration Committee currently only intends to use this ability in circumstances where the relevant participant is resident in a jurisdiction where granting or settling share-based awards is impractical.

### 4. Timing of grant of LTIP Awards

Consistent with current practice under the Company's existing long-term incentive arrangements, Performance Awards will ordinarily be granted on or as soon as reasonably practicable after 15 February of each year, unless the Company's annual general meeting is held later than 15 February in any year, in which case Performance Awards will be granted as soon as reasonably practicable after the holding of that annual general meeting.

Except in the case of Executive Directors, Performance Awards may also be granted no later than the end of the first complete calendar quarter following the relevant employee's commencement of employment with the Group.

The Remuneration Committee may also permit the grant of Performance Awards outside the above periods if it considers that there are exceptional circumstances which justify the grant of Performance Awards at that time.

Discretionary Awards may be granted at any time when the Remuneration Committee considers that there are exceptional circumstances which justify the grant of Discretionary Awards at that time.

Recruitment Awards may only be granted on (or as soon as reasonably practicable following) the commencement of the relevant employee's employment with the Group.

If regulatory or statutory restrictions prevent LTIP Awards from being granted in these periods, LTIP Awards may be made in the period immediately after the removal of all such restrictions.

### 5. Size of LTIP Awards

The maximum number of shares that may be awarded to a participant in the form of Performance Awards and Discretionary Awards in any financial year will be limited so that the market value of such shares on the award date will not exceed 350 per cent of the participant's base salary or any other limit that is specified under the Company's prevailing shareholder-approved Directors' Remuneration Policy in force at the time that the Award is granted.

Recruitment Awards shall ordinarily be granted to an employee in compensation for awards granted by their former employer and which lapsed on their commencement of employment with the Group, in which case such Recruitment Awards may not be granted over a number of the Company's shares which have a greater market value than the lapsed awards which the Recruitment Award is intended to replace.

Market value for the purposes of the above limit shall generally be taken to be either the market value of shares on the dealing day immediately preceding the date on which the relevant LTIP Award is granted or by reference to a short averaging period.

#### **6. Dilution limits**

LTIP Awards may be satisfied by newly issued shares, shares purchased in the market or by the transfer of treasury shares.

No LTIP Award may be granted if it would cause the number of new shares issued or issuable pursuant to awards and options granted in the preceding 10 years under any Group share plan (including the New LTIP) to exceed 10 per cent of the Company's issued ordinary share capital at the proposed date of grant.

A similar 5 per cent in 10 years limit applies to awards granted under any Group discretionary share plan (which would include the New LTIP and also the new Imperial Brands PLC Deferred Share Bonus Plan described at Part III of this Appendix II).

As is typical, if LTIP Awards are specified as being capable of being satisfied by a transfer of existing shares only (including shares held by or purchased by the Company's employees' share trust), the percentage limits stated above will not apply.

For so long as it is required by institutional investor guidelines, these dilution limits will also apply to LTIP Awards satisfied by the transfer of treasury shares.

#### **7. Vesting of LTIP Awards and performance conditions**

Performance Awards will not ordinarily be capable of vesting until the third anniversary of their grant date, except in exceptional circumstances such as corporate events (see paragraph 11 below).

All Performance Awards will be subject to stretching performance conditions which will determine the extent to which such Performance Awards shall be capable of vesting.

Performance conditions will be set by the Remuneration Committee and, in the case of Executive Directors, will be consistent with the Company's prevailing shareholder-approved Directors' Remuneration Policy. Performance conditions will ordinarily be measured over a period of three financial years.

Details of the performance conditions applicable to Performance Awards granted to Executive Directors will be fully disclosed in the Company's Annual Report and Accounts which are prepared for the year in which the relevant Performance Awards were granted and will at all times be subject to the Company's prevailing shareholder-approved Directors' Remuneration Policy.

Discretionary Awards may be granted with or without performance conditions, and may vest earlier than the third anniversary of their grant date, at the discretion of the Remuneration Committee. As noted above, Executive Directors are not eligible to be granted Discretionary Awards.

Where Recruitment Awards are granted in compensation for awards which the relevant employee has forfeited on leaving their former employer to join the Group, such Recruitment Awards shall ordinarily be subject to performance conditions which match the performance conditions attached to the forfeited awards and shall ordinarily vest over the same period as the forfeited awards. However, the Remuneration Committee retains discretion to grant Recruitment Awards without performance conditions and which may also vest earlier than the third anniversary of the grant date.

The Remuneration Committee may vary the performance conditions applying to existing LTIP Awards if the Remuneration Committee reasonably considers that the varied performance conditions would be a fairer measure of performance and provide a more effective incentive for the participant and will not be materially less difficult to satisfy than the original conditions would have been when first set.

#### **8. Exercise periods (applicable only to options)**

Where LTIP Awards are granted in the form of options to acquire shares, once vested such options will remain exercisable up until the tenth anniversary of their grant date (or such shorter period that the Remuneration Committee specifies on grant).

Shorter exercise periods apply in the case of LTIP Awards held by "good leavers" and/or vesting of LTIP Awards in connection with corporate events.

#### **9. Adjustment of vesting outcome of LTIP Awards**

Irrespective of the extent to which any performance condition applicable to an LTIP Award has been met, the Remuneration Committee retains discretion to adjust the extent of vesting that would otherwise result under the New LTIP rules and any performance conditions.

Such discretion would only be used where the Remuneration Committee considers that the extent of vesting but for any adjustment would not produce an appropriate vesting outcome, taking into account overall performance of the participant, the Company or any member of the Group, or because the vesting outcome is inappropriate in the context of circumstances that were unexpected or unforeseen at the grant date or the start of any applicable performance period.

## 10. Leaving employment

If a participant ceases to be employed within the Group, their LTIP Awards will normally lapse on the date of termination of employment.

However, if a participant ceases to be employed with the Group due to their:- (i) death; (ii) ill-health, injury or disability; (iii) the sale of the member of the Group or business unit which is the participant's employer company or business unit for which they work out of the Group; or (iv) in any other circumstances at the Remuneration Committee's discretion, then the participant will be treated as a "good leaver", in which case their LTIP Award(s) shall vest subject to:-

- the extent to which the performance conditions (if any) applicable to the LTIP Award(s) have, in the opinion of the Remuneration Committee, been satisfied over the original performance period; and
- a time pro-rata apportionment of the number of shares under the LTIP Award(s).

LTIP Awards held by good leavers will normally vest on their normal vesting timetable unless the Remuneration Committee determines that any such LTIP Awards held by good leavers shall vest at an earlier date (although it is anticipated that the Remuneration Committee would not ordinarily permit early exercise of LTIP Awards by good leavers).

In a good leaver scenario, the Remuneration Committee will retain discretion to vary the application of time pro-rating and increase the number of shares which vest (although this may not result in the number of shares which vest being higher than the number of shares which may vest by reference to application of the performance conditions).

## 11. Corporate events

In the event of:- (i) a takeover of the Company; (ii) a scheme of arrangement (not being an internal corporate re-organisation); (iii) a winding-up of the Company; (iv) a de-listing of the Company; or (v) (at the discretion of the Remuneration Committee) a demerger, unvested LTIP Awards shall vest immediately subject to:-

- the extent to which the Remuneration Committee considers that the performance conditions have been satisfied on such reasonable basis as the Remuneration Committee decides (taking into account such factors as the Committee considers appropriate including, but not limited to, forecasted performance over the full length of the performance period); and
- a time pro-rata apportionment of the number of shares under the LTIP Award.

Where there is a takeover or other corporate event, the Remuneration Committee will retain discretion to vary the application of time pro-rating and increase the number of shares which vest (although this may not result in the number of shares which vest being higher than the number of shares which may vest by reference to application of the performance conditions).

Alternatively, on the occurrence of a takeover or a scheme of arrangement the Remuneration Committee may specify that LTIP Awards shall not vest on the occurrence of such event and instead participants shall be required to 'roll-over' their awards into equivalent new awards over shares in a new holding company.

LTIP Awards will be automatically 'rolled-over' on the occurrence of an internal reorganisation.

## 12. Variations of share capital

If there is:- (i) a capitalisation or rights issue; (ii) a sub-division, consolidation or reduction of the Company's ordinary share capital; (iii) a de-merger or payment of a special dividend; or (iv) any variation of the Company's share capital that may (in the opinion of the Remuneration Committee) affect the value of the Company's shares, then the Remuneration Committee may (at its discretion) adjust the number of shares subject to LTIP Awards.

## 13. Post-vesting holding period

Executive Directors (and such other participants as the Remuneration Committee determines) will ordinarily be required to retain any of their vested shares (after any sales have been made to fund any tax liabilities arising on vesting or exercise) acquired under the New LTIP until the fifth anniversary of the grant date of the relevant LTIP Award.

The Remuneration Committee may allow participants who are subject to the post-vesting holding period to sell, transfer, assign or dispose of some or all of those shares prior to the end of the post-vesting holding period, although it is not anticipated that the Remuneration Committee will do so.

## 14. Post-cessation holding period

Executive Directors (and such other participants as the Remuneration Committee determines) will ordinarily be required to retain a number of shares that vest in connection with any LTIP Award until at least the second anniversary of the date of their cessation of employment with the Group. The number of shares that are required to be retained shall be determined by the Remuneration Committee at the time that the LTIP Award vests. The details of the post-cessation holding period, including the number of shares that an individual is required to retain post-cessation of their employment, will be set out in the Company's shareholder-approved Directors' Remuneration Policy.

The Remuneration Committee may allow participants who are subject to the post-cessation holding period to sell, transfer, assign or dispose of some or all of those shares prior to the end of the post-cessation holding period, although it is not anticipated that the Remuneration Committee will do so.

## 15. Malus and clawback

All LTIP Awards are subject to malus and clawback provisions which apply if:-

- at any point prior to the third anniversary of the date on which an LTIP Award vests:-
  - it is discovered that there has been a material misstatement of the Company's financial results for any period;
  - it is discovered that an error of calculation has occurred when assessing the performance conditions;
  - the participant has committed fraud or misconduct;
  - the participant has contributed to serious reputational damage to the Group; or
  - the participant has contributed to a material failure of risk management or to a material downturn in the operational, financial or business performance of the Company; or
- at any point prior to vesting of an LTIP Award (or, if later, the expiry of any post-vesting holding period), the participant has contributed to an instance of corporate failure (e.g. the appointment of a liquidator or administrator).

Any application of malus and clawback may be satisfied by way of a reduction in the amount of any future bonus, subsisting award or future share awards (whether granted under the New LTIP or any other discretionary share plan adopted by any member of the Group) and/or a requirement to return any vested shares acquired under an LTIP Award and/or make a cash payment.

## 16. Rights attaching to shares

LTIP Awards will not confer any shareholder rights, such as the right to vote the shares or to receive any dividend, until a participant has received the shares after vesting or exercise (as applicable).

Shares allotted or transferred under the New LTIP will rank alongside shares of the same class then in issue.

## 17. Dividend equivalent payments

The Remuneration Committee may determine that a participant is entitled to receive a payment (in cash or shares) when they receive their vested shares of an amount equivalent to any dividends that would have been payable in relation to the vested shares between the date of grant and the vesting date of the LTIP Award (or if later, and only whilst an LTIP Award which is structured as an option remains unexercised in respect of the vested shares, the expiry of any holding period).

Any dividend equivalent payment may exclude the amount of any special dividends or other dividends and/or may assume re-investment of dividends in further Company shares, in each case at the discretion of the Remuneration Committee.

## 18. Amendments

The Remuneration Committee may amend the New LTIP at any time at its discretion.

However, the provisions governing:- (i) eligibility requirements; (ii) equity dilution; ; (iii) the basis for determining participants' rights to acquire shares; and (iv) the adjustments that may be made following a rights issue or any other variation of capital, cannot be altered to the advantage of participants without the prior approval of the Company's shareholders in general meeting.

There is an exception for minor amendments to benefit the administration of the New LTIP, to take account of a change in legislation affecting the New LTIP or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the New LTIP or for any member of the Group.

## 19. International

By approving the New LTIP, shareholders will also authorise the Remuneration Committee to adopt schedules to, or establish further plans based on, the New LTIP but which are modified to take account of local tax, exchange control or securities laws in any overseas territories, provided that such further plans are materially similar to the New LTIP and that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the New LTIP (described at paragraphs 5 and 6 of this Part II respectively).

The Remuneration Committee intends to rely on this authority to adopt the following schedules to the New LTIP immediately following approval of the New LTIP by shareholders at the 2021 Annual General Meeting:

- a schedule setting out the terms on which LTIP Awards shall be granted to employees who are subject to income tax in the United States, and which is intended to ensure that the terms of such LTIP Awards comply with applicable US tax laws; and
- a schedule setting out the terms on which LTIP Awards shall be granted to employees who are resident in the State of California, and which is intended to ensure that the terms of such LTIP Awards comply with applicable Californian securities laws.

The Remuneration Committee does not currently intend to adopt any other schedules or further plans.

**This summary does not form part of the rules of the New LTIP and should not be taken as affecting the interpretation of its detailed terms and conditions.**

**The Directors reserve the right up to the time of the 2021 Annual General Meeting to make such amendments and additions to the rules of the New LTIP as may be necessary or as they consider appropriate and provided that such amendments do not conflict in any material respect with this summary.**

## Part III – Summary of the principal terms of the Imperial Brands PLC Deferred Share Bonus Plan 2021

### 1. General

The Imperial Brands PLC Deferred Share Bonus Plan 2021 (the "DSBP") is a new arrangement which is intended to facilitate the deferral of a portion of any annual bonus which is paid to selected employees of the Group into awards over shares in the Company ("DSBP Awards"). The DSBP has been designed to align with prevailing best practice and the terms of the Directors' Remuneration Policy which is also proposed for approval by shareholders at the 2021 Annual General Meeting.

The operation of the DSBP will be overseen by the Remuneration Committee.

DSBP Awards are not transferable (except on death) and are not pensionable benefits.

No payment shall be required for the grant of a DSBP Award.

No DSBP Awards may be granted more than 10 years after approval of the DSBP by shareholders.

### 2. Eligibility

All employees of the Group are eligible to participate in the DSBP and receive DSBP Awards at the discretion of the Remuneration Committee.

The DSBP will primarily be operated to defer the bonuses of Executive Directors, who shall be required to defer at least 50 per cent (or such other amount as is specified in the Company's prevailing shareholder-approved Directors' Remuneration Policy) of their annual bonus for any year into a DSBP Award. However, the Remuneration Committee may select other employees of the Group to participate in the DSBP at its discretion.

### 3. Structure of DSBP Awards

DSBP Awards may be structured as: (i) conditional awards of shares; (ii) as options to acquire shares; or (iii) as immediate rights to acquire shares but which are subject to restrictions on the sale or transfer of the shares and to certain forfeiture conditions.

The Remuneration Committee may also grant cash-based awards of an equivalent value to share-based awards, or to settle share-based awards with cash, although the Remuneration Committee does not currently intend to do so.

### 4. Timing of grants of DSBP Awards

DSBP Awards may be granted:-

- in the period of six weeks following approval of the DSBP by the Company's shareholders at the 2021 Annual General Meeting;
- in the period of six weeks commencing on the dealing day following the announcement by the Company of its results for any period;
- in the period of six weeks commencing on the dealing day following the determination of the relevant employee's bonus for any period; and
- on any other day on which the Remuneration Committee determines that exceptional circumstances exist that justify the grant of a DSBP Award.

If regulatory or statutory restrictions prevent DSBP Awards from being granted in these periods, DSBP Awards may be made in the period immediately after the removal of all such restrictions.

### 5. Size of DSBP Awards

DSBP Awards shall be granted over such number of shares as have a market value equal to the value of the portion of the employee's bonus that the Remuneration Committee has determined is required to be deferred into a DSBP Award.

In the case of Executive Directors, the proportion of their annual bonus which is required to be deferred into a DSBP Award shall be not less than the amount specified in the Company's prevailing shareholder-approved Directors' Remuneration Policy in force at the time that the DSBP Award is granted. The Remuneration Committee retains discretion to specify that a higher proportion (including up to 100 per cent) of an Executive Director's annual bonus shall be required to be deferred into a DSBP Award at its discretion.

Market value for the purposes of the above limit shall generally be taken to be the market value of shares prior to the grant of the relevant DSBP Award calculated using such reasonable basis as the Remuneration Committee decides.

### 6. Dilution limits

DSBP Awards may be satisfied by newly issued shares, shares purchased in the market or by the transfer of treasury shares.

No DSBP Award may be granted under the DSBP if it would cause the number of new shares issued or issuable pursuant to awards and options granted in the preceding 10 years under any Group share plan (including the DSBP) to exceed 10 per cent of the Company's issued ordinary share capital at the proposed date of grant.

A similar 5 per cent in 10 years limit applies to awards granted under any Group discretionary share plans (which would include the DSBP and also the New LTIP described at Part II of this Appendix II).

As is typical, if DSBP Awards are specified as being capable of being satisfied by a transfer of existing shares only (including shares held by or purchased by the Company's employees' share trust), the percentage limits stated above will not apply.

For so long as it is required by institutional investor guidelines, these dilution limits will also apply to DSBP Awards satisfied by the transfer of treasury shares.

#### **7. Vesting of DSBP Awards**

Awards granted to Executive Directors under the DSBP will not ordinarily be capable of vesting until the third anniversary of their grant date, except in exceptional circumstances such as corporate events (see paragraph 10 below). Shorter vesting periods may apply to DSBP Awards granted to employees who are not Executive Directors.

The vesting of DSBP Awards will not ordinarily be subject to the achievement of any performance conditions.

#### **8. Exercise periods (applicable only to nil-cost options)**

Where DSBP Awards are granted in the form of options to acquire shares, once vested such options will remain exercisable up until the tenth anniversary of their grant date (or such shorter period that the Remuneration Committee specifies on grant).

Shorter exercise periods apply in the case of DSBP Awards held by "good leavers" and/or vesting of DSBP Awards in connection with corporate events.

#### **9. Leaving employment**

If a participant ceases to be employed within the Group due to their dismissal for cause or their voluntary resignation, their DSBP Awards will normally lapse on the date of termination of employment.

If a participant ceases to be employed with the Group for any reason other than their dismissal for cause or their voluntary resignation, their DSBP Award will remain capable of vesting in full on its normal vesting timetable unless the Remuneration Committee determines that any such LTIP Awards held by good leavers shall vest at an earlier date (although it is anticipated that the Remuneration Committee would not ordinarily permit early exercise of DSBP Awards by good leavers).

#### **10. Corporate events**

In the event of:- (i) a takeover of the Company; (ii) a scheme of arrangement (not being an internal corporate re-organisation); (iii) a winding-up of the Company; (iv) a de-listing of the Company; or (v) (at the discretion of the Remuneration Committee) a demerger, unvested DSBP Awards shall vest immediately and in full.

Alternatively, on the occurrence of a takeover or a scheme of arrangement, the Remuneration Committee may specify that DSBP Awards shall not vest on the occurrence of such event and instead participants shall be required to 'roll-over' their awards into equivalent new awards over shares in a new holding company.

DSBP Awards will be automatically 'rolled-over' on the occurrence of an internal reorganisation.

#### **11. Variations of share capital**

If there is:- (i) a capitalisation or rights issue; (ii) a sub-division, consolidation or reduction of the Company's ordinary share capital; (iii) a de-merger or payment of a special dividend; or (iv) any variation of the Company's share capital that may (in the opinion of the Remuneration Committee) affect the value of the Company's shares, then the Remuneration Committee may (at its discretion) adjust the number of shares subject to DSBP Awards.

#### **12. Post-vesting holding period**

Executive Directors (and such other participants as the Remuneration Committee determines) may be required to retain any vested shares acquired under the DSBP until the fifth anniversary of the grant date of the relevant DSBP Award.

The Remuneration Committee currently intends to apply the post-vesting holding period only to DSBP Awards held by Executive Directors in circumstances where that Executive Director has not yet met the shareholding requirement applicable to them under the Company's share ownership policy.

Where a post-vesting holding period does apply, the Remuneration Committee may allow participants who are subject to the post-vesting holding period to sell, transfer, assign or dispose of some or all of those shares prior to the end of the post-vesting holding period.

#### **13. Malus and clawback**

All DSBP Awards are subject to malus and clawback provisions which apply if:-

- at any point prior to the third anniversary of the date on which a DSBP Award vests:-
  - it is discovered that there has been a material misstatement of the Company's financial results for any period;
  - it is discovered that an error of calculation has occurred when assessing the performance conditions;
  - the participant has committed fraud or misconduct;
  - the participant has contributed to serious reputational damage to the Group; or

- the participant has contributed to a material failure of risk management or to a material downturn in the operational, financial or business performance of the Company; or
- at any point prior to vesting of a DSBP Award (or, if later, the expiry of any post-vesting holding period), the participant has contributed to an instance of corporate failure (e.g. the appointment of a liquidator or administrator).

Any application of malus and clawback may be satisfied by way of a reduction in the amount of any future bonus, subsisting award or future share awards (whether granted under the DSBP or any other discretionary share plan adopted by any member of the Group) and/or a requirement to return any vested shares acquired under an DSBP Award and/or make a cash payment.

#### 14. Rights attaching to shares

DSBP Awards which are structured as conditional awards over shares or as options over shares will not confer any shareholder rights, such as the right to vote the shares or to receive any dividend, until a participant has received the shares after vesting or exercise (as applicable).

DSBP Awards which are structured as immediate rights to receive shares subject to certain restrictions shall not ordinarily confer any shareholder rights, such as the right to vote the shares or to receive any dividend, until the restrictions applicable to the shares have ceased to apply following the vesting of the DSBP Award.

Shares allotted or transferred under the DSBP will rank alongside shares of the same class then in issue.

#### 15. Dividend equivalent payments

The Remuneration Committee may determine that a participant is entitled to receive a payment (in cash or shares) when they receive their vested shares of an amount equivalent to any dividends that would have been payable in relation to the vested shares between the date of grant and the vesting date of the DSBP Award (or if later, and only whilst a DSBP Award which is structured as an option remains unexercised in respect of the vested shares, the expiry of any post-vesting holding period).

Any dividend equivalent payment may exclude the amount of any special dividends or other dividends and/or may assume re-investment of dividends in further Company shares, in each case at the discretion of the Remuneration Committee.

#### 16. Amendments

The Remuneration Committee may amend the DSBP at any time at its discretion.

However, the provisions governing:- (i) eligibility requirements; (ii) equity dilution; (iii) the basis for determining participants' rights to acquire shares; and (iv) the adjustments that may be made following a rights issue or any other variation of capital, cannot be altered to the advantage of participants without the prior approval of the Company's shareholders in general meeting.

There is an exception for minor amendments to benefit the administration of the DSBP, to take account of a change in legislation affecting the DSBP or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the DSBP or for any member of the Group.

#### 17. International

By approving the DSBP, shareholders will also authorise the Remuneration Committee to adopt schedules to, or establish further plans based on, the DSBP but which are modified to take account of local tax, exchange control or securities laws in any overseas territories, provided that such further plans are materially similar to the DSBP and that any shares made available under such further plans are treated as counting against the limits on overall participation in the DSBP (described at paragraphs 5 and 6 of this Part III respectively).

The Remuneration Committee intends to rely on this authority to adopt the following schedules to the DSBP immediately following approval of the New DSBP by shareholders at the 2021 Annual General Meeting:

- a schedule setting out the terms on which DSBP Awards shall be granted to employees who are subject to income tax in the United States, and which is intended to ensure that the terms of such DSBP Awards comply with applicable US tax laws; and
- a schedule setting out the terms on which DSBP Awards shall be granted to employees who are resident in the State of California, and which is intended to ensure that the terms of such DSBP Awards comply with applicable Californian securities laws.

The Remuneration Committee does not currently intend to adopt any other schedules or further plans.

**This summary does not form part of the rules of the DSBP and should not be taken as affecting the interpretation of its detailed terms and conditions.**

**The Directors reserve the right up to the time of the 2021 Annual General Meeting to make such amendments and additions to the rules of the DSBP as may be necessary or as they consider appropriate and provided that such amendments do not conflict in any material respect with this summary.**

## FURTHER INFORMATION ABOUT THE AGM

### Electronic meeting

For the 2021 AGM, Imperial Brands plc is for the first time enabling shareholders to attend and participate in the meeting electronically, should they wish to do so. This can be done by accessing the AGM website, <https://web.lumiagm.com>

### Accessing the AGM website

The Lumi AGM website can also be accessed online using most well-known internet browsers such as Internet Explorer (not compatible with versions 10 and below), Chrome, Firefox and Safari on a PC, laptop or internet-enabled device such as a tablet or smartphone. If you wish to access the AGM using this method, please go to <https://web.lumiagm.com> on the day.

### Logging in

On accessing the AGM website, you will be asked to enter a Meeting ID which is **148-010-738**. You will then be prompted to enter your unique username (SRN) and PIN (first two and last two digits of your SRN). Your SRN can be found printed on your form of proxy. Access to the meeting via the website will be available from 1.30 pm on 3 February 2021; however, please note that your ability to vote will not be enabled until the Chair formally opens the poll during the meeting.

### Audiocast

The electronic meeting will be broadcast in audio format with presentation slides. Once logged in, and at the commencement of the meeting, you will be able to listen to the proceedings of the meeting on your device, as well as being able to see the slides which will advance automatically as the meeting progresses.

### Voting

Once the Chair has formally opened the meeting, they will explain the voting procedure. Voting will be enabled on all resolutions at the start of the formal meeting on the Chair's instruction. This means shareholders may, at any time while the poll is open, vote electronically on the resolutions put forward in the Notice of Meeting.

Once the resolutions have been proposed, the list of resolutions will appear along with the voting options available. Select the option that corresponds with how you wish to vote, "FOR", "AGAINST" or "WITHHELD". Once you have selected your choice, the option will change colour and a confirmation message will appear to indicate your vote has been cast and received – there is no submit button. If you make a mistake or wish to change your vote, simply select the correct choice, if you wish to "cancel" your vote, select the "cancel" button. You will be able to do this at any time whilst the poll remains open and before the Chair announces its closure at the end of the meeting.

### Questions

Shareholders are encouraged to participate in the AGM by raising any questions in advance of the meeting by emailing [company.secretariat@impbrands.com](mailto:company.secretariat@impbrands.com) by 11.00 am on 1 February 2021. Answers to questions on key themes and those relating to the business of the meeting will be provided during the AGM. Shareholders attending electronically may also ask questions via the Lumi AGM website by typing and submitting their question in writing from 1.30 pm on the day of the meeting – select the messaging icon from within the navigation bar and type your question at the bottom of the screen.

### Requirements

An active internet connection is required at all times in order to allow you to cast your vote when the poll opens, submit questions and listen to the audiocast. It is the user's responsibility to ensure you remain connected for the duration of the meeting.

### Duly appointed proxies and corporate representatives

Once a valid appointment has been received and verified please contact the Company's registrar before 10.30 am on 03 February 2021 on 0371 384 2037 or +44 121 415 7009, if you are calling from outside the UK, for your unique username and password. Lines are open 9.00 am to 5.00 pm Monday to Friday (excluding public holidays in England & Wales).

# User Guide to Joining the Imperial Brands plc AGM 2021 Remotely

Meeting ID: 148-010-738

To login you must have your Username and Password

<p style="text-align: center;"><b>1</b></p>  <p>Navigate to <a href="http://web.lumiagm.com">web.lumiagm.com</a> and you will be prompted to enter the Meeting ID. If a shareholder attempts to login to the app before the meeting is live*, a pop-up dialogue box will appear.</p> <p><small>*After 1.30 pm. on 3 Feb 2021.</small></p>	<p style="text-align: center;"><b>2</b></p>  <p>After entering the Meeting ID, you will be prompted to enter your unique username and PIN.</p>	<p style="text-align: center;"><b>3</b></p>  <p>When successfully authenticated, you will be taken to the Home Screen.</p>	<p style="text-align: center;"><b>4</b></p>  <p>The meeting presentation will appear automatically if viewing through a web browser to the side of the page.</p> <p>This can be minimised by pressing the button. </p>
<p style="text-align: center;"><b>5</b></p>  <p>When the Chairperson declares the poll open, a list of all resolutions and voting choices will appear on your device.</p> <p>Scroll through the list to view all resolutions.</p>	<p style="text-align: center;"><b>6</b></p>  <p>For each resolution, press the choice corresponding with the way in which you wish to vote.</p> <p>When selected, a confirmation message will appear.</p> <p style="text-align: center;"><small>For - Vote received</small></p>	<p style="text-align: center;"><b>7</b></p>  <p>To change your mind, simply press the correct choice to override your previous selection. To cancel your vote, press Cancel.</p> <p>To return to the voting screen whilst the poll is open, select the voting icon. </p>	<p style="text-align: center;"><b>8</b></p>  <p>If you would like to ask a question, select the messaging icon. </p> <p>Type your message within the chat box at the bottom of the messaging screen.</p> <p>Click the send button to submit.</p>



