

GOVERNANCE

The Board confirms that the Group complied with the principles and all relevant provisions of the UK Corporate Governance Code 2018 (the "Code") for the period under review. The Code is publicly available at www.frc.org.uk. The Board has reviewed

and is considering the changes to be introduced by the UK Corporate Governance Code 2024 (which will begin applying to the Company from 1 October 2025), and will report on preparation and implementation at the appropriate time.

Board and Committee membership and attendance as at 30 September 2024

	Board	Audit Committee	Remuneration Committee	People, Governance & Sustainability Committee
Non-Executive Directors				
Thérèse Esperdy	7/7 ¹	–	–	4/4 ¹
Sue Clark ²	7/7	5/5	3/3 ¹	4/4
Diane de Saint Victor	7/7	–	3/3	4/4
Ngozi Edozien ³	7/7	1/1	2/2	4/4
Andrew Gilchrist	7/7	5/5	–	4/4
Julie Hamilton ⁴	5/5	–	–	3/3
Alan Johnson ⁵	7/7	5/5	–	3/4
Bob Kunze-Concewitz	7/7	–	3/3	4/4
Jon Stanton ⁵	6/7	5/5 ¹	3/3	3/4
Executive Directors				
Stefan Bomhard (CEO)	7/7	–	–	–
Lukas Paravicini (CFO)	7/7	–	–	–

1. Denotes Chair.

2. Senior Independent Director.

3. Appointed to Remuneration Committee and stepped down from Audit Committee on 31 December 2023.

4. Appointed as a Director on 31 January 2024.

5. Unable to attend Board and/or Committee meeting due to rescheduling. Any Director unable to attend a meeting receives the Board/Committee papers in advance, with the opportunity to provide comments to the Chair.

Structure and content of the Governance Report

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Board nationality

British*	
American	
German	
French	
Italian*	
Swiss	
Nigerian	
Austrian	

* Alan Johnson has dual British-Italian nationality.

Non-Executive Director skills, experience and knowledge

Fast moving consumer goods (FMCG)	6/9
Innovation and product development	4/9
Global business leadership	6/9
Finance and risk	5/9
Business transformation & change programmes	6/9
Corporate & regulatory affairs	3/9
Environment & sustainability	6/9
Consumer health	4/9
Technology & digital	5/9

Non-Executive Director tenure

<1 year	1
1-2 years	1
2-3 years	0
3-4 years	4
4-5 years	0
5-6 years	2
6-7 years	0
7-8 years	0
8-9 years	1

As at 30 September 2024 and the date of this report, the Company meets all three Board diversity targets specified by the UK Listing Rules, namely that: (a) at least 40% of the Board are women; (b) at least one senior Board position is held by a woman; and (c) at least one person on the Board is from a minority ethnic background.

Board and executive management gender diversity as at 30 September 2024

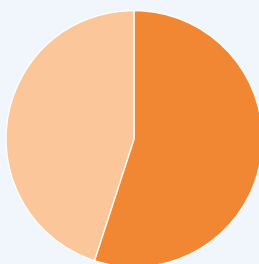
	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	6	55	2	6	55
Women	5	45	2	5	45
Prefer not to say	0	0	0	0	0

Board and executive management ethnic diversity as at 30 September 2024*

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	9	82	4	6	55
Mixed/Multiple Ethnic Groups	0	0	0	0	0
Asian/Asian British	0	0	0	0	0
Black/African/Caribbean/Black British	2	18	0	1	9
Other ethnic group, including Arab	0	0	0	0	0
Not specified/prefer not to say	0	0	0	4	36

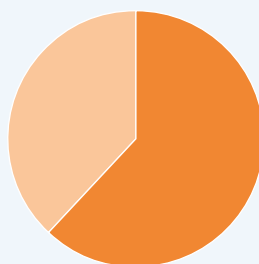
* The data collected is based upon the guidance published by the FCA in Policy Statement 22/3. The Company Secretary collated data on behalf of the Chair and Non-Executive Directors and executive management provide their data via Workday. All data is provided with consent and anonymity is protected.

Board gender as at 30 September 2024



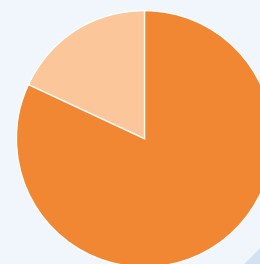
Male	55%
Female	45%

Senior management and direct reports¹ gender as at 30 September 2024



Male	62%
Female	38%

Board Ethnicity as at 30 September 2024



White British	82%
Black/African/Caribbean/Black British	18%

1. Senior management as defined by the Code

BOARD OF DIRECTORS AS AT 30 SEPTEMBER 2024

A SKILLED AND EXPERIENCED BOARD



Thérèse Esperdy
Chair 

Tenure: Appointed to the Board in July 2016 and became Senior Independent Director in May 2019 before being appointed Chair in January 2020.

Nationality: American

Biography

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.

Thérèse was previously senior independent director of National Grid plc.

Skills and experience

Thérèse has enjoyed a pre-eminent career as a leader in the financial sector, with deep knowledge of banking and business. She is an experienced board member of international corporates, with valuable experience in highly regulated industries. Thérèse continues to drive engagement and debate within the Board and constructive challenge of Imperial's strategy.

Outside interests

Non-executive director of Moody's Corporation.



Stefan Bomhard
Chief Executive Officer

Tenure: Appointed July 2020.

Nationality: German

Biography

Stefan joined Imperial 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 Inchcape, Stefan was president of Bacardi Limited's European region and was also responsible for Bacardi's Global commercial organisation and Global Travel Retail. 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.

Skills and experience

Stefan brings to the Board a wealth of experience managing strategic change and brand leadership in retail and consumer companies. His deep and wide-ranging career in FMCG and challenger businesses makes him ideally suited to provide insight and direction as Imperial delivers its strategy.

Outside interests

Non-executive director of Compass Group plc.



Lukas Paravicini
Chief Financial Officer

Tenure: Appointed May 2021.

Nationality: Swiss

Biography

Lukas has a proven track record in multinational consumer goods companies around the world. He joined Imperial from agricultural commodities and brokerage group ED&F Man Holdings, where he was chief financial officer. He has also held senior positions at Fonterra, a New Zealand and Australia listed co-operative and the world's largest dairy exporter, with sales in 130 countries. He was chief financial officer from 2013-2017 and chief operating officer, Global Consumer and Foodservice Business from 2017-2018. Prior to that, he spent 22 years with Nestlé in various senior finance and general management roles.

Skills and experience

Lukas is an experienced finance professional, having delivered global shared services and major technology transformation across a variety of multinational companies. He brings a breadth of financial and commercial insight to the Board and extensive knowledge of digital, cyber and IT security matters from his career in consumer-focused companies.

Outside interests

Member of The 100 Group of finance directors of the FTSE 100.



Find out more at
www.imperialbrandspc.com/how-we-are-transforming/our-leadership-team

Committee membership

- A Audit Committee
- P People, Governance & Sustainability Committee
- R Remuneration Committee
- Committee Chair



Sue Clark

Senior Independent Director A P R

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

Nationality: British

Biography

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.

Sue was previously a non-executive director at Britvic plc.

Skills and experience

Sue has vast executive and non-executive experience, gained in a variety of senior roles spanning commercial, regulatory and government affairs within multinational companies. Her wide-ranging board, regulatory and FMCG knowledge has been invaluable during discussions on performance and ESG. Sue's insight of corporate governance practice and stakeholder views creates a strong fit to her roles as Remuneration Committee Chair and Senior Independent Director.

Outside interests

Senior independent director of Mondi plc (where she chairs the remuneration committee) and easyJet plc.



Diane de Saint Victor¹

Non-Executive Director P R

Tenure: Appointed November 2021.

Nationality: French

Biography

Diane has strong legal, regulatory, M&A, business alliance and ESG experience, having held a number of general counsel, company secretary and other key roles in an international career. She spent 13 years on the executive committee, as general counsel & company secretary, of ABB, the global technology company. Prior to joining ABB, she served as a senior vice president and general counsel of Airbus Group and as vice president and general counsel at SCA Hygiene Products. Diane spent a decade working at Honeywell, ultimately holding the post of vice president and general counsel international. She started her career with various legal and government relations positions at GE.

Previous non-executive director positions include Barclays plc, Altran, Natixis and Transocean.

Skills and experience

Diane brings over 30 years' experience of broad international legal, governance and regulatory expertise gained from a range of senior executive and non-executive positions in multinational organisations, as well as experience of transforming organisations in sectors undergoing change.

Outside interests

Non-executive director of WNS (Holdings) Limited and C&A BV. Member of the Global Centre for Risk and Innovation – Industry Leadership Europe board.



Ngozi Edozien

Non-Executive Director P R

Tenure: Appointed November 2021.

Nationality: Nigerian

Biography

Ngozi has over 35 years' experience in finance/private equity, general management and strategy/business development functions with multinational companies in Europe, the US and Africa. She has held roles in McKinsey & Company, Pfizer Inc., Actis LLP and JP Morgan.

Previous non-executive director positions include PZ Cussons, Barloworld, Stanbic IBTC Holdings and Visco Group.

Skills and experience

Ngozi has enjoyed a wide-ranging career, with extensive experience in corporate finance, strategy and leading change. Her knowledge gained through a career in international, regulated and consumer-focused companies allows her to share deep insight during Board discussions on performance, sustainability matters and transformation. Ngozi's skill set makes her invaluable as the Board considers its future strategic direction.

Outside interests

Non-executive director of Guinness Nigeria PLC (until November 2024), a listed subsidiary of Diageo, Unilever Nigeria PLC, Bank of Africa – BMCE Group and Ikeja Hotel PLC.

¹ Diane de Saint Victor will retire from the Board at the conclusion of the AGM scheduled for 29 January 2025.



Andrew Gilchrist
Non-Executive Director (A) (P)

Tenure: Appointed March 2023.

Nationality: American

Biography

Andrew has a proven track record of business development, strategic planning and business integration following two decades of operational and financial experience in the tobacco sector. He was Chief Financial Officer of Reynolds American Inc until its acquisition by British American Tobacco (BAT) in 2017. Prior to this, Andrew held a range of leadership positions at Reynolds, including Chief Information Officer, Chief Commercial Officer and Business Development Director. Earlier in his career, he worked for BAT in marketing and planning roles.

Skills and experience

Andrew has detailed understanding and experience of the tobacco sector, allowing him to provide deep insight into Imperial's businesses and brands. His lengthy career in leadership positions of peer companies has proved invaluable across diverse performance, financial and strategic topics at the Board and its Committees.

Outside interests

None.



Julie Hamilton
Non-Executive Director (P) (R)

Tenure: Appointed January 2024.

Nationality: American

Biography

Julie, who was Chief Commercial and Global Sales Officer at Diageo until August 2023, has over 30 years' experience in marketing, strategy and digital transformation. Prior to Diageo, Julie spent 25 years at The Coca-Cola Company where she held a range of leadership positions, including Chief Customer and Commercial Leadership Officer.

Skills and experience

Julie is an experienced global leader who brings deep knowledge of delivering commercial change in multinational consumer businesses. Her understanding of digital transformation and global brands is invaluable to the Board as it continues to oversee Imperial's strategy and transformation.

Outside interests

None.



Alan Johnson CMG
Non-Executive Director (A) (P)

Tenure: Appointed January 2021.

Nationality: British and Italian

Biography

Alan has a financial background following a 30+ year career in Unilever, including chief audit executive and chief financial officer of the Global Foods Division. He was CFO and then non-executive director of Jerónimo Martins SGPS, S.A. until 2016, and remains the independent chairman of the company's internal control committee.

He was non-executive director at the UK Department for International Development, president and chair of the board of the International Federation of Accountants and chair of the audit committee of the International Valuation Standards Council.

Skills and experience

Alan has a breadth and depth of knowledge and insight into financial, accounting and FMCG issues following a distinguished career in senior roles across the commercial and regulatory spheres. This unique skill set allows for challenge and debate at both the Audit Committee and Board.

Outside interests

Non-executive director of DS Smith plc and William Grant & Sons Ltd (where he chairs the audit committee), chair of the Stakeholder Advisory Council to the Audit and Ethics Standards Setting Boards and chair of the Good Governance Academy.



Bob Kunze-Concewitz
Non-Executive Director (P) (R)

Tenure: Appointed November 2020.

Nationality: Austrian

Biography

Bob is an experienced marketing professional and has held a number of senior roles at leading FMCG companies. In April 2024 he retired after 17 years as chief executive officer of Campari Group, a major player in the global spirits industry. Bob previously held positions of increasing responsibility and global reach at Procter & Gamble, including global prestige products corporate marketing director.

He was previously a fellow at the Elis Institute in Rome and vice chairman of Altgamma, the Italian luxury goods association.

Skills and experience

Bob has extensive and deep knowledge of the global fast-moving consumer goods sector following a lengthy career in marketing and brand management in multinational companies. His long and distinguished tenure as CEO of Campari Group provides unparalleled insight and experience to draw on during different aspects of Board discussions.

Outside interests

Non-executive director of the supervisory board of Carlsberg A/S, Campari Group and Luigi Lavazza S.p.A. (where he chairs the remuneration committee).



Jon Stanton
Non-Executive Director (A) (P) (R)

Tenure: Appointed May 2019.

Nationality: British

Biography

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 its London office, where he led global board-level relationships. Jon is a Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales.

Skills and experience

Jon has enjoyed a lengthy and illustrious career with over 30 years' experience in international business and accountancy. As the CEO of a FTSE 100 listed company, he brings wide-ranging board, financial and regulatory experience to Imperial, lending his deep knowledge and insight into our strategic and financial discussions.

Outside interests

Chief Executive of The Weir Group plc.



Emily Carey
Company Secretary

Tenure: Appointed May 2023.

Nationality: British

Biography

Emily, a chartered accountant and Fellow of the Chartered Governance Institute, has enjoyed a 25-year career in finance, regulatory affairs, compliance, governance and company secretarial matters, with significant experience in the oil and gas and sports betting and gaming industries.

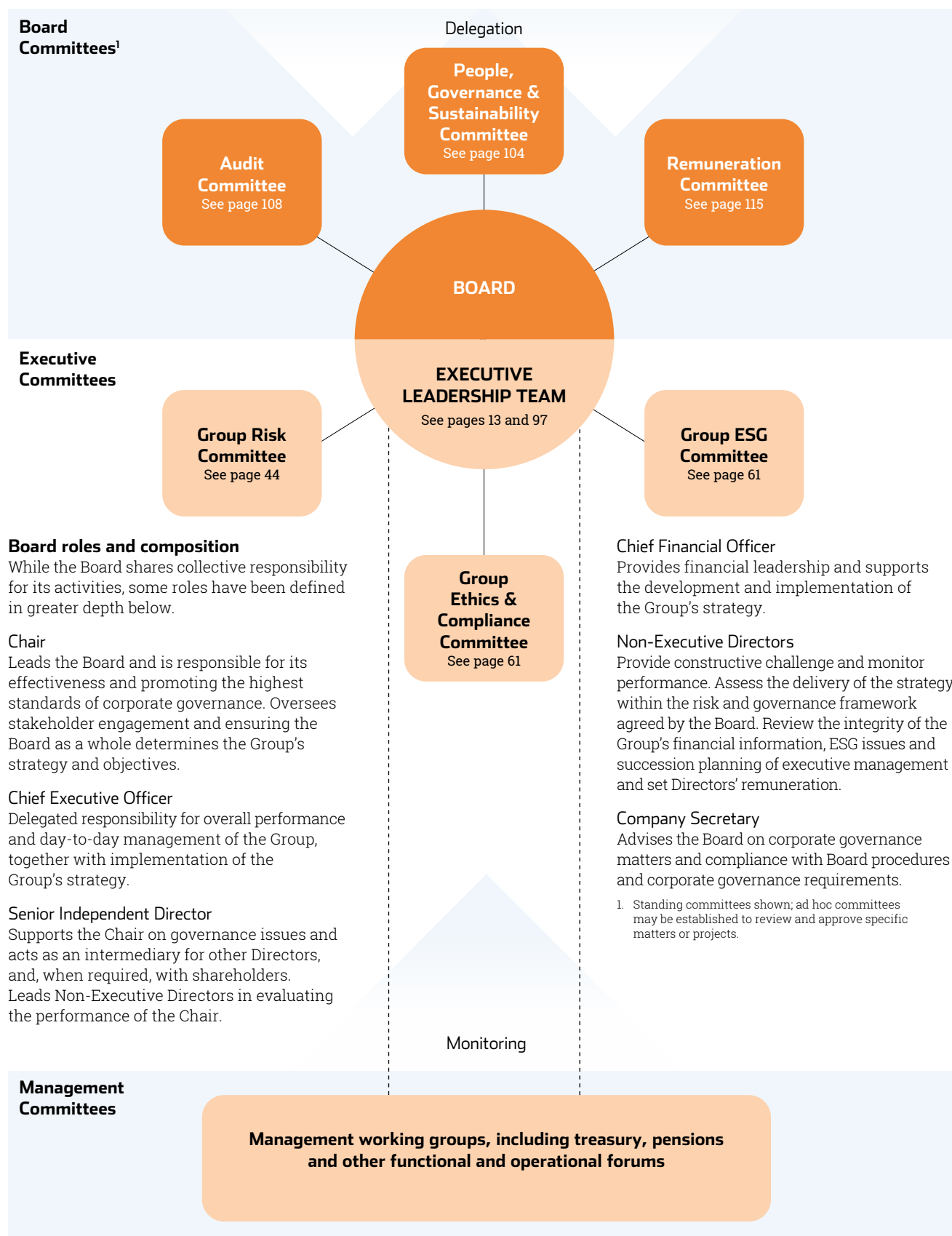
Prior to joining Imperial, Emily held a number of roles of increasing seniority including 14 years at BP plc and three years at Entain plc where she was Group Company Secretary.

Committee membership

- (A) Audit Committee
- (P) People, Governance & Sustainability Committee
- (R) Remuneration Committee
- Committee Chair

ROLE AND PURPOSE OF BOARD AND ITS COMMITTEES

IMPERIAL BRANDS GOVERNANCE STRUCTURE



1. Board leadership and Company purpose

The Company is led by an effective and determined Board, focused on the long-term sustainable success of the Company, generating value for shareholders and other stakeholders, and contributing to wider society.



Read more on
pages 16 and 92 to 101.

2. Division of responsibilities

The Chair and the Chief Executive Officer have clearly defined and separate responsibilities, and there is an appropriate combination of Executive and independent Non-Executive Directors.



Read more on
page 96.

3. Composition, succession and evaluation

Appointments are subject to a formal, rigorous and transparent procedure. Succession plans, designed to promote diversity, including gender, social and ethnic backgrounds and cognitive and personal strengths, are in place for the Board and senior management. An evaluation of the Board and its Committees is undertaken annually, in line with the Code.



Read more on
pages 104 to 107.

4. Audit, risk management and internal control

Formal, transparent policies and procedures are in place to ensure the independence and effectiveness of the internal and external audit functions and the integrity of financial and narrative statements, and to manage and mitigate risks.



Read more on
pages 108 to 114.

5. Remuneration

The Company has remuneration policies and practices designed to support its strategy and promote long-term sustainable success. Executive remuneration is aligned to the Company's purpose and vision, and is clearly linked to the delivery of the Company's long-term strategy.



Read more on
pages 115 to 129.

GOVERNANCE FRAMEWORK

The Board is responsible for the governance of the Company, undertaking its duties within a framework of clear authorities and governance structures.

The Board sets the tone for the Group from the top and delegates specific tasks to its Committees. Each of these Committees has specific written terms of reference issued by the Board, adopted by the respective Committee and published on our website. All Committee chairs report on the proceedings of their Committee at the next meeting of the Board, and make recommendations to the Board where appropriate. Minutes of Committee meetings are circulated to all Board members.

To ensure Directors are kept up to date on developments and to enhance the overall effectiveness of the Board, the Board Chair and Committee chairs communicate regularly with the Chief Executive Officer and the Chief Financial Officer. Where appropriate the Board convenes virtually outside of scheduled meetings to consider time-sensitive matters.

The Board is responsible to shareholders and stakeholders for approving the strategy of the Group, for overseeing the performance of the Group and evaluating and monitoring the management of risk in a manner that is most likely to promote the Company's long-term success.

The Board has adopted a schedule of matters on which it must take the final decision. These include approving the Group's strategy, business plans, dividend, major financial announcements, and acquisitions and disposals exceeding defined thresholds.

Board members have access, collectively and individually, to the Company Secretary and are also entitled to obtain independent professional advice at the Company's expense, should they decide it is necessary in order to fulfil their responsibilities as Directors.

EXECUTIVE LEADERSHIP TEAM

The Board delegates responsibility for developing and implementing strategy, and for the day-to-day running of the business, to Stefan Bomhard, Chief Executive Officer, who is assisted in his role by the Executive Leadership Team (ELT) comprising the members listed on page 13.

The ELT is responsible for overseeing the operational execution and delivery of our strategic and financial plans, as approved by the Board. This includes: business performance management; transformation and cultural change initiatives; talent, capability and succession; major investments, divestment and capital expenditure proposals; business development considerations; ESG initiatives; and risk assessment and management.

BOARD IN ACTION

HIGHLIGHTS
OF THE YEAR

2023

(B) (R)

October 2023

VIRTUAL MEETINGS

- Review of Imperial's risk management programme, including risk appetite and mitigations
- Stakeholder engagement: Remuneration Policy shareholder consultation

(B) (A) (P) (R)

November 2023

LONDON, UK

- Deep dive: Non-financial reporting regulation developments
- Strategy discussion: Logista
- NGP outlook

VIRTUAL MEETING

- Approval of Imperial Brands plc full year results and Annual Report and Accounts

2024

(B)

March 2024

PRAGUE, CZECH REPUBLIC

- Site visit: Central & Eastern Europe regional review
- Deep dive: Heated Tobacco products
- Stakeholder engagement: Consumer connection
- Employee engagement: "Meet the Board" lunch
- Strategy discussion: Macroeconomic outlook

(B) (A)

January 2024

BRISTOL, UK

- Imperial Brands plc AGM: Attended by all Directors
- Strategy discussion: Spain
- Deep dive: Cyber and technology principal risk
- Analysts' insights: outlook for the combustible and NGP markets
- Employee engagement: Audit Committee break-out with the Finance function

March 2024

SITE VISIT: PRAGUE,
CZECH REPUBLIC

In March 2024, Board members spent three days visiting Imperial's operations in the Czech Republic to gain a deeper understanding of our business in the Central & Eastern Europe cluster. The visit included:

- A briefing from our sales and operations team in the cluster on the key features of each market
- A tour of different store and trade outlets to highlight our direct and commercial channel stakeholders
- To complement the deep dive on HTP, a consumer speed dating session with three groups of consumers to better understand heated tobacco insights
- Lunch with local colleagues and dinner with cluster leadership to hear about Imperial's culture in action



(B) (A) (P) (R)

May 2024

LONDON, UK

- Strategy discussion: Manufacturing, UK and Germany
- Brokers' perspective on Imperial Brands

VIRTUAL MEETING

- Approval of Imperial Brands PLC interim results
- Employee engagement: Discussion with employees on Executive and wider workforce reward topics

(B)

June 2024

VIRTUAL MEETINGS

- Strategy interviews with each Non-Executive Director and management

(B) (P)

July 2024

VIRTUAL MEETING

- Deep dive: AI and audit

LIVERPOOL, UK

- Site visit: Innovation Centre
- Strategy discussions: NGP, US market
- Deep dive: Innovation pipeline, opportunities and capability
- Employee engagement: "Meet the Board" lunch



July 2024

SITE VISIT: LIVERPOOL

In July 2024, the Board visited Imperial's Innovation Hub in Liverpool and undertook a review of the Group's NGP business. The Board met a cross-section of colleagues involved in merging technology and science with consumer insight. Directors spent time in each of the key workstreams of our Innovation Hub – including:

- Participating in consumer engagement sessions on NGP in our Sense Hub
- Observing how consumer preference shapes the look and feel of products in the Design Studio
- Exploring the role of technology in our Device Lab
- Considering the role of smell and taste in our NGP products in our Consumable & Flavour labs
- Reflecting on testing and data collection in our Analytical & Stability labs

(B)

August 2024

VIRTUAL MEETING

- Deep dive: NGP – science and harm reduction

(B) (A) (P) (R)

September 2024

LONDON, UK

- Strategy working session
- Investor perception study
- Business Plan 2025
- Capital allocation
- Board and Committees' effectiveness reviews

VIRTUAL MEETING

- Stakeholder engagement: ESG Investor webinar

(B) Board

(A) Audit Committee

(P) People, Governance & Sustainability Committee

(R) Remuneration Committee

BOARD IN ACTION *continued*

ENGAGEMENT WITH COLLEAGUES

Every Non-Executive Director, individually and working together as the People, Governance & Sustainability Committee, has responsibility for workforce engagement; this is considered to be effective as it allows every Board member to participate rather than channelling engagement through a single Director. Our "Meet the Board" engagement sessions continue to provide an integrated listening experience between our colleagues and NEDs that is authentic and inclusive, enabling the Board to gain insights from a representative cross-section of our global employee population. These open and honest sessions have been positively received, and are considered by colleagues to be helpful in connecting to the strategy and the enablers for delivering it.

Specific engagement activity can be seen on pages 98 to 101.

ENGAGEMENT WITH INVESTORS

We value the support of our equity and debt investors and how our engagement with these important stakeholders can influence our ability to access capital. Our aim is to provide balanced, clear and transparent communications enabling investors to understand how we see our prospects and the market environments in which we operate. Over the course of FY24, we held around 620 meetings with debt and equity investors, and research analysts through the following:

- results presentations and trading updates;
- CEO and CFO participation at investment banking conferences;
- investor roadshows in the UK, North America and Asia with private client brokers and wealth managers and with debt investors in support of a US dollar bond issue;

- a virtual ESG investor webinar to provide an update on progress with our ESG priorities;
- our AGM, providing an opportunity for the Board to meet with shareholders, particularly our retail investors;
- ad hoc events such as the sell-side analyst Board debate, where two sector analysts presented opposing perspectives and outlook for the sector; and
- ad hoc meetings to maintain an ongoing dialogue with existing holders and to meet prospective investors.

To monitor the effectiveness of investor engagement, the Board commissioned an investor perception study, gathering feedback from investors and non-shareholders on Imperial's progress against the strategy. The key findings were that shareholders are pleased with the delivery and successful implementation of the plan. They appreciate the revitalisation of the combustible business, realistic and disciplined approach to NGP, deleveraging of the balance sheet, clear capital allocation policy and shareholder returns. The operational performance and financial delivery have reinforced the credibility of the management team.

Imperial's Chair maintained her ongoing engagement with the Group's largest shareholders through in-person and virtual meetings.

The Board is kept informed of investor engagement throughout the year, through the IR Board Report which is presented at every Board meeting. Investor perception is assessed on an ongoing basis through feedback on meetings, our events and our conference presentations. This feedback is shared with the Board in the IR Board Report.

INVESTOR ENGAGEMENT DURING FY24

October

Results:

- Pre-close trading update

January

Engagement:

- Chair roadshow; AGM; Sell-side analyst Board discussion

June

Conferences:

- Paris

November

Results:

- FY Results

Roadshows:

- UK; North America; Private Client/Wealth Management

March

Conferences:

- New York

July – August

Conferences:

- London

December

Engagement:

- Executive Leadership Team investor event

Roadshows:

- Asia

Conferences:

- Virtual

April

Results:

- Pre-close trading update

September

Conferences:

- Boston

Engagement:

- ESG investor webinar

May

Results:

- HY Results

Roadshows:

- UK; North America

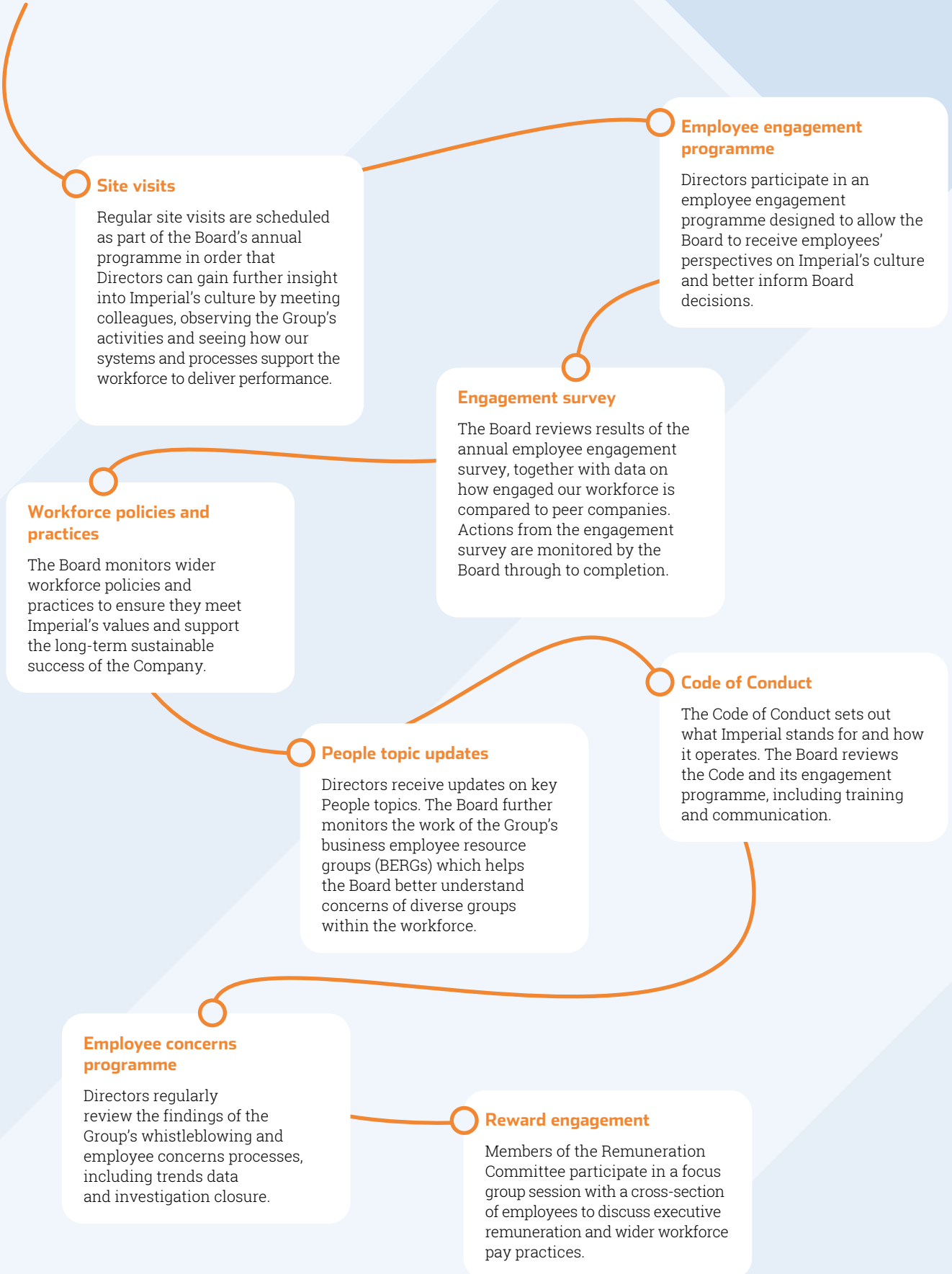
Conferences:

- Virtual; New York



Read more on how the Board considers all our stakeholders, and how the Directors fulfil their duties under Section 172 of the Companies Act 2006, in our S172(1) statement and accompanying information on pages 54 to 57 and 102.

HOW THE BOARD MONITORS CULTURE



STATEMENT ON SECTION 172 OF THE COMPANIES ACT 2006

Effective engagement with a wide range of stakeholders, including consumers, colleagues, governments and regulators, our customers, suppliers and investors, is key to the successful delivery of our strategy and vision in the long term.

During the year, the Directors acted in the way they considered, in good faith, most likely to promote the Company's long-term success for the benefit of its members as a whole, paying due regard to the matters set out in Section 172(1) of the Companies Act 2006. Those factors are as follows:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company

Across our business we have a regular and ongoing dialogue with stakeholders and their views are taken into account, not only in matters put to the Board for a decision, but in the day-to-day management of our operations. In taking into account the various interests of all relevant stakeholders when making decisions, the Board recognises it is not always possible to achieve each stakeholder's preferred outcome. Which stakeholder group's interests are considered depends on the decision at hand. The Board endeavours to balance the different priorities and interests of our stakeholders in a way compatible with the long-term, sustainable success of the business and which aligns with our purpose, vision and behaviours.

How the Board considers stakeholder views and inputs, as well as Section 172(1) factors, in its decision-making is illustrated below. More detail on, and examples of, our stakeholder engagement initiatives and their impact on Board decision-making is contained within the Strategic Report on pages 54 to 57.



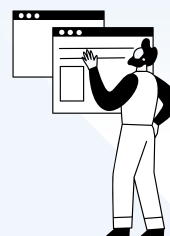
The broad skillset and knowledge base of Board members promotes and enhances the diversity of thinking during Board discussions.

The Board meeting calendar is planned by the Chair, Company Secretary and Chief Executive, with input from other key parties, such as the CFO, as required.

The Board receives detailed papers in good time ahead of meetings to enable the time in meetings to be devoted to discussion, debate and challenge following any presentation that may also take place. As part of this process, relevant stakeholder interests are identified in the Board papers.

The Board is responsible for setting the strategic direction of the Company, as outlined on page 97, and ensuring stakeholders are treated fairly as part of this is firmly embedded in the culture of the Company. Decisions are properly recorded in meeting minutes.

Decisions are cascaded as appropriate and stakeholders engaged where necessary. Updates are provided to the Board to allow it to review and monitor impact, effectiveness and the fulfilment of its duties.



BOARD GOVERNANCE STATEMENTS

Section 172 of the Companies Act 2006

The Board seeks to consider the interests of all relevant stakeholders when making decisions. Our formal statement is disclosed on page 102. Throughout this Annual Report we have included information on how the Board operates and considers the interests of stakeholders when making its decisions.



Read more on
pages 54 to 57.

Viability statement

On the basis of a robust assessment of the emerging and principal risks facing the Group, and the assumption that they are managed or mitigated in the ways disclosed on pages 42 to 53, the Board's review of the business plan and other matters considered and reviewed during the year, and the results of the sensitivity analysis undertaken, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 September 2027.



Read more on
page 52.

Going concern basis

Having assessed the principal risks facing the Group, including the global economic environment, as well as realisation of other key risks, including climate change and the impact of the share buyback, the Board is of the opinion that the Group as a whole and Imperial Brands PLC have adequate resources to meet operational needs for a period of 12 months from the date of approval of the financial statements and, therefore, concludes that it is appropriate to prepare the financial statements on a going concern basis.



Read more on
page 52.

Principal risks and uncertainties

The processes and related reporting described in the Principal Risks and Uncertainties section on pages 42 to 53 enable the Audit Committee to review and monitor the effectiveness of our risk management and internal control systems and provide assurance to the Board, in accordance with the recommendations of the Code.



Read more on
pages 42 to 53.

Fair, balanced and understandable

The Directors confirm that they consider, taken as a whole, this Annual Report and Financial Statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.



Read more on
page 112.

Modern Slavery Statement

In compliance with the UK Modern Slavery Act, every year since 2016, Imperial Brands submits its Modern Slavery Statement, where we outline our commitments for the upcoming year. You can read our 2023 Modern Slavery Statement on our website. As part of these commitments, together with Slave-Free Alliance, of which Imperial Brands is a founding member, we developed a modern slavery toolkit to help our colleagues to enhance their knowledge about modern slavery, identify its key indicators and characteristics, respond appropriately to potential victims, and escalate and report any concerns. In 2023, we created a Modern Slavery Local Champions Community to ensure our local champions had all the support they needed, and we updated our Modern Slavery Manufacturing Standard.



Read more on
page 73.

REPORT OF THE PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE



STRUCTURE AND CONTENT OF THE PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE REPORT

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REGULAR ATTENDEES AT PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE MEETINGS DURING FY24

Information on Committee members and their attendance at meetings is on page 90. Other regular attendees during the year (by invitation and where appropriate) included:

- Chief Executive Officer
- Chief Financial Officer
- Chief People and Culture Officer
- Global ESG Director
- Director of Internal Audit
- Deputy Group General Counsel – Legal Compliance



The Committee's full terms of reference can be found at imperialbrandsplc.com/board



The skills and experience of our Board are outlined on pages 92 to 95.

DEAR SHAREHOLDER,

I am pleased to introduce this year's report for the recently expanded People, Governance & Sustainability Committee.

An area of key focus for the Committee has continued to be people and succession topics, notably executive and non-executive succession planning and overseeing management's implementation of the operating model transformation. Executive succession plans were reviewed over the year, covering Imperial's leadership team and emerging talent within the organisation.

In FY24 we reviewed the activities of the Board and its Committees and agreed that the remit for the People & Governance Committee be expanded to include oversight of ESG and E&C matters (including any appropriate ESG-related performance objectives for Executive Director remuneration), employee concerns and speak-up programmes and the integrity of Imperial's non-financial reporting (in tandem with the Audit Committee). With an expanded role, it was felt the Committee's name should be changed to People, Governance & Sustainability to better reflect its additional activities.

With the Committee's remit broadening to include sustainability matters, it received reports on ethical misconduct and non-compliance, and ESG performance against our "People and Planet" strategic aims. It reviewed the updated Code of Conduct, including its launch and communications plan, and recommended the approval of the Code to the Board. The Committee further considered the proposed process for the external auditor's limited assurance exercise over Imperial's sustainability reporting and metrics.

We welcomed Julie Hamilton to the Committee when she joined the Board on 31 January 2024.

Looking ahead to 2025, the Committee's focus will remain on succession, the Group's initiatives on talent, diversity and inclusion and oversight of the transformation of our operating model.

It is further planned that the Committee will build on its review of sustainability matters and non-financial reporting, working with the Executive-level Group ESG and Group Ethics & Compliance Committees to oversee these activities.

Thérèse Esperdy
Chair of the People, Governance & Sustainability Committee

ROLE OF THE PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE

The People, Governance & Sustainability Committee provides oversight of the Company's people and culture policies and practices to ensure they align with the Group's values, strategy, performance and risk management framework. It keeps succession plans for the Board and the Executive Leadership Team under review. The Committee monitors the management and mitigation of key environmental, social & governance (ESG) and ethics and compliance (E&C) risks as well as the Group's ESG and E&C performance.

PEOPLE, GOVERNANCE & SUSTAINABILITY COMMITTEE'S ACTIVITIES 2023/24

A summary of topics covered by the People, Governance & Sustainability Committee in its meetings during the financial year is provided below.

2023

November 2023

- Results of the Employee Experience survey
- Update on a Non-Executive Director search
- Composition, rotation and succession planning for Board Committees
- Board training programme for FY24
- Non-Executive Director induction programme review

2024

April 2024

- Operating model transformation update
- Diversity, Equity & Inclusion deep dive – including Parker Review targets and progress
- Talent programme review
- Executive succession
- Proposed expansion to remit of People & Governance Committee
- Ethics & compliance reporting update
- Quarterly ESG report
- Non-financial reporting assurance and approach for 2024 Annual Report and Accounts
- Updates to the UK Corporate Governance Code
- Proposal for 2024 evaluation of the Board and its Committees

July 2024

- Review of the updated Code of Conduct and roll out, and its recommendation to the Board for approval

September 2024

- Executive succession, including external talent mapping
- Executive Leadership Team performance review
- Review of Non-Executive Directors' skills, tenure, time commitment and independence in proposing for re-election

ACTIVITIES DURING THE YEAR

Sustainability

During the year, the Committee agreed to expand its responsibilities to include monitoring of the Group's ESG and E&C programmes, supported by the Executive-level Group Ethics & Compliance and Group ESG Committees. The Committee received ESG and E&C updates from management, using a reporting framework of the Group's sustainability strategy pillars and Code of Conduct categories. The Committee held a deep dive on the updated Code of Conduct, including the Code's roll-out programme across different regions and businesses and its alignment to our strategy, behaviours and Group policies.

Non-financial reporting assurance

The expanded remit of the Committee includes review of non-financial materials intended for disclosure or publication and their associated assurance, including the Modern Slavery Act statement and ESG section of the Annual Report. During the year, the Committee reviewed assurance processes for Imperial's non-financial reporting, including proposals to strengthen readiness for the upcoming Corporate Sustainability Reporting Directive (CSRD).

Succession planning

Executive

The Committee reviewed succession planning scenarios for Executive Directors and the Executive Leadership Team over the short, medium and long term. These scenarios considered skills and capabilities needed to undertake these roles and implement Imperial's strategy and operating model transformation.

As part of these activities, the Committee undertook a talent mapping exercise of external candidates for Executive roles and identified areas of focus and coaching for internal candidates as part of the succession pathway.

Underpinning Executive succession planning was a review of the Group's talent model, which considered the pipeline for potential leaders across different management grades and programmes to identify and develop future leaders within the organisation.

Non-Executive

During the year the Committee remained active in its consideration of NED succession, reviewing the tenure, skills, experience and diversity of existing Board members and succession plans for the chairs and membership of the Committees. Following these reviews, the Committee agreed that Ngozi Edozien would move from the Audit to the Remuneration Committee and that Julie Hamilton would join the Remuneration Committee.

For the process that led to Julie Hamilton's Board appointment, external search consultancy Lygon Group was appointed. Lygon Group is a signatory to the Executive Search Firms' Voluntary Code of Conduct and had no other connection with the Company or its Directors during the year. Lygon provided a long list of candidates who were considered against an agreed role profile and balance from a diversity and inclusion perspective. The Committee, Chief Executive and Chief Financial Officer interviewed short-listed candidates, with references obtained prior to recommendation for appointment to the Board.

The Committee concluded that Julie Hamilton would be a strong addition as a Non-Executive Director given her deep knowledge of delivering commercial change in multinational consumer businesses. Julie joined the Board following the conclusion of the AGM in January 2024.

Employee engagement

As part of the Board's employee engagement programme, every Non-Executive Director, individually and working together as the People, Governance & Sustainability Committee, has responsibility for workforce engagement. This is considered to be effective as it allows every Board member to participate rather than channelling engagement through a single Director and insights are heard collectively. The Committee reviews the mechanism for employee engagement and its effectiveness on an annual basis as part of the Committee evaluation.

In 2024, employee engagement sessions were aligned with the themes of the Board's agenda for the year – intended to better inform the Board's discussions and decision-making. Directors met with a broad cross-section of our workforce, including colleagues from our Finance function, our Bristol offices, the Central & Eastern Europe cluster in Prague and NGP business in Liverpool. Members of the Remuneration Committee met colleagues from different businesses and locations to understand views on reward. Participants shared their insights on Imperial's organisational transformation, strategy, market challenges and regulatory developments. Feedback and themes from each session were discussed by the Board at its subsequent meetings.

As part of its annual evaluation, the Committee concluded that the employee engagement programme remained effective and was appropriate for Imperial, given its structure and business model. The evaluation asked that consideration be given to different formats for the programme in 2025.

Diversity

The Committee continued to appraise appointments to the Board from the perspective of its commitment to diversity, including with respect to gender and ethnicity, in its composition and succession plans. The proportion of women on the Board at 30 September 2024 was 45%, with the same proportion of women in our Executive Leadership Team. Female representation on the Board thus exceeds the UK Listing Rules and the FTSE Women Leaders Review diversity benchmark target of 40%, and we also meet the UK Listing Rules and FTSE Women Leaders Review target for at least one senior Board position (in our case both the Chair and the Senior Independent Director) to be held by a woman. The Board has two Directors who identify as being from an ethnic minority background, meeting the Parker Review's current recommendation of at least one Director. One member of our Executive Leadership Team identifies as being from an ethnic minority background.

During the year, the Committee monitored progress against Imperial's diversity, equity and inclusion ambition and five-year strategy, including work undertaken by management to support progression of under-represented groups and reviewing the Parker Review objective for companies to set targets for ethnic minority representation. The Committee considered employee data to inform priority areas for policy and practice improvement, notably on ethnicity. Information on Board and executive management diversity is on page 91.

Independence

The independence of NEDs is reviewed and confirmed annually by the Committee. In accordance with the provisions of the UK Corporate Governance Code, the Chair was considered independent at the time of appointment to the Board and role, and the Board considers all other NEDs to be independent, including Julie Hamilton who joined Imperial Brands during the year.

Conflicts of interest

The Company's Articles of Association allow the Board to authorise potential conflicts of interest as they arise and to impose such limits as appropriate. During the year, the Board approved a Board Conflicts of Interest policy which sets out guidance and process for the identification and approval of conflicts of interest. This and the register of Directors' commitments maintained by the Company Secretary informs the Committee's assessment of a Non-Executive Director's independence when proposing a Director for election or re-election to the Board.

Time commitment and outside appointments

Each NED is expected to commit sufficient time to the Board and the Company. Time commitments for Directors are reviewed by the Committee on a regular basis, including ahead of recommendation for appointment to the Board, on changes in role (joining additional Committees or taking on further responsibility) and prior to approving external appointments.

If any Director wishes to take on an additional external appointment, they are required to seek permission from the Board. The Board will take into consideration the additional time commitments, independence and any potential conflicts of interest in relation to the Directors' current roles and responsibilities before any permission is given. During the year, the Board approved the appointments of Ngozi Edozien as a non-executive director of Unilever Nigeria plc, Bob Kunze-Concewitz as a non-executive director of Carlsberg A/S and Diane de Saint Victor as a member of the Global Center for Risk and Innovation - Industry Europe Board, having concluded that each would continue to have sufficient time to dedicate to their role at Imperial.

AGM and reappointment of Directors

With the exception of Diane de Saint Victor, all Directors are being submitted by the Company for re-election at the 2025 Annual General Meeting. Prior to making recommendations to the Board for election/re-election, the Committee undertook an assessment of each Director, including performance and, for each NED, their continued independence and time commitment.

Director induction

Upon appointment, all Directors receive a comprehensive induction, tailored to their individual skills and experience and the Committees they will join. In January 2024, Julie Hamilton was appointed as an independent Non-Executive Director to the Board. She undertook a formal induction, including one-to-one meetings with our Executive Leadership Team, business and functional leaders, internal and external auditors and a visit to our US operations in Greensboro. Julie further participated in an induction programme which covered our Audit and Remuneration Committees and attended meetings of both Committees as an observer prior to formally joining the Remuneration Committee.

Feedback is sought from Directors undertaking their induction programme and in the Committee's evaluation to ensure the programme is effective.

Board training

Beyond initial induction, Directors receive ongoing training and development during the year. This includes sessions during Board visits, such as the Board's visit to our Innovation Centre in Liverpool where members learned first-hand about our product development process. Training is also delivered through targeted "NEDucation" sessions with external and internal subject matter experts. During 2024, NEDucation sessions were given by external legal counsel on developments in non-financial reporting regulations, by the external auditors on the use of AI in audit and by Imperial's Group Science and Regulatory Affairs team on the science of harm reduction in NGP.

Review of the People, Governance & Sustainability Committee

For its 2024 evaluation, the Committee undertook an internally facilitated review using an anonymised online questionnaire. The evaluation confirmed that the Committee was operating effectively, with positive feedback on people and culture topics. It was agreed that executive succession planning would remain an area of focus for 2025, including consideration of talent, capability and the broader diversity agenda. The broad remit of the Committee's agenda was noted and it was agreed that a watching brief would be kept on the discharge of the Committee's expanded sustainability responsibilities.

BOARD EVALUATION

An evaluation of the Board, its Committees, the Chair and individual Directors is undertaken on an annual basis.

Actions from the 2023 Board review

The Board undertook an externally facilitated review, with the outcomes and agreed actions being focused on by the Board throughout the year. Progress against these actions include:

2023 Action	Actions taken during the year
Board agenda and focus Co-ordination across the Board and its Committees to ensure that strategic and operational priorities are linked	<ul style="list-style-type: none">• The Chair, CEO, Committee Chairs and Company Secretary reviewed the forward agendas for each forum to ensure key topics were covered• The remit of the People & Governance Committee was expanded to include sustainability matters
Adding value and optimising challenge Meeting structure and exploring different styles of discussion to allow Board members to bring their experience to the decision-making process	<ul style="list-style-type: none">• The forward Board calendar was refreshed, including cadence and structure, to optimise Board members' time commitment and the reporting cycle• Different formats for discussions were utilised during the year, including NED-only breakfasts and informal Board events with management
Strategy Optimising the methods for engaging the Board on the development of the next five-year strategy	<ul style="list-style-type: none">• Holding a series of strategy "building block" sessions throughout the year on key elements of a future strategy• 1:1 interviews with each NED were held to explore potential strategic themes and check in on discussions to date

2024 Board review

An internally facilitated Board review was held in 2024, led by the Chair and Company Secretary. The Chair's performance review was led by the Senior Independent Director and a review of the CEO's performance was led by the Chair. In addition, the Chair held one-to-one meetings with each NED which covered their individual performance.

Feedback from the review was consolidated and presented to the Board. The review concluded that the Board and its Committees continued to operate effectively, with the right balance of skills, experience and diversity to oversee the Group's strategy. Several actions were highlighted to further enhance the Board's effectiveness during 2025, including further refinement of meeting and agenda logistics to create more space for reflection, continued oversight of the ongoing development of the risk management and controls programme and consideration of how to pull the different "strands" of the next five-year strategy together.

AUDIT COMMITTEE



STRUCTURE AND CONTENT OF THE AUDIT COMMITTEE REPORT

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COMMITTEE MEMBERS AND OTHER REGULAR ATTENDEES AT AUDIT COMMITTEE MEETINGS DURING FY24

Information on Committee members and their attendance at meetings is on page 90. Other regular attendees during the year (by invitation and where appropriate) included:

- Board Chair
- Chief Executive Officer
- Chief Financial Officer
- Company Secretary
- Global Finance Director
- Director of Internal Audit
- Deputy Company Secretary, as Secretary to the Audit Committee
- Group Financial Controller
- Global Tax Director
- Representatives from EY, our external auditor



The Committee's full terms of reference can be found at imperialbrandsplc.com/board

DEAR SHAREHOLDER

During the year the Audit Committee has provided assurance over the integrity of the Group's financial statements and related announcements, providing a high level of scrutiny over judgements made by management in key accounting matters, particularly at the year-end. The Committee also supported the Board at year-end with the assessment of the Company's Annual Report as being fair, balanced and understandable.

The Company's risk management and internal control framework has undergone a series of enhancements to the way it operates, and this has been a key area of focus for the Committee during the year as it supports the Board with the Group's wider risk management agenda.

The Committee received updates from regional finance directors during the year, as well as across central functions. Time was also spent with members of the Head Office Central Finance team, providing Committee members a much-valued opportunity to hear first-hand about life at Imperial from a broad cross-section of employees as well as gaining an insight on their views of the Company and, amongst other things, personal ambitions.

The Internal Audit function and the Company's external auditor are critical relationships overseen by the Committee; ensuring the independence and objectivity of the external auditor is a key matter for the Committee. The Committee has regular private meetings separately with both internal and external audit across the year.

The area of non-financial reporting will be very much in focus, and the Committee's interaction with other Board Committees as the levels of assurance required around this critical area continue to expand. Similarly, risk will remain a critical focus, particularly as we prepare for implementation of the UK Corporate Governance Code 2024 and, looking forward, where we can provide assurance around material internal controls.

The Company will have a new external audit partner next year, as part of the mandatory rotation, and I will be keen to maintain the open and productive level of engagement I have enjoyed with the incumbent, to whom I would like to express my thanks for the strong and constructive challenge provided during their tenure.

The following pages provide further insight into the range of activities and deliberations of the Audit Committee during the financial year.

Jon Stanton
Chair of the Audit Committee

The insight on the following pages into the range of activities and deliberations of the Audit Committee during the financial year is supported by a fuller list of key matters considered by the Audit Committee set out on pages 110 to 112.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its corporate governance responsibilities relating to financial and narrative reporting and controls. This includes oversight of the Group's internal control systems, risk management process and framework, the Group Internal Audit department and the external audit.

It also involves ensuring the integrity of the Group's financial statements and related announcements.

This report sets out how the Audit Committee has discharged its duties in accordance with the UK Corporate Governance Code 2018 (the Code) for the year ended 30 September 2024, and details the key matters considered and findings during the year.

KEY RESPONSIBILITIES

In line with the authority delegated by the Board, the Audit Committee:

- Reviews and challenges the critical management judgements and estimates which underpin the financial statements, drawing on the views of the external auditor in making an informed assessment, particularly in relation to each of the key matters detailed on pages 111 to 112
- Maintains appropriate oversight over the work and effectiveness of Group Internal Audit, including confirming it is appropriately resourced, reviewing its audit findings and monitoring management's responses
- Monitors and evaluates the effectiveness of Imperial's risk management and internal control systems, including obtaining assurance that controls are operating effectively and are evidenced as such through, for example, the internal self-certification exercise and subsequent internal audit testing
- Reviews the adequacy and security of the Company's procedures for detecting fraud, and its systems and controls for preventing bribery
- Scrutinises the independence, approach, objectivity, effectiveness, compliance and remuneration of the external auditor
- Assesses the going concern status and medium-term viability of the Group
- Assists the Board in confirming that, taken as a whole, the Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy (see page 112)

ABOUT THE AUDIT COMMITTEE

Membership



Membership and attendance of the Committee can be found on page 90.

Biographical details of the current members of the Audit Committee are set out on pages 92 to 95. Members of the Audit Committee are appointed by the Board following recommendation by the People, Governance & Sustainability Committee. Ngozi Edozien stepped down as a member of the Audit Committee during the year following her appointment as a member of the Remuneration Committee.

In addition to the members of the Committee, other regular attendees during FY24 can be found on page 108.

Governance

The Audit Committee consists entirely of independent Non-Executive Directors as defined by the Code. The Audit Committee chair, and both Alan Johnson and Andrew Gilchrist meet the Code's standard of having recent and relevant financial experience and also have competence in accounting and/or auditing. The Board is satisfied that the Committee as a whole has the required competence relevant to the sector in which the Company operates, supported by the FMCG experience of Sue Clark, Andrew Gilchrist and Alan Johnson.

The Audit Committee's terms of reference state it must meet at least three times a year. The quorum for meetings is two.

At each meeting, both the Director of Group Internal Audit and EY had the opportunity to meet with the Audit Committee without management present.

The Audit Committee is authorised to seek external legal advice and other independent professional advice as it sees fit.

Audit Committee evaluation

An internal evaluation of the Board and Committees was undertaken in 2024. Further information on the process undertaken can be found within the People, Governance & Sustainability Committee report, on page 107.

The evaluation found members to believe the Audit Committee functions well and maintains a constructive and healthy relationship with the external auditor. Risk and internal control remain focus areas for the Committee, particularly as we prepare for implementation of the UK Corporate Governance Code 2024 and the Committee's role supporting the Board attesting the Group's material internal controls in the coming years.

AUDIT COMMITTEE'S ACTIVITIES 2023/24

2023

November 2023

- FY23 Financial results and audit overview and accounting estimates and judgements update and recommendations to the Board
- Recommended final dividend to the Board
- Audit/Non-Audit Services and Independence review
- Recommended reappointment of external auditor to the Board
- Financial controls self-certification and FY23 attestations update
- Group Internal Audit annual review
- Pensions review
- Update on FY24 Audit Committee planner
- Confirmed audit/non-audit service fees
- Internal controls and risk management
- Recommended preliminary announcement and Annual Report and Accounts to Board, including the Audit Committee report and risk management disclosure

A summary of the topics covered by the Audit Committee in its meetings during the financial year is provided below. In addition to the matters listed, the Committee also held private review meetings, separately, with internal and external audit, as well as engaged members of management as required for deep dives where issues required greater scrutiny.

January 2024

- Finance update
- Finance Transformation update
- External audit effectiveness review
- Regional Finance Review
- Tax review including strategy confirmation
- Group Internal Audit update
- FY24 audit plan update
- Non-audit services pre-concurrence review
- Internal control and risk management update
- Ethics and compliance report
- "Meet the Committee" lunch session with Group Finance teams
- Updates to the UK Corporate Governance Code

April/May 2024

- Review of HY24 Results, including going concern and accounting estimates and judgements
- HY24 attestations
- Recommended half-year reporting to the Board
- Distributable reserves and interim dividend review
- Update on alternative performance measures (APMs)
- Regional Finance Review
- External Audit HY24 Review Report
- Group Treasury update, including risk management
- Insurance Update
- Internal control and risk management update
- Audit/Non-Audit Services and Independence review

September 2024

- FY24 Financial results and audit overview and accounting estimates and judgements initial review
- Audit/Non-Audit Services review
- Distributable Reserves overview and dividend review
- External Audit FY24 Update Report
- Compliance Review
- Group Internal Audit update, including FY25 plan and approval of Charter
- Cybersecurity report
- Internal control and risk management update
- Fraud and Financial whistleblowing review
- Committee evaluation and independence review of Audit Committee members

SIGNIFICANT FINANCIAL REPORTING JUDGEMENTS

The Audit Committee considered the appropriateness of the following areas of significant judgement, complexity or estimation in connection with the FY24 financial statements:

Matter considered

How the Committee addressed this

Goodwill and intangible asset impairment reviews

(See note 12 to the financial statements for further information)

Goodwill and intangible assets form a major part of the Group's balance sheet, and their current valuations must be supported by future prospects. Additional internal validation was prepared in respect of long-term market prospects, facilitating three-year modelling and taking account of updates to the near and medium-term business planning process.

The Audit Committee also considered detailed reporting from, and held discussions with, the external auditor.

Following these reviews the Audit Committee concluded that there is significant headroom above the valuation of goodwill.

The Audit Committee concluded that there was no requirement to impair goodwill and intangibles and that the disclosure of sensitivities was appropriate and on this basis the Committee approved the note disclosure in the financial statements.

Taxation

(See notes 8 and 23 to the financial statements for further information)

The Group is subject to taxation in a number of international jurisdictions, requiring significant management judgement in relation to effective tax rates, tax compliance and the reasonableness of tax provisions, which could materially affect the Group's reported results.

The Group is subject to periodic challenges by local tax authorities on a range of matters and there are uncertain tax positions in relation mainly to three principal matters: German branch capital structure; German transfer pricing; and a French tax authority challenge in respect of an intra-Group disposal.

The Audit Committee received a detailed update from management at each Committee meeting on the status of ongoing enquiries and tax audits with local authorities; the Group's effective tax rate for the current year; recognition of material assets, including deferred tax assets; and the level of provision for known and potential liabilities, including the third-party counsel received in developing estimates. In addition, the Audit Committee discussed material positions with the external auditor in support of developing an independent perspective on the positions presented.

The Audit Committee received specific progress reports in connection with: the recognition of the Maltese tax credits; ongoing French tax litigation; a German tax authority audit into debt and equity allocation to branches; and transfer pricing on financing. In addition, following the conclusion in prior years of transfer pricing audits (excluding financing), including settlement on UK, German and French transfer pricing audits, ongoing mutual agreement procedures impacting provisions and reporting disclosures were further discussed. The Audit Committee continued to consider the appropriateness of items treated as adjusting and concluded that the items satisfied tax adjusting item criteria on the basis of materiality and nature.

The Audit Committee reviewed the status of each material tax judgement, including a range of possible outcomes, noted that independent third-party support had been obtained for each judgement and agreed that the level of tax provisions and disclosures was appropriate.

Litigation matters and competition investigations

The Group is exposed to litigation matters arising from claimants seeking remedies from the Company or its subsidiary companies. A small number of claims alleging smoking-related health effects remain, as well as NGP-related product litigation in the US only. A claim arising from specific US legislation (Helms Burton) remains ongoing, one element of the US state settlement agreements remains unresolved, employment related claims arising from a number of legacy disputes are ongoing and the Group faces one ESG related claim (see notes 25 and 30). Three decisions by national Competition Authorities in the EU are under appeal and judgments of the national courts are awaited by the Group.

The Audit Committee considered reports from the Group's lawyers which confirmed that the Group continues to have meritorious defences to a number of actual and threatened legal proceedings.

The Audit Committee concluded that risks in respect of these actual and threatened legal proceedings and litigation matters otherwise covered in this report, along with any proceedings appealing competition authority decisions, are appropriately disclosed or provided for in the Group's Annual Report and Accounts.

Matter considered

How the Committee addressed this

Going concern and viability statement

The Directors are required to consider whether it is appropriate to prepare the financial statements on a going concern basis and explain how they have assessed the prospects of the Company over a longer period, particularly in the context of uncertainty in the external environment. Management performed a comprehensive series of stress tests to confirm that the going concern basis and viability statement remain appropriate. These tests are described in the going concern statement on page 52. The tests involved the stress testing of the resilience of the Group to certain changes in trading conditions that may come about as a result of the global economic environment, as well as realisation of other key risks, including climate change and the impact of the share buyback.

The Audit Committee reviewed these tests on operating cash flows, the ongoing resilience of demand and supply, disruption to global supply chains and the impact of the war in Ukraine on the business. The Audit Committee noted the Group's ability to raise funds, with significant oversubscription to the Group's debt financing offers, even in challenging markets.

Together, these points allowed the Audit Committee to form an opinion as to the ability of the Group to remain a going concern for a period of 12 months from the date of approval of the financial statements, and make its recommendation to the Board. The Audit Committee determined this was appropriate given the Group's cash flow resilience and strong access to funding markets when required, and also noted that it was in line with statutory requirements.

The Audit Committee also considered management's view of the Group's ability to remain viable, for the agreed three-year period, following the forecast realisation of a number of key risks, including the possible impacts of climate change, and concluded that it is appropriate to sign off the Group's viability statement.

Revenue recognition

There is a risk that revenue could be overstated through the inclusion of sales which are not in compliance with the Group's revenue recognition policy.

Discussions were held with management and the external auditor which satisfied the Audit Committee that the Group's criteria for revenue recognition continued to be appropriate and that the central monitoring of trade weight at period ends ensured any material breaches to the Group's revenue recognition policy would be both detected and reported to the Audit Committee and, where applicable, disclosed externally.

The Audit Committee is satisfied that the Group's policy was operating effectively. No breaches were found during the year.

Fair, balanced and understandable

The Board is required to state that the Group's external reporting is fair, balanced and understandable. The Audit Committee is requested by the Board to provide advice to support the assertion.

The Audit Committee received a report from management summarising the processes that had been undertaken to ensure that the Group's external reporting is fair, balanced and understandable. This included, but was not limited to, the following: (i) a full document review by the Disclosure Committee, including ensuring no undue reporting of good news and material information is given due prominence; (ii) engagement of a cross-functional group of internal and external subject matter experts and content owners in the preparation and review of materials, including the ELT, Group Corporate Communications, Group Finance, Group Internal Audit, Group Legal, Investor Relations, ESG team and Company Secretariat; (iii) input and advice from appropriate external advisers, including the Company's brokers, legal advisers, and external audit challenge and scrutiny; (iv) regular research to identify emerging practice and guidance from relevant regulatory bodies; and (v) regular meetings involving the key contributors to the document, during which specific consideration was given to the fair, balanced and understandable assertion.

During the year the Audit Committee has continued its review of the use of APMs, including ensuring the appropriate balance of reported and adjusted measures in the Annual Report, which included the addition of "Distribution gross profit", and the removal, as proposed, of three APMs adopted for FY23 only, relating to the disposal of the Russia business. After consideration of the Annual Report against these criteria the Audit Committee recommended to the Board, which accepted the recommendation, that taken as a whole the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

Assessing and managing the risks faced by the Group is fundamental to achieving our strategic objectives, safeguarding our stakeholders' interests and protecting the Group from reputational or legal challenges. This is reflected in our risk management framework, which ensures significant risks are identified, managed and monitored.

The Board has responsibility for the oversight of the Group's internal control systems, risk management process and framework. The Board delegates to the Audit Committee the detailed risk assessment review and assurance over the operation of the risk management framework.

The Group's risk management approach is described in the Principal Risks and Uncertainties section on pages 42 to 45 and is designed to manage, rather than eliminate, the significant risks the Group may face. Consequently, our internal controls can only provide reasonable, and not absolute, assurance over our principal risks.

During the year the Board considered the Group's "bottom-up" risk assessment, which included consideration of both current and emerging risks and issues as discussed in the Principal Risks and Uncertainties section on pages 42 to 53.

MONITORING THE EFFECTIVENESS OF RISK MANAGEMENT

The Audit Committee is responsible for oversight of the ongoing effectiveness of the Company's approach to risk management as approved by the Board.

The Board and Audit Committee received regular updates throughout the year on the continued development of the Group's internal control systems, risk management process and framework, as well as on the results of risk assessments and internal control effectiveness assessments.

The Board and Audit Committee have been informed of, and looked at, all significant whistleblowing reports and reported frauds in the year, including financial, and are comfortable that none of these gave rise to evidence of systemic non-compliance with relevant laws and regulations.

The Audit Committee receives presentations from the Executive on their respective functions. This direct dialogue with the Audit Committee provides further assurance to the Audit Committee regarding the effective management of significant risks to the Group.

Reporting provided to the Audit Committee enables the review and monitoring of the effectiveness of our risk management and internal control systems. The Audit Committee has considered and confirmed to the Board that this is in accordance with the recommendations of the Code and the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and that such systems were in place throughout the year and up to the date of the approval of the financial statements.

INTERNAL AUDIT

Group Internal Audit (GIA) is responsible for providing objective assurance on the adequacy and effectiveness of the risk management and internal controls framework.

During the year GIA performed a risk-based audit programme aligned to the Group's strategic priorities, resulting in relevant recommendations and insights to further strengthen the Group's control framework.

The Audit Committee reviewed key reports from GIA at each Audit Committee meeting to monitor the effectiveness of the control framework and considered the effectiveness and results of the audits undertaken by GIA, and monitored management responses to the audit matters raised.

The Audit Committee also met independently with the Director of Internal Audit to discuss additional insights.

The Audit Committee reviews the effectiveness of GIA routinely through post-audit surveys and KPI reporting, and monitors progress on GIA's own strategic priorities through updates provided.

The Audit Committee also reviewed and approved the FY25 GIA plan, including the scope, risk coverage and resourcing model to deliver it.

EXTERNAL AUDIT

The Audit Committee is responsible for oversight of EY as the Group's external auditor, agreeing its audit strategy and related work plan, as well as approving its fees. At the Committee's January 2024 meeting, EY set out its external audit plan for the year, which continued to build on its previous experience, EY's continued focus on audit quality and the feedback it received from management, the Board and the Audit Committee. EY provided the Audit Committee with an overview of its evolving audit strategy, tailored to the Group, including its audit risk assessment, Group audit materiality and scope, and the key areas of its proposed audit approach.

The Audit Committee considered the external auditor's feedback, management letter and half year review. EY also provided feedback to relevant Group and local management in a number of debrief sessions and audit close meetings.

The Audit Engagement Letter detailing the provision of statutory audit and half year review services in respect of FY24 was considered and approved in a prior year.

The Audit Committee has had regular private meetings with EY and is satisfied that EY has been given full access and complete transparency by management throughout the year.

Independence of our external auditor

As part of the continual requirement to ensure the independence and objectivity of EY as our external auditor, the Audit Committee maintains and regularly reviews our Auditor Independence Policy (AIP). This policy, which provides clear definitions of services that the external auditor may and may not provide as determined by the FRC's Revised Ethical Standard published in December 2019, can be found on our website at www.imperialbrandsplc.com.

Our AIP requires that the Group Audit Partner rotates after a maximum of five years. Our FY24 Annual Report and Accounts represents the fifth year for Marcus Butler, our signing Audit Partner. Accordingly, a new Group Audit Partner, Kath Barrow, has been identified for the coming years (subject to the reappointment of EY by shareholders at our AGM).

Our AIP states that EY may only provide non-audit services where those services do not conflict with its independence. It also establishes a formal authorisation process, including tendering for individual non-audit services expected to generate fees in excess of £100,000, and prior approval by the Audit Committee for allowable non-audit work that EY may perform. Non-audit services are also documented as part of EY's pre-concurrence processes under the International Ethics Standards Board for Accountants (IESBA) Code. Guidelines for the recruitment of employees or former employees of EY, and for the recruitment of our employees by EY, are contained in the AIP.

During the year EY undertook limited non-audit work, all of which was required by law for the auditor to undertake and/or assurance or attestation-related. This non-audit work was awarded to EY due to its knowledge of the Group and it being deemed best placed to provide effectively the services required. In the current year, non-audit fees were 11% (2023: 5%) of total audit-related fees (see note 4). EY did not undertake any advisory or consultancy work for the Group. Following the auditor independence reviews during the year, the Audit Committee concluded that the level of non-audit fees is appropriate in the light of the above activities and the Audit Committee does not believe that the objectivity of the external audit has been impaired as a result of this non-audit work.

To ensure compliance with the AIP, during the year the Audit Committee carried out four auditor independence reviews, including consideration of the remuneration received by EY for audit services, audit-related services and non-audit work. The Audit Committee also considered reports by both management and EY, which did not raise any concerns in respect of EY's independence, and confirmed that EY maintains appropriate internal safeguards to ensure its independence and objectivity. The outcome of these reviews was that performance of the relevant non-audit work by EY was in compliance with the policy and was the most cost-effective way of conducting our business. No conflicts of interest were found to exist between such audit and non-audit work. The Audit Committee therefore confirmed that the Company and Group continue to receive an independent audit service.

AUDIT FEES

In the current year audit fees were £10.5 million (2023: £10.1 million) (see note 4).

AUDIT QUALITY

The Board and Audit Committee place great importance on ensuring that the Group receives a high-standard and effective external audit and any recommendation to re-appoint the auditor is based on continuing satisfactory performance. The key tool in assessing the performance of our external auditor is an audit effectiveness questionnaire. The questionnaire covers audit scope, planning, quality and delivery, challenge and communication, and independence, and is completed by members of the Audit Committee, Logista's Audit Committee and senior managers and finance executives from across the Group. Responses indicated that EY had delivered a high-quality and effective audit, with no pervasive Group-wide concerns identified. Based on its consideration of the responses, together with its own ongoing assessment, for example through the quality of EY's reports to the Audit Committee and the Committee's interaction with the Group Audit Partner, the Audit Committee remains satisfied with the efficiency and effectiveness of the audit.

The FRC Audit Quality review team also carried out a review of EY's audit of our consolidated financial statements for 2023 as part of their routine review process. The Audit Committee has received a full copy of the findings and recognises that there were no significant findings resulting from the review and that a number of areas of good practice were highlighted. The Committee also noted that the FRC rated the majority of audits carried out by EY as requiring no or only limited improvements, with none requiring significant improvement.

Audit tender

The external audit was last tendered in 2019. EY was awarded the audit in February 2019, with a 1 October 2019 start date. The next time the audit will be tendered will likely be in 2029, as required by regulation. The Audit Committee continues to review the independence and the quality of the external audit to assess whether a tender should be undertaken in advance of the regulatory requirement. The Committee's current view is that the current proposed timing is in the best interests of shareholders since, with the upcoming rotation of the external audit partner, the Group will receive fresh challenge from a new lead auditor, while continuing to benefit from an effective and efficient audit. The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

The Audit Committee recommended to the Board that EY should be reappointed as external auditor at the next AGM.

STATEMENT OF AUDITORS' RESPONSIBILITIES

EY is responsible for forming an independent opinion on the financial statements of the Group as a whole and on the financial statements of Imperial Brands PLC as presented by the Directors. In addition, it also reports on other elements of the Annual Report as required by legislation or regulation and reports its opinion to members. Further details of EY's opinions start on page 135.

ANNUAL STATEMENT FROM REMUNERATION COMMITTEE CHAIR



Committee focus in 2024

- Ensuring remuneration continues to support the Group's strategy and performance metrics operate as intended
- Attraction and retention of high-performing individuals in a competitive global marketplace
- Remuneration and terms for new members of the Executive Leadership Team
- Review of wider workforce reward considerations

Looking ahead to 2025

- Ensure remuneration continues to support delivery of the final year of the Group's existing five-year strategy and alignment with the next strategic phase
- Review wider workforce reward strategy to ensure alignment with strategy, purpose, values and overall people strategies
- Retention and incentivisation of our international Executive Leadership Team
- Impact of forthcoming EU Pay Transparency regulations on remuneration

Key sections of this report are as follows:

Annual Statement	115
Remuneration at a glance	118
Summary of Directors' Remuneration Policy and implementation in FY25	119
Annual Report on Remuneration	120
Remuneration earned for FY24	120
Determination of FY24 Annual Bonus and LTIP	121
Executive share ownership and Directors' interests	123
Comparison with employees' remuneration	125
CEO pay ratio	126
Remuneration Committee membership and duties	128

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 30 September 2024. Our Report shows how the Policy has been implemented during FY24 and implementation for FY25.

Shareholders approved our Directors' Remuneration Policy at the 2024 AGM with a vote of 95.51%. On behalf of the Committee I would again like to thank our shareholders and wider stakeholders for their engagement and support during the process.

PERFORMANCE CONTEXT

FY24 was the fourth year of the Company's five-year strategy launched in 2021. During that period Imperial Brands has been transformed into a demonstrably stronger business, delivering returns to shareholders over this period of 78.7%. Investment in consumer capabilities, simplified and more efficient operations, and a transformed performance culture, have translated into strong financial results and capital returns to shareholders.

2024 marked another year of strong operational and financial delivery. Aggregate weighted market share grew across our five priority markets in line with the Group's strategic objective while achieving strong pricing and net revenue growth. In next generation products, net revenue increased 26% at constant currency with growth across all regions and categories to build scale and improve gross margins. This supported full year adjusted operating profit growth and cash generation in line with the Group's medium-term guidance. The Company's disciplined approach to capital allocation over the past three years has underpinned investment in the business, a strong and efficient balance sheet and a track record of capital returns with three-year cumulative returns of £6 billion including share buybacks and dividends. Total shareholder return since the strategy was launched in January 2021 was 78.7% as of 30 September 2024, significantly outperforming the FTSE 100 market, up 42.7% as at the same date.

The Board looks forward to continuing its work on the next phase of the strategy in the coming months.

TOTAL SHAREHOLDER RETURN PERFORMANCE SINCE FIVE-YEAR STRATEGY LAUNCHED¹



1. Shows value of £100 invested in the Company from the launch of our five year strategy up to financial year end 30 September 2024.

SUPPORTING OUR COLLEAGUES

While there continues to be macroeconomic volatility across the globe, during FY24 we did see a slowing down of the inflationary environment. The Committee has continued to monitor the impact of a landscape that remains very challenging on our workforce in certain locations, with a number of targeted actions taken in FY24 to support our colleagues in these countries.

Annual salary budgets for FY25 have been determined taking both wage and price inflation into account. Across the countries we operate in, this year salary increases will typically range from 2% to 7% (excluding higher increases made in countries experiencing hyperinflation), with average increases in the UK at 3.4% for FY25.

REMUNERATION OUTCOMES FOR FY24

Annual Bonus plan

The FY24 Annual Bonus was based on stretching financial measures with 40% based on adjusted operating profit, 15% on adjusted operating cash conversion, 15% on market share, and 10% on NGP/consumer health (NGP net revenue). Strategic objectives formed the remaining 20% of the bonus.

Adjusted operating profit grew 4.6%, driven primarily by an improved profitability in tobacco and NGP and growth in Distribution. Working capital improvements contributed to an adjusted operating cash conversion of 100%. Our cash flow position has supported the business in maintaining investment and shareholder returns. Our aggregate market share in our priority markets was +5bps higher than FY23, with four out of our five priority markets having grown with strong pricing continuing to support our financial delivery.

NGP net revenue delivered strong growth of +26.4%, driven by growth across all categories and geographies with the US region back to growth.

The cash conversion and market share targets were met in full, while NGP net revenue and adjusted operating profit targets were achieved in part.

The Executive Directors performed exceptionally well against specific and quantifiable strategic objectives. For Stefan Bomhard, achievements included strong progress in building a sustainable NGP business and outperformance of targets in all global markets including in Europe and AAACE; successful launch of the Zone brand in the US; continuing company transformation including improved global processes and digital strategies; and progressing the strategic plan preparation for FY26-30. Lukas Paravicini's achievements against objectives included significant progress in driving working capital reductions, delivery of effective risk adjustment funding and continuing company transformation through developing our internal finance talent and business resilience and productivity.

In aggregate, as a percentage of maximum, Stefan received a bonus of 83.8% and Lukas received a bonus of 83.8%. Further details on performance measures and achievements against targets are shown on page 121. Stefan Bomhard has met his shareholding guideline in full and therefore the Committee determined 25% of his bonus will be deferred into Imperial Brands shares for three years. For Lukas Paravicini, 50% of his bonus will be deferred for three years.

The Committee believes this outcome reflects fairly the performance of the business during the year. No discretion has been applied by the Committee.

Long-Term Incentive Plan

The LTIP awards made in February 2022 were subject to EPS (40%), net debt/EBITDA (20%), ROIC (20%), and TSR (20%) performance conditions.

The Committee considered the performance outturns against the targets set.

As a Committee we believe it is appropriate to exercise judgement in certain circumstances, to ensure that performance metrics operate as originally intended and deliver out-turns that are fair to both shareholders and management. In line with the original terms of the award, the Committee considers potential adjustments in respect of significant events that could not have been anticipated at the time the targets were set and which have a distorting impact on out-turns. The intention is to ensure that vesting outcomes reflect genuine underlying business performance.

The UK Mini Budget on 23 September 2022 significantly disrupted foreign currency markets, impacting the year-end valuation of intangible assets as at 30 September, which are determined on a spot price basis. For a short number of days, the £:EUR and £:\$ rates fell sharply and subsequently recovered. This unforeseen volatility event had a very significant impact on ROIC due to the proximity of timing to our September year end, negatively impacting the ROIC measure. The Committee therefore determined that it would be appropriate to measure ROIC based on average FX rate in the calculation of the out-turn. This also aligns to the methodology under our financial gearing covenants which allow for the use of average FX rates where the impact of extreme events has a distorting impact on spot rate calculations. The impact of this decision was to increase vesting for the ROIC element from 0% to 13.0%, out of an overall weighting of 20% of the award. The Committee is satisfied that this partial vesting is a fair reflection of performance over the period.

Overall three-year average ROIC was 19.13% which was an improvement of over 100 basis points (on both the spot and average FX basis) versus the prior three-year average out-turn, reflecting Imperial Brands strong performance against this measure.

In line with the Committee's approach since the announcement of the share buyback programme and consistent with best practice, the Committee excluded the benefit of the share buyback on vesting of the EPS element. This methodology resulted in a reduction in EPS used for the LTIP calculation versus our reported actual EPS.

Further adjustments were made to exclude the impact of certain acquisitions and disposals during the period, including the Logista and US OND acquisitions and disposal of our Russian operations. The approach taken was in line with the Committee's agreed principles of consideration of acquisitions and disposals on a case-by-case basis, to ensure out-turns are a fair reflection of performance and strategy delivery to date.

The treatment of cash flows, which has an impact on net debt, was aligned to our auditor approved policy on the adjustment of certain material, non-recurring items, which in this case related to inherited, historic tax litigations. Further details of all adjustments and methodology are provided on page 122.

The EPS elements vested at 28.6% out of 40% weighting, and the net debt/EBITDA vested at 12.9% out of the 20% weighting.

Under the TSR element, Imperial was ranked 2/24 against the FMCG peer group, therefore this element vested in full.

The Committee confirmed that 74.5% of the overall maximum award will vest. The Committee is satisfied that the overall vesting fairly reflects the Company's performance during the three-year period and the wider experience of our stakeholders.

IMPLEMENTATION FOR FY25

The annual salary review is effective from 1 October 2024. Salary increases awarded to employees for FY25 will typically range from 2% to 7% across the markets we operate in (excluding higher increases made in countries experiencing hyperinflation). Our budgeted average increase for the UK workforce is 3.4% for FY25.

In setting the salary for the Executive Directors, the Committee took into consideration the approach taken for colleagues, performance and contribution, and the impact on total remuneration.

After careful consideration, the Committee decided to award a salary increase of 3.4% to both Stefan and Lukas, aligned to our average UK workforce increase. The increases reflect the strong performance and contribution from both our Executive Directors during the year. Stefan's new salary is £1,447,637 pa and Lukas' new salary is £816,413 pa.

The Committee considers carefully the measures and targets for FY25 across both the Annual Bonus and LTIP, and has sought to ensure a set of metrics that balance key financial measures, continued growth in NGP and commitment to our long-term sustainability goals, recognising that we continue to operate in an uncertain and challenging macroeconomic and geopolitical environment.

The Annual Bonus performance metrics for FY25 will be: organic adjusted operating profit at constant currency (40% weighting), market share growth (15% weighting), cash conversion (15% weighting), ESG/NGP consumer health (10% weighting) and individual/strategic objectives (20% weighting).

The FY25 LTIP will be granted in February 2025. The measures for the FY25 award will be: organic adjusted EPS growth at constant currency (weighting 40%), relative TSR (weighting 20%), return on invested capital (weighting 15%), cumulative free cash flow measure (weighting 15%), and ESG climate change (weighting 10%).

FY25 is the last year of our five-year strategy. In the coming months the Board will therefore be developing and approving the plan for the next strategic phase. For the forthcoming FY25 award, in order to allow targets to be aligned to our new strategy, these will be set following finalisation of the strategic plans. We will be announcing our strategy for the next five years on 26 March 2025 and that LTIP targets for the FY25 award will be published on our website shortly thereafter.

CHAIR FEES

The Committee reviewed and approved a 3.4% fee increase for the Company Chair. Thérèse Esperdy's fee will be £686,866 pa from 1 October 2024.

WORKFORCE ENGAGEMENT DURING THE YEAR


The Committee was directly involved in the Board's employee engagement programme which is described in more detail on pages 101 and 106. Our employee engagement sessions are a valuable way of having open conversations on the themes of the Board's agenda for the year, which have included Imperial's organisational transformation, our strategy, market challenges, and regulatory developments. As we have done in previous years, we also specifically explored the topic of reward, hearing participants' views on a range of reward topics covering the alignment of performance and reward, executive pay principles, rewarding ethical and responsible behaviours, DEI and ESG in reward and the approach taken in locations where there are ongoing social and economic challenges. I have been encouraged by, and appreciate, the continued level of openness, engagement and interest shown by our colleagues in these regular sessions and would like to thank them for their valued contribution.

CONCLUSION

As Imperial Brands enters the final year of our current strategy, we are proud of the progress we have made and the value created for our stakeholders. As we look to develop the next phase of our strategy, the Committee will continue to monitor the effectiveness of our policy in retaining and incentivising a world-class Executive Leadership Team.

Finally, I should like to thank my fellow Committee members for their support throughout the year and to welcome Julie Hamilton who joined the Committee from 1 October 2024.

Should you have any questions or feedback, please get in touch with me at RemcoChair@impbrands.com. We hope that you will support the Annual Report on Remuneration at our AGM.



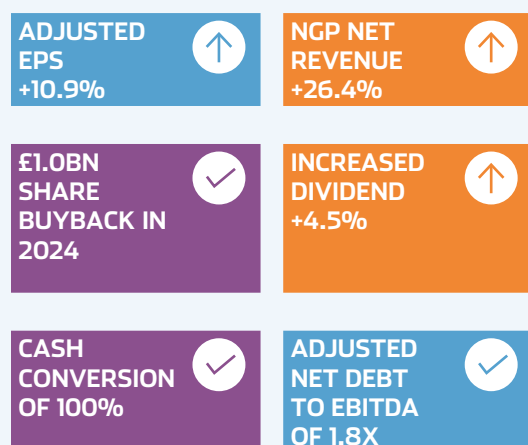
Sue Clark
Chair of the Remuneration Committee

REMUNERATION AT A GLANCE

OUR EXECUTIVE PAY PRINCIPLES

- To attract and retain the very best global talent
- To reward executives well for maximising shareholder returns sustainably and delivering long-term quality growth that benefits all our stakeholders
- To motivate executives to consistently perform to the best of their ability
- To reinforce the behaviours that support our values
- To align executive reward with the experience of our shareholders through encouraging share ownership and an “ownership” mindset
- To balance restraint with fair reward for contribution, in the way we reward executives, as we do for the wider workforce

2024 PERFORMANCE HIGHLIGHTS



TOTAL SINGLE FIGURE IN 2024

Stefan Bomhard	18%	26%	56%
Lukas Paravicini	21%	31%	48%

● Fixed pay
 ● Annual Bonus
 ● LTIP

(£,000)	Stefan Bomhard	Lukas Paravicini
Base salary	£1,400	£790
Benefits and pension	£213	£113
Total fixed pay	£1,613	£903
Annual Bonus	£2,346	£1,323
LTIP ¹	£5,123	£2,051
Total remuneration	£9,082	£4,277

EXECUTIVE DIRECTORS' VARIABLE REMUNERATION OUTCOMES FOR 2024

		Maximum % of bonus/ LTIP	Out-turn as a % of maximum bonus/LTIP	% of weighting achieved
Annual Bonus	Adjusted operating profit growth at constant currency	40%	25.1%	62.7%
	Adjusted operating cash conversion	15%	15.0%	100.0%
	Weighted market share growth	15%	15.0%	100.0%
	ESG – Consumer health/NGP revenue	10%	8.7%	86.7%
	Strategic/individual – Stefan Bomhard	20%	20.0%	100.0%
	Strategic/individual – Lukas Paravicini	20%	20.0%	100.0%
	Total			
	Stefan Bomhard	100%	83.8%	83.8%
	Lukas Paravicini	100%	83.8%	83.8%
Long-Term Incentive Plan	Adjusted EPS growth at constant currency	40%	28.6%	71.6%
	Adjusted net debt/EBITDA	20%	12.9%	64.6%
	Return on invested capital (ROIC)	20%	13.0%	65.0%
	Relative TSR	20%	20.0%	100.0%
	Total	100%	74.5%	74.5%

1. The LTIP figure in the table includes the gain made under the Sharesave Plan during the year for Stefan Bomhard.

SUMMARY OF DIRECTORS' REMUNERATION POLICY AND IMPLEMENTATION IN FY25

Our Directors' Remuneration Policy was approved by shareholders at our AGM held on 31 January 2024 with a vote of 95.51%. The below summarises the policy and how we intend to implement pay arrangements for FY25. A full version of the policy can be found on pages 147 to 153 of our Annual Report and Accounts 2023 available on the [Company website](#).

Element	Implementation for FY25			
Salary		Base salary as at Oct 23	Oct 24 base increase %	Base salary as at Oct 24
Increases generally effective from 1 October.				
Set considering Company and individual performance, role and responsibility changes, peer market data and general increases for wider workforce.	Stefan Bomhard	£1,400,036	3.4%	£1,447,637
	Lukas Paravicini	£789,568	3.4%	£816,413
	Increases for the workforce typically ranged from 2% to 7%, with average increases for the UK workforce at 3.4%.			
Pension	The maximum pension contribution or allowance for Executive Directors will be aligned with the workforce (currently 14% of salary).			
Provision in line with other employees.				
Benefits	Implementation in line with policy.			
Car (or cash allowance in lieu), health insurance, life insurance and income protection insurance. Other benefits may be provided on the basis they are also available to the wider workforce.				
Annual Bonus	Measures and weightings			
Maximum opportunity: 200% of base salary.	Adjusted operating profit growth at constant currency			40%
Subject to performance measures to reflect Group KPIs.	Adjusted operating cash conversion			15%
50% deferred into an award of shares for three years, up until the minimum shareholding guideline of 300% of gross base salary has been met. Once met, the Committee may determine that a lower portion is deferred into shares (subject to a minimum deferral of 25%).	Weighted market share growth			15%
	ESG – Consumer health/NGP revenue			10%
Malus and clawback provisions are in place.	Strategic/individual			20%
	Underlying targets are commercially sensitive and will be fully disclosed in next year’s Annual Report			
Long-Term Incentive Plan	Measures and weightings			
Maximum opportunity: CEO: 350% of base salary, CFO 250% of base salary.	Adjusted EPS growth at constant currency			40%
Performance period of three financial years.	Return on invested capital (ROIC)			15%
Retention of net-of-tax number of vested LTIP award shares for two years post vesting.	Cumulative free cash flow (CFCF)			15%
	Relative TSR			20%
Malus and clawback provisions are in place.	ESG – Climate change			10%
	FY25 is the last year of our five-year strategy and as such the three-year performance period for the FY25 award will extend beyond the current strategy. In order to align targets to our new strategy, these will be set following strategy announcement on 26 March 2025. Targets will be published on the Company’s website.			
Shareholding requirement	Implementation in line with policy.			
Expected to build a holding in the Company’s shares to a minimum value of 300% of base salary.				
Requirement to hold shares after cessation of employment to the value of the shareholding guideline (or the existing shareholding if lower at the time) for a period of one year, with the requirement reducing to half the shareholding guideline for the second year.				

TIME HORIZONS FOR REMUNERATION

	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed pay					
Annual Bonus plan	One-year performance				
	Portion deferred into shares for three years				
Long-Term Incentive Plan	Three-year performance period		Two-year holding period		

Chair and Non-Executive Directors' fees

Increases generally effective from 1 October.

Reimbursement of business-related expenses and reasonable benefits. An allowance may be paid when regular intercontinental travel is required.

With effect from 1 October 2024

Chair's fee will increase from £664,280 to £686,866 pa.

The Board, excluding Non-Executive Directors, reviewed NED fees during the year, taking into account increasing time commitments and responsibilities of Non-Executive Directors, and ensuring that fees are at an appropriate level for a large, multinational company with a diverse and international board.

NED base fee will increase from £87,305 to £90,000 pa.

Senior Independent Director fee will increase from £28,500 to £30,000 and chairs of the Remuneration and Audit Committees' fees will increase from £28,500 to £37,500 pa reflecting increased time commitment and responsibility.

Committee membership fees will increase from £5,500 to £10,000 pa and a membership fee will be introduced for the expanded People, Governance & Sustainability (PGS) Committee (Page 104 for further details on the PGS Committee).

ANNUAL REPORT ON REMUNERATION

The Annual Report on Remuneration has been split into the following sections:

1. The remuneration earned by our Directors for the financial year ended 30 September 2024
2. Details of share awards granted, share interests held and historical CEO total single figure versus shareholder returns
3. How Directors' remuneration compares with employee pay including the CEO pay ratio, our relative spend on pay and current dilution
4. Remuneration Committee membership and work undertaken during the year, details of advice received and consideration of shareholders' views

1. REMUNERATION EARNED BY OUR DIRECTORS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2024

Single Total Figure of Remuneration for each Director (Audited)

Executive Directors	Year	Salary £'000	Benefits £'000 ¹	Pension £'000 ²	Total fixed pay	Annual Bonus £'000 ³	LTIP £'000 ⁴	Other £'000 ⁵	Total variable pay	Total pay
Stefan Bomhard	2024	1,400	17	196	1,613	2,346	5,117	6	7,469	9,082
	2023	1,340	16	188	1,544	1,919	5,437	–	7,356	8,900
Lukas Paravicini	2024	790	2	111	903	1,323	2,051	–	3,374	4,277
	2023	752	4	105	861	1,062	2,226	–	3,288	4,149
Total	2024	2,190	19	307	2,516	3,669	7,168	6	10,843	13,359
Total	2023	2,092	20	293	2,405	2,981	7,663	–	10,644	13,049

1. Stefan Bomhard received an annual car allowance of £15,000. Lukas Paravicini received a company car; Stefan Bomhard received private medical insurance and Lukas Paravicini received a health cash plan.
2. Each individual received a cash supplement of 14% of salary in lieu of membership of the pension fund.
3. Annual Bonus for the year ended 30 September 2024. As the CEO has met his shareholding guideline, the Committee determined that 25% of his bonus earned for FY24 will be deferred into shares for three years. 50% of the CFO's bonus for FY24 will be deferred into shares for three years.
4. LTIP represents the value of the FY22-24 LTIP awards with a performance period ended on 30 September 2024. As these awards do not vest until February 2025 they are based on a share price of £21.45, being the three-month average to 30 September 2024, and an estimate of dividend roll-up based on announced dividend payable on 31 December 2024. Of the FY22-24 LTIP value shown, £868k and £348k relates to share price appreciation for Stefan Bomhard and Lukas Paravicini respectively. The LTIP value for FY23 has been restated to reflect the actual vesting value as at 15 February 2024.
5. For Stefan Bomhard "Other" represents the gain from the FY21 Sharesave which matured on 1 August 2024.

Non-Executive Directors	Fees £'000		Taxable benefits ¹		Total	
	2024	2023	2024	2023 ²	2024	2023
Thérèse Esperdy	664	639	61	50	725	689
Sue Clark ²	150	144	2	2	152	146
Diane de Saint Victor	93	89	2	3	95	92
Ngozi Edozien ³	105	101	13	–	118	101
Andrew Gilchrist ³	105	59	20	–	125	59
Alan Johnson	93	89	6	3	99	92
Bob Kunze-Concewitz	93	89	3	3	96	92
Julie Hamilton ^{3,4}	67	–	19	–	86	–
Jon Stanton ⁵	121	117	1	1	122	118
Total	1,491	1,327	127	62	1,618	1,389

1. Benefits in kind for Non-Executive Directors relate to the reimbursement of travelling expenses to meetings held at the Company's registered office, and assistance towards tax advisory services for non-UK based Non-Executive Directors.
2. Includes payments in respect of Senior Independent Director of £28,500 and Chair of the Remuneration Committee fees of £28,500 pa respectively.
3. Ngozi Edozien and Andrew Gilchrist's amounts include a payment of £12,000 (full year) and Julie Hamilton's amount includes a payment of £7,000 (February to September) in respect of a non-European travel allowance in recognition of the extra time commitment required for travel.
4. Julie Hamilton was appointed to the Board on 31 January 2024.
5. Includes payment in respect of chair of the Audit Committee fees of £28,500 pa.

The aggregate remuneration of all Executive and Non-Executive Directors under salary, fees, benefits, cash supplements in lieu of pensions, Annual Bonus and LTIP was £14,977k (2023 restated: £14,438k).

No Director is eligible to participate in the closed defined benefit pension fund. Each Director eligible for membership of the defined contribution pension fund has opted to receive a cash supplement in lieu and therefore, no pension disclosure is required.

Determination of 2024 Annual Bonus (Audited)

The 2024 Annual Bonus was based on a scorecard of measures. Details of the measures, their weightings, targets and extent of achievement are set out in the table below.

Measure	Weighting	Cut-in	Target	Max	Achievement	Payout
Adjusted operating profit at constant currency	40%	1.0%	4.5%	6.0%	4.6%	25.1%
Adjusted operating cash conversion	15%	90%	93%	100%	100.0%	15.0%
Weighted market share	15%	-3bps	+1bps	+5bps	+5bps	15.0%
Consumer health – NGP net revenue (£m) ¹	10%	283	311	347	335m	8.7%
Strategic/individual – Stefan Bomhard	20%	–	–	–	100%	20.0%
Strategic/individual – Lukas Paravicini	20%	–	–	–	100%	20.0%
Total bonus Stefan Bomhard	100%					83.8% of max
Total bonus Lukas Paravicini	100%					83.8% of max

1. At constant currency.

The Committee set the following strategic goals for the Executive Directors:

Strategic/individual measures and targets	Performance assessment highlighting key achievements
Stefan Bomhard <ul style="list-style-type: none"> Build a sustainable NGP business (10%) Continue company and culture transformation (5%) Progress on next strategic plan preparation (FY26-30) (5%) 	<ul style="list-style-type: none"> Growth metrics achieved across all NGP categories and regions, delivering market leading performance Global NGP net revenue targets exceeded, with strong achievement in Europe and AAACE markets Exceeded total vape share target for FY24 in our largest vapour market (UK) Significant increase in heated tobacco sales versus FY23, including achievement of market share objectives in largest markets Successful launch of Zone, with net revenue and operating profit targets exceeded Unify programme successfully launched in the UK and Ireland Sales force excellency programmes successfully implemented, including in the US Enhancement of global processes and digital strategies with technology, Global Business Services and ERP delivered in line with budget Meaningful progress made in DE&I KPIs Completion of 10-year strategic market development assessment and progression of the next phase of the strategic plan Acceleration options for next phase of NGP strategy developed in July 2024
Total payout as a % of maximum bonus: 83.8%	
Lukas Paravicini <ul style="list-style-type: none"> Drive shareholder value (10%) Continue company transformation (10%) 	<ul style="list-style-type: none"> Average working capital reduction of £180 million across Australia, USA, UK, Germany and Morocco achieved, significantly exceeding the target reduction Global IT and Unify operating expenditure and capex delivered in line with targets Cost of risk adjusted funding achieved below the maximum cost of funding target Delivery of profitable NGP growth, with Group growth in line with target, and outperformance in our largest market (Europe) Sustained strong Finance, IT (FIT) engagement against evolved operating model, with PL Index rising to 84% (+8pp vs FY23) Completed the build of refreshed FIT leadership team to drive the business forward FIT Business Partner impact on-market stakeholders strengthened with a 7+/10 score in all areas Successfully rolled out Unify transformation initiative, with UK & Ireland go live of Unify on track Improved productivity across FIT with 5% productivity gains vs FY21 Improved business resilience and effective risk management framework in place, with Chief Information Security Officer (CISO) organisation and cybersecurity training performed
Total payout as a % of maximum bonus: 83.8%	

Individual Annual Bonus payments:

Executive Directors	Total Annual Bonus £'000	
	Maximum	Actual ¹
Stefan Bomhard	£2,800	£2,346
Lukas Paravicini	£1,579	£1,323

1. As the CEO has met his shareholding guideline, the Committee determined that only 25% of his bonus earned for FY24 will be deferred into shares for three years. 50% of the CFO's bonus for FY24 will be deferred into shares for three years.

Long-Term Incentive Plan awards vesting (Audited)

Performance awards vesting in February 2025 are based on performance measured over the three-year period ended 30 September 2024.

The Committee considers it appropriate to exercise judgement in certain circumstances to ensure that performance metrics operate as originally intended. The UK Mini Budget on 23 September 2022 significantly disrupted foreign currency markets, impacting the year-end valuation of intangible assets as at 30 September, which are determined on a spot price basis. For a short number of days, the £:EUR and £:\$ rates fell sharply and subsequently recovered. This unforeseen volatility event had a very significant impact on ROIC due to the proximity of timing to our year end, negatively impacting the ROIC measure. The Committee therefore determined that it would be appropriate to measure ROIC based on an average FX rate in the calculation of the out-turn. This also aligns to the methodology under our financial gearing covenant which allow for the use of average FX rates where the impact of extreme events has a distorting impact on spot rate calculations.

In line with best practice, the methodology excludes the benefit of share buybacks on vesting of the EPS element. Further adjustments were made in line with our existing principles around case-by-case consideration of acquisitions and disposals, and the treatment of cash flows was aligned to our auditor-approved Alternative Performance Measures (APM) policy in relation to certain material, non-recurring items.

Measure	Weighting	Cut-in (25% vesting)	Target (60% vesting)	Maximum (100% vesting)	Actual performance	Percentage of award vesting
Adjusted EPS growth at constant currency (average annual growth)	40%	3.7%	4.6%	5.6%	4.9%	28.6%
Adjusted net debt/EBITDA (for FY24)	20%	1.46	1.37	1.28	1.36	12.9%
Return on invested capital (ROIC) (average annual)	20%	18.7%	19.1%	19.5%	19.13%	13.0%
Relative TSR (return over three financial years)	20%	Median	n/a	Upper quartile	2/24	20.0%
Achievement						74.5%

Adjusted EPS excludes the impact of share buybacks and associated financing costs.

Due to the impact of the UK Mini Budget on 23 September 2022, which significantly disrupted foreign currency markets and impacted the year-end valuation of intangible assets as at 30 September 2022 which are determined on a spot price basis, an average FX rate was used in the calculation of the out-turn. This aligns to the methodology under our financial gearing covenants which allow for the use of average FX rates where the impact of extreme events have a distorting impact on spot rate calculations. The impact of this decision was to increase vesting for the ROIC element from 0% to 13.0%, out of an overall weighting of 20% of the award.

In respect of acquisitions and disposals made during the period, the Committee applied its agreed principles of consideration on a case-by-case basis. The methodology applied adjusted out the impact of the disposal of the Russian operations and the US OND and Logista acquisitions from the EPS and net debt/EBITDA metrics.

An adjustment was made in respect of a cash outflow relating to inherited, historic tax litigations carried on the balance sheet. This was to align it to the treatment under our auditor approved Alternative Performance Measures (APM) policy in relation to distorting non-recurring items.

The TSR measure compared the Company's performance against the following companies: Altria Group, Anheuser-Busch InBev, British American Tobacco, Brown-Forman, Carlsberg, Carnival, Clorox, Constellation Brands, Diageo, Heineken, Henkel, Japan Tobacco, Kimberly-Clark, Kirin Holdings, L'Oréal, Monster Beverage, Pernod Ricard, PepsiCo, Philip Morris International, Procter & Gamble, Reckitt Benckiser Group, Unicharm and Unilever PLC.

Vested awards are subject to a two-year holding period.

Payments for loss of office and payments to former Directors (Audited)

No payments to report.

2. DETAILS OF SHARE AWARDS GRANTED, SHARE INTERESTS HELD AND HISTORICAL CEO TOTAL SINGLE FIGURE VERSUS SHAREHOLDER RETURNS

Performance awards granted during the year (Audited)

When determining the Directors' awards, the Committee took into account the prevailing share price performance over the year and the number of shares awarded as a result.

	Date of grant	Share price ¹	Number of nil-cost options	Face value	Amount of base salary	End of performance period
Stefan Bomhard	15 February 2024	£18.92	258,991	£4,900,110	350%	30 September 2026
Lukas Paravicini	15 February 2024	£18.92	104,329	£1,973,905	250%	30 September 2026

1. Valued using the closing share price the trading day prior to grant.

The targets for the above performance awards are as follows:

Measure	Weight	Minimum performance (25% vesting)	Maximum performance (100% vesting)
		Cut-in	Max
Adjusted EPS growth at constant currency	40%	3.9%	5.8% or higher
Return on invested capital (ROIC) (average annual)	15%	19.1%	21.9% or higher
Cumulative free cash flow (CFCF) (£m)	15%	5.9bn	7.5bn or higher
Relative TSR	20%	Median	Upper quartile
ESG – Scope 1 & 2 emissions reduction	5%	70%	75%
ESG – Energy reduction	5%	4.5%	7.5%

Adjusted EPS excludes the impact of share buybacks and associated financing costs.

The TSR comparator group comprises the following companies: Altria Group, Anheuser Busch InBev, British American Tobacco, Carlsberg B, Coca Cola Company, Constellation Brands, Diageo, Heineken, Japan Tobacco, Kimberly-Clark, Kirin Holdings, L'Oreal, Monster Beverage, Pernod Ricard, PepsiCo, Philip Morris International, Procter & Gamble, Reckitt, Unicharm, and Unilever.

Each measure operates independently and is capable of vesting regardless of the Company's performance in respect of the other metrics. The Committee retains discretion to adjust up or down including to zero the number of shares that vest taking into account a number of factors including personal or corporate performance and circumstances that were unforeseen at the date of grant.

SHARE INTERESTS AND INCENTIVES (AUDITED)

	Shares held at 30 September 2023	Shares held at earlier of 30 September 2024 and leaving date		Dividends reinvested post year end	Conditional awards and options held at earlier of 30 September 2024 and leaving date				
		Owned outright ¹	Subject to a holding period	Owned outright	Awards unvested and subject to performance conditions	Awards unvested and subject to continued employment	Options unvested and subject to continued employment	Vested but not exercised	Options exercised during the year
Executive Directors									
Stefan Bomhard	134,955	244,772	201,688	627	746,511	158,517	581	–	297,683
Lukas Paravicini	21,618	64,887	64,185	670	297,056	70,150	–	–	121,592
Non-Executive Directors									
Thérèse Esperdy ²	61,729	61,861	–	21	–	–	–	–	–
Sue Clark	8,040	8,628	–	22	–	–	–	–	–
Diane de Saint Victor	625	6,737	–	68	–	–	–	–	–
Ngozi Edozien ³	621	644	–	3	–	–	–	–	–
Andrew Gilchrist ⁴	3,238	6,238	–	0	–	–	–	–	–
Alan Johnson	984	1,061	–	0	–	–	–	–	–
Bob Kunze-Concewitz	50,974	50,974	–	0	–	–	–	–	–
Julie Hamilton ⁵	0	500	–	0	–	–	–	–	–
Jon Stanton	3,260	3,402	–	20	–	–	–	–	–

1. The number of shares owned outright includes those shares subject to a holding period.

2. Thérèse Esperdy's shares are in the form of American Depositary Receipts.

3. Ngozi Edozien's share amount of 644 includes 353 American Depositary Receipts.

4. Andrew Gilchrist's shares are in the form of American Depositary Receipts.

5. Julie Hamilton was appointed to the Board on 31 January 2024. Julie's shares are in the form of American Depositary Receipts.

6. There have been no changes in Director share figures reported in the table above, between 30 September 2024 and the date this report was signed, other than the dividend reinvestment post year end figures included in the table.

Our middle market share price at the close of business on 30 September 2024, being the last trading day of the financial year, was £21.73 and the range of the middle market price during the year was £15.80 to £22.57.

Full details of the Directors' share interests are available for inspection in the Register of Directors' Interests at our registered office.

EXECUTIVE SHAREHOLDINGS (AUDITED)

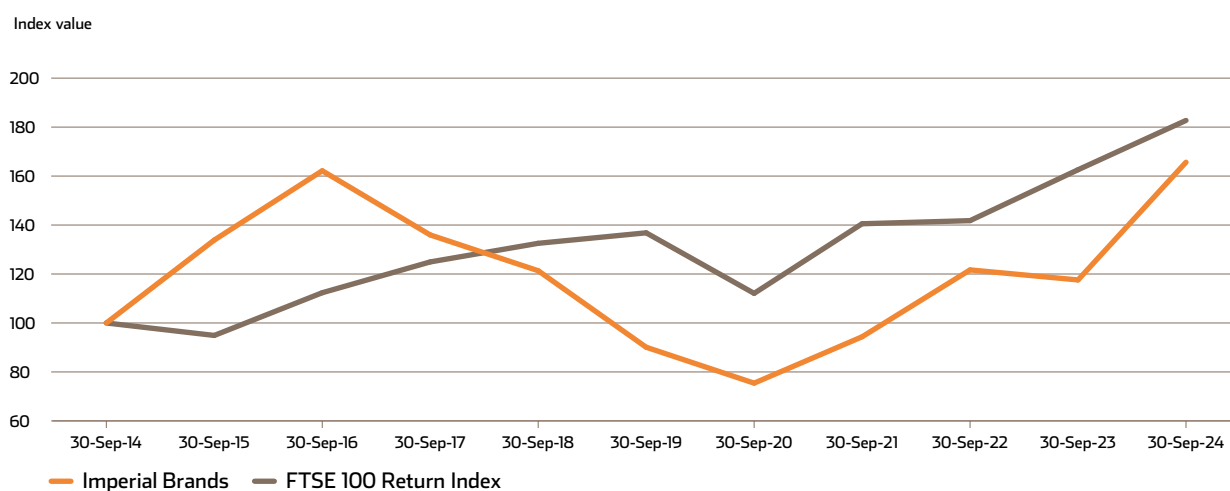
	Shares held at start of year ¹	Shares held at end of year ^{1,2}	Increase in shares held during year	Value of shares held at start of year ³ £'000	Value of shares held at end of year ⁴ £'000	Difference in value £'000	Shareholding required (% salary)	Current shareholding (% salary/fees)	Requirement met – pro rata basis ^{5,6}	Requirement met – in full ^{5,6}
Executive Directors										
Stefan Bomhard ⁵	134,955	328,786	193,831	2,250	7,145	4,895	300	510	Yes	Yes
Lukas Paravicini ⁶	21,618	102,067	80,449	360	2,218	1,858	300	281	Yes	No

1. Shares held is inclusive of shares owned outright, those vested but subject to a holding period awarded, including shares awarded under the Deferred Share Bonus Plan being the deferred element of the Annual Bonus.
2. Or date of leaving if earlier.
3. Based on a share price of £16.67, being the closing price on 29 September 2023.
4. Based on a share price of £21.73, being the closing price on 30 September 2024.
5. Stefan Bomhard joined the Board on 1 July 2020 and has satisfied his obligation to build his shareholding to 300% of his salary within five years.
6. Lukas Paravicini joined the Board on 1 May 2021 and has five years to build to his shareholding requirement.

REVIEW OF PAST PERFORMANCE

The chart below shows the value of £100 invested in the Company on 1 October 2014 compared with the value of £100 invested in the FTSE 100 Index for each of our financial year-ends to 30 September 2024. We have chosen the FTSE 100 Index as it provides the most appropriate and widely recognised index for benchmarking our corporate performance over a 10-year period.

Total shareholder return performance



CHANGE IN CHIEF EXECUTIVE OFFICER REMUNERATION

	2024 Stefan Bomhard	2023 Stefan Bomhard	2022 Stefan Bomhard	2021 Stefan Bomhard	2020 Stefan Bomhard	2020 Joerg Biebernick	2020 Dominic Brisby	2020 Alison Cooper	2019 Alison Cooper	2018 Alison Cooper	2017 Alison Cooper	2016 Alison Cooper	2015 Alison Cooper
Total remuneration £'000	9,082	8,900	5,432	3,421	1,104	963	943	448	2,137	3,935	4,657	5,404	3,637
Annual Bonus as a percentage of maximum	83.8	71.6	84	64.1	40 ¹	40 ¹	40 ¹	40 ¹	31 ²	87	60	72	80
Shares vesting as a percentage of maximum	74.5	85	19.8 ³	30.8 ⁴	nil	nil	nil	nil	nil	20	44.4	45.7	15.8

1. 48.4% was the formulaic out-turn; however, the Remuneration Committee accepted the CEO's recommendation and used its discretion to reduce this to 40%.

2. 51% was the formulaic out-turn; however, the Remuneration Committee used its discretion and reduced this to 31%.

3. Relates to vesting of Long-Term Incentive Plan (excluding Recruitment Award).

4. Relates to vesting of Recruitment Award based on performance criteria of former employer.

3. HOW DIRECTORS' REMUNERATION COMPARES WITH EMPLOYEES' REMUNERATION

There is a strong alignment between how we approach pay for our Executive Directors and the wider workforce, with a focus on performance-related pay and similar performance metrics in our Annual Bonus and LTIP. Our reward packages are designed to attract, incentivise and retain the best talent, driven by market practice, skills and experience.

Executive Directors		UK employees
Increase in line with or below wider workforce	Salary	Average increase of 3.4% for FY25
Mix of financial/strategic measures, with a portion of bonus deferred into award over shares	Annual Bonus	Mix of financial/strategic measures 100% paid in cash
Performance metrics measured over three years, with two-year holding period after vesting	LTIP	Performance metrics measured over three years. No holding period
14% cash or contributions into Company's pension fund	Pension	The majority of UK employees receive a contribution of 14% of salary
£250 per month and three-year savings period	Sharesave	£250 per month and three-year savings period

Consideration of colleagues' views

Our colleagues are at the core of our business, and during the year the Board continued its employee engagement sessions which gave us an opportunity to hear feedback from colleagues on a variety of topics including our organisational transformation, strategy, market challenges and regulatory developments. We also explored the topic of reward, giving participants the opportunity to discuss how the Committee aligns executive reward with the approach to pay for all employees, and to understand their views on reward at Imperial Brands. This is the fourth year that the Board has held this reward session and the level of engagement was extremely high with a constructive discussion covering:

- The alignment of performance and reward, following the transformation undertaken in the last four years to a more inclusive and performance-based culture
- Our executive pay principles and how they are achieving their goals
- Aligning reward with our DEI and ESG agendas
- Encouraging and rewarding ethical and responsible behaviours
- Reward challenges in locations experiencing ongoing social and economic challenges

The Board continues its commitment to listening to colleagues and appreciates the opportunity this forum provides them with in understanding what is important to the Group's employees and how their priorities evolve with each year of our employee engagement programme. These views are considered in decision-making and actions taken in the year.

We look forward to continuing our employee engagement session on reward in FY25 to ensure that we stay close to the evolving priorities of our diverse workforce.

PERCENTAGE CHANGE IN BOARD REMUNERATION

The table below shows the percentage change in the salary, benefits and Annual Bonus for the Directors, between FY24 and FY23, as well as the disclosures for FY23, FY22, FY21 and FY20.

	Year-on-year change in pay for Directors compared with UK employees														
	2024			2023			2022			2021			2020		
	Salary (%)	Benefits (%)	Annual Bonus (%)	Salary (%)	Benefits (%)	Annual Bonus (%)	Salary (%)	Benefits (%)	Annual Bonus (%)	Salary (%)	Benefits (%)	Annual Bonus (%)	Salary (%)	Benefits (%)	Annual Bonus (%)
Executive Director															
Stefan Bomhard (from 1 Jul 20)	4.5	6.3	22.3	3.0	(5.9)	(12.2)	2.5	0.0	34.3	58.6 ²	183.3 ²	540.6 ²	-	-	-
Lukas Paravicini (from 1 May 21)	5.1	(50.0)	24.6	3.0	(73.3)	(11.9)	140.1 ²	150.0 ²	241.4 ²	-	-	-	-	-	-
Non-Executive Directors															
Thérèse Esperdy	3.9	22.0	-	3.1	22.0	-	2.5	-	-	24.7	(100)	-	353.3 ²	(41.3)	-
Sue Clark	4.2	0.0	-	2.1	(50.0)	-	2.2	-	-	7.0	(100)	-	55.4	(50.0)	-
Alan Johnson (from 1 Jan 21)	4.5	100.0	-	2.3	(40.0)	-	-	-	-	-	-	-	-	-	-
Andrew Gilchrist (from 1 Mar 23)	78.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bob Kunze-Concewitz (from 1 Nov 20)	4.5	0.0	-	2.3	(40.0)	-	11.5 ²	-	-	-	-	-	-	-	-
Jon Stanton	3.4	0.0	-	2.6	(50.0)	-	1.8	-	-	17.9	(100)	-	187.9 ²	0.0	-
Ngozi Edozien (from 15 Nov 21)	4.0	-	-	16.1 ²	(100.0)	-	-	-	-	-	-	-	-	-	-
Diane de Saint Victor (from 15 Nov 21)	4.5	(33.3)	-	15.6 ²	(40.0)	-	-	-	-	-	-	-	-	-	-
Julie Hamilton (from 31 January 2024)	-	-	-												
All UK employees	4.8	12.0	3.1	6.6	5.9	4.1	2.7	7.3	2.9	0.0	2.4	7.9	6.69	(5.72)	32.44

1. A year-on-year comparison is not possible in the year that a Director joins the Board.

2. Increase reflects first full year.

CEO PAY RATIO

The table below shows the multiple of our CEO's pay ratio to median, lower quartile and upper quartile pay in the UK. The calculations are based on methodology Option A as defined by the regulations and by calculating the pay and benefits of all UK employees on a full-time equivalent basis. Option A was chosen as it is the most robust approach. The CEO pay ratio is based on comparing the CEO's pay to that of Imperial Brands' UK-based employee population, a large proportion of whom are in sales roles. The Committee anticipates that the ratios are likely to be volatile over time, largely driven by the CEO's incentive outcomes which are dependent on Group-wide results.

The pay levels shown for the percentiles reflect remuneration for the 12 months to 30 September 2024.

Financial year	Calculation methodology	P25 (lower quartile) x:1	P50 (median) x:1	P75 (upper quartile) x:1
2024	A	154.6	102.3	67.5
2023 ¹	A	156.6	116.0	72.0
2022	A	98.0	75.8	49.6
2021	A	60.7	48.4	31.1
2020	A	50.2	38.7	24.4
2019	A	53.0	36.5	22.0
	Stefan Bomhard	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
Total remuneration	£9,082,022	154.6	102.3	67.5
Base salary	£1,400,036	31.3	24.5	16.0

1. 2023 CEO pay ratios have been updated to reflect the value of the updated 2023 CEO single figure which incorporates long-term incentives based on actual vesting, rather than the estimate used for the 2023 disclosure.

The CEO total remuneration pay ratio has decreased across all percentiles, despite a small increase in CEO total remuneration. The decrease in pay ratio is driven largely by a lower LTIP vesting percentage compared to last year and by one-off payments made to certain employees in respect of the closure of the UK Defined Benefit pension plan, increasing the total remuneration figures for the P25, P50 and P75 comparison employees. The CEO base salary ratio has remained static.

The salary component for FY24 at each quartile is £44,688 (P25), £57,041 (P50) and £87,500 (P75). The equivalent total pay numbers are £58,762 (P25), £88,774 (P50) and £134,532 (P75).

The Committee is satisfied that the overall picture presented by the 2024 pay ratios is consistent with the reward policies for our UK employees. The Committee takes into account these ratios when making decisions around the Executive Director pay packages, and Imperial Brands takes seriously the need to ensure competitive pay packages across the organisation.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the expenditure and percentage change in overall spend on employee remuneration, dividends and share buybacks.

£ million unless otherwise stated	2024	2023	Percentage change
Executive Directors' total remuneration ^{1,2}	13	13	-
Overall expenditure on pay ²	923	882	4.6
Dividend paid in the year	1,299	1,312	(1.0)
Share buybacks in the year ³	1,020	1,006	13.9

1. Executive Directors' total remuneration is based on the total single figure for all Executive Directors and is included to provide a comparison between Executive Director and overall employee pay.

2. Excludes employer's social security costs.

3. In FY24, expenditure includes £1.014 billion of share buybacks and £6 million of fees and stamp duty.

EMPLOYEE BENEFIT TRUSTS

Our policy remains to satisfy options and awards under our employee share plans either from market-purchased ordinary shares or ordinary shares held in treasury, distributed through our employee benefit trusts: the Imperial Tobacco Group PLC Employee and Executive Benefit Trust (the Executive Trust) and the Imperial Tobacco Group PLC 2001 Employee Benefit Trust (the 2001 Trust) (together the Employee Benefit Trusts).

As at 30 September 2024, we held 68,289,137 ordinary shares in treasury which can be used to satisfy options and awards under our employee share plans either directly or by gifting them to the Employee Benefit Trusts.

Options and awards may also be satisfied by the issue of new ordinary shares.

Details of the ordinary shares held by the Employee Benefit Trusts are as follows:

	Balance at 01/10/2023	Acquired during year	Distributed during year	Balance at 30/09/2024	Ordinary shares under award at 30/09/2024	Surplus/(shortfall)
Executive Trust	1,393,103	2,000,000	(3,157,871)	235,232	9,275,996	(9,040,764)
2001 Trust	176,301	0	(176,301)	0	0	0

SHARE PLAN FLOW RATES

The rules of each of the Company's share plans contain provisions limiting the grant of options and awards to shares representing no more than 10% of the issued share capital of the Company over a period of 10 years (or, in the case of options and awards granted under the LTIP and Deferred Share Bonus Plan, 5% of issued share capital over the same 10-year period). As at 30 September 2024, an aggregate total of 1% of the Company's issued share capital (including shares held in treasury) is subject to options and awards under our executive and all-employee share plans.

SUMMARY OF OPTIONS AND AWARDS GRANTED

Limit on awards	Cumulative options and awards granted as a percentage of issued share capital (including those held in treasury)	Options and awards granted during the year as a percentage of issued share capital (including those held in treasury)
10% in 10 years	3.3	0.5
5% in 5 years	2.2	0.5
5% in 10 years (executive plans)	2.7	0.4

EXTERNAL BOARD DIRECTORSHIPS

The Committee recognises that external non-executive directorships are beneficial for both the Executive Director concerned and the Company. Each serving Executive Director is restricted to one external non-executive directorship in a listed company and may not serve as the chair of a FTSE 100 company. At the discretion of the Board, Executive Directors are permitted to retain fees received in respect of any such non-executive directorship.

Stefan Bomhard is a non-executive director of Compass Group PLC and was permitted to retain the £99,575 fee received from this position in the financial year.

EXECUTIVE DIRECTORS' SERVICE AGREEMENTS

Executive Director	Date of contract	Expiry date	Compensation on termination following a change of control
Stefan Bomhard	31 January 2020	Terminable on 12 months' notice	No provisions
Lukas Paravicini	11 April 2021	Terminable on 12 months' notice	No provisions

1. Service agreement dated 31 January 2020 with a start date of 1 July 2020.
2. Service agreement dated 11 April 2021 with a start date of 1 May 2021.

Copies of Executive Directors' service agreements are available to view at the Company's registered office.

4. REMUNERATION COMMITTEE MEMBERSHIP AND DUTIES

The Board is ultimately accountable for executive remuneration, but has delegated this responsibility to the Committee, at least three of whose members are independent Non-Executive Directors. The Chair, who is a member of the Committee, was independent on appointment. We consider this independence fundamental in ensuring that Executive Directors' and senior management's remuneration is set by those who have no personal financial interest, other than as shareholders, in the matters discussed. To reinforce this independence, a standing item at each Committee meeting allows the members to meet without any Executive Director or other manager being present.

Biographical details of the current members of the Remuneration Committee are set out at pages 92 to 95. Members of the Committee are appointed by the Board following recommendation by the People, Governance & Sustainability Committee (formerly known as the People & Governance Committee).

The Committee considers its key responsibility as being to support the Company's strategy and its short and long-term sustainable success. This is ensured by the adherence to our executive pay principles set out on page 118 and to the Directors' Remuneration Policy which together set the right conditions for high-calibre executives to deliver and, further, to provide long-term benefits to all stakeholders. It also determines the specific remuneration package, including service agreements and pension arrangements, for the Chair, each Executive Director and our Executive Leadership Team. When setting the policy for Executive Director remuneration, the Committee reviews workforce remuneration and related policies to ensure the alignment of incentives and rewards across the Group.

The Committee's other responsibilities include:

- Maintaining a competitive Remuneration Policy appropriate to the business environment of the countries in which we operate, thereby ensuring we can attract, retain and motivate high-calibre individuals throughout the business;
- Aligning Executive Directors' and senior management's remuneration with the interests of long-term shareholders and other stakeholders whilst ensuring that remuneration is fair but not excessive and reflects the contribution made;
- Setting measures and targets for the performance-related elements of variable pay;
- Oversight of our overall policy for employee remuneration, employment conditions and our employee share plans; and
- Ensuring appropriate independent advisers are appointed to provide advice and guidance to the Committee.

The Committee's terms of reference are available on our website www.imperialbrandspc.com

When carrying out its duties the Committee considers the Remuneration Policy and practices in the context of provision 40 of the UK Corporate Governance Code, as follows:

Clarity – The Remuneration Policy sets out clearly each element of remuneration limits in terms of quantum and the discretions the Committee can apply. The DRR sets out the arrangements clearly and transparently. Questions on the remuneration arrangements can be raised at the AGM and through our employee engagement programme.

Simplicity – The remuneration structure for our Executive Directors consists of fixed pay (base salary, pension and benefits), Annual Bonus and a Long-Term Incentive Plan. Our remuneration structures throughout the organisation are simple in nature and understood by employees.

Risk – A number of features within the Remuneration Policy exist to manage different kinds of risks; these include:

- Malus and clawback provisions operating across all discretionary incentive plans;
- Deferral of remuneration and holding periods;
- Remuneration Committee discretion to override formulaic out-turns to ensure incentive payouts reflect underlying business performance and shareholder experience;
- Limits on awards specified within the policy and plan rules; and
- Regular interaction with the Audit Committee.

Predictability – The Committee regularly reviews the performance of in-flight awards so it understands the likely outcomes.

Proportionality – The Committee is against rewarding poor performance and, therefore, a significant portion of remuneration is performance-based and dependent on delivering the Company's strategy. Performance targets are based on a combination of measures to ensure there is no undue focus on a single measure.

Alignment – There is a clear progression of remuneration throughout the workforce with performance measures supporting the key performance indicators and the long-term sustainability of the business. The Committee reviews the Remuneration Policy, taking into account the feedback received from shareholders and the impact on the wider workforce.

Remuneration Committee meetings 2023/24

The Remuneration Committee met for three scheduled meetings during the year. Details of the main activities covered in the meetings are set out below.

	Nov-23	Jun-24	Sep-24
Approval of Bonus (FY23) and LTIP (2021-2023) out-turns	●		
Review of Executive Directors' remuneration dashboard	●	●	●
Review of CEO pay ratio and approval of DRR (FY23)	●		
Approval of Bonus (FY24) and LTIP (2024-2026) targets and weightings	●		
Discussion on workforce remuneration		●	
Review of forecasts for in-flight Bonus and LTIP out-turns		●	●
Discussion of Bonus (FY25) and LTIP (2025-2027)			●
Approval of base salaries for Executive Leadership Team and Chair's fee			●
Review of the Committee's terms of reference			●

The Remuneration Committee members as at the November 2023 meeting were Sue Clark (Chair), Bob Kunze-Concewitz, Diane de Saint Victor and Jon Stanton with all attending the November meeting. Ngozi Edozien joined the Committee on 1 January 2024 and all Committee members attended the June and September 2024 meetings. Other regular attendees include the CEO, Company Secretary, Chief People and Culture Officer, Global Reward Director and the Committee's principal adviser. None of the individuals were present for any decisions relating to their own remuneration.

Remuneration Committee evaluation 2023/24

The Board and its Committees undertook an internally facilitated review of its effectiveness during FY24. The evaluation concluded that the Committee was performing effectively, with a good balance achieved between motivating the Executive and ensuring that shareholder interests were met. Areas of focus for FY25 include the format of meetings and deep dives on the forthcoming EU regulations on remuneration and gender pay comparisons across the Group.

Further information on the Board evaluation is on page 107.

Advice provided to the Remuneration Committee

Deloitte LLP was appointed as the independent adviser to the Committee throughout FY24. Deloitte was paid fees of £251,280 for its services during the year.

Deloitte is a member of the Remuneration Consultants Group and complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. Deloitte LLP provided other advisory services including corporate tax and employee mobility advice, employee engagement and technology consulting services.

The Committee is satisfied that advice received by Deloitte during the year was independent and objective and that all individuals who provided remuneration advice to the Committee have no connections with Imperial Brands that may impair their independence.

Other companies which provided advice to the Remuneration Committee are as follows:

Alithos Limited undertook total shareholder return (TSR) calculations and provided advice on all TSR-related matters. During the year it was paid £23,400 and provided no other services to the Company. Willis Towers Watson provided market pay data and was paid £9,600 for these services. Willis Towers Watson also provided actuarial and wider reward-related services to the Company. Both advisers were appointed by the Committee, which remains satisfied that the provision of those other services in no way compromises their independence. They are all paid on the basis of actual work performed rather than on a fixed fee basis.

VOTING ON THE REMUNERATION REPORT AT THE 2024 AGM

At the 2024 AGM there was a vote to approve the Directors' Remuneration Report and our Directors' Remuneration Policy.

Resolution	Votes for including discretionary votes	Percentage for	Votes against	Percentage against	Total votes cast excluding votes withheld	Votes withheld ¹	Total votes cast including votes withheld
Directors' Remuneration Report	678,661,665	97.72	15,835,705	2.28	694,497,370	10,855,174	705,352,544
Directors' Remuneration Policy	673,024,462	95.51	31,631,996	4.49	704,656,458	696,086	705,352,544

1. Votes withheld are not included in the final figures as they are not recognised as a vote in law.

The strong support received for the Directors' Remuneration Report and Directors' Remuneration Policy followed engagement with our largest shareholders during 2022 and 2023. The input we received from shareholders was extremely helpful. At the 2025 AGM, shareholders will be invited to vote on the 2024 Directors' Remuneration Report (advisory vote).



Sue Clark

Chair of the Remuneration Committee