

**REPORT OF THE BOARD OF DIRECTORS, JUSTIFYING THE RATIFICATION BY THE  
GENERAL MEETING OF THE APPOINTMENT AS DIRECTOR, BY CO-OPTION, OF  
MR. JOHN MICHAEL JONES**

The Board of Directors, in its meeting of today 29<sup>th</sup> January 2019, following a favourable report from the Appointments and Remuneration Committee, and at Imperial Brands PLC (“IB”) proposal, appointed as Director, by co-option, Mr. John Michael Jones, for the statutory period of four years, subject to ratification of the appointment by the next General Shareholders’ Meeting.

The appointment was preceded by the justificatory report required by Article 529 decies of the Law of Capital Companies.

As he represents IB on the Company’s Board of Directors, Mr. Jones works in the capacity of proprietary Director, in accordance with the provisions of Article 529 duodecies 3 of the Law of Capital Companies, Article 7.2) b) of the Rules of the Company’s Board of Directors, Consolidated Text of 26th January, 2016, and Article 4.1 b) of the Policy on the Selection of Directors, of 19th December, 2017.

The Appointment and Remuneration Committee, in its meeting of today, 29<sup>th</sup> January 2019, unanimously reported in favour of the proposal of the Board of Directors that the General Meeting should ratify the appointment as Director of Mr. John Michael Jones.

The Board of Directors notes that the criteria and circumstances which prompted the appointment of Mr. Jones as Director have not been modified, and that he continues to fulfil the legal and statutory requirements for inclusion in the category of proprietary Director. In addition, the Board considers that he has been performing correctly in the role of Director, and therefore also resolves unanimously to propose that the General Meeting of Shareholders should ratify the appointment as proprietary Director, by co-option, of Mr. John Michael Jones, made by the Board of Directors on 29<sup>th</sup> January, 2019.

This Report is unanimously approved by the Board of Directors, in accordance with the provisions of Article 529 decies 5 of the Law of Capital Companies, and will be attached to the minutes of the General Meeting, in accordance with the said Article’s provisions for cases of ratification of appointments.

Leganés, 29<sup>th</sup> January, 2019.

The Board Secretary/Director,

Rafael de Juan López