

People, Governance & Sustainability Committee – Terms of Reference

(Adopted by the Board of Directors on 30th April 2024)

Role

The role of the Committee is to:

- Provide oversight of Imperial Brands' people and culture policies, frameworks and practices to ensure they align with the Group's values, strategy, performance and risk management framework and remain relevant to changing market conditions and best practice.
- Satisfy itself that plans are in place for an orderly succession to the Board and Executive Leadership Team ('ELT') and oversee the development of a diverse pipeline of succession and the process for appointments to the Board.
- Monitor the management and mitigation of key Environmental, Social & Governance ('ESG') and ethics and compliance ('E&C') risks.
- Monitor the Group's ESG and E&C performance, including any appropriate ESG-related performance objectives for Executive Director remuneration.
- Monitor the operation of the Group's employee concerns and speak-up programmes.
- Oversee the integrity of Imperial Brands' non-financial reporting and associated statements on those matters within the scope of the Committee.

1. Membership

- 1.1 The Committee shall comprise all independent Non-Executive Directors.
- 1.2 The Chair of the Committee will be the Chair of the Board or their delegate from among the members of the Committee. Where the Committee meets to discuss the Chair's succession or performance, the Senior Independent Director will chair such meetings of the Committee.

2. Quorum

The quorum necessary for the transaction of business shall be two members.

3. Meetings

- 3.1 The Committee shall meet at least four times a year.
- 3.2 Only members of the Committee have the right to attend Committee meetings. However, the Chief Executive Officer, Chief Financial Officer, Chief People & Culture Officer, Ethics & Compliance Officer, Global ESG Director and Director of Internal Audit and other individuals will be invited to attend all or part of any meeting of the Committee as and when appropriate.

4. Responsibilities

4.1 *People and culture*

- 4.1.1 Review people and culture policies, frameworks and practices, in particular those that have an impact on:
 - (i) talent and capability,
 - (ii) diversity, equity and inclusion and

(iii) engagement and culture (including employee wellbeing).

4.1.2 Ensure these policies, frameworks and practices align with Imperial Brands' values, strategy, performance and risk management framework and remain relevant to changing market conditions and best practice.

4.1.3 Conduct workforce engagement measures through a range of formal and informal channels to review and strengthen the 'employee voice' in the boardroom.

4.2 *Succession and appointment process*

4.2.1 Oversee the development of a diverse pipeline for succession to the Board and ELT, particularly the key roles of Chair, CEO and CFO.

4.2.2 Keep the Executive and Non-Executive leadership needs of the organisation under review to ensure the organisation can deliver its purpose and strategy.

4.2.3 Lead the process for appointments and make recommendations for the appointment and reappointment of Directors by the Board.

4.2.4 Review and make recommendations to the Board relating to the continuation in office of any Director at any time.

4.2.5 Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and use this to prepare a description of the role and capabilities required and the expected time commitment.

4.2.6 Undertake adequate due diligence in the appointment of Directors to the Board and, where appropriate, recommend any prior appointment or business interests that could result in a potential conflict of interest, for approval of the Board.

4.3 *ESG and Ethics & Compliance*

4.3.1 Monitor the Group's ESG and E&C performance and review progress against relevant external index results.

4.3.2 Oversee the management and mitigation of the Group's key ESG and E&C risks.

4.3.3 Review quarterly ESG and E&C reports (including whistleblowing and employee concerns cases) and the findings of any related audit or benchmarking work.

4.3.4 Review and recommend to the Board the Group's Code of Conduct.

4.3.5 Monitor and test the Group's health and safety performance.

4.3.6 Make recommendations to the Remuneration Committee regarding appropriate ESG-related performance objectives for Executive Directors. Provide an assessment as to the outcomes of these objectives at the end of the reporting period.

4.3.7 Review Internal Audit reports on ESG and ethics & compliance matters and assess management's response to any findings. Liaise with the Audit Committee to review

and approve a programme of Internal Audit work each year aimed at assessing the effectiveness of policies and processes relating to ESG and E&C matters.

4.4 *Employee concerns and speak-up programmes*

4.4.1 Assist the Board in its review of the Group's arrangements for its employees, contractors and external parties to obtain advice or raise concerns, in confidence, about possible wrongdoing.

4.4.2 Ensure a proportionate and independent investigation programme is in place for concerns raised, including appropriate follow-up action.

4.4.3 Monitor and test the effectiveness of the Group's speak-up programme.

4.5 *Non-Financial Reporting*

4.5.1 Review Imperial Brands' Modern Slavery Act statement, ESG section of the Annual Report and Accounts and such other non-financial materials intended for disclosure or publication and recommend these to the Board for approval.

4.5.2 Review the internal verification and external assurance of non-financial reporting intended for disclosure or publication.

5. Other matters

The Committee shall:

5.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for advice and assistance as required.

5.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

5.3 Oversee any investigation of activities which are within its Terms of Reference.

5.4 Conduct such other oversight activities as may be allocated to it by the Board.

5.5 Liaise with other Board Committees ensuring interaction between Committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and internal controls being delegated to different Committees.

5.6 Regularly review its Terms of Reference to ensure effectiveness and recommend any changes it considers necessary to the Board for approval.

6 Authority

The Committee is authorised to:

6.1 Seek any information it requires from any employee of the company in order to perform its duties.

6.2 Obtain, at the company's expense, independent legal or other professional advice on any matter if it believes it necessary to do so.