



**Mark Williamson**  
Chairman



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 5 February 2020 at 2.30 pm.

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 difficult year for the Group, one in which our financial delivery was impacted by a challenging Next Generation Products (NGP) market in the USA and lower than expected results in our Africa, Asia and Australasia division.

On a constant currency basis these factors resulted in Tobacco & NGP revenue growth of 2.2 per cent, and a 1.6 per cent decline in adjusted earnings per share. Reported earnings per share declined 26 per cent. Whilst this is disappointing, we continue to believe that NGP provides a significant opportunity to deliver additive growth to complement the resilience of our tobacco business.

We have a robust tobacco value creation model that will continue to grow profit and cash flows in the years ahead. In NGP we have adjusted our plans for growth in light of the volatile environment in the USA and continue to work with stakeholders globally to develop a regulatory framework that enforces high product and marketing standards.

### **New Dividend Policy**

We increased the dividend by 10 per cent this year, in line with our long-standing policy. In July the Board announced a revised dividend policy to support continued growth and optimise returns for shareholders.

The new policy recognises the Company's continued strong cash generation and the importance of growing dividends for shareholders, while providing greater flexibility in capital allocation.

### **Asset Divestment Programme**

We have identified a number of assets that are not central to our growth strategy, including our premium cigar business which is in the process of being sold as part of a divestment programme that will realise up to £2 billion by May 2020. The Board will make a decision at that time regarding the most appropriate use of the proceeds.

Registered in England  
and Wales No: 3236483

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

## A Responsible Business

We run our business responsibly and take pride in the positive stakeholder contributions we make across our international footprint, including providing employment for more than 30,000 people, respecting the natural resources we use and contributing around £17 billion every year to governments in taxes.

In May we convened a panel of stakeholders and invited them to review our sustainability strategy. This has further informed the approach we take to managing our environmental, social and governance responsibilities and I would like to thank everyone involved for their valuable feedback.

## Board Changes

In February, I announced my intention to step down from the Board in anticipation of the requirements of the new UK Corporate Governance Code regarding a Chairman's Board tenure. I will be succeeded by Thérèse Esperdy, currently Senior Independent Director, who will be appointed Chairman on 1 January 2020.

Thérèse has made a significant contribution since she became a Non-Executive Director in 2016 and I am delighted that she has agreed to take on this role. Her international executive experience and the acute understanding she has of the business, the sector we operate in and the concerns of investors is invaluable.

In October Chief Executive Officer Alison Cooper and the Board agreed that Alison will step down from the role of CEO and from the Board once a suitable successor is found. Alison has worked tirelessly and with great energy and passion during her 20 years with Imperial, nine of which have been as CEO. Under Alison's leadership the business has been simplified and reshaped to strengthen its long-term growth potential and around £12 billion in dividends has been returned to shareholders. The Board thanks her for the tremendous contribution she has made.

Details of further Board changes are included in our Governance Report, which provides an overview of our governance framework and the work of the Board and its Committees.

## Strengthening Delivery

I would like to thank our employees for all their hard work during the year and I know that the learnings taken from 2019 will be used to drive a stronger performance in 2020. I would also like to thank my Board colleagues for their support during my 12 years with the Company.

It has been a privilege to serve as Chairman for five of those years and I look forward to seeing Imperial Brands grow and prosper as it continues to focus on creating something better for the world's smokers.

## Important information about our Annual General Meeting

The AGM will be held at the Bristol Marriott Hotel City Centre on Wednesday 5 February 2020 at 2.30 pm. The notice, particulars of the resolutions on which you can vote and details of the arrangements we have made for you to be able to attend the AGM are set out on the following pages.

At the AGM all resolutions will be voted on by poll. The results of the polls will be announced on both a regulatory information service and our website after the conclusion of the Meeting.

If you are unable to attend the AGM you can still use your vote if you appoint a proxy or proxies. To appoint a proxy, you will need to complete your proxy form. The proxy form can be completed either electronically at [www.sharevote.co.uk](http://www.sharevote.co.uk) (to do this you will need your personal voting reference which is shown on your enclosed proxy form) or you can complete the enclosed paper proxy form and return it to the Company's registrar, Equiniti Limited (Equiniti), in the enclosed reply-paid envelope. Please note that all proxy forms must be received by Equiniti not less than 48 hours before the start of the Meeting.

Your Directors believe that all the proposals to be considered at the AGM are in the best interests of the Company and its shareholders as a whole. They unanimously recommend shareholders to vote in favour of all the resolutions set out in the notice of the AGM. Your Directors will all be voting in favour of all the resolutions in respect of their own shareholdings.

If you have recently sold or transferred all of your shares in the Company, please pass both this booklet and the accompanying associated documents (excluding any personalised forms) to the purchaser, transferee or agent through whom the transfer was effected, for transmission to the purchaser or transferee.

Yours sincerely



**Mark Williamson**  
Chairman

## 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 ADVISOR AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.

Notice is hereby given that the annual general meeting (the AGM) of Imperial Brands PLC (the Company) will be held at the Bristol Marriott Hotel City Centre, 2 Lower Castle Street, Old Market, Bristol BS1 3AD on Wednesday 5 February 2020 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 16 as ordinary resolutions:

##### Resolution 1

THAT the Annual Report and Accounts for the financial year ended 30 September 2019 be received.

##### Resolution 2

THAT the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) set out on pages 66 to 85 of the Annual Report and Accounts for the financial year ended 30 September 2019 be approved.

##### Resolution 3

THAT a final dividend for the financial year ended 30 September 2019 of 72.01 pence per ordinary share of 10 pence payable on 31 March 2020 to those shareholders on the register at the close of business on 21 February 2020 be declared.

##### Resolution 4

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

##### Resolution 5

THAT Alison Cooper be re-elected as a Director of the Company.

##### Resolution 6

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

##### Resolution 7

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

##### Resolution 8

THAT Matthew Phillips be re-elected as a Director of the Company.

##### Resolution 9

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

##### Resolution 10

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

##### Resolution 11

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

##### Resolution 12

THAT Karen Witts be re-elected as a Director of the Company.

##### Resolution 13

THAT Ernst & Young LLP 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 14

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

#### Resolution 15

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:

- 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,

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 AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 31 March 2021.

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 16

THAT

- i. the Directors be authorised to allot ordinary shares of 10 pence each in the capital of the Company (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;
- ii. this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 31 March 2021; and
- iii. all previous unutilised authorities under section 551 of the Companies Act 2006 (the Act) shall cease to have effect (save to the extent that the same are 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 17 to 19 as special resolutions:

#### Resolution 17

THAT

- i. in accordance with article 8 of the Company's Articles of Association, the Directors be given power to allot equity securities for cash;
- ii. the power under paragraph (i) above (other than in connection with a rights issue, as defined in article 8(b)(ii) of the Company's Articles of Association) shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £4,730,000;
- iii. this authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 31 March 2021; and
- iv. all previous unutilised authorities under sections 570 and 573 of the Companies Act 2006 shall cease to have effect.

#### Resolution 18

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 AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 31 March 2021 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 19

THAT a general meeting of the Company other than an AGM 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

10 December 2019

#### Notes

1. Only holders of Ordinary Shares are entitled to attend and vote at this AGM. Members entitled to attend and vote are entitled to 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 each proxy is appointed to exercise the rights attached to a different Ordinary Share or 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.

As an alternative to appointing your proxy electronically a proxy form is enclosed with this notice and instructions for its completion 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 such power or authority need to be deposited with the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. All proxy forms, whether completed electronically or on paper, must be received by the Company's registrar not less than 48 hours before the scheduled start of the AGM or any adjournment thereof.

Completion of a proxy form, either in electronic or paper format, does not preclude you from attending the AGM and voting in person. A vote withheld option is provided on the proxy form to enable you to instruct your proxy not to vote on any particular resolution. It should, however, be noted 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.

A member 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 by whom they were nominated, 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. The rights of members in relation to the appointment of proxies can only be exercised by registered members of the Company. 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.

2. 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 cause to be answered any such questions relating to the business being dealt with at the meeting but no such answer need be given 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.

3. As at 10 December 2019 (being the last business day prior to publication of this notice) the Company's issued share capital consisted of 1,020,856,238 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 10 December 2019 was, therefore, 946,567,101.
4. The following documents, which are available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and public holidays excluded), 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:
  - 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.
5. The Company specifies that only those shareholders registered in the register of members of the Company as at 6.30 pm on 3 February 2020 (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 aforesaid AGM in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.30 pm on 3 February 2020 (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 5 February 2020 and any adjournment(s) thereof 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 sponsor 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 under Investors-Shareholder Centre-AGM ([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.
12. Under section 338 and section 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in such business. A resolution may properly be moved or a matter may properly be included in the business of the meeting unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business of the meeting, must be authorised by the person or persons making it, must be received by the Company not later than 24 December 2019, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business of the meeting only) must be accompanied by a statement setting out the grounds for the request.

## EXPLANATORY NOTES

### Annual Report and Accounts (Resolution 1)

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

### Directors' Remuneration Report (Resolution 2)

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 66 to 85 of the 2019 Annual Report and Accounts which is available on the Company's website. No changes are proposed to the remuneration policy approved by shareholders at the AGM held in 2018.

### Declaration of a dividend (Resolution 3)

A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 72.01 pence per Ordinary Share is recommended by the Directors for payment to shareholders who are on the register at the close of business on 21 February 2020. If approved, the final dividend will become due and payable on 31 March 2020. In accordance with our policy of paying quarterly dividends, interim dividends of 31.28 pence per Ordinary Share were paid on 28 June 2019 and 30 September 2019 and an interim dividend of 72.00 pence per ordinary share will be paid on 31 December 2019.

### Election and re-election of Directors (Resolutions 4 to 12)

The Company's Articles of Association 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 1 to this notice and on pages 42 and 43 of the 2019 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 particularly in respect of those who have served in excess of six years, 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. Jonathan Stanton joined the Board on 8 May 2019 and brings a wide range of experience, with a first-class international business track record, including significant US exposure. Your Directors believe his experience and track record will be a great asset to the Board and the Group and, therefore, recommends his election.

In October 2019 we announced that Alison Cooper and the Board had agreed that she would step down from the role of Chief Executive Officer and from the Board, once a suitable successor is found. The Board is proposing that, to enable the succession process to continue in an orderly manner and ensure an appropriate handover, that Alison be re-elected at the AGM, in accordance with the Company's Articles of Association. Alison will hold office until a successor is in post. Further announcements will be made at the appropriate time.

During November 2019 we also announced that Thérèse Esperdy will succeed Mark Williamson as Chairman with effect from 1 January 2020. Thérèse has made a significant contribution to Imperial since she became a Non-Executive Director in 2016. Her international executive experience and the acute understanding she has of the business, the sector we operate in and the concerns of investors, many of whom were consulted during the recruitment process, is invaluable. Her appointment provides stability through the Chief Executive Officer succession process, which is a key priority for Thérèse.

### Re-appointment and remuneration of Auditor (Resolutions 13 and 14)

During the year, the Audit Committee undertook a competitive tender process for the position of statutory auditor. PricewaterhouseCoopers LLP (PwC) had been the Company's statutory auditor since 1996. Therefore, PwC and the Audit Committee mutually agreed that PwC would not participate in the tender process due to its length of tenure. Following a competitive tender process conducted by the Audit Committee and its recommendation, the Board decided to appoint Ernst & Young LLP (EY) as the Company's auditor. EY was appointed by the Board to fill the casual vacancy following PwC's resignation, with effect from 12 December 2019. Resolution 13 is proposed for shareholders to approve EY's re-appointment and Resolution 14 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 56 and 57 of the Annual Report and Accounts 2019. PwC has, as required by law, issued a statement of reasons connected with its ceasing to hold office as auditor of the Company which is included as appendix 2 to this notice.

### Authority to make donations to political organisations and to incur political expenditure (Resolution 15)

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 an EU political party or other EU political organisation or to an independent election candidate in the EU or from incurring EU political expenditure of more than £5,000 in any 12 month period 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 in any EU Member State or to influence voters in relation to any referendum in any EU Member State. 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 2021 or, if earlier, the close of business on 31 March 2021. 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.

### Directors' authority to allot securities (Resolution 16)

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 2020 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 2021 or, if earlier, the close of business on 31 March 2021.

If passed, Resolution 16 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 10 December 2019 (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 10 December 2019, 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) as at 10 December 2019. The Directors intend to renew this authority annually.

### Disapplication of pre-emption rights (Resolution 17)

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 17 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 10 December 2019 (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 2021 or, if earlier, the close of business on 31 March 2021. The Directors intend to renew this authority annually.

#### **Authority to purchase own shares (Resolution 18)**

In certain circumstances it may be advantageous for the Company to purchase its own Ordinary Shares and Resolution 18 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 6 February 2019 (being equal to approximately 10 per cent of the Company's issued ordinary share capital, excluding Ordinary Shares held in treasury, as at 11 December 2018, the latest practicable date prior to the publication of the notice for the AGM held on 6 February 2019). 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 10 December 2019 (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 10 December 2019 (being the latest practicable date prior to publication of this notice) there were outstanding 6,462,345 awards and options to subscribe for Ordinary Shares, representing 0.68 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 0.84 per cent of the Company's ordinary share capital (excluding Ordinary Shares held in treasury).

Resolution 18 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 2021 or, if earlier, the close of business on 31 March 2021.

The Directors intend to seek renewal of this authority annually.

#### **Authority to hold general meetings (other than annual general meetings) on 14 clear days' notice (Resolution 19)**

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 6 February 2019, 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 19, 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 19 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 19 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

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Sue Clark

D N R Chairman

### SUE CLARK

#### Non-Executive Director

##### Skills and experience

Sue has strong international business credentials with over 20 years' Executive Committee and Board level experience in the FMGC, 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 and Chair of the Remuneration Committee in February 2019.

##### External appointments

Non-Executive Director and Chairman 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>.



Alison Cooper

E

### ALISON COOPER, BSC, ACA

#### Chief Executive Officer

##### Skills and experience

Alison is leading the business through a transformative period in its history. Having successfully implemented our tobacco strategy, she is now also focused on accelerating our growth in Next Generation Products, which represents a substantial additive opportunity for Imperial. Alison joined the Company in 1999 and, through a number of senior roles prior to her appointment as Chief Executive, has made a substantial contribution to our international expansion.

##### Appointment

Appointed Director in July 2007. Appointed Chief Executive in May 2010.

##### External appointments

No external Director appointments.



Thérèse Esperdy

D A N

### THÉRÈSE ESPERDY

#### Senior Independent Non-Executive Director

##### Skills and experience

Thérèse has significant international investment banking experience having held a number of roles at JP Morgan including Global Chairman 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.

She also meets the recent and relevant financial experience requirements of the UK Corporate Governance Code.

##### Appointment

Appointed Senior Independent Non-Executive Director in May 2019 having joined the Board in July 2016.

##### External appointments

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



Simon Langelier

D A N

#### **SIMON LANGELIER**

##### **Non-Executive Director**

##### **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**

Chairman of PharmaCielo Limited<sup>2</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>.



Matthew Phillips

E

#### **MATTHEW PHILLIPS, LLB**

##### **Chief Development Officer**

##### **Skills and experience**

Matthew held a number of senior roles prior to his appointment to the Board as Corporate Affairs Director in June 2012 and has been integral to the development and implementation of the Group's strategy.

In his current role he is responsible for NGP innovation, product science, smokeless tobacco, corporate development and corporate and legal affairs.

##### **Appointment**

Appointed Director in June 2012. Appointed Chief Development Officer in June 2015.

##### **External appointments**

No external Director appointments.



Steven Stanbrook

D N R

#### **STEVEN STANBROOK**

##### **Non-Executive Director**

##### **Skills and experience**

Steven brings considerable international executive experience to the Board, gained in a number of FMCG companies. This includes 19 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 Non-Executive Director in February 2016.

##### **External appointments**

Non-Executive Director of Cott Corporation<sup>1</sup> and Group 1 Automotive Inc<sup>1</sup>. Steven is also a Partner of Wind Point Partners<sup>2</sup> and a Director of The Vollrath Company LLC<sup>2</sup>.



Jon Stanton

D A N

#### JON STANTON

##### Non-Executive Director

##### Skills and experience

Jon has a wide range of experience, with a first-class international business track record, including significant US exposure.

In 2016 he was appointed Chief Executive of Weir Group PLC, 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 an audit partner.

##### Appointment

Appointed Non-Executive Director in May 2019.

##### External appointments

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



Oliver Tant

E

#### OLIVER TANT, BSC, CA (SCOTLAND)

##### Chief Financial Officer

##### 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.



Karen Witts

D A Chairman N R

#### KAREN WITTS, FCA

##### Non-Executive Director

##### Skills and experience

Karen brings significant financial and management expertise to the Board. She is currently Chief Financial Officer and Executive Director of Compass Group plc and was previously Chief Financial Officer of Kingfisher plc. Prior to that, Karen was Chief Financial Officer of the Africa, Middle East, Asia and Asia Pacific Region at Vodafone plc, and has also held a number of senior positions at BT.

She also meets the recent and relevant financial experience requirements of the UK Corporate Governance Code.

##### Appointment

Appointed Non-Executive Director in February 2014 and Chairman of the Audit Committee in February 2017.

##### External appointments

Currently Chief Financial Officer and Executive Director of Compass Group plc<sup>1</sup>.

#### KEY

**E** Executive Director

**D** Non-Executive Director

**N** Succession and Nominations Committee

**A** Audit Committee

**R** Remuneration Committee

**1** Public listed company

**2** Private organisation



The Directors  
Imperial Brands PLC  
121 Winterstoke Road  
Bristol  
BS3 2LL

9 December 2019

Dear Sirs,

**Statement of Reasons connected with ceasing to hold office as Auditors**

In accordance with Section 519 of the Companies Act 2006 (the “Act”), we set out below the reasons connected with PricewaterhouseCoopers LLP, registered auditor number CO01004062, ceasing to hold office as auditors of Imperial Brands PLC, registered no: 03236483 (the “Company”) effective from 12 December 2019.

The reason we are ceasing to hold office is that the Company undertook a competitive tender process for the position of statutory auditor and we mutually agreed with the Audit Committee not to participate due to the time of our tenure.

There are no reasons for and no other matters connected with our ceasing to hold office as auditors of the Company that we consider need to be brought to the attention of the Company’s members or creditors.

Yours faithfully,

A handwritten signature in black ink that reads 'PricewaterhouseCoopers LLP'.

PricewaterhouseCoopers LLP

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*PricewaterhouseCoopers LLP, 2 Glass Wharf, Bristol, BS2 0FR  
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