Prospectus

Imperial Brands Finance PLC

(Incorporated with limited liability in England and Wales with registered number 03214426)

Imperial Brands Finance Netherlands B.V.

(Incorporated as a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) in the Netherlands with registered number 861264824)

€15,000,000,000
Debt Issuance Programme
Irrevocably and unconditionally guaranteed by

Imperial Brands PLC

(Incorporated with limited liability in England and Wales with registered number 03236483)

This Prospectus supersedes the prospectus dated 23 June 2020. Any Notes issued after the date hereof under the Debt Issuance Programme described in this Prospectus (the "Programme") are issued subject to the provisions set out herein. This Prospectus will not be effective in respect of any Notes issued under the Programme prior to the date hereof.

Under the Programme, Imperial Brands Finance PLC ("IBF") and Imperial Brands Finance Netherlands B.V. ("IBFN") (together, the "Issuers" and each an "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities (the "Notes") guaranteed by Imperial Brands PLC ("IB" or the "Guarantor") and Imperial Tobacco Limited ("ITL" or "Imperial Tobacco"). Please see the Trust Deed dated 25 January 2023 (the "Trust Deed") which is available for viewing by Noteholders as described on page 126 for further details about the IB guarantee and page 106 for further details regarding the ITL guarantee. The aggregate nominal amount of Notes outstanding will not at any time exceed €15,000,000,000 (or the equivalent in other currencies).

This Prospectus has been approved as a base prospectus by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") (the "UK Prospectus Regulation"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuers, the Guarantor or ITL or of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the FCA (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's main market (the "Market"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("UK MiFIR").

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the United Kingdom (the "UK") and/or offered to the public in the UK other than in circumstances where an exemption is available under Section 86 of the Financial Services and Markets Act 2000 (FSMA). The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

Each Series (as defined below) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note"). Notes in registered form ("Registered Notes") will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Global Notes and Certificates may (i) if the Global Notes are intended to be issued in New Global Note ("NGN") form or if the Global Certificates are intended to be held under the New Safekeeping Structure (the "NSS"), as specified in the applicable final terms ("Final Terms"), be deposited on the issue date with a common safekeeper (the "Common Safekeeper") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"); and (ii) if the Global Notes are intended to be issued in Classic Global Note ("CGN") form, or if the Global Certificates are not intended to be held under the NSS as specified in the applicable Final Terms, be deposited on the issue date with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes While in Global Form".

IB has a solicited long term debt rating of Baa3 by Moody's Investors Service Ltd ("Moody's"), BBB by S&P Global Ratings UK Limited ("S&P") and BBB by Fitch Ratings Limited ("Fitch"). The Programme has been rated Baa3 by Moody's and BBB by S&P. Each of Moody's, S&P and Fitch is established in the UK and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "UK CRA Regulation"). Each of Moody's, S&P and Fitch is not established in the European Economic Area (the "EEA") and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "EU CRA Regulation"). The ratings issued by Moody's, S&P and Fitch have been endorsed by Moody's Deutschland GmbH ("Moody's Europe"), S&P Global Ratings Europe Limited ("S&P Europe") and Fitch Ratings Ireland Limited ("Fitch Europe"), respectively in accordance with the EU CRA Regulation. Each of Moody's Europe, S&P Europe and Fitch Europe is established in the EEA and registered under the EU CRA Regulation. As such each of Moody's Europe, S&P Europe and Fitch Europe is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the EU CRA Regulation.

Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche (as defined below) of Notes is rated, such solicited rating will be disclosed in the Final Terms and will not necessarily be the same as the solicited rating assigned to the Programme by Moody's and S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes will be calculated by reference to EURIBOR. As at the date of this Prospectus, the administrator of EURIBOR is included in the FCA's register of administrators under Article 36 of Regulation (EU) No 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "UK Benchmarks Regulation"). **Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.**

Arranger

NatWest Markets

Dealers

Banco Bilbao Vizcaya Argentaria, S.A.
Barclays
BofA Securities
Emirates NBD Capital
Mizuho
NatWest Markets
SMBC Nikko
UniCredit

Bank of China
CaixaBank
Commerzbank
HSBC
MUFG
Santander Corporate & Investment Banking
Standard Chartered Bank
Wells Fargo Securities

25 January 2023

IMPORTANT INFORMATION

This Prospectus comprises a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation and for the purpose of giving information with regard to the Issuers, the Guarantor, ITL and the Notes which, according to the particular nature of the relevant Issuer, the Guarantor, ITL and the Notes, is necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the relevant Issuer, the Guarantor and ITL, of the rights attaching to the Notes and the reasons for any issuance and its impact on the relevant Issuer.

The Issuers, the Guarantor and ITL accept responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuers, the Guarantor and ITL the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents incorporated herein by reference (see "Documents Incorporated by Reference"). This Prospectus shall be read and construed on the basis that those documents are so incorporated and form part of this Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "Documents Incorporated by Reference" below), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

Each of the Issuers, the Guarantor and ITL, having made all reasonable enquiries, confirms that this Prospectus contains all information with respect to the Issuers, ITL, the Guarantor and the Guarantor's subsidiaries and affiliates taken as a whole (the "Group") and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuers, ITL, the Guarantor and the Group are in every material aspect true and accurate and not misleading, the opinions and intentions expressed in this Prospectus with regard to the Issuers, ITL, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuers, ITL, the Guarantor, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Prospectus misleading in any material respect and all reasonable enquiries have been made by the Issuers, the Guarantor and ITL to ascertain such facts and to verify the accuracy of all such information and statements.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuers, ITL, the Guarantor, or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

The Notes are irrevocably and unconditionally guaranteed by the Guarantor as described in the Trust Deed and by ITL by way of an amended and restated deed of guarantee dated 23 June 2020. The ITL guarantee will terminate in the circumstances set out in the deed of guarantee and is summarised in the section entitled "Imperial Tobacco Limited".

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such other information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, ITL or any of the Dealers or the Arranger (as defined in Overview of the Programme). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of any of the Issuers, the Guarantor or ITL since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of any of the Issuers, the Guarantor or ITL since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Product Classification Pursuant to Section 309B of the Securities and Futures Act 2001 of Singapore - The Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA"). The relevant Issuer will make a determination in relation to each issue about the classification of the Notes being

offered for the purposes of section 309B(1)(a) of the SFA. Any such legend included on the applicable Final Terms will constitute notice to "relevant persons" (as defined in section 309A(1) of the SFA) for purposes of section 309B(1)(c) of the SFA.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Prospectus does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuers, the Guarantor, ITL or any of the Dealers or the Arranger to subscribe for, or purchase, any Notes. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor, ITL, the Dealers and the Arranger do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor, ITL or any of the Dealers or the Arranger which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes.

No representation, warranty or undertaking, express or implied, is made by the Arranger, any Dealer or the Trustee (as defined herein), and to the fullest extent permitted by law, the Arranger, the Dealers and the Trustee disclaim all responsibility or liability which they might otherwise have, as to the accuracy or completeness of the information contained in this Prospectus or any other financial statement or any further information supplied in connection with the Programme, the Issuers, the Guarantor, ITL or the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuers, the Guarantor and ITL under the Programme. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, ITL, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuers, the Guarantor or ITL during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

The minimum denomination of the Notes shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its financial and legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the US or to, or for the benefit of, US persons (as defined in Regulation S under the Securities Act). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "Subscription and Sale".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CERTAIN DEFINITIONS

Financial statements of the Group

The Group's financial year runs from 1 October to 30 September. The audited consolidated annual financial statements of the Group for the financial year ended 30 September 2022 (the "2022 Financial Statements") and the audited consolidated annual financial statements of the Group for the financial year ended 30 September 2021 (the "2021 Financial Statements") have been audited by the independent auditors of the Group, Ernst & Young LLP.

The 2022 Financial Statements and the 2021 Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards. UK-adopted International Accounting Standards differ in certain aspects from International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial information, are disclosed in the notes to the 2021 Financial Statements and 2022 Financial Statements incorporated by reference in this Prospectus.

Financial statements of the Issuers and ITL

IBF's financial year runs from 1 October to 30 September. The audited non-consolidated annual financial statements of IBF for the financial year ended 30 September 2021 (the "2021 IBF Financial Statements") and the audited non-consolidated annual financial statements of IBF for the financial year ended 30 September 2022 (the "2022 IBF Financial Statements") have been audited by the independent auditors of IBF, Ernst & Young LLP.

IBFN's financial year runs from 1 October to 30 September. The audited non-consolidated annual financial statements of IBFN for the financial year ended 30 September 2021 (the "2021 IBFN Financial Statements") and the audited non-consolidated annual financial statements of IBFN for the financial year ended 30 September 2022 (the "2022 IBFN Financial Statements") have been audited by the independent auditors of IBFN, Ernst & Young Accountants LLP. Ernst & Young Accountants LLP is an independent registered audit firm with its principal place of business at Boompjes 258, 3011 XZ Rotterdam, The Netherlands. Ernst & Young Accountants LLP is registered at the Chamber of Commerce of Rotterdam in The Netherlands under number 24432944. The office address of the independent auditor of Ernst & Young Accountants LLP that signed the independent auditor's reports is Cross Towers, Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands. The auditor signing the auditor's reports on behalf of Ernst & Young Accountants LLP is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*).

ITL's financial year runs from 1 October to 30 September. The audited non-consolidated annual financial statements of ITL for the financial year ended 30 September 2021 (the "2021 ITL Financial Statements") and the audited non-consolidated annual financial statements of ITL for the financial year ended 30 September 2022 (the "2022 ITL Financial Statements") have been audited by the independent auditors of ITL, Ernst & Young LLP.

Presentation of the Group's Financial Information

In preparing the 2021 Financial Statements, the Group reclassified certain comparative information as at and for the year ended 30 September 2020 to reflect the disposal of Premium Cigars, which affects the comparability of its results across the periods discussed herein. See also Notes 1 and 11 to the 2021 Financial Statements.

Except as otherwise indicated herein, the Group's financial information presented in this Prospectus as at and for the years ended 30 September 2021 and 30 September 2022 has been derived from the 2022 Financial Statements.

Rounding

Certain monetary amounts and other figures included in this Prospectus have been subject to rounding adjustments. Accordingly, any discrepancies between the totals and the sums of the amounts listed, or percentage changes thereof, are due to rounding.

Alternative Performance Measures

When managing the performance of the business, the Group's management uses certain key performance indicators, which include UK adopted international accounting standards financial information, non-GAAP financial measures (alternative performance measures) and other non-financial operating metrics. Certain of these measures are termed non-GAAP financial measures because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with UK adopted international accounting standards, or are calculated using financial measures that are not calculated in accordance with UK adopted international accounting standards (Alternative Performance Measures or "APMs"). The Group's APMs include:

- "Adjusted operating profit", which represents operating profit adjusted to exclude amortisation and impairment of acquired intangibles, fair value adjustments of acquisition consideration and restructuring costs and certain other one-off costs.

- "Adjusted net debt", which represents reported net debt adjusted to exclude interest accruals, lease commitments and the fair value of derivative financial instruments providing commercial hedges of interest rate risk. Net debt comprises current and non-current borrowings and derivatives minus cash.

The Group's management believes that these APMs provide prospective investors with additional, supplemental information by which to analyse and compare the Group's performance between periods. These APMs are supplementary to, and should not be regarded as a substitute for, UK adopted international accounting standards measures, which are referred to as reported measures. The APMs presented in this Prospectus have limitations as analytical tools and should not be considered in isolation from, or as a substitute for, measures presented in accordance with UK adopted international accounting standards. In addition, the APMs presented by the Group may not be comparable to similarly titled measures presented by other companies. As such, companies may define and calculate such measures differently than the Group. Accordingly, undue reliance should not be placed on the APMs contained in this Prospectus. Prospective investors should not consider these APMs in isolation, as an alternative to consolidated profit before tax, as an indication of operating performance, as an alternative to cash flows from operations or as a measure of the Group's profitability or liquidity. All APMs are unaudited.

Non-Financial Operating Metric

To assist prospective investors in comparing the Group's historical performance from period to period, or at a particular time, the following non-financial operating metric has been presented in this Prospectus (the "Non-Financial Operating Metric"):

- "Tobacco volume" represents volumes on a stick-equivalent basis to reflect combined cigarette, fine-cut tobacco, cigar and snus volumes.

The Non-Financial Operating Metric included in this Prospectus and described above is derived from management estimates, which are not part of the Group's financial statements or financial accounting records and have not been audited or otherwise reviewed by outside auditors, consultants or experts. The Group's use

or computation of this measure may not be comparable to the use or computation of similarly titled measures reported by other companies in the tobacco industry. The Non-Financial Operating Metric should not be considered in isolation or as an alternative measure of performance under UK adopted international accounting standards.

Definitions

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Prospectus. In addition, the following terms as used in this Prospectus have the meanings defined below:

In this Prospectus, all references to:

- "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- "US dollar(s)", "US$" and "$" refer to US dollars;
- "sterling" and "£" refer to pounds sterling; and
- a "billion" are to a thousand million.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

Table of Contents

STABILISATION

In connection with the issue of any Tranche of Notes (as defined in "Overview of the Programme – Method of Issue"), one or more relevant Dealers (the "Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Documents Incorporated by Reference

This Prospectus should be read and construed in conjunction with the following:

(i) the 2021 IBF Financial Statements, together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/reports-and-results/annualreportsibf/210930%20IBF%20Annual%20Report%20and%20Accounts.pdf.downloadasset.pdf);

(ii) the 2022 IBF Financial Statements, together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/reports-and-results/annualreportsibf/221219%20IBF%20Stat%20Accounts.pdf.downloadasset.pdf);

(iii) the 2021 IBFN Financial Statements, together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/reports-and-results/annualreportsibf/20220328_IBFN%20BV_Financial%20Statements%20FY2020-2021%20inc%20audit%20report_signed.pdf.downloadasset.pdf);

(iv) the 2022 IBFN Financial Statements, together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/reports-and-results/AnnualReportsIBFN/IBFN%20FY%2022%20Accounts.pdf.downloadasset.pdf);

(v) the following section of the Guarantor's annual report and accounts (the "2021 Annual Report") (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/others/annual-report-2021.pdf.downloadasset.pdf) for the financial year ended 30 September 2021:

(A) the 2021 Financial Statements, together with the audit report thereon, on pages 148 to 219 of the 2021 Annual Report.

(vi) the following sections of the Guarantor's annual report and accounts (the "2022 Annual Report") (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/reports/Imperial%20Brands%27%202022%20Annual%20Report.pdf.downloadasset.pdf) for the financial year ended 30 September 2022:

(A) the 2022 Financial Statements, together with the audit report thereon, on pages 156 to 220 of the 2022 Annual Report; and

(B) the section entitled “Related Undertakings” on pages 235 to 244 of the 2022 Annual Report.

(vii) the 2021 ITL Financial Statements, together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/reports-and-results/annualreportsitl/21%20ITL%20-%20Full%20signed%20Financial%20statements%20with%20audit%20report%20signed.pdf.downloadasset.pdf);

(viii) the 2022 ITL Financial Statements, together with the audit report thereon (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/reports-and-results/annualreportsitl/22%20ITL%20-%20FY22%20Accounts%20Final%20-%20Signed%20DT%20-%20Signed%20opinion%20EY.pdf.downloadasset.pdf);

(ix) the terms and conditions contained in the prospectus dated 23 June 2020 on pages 39 to 70 inclusive (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/emtn/prospectus/200623%20Prospectus.pdf.downloadasset.pdf);

(x) the terms and conditions contained in the prospectus dated 30 January 2019 on pages 31 to 62 inclusive (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/2019.01.30_Debt%20Issuance%20Programme_Prospectus.pdf);

(xi) the terms and conditions contained in the prospectus dated 6 December 2016 on pages 30 to 58 inclusive (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/emtn/prospectus/161206%20Prospectus.pdf.downloadasset.pdf);

(xii) the terms and conditions contained in the prospectus dated 21 February 2014 on pages 25 to 53 inclusive (https://www.imperialbrandsplc.com/content/dam/imperialbrands/corporate2022/documents/investors/debt-information/emtn/prospectus/140221%20Prospectus.pdf.downloadasset.pdf);

(xiii) the terms and conditions contained in the prospectus dated 16 December 2010 on pages 25 to 47 inclusive (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/Imperial__EMTN_Prospectus_2010.pdf); and

(xiv) the terms and conditions contained in the prospectus dated 28 July 2008 on pages 17 to 22 inclusive (https://www.imperialbrandsplc.com/content/dam/imperial-brands/corporate/investors/debt-information/Imperial__EMTN_Prospectus_2008.pdf).

which have in each case been previously published or are published simultaneously with this Prospectus and which have been approved by the FCA or filed with it. Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Overview of the Programme

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This Overview constitutes a general description of the Programme for the purposes of Regulation (EU) No 2019/980 as it forms part of domestic law by virtue of the EUWA.

Words and expressions defined in "Terms and Conditions of the Notes" and "Summary of Provisions Relating to the Notes While in Global Form" shall have the same meanings in this Overview.

Issuers:	Imperial Brands Finance PLC Imperial Brands Finance Netherlands B.V.
Issuer Legal Entity Identifier (LEI):	Imperial Brands Finance PLC: 2138008L3B3MCG1DFS50 Imperial Brands Finance Netherlands B.V.: 724500GIEFJOBWGD0272
Website of the Issuers:	https://www.imperialbrandsplc.com (the "Group Website")
Guarantor:	Imperial Brands PLC In addition to the guarantee provided by Imperial Brands PLC, the Notes are irrevocably and unconditionally guaranteed by way of an amended and restated deed of guarantee dated 23 June 2020 by Imperial Tobacco Limited. Such guarantee will terminate in the circumstances set out in the deed of guarantee and is summarised in the section titled "Imperial Tobacco Limited".
Description:	Debt Issuance Programme.
Size:	Up to €15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Risk Factors:	There are certain factors that may affect the relevant Issuer's ability to fulfil its obligations under Notes issued under the Programme and/or the Guarantor's or ITL's ability to fulfil its obligations under the relevant guarantee in respect of such Notes. These are set out under "Risk Factors". In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are also set out under "Risk Factors", together with certain risks relating to the structure of a particular issue of Notes and risks relating to Notes generally.
Arranger:	NatWest Markets Plc
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Bank of China Limited, London Branch Barclays Bank PLC BofA Securities Europe SA CaixaBank, S.A. Commerzbank Aktiengesellschaft Emirates NBD Bank PJSC HSBC Bank plc

	Merrill Lynch International Mizuho International plc Mizuho Securities Europe GmbH MUFG Securities EMEA plc MUFG Securities (Europe) N.V. NatWest Markets Plc SMBC Bank EU AG SMBC Nikko Capital Markets Limited Standard Chartered Bank UniCredit Bank AG Wells Fargo Securities Europe, S.A. Wells Fargo Securities International Limited The Issuers may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee:	BNY Mellon Corporate Trustee Services Limited
Issuing and Paying Agent:	The Bank of New York Mellon, London Branch
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the applicable Final Terms.
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes:	Notes may be issued in bearer form only ("Bearer Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or in registered form only ("Registered Notes"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than 1 year and are being issued in compliance with the D Rules (as defined in "Overview of the Programme – US Selling Restrictions"), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the

	name of a nominee for one or more clearing systems are referred to as "Global Certificates".
Clearing Systems:	Euroclear, Clearstream, Luxembourg and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s).
Initial Delivery of Notes:	On or before the issue date for each Tranche, if the relevant Global Note is a NGN, or the relevant Global Certificate is held under the NSS, the Global Note or the Global Certificate, as applicable, will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) and as set out in the applicable Final Terms.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued with any maturity as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s) and as set out in the applicable Final Terms.
Specified Denomination:	The minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series by reference to EURIBOR as adjusted for any applicable margin. Interest periods will be specified in the applicable Final Terms. The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Notwithstanding the foregoing, the Terms and Conditions contain provisions pursuant to which amendments may be made to the interest terms in the event that the Reference Rate has ceased to be

	published as a result of such Reference Rate ceasing to be calculated or administered.
Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Final Terms.
Redemption:	The applicable Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by the then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than 1 year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000, as amended ("FSMA") must have a minimum redemption value of £100,000 (or its equivalent in other currencies).
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Holders (as defined below), and if so the terms applicable to such redemption. See "Terms and Conditions of the Notes – Redemption, Purchase and Options".
Make-Whole Redemption by the Issuer:	If specified in the applicable Final Terms, the relevant Issuer will have the option to redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date (or during such other period as specified in the applicable Final Terms), at the Sterling Make-Whole Redemption Amount or Non-Sterling Make-Whole Redemption Amount (as the case may be). See "Terms and Conditions of the Notes – Redemption, Purchase and Options – Make-Whole Redemption by the Issuer (Issuer Make-Whole Call)" for further information.
Issuer Par Call:	If specified in the applicable Final Terms, the relevant Issuer will have the option to redeem the Notes in whole, but not in part, at any time during the Par Call Period specified as being applicable in the applicable Final Terms, at the Final Redemption Amount. See "Terms and Conditions of the Notes – Redemption, Purchase and Options – Issuer Par Call Option" for further information.
Issuer Residual Call:	If specified in the applicable Final Terms, the relevant Issuer will have the option to redeem the Notes in whole, but not in part, at the Residual Call Early Redemption Amount if the aggregate nominal amount of the Notes then Outstanding (as defined in the Trust Deed) is 20 per cent or less of the aggregate nominal amount of the Series issued. See "Terms and Conditions of the Notes – Redemption, Purchase and Options – Issuer Residual Call Option" for further information.
Status of Notes:	The Notes and the guarantee in respect of them will constitute unsubordinated and unsecured obligations of the relevant Issuer

	and the Guarantor, respectively, all as described in "Terms and Conditions of the Notes – Status".
Negative Pledge:	See "Terms and Conditions of the Notes – Negative Pledge".
Cross Default:	See "Terms and Conditions of the Notes – Events of Default".
Step Up Rating Change and Step Down Rating Change:	If Step Up Rating Change and Step Down Rating Change is specified in the applicable Final Terms, the Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or a Step Down Rating Change (both as defined below), as the case may be. See "Terms and Conditions of the Notes – Interest and other Calculations".
Change of Control Investor Put:	See "Terms and Conditions of the Notes – Redemption, Purchase and Options".
Early Redemption:	Except as provided in "Optional Redemption", "Make-Whole Redemption by the Issuer", "Issuer Par Call" and "Issuer Residual Call" above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons. See "Terms and Conditions of the Notes – Redemption, Purchase and Options".
Withholding Tax:	All payments of principal and interest by or on behalf of the relevant Issuer or the Guarantor in respect of the Notes and the Coupons will be made free and clear of withholding taxes of any Tax Jurisdiction unless the withholding is required by law. In such event, the relevant Issuer or the Guarantor shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Holder of the Notes or Coupons of such amounts as would have been received by it had no such withholding been required, all as described in "Terms and Conditions of the Notes – Taxation".
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.
Listing:	Application has been made for Notes issued under the Programme to be listed on the London Stock Exchange.
Ratings:	The Programme has been rated Baa3 by Moody's and BBB by S&P. Each Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such solicited rating will be disclosed in the Final Terms and will not necessarily be the same as the solicited ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the US, the EEA (including Italy, France and Belgium), the UK, Singapore and Japan. See "Subscription and Sale".
US Selling Restrictions:	The Issuers and the Guarantor are Category 2 for the purposes of Regulation S under the Securities Act. The Notes will be issued in compliance with US Treas. Reg. §1. 163-5(c)(2)(i)(D) (or any successor US Treasury regulation section including, without limitation, regulations issued in accordance with

US Internal Revenue Service Notice 2012-20 or otherwise in connection with the US Hiring Incentives to Restore Employment Act of 2010) (the "D Rules") unless (i) the applicable Final Terms states that Notes are issued in compliance with US Treas. Reg. §1. 163-5(c)(2)(i)(C) (or any successor US Treasury regulation section including, without limitation, regulations issued in accordance with US Internal Revenue Service Notice 2012-20 or otherwise in connection with the US Hiring Incentives to Restore Employment Act of 2010) (the "C Rules") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules, but in circumstances in which the Notes will not constitute "registration required obligations" under the US Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

Forward-Looking Statements

This Prospectus contains statements that may be considered to be "forward-looking statements". Forward-looking statements appear in a number of places throughout this Prospectus, including, without limitation, under "Risk Factors" and "Imperial Brands PLC".

Forward-looking statements also may be identified by words such as "believes", "expects", "anticipates", "plans", "projects", "intends", "should", "seeks", "estimates", "probability", "risk", "target", "goal", "objective", "future" or similar expressions or variations on such expressions.

Forward-looking statements involve known and unknown risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. Factors that could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements include, but are not limited to, the risks identified under "Risk Factors".

Other factors could also adversely affect the Group's results or the accuracy of forward-looking statements in this Prospectus, and a prospective investor should not consider the factors discussed under "Risk Factors" to be a complete set of all potential risks or uncertainties.

Potential investors should not place undue reliance on any forward-looking statements. The Issuers, the Guarantor and ITL do not have any intentions or obligations to update forward-looking statements to reflect new information, future events or risks that may cause the forward-looking events discussed in this Prospectus not to occur or to occur in a manner different from what was expected.

Risk Factors

The Issuers, the Guarantor and ITL believe that the following factors may affect their ability to fulfil their obligations under the Notes and the guarantees, as applicable. Most of these factors are contingencies, which may or may not occur.

The factors below contain a description of all material risks that may affect the Issuers', the Guarantor's and ITL's ability to fulfil their obligations under the Notes and the guarantees, as applicable. There may be additional risks that the Group currently considers immaterial or of low likelihood or which it is currently unaware, and any of these risks could have effects in addition to the factors set forth below.

The Issuers, the Guarantor and ITL believe that the factors described below represent the material risks inherent in investing in the Notes and the guarantees, but their inability to pay interest, principal or other amounts on or in connection with the Notes and the guarantees may occur for other reasons and the Issuers, the Guarantor and ITL do not represent that the statements below regarding the risks of holding the Notes and the guarantees are exhaustive. Investors should carefully read the risk factors described below and the rest of the information included in this Prospectus prior to deciding to invest in the Notes. The trading price of the Notes could decline due to any of these risks, either alone or in combination, and investors may lose all or part of their investment. This Prospectus also contains certain forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" above. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Group, described below and elsewhere in this Prospectus.

In addition, factors that are material for the purpose of assessing the market risks associated with investing in the Notes issued under the Programme and the guarantees are also described below. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views, seeking their own professional advice as and where they deem it necessary, prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUERS', THE GUARANTOR'S OR ITL'S ABILITY TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME AND THE RELEVANT GUARANTEE

Risks Relating to the Group

The Group is exposed to the geopolitical and economic conditions of the countries and regions in which it operates, with a particular concentration in Western Europe and the US

The Group is exposed to geopolitical and economic conditions that could impact its largest markets, including the US, Germany, the UK, Australia and Spain. The growth of the Group's business is underpinned by its positions in these and other key countries and regions. Any adverse geopolitical or economic developments in, or affecting, the Group's key countries and regions, including, but not limited to, the outbreak of war or conflict, pandemics, inflation, rising interest rates, recessionary conditions, default on sovereign debt, a significant decline in the credit rating of one or more sovereigns or financial institutions, or disruptions in the political and economic conditions of the EU and/or Eurozone (including the actual or threatened breakup of or exit from the EU by another Member State), could cause severe stress in the financial system generally and on the euro, sterling, or US dollar, and could disrupt the banking system generally and adversely affect the markets in which the Group operates and the businesses and economic condition and prospects of the Group's counterparties, customers, suppliers or creditors, directly or indirectly, in ways that are difficult to predict.

In recent years, protectionist trade policies have been increasing around the world and it is unclear what additional tariffs, duties, border taxes or other similar assessments on imports might be implemented in the future and what effects these changes may have on the Group's sales in its priority markets. Such protectionist trade legislation in the US, the EU or other priority markets, including changes in the current tariff structures, export or import compliance laws, or other trade policies and changes in trade policies as a result of the UK's withdrawal from the European Union on 31 January 2020 ("Brexit"), could reduce the Group's ability to sell its products in such markets and increase the relative cost of the Group's products to local consumers, which could have a negative impact on demand. Any increase in protectionist policies could adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects, which, in turn, could impact

the Issuers', the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group's results and prospects for the Group's operations in developing markets are dependent, in part, on the political stability, economic activity, regulatory requirements, policies and judicial systems of those countries. Some of the countries in which the Group operates face the risk of civil unrest, regime changes, nationalisation, terrorism, conflict and threat of war, as well as an increased risk of fraud and corruption, both externally and internally. Economic, political, legal, regulatory or other developments or uncertainties in developing markets could disrupt the Group's supply chain, compliance with applicable regulations, its distribution capabilities or its cash flows. These developments could also lead to loss of property or equipment that are critical to the Group's business in certain markets, which could adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects, which, in turn, could impact the Issuers', the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

Furthermore, geopolitical conflicts may have a negative impact on both local and global economic conditions and continuity of supply. For example, on 24 February 2022, Russia launched a large-scale invasion of Ukraine. This conflict has impacted and is expected to continue to impact energy prices and energy supply in Europe, which is largely dependent on Russian natural gas and crude oil, with further impacts on the cost of raw materials and commodity prices. In addition, a large number of countries have implemented unprecedented economic and other sanctions against Russia in response to the invasion of Ukraine. The scope and scale of such economic sanctions and voluntary actions by companies remain subject to rapid and unpredictable change and may have considerable negative impacts on global macroeconomic conditions and on European economies and counterparties. Moreover, existing concerns about market volatility, rising commodity prices, disruptions to supply chains, high rates of inflation and the risk of regional or global recessions or "stagflation" (i.e., recession or reduced rates of economic growth coupled with high rates of inflation) have been exacerbated by Russia's invasion of Ukraine.

As seen in the context of COVID-19, pandemics and their associated countermeasures may affect countries, communities, supply chains and markets including the Group's largest markets. The spread of such pandemics could have adverse effects on the Group's workforce, which could affect the Group's ability to maintain its necessary business functions. In addition, disruption of supply chains could adversely affect the Group's operating and manufacturing facilities. Pandemics such as COVID-19 can also result in extraordinary economic circumstances in the Group's markets which could negatively affect the liquidity and financial performance of the Group and its suppliers and reduce demand amongst the Group's customers. The extent to which pandemics such as COVID-19 may affect the Group's liquidity, business, financial condition, results of operations and reputation will depend on future developments, which are highly uncertain and cannot be predicted, and will depend on the severity of the relevant pandemic, the scope, duration, cost to the Group and overall economic impact of actions taken to contain it or treat its effects.

Any of the above factors may have an adverse effect on the global economy, the Group's, the Issuers', the Guarantor's and/or ITL's customers and the Group's revenue, costs, profits, business, financial condition, results or prospects.

As a result of the war in Ukraine, the Group's operations in the country, including at its production factory in Kyiv, were temporarily suspended on 24 February 2022. In April 2022, the Group resumed certain of its operations in Ukraine, although production could be subject to further future suspensions. Non-local market production has been transferred to alternative sites outside Ukraine. Any potential suspension of production at the Kyiv factory in the future may have a direct financial and logistical impact on the Group. Furthermore, the Group's operations, manufacturing and marketing activities in Russia were also suspended and subsequently transferred as a going concern to a local third party on 27 April 2022. The total value of all direct and indirect exit charges and impairments related to the transfer of the Group's Russian business as at 30 September 2022 was £399 million, comprising a loss on transfer of Russian operations of £364 million and impairment of assets and exit costs of the associated markets of £35 million. In the year ended 30 September 2021, Russia and Ukraine represented approximately 2 per cent of the Group's net revenue and 0.5 per cent of adjusted operating profit. At present, it is difficult to ascertain how long the conflict between Russia and Ukraine may last, or how severe its impacts may become. If the conflict is prolonged, escalates or expands (including if additional countries become involved), or if additional economic sanctions or other measures are imposed, or if volatility in commodity prices or disruptions to supply chains are sustained or worsen, regional and global macroeconomic conditions and financial markets could be impacted more severely, which, in turn,

could have a more severe effect on the global economy, the Group's customers and the Group's, the Issuers', the Guarantor's and/or ITL's revenue, costs, profits, business, financial condition, results or prospects.

Any future declines in developing markets or in any of the Group's priority markets, including due to adverse changes in economic conditions in these countries, could have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects. This, in turn, could have an adverse effect on the Issuers', the Guarantor's and/or ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group operates in highly competitive consumer markets and is subject to changes in demand and pricing pressure

The Group operates in highly competitive markets, which require an agile approach to customer interaction and a product portfolio aligned with rapidly changing consumer needs and rival competitor offerings, particularly in trading environments where the price burden on consumers for the Group's products is high because of excise duties and taxation or weak economic conditions (including inflation) and/or declining consumer purchasing power. The majority of the Group's revenue and operating profit is generated through sales of its products in certain priority markets, including the US, Germany, the UK, Australia and Spain. Market dynamics in a particular market could be affected by a reduction in the size of the legitimate tobacco market (including as a result of geopolitical issues), significant change in competitor activity, or the failure by the Group to react appropriately to such changes. In particular, high inflationary pressure in many of the markets in which the Group operates triggered by unprecedented increases in prices for fuel, food and other commodities may affect the purchasing power of consumers and consequently lead to changes in consumer behaviour such as downtrading to lower price products/categories and/or reduced consumption. Any such changes in market dynamics in these and the other markets in which the Group operates could lead to a reduction in demand for the Group's products and additional pricing pressure on the Group's brands, including the Group's ability to achieve planned price increases, which could have an unfavourable impact on the Group's business and growth strategy.

Substantial increases in excise duties or a substantial increase in costs attributable to a change in the manner of excise duty collection may result in increased levels of illegal cross-border trade, in the form of counterfeit products, locally manufactured products on which applicable local sales taxes are evaded and smuggled genuine products. The impact on the size of the legitimate market is significant and, in some countries, is a growing threat to the legitimate tobacco industry and could also impact Next Generation Products ("NGP").

A number of factors could result in a significant decline in the demand for legally purchased tobacco products, including any factor that increases the costs of tobacco products for consumers, which could encourage more consumers to switch to cheaper, illegal tobacco products and provide greater rewards for counterfeiters, smugglers and organised crime.

The Group's primary competitors include Philip Morris International, Inc., British American Tobacco plc ("BAT"), Japan Tobacco, Inc., Altria Group, Inc., Liggett Vector Brands LLC and JUUL Labs, Inc. These companies may have greater financial resources than the Group or stronger brand recognition and consumer loyalty in certain of the Group's markets. A significant increase in the competitive activity of these companies or other local manufacturers could lead to a reduction in demand for or pricing pressure on the Group's brands, which could reduce the Group's profit margins and cash flows. The Group's ability to compete with these companies may be limited by the regulatory environment in which it operates, including, among other factors, advertising restrictions, and this may adversely impact the Group's efforts to strengthen recognition of its brands in the relevant local market. The competitive activity of the Group's competitors may also have an unfavourable impact on the Group's ability to achieve organic growth in its priority markets. Accordingly, the failure to compete effectively in the Group's priority markets may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

Failure to manage the impacts of increased product regulation and regulatory change has had, and may continue to have, an adverse effect on the demand for the Group's products and/or increase compliance costs

The manufacture, advertising, sale and consumption of tobacco products have been subject to extensive and increasing regulation from governments, influenced by health officials and anti-smoking groups, principally due to the conclusion that cigarette smoking and tobacco products are harmful to health. Regulatory initiatives affecting the tobacco industry that have been proposed, introduced or enacted include a range of restrictions on advertising, packaging and distribution channels, restrictions on labelling, product specification requirements (notably flavourings) and increased restrictions on smoking, including, but not limited to, age restrictions and restrictions on the locations where products can be consumed. See also "*Imperial Brands PLC—Regulatory Landscape*". These restrictions have been introduced by regulation and have been supplemented by voluntary agreements. Examples of such regulation include the EU Tobacco Products Directive (2014/40/EU), as amended (the "EUTPD"), including delegated legislation enacted in accordance with the EUTPD framework, and the World Health Organisation Framework Convention on Tobacco Control (the "WHO FCTC"). The Group often has limited opportunity to offer an opinion on the likely consequences of regulatory change and, along with all other tobacco manufacturers, is sometimes excluded from consultation with regulators on these regulatory proposals. In addition, anti-smoking groups continue to advocate the exclusion of the industry from consultation processes and seek to diminish the social acceptability of smoking. Anti-smoking groups are pursuing this agenda through petitioning individual governments and the WHO.

The Group, along with other manufacturers, is impacted by legislation designed to manage environmental and climate risks. The industry has been impacted by the EU Directive on Single-Use Plastics (2019/904/EU) (the "EUSUPD"), which took effect in the EU from July 2021, resulting in manufacturers incurring costs in the form of additional taxes and levies, with the potential for further adoption across non-EU markets. Future regulatory change could create additional restrictions on product design and result in increased compliance costs as a result of this and similar environmentally focused legislation. In the US, the tobacco environment is regulated at both federal level (by the US Food and Drug Administration (the "FDA") and Federal Trade Commission (the "FTC")) and state level and there is therefore a risk that either federal or state regulation or both may become materially more intrusive or adverse. Any future increases in the regulation of the tobacco industry in the US or elsewhere could therefore result in a substantial decline in the demand for tobacco products. For example, the next review of the EUTPD is currently underway and revisions are expected to significantly strengthen tobacco control measures in the EU. Current or future restrictions or bans relating to, among other things, product flavouring or to product labelling or maximum nicotine levels, may require manufacturers to review and adapt their product portfolio.

NGP are regulated either under dedicated legislation or existing frameworks. The degree and severity of such regulations vary. They may also be subject to further extensive regulation in many of the markets in which the Group operates, in particular, the US, the EU and the UK. It is not possible to predict the scope of all future regulation of NGP proposed or implemented by regulatory authorities or the impact of any such regulations, but current proposals include restrictions on flavourings and product specification, use and purchase. For example, in March 2019, the FDA announced potential changes to vapour regulations, including an increase in the nationwide minimum age for purchase of vapour products. The nationwide minimum age for purchase of all tobacco products, including e-cigarettes and vaping products that deliver nicotine was subsequently increased to 21 in December 2019. In January 2020, the FDA imposed restrictions on the sale of mint and fruit flavoured cartridge-based e-cigarettes. In addition, there can be no certainty as to the existing or further proposals by US states or municipalities. For further discussion of the regulation of NGP, see "*Imperial Brands PLC—Regulatory Landscape—The Group as a whole—Regulation of other flavoured tobacco products and NGP*", "*Imperial Brands PLC—Regulatory Landscape—European Union—Regulation of NGP such as vapour and heated tobacco products*", "*Imperial Brands PLC—Regulatory Landscape—Americas—Regulation of NGP such as vapour and heated tobacco products*" and "*Imperial Brands PLC—Regulatory Landscape—Africa, Asia and Australasia—Regulation of NGP such as vapour and heated tobacco products*".

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL and could contribute to an increase in the illicit trade in the Group's products.

Failure to develop commercially sustainable NGP categories has had, and may continue to have, an adverse effect on the Group's business

The Group continues to invest in its NGP strategy, including the development of a portfolio of commercially sustainable, science-based, reduced-risk nicotine, non-nicotine and smokeless delivery options. However, the NGP category continues to evolve, both in terms of product availability from the Group (both directly and

through licensing agreements) and its competitors but also in terms of regulatory treatment applicable to such products. See also "*Imperial Brands PLC—Regulatory Landscape—The Group as a whole—Regulation of other flavoured tobacco products and NGP*", "*Imperial Brands PLC—Regulatory Landscape—European Union—Regulation of NGP such as vapour and heated tobacco products*", "*Imperial Brands PLC—Regulatory Landscape—Americas—Regulation of NGP such as vapour and heated tobacco products*" and "*Imperial Brands PLC—Regulatory Landscape—Africa, Asia and Australasia—Regulation of NGP such as vapour and heated tobacco products*". Competition in the vapour and heated tobacco categories is intense and product offerings in this market vary as the market is highly fragmented, with large companies, such as Philip Morris International, Inc., BAT and Reynolds American, Inc. ("Reynolds"), developing new and innovative products that compete with those offered by smaller companies. In addition, the Group may look to form strategic partnerships for the development and supply of NGP or seek to acquire NGP companies to add to its NGP portfolio, however, there can be no assurance that such partnerships or acquisitions will prove successful or lead to a successful product launch or a commercially sustainable NGP portfolio. Should the Group fail to identify innovation opportunities or respond to developments in the NGP market in a timely manner or fail to execute its strategy as effectively as its competitors, the Group may fail to achieve its strategic objectives in NGP. Such failure could, in turn, also adversely impact the Group's ability to deliver its Environmental, Social and Governance ("ESG") agenda.

Future sales and any future profits from the Group's NGP business are substantially dependent upon the acceptance and use of NGP by adult smokers and vapers in lieu of, or in addition to, their current product choices. The Group's ability to generate future sales will be dependent on a number of factors, many of which are beyond its control, including the pricing of competing products, overall demand for NGP offerings, changes in consumer preferences, market competition and government regulation. For example, the Group submitted a pre-market tobacco application to the FDA for certain of its *myblu* offerings. The Group's application was denied for seven *myblu* electronic nicotine delivery system ("ENDS") products, including one device and six liquid cartridges, and is being appealed. While the Group's *myblu* products continue to be sold during the appeal process, the lack of pre-market approval has had a negative impact on retailer willingness to stock the *myblu* product, thus affecting sales and profits earned from this product. This may also adversely impact the Group's reputation. Although the Group attempts to influence and respond to NGP market developments, it may still be exposed to factors that limit the success of NGP generally, including, but not limited to, increases in duty and regulatory treatment of competing products.

In particular, NGP offerings have been subject to increasing regulation in the US, which could potentially limit the ability of the Group to successfully execute its NGP strategy. Such regulations include increasing the minimum age for purchasing tobacco products, instituting bans on flavour cartridge systems (with certain exceptions) and requiring vapour products to have certain formal certifications for continued sale. See also "*Imperial Brands PLC—Regulatory Landscape*". Furthermore, there has been a gradual increase in the implementation of NGP-specific excise structures across markets. Significant or unexpected increases in NGP taxes or adjustments to excise structures may have an adverse effect on the Group's, the Issuers', the Guarantor's and/or ITL's business, results of operations and financial conditions. See also "—Pricing, excise or other product tax outcomes may fall outside Group assumptions and expectations and may have an adverse effect on the Group's results".

These restrictions on the sale of NGP, as well as any additional or similar restrictions adopted by US states or other jurisdictions globally, could have a negative impact on the Group's ability to market and sell its NGP offerings, which would have a negative impact on growth in demand for NGP. Furthermore, in the development of new products, notably NGP, the Group may wish to use technology already subject to patent, registered design or other intellectual property rights held by others. However, the Group may fail to obtain rights to access such intellectual property. The failure to obtain such rights could significantly limit the Group's ability to develop and market its NGP brands, which would significantly limit its NGP strategy or potentially result in litigation. A failure by the Group to realise its NGP strategy may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

The Group's inability to develop, execute and communicate an effective ESG strategy in line with stakeholder expectations may have an adverse effect on the Group's, the Issuers', the Guarantor's and/or ITL's reputation, revenue, costs, profits, business, financial condition, results or prospects

As focus on ESG-related matters from investors, customers, consumers and other stakeholders increases, expectations of the Group's ESG performance continue to evolve at a significant pace. The Group also faces heightened ESG-related reporting requirements, in particular for its carbon footprint and environmental and climate-related risks, the parameters of which are consistently developing. The Group may fail to implement and maintain appropriate internal standards, controls, strategic plans, governance, or monitoring and reporting mechanisms required to meet relevant regulatory requirements and market expectations and align with international standards in this area.

Failure to align the development, execution and communication of the Group's ESG strategy with market and stakeholder expectations could impact the Group's, the Issuers', the Guarantor's and/or ITL's reputation and adversely affect investor and stakeholder confidence.

In addition, failure to comply with key ESG-related regulation, including environmental and human rights legislation, could lead to, among other consequences, financial penalties and reputational damage. The Group is impacted by both physical and transitional climate risks. Physical risks such as extreme weather episodes could impact the Group's supply chain, notably the Group's cigar manufacturing and supply locations due to increased geographical risk. Failure to manage these risks could result in supply impacts affecting the Group's ability to meet consumer demand in certain categories. Transitional risks impact the Group through both increased reporting requirements and the achievement of strategic climate-related objectives. Additionally the Group will be required to continue to meet the expectations of customers in the achievement of their own greenhouse gas related Scope 1 and 2 targets and requirements. Failure to manage these risks and manage the expectations of wider stakeholder groups could impact the Group's reputation with key stakeholders, including but not limited to, customers, suppliers, investors and financial institutions.

The Group recognises that the risks associated with the purchase of raw tobacco may also impact its business. Some tobacco purchased by the Group is cultivated in countries with high levels of poverty and less advanced agricultural practices. There is a heightened risk of human rights violations and child labour in such countries, particularly where farmers rely on temporary or casual workers or family labour. Portions of the Group's supply chain may be vulnerable to disruption and leaf prices may increase as a result of efforts to minimise these risks. Allegations of non-compliance with ESG-related regulation could have an adverse impact on the Group's, the Issuers', the Guarantor's and/or ITL's reputation. See also "*—Litigation resulting in adverse judgements and related costs may cause the Group to incur substantial damages*" and "*Imperial Brands PLC—Litigation*". Further, employee engagement may also be adversely affected if the Group fails to uphold appropriate ESG management standards or if such a failure is perceived to have occurred.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

Pricing, excise or other product tax outcomes may fall outside Group assumptions and expectations and may have an adverse effect on the Group's results

Conventional tobacco products are subject to high levels of taxation, including excise taxes, sales taxes, import duties and levies in most markets in which the Group operates. In many of these markets, taxes are generally increasing but the rate of increase varies between markets and between different types of tobacco products. Increases in tobacco excise taxes may be caused by a number of factors, including fiscal pressures, health policy objectives and increased lobbying pressure from anti-tobacco advocates. In many of the markets in which the Group operates, excise duty represents a substantial percentage of the retail price of tobacco products and this percentage has been steadily increasing in recent years. NGP have so far only been subject to limited product-related taxes, although the risk exists that their treatment under excise and other sales-related taxes could change.

Significant or unexpected increases in tobacco and NGP taxes, the introduction of laws establishing minimum retail selling prices, changes in relative tax rates for different tobacco products or adjustments to excise structures have and may continue to result in customers downtrading to lower price products/categories, reduced consumption, cessation of smoking, an increase in illicit trade, a decline in overall sales volume for the Group's products or an alteration in the sales mix in favour of lower-priced products and may have an adverse effect on the Group's, the Issuers', the Guarantor's and/or IFL's business, results of operations and financial conditions. Increases in tobacco-related taxes, the introduction of new tobacco/NGP-related taxes or

changes to excise structures can limit the Group's ability to increase the prices on tobacco products or NGP or necessitate absorption of tax increases.

Periodic price increases are among the key drivers in increasing market profitability. However, the Group may not be able to obtain such price increases or fully realise the benefits of any price increase as a result of increased regulation, which may reduce its ability to build brand equity and enhance its value proposition to its adult tobacco consumers, stretched consumer affordability arising from deteriorating economic conditions, rising prices, sharp increases or changes in excise structures and competitor pricing activities. As a result, the Group may be unable to achieve its strategic growth metrics, may have fewer funds to invest in growth opportunities, and may face quicker reductions in sales volumes than anticipated due to accelerated market decline. In addition, downtrading and illicit trade may increase in response to price increases for legitimate products. These, in turn, may impact the Group's revenue, costs, profits, business, financial condition, results or prospects.

Any such increases in excise duties, prices or other taxes could therefore have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

Failure to achieve the expected benefits of its strategic transformation programme may cause the Group to fail to achieve its targets

In order to support its strategic objectives the Group is undertaking a number of strategic change initiatives, including focusing on priority markets, identifying opportunities to drive growth while realising efficiencies in the Group's broader market portfolio and building a successful and commercially sustainable NGP business. Targeting and accomplishing the Group's strategic transformation goals involves meeting project timelines and key milestones, achieving budgeted savings and returns in key strategic projects and achieving key objectives. There can be no assurance that the Group will be successful in accomplishing these goals. Failure to do so may result in increased implementation and opportunity costs, loss of investor and market confidence and adverse impacts on short-term operational performance.

Any failure to meet the Group's strategic transformation goals may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

Major incidents or loss of personal or corporate data resulting from a cyber-attack or similar technology risk may have a material adverse effect on the Group

The Group is exposed to risks of cyber-attacks, either from external sources or through the mis-use of internal resources. The Group, like other large corporates, also faces increasing risks of cyber-attacks through its extended supply chain, whereby one company in the supply chain is the target of an attack and others to which it has connections are then also impacted.

The Group's business is dependent on efficient, robust information technology ("IT") systems, some of which are managed by third-party service providers, for its operations, internal communications, controls, reporting and relations with regulators, customers and suppliers.

The EU General Data Protection Regulation (Regulation (EU) 2016/679), as amended (the "GDPR"), and the GDPR as it forms part of UK domestic law by virtue of the EUWA (the "UK GDPR") impose obligations on data controllers and data processors and set out rights for data subjects (all as defined in the GDPR and the UK GDPR) with which the Group must comply. The GDPR and the UK GDPR also introduce significant financial penalties and other sanctions (including a fine of up to 4 per cent of annual global turnover, or to cease non-compliant processing) that can be imposed on the Group as the result of any non-compliance with the GDPR and/or UK GDPR provisions. Similar requirements are in place in other geographies, for example, in the US a number of states have followed California's example and introduced legislation protecting the personal information of consumers. The potential for further adoption of such legislation across other states or geographies could increase the Group's exposure to data protection risks.

Although the Group has robust data protection policies and procedures in place, it is primarily reliant upon the robustness of its IT security and the appropriate actions of its employees in complying with these policies and

procedures to manage the risk. Failure to protect personal data and ensure employee compliance could result in regulatory breaches and related censure, financial penalties and reputational damage.

Any material failure in the Group's IT processes or its operations, or failure of the Group's third-party IT service providers, could impact the Group's product supply to markets or retailers, the Group's ability to operate, the Group's ability to protect sensitive personal or corporate data and potentially result in legal liability and reputational harm and have a negative impact on customer service, resulting in a loss of customers, and may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

Failure to invest in, deploy or manage appropriate IT systems and infrastructure to ensure the protection of personal data and support the business and its end-to-end supply chain (including protection of confidential or sensitive information) or a failure by employees to understand and/or comply with Group policies and standards may lead to data breaches and inefficient business operations, including, but not limited to, poor supply chain management, and have a negative impact on customer service, resulting in a loss of customers, and may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

Litigation resulting in adverse judgements and related costs may cause the Group to incur substantial damages

In addition to the matters detailed in "*Imperial Brands PLC—Litigation*", it can be expected that legal actions, proceedings and claims arising out of the sale, distribution, manufacture, use, development, advertising, marketing and claimed health effects of its products, including tobacco products and NGP, will be filed against the Group in the future. The damages sought in any such claims could be significant, and the Group may not be successful in defending all of the claims that may arise. To the extent that the Group's assessment as to the likely outcome of any claim does not reflect subsequent developments or the eventual outcome of any claim, its future financial statements may be affected. In addition, regardless of the outcome of any litigation, the Group would incur costs and would need to devote management time to defending any claims, which it may not be able to recover fully or at all, irrespective of whether it was successful in defending such claims.

In the US, the jurisdiction with the greatest prevalence of smoking and health-related litigation, such claims could be brought in a variety of courts by various parties, ranging from individuals, class actions, regulators and others and (subject to certain provisions in settlements with US states) could relate, among others, to a wide range of damages, including individual damages, healthcare and other costs. For example, there has been an increase in litigation activity in the US related to the aggressive marketing previously employed by the Group's competitors in the vapour market. The outcomes of this increased litigation could result in precedents that further increase the number of claims made against manufacturers of vapour products, including the Group. Even where these claims do not result in prosecution, there may be costs associated with managing and defending such matters.

The Group is subject from time to time, and may in the future be subject, to investigation or litigation for alleged current or historical abuse of its market position or alleged current or historical breaches of other competition laws, which can result in adverse regulatory action by the relevant authorities, including inspections and fines, along with potential actions for follow-on damages and negative publicity. The Group is currently co-operating with relevant competition authorities in relation to three competition law investigations. While the Group endeavours to comply with all applicable laws, there can be no definitive assurances that these investigations (or any future investigations to which the Group may be subject) will not result in a fine being levied and/or actions being brought against members of the Group. See also "*Imperial Brands PLC—Litigation*".

Some tobacco purchased by the Group is cultivated in countries with high levels of poverty and heightened risks of human rights violations and child labour, particularly where farmers rely on temporary or casual workers or family labour. As a result of its activities in developing markets, the Group currently is, and may in the future be, a party to litigation in these markets. The outcome of legal proceedings in these jurisdictions may be particularly uncertain, as legal, administrative and judicial systems or judiciaries in some developing markets can be unpredictable. See also "*Imperial Brands PLC—Litigation*".

An unfavourable outcome or settlement of any pending or future smoking, NGP and health-related or other litigation (whether involving the Group or other tobacco or NGP companies) may increase the likelihood of new actions, adversely affecting the Group's ability to prevail in similar or related litigation. Additionally, the reputational damage arising from investigations or allegations of non-compliance with regulations could have a material impact with external stakeholders.

Furthermore, there can be no assurance that legal aid such as attorneys' fees or other funding will continue to be denied to claimants in smoking, NGP and health-related or other litigation in any jurisdiction in the future. If future claimants are able to obtain legal aid or funding to finance their litigation against the Group, or such actions are otherwise made easier, this may increase the number of claims and claimants' likelihood of prevailing on such claims.

A material increase in the number of pending claims could significantly increase the costs and management time for the Group to defend such claims. There can be no assurances that any future litigation against the Group, if successful, would not have an adverse effect on the revenue, costs, profits, business, financial condition, results or prospects of the Group. In addition, even if the Group is not party to litigation, any adverse judgment against a tobacco or NGP manufacturer or in relation to the tobacco or NGP market could have an impact on market conditions, which may adversely affect the revenue, costs, profits, business, financial condition, results or prospects of the Group. This, in turn, could have an adverse effect on the Issuers', the Guarantor's and/or ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group may fail to sufficiently manage its liquidity and financing requirements

The Group has a significant amount of indebtedness and debt service obligations. The Group dedicates a significant portion of cash flow from operations to debt service obligations, depending on the level of borrowings, prevailing interest rates and foreign currency exchange rate fluctuations, which may also reduce the funds available to the Group for capital expenditure, investment within the Group, acquisitions and other expenditure. Furthermore, the Group cannot be certain that it will have access to bank financing or to the debt and equity capital markets at acceptable terms or at all and is therefore subject to funding and liquidity risks. In addition, the Group's access to funding may be affected by restrictive covenants to which it is subject under some of its debt instruments.

The Group may, for a number of reasons, be unable to refinance its debt, when it matures, in the debt capital markets, bank loan markets, euro commercial paper market or other financing markets available to the Group at that time. Access to financing in the future may depend on, among other things, the future expected performance of the Group, suitable market conditions and the maintenance of suitable long-term and short-term credit ratings. Additionally, there may be an unwillingness of financial (or other) counterparties to transact with, or facilitate transactions with, the tobacco sector (or any other sector in which the Group is currently invested, may invest or have an interest from time to time).

If conditions in credit markets are unfavourable and/or one or more of the Group's credit ratings are downgraded or placed on negative credit watch, the marketability and trading value of the Notes may be materially diminished, and the Group may not be able to obtain new sources of financing and/or such new sources of financing, together with the Group's existing financing sources, may be at higher costs and/or include additional financial, operating or other obligations.

Failure to maintain cash flows could impact the Group's ability to manage and/or reduce its indebtedness, which could impact covenants to which it is subject, its credit ratings, existing and future financing, and investor confidence. In addition, if one or more of the Group's credit ratings are downgraded, the Group may not be able to obtain new sources of financing and/or such new sources of financing, together with the Group's existing financing sources, may be at higher costs and/or include additional financial, operating or other obligations.

The Group's indebtedness could also limit its ability to borrow additional funds for capital expenditure investment within the Group, acquisitions and other expenditure; limit flexibility in planning for, or reacting to, changes in technology, customer demand, competitive pressures and the industry in which the Group operates; place the Group at a competitive disadvantage compared to competitors that may be less leveraged than the Group; and increase the Group's vulnerability to both general and industry-specific adverse economic conditions.

The Group has financing made available from and, from time to time, places cash deposits with and has entered into derivative and other financial transactions with financial institutions. Access to such funding, repayment of cash deposits and performance under derivative and other financial transactions may be reduced due to the Group's counterparties being unable to honour their commitments in full or in part. As such, cash deposits and other financial instruments give rise to credit risk on the amounts due from counterparties. The failure of any counterparty to meet the Group's payment obligations or performance undertakings to it or the deterioration in the financial condition of one or more of its counterparties could have an adverse effect on the Group's, the Issuers', the Guarantor's and/or ITL's financial condition or operations. In addition, the failure of a transactional banking counterparty could cause disruption to the Group's operations.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

The availability of the Group's products to consumers could be affected by supply chain failures, price fluctuations, inflation, increased costs and issues related to labour relations

Continuity of supply of the Group's products relies upon the effective management of its product supply chain, which includes, but is not limited to, manufacturing facilities owned and managed by the Group, availability of key systems through the end-to-end supply chain (e.g. product track-and-trace requirements), contract manufacturing suppliers, raw material suppliers, logistics and warehouse suppliers and third-party systems providers, as well as the successful implementation of contingency plans for events such as localised extreme weather and other natural catastrophes, for example earthquakes.

Material failure in the Group's manufacturing or supply chain processes could result in a short-term reduction in supply to markets, including but not limited to, reliance on systems and processes in the full end-to-end supply chain (notably in the EU) to achieve compliance with track-and-trace requirements. Failure to comply with these requirements, or failure of the related systems/processes, could prevent the shipment of product through the supply chain.

Production could be impacted by any deterioration in labour or union relations, or any disputes or work stoppages or other labour-related developments (including problems experienced during any consultation procedures or programmes or the introduction of new labour regulations in countries where the Group operates). The Group's management believes that all of the Group's operations have, in general, good relations with their employees, employee representatives and unions. However, there can be no assurance that the Group's business or operations will not be affected by labour-related problems in the future. In addition, there can be no assurance that any deterioration in labour or union relations, or any disputes or work stoppages or other labour-related developments will not adversely affect the Group's revenue, profits, business, financial condition or results.

Loss of, or disruption in the ability of, a key supplier of raw materials as a result of, among other things, sanctions on Russia related to the conflict between Russia and Ukraine, financial failure, failure to manage supplier relationships effectively or the decision of a third party not to supply the Group could impact supply chain planning. Although production and market contingency planning is in operation in the event of loss of production capacity due to any localised or country-specific issue, such contingency plans could be affected by a number of factors, including product regulation, notably FDA regulation, the requirements of the EUTPD and implementations of the FCTC and its Anti-Illicit Trade Protocol, as well as other product track-and-trace requirements. Any material failure in the Group's product supply could result in lost sales, and a potential longer-term loss of consumer loyalty.

As with other agricultural commodities, the price of tobacco leaf tends to be cyclical, as supply and demand considerations (including production costs and demand for other agricultural commodities such as foods or bio-energy crops) influence tobacco plantings in those countries where tobacco is grown. Different regions may experience variations in weather patterns that may affect crop quality or supply and so lead to changes in price and availability. In addition, political situations may result in a significantly reduced availability of tobacco leaf in any affected country. This may also lead to increases in price that the Group may be unable to pass onto customers.

Furthermore, the Group has in the past made a majority of its leaf purchasing commitments in US dollars, thereby exposing the Group to foreign currency exchange rate risks embedded in the cost of its tobacco

purchasing. Fluctuations and/or inflation in the price of tobacco leaf may have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects, which, in turn, could have an adverse effect on the Issuers', the Guarantor's and/or ITL's revenue, costs, profits, business, financial condition, results or prospects.

The Group is dependent on managing macro-financial risks, including fluctuations and/or inflation in the price and/or availability of tobacco leaf, commodity prices and the price of other materials, including those used in the manufacture of NGP. Additionally, in common with other multinational corporations, the COVID-19 pandemic has placed significant pressures on the Group's logistics supply chain, with supply chains being affected across multiple industries globally, as well as on raw material suppliers, which may result in some future cost increases and which could impact the Group's short-term supply to markets. Raw material suppliers have also been, and may continue to be, affected by severe weather episodes. Such severe weather episodes could then further impact manufacturing, warehousing and the cost of short-term supply to markets. Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

Failure to attract or retain required capabilities and talent may cause the Group to fail to maintain a productive and safe working environment to employees

The Group's success will depend to a substantial extent on the ability and experience of its senior management as well as its ability to attract and retain, among others, a qualified sales force, and teams of engineers and employees with managerial, technical, sales, marketing, digital and IT support skills. The loss of the services of certain key employees, particularly to competitors or other consumer product companies, may have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects, which, in turn, could have an adverse effect on the Issuers', the Guarantor's and/or ITL's revenue, costs, profits, business, financial condition, results or prospects. In addition, management believes that as the Group's business develops and expands, the Group's future success will depend on its ability to attract and retain highly skilled and qualified personnel, which cannot be guaranteed. The failure to attract or retain individuals with key capabilities could significantly impede the Group's financial plans, growth, marketing and other objectives. Employee retention may be particularly challenging following acquisitions or divestures as the Group must continue to motivate employees and keep them focused on its strategies and goals. Furthermore, broader economic and ESG trends may impact the Group's ability to retain key employees and may increase competition for highly talented employees, potentially resulting in the loss of experienced employees. Failure to retain or loss of the skills necessary to execute integration growth plans and deliver key customer programmes may lead to reduced retailer confidence which may adversely affect the Group's revenue, costs, profits, business, financial condition, results or prospects.

The Group's success also depends on its ability to embed an organisational culture that facilitates consumer focus, to ensure that the skills and capabilities of its employees align with its operational or strategic objectives, and to ensure safe working practices for its employees, including providing an appropriate work environment and required support to ensure employee wellbeing. If the Group does not maintain these conditions and practices, this may lead to an unproductive working environment and higher employee churn rates, potentially adversely impacting the Group's revenue, costs, profits, business, financial condition, results or prospects.

Failure to maintain any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

The Group's product portfolio and/or interaction approach may not be aligned with consumer preferences and may result in a negative impact on demand for the Group's products and on the Group's performance

Since the 1990s, there has been a general decline in the consumption of legitimate tobacco products in many of the countries in which the Group operates. This decline in certain developed countries such as the UK, the US, Germany and Spain, where the Group currently has significant operations, may be attributed to a variety of factors, including, but not limited to, health concerns, increasing government regulation, the diminishing social acceptance of smoking, frequent and substantial increases in the excise duty on legitimate tobacco products or a substantial increase in cost attributable to a change in the manner of excise duty collection, increases in the trade of illicit tobacco products and potential future growth of the NGP market.

The industry has experienced the emergence of new industry-wide low-price tiers and a persistent consumer trend of downgrading to lower price point products. This may include category shifts from higher-priced product categories to lower-priced product categories or from premium-priced products to economy-priced alternatives within a single product category. For example, during the periods under review, the Group has experienced downtrading in mature markets in particular, as consumer purchasing patterns have shown an increased demand for lower-priced products and brands.

During the year ended 30 September 2022, the Group experienced total tobacco volume decline on a stick equivalent basis of 4.7 per cent (1.2 per cent excluding Russia). Any future substantial decline in the demand for legitimate tobacco products could have an adverse effect on the Group's, the Issuers', the Guarantor's and/or ITL's revenue, costs, profits, business, financial condition, results or prospects.

Although the Group actively manages its brand portfolio across segments and price points, there can be no assurance that the Group will be able to align its product portfolio or interaction approach to meet consumer preferences or to adequately respond to competitor offerings. Such a failure could result in lower demand for the Group's products, and, in turn, lower sales volumes and reduced brand equity. In addition, the Group may be unsuccessful at identifying intellectual property constraints in the innovation of new products, which could have an adverse impact on the development of the Group's product portfolio and its ability to respond to competitor offerings. Failure to ensure effective implementation of market initiatives or to successfully act upon consumer insights could also result in wasted investments and lost opportunities.

Additional pressure on the consumer choices comes from the continued availability of illegal cross-border trade, in the form of counterfeit products, locally manufactured products on which applicable local sales taxes are evaded and smuggled genuine products, which is a significant and, in some countries, growing threat to the legitimate tobacco industry and could also impact NGP. The level of illegal trade is exacerbated by price differentials between legitimate and illicit products caused by substantial increases in excise duties or a substantial increase in cost attributable to a change in the manner of excise duty collection. Any factor that increases the costs to consumers of tobacco products could encourage more consumers to switch to cheaper, illegal tobacco products and provide greater rewards for counterfeiters, smugglers and organised crime. In addition, regulatory initiatives, such as plain packaging or standardised appearance, taste or ingredients, may further contribute to an increase in illicit trade of tobacco products.

In addition, the continued success and attractiveness of the Group's products may rely on trademarks, patents, registered designs, copyrights and trade secrets. The Group attempts to protect its intellectual property rights in the UK, the EU, the US and elsewhere through a combination of trademarks, patents, registered designs, copyrights and trade secret laws, as well as confidentiality agreements. However, the Group may fail to obtain or maintain adequate protection of such intellectual property rights.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

The Group may be adversely affected by changes in tax regulation or changes in the interpretation of such regulation

Any adverse changes in the tax regimes that the Group is subject to may have a significant impact on the taxes that the Group must pay and could accordingly have an adverse effect on the revenue, costs, profits, business, financial condition, reputation, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

As a multinational, the Group is subject to the risk of changes in local tax requirements and interpretation thereof as well as regional or global initiatives such as EU regulations on the treatment of international tax initiatives.

The Group may be adversely affected by the outcome of claims and challenges by taxation authorities, whether as a result of tax audits or otherwise. Provisions arising from uncertain tax positions included in the 2022 Financial Statements for the year ended 30 September 2022 were £148 million. It is possible that the amounts paid in the future could be materially different from the amounts provided for in the consolidated financial statements of the Group. In addition, not all tax disputes or uncertain tax positions are covered, in whole or in part, by provisions in the Group's financial statements, which are only recognised when requirements of UK-adopted International Accounting Standards are satisfied.

The Group may be adversely affected by internal control failures, including the Group's own employees, retail partners or suppliers

The Group requires its employees to comply with its internal policies and procedures and local legal requirements. However, the risk exists that employees fail to comply with such policies and procedures, including, but not limited to, health and safety violations, and engaging in fraudulent or illegal activity by an employee. Any breach of the Group's policies and procedures (deliberate or otherwise) may expose the Group to the risk of, among other things, governmental investigation, regulatory action and civil and/or criminal liability.

In addition, the Group maintains detailed codes of conduct to which it requires its retail partners to adhere that deal with, but are not limited to, restrictions on selling the Group's products to minors in compliance with local laws. There can be no assurance, however, that the Group's retail partners will adhere to these restrictions, which could result in, among other things, harm to the Group's reputation or liability to regulators. Similarly, the Group's global suppliers are required to comply with the Group's Supplier Code, with contractual requirements to adhere to Group standards relating to the practices they follow in meeting the demands of the Group. The areas covered by such requirements include, but are not limited to, human rights, legal and regulatory compliance, and illicit trade.

A failure of the Group or its employees to follow internal procedures or the failure of retail partners or suppliers to follow codes of conduct may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL. However, notwithstanding anything contained in this risk factor, this risk factor should not be taken as implying that either the Issuers, the Guarantor or ITL will be unable to comply with their obligations as companies with securities admitted to the Official List.

The Group's products could be affected by failures in product stewardship, quality control and/or contamination

The Group's products may fail to comply with product stewardship standards or become contaminated or may otherwise fail to comply with the Group's or its regulators' quality standards, for example, as a result of an accident during the manufacturing or supply chain process or deliberately with malicious intent, or a malfunction, in the case of vapour products. In these instances, significant costs may be incurred in recalling products from the market or as a result of negative publicity. In addition, consumers may lose confidence in the affected brand or brands, resulting in a loss of sales volume, which may take a long time to recover or may not recover fully or at all. During this time, the Group's competitors may substantially increase their market share, which would subsequently be difficult and costly to regain. The Group may also be subject to claims in respect of such product failure.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

Failure to manage interest or foreign exchange rates may adversely affect the Group's results

The Group is exposed to movements in foreign currency exchange rate due to its overseas subsidiaries, its commercial trading transactions denominated in foreign currencies and foreign currency cash deposits, borrowings and derivatives. For significant acquisitions of overseas companies, the Group endeavours to raise financing in the appropriate currency (or are swapped via derivatives into the appropriate currency) to minimise risk.

The Group's material foreign currency denominated costs include the purchase of tobacco leaf, which is sourced from various countries, but purchased principally in US dollars, and packaging materials, which are sourced from various countries and purchased in a number of currencies.

The Group currently has investments in foreign entities that operate in countries whose currency is different from sterling (mainly in the EU, as well as in Morocco, Australia and the US). Consequently, the Group is exposed to the translation of the results of overseas subsidiaries into sterling, as well as to the impact of trading transactions in foreign currencies. Significant fluctuations in foreign currency exchange rates could have an adverse effect on the Group's revenue, costs, profits, business, financial condition, results or prospects, which,

in turn, could have an adverse effect on the Issuers', the Guarantor's and/or ITL's revenue, costs, profits, business, financial condition, results or prospects.

As at 30 September 2022, the Group had adjusted net debt of £8,054 million (predominantly in euro and US dollars). The Group is exposed to fluctuations in interest rates on its borrowings and surplus cash balances. Significant fluctuations in interest rates may have an adverse effect on the Group's revenue, profits, financial condition or results, which, in turn, could have an adverse effect on the Issuers', the Guarantor's and/or ITL's revenue, costs, profits, business, financial condition, results or prospects.

Loss of key customers or distributors may adversely affect sales continuity in core markets and adversely affect the Group's results

Group companies have a number of key customers and distributors that may be under contractual arrangements, which may have relatively short durations and/or termination periods. The permanent or temporary loss of key customers, or a material concentration of smaller customers, or distributors may adversely affect the Group's sales volume, market share and profits. The Group may be unable to renew agreements with key customers or distributors on satisfactory terms for numerous reasons, including government regulations or consolidation within the market. The loss or consolidation of any of these key customers or distributors, the permanent or temporary loss of sales from a material number of smaller customers, or their inability to pay material amounts owed, may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

The Group conducts business in countries subject to international sanctions

Some of the countries in which the Group does business or with whom it has or will have commercial dealings are subject to international sanctions. Operations in these territories expose the Group to the risk of significant financial costs and disruption in operations that may be difficult or impossible to predict or avoid or the activities could become commercially and/or operationally unviable. Sanctions can be imposed quickly (as happened in respect of Russia in 2022) with the possibility of further territories the Group operates in becoming subject to sanctions at short notice.

The Group seeks to comply fully with international sanctions to the extent they are applicable to the Group or the third parties that it deals with. However, in doing so, it may be restricted in supplying products sourced from certain countries to relevant jurisdictions, by the nationality of the personnel that it involves in these activities or in its sources of funding.

Additionally, the Group's business in developing markets may present more challenging operating environments in which commercial practices may be less developed and of a lower standard than those in which the established markets in which the Group operates. As such, although the Group seeks to comply fully with international sanctions to the extent they are applicable to the Group, it may be harder to do so in such markets. The Group may suffer from adverse public reaction or from reputational harm as a result of doing business in, or having commercial dealings through third parties with, countries that have been identified as state sponsors of terrorism by the US State Department, or that are subject to international sanctions, notwithstanding that the Group's activities comply with applicable international sanctions and regardless of the materiality of the Group's operations in such countries to its operations or financial condition. The Group's activities in the countries subject to international sanctions could also restrict the sources of funding and financial (or other) products or services available to the Group. International sanctions may also limit the Group's ability to use existing funds to finance its operations in certain countries.

Any of the factors listed above may have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Issuers, the Guarantor and/or ITL.

Substantial payment obligations under the MSA and other State Settlement Agreements, along with US state certification requirements, may have an adverse effect on the cash flows and operating income of the Group

In the US, the Master Settlement Agreement ("MSA") is an agreement between certain tobacco manufacturers (including members of the Group) and 46 US states, the District of Columbia and five US territories, which imposes substantial payment obligations on those manufacturers. In addition, the original participating

manufacturers under the MSA had previously settled similar claims brought by Mississippi, Florida, Texas and Minnesota (the "Initial State Settlements" and, together with the MSA, the "State Settlement Agreements"). See "*Imperial Brands PLC—Litigation—Americas—US litigation environment and State Settlement Agreements*". ITG Brands, LLC, the entity formerly known as Lignum-2, LLC, a private tobacco company that sells cigarettes in the US, which the Group acquired on 12 May 2008 ("ITG Brands") and its affiliates are parties to the MSA and to the Mississippi, Minnesota and Texas State Settlement Agreements.

The State Settlement Agreements require that the participating manufacturers make significant annual payments, which in 2021 amounted to approximately US$8.3 billion. In addition, certain of the participating manufacturers (not including ITG Brands and its affiliates) are required to pay settling plaintiffs' attorneys' fees, subject to an annual cap of US$500 million, and were required to pay an additional amount of up to US$125 million in each year to 2008. These payment obligations are several and not joint obligations of each participating manufacturer. Annual payments are required to be paid in perpetuity and are subject to adjustment for several factors, including inflation, domestic market share and unit volume and (for some manufacturers and brands) industry and individual company operating profits, with respect to the MSA, in the year preceding the year in which payment is due, and, with respect to the other State Settlement Agreements, in the year in which payment is due. As such, it is possible that any adjustments to volume, market share and industry and individual company operating profits as well as inflation may have an adverse effect on the State Settlement Agreements' impacts on the obligations, revenue, costs, profits, business, financial condition, results or prospects of the Group. The State Settlement Agreements also include provisions relating to significant advertising and marketing restrictions, public disclosure of certain industry documents, limitations on challenges to tobacco control and underage use laws, and other provisions.

From time to time, lawsuits have been brought against participating manufacturers to the MSA, or against one or more of the states that are party to the MSA, challenging the validity of the MSA and/or statutes related to it on certain grounds, including as a violation of the antitrust laws. ITG Brands and certain of its affiliates have agreed to make payments under the MSA and the Mississippi, Minnesota and Texas State Settlement Agreements, and payments are made for certain of their products under the equity fee statutes in Mississippi, Minnesota and Texas. Florida, Minnesota and Texas brought suits, claiming, among other things, that ITG Brands owes settlement payments under the relevant State Settlement Agreements. Texas also claimed that the fees being paid on ITG Brands products under its equity fee statute had been too low since June 2015. All previous litigation between the Group and Florida, Minnesota and Texas has now been resolved by means of a settlement in Minnesota and Texas and a judgment requiring Reynolds to continue to make settlement payments in Florida. Reynolds brought a related suit in Delaware claiming breach of the agreement relating to the Group's 2015 acquisition of certain brands from Reynolds, including brands formerly owned by Lorillard (the "2015 US Acquisition") regarding the Initial State Settlements and seeking indemnity for any payments it makes related to the Florida suit. On 30 September 2022, the trial court granted summary judgment to Reynolds. The court did not determine the amount of Reynolds' damages but left that question open for further proceedings. At this point Reynolds' damages are not quantified. After trial court proceedings on damages are completed, ITG will have the right to appeal (including from the court's earlier determinations) to the Delaware Supreme Court. Certain parties to the MSA have also unsuccessfully challenged the application of a reduction to payments, the PSS Reduction, to the Group's MSA payments, and may still attempt to arbitrate those claims.

The existence, nature, calculation and extent of payment and other obligations (or the result of any litigation in respect of the same) for the brands sold under the MSA, the other State Settlement Agreements and the equity fee statutes cannot be predicted with certainty. The amounts that may be payable by the Group in respect of such taxes, agreements and statutes may be material, which could have an adverse effect on the reputation, revenue, costs, profits, business, financial condition, results or prospects of the Group, the Guarantor and/or ITL.

In addition, the US states which are a party to the MSA have passed statutes requiring tobacco cigarette brands to be "certified" (approved for sale) by state authorities before they can be sold in that state. The Group may be adversely affected by decisions made by any state not to certify or to de-list brands. This, in turn, could have an adverse effect the Guarantor's and ITL's revenue, costs, profits, business, financial condition, results or prospects.

Risks Relating to the Issuers

The Issuers are financing vehicles and are reliant on the business of the Group

The Issuers are financing vehicles with no business operations of their own, other than raising financing, advancing funds to, receiving funds from, and providing treasury services for, the Guarantor and other members of the Group. Accordingly, the Issuers have no trading assets and do not generate trading income (but may generate interest income on their activities). Interest payments in respect of the Notes will effectively be paid from cash flows generated from the business of the Group and accordingly the ability of the Issuers to pay interest on and repay the Notes will be subject to all the risks to which the Group is subject (see "Risks Relating to the Group" above). The ability of the Issuers to make interest payments on the Notes is therefore dependent on its rights to receive inter-company payments from companies within the Group. If these payments are not made by companies within the Group, for whatever reason, the Issuers would not expect to have any other sources of funds available to it that would be sufficient to make payments on the Notes. In such circumstances, Noteholders would have to rely upon claims for payment under the relevant guarantee, which may be terminated or substituted with another Guarantor in certain circumstances without the consent of Noteholders.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

If the relevant Issuer has the right to redeem Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis may affect the secondary market in, and the market value of such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such benchmarks

Interest rates and indices which are deemed to be "benchmarks" (such as, in the case of Floating Rate Notes, a Reference Rate, including the euro interbank offered rate ("EURIBOR")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "EU Benchmarks Regulation") applies, subject to certain transitional provisions to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain "benchmarks" (including EURIBOR): (i) discouraging market participants from continuing to administer or contribute to "a benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark" and/or (iii) leading to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing or otherwise dependent (in whole or in part) upon, a benchmark.

The Terms and Conditions of Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if a Reference Rate and/or any page on which a Reference Rate may be published (or any other successor service), becomes unavailable, or if the relevant Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms) are no longer permitted lawfully to calculate interest on any Notes by reference to such a Reference Rate under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Reference Rate or an Alternative Reference Rate (both as defined in the Terms and Conditions of the Notes), with the application of an Adjustment Spread (as defined in the Terms and Conditions of the Notes and which could be positive, negative or zero) and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the new benchmark, all as determined by an Independent Adviser to be appointed by the relevant Issuer

(such Independent Adviser acting in good faith and in a commercially reasonable manner) and as more fully described at Condition 5(b)(iv).It is possible that the use of a Successor Reference Rate or Alternative Reference Rate (including any Adjustment Spread) may result in any Notes linked to or referencing a Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Reference Rate were to continue to apply in its current form. There is also a risk that the relevant fallback provisions may not operate as expected or intended at the relevant time.

Furthermore, in certain circumstances, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Accrual Period (as defined in the Terms and Conditions of the Notes) may result in the Rate of Interest for the last preceding Interest Accrual Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page (as defined in the Terms and Conditions of the Notes).

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without consent of the Noteholders and without regard to the individual interests of particular Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the relevant Issuer, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, Holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Any early redemption at the option of the relevant Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield received by Noteholders to be considerably less than anticipated

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the relevant Issuer including an Issuer Residual Call Option as described in Condition 6(g), an Issuer Par Call Option as described in Condition 6(f) and a Make-Whole Redemption by the relevant Issuer as described in Condition 6(e). As a consequence, the yields received upon redemption may be lower than expected, and the redemption price of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. In such a case, part of the capital invested by the Noteholder may be lost, so that the Noteholder would not receive the total amount of the capital invested.

In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

The existence of these early redemption options in a particular Series of Notes could limit the market value of such Notes.

In particular, with respect to the Issuer Residual Call Option (Condition 6(g)), there is no obligation on the relevant Issuer to inform investors if and when the aggregate nominal amount of the Notes then Outstanding is 20 per cent or less of the aggregate nominal amount of the Series issued, and the relevant Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Issuer Residual Call Option by the relevant Issuer, the Notes may have been trading significantly above the redemption price, thus potentially resulting in a loss of capital invested.

Potential Conflicts of Interest

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, FX risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Notes

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in FX adversely affecting the value of their holding. In addition the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a

currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that FX may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Issuer, the Guarantor or ITL to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of Fixed Rate Notes.

Credit ratings assigned to the Issuers, the Guarantor or any Notes may not reflect the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign a rating to the Issuers, the Guarantor or the Notes. The rating(s) may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn at any time by the assigning rating agency.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

Terms and Conditions of the Notes

The following are the terms and conditions of the Notes that, subject to completion in accordance with the provisions of Part A of the applicable Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the applicable Final Terms, or (ii) these terms and conditions as so completed (subject to simplification by deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be.

The Notes are constituted by a Trust Deed (as amended, restated or supplemented as at the date of issue of the Notes (the "Issue Date"), the "Trust Deed") dated 25 January 2023 between Imperial Brands Finance PLC ("IBF"), Imperial Brands Finance Netherlands B.V. ("IBFN") (each an "Issuer" and together the "Issuers"), Imperial Brands PLC (the "Guarantor") and BNY Mellon Corporate Trustee Services Limited (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "Conditions" or the "Terms and Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the "Agency Agreement") dated 25 January 2023 has been entered into in relation to the Notes between the Issuers, the Guarantor, the Trustee, The Bank of New York Mellon, London Branch (as initial issuing and paying agent) and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar and the transfer agents and the calculation agent for the time being (if any) are referred to below respectively as the "Issuing and Paying Agent", the "Paying Agents" (which expression shall include the Issuing and Paying Agent), the "Registrar", the "Transfer Agents" (which expression shall include the Registrar) and the "Calculation Agent". Copies of the Trust Deed and the Agency Agreement (i) are available for inspection or collection during usual business hours at the principal office of the Trustee (presently at 160 Queen Victoria Street, London EC4V 4LA) and at the Specified Offices (as defined in the Trust Deed) of the Paying Agents and the Transfer Agents or (ii) may be provided by email to a Noteholder following their prior written request to the Trustee or any Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Trustee, or the relevant Paying Agent, as the case may be). If the Notes are to be admitted to trading on the main market of the London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service.

The Noteholders, the holders ("Couponholders") of the interest coupons (the "Coupons") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

References herein to the "Issuer" shall be to the Issuer of the Notes as specified in the applicable Final Terms.

References herein to the "Notes" shall be references to the Notes of this Series and shall mean, in relation to any bearer Notes represented by a global Note (a "Global Note"), as applicable (i) units of each Specified Denomination in the Specified Currency, (ii) any Global Note and (iii) any definitive Notes issued in exchange for a Global Note.

1. Form, Denomination and Title

The Notes are issued in bearer form ("Bearer Notes"), which expression includes Notes that are specified to be Exchangeable Bearer Notes, in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Specified Denomination(s) specified in the applicable Final Terms, provided that the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing depending upon the Interest Basis specified in the applicable Final Terms.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2, each Certificate shall represent the entire holding of Registered Notes by the same Holder.

Title to the Bearer Notes, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the Holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "Holder" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms (not otherwise defined) have the meanings given to them in the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the Specified Office (as defined in the Trust Deed) of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the Specified Office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not so transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the Holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate

Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a Holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding of Registered Notes.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(a), 2(b) or 2(c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(h)) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the Specified Office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by ordinary uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the Specified Office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Exchange Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Conditions 6(d), 6(e) and 6(f) (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption by the Issuer may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Guarantee and Status

(a) Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons. The Guarantor's obligations in that respect (the "Guarantee") are contained in the Trust Deed.

(b) Status of Notes and Guarantee

The Notes, and the Coupons relating to them, constitute (subject to Condition 4) unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

4. Negative Pledge

So long as any of the Notes or Coupons remains Outstanding (as defined in the Trust Deed) each of the Issuer and the Guarantor undertakes that it will not, and, in the case of the Guarantor, that it will procure that no Subsidiary (as defined below) will, create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest (each a "Security Interest") upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital), present or future, in order to secure any Relevant Debt (as defined below) or to secure any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes, the Coupons and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee (A) are secured equally and rateably therewith to the satisfaction of the Trustee or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions:

"Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities that are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market.

"Subsidiary" means a subsidiary of the Guarantor within the meaning of section 1159 of the Companies Act 2006.

5. Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upward or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g). Such Interest Payment Date(s) is/are either specified in the applicable Final Terms as Specified Interest Payment Dates or, if no Specified Interest

Payment Date(s) is/are specified in the applicable Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified in the applicable Final Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes

(x) The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being EURIBOR, subject as provided in Condition 5(b)(iv) below) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request the principal Euro-zone office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the

request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(iv) Reference Rate Replacement

If, notwithstanding the provisions of Condition 5(b)(iii), the Issuer, in consultation with the party responsible for determining the Rate of Interest (being the Calculation Agent or such other party specified in the applicable Final Terms, as applicable), determines that a Benchmark Event has occurred in relation to the Reference Rate at any time when any Rate of Interest (or component thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply:

(A) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner):

(x) a Successor Reference Rate; or

(y) if such Independent Adviser determines that there is no Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next succeeding Interest Accrual Period (the "IA Determination Cut-off Date") for the purposes of determining the Rate of Interest (or a relevant component part thereof) applicable to the Notes for such next succeeding Interest Accrual Period and for all other future Interest Accrual Periods (subject to the subsequent operation of this Condition 5(b)(iv) during any other future Interest Accrual Period(s));

(B) if the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines that in accordance with this Condition 5(b)(iv)):

(x) there is a Successor Reference Rate then such Successor Reference Rate (as adjusted by the applicable Adjustment Spread as provided in Condition 5(b)(iv)(C)) shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all

future Interest Accrual Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(b)(iv)); or

(y) there is no Successor Reference Rate but that there is an Alternative Reference Rate, then such Alternative Reference Rate (as adjusted by the applicable Adjustment Spread as provided in Condition 5(b)(iv)(C)) shall subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future Interest Accrual Periods (subject to the subsequent further operation of this Condition 5(b)(iv));

(C) if a Successor Reference Rate or Alternative Reference Rate is determined in accordance with Condition 5(b)(iv), the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the Successor Reference Rate or the Alternative Reference Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Reference Rate or Alternative Reference Rate (as applicable), subject to the subsequent further operation and adjustment as provided in this Condition 5(b)(iv);

(D) if any Successor Reference Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 5(b)(iv), the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

(1) changes to these Terms and Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate and/or Adjustment Spread (as applicable), including, but not limited to, (aa) the Interest Period(s)/Specified Interest Payment Dates, the Business Day Convention, the Additional Business Centre(s), the Interest Determination Date(s), the Relevant Screen Page and/or Day Count Fraction applicable to the Notes and (bb) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable) is not available; and

(2) any other changes which the relevant Independent Adviser determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable),

which changes shall apply to the Notes for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5(b)(iv)); and

(E) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to this Condition 5(b)(iv) to the Trustee, each of the Paying Agents, the Calculation Agent, the Noteholders in accordance with Condition 16 and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Directors or authorised signatories of the Issuer:

(I) confirming (x) that a Benchmark Event has occurred, (y) the Successor Reference Rate or, as the case may be, the Alternative Reference Rate and (z) any Adjustment Spread, in each case as determined in accordance with the provisions of this Condition 5(b)(iv);

(II) certifying that the consequential amendments are necessary to ensure the proper operation of such Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread; and

(III) certifying that the Issuer has duly consulted with an Independent Adviser with respect to each of the matters above.

The Trustee shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Reference Rate or Alternative Reference Rate and the Adjustment Spread and any such other relevant changes pursuant to this Condition 5(b)(iv) specified in such certificate will (in the absence of manifest error in the determination of the Successor Reference Rate or Alternative Reference Rate and the Adjustment Spread and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Paying Agents, the Calculation Agent, the Noteholders and the Couponholders.

Subject to receipt by the Trustee of this certificate, the Trustee shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), the Agency Agreement and these Terms and Conditions as the Issuer certifies are required to give effect to this Condition 5(b)(iv) and the Trustee shall not be liable to any party for any consequences thereof.

In connection with such variation in accordance with this Condition 5(b)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as the case may be) and the applicable Adjustment Spread described in this Condition 5(b)(iv) or such other relevant changes pursuant to this Condition 5(b)(iv), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate (as the case may be) and the applicable Adjustment Spread is not determined pursuant to the operation of this Condition 5(b)(iv) prior to the relevant IA Determination Cut-off Date, then the Rate of Interest for the next Interest Accrual Period shall be determined by the Calculation Agent by reference to the fallback provisions set out in Condition 5(b)(iii).

(c) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and

after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes

If Step Up Rating Change and Step Down Rating Change is specified in the applicable Final Terms, the following provisions relating to the Rate of Interest for the Notes shall apply.

(i) The Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or a Step Down Rating Change, as the case may be.

(ii) Subject to paragraphs (iv) and (vii) below, from and including the first Interest Payment Date following the date of a Step Up Rating Change, if any, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be increased by the Step Up Margin specified in the applicable Final Terms.

(iii) Furthermore, subject to paragraphs (iv) and (vii) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Down Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).

(iv) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period (in the case of Fixed Rate Notes) or the same Interest Period (in the case of Floating Rate Notes), the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) on the Notes shall be neither increased nor decreased as a result of either event.

(v) The Issuer shall use all reasonable efforts to maintain credit ratings for the Notes from the Rating Agencies. If, notwithstanding such reasonable efforts, either Rating Agency fails to or ceases to assign a credit rating to the Notes, the Issuer shall use all reasonable efforts to obtain a credit rating of the Notes from a substitute rating agency that shall be a Statistical Rating Agency, and references in this Condition 5(e) to Moody's or S&P, as the case may be, or the credit ratings thereof, shall be to such substitute rating agency or, as the case may be, the equivalent credit ratings thereof.

(vi) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change giving rise to an adjustment to the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) payable on the Notes pursuant to this Condition 5(e) to be notified to the Trustee and the Issuing and Paying Agent and notice thereof to be published in accordance with Condition 16 as soon as possible after the occurrence of the Step Up Rating Change or the Step Down Rating Change (whichever the case may be) but in no event later than the fifth London Business Day thereafter.

(vii) A Step Up Rating Change (if any) and a Step Down Rating Change (if any), may only occur once each during the term of the Notes.

The Trustee is under no obligation to ascertain whether a change in the rating assigned to the Notes by a Rating Agency or any substitute rating agency has occurred or whether there has been a failure or a ceasing by a Rating Agency or any Statistical Rating Agency to assign a credit rating to the Notes and until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such change to the credit rating assigned to the Notes has occurred or no such failure or ceasing by a Rating Agency or any Statistical Rating Agency has occurred.

If the rating designations employed by any Rating Agency is changed from those which are described in this Condition 5(e), the Issuer and the Guarantor shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of that Rating Agency as are most equivalent to the prior rating designations of that Rating Agency, and this Condition 5(e) shall be construed accordingly.

For the purposes of this Condition 5(e) only:

"Moody's" means Moody's Investors Service Ltd, or its successor;

"Rating Agency" means either Moody's or S&P and "Rating Agencies" means both of them;

"S&P" means S&P Global Ratings UK Limited, or its successor;

"Statistical Rating Agency" means Fitch Ratings Limited or its successor or such other rating agency as the Trustee may approve, such approval not to be unreasonably withheld or delayed;

"Step Down Rating Change" means the first public announcement after a Step Up Rating Change by either a Rating Agency or both Rating Agencies of an increase in the credit rating of the Notes with the result that, following such public announcement(s), both Rating Agencies rate the Notes as Baa3 or higher (in the case of Moody's) and BBB- or higher (in the case of S&P). For the avoidance of doubt, any further increases in the credit rating of the Notes above Baa3 in the case of Moody's or above BBB- in the case of S&P shall not constitute a Step Down Rating Change; and

"Step Up Rating Change" means the first public announcement by either a Rating Agency or both Rating Agencies of a decrease in the credit rating of the Notes to below Baa3 (in the case of Moody's) or to below BBB- (in the case of S&P). For the avoidance of doubt, any further decrease in the credit rating of the Notes from below Baa3 in the case of Moody's or from below BBB- in the case of S&P shall not constitute a Step Up Rating Change.

(f) Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding

(i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(g) Calculations in respect of Floating Rate Notes

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amount payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

The Calculation Agent will calculate the Interest Amount payable on the Floating Rate Notes for the relevant Interest Accrual Period by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant

Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with market convention. Where the Specified Denomination of a Floating Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(h) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Sterling Make-Whole Redemption Amounts, Non-Sterling Make-Whole Redemption Amounts and Residual Call Early Redemption Amounts

The Calculation Agent or the Independent Adviser (as the case may be) shall as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent or the Independent Adviser (as the case may be) may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination, but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination in accordance with Condition 16. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent or the Independent Adviser (as the case may be) shall (in the absence of manifest error) be final and binding upon all parties.

(i) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Accrual Period in the applicable Final Terms, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Issuer shall determine, or (at its discretion) shall appoint an agent to determine, such rate at such time and by reference to such sources as it determines appropriate, acting in good faith and in a commercially reasonable manner.

"Designated Maturity" means the period of time designated in the Reference Rate.

(j) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Adjustment Spread" means either a spread (which may be positive or negative or zero), or the formula or methodology for calculating a spread, which the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Reference Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or

(iii) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Reference Rate or the Alternative Reference Rate (as applicable); or

(iv) if no such industry standard is recognised or acknowledged, the Independent Adviser (acting in good faith and in a commercially reasonable manner) determines to be appropriate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable).

"Alternative Reference Rate" means the rate that the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component parts thereof) in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Accrual Periods, or, if such Independent Adviser determines that there is no such rate, such other rate as such Independent Adviser (acting in good faith and in a commercially reasonable manner) determines in its discretion is most comparable to the Reference Rate.

"Benchmark Event" means:

(i) the Reference Rate ceasing to exist, be permanently administered or be published (in the latter case, for a period of at least 5 Business Days);

(ii) the later of (A) the making of a public statement by the administrator or an insolvency official with jurisdiction over the administrator of the Reference Rate that it will, on or before a specified date, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate) and (B) the date falling six months prior to the date specified in (ii)(A);

(iii) the making of a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been permanently or indefinitely discontinued;

(iv) the later of (A) the making of a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the date specified in (iv)(A);

(v) the later of (A) the making of a public statement by the supervisor of the administrator of the Reference Rate that means the Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the date specified in (v)(A);

(vi) it has, or will prior to the next Interest Determination Date, become unlawful for the Issuer, the Calculation Agent, any party responsible for determining the Rate of Interest or any

Paying Agent to calculate any payments due to be made to any Noteholder using the Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011 or Regulation (EU) No. 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, if applicable); or

(vii) the later of (A) the making of a public statement by the supervisor of the administrator of the Reference Rate announcing that such Reference Rate will, on or before a specified date, no longer be representative or may no longer be used and (B) the date falling six months prior to the date specified in (vii)(A) above.

"Business Day" means:

(i) in the case of a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for such currency and/or

(ii) in the case of euro, a day on which the TARGET2 System is open (a "TARGET Business Day") and/or

(iii) in the case of a currency and/or one or more Additional Business Centres a day on which commercial banks and foreign exchange markets settle payments in such currency and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "Calculation Period"):

(i) if "Actual/Actual" or "Actual/Actual (ISDA)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

(iv) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(v) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vi) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30; and

(vii) if "Actual/Actual-ICMA" is specified in the applicable Final Terms:

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of

(x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Determination Date" means the date specified as such in the applicable Final Terms or, if none is so specified, the Interest Payment Date.

"euro" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended (the "Treaty").

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be, specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the applicable Final Terms.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the applicable Final Terms.

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Final Terms.

"Reference Banks" means the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent.

"Reference Rate" means the rate originally specified as such in the applicable Final Terms or, where a Successor Reference Rate or an Alternative Reference Rate has been determined pursuant to Condition 5(b)(iv), such Successor Reference Rate or Alternative Reference Rate, as applicable, used to determine the Rate of Interest (or any component part thereof) on the Notes.

"Relevant Nominating Body" means, in respect of a Reference Rate:

(i) the central bank for the currency to which such Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms.

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"Successor Reference Rate" means the rate that the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines is a successor to or replacement of the Reference Rate which is formally recommended or formally provided as an option for parties to adopt by any Relevant Nominating Body.

"TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor or replacement thereto.

(k) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Final Terms and for so long as any Note is Outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount Early Redemption Amount, Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market

(or, if appropriate, money or swap market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d), 6(e), 6(f), 6(g) or 6(h), each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount specified in the applicable Final Terms (which, unless otherwise provided in the applicable Final Terms, is its nominal amount).

(b) Early Redemption

(i) Zero Coupon Notes

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown specified in the applicable Final Terms.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount or, if no such amount is so specified in the applicable Final Terms, at its nominal amount.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate

Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom (the "UK") or the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and a legal opinion of legal advisers of recognised standing to the effect that such circumstances prevail and the Trustee shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders, redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at the Optional Redemption Amount specified in the applicable Final Terms (together, if appropriate, with interest accrued to the date fixed for redemption). Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(e) Make-Whole Redemption by the Issuer (Issuer Make-Whole Call)

(a) Sterling Make-Whole Amount

If Sterling Make-Whole Redemption is specified in the applicable Final Terms, the Issuer may, on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders, redeem all, or, if so provided, some of the Notes, at any time or from time to time (i) where no particular period during which Sterling Make-Whole Redemption is applicable is specified, prior to their Maturity Date; or (ii) where Sterling Make-Whole Redemption is specified as only being applicable for a certain period, during such period, in each case on the date for redemption specified in such notice (the "Sterling Make-Whole Redemption Date") at the Sterling Make-Whole Redemption Amount.

The Sterling Make-Whole Redemption Amount shall be equal to the higher of (i) 100 per cent of the nominal amount of the Notes to be redeemed and (ii) the nominal amount of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the

Financial Adviser, at which the Gross Redemption Yield to maturity or, if Issuer Par Call is specified in the applicable Final Terms, the Gross Redemption Yield to the Par Call Period Commencement Date on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin (if any), all as determined by the Financial Adviser plus, in each case, any accrued interest on the Notes to, but excluding, the Sterling Make-Whole Redemption Date.

(b) Non-Sterling Make-Whole Amount

If Non-Sterling Make-Whole Redemption is specified in the applicable Final Terms, the Issuer may, on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Noteholders, redeem all, or, if so provided, some of the Notes, at any time or from time to time (i) where no particular period during which Non-Sterling Make-Whole Redemption is applicable is specified, prior to their Maturity Date; or (ii) where Non-Sterling Make-Whole Redemption is specified as only being applicable for a certain period, during such period, in each case on the date for redemption specified in such notice (the "Non-Sterling Make-Whole Redemption Date") at the Non-Sterling Make-Whole Redemption Amount.

The Non-Sterling Make-Whole Redemption Amount shall be an amount equal to the higher of (i) 100 per cent of the nominal amount of the Notes to be redeemed and (ii) the sum of the present values of the nominal amount of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis (based on the Day Count Fraction specified in the applicable Final Terms or such other day count basis as the Financial Adviser may consider to be appropriate having regard to customary market practice at such time) at the Reference Bond Rate, plus the Redemption Margin (if any), all as determined by the Financial Adviser, plus, in each case any accrued interest on the Notes to, but excluding, the Non-Sterling Make-Whole Redemption Date.

Any such notice of redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, in which case such notice shall state that, in the Issuer's discretion, the Sterling Make-Whole Redemption Date or the Non-Sterling Make-Whole Redemption Date, as applicable, may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Sterling Make-Whole Redemption Date or the Non-Sterling Make-Whole Redemption Date, as applicable, or by the Sterling Make-Whole Redemption Date or the Non-Sterling Make-Whole Redemption Date, as applicable, so delayed.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(e).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

"FA Selected Bond" means a government security or securities (which, if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

"Financial Adviser" means an independent financial adviser acting as an expert selected by the Issuer;

"Gross Redemption Yield" means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Financial Adviser on the basis set out by the UK Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts/Double dated and Updated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Financial Adviser;

"Quotation Time" shall be as set out in the applicable Final Terms;

"Redemption Margin" shall be as set out in the applicable Final Terms;

"Reference Bond" means (A) if FA Selected Bond is specified as being applicable in the applicable Final Terms, the relevant FA Selected Bond or (B) if FA Selected Bond is not specified as being applicable in the applicable Final Terms, the security specified in the applicable Final Terms, provided that, if the Financial Adviser advises the Issuer that, at the time at which the Sterling Make-Whole Redemption Amount or the Non-Sterling Make-Whole Redemption Amount, as applicable, is to be determined, for reasons of illiquidity or otherwise, the relevant security specified is not appropriate for such purpose, such other central bank or government security as the Financial Adviser may, after consultation with the Issuer, determine to be appropriate;

"Reference Bond Price" means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, (B) if the Financial Adviser obtains fewer than four but more than one such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations, (C) if the Financial Adviser obtains only one such Reference Government Bond Dealer Quotation, such quotation so obtained, or (D) if no Reference Government Bond Dealer Quotations are provided, the price determined by the Financial Adviser (or failing which the Issuer, in consultation with the Financial Adviser), acting in a commercially reasonable manner, at such time and by reference to such sources as it deems appropriate;

"Reference Bond Rate" means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

"Reference Date" will be set out in the relevant notice of redemption;

"Reference Government Bond Dealer" means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Financial Adviser, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Reference Date quoted in writing to the Financial Adviser by such Reference Government Bond Dealer; and

"Remaining Term Interest" means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to maturity of such Note (or, if Issuer Par Call is specified as being applicable in the applicable Final Terms, the remaining term up to the Par Call Period Commencement Date as specified in the applicable Final Terms) determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition.

(f) Issuer Par Call Option

If Issuer Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Trustee and to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable and specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the Par Call Period specified as being applicable in the applicable Final Terms, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued but unpaid to (but excluding) the date fixed for redemption.

(g) Issuer Residual Call Option

If Issuer Residual Call is specified as being applicable in the applicable Final Terms and, at any time, the aggregate nominal amount of the Notes then Outstanding is 20 per cent or less of the aggregate nominal amount of the Series issued excluding any Notes redeemed pursuant to Condition 6(e), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 and not more than 60 days' notice to the Trustee and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable) at the Residual Call Early Redemption Amount together, if appropriate, with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(g).

(h) Redemption at the Option of Noteholders

(i) General Investor Put

If General Investor Put is specified as being applicable in the applicable Final Terms, the Issuer shall, at the option of the Holder of any such Note, upon the Holder of such Note giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms, redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the applicable Final Terms together with interest accrued to the date fixed for redemption.

To exercise such option the Holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its Specified Office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) Change of Control Investor Put

If Change of Control Investor Put is specified in the applicable Final Terms, the following provisions shall apply to the Notes:

If whilst any of the Notes remain Outstanding there occurs a Restructuring Event and within the Restructuring Period (a) (if at the time that Restructuring Event occurs there are Rated Securities) a Rating Downgrade in respect of that Restructuring Event occurs or (b) (if at the time that Restructuring Event occurs there are no Rated Securities) a Negative Rating Event in respect of that Restructuring Event occurs (that Restructuring Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period together called a "Put Event"), the Holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice under Condition 6(c)) under this Condition 6(h)(ii) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional

Redemption Date (Put) (as defined below) at its Optional Redemption Amount specified in the applicable Final Terms together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Optional Redemption Date (Put). For the avoidance of doubt, any references in these Terms and Conditions to principal shall be deemed to include the purchase price for Notes should the Issuer opt to purchase Notes pursuant to this Condition 6(h)(ii).

Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the Holders of at least one-quarter in nominal amount of the Notes then Outstanding or if so directed by an Extraordinary Resolution of the Noteholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction), give notice (in each case, a "Put Event Notice") to the Noteholders in accordance with Condition 16 specifying the nature of the Put Event and the procedure for exercising the option (as set out in this Condition 6(h)(ii)).

To exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition 6(h)(ii) the Holder of that Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg or any Alternative Clearing System, deliver such Note, on any business day in the city of the Specified Office of any Paying Agent falling within the period (the "Put Period") of 30 days after a Put Event Notice is given, at the Specified Office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the Specified Office of any Paying Agent (a "Put Option Notice") and in which the Holder must specify a bank account to which payment is to be made under this Condition 6(h)(ii). The Note (in the case of Bearer Notes) should be delivered together with all Coupons appertaining thereto maturing after the date (the "Optional Redemption Date (Put)") which is the fourteenth day after the last day of the Put Period failing which an amount will be deducted from the payment to be made by the Issuer on redemption of the Notes corresponding to the aggregate amount payable in respect of such missing Coupons.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg or any Alternative Clearing System, to exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition 6(h)(ii) the Holder of the Note must, within the Put Period (a) give notice to the Issuing and Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on the Noteholder's instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Issuing and Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and (b) if this Note is represented by a Global Note, at the same time present, or procure the presentation of, the relevant Global Note to the Issuing and Paying Agent for notation accordingly.

The Paying Agent to which such Note (if applicable) and Put Option Notice are delivered or the Issuing and Paying Agent, as the case may be, will issue to the Holder concerned a non-transferable receipt (a "Put Option Receipt") in respect of the Note so delivered or, in the case of a Global Note or Note in definitive form held through Euroclear or Clearstream, Luxembourg, the notice so received. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date (Put), unless previously redeemed or purchased. Payment in respect of any Note so delivered will be made on the Optional Redemption Date (Put) by transfer to the account specified in the applicable Put Option Notice, in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt at the Specified Office of any Paying Agent in accordance with the provisions of this Condition 6(h)(ii).

If 80 per cent or more in nominal amount of the Notes then Outstanding immediately prior to the Put Event Notice have been redeemed or purchased pursuant to this Condition 6(h)(ii), the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders

in accordance with Condition 16, such notice to be given within 30 days after the Optional Redemption Date (Put), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of, the Notes then Outstanding at their Optional Redemption Amount specified in the applicable Final Terms together with interest accrued to but excluding the date of such redemption. The notice referred to in the preceding sentence shall be irrevocable and shall specify the date fixed for redemption (which shall not be more than 60 days after the date of the notice). Upon expiry of such notice, the Issuer will redeem or, at the option of the Issuer, purchase (or procure the purchase of) the Notes.

For the purpose of this Condition 6(h)(ii) only:

"Alternative Clearing System" means any additional or alternative clearing system (other than Euroclear and Clearstream, Luxembourg) approved by the Issuer, the Guarantor, the Trustee and the Issuing and Paying Agent;

a "Negative Rating Event" shall be deemed to have occurred if (a) the Guarantor does not, either prior to or not later than 21 days after the relevant Restructuring Event, seek, and thereupon use all reasonable endeavours to obtain, a long-term credit rating of the Notes or any other unsecured and unsubordinated debt of the Guarantor ("Rateable Debt") from a Rating Agency or (b) if it does so seek and use such endeavours, it is unable, within the Restructuring Period, as a result of such Restructuring Event to obtain such a credit rating of BBB- or higher (in the case of S&P Global Ratings UK Limited or its successor ("S&P")), Baa3 or higher (in the case of Moody's Investors Service Ltd or its successor ("Moody's")), (or, in the case of S&P or Moody's, as the case may be, their respective equivalents for the time being), or the equivalent credit rating from any other Rating Agency, provided that a Negative Rating Event shall be deemed not to have occurred in respect of a particular Restructuring Event if the Rating Agency declining to assign a credit rating of at least investment grade (as described above) does not announce or publicly confirm or inform the Trustee in writing at its request that its declining to assign a credit rating of at least investment grade was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the Restructuring Event shall have occurred at the time such investment grade rating is declined);

"Potential Restructuring Event Announcement" means any public announcement or statement by the Guarantor, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Restructuring Event where, within 180 days following the date of such announcement or statement, a Restructuring Event occurs;

"Rated Securities" means the Notes so long as they shall have an effective long-term credit rating from any Rating Agency and otherwise any unsecured and unsubordinated debt of the Guarantor which has a long-term credit rating from one of the Rating Agencies;

"Rating Agency" means S&P and its successors or Moody's and its successors or any other rating agency of equivalent standing specified by the Guarantor from time to time and agreed in writing by the Trustee, such agreement not to be unreasonably withheld or delayed;

"Rating Agencies" means both S&P (and its successors) and Moody's (and its successors) and any other rating agency of equivalent standing specified by the Guarantor from time to time and agreed by the Trustee in writing, such agreement not to be unreasonably withheld or delayed;

a "Rating Downgrade" shall be deemed to have occurred in respect of a Restructuring Event if the current credit rating provided by a Rating Agency assigned to the Rated Securities (a) is withdrawn and is not within the Restructuring Period reinstated to, or replaced (by another Rating Agency) by, a credit rating of at least equivalent to that which was current immediately before the occurrence of the Restructuring Event or (b) is reduced from an investment grade rating BBB- (in the case of S&P) or Baa3 (in the case of Moody's) (or their respective equivalents for the time being or the equivalent rating of any other Rating Agency) or higher to a non-investment grade rating BB+ (in the case of S&P) and Ba1 (in the case of Moody's)

(or their respective equivalents for the time being or the equivalent rating of any other Rating Agency) or lower and is not raised again to an investment grade rating within the Restructuring Period, provided that a Rating Downgrade otherwise arising by virtue of a particular reduction in, or withdrawal of, a credit rating shall be deemed not to have occurred in respect of a particular Restructuring Event if the Rating Agency making the reduction in, or withdrawal of, a credit rating to which this definition would otherwise apply does not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the applicable Restructuring Event shall have occurred at the time of the Rating Downgrade);

a "Restructuring Event" shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Guarantor) that any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers (as in force on the date of issue)), other than a holding company (as defined in Section 1159 of the Companies Act 2006) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Guarantor, or any person or persons acting on behalf of any such person(s), is/are or become(s) interested (within the meaning of Part 22 of the Companies Act 2006) in (a) more than 50 per cent of the issued or allotted ordinary share capital of the Guarantor or (b) such number of shares in the capital of the Guarantor carrying more than 50 per cent of the voting rights normally exercisable at a general meeting of the Guarantor; and

"Restructuring Period" means the period beginning on the date that is (a) the date of the first public announcement of the Restructuring Event or, if earlier, (b) the date of the earliest Potential Restructuring Event Announcement (if any) and ending 90 days after the occurrence of the Restructuring Event (if any) (or such longer period in which the Rated Securities or Rateable Debt, as the case may be, is or are under consideration (announced publicly within the period ending 90 days after the occurrence of the Restructuring Event) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

If the rating designations employed by any of the Rating Agencies are changed from those which are described in paragraph (b) of the definition of "Negative Rating Event" or in the definition of "Rating Downgrade" above, the Guarantor shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of that Rating Agency as are most equivalent to the prior rating designations of that Rating Agency, and this Condition 6(h)(ii) shall be construed accordingly.

(i) Purchases

The Issuer, the Guarantor and any Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor or any Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

(k) Definitions

In these Conditions "Amortised Face Amount" means the amortised face amount calculated in accordance with Condition 6(b)(i).

7. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the Specified Office of any Paying Agent outside the US and its possessions by a cheque payable in the relevant currency drawn on, or, at the option of the Holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of payment in euro, at the option of the Holder, by transfer to or cheque drawn on a euro account (or any other account to which euro may be transferred) specified by the Holder.

(b) Registered Notes

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the Specified Office of any of the Transfer Agents or of the Registrar and in the manner provided in sub-paragraph (ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a bank and mailed to the Holder (or to the first named of joint Holders) of such Note at its address appearing in the Register. Upon application by the Holder to the Specified Office of the Registrar or any Transfer Agent before the Record Date, and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of such currency.

(c) Payments in the US

Notwithstanding the foregoing, if any Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the Specified Office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with Specified Offices outside the US and its possessions with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by US law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Laws

All payments are subject in all cases to (i) any applicable laws, regulations and directives, in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder or official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar and the Transfer Agents initially appointed by the Issuer and the Guarantor and their respective Specified Offices are listed below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor (and, in certain limited circumstances set out in the Trust Deed, as agents of the Trustee) and do not assume any obligation or

relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having Specified Offices in at least two major European cities and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in US dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any Specified Office shall promptly be given to the Noteholders in accordance with Condition 16.

(f) Unmatured Coupons and unexchanged Talons

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes should be surrendered for Payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon(s) (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon(s) that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the Specified Office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note or Coupon is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" in the applicable Final Terms and:

(i) in the case of a payment in a currency other than euro where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) in the case of a payment in euro which is a TARGET Business Day.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes and the Coupons, shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Tax Jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of the Holder having some connection with the UK or the Netherlands other than the mere holding of the Note or Coupon; or

(b) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or

(c) where such withholding or deduction is required to be made pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

As used in these Conditions, "Relevant Date" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable has not been duly received by the Issuing and Paying Agent on or prior to such due date) the date on which payment in full of the amount outstanding is made (notice to that effect shall have been given to Noteholders and Couponholders) or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to:

(i) "principal" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Sterling Make-Whole Redemption Amounts, Non-Sterling Make-Whole Redemption Amounts, Residual Call Early Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it;

(ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and

(iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

As used in these Conditions, "Tax Jurisdiction" means, in relation to a payment by IBF or the Guarantor, the UK, and in relation to a payment by IBFN, the Netherlands.

9. Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events ("Events of Default") occurs, the Trustee at its discretion may, and if so requested by Holders of at least one-fifth in nominal amount of the Notes then Outstanding or if so directed by an Extraordinary Resolution shall (subject, in each case, to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(i) *Non-Payment of Principal:* default is made for a period of more than 7 days in the payment on the due date of principal in the Specified Currency in respect of any of the Notes; or

(ii) *Non-Payment of Interest:* default is made for a period of more than 14 days in the payment on the due date of interest in the Specified Currency in respect of any of the Notes; or

(iii) *Breach of Other Obligations:* the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or

(iv) *Cross-Default:* (A) any other present or future indebtedness of the Issuer or the Guarantor or any Principal Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Issuer or the Guarantor or any Principal Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that (i) such guarantee or indemnity is not being contested in good faith in accordance with legal advice or (ii) the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iv) have occurred equals or exceeds €50,000,000 or its equivalent (as reasonably determined by the Trustee); or

(v) *Enforcement Proceedings:* a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Issuer or the Guarantor or any Principal Subsidiary and is not discharged or stayed within 60 days thereof; or

(vi) *Insolvency:* to the extent permitted by applicable law, any of the Issuer or the Guarantor or any Principal Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of its debts or a moratorium is agreed, declared or comes into effect in respect of or affecting all or substantially all of the debts of the Issuer, the Guarantor or any Principal Subsidiary; or

(vii) *Winding-up:* an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Guarantor or any Principal Subsidiary, or the Issuer or the Guarantor or any Principal Subsidiary shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of Directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary (or, as applicable, the relevant part thereof) are

transferred to or otherwise vested in the Issuer, Guarantor and/or one or more Subsidiaries and except that neither the Issuer, the Guarantor nor any Principal Subsidiary shall be treated as having threatened to cease or having ceased to carry on all or substantially all of its business or operations by reason of any announcement of any disposal or by reason of any disposal on an arm's length basis; or

(viii) *Ownership of the Issuer:* the Issuer ceases to be directly or indirectly wholly-owned by the Guarantor except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or

(ix) *Guarantee:* the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

(x) *Deed of Guarantee:* the guarantee provided under a deed dated 23 June 2020 by Imperial Tobacco Limited is not (or is claimed by Imperial Tobacco Limited not to be) in full force or effect prior to its termination in accordance with its terms,

provided that, in relation to paragraphs (v), (vi) and (vii), in respect of any Principal Subsidiary, the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

"Principal Subsidiary" means:

(a) any Subsidiary of the Guarantor which is an active trading company and whose adjusted unconsolidated assets or pre-tax profit equal or exceed 10 per cent of the consolidated assets or adjusted consolidated pre-tax profit of the Group (as defined in the Trust Deed), and for the purposes of the above:

(i) the consolidated assets of the Group shall be ascertained by reference to the latest audited published consolidated accounts of the Group;

(ii) the adjusted consolidated pre-tax profit of the Group shall be the aggregate of:

(A) the consolidated pre-tax profit of the Group ascertained by reference to the latest audited published consolidated accounts of the Group; and

(B) the consolidated pre-tax profit (the pre-acquisition profit) of any Subsidiary which became a member of the Group during the period for which the latest audited published consolidated accounts of the Group were prepared (an acquired Subsidiary) for the part of that period which falls before the effective date of that acquisition, calculated in accordance with International Financial Reporting Standards and used in the preparation of the latest audited published accounts of the Group;

(iii) the assets of any Subsidiary shall be the assets of that Subsidiary calculated in accordance with International Financial Reporting Standards and used in the preparation of the latest audited published accounts of the Group; and

(iv) the pre-tax profit of any Subsidiary shall be the pre-tax profit of that Subsidiary calculated in accordance with International Financial Reporting Standards and used in the preparation of the latest audited published accounts of the Group plus, in the case of any acquired subsidiary, an amount equal to any pre-acquisition pre-tax profit.

For the purposes of the above, "assets" in respect of the Group or any such Subsidiary means the non-current assets and current assets of the Group or that trading Subsidiary (as the case may be) but excluding investments in any Subsidiary and intra Group balances, and "pre-tax profit" in respect of the Group or any such Subsidiary excludes intra Group interest payable and receivable and intra Group dividends; or

(b) a Subsidiary of the Guarantor to which has been transferred (whether by one transaction or a series of transactions, related or not) the whole or substantially the whole of the assets of a Subsidiary which immediately prior to those transactions was a Principal Subsidiary.

A certificate signed by two Directors or authorised signatories of the Guarantor whether or not addressed to the Trustee that, in their opinion, a Subsidiary of the Guarantor is or is not or was or was not at any particular time or throughout any specified period, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Noteholders, all as further provided in the Trust Deed.

11. Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being Outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being Outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in nominal amount of the Notes for the time being Outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent in nominal amount of the Notes for the time being Outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable in accordance with Condition 16.

In addition, the Trustee shall be obliged to agree to such modifications to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to Condition 5(b)(iv) in connection with effecting any Successor Reference Rate, Alternative Reference Rate, Adjustment Spread or any other related changes referred to in Condition 5(b)(iv) without the requirement for the consent or sanction of the Noteholders or Couponholders. Any such modification shall be binding on the Noteholders and Couponholders and, if the Trustee so requires, shall be notified to the Noteholders as soon as practicable in accordance with Condition 16.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any subsidiary of the Issuer or its successor in business in place of the Issuer and to the substitution of the Guarantor's successor in business in place of the Guarantor, or of any previous substituted company, as principal debtor or Guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax in consequence of any such exercise upon individual Noteholders or Couponholders.

12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes for the time being Outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

14. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the Specified Office of the Issuing and Paying Agent in London (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the Holders of securities of other series where the Trustee so decides.

16. Notices

Notices to the Holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the Holders of Bearer Notes shall be valid if published in a daily newspaper having general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in the UK. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes in accordance with this Condition 16.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law

The Trust Deed, the Notes, the Coupons and the Talons (including any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.

Use of Proceeds

The net proceeds of each issue of Notes by the relevant Issuer will be applied by it for its general corporate purposes (including loans to other subsidiaries of the Guarantor).

Summary of Provisions Relating to the Notes While in Global Form

Initial Issue of Notes

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the "Common Depositary").

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form or the Global Certificates are held under NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a common safekeeper ("Common Safekeeper"). Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. Where the Global Notes issued in respect of any Tranche are in NGN or NSS form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility.

If the Global Note is an NGN the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the applicable Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system ("Alternative Clearing System") as the Holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for their share of each payment made by the relevant Issuer to the bearer of such Global Note or the Holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer will be discharged by payment to the bearer of such Global Note or the Holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. *Temporary Global Notes*

Subject to the following proviso, each temporary Global Note will be exchangeable, free of charge to the Holder, on or after its Exchange Date:

1.1 if the applicable Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Overview of the Programme

– US Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below; and

1.2 otherwise, in whole or in part upon certification as to non-US beneficial ownership in the customary form for interests in a permanent Global Note or, if so provided in the applicable Final Terms, for Definitive Notes,

in each case provided that a temporary Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount in excess thereof shall be exchangeable for Definitive Notes only in the limited circumstances (each an "Exchange Event") set out in paragraph 2.4 under "Permanent Global Notes" below.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. *Permanent Global Notes*

Subject to the following proviso, each permanent Global Note will be exchangeable, free of charge to the Holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes", in part for Definitive Notes or, in the case of 2.3 below, Registered Notes:

2.1 by the relevant Issuer giving notice to the Noteholders, the Issuing and Paying Agent and the Trustee of its intention to effect such exchange;

2.2 if the applicable Final Terms provide that such Global Note is exchangeable at the request of the Holder, by the Holder giving notice to the Issuing and Paying Agent of its election for such exchange;

2.3 if the permanent Global Note is an Exchangeable Bearer Note, by the Holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and

2.4 otherwise, (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (ii) if principal in respect of any Notes is not paid when due, by the Holder giving notice to the Issuing and Paying Agent of its election for such exchange,

in each case provided that a permanent Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount in excess thereof shall be exchangeable for Definitive Notes only upon an Exchange Event.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only.

3. *Permanent Global Certificates*

If the applicable Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

3.1 if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

3.2 with the consent of the relevant Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.1 or 3.2 above, the Holder has given the Registrar not less than 30 days' notice at its Specified Office of the Holder's intention to effect such transfer.

4. *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes if principal in respect of any Notes is not paid when due.

5. *Delivery of Notes*

If the Global Note is a CGN, on or after any due date for exchange the Holder of a Global Note may, in the case of an exchange in whole, surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is a NGN, the relevant Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant Clearing System. Global Notes and Definitive Notes will be delivered outside the US and its possessions. In this Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the relevant Issuer will, if the Holder so requests, procure that it is cancelled and returned to the Holder together with the relevant Definitive Notes.

6. *Exchange Date*

"Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the Specified Office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

7. *Definitive Notes*

If, in respect of any Tranche of Notes, the applicable Final Terms specifies that the Global Note may be exchanged for Definitive Notes in circumstances other than upon the occurrence of an Exchange Event, such Notes will be issued with only one Specified Denomination or all Specified Denominations of such Notes will be an integral multiple of the lowest Specified Denomination, as specified in the applicable Final Terms.

The exchange of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any Holder) or at any time at the request of the relevant Issuer should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

1. *Payments and record date*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-US beneficial ownership in the customary form. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its Holder. Each payment so made will discharge the relevant Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (Non-Business Days).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means a day on which the Clearing Systems are open and settle transactions.

2. *Prescription*

Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3. *Meetings*

For the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the Holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All Holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4. *Cancellation*

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule of such permanent Global Note, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

5. *Purchase*

Notes represented by a permanent Global Note may only be purchased by the relevant Issuer, the Guarantor or any Subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

6. *Issuer's Option*

Any option of the relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of the relevant clearing system as either a pool factor or a reduction in nominal amount, at their discretion) or any other alternative clearing system (as the case may be).

7. *Noteholders' Options*

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the Holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

8. *Trustee's Powers*

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the Holders of the Notes represented by such Global Note or Global Certificate.

9. *Notices*

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the Holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the Holder of the Global Note. Any such notice shall be deemed to have been given to the Holders of the Notes on the business day (which for these purposes shall mean a day on which the relevant clearing systems are open for business) after the day on which the said notice was given to the relevant clearing system.

10. *NGN nominal amount*

Where the Global Note is a NGN, the relevant Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems, and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

Imperial Brands Finance PLC

IBF (formerly named Imperial Tobacco Finance PLC) was incorporated as a private company with limited liability under the laws of England and Wales on 14 June 1996. It was re-registered on 21 October 1997 as a public company limited by shares within the meaning of the Companies Act 1985 following a special resolution of its members on 20 October 1997. On 19 February 2016, IBF's name changed to Imperial Brands Finance PLC.

Its registered office is at 121 Winterstoke Road, Bristol BS3 2LL, United Kingdom (telephone number: +44 (0) 117 963 6636). It is registered with the Registrar of Companies in England and Wales with company number 03214426.

IBF is an indirect wholly-owned subsidiary of IB. As at the date of this Prospectus, it has an issued share capital of £2,100,000,000 comprising 2,100,000,000 ordinary shares of £1 each.

IBF's principal activity is to provide treasury services to the Group. IBF, as the main financing and financial risk management company for the Group, undertakes transactions to manage the Group's financial risks, together with its financing and liquidity requirements. IBF has no subsidiaries of its own.

The following table sets forth the members of the board of directors and the company secretary of IBF as at the date of this Prospectus:

Name	Title
Lukas Paravicini[(1)]	Director
Mathew Slade	Director
David Tillekeratne[(2)]	Director
John Downing[(3)]	Company Secretary

Notes:

(1) Also a board member of IB and ITL.

(2) Also a board member of ITL.

(3) Also Company Secretary of IB and a board member of ITL.

The business address of IBF's directors is 121 Winterstoke Road, Bristol BS3 2LL, United Kingdom. None of the directors of IBF holds external positions outside the Group.

Except as otherwise indicated in the footnotes to the table above, there are no existing or potential conflicts of interest between any duties of its directors to IBF and/or their respective private interests and other duties.

Imperial Brands Finance Netherlands B.V.

IBFN was incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 22 May 2020 with registered number 861264824.

Its registered office is Slachtedyk 28a, 8501 ZA, Joure, Netherlands (telephone number: +31 (0) 513 480 228). It is registered with the commercial register in the Netherlands with company number 78106540.

IBFN is an indirect wholly-owned subsidiary of IB. As at the date of this Prospectus, it has an issued share capital of €100 comprising 100 ordinary shares of €1 each.

IBFN is a finance company that conducts no business operations. IBFN has no subsidiaries of its own.

The following table sets forth the members of the board of directors of IBFN as at the date of this Prospectus:

Board of Directors	Title	Other Directorships outside the Group
Bartholomeus F.T. Alkemade	Director	Director of BaRo MarkITing B.V.
Mathew Slade	Director	None
Richard Neef	Director	None

The business address of IBFN's directors is Slachtedyk 28a, 8501 ZA, Joure, Netherlands. Other than as stated in the table above, none of the directors of IBFN holds external positions outside the Group.

There are no existing or potential conflicts of interest between any duties of its directors to IBFN and/or their respective private interests and other duties.

Imperial Brands PLC

Overview

Imperial Brands PLC ("IB"), a FTSE 100 company headquartered in Bristol, UK, is the parent company of an international business specialising in tobacco and NGP brands. The Group is committed to finding a long-term solution for harm reduction, operating responsibly and minimizing its impact on the planet, while recognizing the Group's role to provide genuine choices to its consumers in how their experiences are delivered.

The Group's business is built around a tobacco portfolio of approximately 160 brands that offers a comprehensive range of cigarettes, fine cut tobacco, papers, snus, mass-market cigars and a growing portfolio of NGP which includes vapour, heated tobacco and modern oral propositions. Through its subsidiaries, the Group sells its brands in approximately 120 markets across the globe.

Strategy

On 27 January 2021, IB announced its new five-year strategy to transform the Group and create long-term value. The Group's new strategy has three priorities. The first is to create sustained value in the combustible market by focusing on the Group's priority markets where the Group can leverage its strengths. The second is to drive value from the Group's broader global portfolio. The third is to build a distinctive presence in NGP, which, over time, is expected to deliver a material contribution both to harm reduction, through the offering of potentially reduced harm products to consumers, and investor returns. Alongside its revised strategic priorities, the Group has set out a clear capital allocation framework to support investment in the new strategy, strengthen its balance sheet and deliver enhanced shareholder returns. The disciplined approach the Group takes to managing cost and cash provides the funds to continue investing in growth. The Group's updated sustainability strategy frames the way in which the Group manages its sustainability and ESG issues in tobacco and NGP and supports the long-term development of its business.

Strategic priorities

The Group's strategy is founded on three pillars:

- **Focusing on priority combustible markets**: The Group is focusing investment and resources around its five most profitable markets: the US, Germany, the UK, Australia and Spain, which together represented approximately 70 per cent of the Group's adjusted operating profit for the year ended 30 September 2022. The Group has developed detailed brand and market plans to support this approach and is increasing investment behind a focused set of operational levers to strengthen performance and unlock value. For example, in the US, in the premium segment its Winston pack redesign has been rolled out nationally and has been supported by a new reward programme to drive participation together with multi-pack offers. These activities have supported an increase in market share for this key brand after a long period of decline. At the same time, the Group has increased investment in sales force and key account management across its priority markets. For example, the Group has increased the number of its sales employees in the US, while optimising sales force coverage across the right outlets. Similarly, in Germany, the Group has invested in improving sales force effectiveness and presence in under-represented channels and geographies. In Spain, the Group's *Nobel* cigarette brand is benefitting from ongoing brand-building initiatives, including investments in pack and product quality, to leverage its full potential as one of the Group's local "jewel brands".

- **Driving value from the Group's broader market portfolio**: The Group's review of its broader market portfolio has identified additional opportunities to drive future growth while realising efficiencies in how it operates in these markets. Although they are smaller, such markets benefit from attractive margins and relatively limited investment requirements. The Group is selectively building those where it has attractive leadership positions, such as in Africa and other European markets. For example in Africa, the Group has identified opportunities to drive growth through multiple levers in the region, including better application of its global brands in more premium price tiers, leveraging its local "jewel brands" and closing its sales coverage gaps. Similarly, in its five largest Eastern European markets, Poland, Ukraine, Romania, the Czech Republic and Hungary, the Group's strategic analysis suggests there is an attractive value growth opportunity. At the same time, in Norway, Denmark,

Sweden, Finland and Estonia (the "Nordics"), the Group is continuing to build on its strong track record in traditional oral nicotine products. Market prioritisation is also about acknowledging when it is right to exit markets. For example, having entered Japan in 2013, the business remained relatively small and unprofitable, in spite of ongoing investment by the Group. After a careful review, the Group concluded that it was unsustainable to continue trading in Japan and the Group exited during 2022.

- **Building a targeted NGP business**: The Group has reset its NGP strategy with a significantly different approach, informed by consumer insights and validation. It is focusing its NGP investment in markets where the NGP category has already been established, and, in particular, on heated tobacco opportunities in Europe and opportunities in vapour in the US, the UK and France. Its oral nicotine business remains focused on the Group's existing markets in Europe. Investment in NGP is disciplined and based on detailed market testing. The aim is to develop a sustainable NGP business that makes a meaningful contribution to harm reduction through the offering of potentially reduced harm products to consumers. In heated tobacco, two recent market trials in the Czech Republic and Greece with the Group's *Pulze* and *iD* propositions have received a positive response from trade partners and consumers, supporting further launches into new markets. These are attractive markets because heated tobacco is already a well-established NGP category and the Group can leverage its existing route to market for combustible tobacco products. In 2022 the Group launched in three further markets – Italy, Portugal and Hungary – and intended to expand to further European markets in 2023. In vapour, the successful trial of a new pod-based vapour proposition, *blu* 2.0, in four selected cities in France has led the Group to roll out the product to the UK market in November 2022. In the US, following validation of a refreshed consumer marketing proposition for its vapour product, *blu*, in trials in Charlotte, North Carolina, the Group has begun a roll-out into new territories. The Group was disappointed with the FDA's Marketing Denial Order for some of its *myblu* products and is seeking to overturn the decision through the administrative appeals process and the courts. Finally, as the category of modern oral nicotine delivery products is expected to grow rapidly, the Group, through its *Zone X* oral nicotine brand, is investing in establishing promising share positions in selected European markets, which it can continue to build over time.

Improving ways of working

To support the delivery of its strategic priorities, the Group has changed how it operates to embrace new ways of working and to enhance its culture. It has identified three critical enablers to drive these changes:

- **Consumer at the centre of the business**: The Group is investing to support a consistent approach to consumer insight, including improved capabilities in brand and trade marketing, portfolio management, innovation and sales excellence. This transformation is focused on leveraging the Group's portfolio to address key consumer needs and is overseen by the Group's Chief Consumer Officer.

- **Performance-based culture and capabilities**: The Group is seeking to embed a performance-based culture to enhance accountability, improve its agility and support teamwork and collaboration throughout the business. The Group is also seeking to align rewards and incentives to reinforce performance and delivery of its objectives, and it is continuing to invest in talent while embracing diversity and inclusivity.

- **Simplified and efficient operations**: The Group aims to ensure resources and capabilities are focused on its most profitable combustible markets. Its NGP operations have been brought together within a unified, entrepreneurial business unit to leverage capabilities and resources more effectively. The Group is aligning its global enabling functions, such as Finance and Human Resources, to support delivery of its new strategy and ensure efficient allocation of resources.

Capital allocation framework

The Group's strategy is supported by a clear capital allocation framework, which is intended to optimise returns for all stakeholders. The business benefits from high margins and strong cash generation, which are expected to underpin the following capital priorities:

- **Investment behind the new strategy** to deliver the targeted organic growth initiatives in combustibles and NGP. The Group has also invested to strengthen capabilities, bringing new ways of working to streamline the organisation, improve effectiveness and realise efficiencies. Investment decisions are rigorously evaluated and monitored within a more disciplined, returns-focused framework.

- **A strong and efficient balance sheet** to support the Group's investment grade credit rating. At the end of the Group's financial year to 30 September 2022, the Group's leverage was at the lower end of its net debt to EBITDA range of 2.0-2.5 times. The Group expects to maintain this level of gearing and remains committed to maintaining its investment grade credit rating. Management believes that a stronger balance sheet will provide the business with greater flexibility for the future, improving resilience to manage uncertainties and further underscoring the defensive characteristics of the Group's business.

- **A progressive dividend policy** to provide a reliable, consistent cash return to shareholders. The dividend is set to grow annually from the current level taking into account underlying business performance.

- **Surplus capital returns to shareholders** began in October 2022, following the achievement of the Group's target leverage. The Group intends to initially repurchase up to £1 billion of shares during the financial year ending 30 September 2023. Over time, the Group intends to deliver a material reduction in the capital base, providing an ongoing source of shareholder returns in addition to its progressive dividend policy.

Sustainability and ESG responsibility

Throughout its strategic review, the Group considered its sustainability and ESG responsibilities and concluded that both are aligned to, and underpin, the Group's new business strategy. The eight pillars of this new ESG approach are each aligned to at least one of the UN's Sustainable Development Goals and are designed to enable growth, create value, and define the approach the Group takes to managing its ESG priorities. The eight focus areas have been grouped into three broad categories: Healthier Futures, Positive Contribution to Society, and Safe & Inclusive Workplace. The Group is committed to making a meaningful contribution to harm reduction by offering adult smokers a better choice of potentially less harmful products. It also made a commitment to being a Net Zero company by 2040 and to a series of challenging intermediate objectives to reduce the Group's carbon footprint.

History

The Imperial Tobacco Company (of Great Britain and Ireland) Limited was formed in 1901. Since its formation, the Group has experienced expansion, diversification and rationalisation, mergers, demergers and acquisitions. In late 1985, Hanson Trust (later Hanson PLC) made a successful bid to buy Imperial Group PLC (as it was then called) and the takeover was completed in April 1986. In October 1996, after ten years of ownership by Hanson PLC, the Group was listed on the London Stock Exchange as a FTSE 100 company. Between 1997 and 2008, the Group made significant acquisitions, which enhanced the Group's position in many overseas markets. Following this decade of intense industry consolidation, the Group emerged as one of just four international tobacco companies competing against each other on a global scale. In 2015, the Group acquired additional cigarette brands in the US including *Winston* and *Kool* and the international rights to the *blu* vapour brand. These assets were merged with the Group's existing portfolio under CBHC, Inc., the holding company of Commonwealth Brands, Inc., a cigarette manufacturing and distribution business ("Commonwealth Brands") within a company newly-named ITG Brands. In February 2016, Imperial Tobacco Group PLC was renamed Imperial Brands PLC to reflect the breadth of the Group's brands focus. On 27 January 2021, under its new management team, the Group announced its new five-year strategy to transform the Group and create long-term value. See above under "*—Strategy*".

The Group's Business Model

The Group's business model and activities are structured around six key areas:

- **Adult consumer insights**: The Group strives to maintain a deep understanding of adult smokers and nicotine consumers. This is led by the Group's Global Consumer Office which aims to provide value by ensuring the Group offers customers the right product choices to meet consumer needs. These consumer insights provide the Group with a competitive advantage and inform its product offerings in both combustible tobacco and NGP and how it communicates with adult consumers.

- **Science and regulation**: The manufacture, advertising, sale and consumption of tobacco and NGP products have been subject to extensive and increasing regulation from governments worldwide. The Group uses its know-how and flexible size to be agile in how it responds to regulatory changes. This is supported by the Group's central science team as appropriate, which understand the regulatory environment across the Group's markets and ensure the Group operates responsibly with high quality products compliant with local standards.

- **Marketing and innovation**: The Group's marketing and innovation teams add value by using consumer insights to develop a portfolio of combustible tobacco and potentially reduced harm NGP to engage and excite adult consumers. The Group uses sales and marketing communications and innovation to differentiate its brands and meet evolving consumer needs.

- **Sustainable sourcing**: The Group's leaf purchasing teams work with a diverse and complex supply chain from smallholder farmers to multinational companies to procure high-quality leaf and nicotine for its products. The Group's procurement teams add value by responsibly meeting all its sourcing needs, including leaf, nicotine and non-tobacco materials such as papers, filters and packaging, as well as the power and water the Group uses to run its factories.

- **Efficient manufacturing**: The Group's manufacturing teams take the raw materials and employ the latest production methods, working to high quality and product manufacturing standards. The Group's scale and knowledge are competitive strengths, enabling it to supply quality products at low cost. Where appropriate, for example with NGP devices, the Group uses third-party manufacturers with the technical expertise to deliver high-quality products. The Group also uses third-party logistics companies to distribute its products.

- **Strong retail partnerships**: The Group sells its products to its customers. The sales and marketing teams have built strong partnerships with customers through sales force coverage, retailer incentivisation and point of sale advertising, where appropriate. The Group strives to understand their needs and help them to navigate the changing regulatory environment. The Group's aim is to deliver mutually attractive commercial arrangements that support growth and value creation for its retailer, wholesaler and distributor customers.

Products

Tobacco & NGP

Consumer preferences are changing; consumers are using a broader repertoire of nicotine products than before. The Group is committed to investing in brand innovation to continue to meet such evolving preferences. Its portfolio of approximately 160 brands is designed to connect with adult consumers in all the Group's key tobacco and NGP segments.

The Group has strong market positions in cigarettes, fine cut tobacco, papers and mass-market cigars. Its brands include, among others, *Davidoff*, *Gauloises*, *JPS*, *West*, *Fine*, *News*, *Winston*, *Lambert & Butler*, *Parker & Simpson*, *Kool*, *Horizon*, *Backwoods*, *Dutch Masters*, *Golden Virginia*, *Embassy*, *Nobel*, *Riverstone*, *Maverick*, *Sonoma*, *Crowns* and *Rizla*. The Group has also built a portfolio of NGP assets: (a) in vapour with *blu*, (b) in heated tobacco with *Pulze* and *iD*, and (c) in oral nicotine with *Skruf* and *Zone X*. The remainder of the Group's portfolio consists of local and regional brands, which support the Group's volume and revenue development.

Other investments

The Group has also explored other avenues of NGP growth, including in the cannabis space. In June 2018, the Group purchased an equity stake in Oxford Cannabinoid Technologies ("OCT"), a biopharmaceutical

company focused on researching, developing and licensing cannabinoid-based compounds and therapies. In July 2019, the Group announced its research and development partnership with Auxly Cannabis Group, Inc. ("Auxly"), a listed Canadian cannabis company, which builds on the investment made in OCT in 2018. The transaction was completed in September 2019, ahead of the further liberalisation of cannabis regulation in Canada in October 2019, when the sale of cannabis-derivative products, such as edibles, extracts and topicals, was legally permitted. As part of the partnership, the Group has granted Auxly global licences to its vaping technology and access to its innovation business, Nerudia Limited.

Premium Cigars

On 27 April 2020, the Group announced that it had agreed the sale of its international premium cigar business ("Premium Cigars"), including the disposal of the Group's La Romana factory in the Dominican Republic, reinforcing the Group's focus on simplifying its business and realising value for its shareholders by reducing debt.

The Group's Business Segments

The Group comprises two distinct businesses: Tobacco & NGP and Distribution. For Tobacco & NGP, the Group reports its results in three separate geographic segments: (1) Europe, (2) Americas and (3) Africa, Asia and Australasia. Accordingly, the Group's reportable segments are: (a) Europe, (b) Americas, (c) Africa, Asia and Australasia and (d) Distribution.

Tobacco & NGP

The Group's Tobacco & NGP business comprises the manufacture, marketing and sale of tobacco and NGP and tobacco and NGP-related products, including sales to (but not by) the Group's Distribution business.

Europe

The Group manufactures and sells a comprehensive range of tobacco and NGP in Europe, including cigarettes, fine cut tobacco, snus, vapour, oral nicotine and heated tobacco products and papers. The Group's primary European markets consist of Germany, the UK, Spain, France, Italy, Greece, Sweden, Norway, Belgium, the Netherlands, Ukraine and Poland. Key brands in the Group's Europe segment include *JPS*, *Lambert & Butler*, *West*, *Gauloises* and *blu*.

Americas

The Group's Americas business offers a broad portfolio of cigarette, vapour and mass-market cigar brands. The Group's primary American market is the US. The Group formed its current US business through the combination of its US-based operations with cigarette brands and assets acquired through the 2015 US Acquisition. Key brands in the Group's Americas segment include *Kool*, *Winston*, *Maverick*, *Sonoma*, *Backwoods* and *blu*.

Africa, Asia and Australasia

The Group's Africa, Asia and Australasia ("AAA") business offers a broad portfolio of cigarettes, fine cut and smokeless tobaccos. The Group's primary AAA markets consist of Australia, Saudi Arabia, Taiwan, Algeria and Morocco. Key brands in the Group's AAA segment include *JPS*, *Gauloises*, *Davidoff*, *West* and *Parker & Simpson*.

Distribution

The Group's Distribution business is its shareholding (held by ITL) in Compañía de Distribución Integral Logista Holdings, S.A. ("Logista") and is responsible for the distribution of tobacco and NGP products for tobacco and NGP product manufacturers, including the Group's Tobacco & NGP business, as well as a wide range of non-tobacco and NGP products and services. Logista is one of the largest distribution businesses in Europe across Spain, France, Italy and Portugal. Logista serves both tobacco and non-tobacco customers and has established a long track record of delivering sustainable value. Logista is run on an operationally neutral basis ensuring all customers are treated equally. Transactions between the Group's Tobacco & NGP business and Logista are undertaken on an arm's length basis reflecting market prices for comparable goods and services.

Logista operates through two divisions: (a) tobacco logistics, which involves the transportation of tobacco products primarily in Spain, France, Italy, Portugal and Poland, and (b) other logistics, which provides transport services for various industries, including publishing, pharmaceuticals and lottery. Logista is a leading distributor of products to the convenience retailers, covering outlets that include tobacconists, petrol stations and grocery stores. In addition, Logista operates in the transportation segment, through courier and industrial parcel activities in Spain and Portugal. Logista has a strategy to accelerate growth in European non-tobacco and announced a series of acquisitions in 2022 totalling £175 million once completed. Logista is listed on the Spanish Stock Exchange.

Manufacturing and Supply Chain

The Group seeks to share technology and expertise across its 30 manufacturing sites (as at 30 September 2022) around the world in order to reduce manufacturing costs and increase efficiency. It focuses on high-quality, low-cost manufacturing and has an ongoing drive to improve productivity across the business. It aims to ensure that its manufacturing base is structured effectively to ensure a fast response to changing market dynamics and consumer requirements.

In the last few years, the Group has closed a number of cigarette, fine cut tobacco and cigar factories in the context of an ongoing review of its manufacturing footprint in order to maximise efficiencies. As part of its sale of Premium Cigars, the Group completed the transfer of its La Romana factory in the Dominican Republic during the year ending 30 September 2022. Additionally, in response to the Russian invasion of Ukraine, the Group transferred its Russian operations, including a sales and marketing business and its Volgograd factory, as a going concern to a local third party. The transaction successfully completed on 27 April 2022.

Conventional tobacco products

The Group's main materials are tobacco leaf, paper, acetate tow (for the production of cigarette filter tips), printed packaging materials and other materials used in the manufacture of tobacco products, which are purchased from a number of suppliers. The Group's policy is not to be reliant, where practical, on any one supplier, and it has not suffered any significant production losses as a result of an interruption in the supply of raw materials. Where there are only a few major suppliers of a main material, the failure of any one supplier could potentially have an impact on the Group's business.

With regard to tobacco leaf, the Group seeks to reduce its exposure to individual markets by sourcing tobacco leaf from a number of different countries, including Brazil, India, Spain, China and Malawi. Different regions may experience variations in weather patterns that may affect crop quality or supply and so lead to changes in price. Political instability may also affect tobacco crops significantly. The Group seeks to offset these risks by purchasing tobacco crops from numerous areas of the world, and to ensure a consistent leaf supply if there is a crop failure.

Tobacco blends and brands

Tobacco comes in a number of varieties, the most common of which are lighter coloured Virginia, Oriental and dark air-cured. In general, dark tobacco is used for pipes and cigars and lighter coloured leaf is used in the manufacture of cigarettes, although Burley, a darker coloured tobacco, is the main component in American blend. Fine cut tobacco is manufactured using blends of light and dark tobacco.

While there are local variations, cigarettes are manufactured using two principal tobacco blends, Virginia blend and American blend, each accounting for approximately half of the world market. Virginia blend products are predominant in the UK, Australia and most Asian markets, including China and India. American blend products are predominant in Western (other than the UK), Central and Eastern Europe, the US and Latin America.

There are significant differences among tobacco markets due to local preferences for tobacco blends and brands, the degree of governmental regulation, excise duty structures and distribution mechanisms in each market. Tobacco products are generally branded products, with different brands preferred in different geographic regions. Consequently, brand ownership and management are important factors. In a number of markets, tobacco distribution arrangements and governmental regulations, including duty and tariff structures, may act as barriers for new entrants into such markets.

NGP

There are two main components of the Group's *blu* vaping product: the device (including the battery) and the container for flavoured liquids. The Group manufactures its packs, liquid container systems, bulk liquids, batteries and chargers for *blu* through its third-party manufacturing partners in China and the US. The vapour products themselves contain an e-liquid (only applicable to "pre-filled" products) that is made in the US or the UK with domestic and imported materials. The filling of the liquid containers, either a pod, tank or bottle, is undertaken by the Group's partners in the US and China. For its modern oral nicotine delivery and heated tobacco products that include tobacco, the Group manufactures such tobacco element at its own manufacturing sites. The *Pulze* device for heated tobacco is manufactured through a third-party manufacturing partner in China.

Sales and Distribution

With a number of countries being subject to the EU Directive 2003/33/EC, as amended, regulating the advertising and sponsorship of tobacco products, and with many countries adopting the WHO FCTC, tobacco advertising and sponsorship has been banned or restricted in many of the markets in which the Group operates. As conventional means of communication between manufacturers and consumers, such as advertising and promotion, are progressively withdrawn, clear communication with retailers, for example about product features and prices, becomes increasingly important for them to make informed decisions about which products to stock. The Group seeks to ensure the wide availability of its product ranges at competitive prices, and continues to invest in sales communications technology, analysis tools and its relationship with retailers.

The manner in which the Group distributes its products varies by country. In some countries, particularly in Western Europe, the Group distributes its products itself (including through the logistics channels of Logista). In other countries, particularly in emerging markets, the Group distributes its products under agreements with third parties.

Regulatory Landscape

A variety of regulatory initiatives affecting the tobacco and NGP industries have been proposed, introduced or enacted over many years, including: the levying of substantial and increasing excise duties; restrictions or bans on advertising, marketing and sponsorship; the display of larger health warnings, graphic health warnings and other labelling requirements on tobacco product packaging; restrictions on packaging design, including the use of colours in plain or standardised packaging regulations; restrictions on pack content, including minimum quantity per pack; restrictions or bans on the display of tobacco product packaging at the point of sale and restrictions or bans on cigarette vending machines; restrictions on the type of retail outlets that are permitted to sell tobacco products; requirements regarding testing, verification and maximum limits for tar, nicotine and carbon monoxide; requirements regarding ingredients and emissions reporting, evaluation and possible bans of certain tobacco product ingredients, including menthol; restrictions on flavourings for tobacco products and NGP; requirements that products and changes to products are notified to or approved by regulatory authorities prior to sale; requirements that cigarettes meet safety standards for ignition propensity; increased restrictions on smoking in public and work places and, in some instances, in private places and outdoors; implementation of measures restricting certain descriptive terms (including those which might be argued to create an impression that one brand of cigarettes is less harmful than another); track-and-trace requirements for tobacco products; the annual reporting of ingredients, market research and sales volumes; and, in an increasing number of jurisdictions, the requirement to comply with environmental legislation (including levies on (plastic) packaging waste and the collection and treatment of public cigarette butt litter).

IB continues to manage these challenges and seeks to engage with governments and other regulatory bodies to find reasonable, proportionate and evidence-based solutions to changing regulations.

The Group as a whole

World Health Organization Framework Convention on Tobacco Control

The WHO FCTC is an all-encompassing instrument for regulating tobacco products on a global level. It has been ratified by 181 countries to date. The original treaty is being supplemented by protocols and guidelines, some of which are currently under development. While the guidelines are not legally binding, they provide a

framework of recommendations for parties to the WHO FCTC. These guidelines influence the regulatory landscape in which the Group operates.

The guideline on advertising, for instance, seeks to broaden the definition of tobacco advertising to include product display and vending, as well as the pack itself. The guideline on packaging and labelling further introduces the idea of "innovative health warnings", such as health warnings printed on the actual cigarette. The parties have also adopted a protocol in relation to anti-illicit trade, which came into force in September 2018. It places legal obligations on all parties to the protocol, including a track-and-trace regime and a licensing regime for the manufacture, import and export of tobacco products and machinery.

Other areas include the suggestion to introduce plain packaging, the rejection of any industry partnership and the regulation of electronic nicotine and non-nicotine devices.

All parties to the WHO FCTC meet at the Conference of the Parties, a set of periodic meetings to discuss the framework. The last such meeting was held in November 2021. Future areas of work to be progressed into guidelines include further product regulation and the provision of support for economically viable alternatives to tobacco growing.

Almost all of the WHO FCTC provisions entail extra costs for the tobacco industry in one way or another. A change in the number and size of on-pack health warnings, which is subject to regular rotation, for instance, requires new printing cylinders to be commissioned, while the implementation of new regulations relating to the use of plant protection products, product testing and the submission of ingredients information to national governments require extensive resources, time and material.

Smoking and use of NGP in public places

All countries in which the Group operates have enacted restrictions on smoking in public places, although the degree and severity of these restrictions vary. Comprehensive smoking bans in hospitality venues are in place in the majority of the markets in which the Group operates.

As tobacco regulation increases in speed, scale, scope and sophistication, some countries are also seeking to regulate public smoking in non-workplace environments such as outdoor dining areas, parks, beaches, balconies and cars carrying children. Some US and Australian states and Canadian provinces have already passed legislation to this end. Others, such as Spain, implemented temporary outdoor smoking bans during the COVID-19 pandemic and are now looking to pass them into law. Similarly, smoking in cars carrying anyone aged below 18 is banned in a number of jurisdictions, including the UK and Ireland. Experience in many markets has shown that following the introduction of public place smoking restrictions there is usually an initial decline in consumption, the rate of which diminishes over time.

As a relatively recent issue, vaping or the use of heated tobacco in public places is not yet directly regulated in many countries and generally depends on the legal classification of these products. As the categories grow in popularity, it is expected that more and more countries implement restrictive rules around vaping or the use of heated tobacco products in public places. Those who recognise the role of NGPs in population harm reduction are expected to take a more liberal approach while others are expected to include them in public smoking bans with a small number banning vaping and/or heated tobacco products altogether.

Regulation of other flavoured tobacco products and NGP

Some countries are now seeking to restrict or ban the use of certain flavours in tobacco products, arguing that such products disproportionally appeal to minors and act as a catalyst for young people taking up smoking. In the US, the Family Smoking Prevention and Tobacco Control Act of 2009 ("FSPTC Act") bans characterising flavours other than tobacco and menthol. The FSPTC Act flavour ban is currently only applicable to cigarettes and roll-your-own/make-your-own products (including pipes and papers), and the Deeming Rule (as defined below) does not include a flavour ban. However, in April 2022, the FDA announced two proposed tobacco product standards – one prohibiting menthol as a characterising flavour in cigarettes and another prohibiting all characterising flavours (other than tobacco) in cigars. The FDA will decide whether to issue final product standards upon review of comments from the public. In addition, pursuant to the "Guidance for Industry" (a document that summarises the FDA's current thinking on a topic) issued by the FDA in January 2020 (the "Guidance"), flavoured cartridge-based ENDS products without a marketing order, with the exception of tobacco and menthol flavours, became subject to enforcement and were withdrawn from the market in

February 2020 until such time as a marketing order is received to allow the sale of these products. Although no formal rulemaking pertaining to flavours in ENDS products has taken place, this Guidance has resulted in a ban in sales of flavoured cartridge-based ENDS products in the US, with exception of tobacco and menthol flavours, until pre-market applications are received, reviewed and granted by the FDA. This current sales ban only applies to cartridge-based ENDS, and not the disposable or "cig-a-like" products. The states of California and Massachusetts have passed state-wide bans on all flavoured tobacco products. In addition, local government authorities in cities such as New York City and Boston have taken up the flavouring ban issue. In Canada, the manufacture and sale of cigarettes, little cigars and blunt wraps with characterising flavours are banned. The majority of Australian states have also banned flavours in cigarettes that give an "overtly" fruit-flavoured taste and the government is currently considering further regulatory options. The issue may also be extended to cigars at some point in the future. In the EU, the four-year transitional period for the ban of flavoured cigarettes and roll-your-own/make-your-own products with an EU-wide sales volume of 3 per cent or more in a particular product category ended in May 2020. The EU authorities have now removed the exemption for heated tobacco consumables from the characterising flavours ban which will apply from 23 October 2023 across all EU Member States.

European Union and European Economic Area

EU Tobacco Products Directive (2014/40/EU)

The EU Tobacco Products Directive (2001/37/EC) was adopted in May 2001 for introduction into Member States' laws by September 2002, to set maximum tar, nicotine and carbon monoxide yields for cigarettes, introduce larger health warnings and ban descriptors such as "light" and "mild".

A review of the original directive commenced in 2010 and a revised directive, the EUTPD, became applicable in the Member States in May 2016. Provisions, as subsequently amended, include: increased pictorial health warnings to 65 per cent of the front and back of packs for cigarettes and roll-your-own/make-your-own products; restrictions on pack shape and size, including minimum pack sizes of 20 sticks for cigarettes and 30g for roll-your-own/make-your-own tobacco; increased ingredients reporting; a ban on characterising flavours; "tracking and tracing" requirements (from May 2019 for cigarettes and fine cut tobacco and 2024 for all other tobacco products); and for vapour products, nicotine limits, pre-market notification, ingredients reporting and advertising bans.

The EUTPD is an important piece of EU legislation for the Group's European markets as well as having an impact on the entire tobacco product portfolio. The next review of the EUTPD has now commenced and revisions are expected to significantly strengthen tobacco and nicotine control measures in the EU.

EU Tobacco Excise Directive (2011/64/EU)

In the EU, excise duties for tobacco products are regulated principally through the EU Tobacco Excise Directive (2011/64/EU) (the "EUTED"). The EUTED defines the product categories, structure and minimum rates for excise duties on manufactured tobacco. The excise duty on cigarettes must consist of two components: a specific component (i.e., a fixed amount per 1,000 cigarettes) and an *ad valorem* component (i.e., a percentage of the retail-selling price). These two components must be the same for cigarettes of all price categories. Minimum rates are set out in the EUTED, which Member States must respect, although they are free to go above these minima in the taxes they apply. For tobacco other than cigarettes, Member States can choose between a specific duty or an *ad valorem* duty, or may apply a mixture of the two. Minimum rates are set out for three different categories of tobacco products, other than cigarettes, in the EUTED. Member States are free to apply national rates above these minima.

The EUTED is currently under review. Topics likely to be covered by the review include: an increase to factory manufactured cigarette ("FMC") and fine cut tobacco ("FCT") minimum excise rates; a revised conversion rate of FMC to FCT; narrowing of the gap between FMC and FCT excise; the inclusion of heated tobacco consumables, e-vapour and nicotine pouches as new categories (with a minimum rate for each) and the inclusion of raw tobacco.

EU Directive on Single-Use Plastics (2019/904/EU)

The EU has agreed legislation aimed at reducing single-use plastics. The EU Directive on Single-Use Plastics (2019/904/EU) (the "EUSUPD") entered into force in June 2019, allowing two years for Member States to

transpose the provisions into national legislations. The entry into force of the EUSUPD in 2021 has resulted in increased operating costs in the EU for the tobacco industry, including the Group. The industry is subject to an extended producers' responsibility scheme, under which manufacturers and importers of tobacco products are liable for the collection and disposal of plastic-containing filters, and has to apply specific marking on all cigarettes, heated tobacco products consumables and filter tips packs. Vapour devices and liquids and tobacco-free oral nicotine delivery products are out of scope of this legislation.

Plain and standardised packaging

The issue of plain packaging is high on the agenda of tobacco control groups. The WHO FCTC recommends the introduction of plain packaging through its guidelines on advertising, promotion and sponsorship and on packaging and labelling. In the EU, a review of plain packaging was initially proposed as part of revisions considered for the current EUTPD but was rejected by most Member States early on in the process. However, Belgium, France, Ireland, the Netherlands, Norway, Slovenia and Hungary have all adopted standardised packaging on a national level and the topic will likely resurface during the current EUTPD review.

Product display bans at point of sale

Product display restrictions at point of sale have been in place in a number of countries beginning in 2001 and have been implemented both at national and state levels. These include Finland, Iceland, Ireland and Norway.

Product display bans affect the consumer purchasing process and competition between tobacco manufacturers and retailers. Retailers may reduce the number of stock keeping units that they are likely to stock, which in turn may make it necessary for tobacco products manufacturing companies to review and adapt their product portfolio in certain markets.

Pictorial health warnings

Pictorial health warnings for cigarettes and roll-your-own/make-your-own products have been mandated in all 27 Member States through the EUTPD from May 2016 (or such date as stipulated in delayed national transpositions). Some Member States have extended the requirement of pictorial health warnings to additional product categories such as cigars.

Regulation of NGP such as vapour and heated tobacco products

The EUTPD includes a number of provisions regulating vapour products, including a maximum nicotine content of 20 mg/ml and the requirement for on-pack health warnings, pre-market notification and annual submission by manufacturers of a comprehensive data set to Member State authorities. See "*—EU Tobacco Products Directive (2014/40/EU)*" above for more detail about the EUTPD. It further prohibits cross-border sponsorship or sponsorship of national events that have a cross-border effect, and bans the advertising of nicotine-containing vapour products in print media, on television, radio and the internet. Nicotine-free vapour products are subject to the General Product Safety Directive 2001/95/EC of 3 December 2001, as amended, but such vapour products may be regulated more strictly by Member States.

Vapour products, heated tobacco consumables and nicotine pouches are not currently covered by the EUTED but will be included in the next iteration. All EU Member States have chosen to apply excise duty to heated tobacco consumables and some to vapour and oral nicotine delivery products through national legislation, although generally at a lower level compared to excise duty applying to tobacco.

United Kingdom

Tobacco products are extensively regulated in the United Kingdom (the "UK"). UK tobacco rules and regulations include requirements for standardised packaging and large graphic health warnings, a display ban at points of sale, comprehensive bans on smoking in public places, track-and-trace requirements and high excise duties. A new tobacco control plan is expected in early 2023 and will form the basis for a revision of the UK Tobacco and Related Products Regulations 2016. An independent review published in June 2022, which will feed into the tobacco control plan, sets out a number of recommendations including an increase to the legal age of sale for tobacco products and an additional annual investment of £125 million into the UK government's Smokefree 2030 policies, potentially to be funded by the tobacco industry, whilst also acknowledging the role of vapour products in tobacco harm reduction.

The UK government openly acknowledges the difference between tobacco products and tobacco-free alternatives, in particular vapour products, and their importance in reducing the harm associated with smoking. Vapour products are less severely regulated and, as a result of their endorsement by the UK government, UK tobacco smoking rates are at historically low levels, including among young people.

The Group is seeking further differentiation between the different product categories according to their tobacco harm reduction potential as part of the revision of the UK Tobacco and Related Products Regulations 2016, including improved product standards and increased advertising around health claims to ensure smokers are aware of, and understand, the potential health benefits of NGP compared to smoking.

Americas

Regulation in the US

The FSPTC Act granted the FDA regulatory authority over all tobacco products with immediate effect over cigarettes, roll-your-own/make-your-own and smokeless products. Key elements of the FSPTC Act regulate the annual registration of tobacco companies, product testing and the submission of ingredient information; require FDA approval for all new products or product modifications; ban all characterising artificial or natural flavours other than tobacco or menthol in cigarettes; establish "user fees" to fund FDA regulation of tobacco products; provide for the increase in health warning sizes on cigarette packs with the option to introduce pictorial health warnings; provide for implementation of good manufacturing practices; revise the labelling and advertising requirements for smokeless tobacco products; require the investigation of menthol; and allow the FDA to issue regulations deeming other tobacco products to be subject to the FSPTC Act.

One of the provisions of the FSPTC Act required all US cigarette manufacturers to seek a pre-market approval order from the FDA by one of three methods, including by way of "Substantial Equivalence" reports. These reports were required for all products in the marketplace as of March 2011, which were either introduced or changed since February 2007. All cigarette products have been converted to their grandfathered (pre-2007) product specifications, thus not requiring a marketing order, or are subject to at least one of the Exempt Orders the FDA has granted that allow for the marketing of the products, using the grandfathered specifications, with minor modifications.

For a discussion of US regulation of NGP, see *"—The Group as a whole—Regulation of other flavoured tobacco products and NGP" above and "—Regulation of NGP such as vapour and heated tobacco products*" below.

In July 2017, the FDA announced a multi-year plan to lower nicotine levels in combustible cigarettes to "non-addictive" levels. At the same time, the FDA noted that it is committed to encouraging innovations that have the potential to make a public health difference, stating that nicotine is both the problem and the solution to the question of addiction. In March 2018, the FDA announced three advance notices of proposed rulemaking ("ANPRMs") regarding the regulation of premium cigars, the regulation of flavours in tobacco products (including menthol), and a potential standard for nicotine level in cigarettes. The FDA then solicited and accepted public comments on these various matters for review and consideration in the potential development of a rule or rules. In April 2022, the FDA announced two proposed tobacco product standards: (a) a menthol product standard, prohibiting menthol as a characterising flavour in cigarettes, and (b) a cigar flavour product standard, prohibiting all characterising flavours (other than tobacco) in cigars. The public was afforded the opportunity to submit either electronic or written comments on the proposed rules through July 2022. Once all the comments have been reviewed and considered, the FDA will decide whether to issue final product standards. The FDA has also stated it intends to seek to limit distribution of flavoured vapour products in certain retail channels, but the basis for this statement is not clear. In January 2023, the FDA published its Unified Agenda indicating that the FDA is targeting publishing a proposed rule to set a maximum nicotine level in cigarettes in October 2023. The FDA's timeline suggests that publication of a proposed rule is not imminent and, given the complexity of the regulation, a protracted rulemaking timeline is expected to follow any such publication.

The FTC also monitors certain reporting, advertising and other obligations regarding tobacco sales. In August 2018, a consumer petition was filed with the FTC asking it to act on alleged violations regarding social media use by several manufacturers, including IB. The allegations related to IB occurred in Australia, Egypt, Bosnia

and Herzegovina, and the United Arab Emirates. No action has been taken on the petition as of the date of this Prospectus.

The Group continues to actively participate in the regulatory process and supports the FDA's evidence-based approach to regulation.

Menthol regulation in the US

The FSPTC Act required the FDA to establish the Tobacco Products Scientific Advisory Committee ("TPSAC") to evaluate, among other things, "the impact of the use of menthol in cigarettes on the public health, including such use among children, African-Americans, Hispanics, and other racial and ethnic minorities". In addition, the FSPTC Act permits the FDA to impose restrictions regarding the use of menthol in cigarettes, including a ban, if those restrictions would be appropriate for the public health. The findings of the TPSAC report, which is not binding on the FDA, included that menthol likely increases experimentation and regular smoking, as well as the likelihood and degree of addiction for youth smokers, non-white menthol smokers (particularly African-Americans) are less likely to quit smoking and are less responsive to certain cessation medications, and that consumers continue to believe that smoking menthol cigarettes is potentially less harmful than smoking non-menthol cigarettes as a result of the cigarette industry's historical marketing. TPSAC's overall recommendation to the FDA was that "removal of menthol cigarettes from the marketplace would benefit public health in the US".

In June 2011, the FDA provided a progress report on its review of the science related to menthol cigarettes. In this report, the FDA stated that "experts within the FDA Center for Tobacco Products are conducting an independent review of the science related to the impact of menthol in cigarettes on public health". The FDA stated that it would submit its draft independent review of menthol science to an external peer review panel in July 2011. In January 2012, the FDA provided a second progress report on its review of the science related to menthol cigarettes. In this update, the FDA stated that it "submitted its report to external scientists for peer review, and the agency is revising its report based on their feedback".

In July 2013, the FDA made available its preliminary scientific evaluation ("PSE") of public health issues related to the use of menthol in cigarettes and peer review comments thereto. Although the FDA PSE found that menthol in cigarettes is not associated with increased smoke toxicity, increased levels of biomarkers of exposure or increased disease risk, the evaluation concluded that menthol in cigarettes is likely associated with increased initiation and progression to regular cigarette smoking, increased dependence, reduced success of smoking cessation, especially among African-American menthol smokers, altered physiological responses to tobacco smoke and particular patterns of smoking. In the PSE, the FDA concluded that menthol cigarettes likely pose a public health risk above that seen with non-menthol cigarettes. The FDA also issued an ANPRM seeking comments on the PSE and requesting additional information related to potential regulatory options it might consider for the regulation of menthol. The FDA has sought comments regarding, among other things, information on potential product standards for levels of menthol in cigarettes; the timeframe for compliance with any product standard enacted; whether a stepped approach to lowering or removing menthol from cigarettes would be appropriate; whether sales, distribution, advertising or promotion restrictions are appropriate; and evidence, including public health impact, of any potential illicit market in menthol cigarettes should they no longer be available. In addition, the FDA announced that it is funding new research on, among other things, the differences between menthol and non-menthol cigarettes to obtain information to assist the FDA in making informed decisions related to potential regulation of menthol in cigarettes. The FDA established a comment period for the ANPRM and PSE, which ended in November 2013, and said it will consider all comments and other information submitted to determine what, if any, regulatory action is appropriate.

In April 2022, the FDA announced two proposed tobacco product standards prohibiting menthol as a characterising flavour in cigarettes and all characterising flavours (other than tobacco) in cigars. The public was afforded the opportunity to submit either electronic or written comments on the proposed rules through July 2022. Once all the comments have been reviewed and considered, the FDA will decide whether to issue final product standards. The FDA has stated in its most recent agenda that it anticipates issuing a final rule in August 2023, although the exact timing remains uncertain.

Pictorial health warnings

In the US, the FSPTC Act required the FDA to develop and implement graphic health warning statements. The initial proposal was found to be unconstitutional and the agency worked to develop an alternative that would not violate legal standards. In March 2020, the FDA published its final rule requiring 11 graphic warnings to be displayed on packaging and advertisements evenly and randomly with implementation in June 2021. In April 2020, R.J. Reynolds Tobacco Company ("RJR Tobacco"), ITG Brands and a number of other manufacturers filed a challenge to the final rule in the US District Court for the Eastern District of Texas. The case is ongoing and the court has issued multiple orders postponing the implementation date of the rule. In November 2022, the court again postponed the effective date to November 2023. On 8 December 2022, the US District Court for the Eastern District of Texas vacated the rule and blocked its implementation.

Canada and Brazil have already introduced pictorial health warnings on tobacco products.

Regulation of NGP such as vapour and heated tobacco products

In May 2016, the FDA published a final rule deeming certain previously unregulated tobacco products (including cigars and vapour products) to be subject to the regulatory authority of the FDA (the "Deeming Rule"). The Deeming Rule became effective in August 2016. As part of the regulatory environment, newly deemed products are subject to, among other things, minimum age restrictions, health warning requirements and a requirement to register product and ingredient information with the FDA. In addition, all newly deemed products introduced on the market after February 2007 must obtain FDA pre-market approval. Since most vapour products were placed on the market after that date, the result is that virtually all vapour products need to be submitted to the FDA for review. However, products on the market as of the effective date of the Deeming Rule were allowed to remain in the market for a continued period provided the manufacturer filed a pre-market submission by September 2020, after which time the FDA could exercise enforcement against products not subject to a pending pre-market submission. Additionally, the FDA provided a one-year review period after which time it may make enforcement decisions on a case-by-case basis. The FDA prioritises enforcement against products with pending pre-market submission in the following manner: (a) any flavoured, cartridge-based ENDS product (other than a tobacco- or menthol-flavoured ENDS product); (b) all other ENDS products for which the manufacturer has failed to take (or is failing to take) adequate measures to prevent minors' access; and (c) any ENDS product that is targeted to minors or whose marketing is likely to promote use of ENDS by minors. Additionally, flavoured cartridge-based ENDS products without a marketing order, with the exception of tobacco and menthol, became subject to enforcement and were withdrawn from the market in February 2020 until such time a marketing order is received to allow the sale of these products. In April 2022, the FDA issued marketing denial orders ("MDOs") for seven *myblu* ENDS products, including one device and six liquid cartridges. IB immediately notified the FDA of its intention to request an administrative review of the MDOs and issued a Freedom of Information Act request for the reviewer files. The FDA has stated it will not seek to enforce the MDOs while the appeal is pending. At the same time, IB filed a request for relief in the US Federal Circuit Court of Appeals for the DC Circuit, requesting the court find the MDOs were issued without the requisite procedure as required by law. This action is in addition to the administrative review taking place before the FDA.

The FDA has also announced new enforcement actions and a Youth Tobacco Prevention Plan to stop youth use of, and access to, vapour products in the US. In addition to its proposed product standards regarding menthol-flavoured cigarettes and flavoured cigars (see "*—Regulation in the US*" and *"—Menthol regulation in the US*" above), the FDA also announced plans to pursue further regulatory initiatives on flavoured vapour products, with the aim that only tobacco, mint and menthol vapour products could be sold in traditional retail outlets. Under the proposals, other flavoured vapour products may only be sold at age-restricted locations or through online channels that use age verification checks. This proposal, however, has not been implemented.

Africa, Asia and Australasia

Australian excise regime

From 2013, tobacco excise increases in Australia were based on two mechanisms: (i) the Average Weekly Ordinary Time Earnings ("AWOTE") mechanism applied twice per year in March and September, and (ii) a 12.5 per cent excise accelerator applied in September of each year. In September 2021, the excise accelerator was discontinued, with the AWOTE mechanism remaining in place. The change is expected to ease affordability pressures on Australian smokers and may slow the increasing levels of illicit trade. To date, there

have been no indications that the excise accelerator will be reintroduced, but the recent change of Australian government following the general election in May 2022 has created some uncertainty.

Plain and standardised packaging

The Australian government's tobacco plain packaging legislation took effect in December 2012. A challenge brought by Imperial Tobacco Australia Limited and other manufacturers in 2011 was unsuccessful. In June 2018, the World Trade Organization (the "WTO") issued a decision in a dispute brought in 2013 by a number of tobacco and cigar producing WTO member states concerned about the restrictions on trademarks, geographical indications and other requirements imposed by Australia. The WTO found that the parties failed to demonstrate that Australia's plain packaging measures are inconsistent with WTO rules. Other countries including Israel, New Zealand, Saudi Arabia, Turkey and Singapore also have relevant legislation.

Product display bans at point of sale

Product display restrictions at point of sale are in place in a number of countries, including Australia, New Zealand and Thailand.

Pictorial health warnings

There is a general trend in AAA towards the introduction of pictorial health warnings on tobacco products and certain countries, including Australia, New Zealand, Thailand and Singapore, have already implemented them.

Regulation of NGP such as vapour and heated tobacco products

Vapour regulation in AAA varies, ranging from little or no regulation to a complete ban (for example, in Australia, Japan and Taiwan) of selling nicotine-containing vapour products outside of pharmaceutical regulations. In New Zealand, new tobacco control legislation was passed by the New Zealand Parliament on 13 December 2022. The new measures, which will be implemented over a 4-year period, include significant restrictions in the number of retailers permitted to sell cigarettes (to be implemented in 2024), a significant reduction in the permitted nicotine levels (to be implemented in 2025) and a ban on cigarette sales to anyone born on or after 1 January 2009 (to be implemented in 2027).

New Zealand has recognised the harm reduction potential of NGP and is in the process of legalising nicotine containing vapour, heated tobacco and oral nicotine delivery products, and is drawing up stringent rules for their labelling, marketing, sale and consumption.

Heated tobacco is legal in a number of Asian markets, including Japan and Korea.

Comprehensive regulation of vapour products, such as in the EU, the UK and the US, could increase in future in markets in AAA where they can be legally sold.

Litigation

Except for the matters detailed below, there have been no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Issuers, the Guarantor or ITL are aware during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuers, the Guarantor, ITL or the Group.

In relation to the matters detailed below, and any other proceedings brought against any member of the Group in the future, the Group could incur substantial damages and costs. See also "*Risk Factors—Risks Relating to the Group—Litigation resulting in adverse judgments and related costs may cause the Group to incur substantial damages*".

Europe

Litigation in France

In November 2015, the Group received a challenge from the French tax authorities concerning the valuation placed on the shares of Altadis Distribution France S.A.S. (now known as Logista France S.A.S.) following an intra-Group transfer of shares in October 2012 and the tax consequences flowing from a potentially higher value that is argued for by the tax authorities. In October 2018, the Commission Nationale, an independent

adjudication body whose decision is advisory only, issued a report supportive of the Group's arguments for no adjustment. In December 2018, the French tax authorities issued their final assessment seeking £240 million of additional tax assessed. In January 2019, the Group appealed against the assessment. In August 2020, the French tax authorities rejected the Group's appeal and the matter proceeded to litigation. As of the date of this Prospectus, all submissions have been made to the court. A hearing had been originally scheduled for February 2022, but has since been delayed without a new hearing date having been set yet.

In December 2021, the Group received assessments from the French tax authorities which could lead to additional liabilities of £169 million. The challenge concerns the intra-Group financing of the French branch of ITL. In February 2022, the Group appealed against the assessments. In September 2022, the French tax authorities opened a further tax audit into this matter. Following discussions with the French tax authorities a settlement proposal covering all years has been made for £48 million.

Litigation in the United Kingdom

In June 2020, the Group responded to a claimant law firm's allegations of human rights issues in the Malawian tobacco supply chain, which included allegations relating to child and forced labour. In December 2020, a claim was filed in the UK High Court against IB, ITL and four of its subsidiaries and two entities of the BAT group by a group of tobacco farm workers. The Imperial defendants acknowledged service and confirmed to the claimants that they intend to defend the claim in full. The Imperial defendants have not yet been required to file their defence.

The claimants' disclosure application to be heard at the end of November 2021 was adjourned. The deadline for the Imperial defendants and BAT to file a defence has been postponed pending other case management actions and will be determined at a subsequent case management hearing. Correspondence is ongoing with the claimants regarding a matching exercise (claimants are required to be matched to tobacco products purchased by either defendant group).

Litigation in Spain

A claim has been made against Altadis S.A.U. ("Altadis") by the General Attorney of Spain seeking repayment of state aid paid out between 2004 and 2010 (a period largely preceding the Group's acquisition of Altadis, which took place in 2008). State aid was paid by the regional government of Andalusia to various insurance companies, to finance the early retirement costs of former employees of Altadis following termination of their employment contracts as a result of the closure of an Altadis factory. In January 2022, the court ordered that the claim should proceed to the next stage and that Altadis should file a bank guarantee in the sum of €27.3 million at Court (the amount claimed plus a third required under Spanish law). Altadis appealed the decision with respect to the guarantee and, in September 2022, the appeal court decided that Altadis should not provide any guarantee. There are no dates scheduled in the court timetable for hearing the appeals against the main claim. The Group does not expect this claim to succeed, and no associated provision has been recognised.

Recent European Commission proceedings

On 25 April 2019, the European Commission's final decision regarding its investigation into the UK's Controlled Foreign Company regime was published. It concludes that the legislation up until December 2018 does partially represent state aid. In mid-June 2019, the UK government appealed to the European Court seeking annulment of the European Commission's decision. On 8 November 2019, the Group, along with a number of UK corporates, made a similar application to the European Court. The UK government was obliged to collect any state aid granted pending the outcome of the European Court process.

In February 2021, a recovery charging notice for £101 million, was issued to the Group by HMRC and has been paid. On 8 June 2022, the General Court of the European Union issued its judgement on the UK government's and ITV's (the lead corporate case) annulment applications. The decision was in favour of the European Commission. Whilst this decision has been appealed to the Court of Justice of the European Union and the appeal may be successful, in light of the European General Court's decision the Group has reassessed the recoverability of the £101 million previously recorded as a receivable and has determined that it is appropriate to include a provision against it in full. The assessment of uncertain tax positions is subjective and significant management judgment is required. This judgment is based on current interpretation of legislation, management experience and professional advice.

Competition matters

On 12 April 2019, the Spanish National Commission on Markets and Competition (the "CNMC") announced penalties against Philip Morris Spain, Altadis, JT International Iberia and Logista. Altadis and Logista received fines of €11.4 million and €20.9 million, respectively, from the CNMC. According to the decision, Altadis and Logista are alleged to have infringed competition law by participating in an exchange of sales volume data between 2008 and February 2017. The CNMC considers that this conduct had the effect of restricting competition in the Spanish tobacco market. Both companies believe that the arguments made by the CNMC are flawed. In June 2019, both Altadis and Logista commenced appeals to the CNMC's decision and the fines imposed in the Spanish High Court where they believe they will be successful, a decision supported by external legal counsel. In September 2019, Altadis and Logista separately arranged bank guarantees for the full amount of the fines with the result that payment of the fines had been suspended pending the outcome of the appeals. In the Altadis appeal, both parties have concluded their submissions to the Spanish High Court and a judgment is awaited. In the Logista appeal, Logista submitted its pleadings before the Spanish High Court in February 2021 and a judgment is awaited. There has been no guidance on the timing for the issuance of these judgments by the court. The inspection process in the Altadis offices was declared null and void by the Spanish High Court in May 2021. The CNMC has appealed this annulment to the Spanish Supreme Court and a decision is currently pending.

Americas

US litigation environment and State Settlement Agreements

In the US, claims could be brought in federal, state or local courts, or by way of enforcement actions, and by individuals, by a class or by way of group action by a number of parties (whether in actions in which a class has been certified (or in which plaintiffs (claimants) are seeking class certification) or in which individual cases have been grouped for a consolidated trial), by national, state or local regulatory authorities or other public institutions, by corporations, unions, funds or other incorporated entities, or by political or social organisations (such as Native American tribes). The claims (subject to certain provisions in settlements with states) could relate, among others, to personal injury, addiction, death, costs of providing health care (including cost recovery actions), costs of court-supervised health monitoring programmes, settlement/fee payments with regard to cigarettes and business, sales or advertising conduct. Furthermore, in a report entitled "The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General" (2006), the US Surgeon General summarised conclusions from previous US Surgeon General's reports concerning health risks to non-smokers from exposure to environmental tobacco smoke, also called second-hand smoke. The US Surgeon General also addressed health risks to non-smokers from exposure to environmental tobacco smoke in reports published in 2010, 2014 and 2020. These reports could form the basis of, or be used to support, additional litigation against cigarette manufacturers, including against the Group.

Other than as noted below, before 2007 the Group had not sold cigarettes in the US, the jurisdiction with the greatest prevalence of smoking and health-related litigation. However, three subsidiaries, Reemtsma Cigarettenfabriken GmbH, Société Nationale d' Exploitation Industrielle des Tabacs et Allumettes S.A.S. ("SEITA") and Altadis, sold relatively small quantities of cigarettes and/or fine cut tobacco in the US domestic market up to 1999, 2005 and 2004, respectively. In 2007 and 2008, respectively, the Group acquired Commonwealth Brands and Altadis (and its subsidiary undertakings), both of which were and are manufacturers and sellers of tobacco products in the US. The cigarette brands acquired pursuant to the 2015 US Acquisition were acquired without historic product liabilities and an indemnity in respect of any liabilities relating to the period prior to completion of the deal and in certain circumstances within eight years after the deal closed was provided by Reynolds.

In respect of state health care costs, Commonwealth Brands, SEITA, ITG Brands, ITL and several other affiliates of the Group are signatories to the Master Settlement Agreement (the "MSA") in the US, which is an agreement between tobacco manufacturers and 46 US states, the District of Columbia and five US territories, and which imposes substantial payment obligations on those manufacturers. In 1998, Philip Morris USA, Inc. (as successor to Philip Morris Incorporated) ("Philip Morris USA"), RJR Tobacco, Brown & Williamson Tobacco Corporation and Lorillard (the "Original Participating Manufacturers" or "OPMs") entered into the MSA to settle asserted and unasserted health care cost recovery actions and other claims of those states that were a party to the MSA (the "Settling States"). The OPMs had previously settled similar claims brought by Mississippi, Florida, Texas and Minnesota (the "Initial State Settlements" and, together

with the MSA, the "State Settlement Agreements"). The State Settlement Agreements provide that the agreements are not admissions, concessions or evidence of any liability or wrongdoing on the part of any party, and were entered into by the OPMs to avoid the further expense, inconvenience, burden and uncertainty of litigation.

Smaller companies were also permitted to join the MSA as Subsequent Participating Manufacturers (or "SPMs" and, together with the OPMs, the "PMs") even though most of them had not been party to the original actions by the states. Commonwealth Brands became an SPM in 1998, with SEITA and ITG Brands becoming SPMs in 1999. In November 2007, the Group received confirmation that the application of IB and of several affiliated companies to become SPMs to the MSA had been approved.

On 12 June 2015, ITG Brands joined the Mississippi State Settlement Agreement with respect to certain of ITG Brands' cigarettes in the US acquired through the 2015 US Acquisition. Subsequently, ITG Brands also joined the Minnesota and Texas State Settlement Agreements. ITG Brands and certain of its affiliates have agreed to make payments under the MSA and the Mississippi, Minnesota and Texas State Settlement Agreements, and payments are made for certain of their products under the equity fee statutes in Mississippi, Minnesota and Texas.

The State Settlement Agreements require that the PMs make significant annual payments, which in 2021 amounted to approximately US$8.3 billion. In addition, certain of the PMs (not including ITG Brands and its affiliates) are required to pay settling plaintiffs' attorneys' fees, subject to an annual cap of US$500 million, and were required to pay an additional amount of up to US$125 million in each year to 2008. These payment obligations are several and not joint obligations of each PM. Annual payments are required to be paid in perpetuity and are subject to adjustment for several factors, including inflation, domestic market share and unit volume and (for some manufacturers and brands) industry and individual company operating profits, with respect to the MSA, in the year preceding the year in which payment is due, and, with respect to the other State Settlement Agreements, in the year in which payment is due. The State Settlement Agreements also include provisions relating to significant advertising and marketing restrictions, public disclosure of certain industry documents, limitations on challenges to tobacco control and underage use laws, and other provisions.

From time to time, lawsuits have been brought against PMs to the MSA, or against one or more of the Settling States, challenging the validity of the MSA and/or statutes related to it on certain grounds, including as a violation of the antitrust laws.

NPM Adjustment Disputes: The MSA includes an adjustment mechanism, known as a non-participating manufacturer ("NPM") adjustment, which potentially reduces PMs' annual MSA payment obligations. In order for an NPM adjustment to be made, an independent auditor must determine that the PMs have experienced a market share loss to those manufacturers who are not participants, and an independent firm of economic consultants must determine that the MSA was a significant factor contributing to that loss. The adjustment is then allocated among the Settling States according to whether they "diligently enforced" statutes known as "Qualifying Statutes". Although, for each year from 2004 to 2021 inclusive, the two requirements for application of the adjustment have been fulfilled (some through settlement), the relevant Settling States dispute that any adjustment is required on the basis that they "diligently enforced" the "Qualifying Statutes". This dispute is continuing and recurs annually. The manufacturers have reached settlements with states comprising about 80 per cent of the MSA payment share. The states and manufacturers have completed arbitration over the 2003 NPM adjustment and state-court challenges to certain of the arbitrators' decisions have been resolved, reducing the recovery by approximately 50 per cent. Arbitration over the 2004 NPM adjustment commenced in 2016 and is close to completion. Three states were found non-diligent, Washington, Missouri, and New Mexico. Washington and Missouri have also filed challenges to those findings, with Washington's challenge initially rejected by its state trial court (and now on appeal) and Missouri's challenge still pending before the state court. The arbitration panel also reconsidered and reversed a prior decision regarding how an earlier settlement with other states will be treated, lowering the potential range of recovery. The manufacturers have asked two State courts to vacate that judgment; a hearing on one of those motions, in Washington, will be held in February 2023. The proceedings regarding 2003 and 2004 in the state of Montana, which was not required by its courts to arbitrate the adjustment, have been resolved. The arbitration for 2005 to 2007 has commenced, with discovery currently in progress. A hearing on issues common to all states was held in July 2022. The arbitration panel is considering post-hearing motion, and the first individual state hearing is set for March 2023. The manufacturers have asked the relevant states to consider beginning an arbitration for 2008 to 2014.

On 13 April 2020, ITG Brands and Commonwealth Brands, Inc. ("CBI") received notice that Montana had initiated a litigation in its state court on 10 April 2020 with respect to these disputes, naming ITG Brands and CBI as well as the other PMs to the MSA. Montana sought release of all funds deposited in the Disputed Payments Account for its allocable share of the NPM adjustment from 2005 of approximately US$43 million. It also sought unquantified penalties pursuant to Montana's False Claims Act, claiming that the manufacturers had no basis on which to dispute MSA payments due Montana, as well as treble damages, punitive damages and attorneys' fees. That litigation has now been resolved, with a settlement addressing future years for the NPM Adjustment through 2030 as well.

On 25 March 2022, ITG Brands and CBI received a 30-day advance notice of potential litigation from Iowa regarding the NPM adjustment, and Iowa filed that litigation in September 2022. Iowa seeks release of all funds deposited in the Disputed Payments Account for its allocable share of the NPM adjustment. It also seeks unquantified penalties pursuant to its False Claims Act, claiming that the manufacturers had no basis on which to dispute MSA payments due Iowa, as well as penalties, punitive damages and attorneys' fees. The manufacturers have moved to compel arbitration of Iowa's claim, and a hearing was held on 21 December 2022. The court indicated it would issue a decision within 60 days of the hearing.

On 12 October 2022, ITG Brands and CBI received a 30-day advance notice of potential litigation from New Mexico regarding the NPM adjustment, and New Mexico filed that litigation in November 2022. New Mexico seeks release of all funds deposited in the Disputed Payments Account for its allocable share of the NPM adjustment for 2008 to the present. It also seeks unquantified penalties pursuant to its False Claims Act, claiming that the manufacturers had no basis on which to dispute MSA payments due New Mexico, as well as penalties, punitive damages and attorneys' fees. No response has yet been filed.

Approximately US$13 million was recovered on the 2003 NPM adjustment in the form of credits to MSA payments. The potential recovery on the 2004 to 2021 adjustments for states with which the manufacturers have not settled is unquantifiable at present.

The manufacturers have now resolved by settlement the NPM adjustments for the disputed years with 37 states representing approximately 80 per cent of the MSA share. Commonwealth Brands and ITG Brands have received substantial credits under these settlements with additional credits due or possibly due in the future. At this stage in the proceedings, approximately US$202 million has been recovered on the NPM adjustment arbitrations and settlements in the form of credits to MSA payments. The NPM adjustment settlement is an ongoing claim by a number of manufacturers and estimates of future credits on settled claims are subject to change depending upon a number of factors included in the calculation of the credits.

Dispute in relation to the Previously Settled States Reduction: The MSA also includes a downward adjustment mechanism, known as the previously settled states reduction (the "PSS Reduction"), which reduces aggregate payments made by Philip Morris USA, Reynolds and ITG Brands by a specified percentage each year. California, later joined by the remainder of the MSA states and by Philip Morris USA, challenged the application of the PSS Reduction to ITG Brands for every year from 2016 forward, claiming that it cannot apply to ITG Brands since ITG Brands had not been making settlement payments to Florida, Minnesota or Texas under their State Settlement Agreements. The independent auditor to the MSA, which initially addresses disputes related to payments, has rejected that challenge every year. It is possible that one of the parties making the challenge will seek to arbitrate the claim under the MSA. The PSS Reduction provides annual MSA payment reductions of about US$65 million. The parties have resolved Philip Morris USA's related claim under the MSA, challenging ITG Brands' right to receive the PSS Reduction, as such claim relates to Minnesota and Texas.

State Settlement disputes in relation to the 2015 US Acquisition: As required by the MSA, ITG Brands agreed in the Asset Purchase Agreement relating to the 2015 US Acquisition (the "Asset Purchase Agreement") to assume, and did assume, payment responsibility for the *Winston*, *Salem*, *Kool* and *Maverick* brands under the MSA. As there was no similar requirement in the other State Settlement Agreements with Mississippi, Florida, Texas and Minnesota, ITG Brands agreed in the Asset Purchase Agreement to use its "reasonable best efforts" to reach agreement with those states to become a party to those settlements, subject to certain conditions. ITG Brands became a party to the Mississippi State Settlement Agreement with respect to the acquired brands effective 12 June 2015 and has been making settlement payments to Mississippi on the acquired brands since that date. Notwithstanding its reasonable best efforts to do so, ITG Brands did not become a party to the Florida, Texas or Minnesota State Settlement Agreements at the closing of the 2015 US Acquisition.

In January 2017, Philip Morris USA and Florida filed motions in the court administering the Florida settlement payments to enforce the settlement against Reynolds and/or ITG Brands. They claimed, alternatively, that Reynolds continued to owe settlement payments on the transferred brands and that ITG Brands was a successor or assign to Reynolds' payment obligations under the Florida State Settlement Agreement and, thus, ITG Brands owed settlement payments of approximately US$30 million per year from 12 June 2015 onwards. Following a trial in December 2017, the Florida court issued an order denying Florida's and Philip Morris USA's motions with respect to ITG Brands, but granting them with respect to Reynolds. The court found that ITG Brands was not a successor or assign to obligations under the Florida State Settlement Agreement and did not owe Florida any payments under it as a result of the transfer of the acquired brands to ITG Brands. It also found that Reynolds continued to be liable for settlement payments on the acquired brands. Florida sought settlement payments on the acquired brands of approximately US$127 million, plus interest, plus future annual payments based on market share of approximately US$26 million. Following subsequent appeals, the Florida court's decision that Reynolds, not ITG Brands, must make these settlement payments to Florida is now final and unappealable and Reynolds is making the payments. Reynolds has asked the Delaware court having jurisdiction over disputes under the Asset Purchase Agreement to order the Group to indemnify it for those obligations, in the proceeding described further below.

In March 2018, Minnesota filed a complaint and motion and Philip Morris USA filed a motion in the court administering the Minnesota settlement payments to enforce the Minnesota State Settlement Agreement against Reynolds and/or ITG Brands. Minnesota's and Philip Morris USA's claim, like in Florida above, was that either Reynolds continues to be liable for settlement payments for the acquired brands or that ITG Brands becomes liable for settlement payments as a result of the acquisition of brands under the 2015 US Acquisition. The parties settled the litigation in Minnesota, with the court ordering dismissal of the claims with prejudice on 17 March 2021 and with ITG Brands being a party to the settlement as an assign of Reynolds effective 12 June 2015. Minnesota sought settlement payments on the acquired brands of approximately US$58 million, plus interest from 12 June 2015 forward, plus future annual payments of approximately US$13 million, and Philip Morris USA sought additional amounts related to a portion of the payment calculation affecting Philip Morris USA. In the settlement, ITG Brands paid US$28 million with respect to the claims from 12 June 2015 forward, and Reynolds paid US$52 million. ITG Brands paid approximately US$13 million on 31 December 2021 and will continue to make payments under the settlement each year thereafter.

On 28 January 2019, Texas, the other state with a separate State Settlement Agreement that is not part of the MSA, filed a motion to enforce its State Settlement Agreement in the federal district court with continuing jurisdiction over the settlement, claiming that Reynolds and/or ITG Brands must make settlement payments on the acquired brands, along with a motion to join ITG Brands as a party to the settlement litigation. Philip Morris USA filed a similar motion to enforce (also raising its profit adjustment issues) and joined Texas's motion to join ITG Brands as a party. Texas also claimed that if ITG Brands does not make settlement payments, increased fees (along with interest and substantial penalties) are due on the acquired brands for 2015 to 2019 under Texas's equity fee law. A settlement agreement was signed on 21 May 2021, with ITG Brands being a party to the settlement as an assign of Reynolds effective 12 June 2015. Texas sought settlement payments on the acquired brands from and after 12 June 2015 of approximately US$167 million, plus interest, plus future annual payments based on market share of approximately US$36 million, and alternatively sought approximately US$173 million, including penalties and interest, in statutory fees. ITG Brands paid US$13.5 million in settlement payments (net of amounts accrued and statutory fees already paid) for 12 June 2015 and thereafter and Reynolds paid US$190 million. ITG Brands paid approximately US$3 million in addition to amounts already accrued on 31 December 2021 and will continue to make payments under the settlement each year thereafter.

ITG Brands and Reynolds have been also engaged in litigation in Delaware with respect to whether ITG Brands satisfied its obligation under the Asset Purchase Agreement to use its "reasonable best efforts" to join the State Settlement Agreements with Florida, Minnesota and Texas and whether ITG Brands is required to indemnify Reynolds for amounts other courts may request Reynolds to pay. On 30 November 2017, on cross-motions by Reynolds and ITG Brands, the Delaware court held that the "reasonable best efforts" provision did not automatically terminate due to the 2015 US Acquisition closing. It further determined that the duty of "reasonable best efforts" was not perpetual and that whether ITG Brands complied with its relevant obligation is a question of fact that the court has not decided. On 23 September 2019, the Delaware court denied a motion by Reynolds to hold ITG Brands liable under other indemnity provisions of the Asset Purchase Agreement for Reynolds' liability under the Florida decision, and granted Reynolds' motion that one of the conditions to

reaching agreement on joinder related to equity taxes did not apply in Florida. On 31 October 2019, the trial court denied ITG Brands' motion for immediate appeal, with the Delaware Supreme Court denying the same motion on 7 November 2019. The parties engaged in discovery and filed summary judgment motions. A trial was set for 24 October 2022. On 30 September 2022, the trial court granted summary judgment to Reynolds and denied summary judgment to ITG. It held that the Florida court's determination that ITG did not assume payments under the Florida settlement unless it agreed to do so was not binding under principles of issue preclusion under Florida law, and further held that as a matter of law the contract provisions were unambiguous and no evidence was required to determine that ITG had assumed and was required to indemnify Reynolds for Florida settlement payments. The court did not determine the amount of Reynolds' damages but left that question open for further proceedings. The parties are in the process of briefing cross-motions for summary judgment on damages, and argument is scheduled on that issue for 23 February 2023. If the court does not decide the issues related to damages on the motions, a trial will be set. After the question of damages is resolved, the parties may appeal, and appeal may also address the earlier determinations of the Delaware court.

Other US litigation

On 12 June 2015, ITG Brands became a party for purposes of remedies and became subject to a remedial order in *United States v. Philip Morris USA, Inc.*, No. 99-2496 (GK) by the US District Court for the District of Columbia. In the suit, the federal government sued certain of the US tobacco companies (not including ITG Brands) alleging violations of the federal Racketeer Influenced and Corrupt Organizations Act. In 2009, the trial court found for the government and imposed remedial remedies on Reynolds and Philip Morris USA, among others. The remedial order, after some alteration on appeal, remains in place. Under the terms of the order, ITG Brands was required to become subject to that order and to the federal court's jurisdiction as a condition of acquiring certain brands from Reynolds. The order imposes certain conduct and disclosure requirements, enforceable by injunctive relief, but no monetary liability. One conduct requirement contained in the order is the publication of "corrective statements" regarding tobacco and smoking on various media. On 18 June 2018, ITG Brands published the corrective statements on its corporate website and two branded websites, for *Winston* and *Kool*. Starting on 21 November 2018 and continuing six times over the next two years, ITG Brands shipped products with "onserts" bearing the corrective statements on the packaging, with onserts being placed on shipments of two weeks' estimated annual volume of product. During 2022 and earlier years, the federal court also considered whether to require the applicability of additional corrective statements in retail stores. An evidentiary hearing on the issue was set for June and July 2022, but it was cancelled when the parties reached a settlement on the issue requiring the placement of certain corrective statements in retail stores with which the manufacturers have contracts. The court approved that settlement on 6 December 2022, and implementation began on 1 January 2023.

Fontem US, LLC ("Fontem US") was named as a defendant in the case of *Petrucci v. 7-Eleven Distribution Company, et al.*, filed in the Superior Court of the State of California for the County of Los Angeles, Central District (Case No. BC695450). The original and amended complaints in this case named 17 defendants, in addition to Fontem US. The claimants sought recovery of money damages, including punitive damages, against all defendants based on the claim that the principal claimant, Edith Anne Petrucci, developed a lung condition as a result of her use of e-cigarette and other vaping devices, including those manufactured by Fontem US. The original complaint asserted claims against all defendants styled as eight causes of action as follows: negligence; strict liability - failure to warn; strict liability - design defect; fraudulent concealment; intentional misrepresentation; negligent misrepresentation; breach of implied warranties; and loss of consortium (asserted on behalf of claimant Robert Petrucci). A number of defendants, including Fontem US, filed demurrers to the original and first amended complaints, which were sustained in October 2018 and January 2019. The second amended complaint contained the same eight causes of action, seven of which were asserted against Fontem US. Fontem US filed demurrers to three of those causes of action, and other defendants also filed demurrers. Fontem US' demurrer was heard in August 2019, and was granted as to the intentional and negligent misrepresentation claims and denied as to the fraudulent concealment claim, which remained pending against all remaining defendants. Fontem US' answer to the second amended complaint was filed in October 2019. The court set a trial date of 1 February 2021. The court also ordered that the parties conduct in-person settlement discussions in advance of a post-settlement status conference scheduled for 22 October 2020. Subsequently, Fontem US agreed to provide representation and indemnity to defendant Costco Wholesale Corporation ("Costco"), the retailer from which the claimant allegedly purchased *blu* products. Costco also filed an answer to the second amended complaint. The court set a trial date of 1 November 2021. A mediation took place on 7 December 2020 but did not resolve the matter. Since the mediation, Fontem US

and other defendants continued to conduct fact discovery in anticipation of trial, while also continuing to negotiate with the claimants to resolve the matter prior to trial. In August 2021, these continued negotiations resulted in an agreement by Fontem US and the claimants to settle this matter (which includes dismissal of the claims against Costco). The terms of the settlement agreement are confidential and the case is now considered fully settled.

Fontem US, Fontem Ventures B.V. (the Group's non-tobacco company) and IB were named as defendants in the case of *Peoria Public Schools District 150 et al. v. JUUL Labs, Inc., et al.*, filed on 15 May 2020 in the US District Court for the Northern District of California, San Francisco Division (Case No. 3:2020cv03321). The complaint named 15 defendants, including the Fontem and Imperial defendants identified above. The plaintiffs, four school districts within Illinois, sued a number of e-cigarette manufacturers seeking the recovery of monetary damages, including compensatory and punitive damages, and other relief against all defendants. The plaintiffs claimed that they were injured as a result of increased teen use of e-cigarettes and vaping devices due to alleged improper marketing of those products to youth, among other allegations. The plaintiffs' complaint alleged nine causes of action: public nuisance; civil conspiracy; consumer fraud and deceptive practices; deceptive acts and practices violation; breach of implied warranties; negligent misrepresentation; negligence; common law fraud; unjust enrichment/restitution. All of the claims were asserted against the Fontem and Imperial defendants except civil conspiracy, which was asserted against only the JUUL and Altria defendants. This matter closed by way of voluntary dismissal by the plaintiffs in 2020 and is no longer pending against any of the defendants.

On 13 October 2020, a case was filed in the US District Court for the Southern District of New York (Case No. 20cv8517). The case was filed on behalf of Doreen and Albert Toth against Fontem US, ITG Brands and nine other defendants. On 1 December 2020, the plaintiffs amended their complaint to include parent companies for each of the target manufacturers, including IB. On 22 January 2021, the plaintiffs dismissed their claims against IB, ITG Brands and several other defendants without prejudice in exchange for a tolling agreement and assurances that Fontem US is the appropriate defendant for claims involving the *blu* brand. The plaintiffs seek recovery of money damages, including treble damages and punitive damages, against all defendants based on the claim that Mrs. Toth became addicted to, and was otherwise harmed as a result of her use of, e-cigarettes and other vaping devices, including those manufactured by Fontem US. The complaint alleges causes of action including negligence, defective design, failure to warn, false advertising and unjust enrichment.

On 5 February 2021, the case was transferred over Fontem US's objection into a multi-district litigation, *In re: JUUL Labs, Inc., Marketing, Sales Practices, and Products Liability Litigation*, created to manage hundreds of cases filed on behalf of individuals (both individually and as putative class action representatives), states, counties, school districts, and other entities against defendant JUUL Labs, Inc. and others for alleged illegal and improper marketing and sales practices related to e-cigarettes. On 1 March 2021, the plaintiffs filed a short-form complaint, adding additional defendants and causes of action and incorporating by reference the allegations and claims in their amended complaint of 1 December 2020. Pursuant to various case management orders, the deadline for responsive pleadings are stayed indefinitely.

ITG Brands has been named in various product liability claims and lawsuits asserted in the state courts of Massachusetts. This litigation involves claims by individual plaintiffs, based upon their personal smoking history. ITG Brands has the benefit of an indemnity from Reynolds in respect of any part of these individual claims and lawsuits relating to the use of *Winston*, *Kool*, and *Maverick* cigarettes. Based upon the indemnity by Reynolds, plaintiffs' counsel in all pending Massachusetts cases and claims involving ITG Brands have agreed to refrain from naming ITG Brands as a defendant in smoking-related cases until 13 June 2023, when Reynolds' indemnification obligations to ITG Brands pursuant to the 2015 US Acquisition end. One firm that brought suit on behalf of plaintiffs Jacqueline and Francis Desisto in 2019 naming ITG Brands as a defendant has not yet joined the referenced agreement; however, *Desisto*, the sole case brought by that plaintiffs' firm, was dismissed as to all parties shortly after filing. As part of the agreement not to sue ITG Brands described above, plaintiffs' counsel have dismissed ITG Brands without prejudice from all pending Massachusetts state court cases or, alternatively, have agreed in cases where the plaintiff has died to omit ITG Brands from the amended complaint when it is filed by the estate administrator. This agreement with plaintiffs has resulted in ITG Brands' dismissal without prejudice in six Massachusetts state court cases, including those brought by plaintiffs Alfred Federico, Cheryl Brightman, Billie Ann Brown, Deborah MacNeil, Edwin Bonelli and Richard McCurran. The Federico and Brown cases have since been dismissed as to all parties. Based on the

indemnity agreement, plaintiffs' counsel has agreed to omit ITG Brands in the amended complaints to be filed by the estate administrators of three plaintiffs who have died since their lawsuits were filed, including Cheryl Harris, Walter Raleigh and Jeanne Quinn. Each of those three cases has since resolved by verdict or dismissal, without involvement of ITG Brands. ITG Brands was also not named in lawsuits filed by plaintiffs in five Massachusetts state court cases in which *Winston*, *Kool*, *Salem* and/or *Maverick* cigarettes use was alleged, including lawsuits filed by plaintiffs Michael Zonak, Philip DeRoo, Reuben Lee, Gloria Waters and Jean Restani/Leslie Power. Finally, claimants Frances LaPointe and Katherine Fowler, who pursued pre-suit discovery, have not filed lawsuits in Massachusetts state court in furtherance of their claims. In her claim, Ms. LaPointe had also alleged that she smoked *Montclair* cigarettes. Commonwealth Brands has the benefit of an indemnity from Reynolds (the successor in interest to Brown & Williamson) that would cover any claim in respect to *Montclair* cigarettes between 1955 (when the claimant Ms. LaPointe began smoking) and 1996 (when Commonwealth Brands purchased the *Montclair* brand from Brown & Williamson).

IB has been named as a defendant in a civil action filed on 6 August 2020 in federal court in Miami, Florida, under Title III of the Cuban Liberty and Democratic Solidarity Act of 1996 ("Helms-Burton"). Title III provides US nationals with a cause of action and a claim for treble damages against persons who have "trafficked" in property expropriated by the Cuban government. Title III is largely untested because it did not come into effect until May 2019. Treble damages are automatically available under Helms-Burton. Although the filed claim is for unquantified damages, management understands that it could potentially reach approximately US$365 million, based on the claimants' claim to own 90 per cent of the property, which they value at US$135 million and then treble. The claim is based on allegations that IB, through Corporación Habanos S.A. (a joint venture between one of IB's now former subsidiaries and the Cuban government), has "trafficked" in a factory in Havana, Cuba, that the Cuban government confiscated from the claimants' ancestors in the early 1960s, by using the factory to manufacture, market, sell and distribute cigars. At the time the claim was filed against IB and up until the conclusion of the Brexit transition period on 31 December 2020, IB was subject to an EU law known as the EU Blocking Statute (Regulation (EC) No. 2271/96) (the "EU Blocking Statute"), which conflicts with Helms-Burton, protected IB against the impact of Title III and impacted how IB might respond to the litigation. The EU Blocking Statute has now been transposed into UK domestic law with only minimal changes. Accordingly, on 10 January 2021, IB submitted an application to the UK Department for International Trade for authorisation from the UK Secretary of State for International Trade to defend the action or, at a minimum, to file and litigate a motion to dismiss the action. On 8 February 2021, the UK Secretary of State for International Trade authorised IB to file and litigate a motion to dismiss the action. On 26 February 2021, IB filed a motion to dismiss the action. The claimants amended their claim in March 2021 and IB filed a motion to dismiss the amended complaint in April 2021. The claimants requested and were granted permission to amend their claim for a second time, and IB filed a motion to dismiss the second amended complaint in April 2022. The motion to dismiss the second amended complaint was fully briefed by 13 June 2022, an oral hearing took place on 26 July 2022. On 2 November 2022 the magistrate, recommended that the claim be dismissed without prejudice to the claimants re-filing the action in a proper venue. The claimants filed objections to the magistrate's recommended ruling on 16 November 2022. The district judge will now review the recommendation, consider the claimants' objections and issue a final decision on the motion to dismiss. In the event the motion to dismiss is denied, the court has set a schedule for further proceedings, with trial commencing in July 2023. As IB's present authorisation from the UK Secretary of State for International Trade is limited to filing and litigating a motion to dismiss, in April 2022, IB renewed its application for authorisation from the UK Secretary of State for International Trade to defend itself fully in the action. At the same time, in April 2022, IB sought a stay of discovery while its motion to dismiss the complaint is pending, which was granted on 25 May 2022.

Separately, two other groups of prospective claimants have indicated that they intend to file a lawsuit against IB in federal court in Miami, Florida. Neither claim has been filed. The threatened claims relate to other properties in Cuba, which the prospective claimants claim were confiscated from their ancestors by the Cuban government in the 1960s and which they claim are now used by Corporación Habanos S.A. for commercial activities. The prospective claimants claim to be entitled to treble damages from IB.

Litigation in Argentina

In January 2016, SEITA was notified of a claim filed with a civil court of Buenos Aires against British American Tobacco Argentina S.A.I.C.y F., formerly known as Nobleza Piccardo S.A., a subsidiary of BAT, by an individual seeking redress for damages suffered as a consequence of smoking. SEITA is not a party to

the claim and BAT has denied liability. Historically, BAT manufactured and distributed two brands of cigarettes owned by SEITA in Argentina under the terms of a licence agreement. BAT has sought to invoke an indemnity contained in the licence agreement, pursuant to which SEITA is responsible for any product liability to third parties. The amount claimed is 8,980,200 Argentine pesos, plus interest, costs and legal expenses. An adverse first instance judgment was received in December 2020 awarding the claimant 3,185,976 Argentine pesos (approximately £21,000) in damages, plus interest and costs. Both parties have appealed the first instance judgment. After various procedural delays, the case dossier was forwarded to the Court of Appeal in May 2022. Following a procedural challenge to the membership of the judges' panel by the claimant, the case will proceed with the parties filing arguments supporting their appeals after the courts recess which takes place throughout January 2023.

Product liability litigation relating to the assets acquired pursuant to the 2015 US Acquisition

Certain members of the Reynolds group of companies and certain members of the Lorillard group of companies were or are, in respect of the cigarette brands acquired as part of the 2015 US Acquisition, subject to ongoing, pending and threatened product liability proceedings in the US, including: individual claims alleging personal injury or death; class actions alleging personal injury or requesting court-supervised programmes for ongoing medical supervision and monitoring; claims brought to recover the costs of providing health care; and claims in relation to the labelling of products as "light" or "ultra-light". However, as these brands were acquired without historic product liabilities, these proceedings and the respective quantum of such claims are not described in further detail in this Prospectus. Litigation related to the State Settlement Agreements and the 2015 US Acquisition are described above.

Other Litigation

Litigation in Morocco

A number of cases have been raised against Société Marocaine des Tabacs S.A. ("SMT"), a Group subsidiary, disputing a reduction to retirees' pensions. These cases have been in the courts for several years. A total of 188 cases have been reviewed by the Cour de Cassation (Supreme Court) in Morocco, and it is understood that they have been decided against SMT and in favour of retirees. The written reasoned judgments of the Cour de Cassation have not been received by SMT as at the date of this Prospectus. Furthermore, the judgments in favour of the retirees reportedly relate to unquantified claims. SMT has filed retractions proceedings and raised new legal arguments in pending and new claums before the lower courts.

The new arguments include a statute of limitation period argument and a challenge over the court's jurisdiction, and these arguments can be used in pending cases before the lower courts. It is understood that two cases in the First Instance Tribunal (the lowest court) were found in favour of SMT and the written judgment is awaited. The claimants can appeal the case to the Court of Appeal in the usual course.

As the Group has not received any written reasoned judgments, it is not possible to assess the impact of the decided cases on the remaining cases within the Moroccan courts. SMT continues to rigorously defend its position.

Directors and Senior Management

Board of Directors and Executive Leadership Team

The following table sets forth the members of the Board of Directors (the "Board") and the Company Secretary of IB as at the date of this Prospectus:

Name	Title	Other Directorships outside the Group
Thérèse Esperdy.....	Chair	Non-executive director, senior independent director and Chair of the Finance Committee of National Grid Plc Non-executive director of Moody's Corporation

Name	Title	Other Directorships outside the Group
Stefan Bomhard.....	Chief Executive Officer and Executive Director	Non-executive director of Compass Group PLC
Lukas Paravicini[(1)].....	Chief Financial Officer and Executive Director	None
Sue Clark[(2)].....	Senior Independent Non-Executive Director	Non-executive director, Chair of the Remuneration Committee and member of the Nomination Committee of Britvic plc
		Non-executive director of Tulchan Communications LLP
		Non-executive director and member of the Audit, Nominations and Remuneration Committees of Mondi plc
Diane de Saint Victor.....	Non-Executive Director	Non-executive director and member of the Audit and HSES Committees at Transocean Ltd
		Non-executive director at Natixis S.A.
		Non-executive director at C&A
Ngozi Edozien.....	Non-Executive Director	Non-executive director and member of the Finance and Risk Committee of Guinness Nigeria, a listed subsidiary of Diageo
		Non-executive director of Stanbic IBTC Holdings PLC
		Non-executive director of Barloworld Ltd
Alan Johnson.....	Non-Executive Director	President and Chair of the board of the International Federation of Accountants
		Board member and Chair of the Audit Committee of the International Valuation Standards Council
		Non-executive director of William Grant & Sons Ltd
		Non-executive director of DS Smith plc
Robert (Bob) Kunze-Concewitz.	Non-Executive Director	Chief Executive Officer of Campari Group
		Non-executive director of Luigi Lavazza S.p.A.
Simon Langelier[(3)].....	Non-Executive Director	Non-executive director of CryoMass Technologies, Inc.
Jon Stanton.....	Non-Executive Director	Chief Executive Officer of The Weir Group PLC

Name	Title	Other Directorships outside the Group
John Downing[4]	Company Secretary	None

Notes:

(1) Also a board member of the IBF and ITL.

(2) Sue Clark has also been appointed as Non-Executive Director of easyJet plc with effect from 1 March 2023.

(3) Simon Langelier will not stand for re-election at the Company's 2023 Annual General Meeting ("AGM"). He will therefore step down from the Board at the conclusion of the AGM scheduled to be held on 1 February 2023.

(4) Also Company Secretary of IBF and a board member of ITL.

The following table sets forth the members of the executive leadership team of the Group as at the date of this Prospectus:

Name	Title	Other Directorships outside the Group
Stefan Bomhard	Chief Executive Officer	Non-executive director of Compass Group PLC
Lukas Paravicini	Chief Financial Officer	None
Anindya (Andy) Dasgupta	Chief Consumer Officer	None
Javier Huerta	Chief Supply Chain Officer	None
Murray McGowan	Chief Strategy and Development Officer	None
Aleš Struminský	President of Europe Region	None
Kim Reed	President and CEO of Americas Region	None
Paola Pocci	President of Africa, Asia and Australasia Region	None
Alison Clarke	Chief People and Culture Officer	None
Sean Roberts	Chief Legal and Corporate Affairs Officer	None

The business address of the Directors and members of the executive leadership team of IB is 121 Winterstoke Road, Bristol BS3 2LL, United Kingdom.

Except as otherwise indicated in the footnotes to the first table above and elsewhere in this "*Directors and Senior Management*" section, there are no existing or potential conflicts of interest between any duties of its Directors and members of executive leadership team to IB and/or their respective private interests and other duties.

Board Practices

The Board remains committed to maintaining high standards of corporate governance, which it sees as a cornerstone in managing the business affairs of the Group and a fundamental part of discharging its stewardship responsibilities. Accordingly, IB has complied with the corporate governance rules and best practice provisions applying to UK listed companies contained in the UK Corporate Governance Code 2018 (the "Code") since its entry into effect for IB.

Board operations

The Board is the principal decision-making forum of the Group and manages overall control of the Group's affairs. Key to this control is the schedule of matters that are reserved for consideration by the Board and on which any final decision must be made by the Board. These include, among others, approving the Group's strategy, business plans, financial statements and other major financial announcements, the payment of dividends, changes to the Group's principal policies, acquisitions or disposals exceeding defined thresholds and the appointment and removal of Directors and the Company Secretary.

Remuneration Committee

The Remuneration Committee sets and implements the Group's remuneration policy aimed at aligning the interests of Executive Directors and senior management with those of IB's shareholders, ensuring that the Group's ability to attract and retain high-performing executives whilst incentivising the delivery of its strategic objectives and sustained returns for investors. The Remuneration Committee sets the remuneration package for each Executive Director and the Group's senior executives after taking advice principally from external resources, including Deloitte LLP ("Deloitte"), Willis Towers Watson and Alithos Limited, which are engaged by the Remuneration Committee as required. Deloitte also reviews the Group's remuneration principles and practices against corporate governance best practice.

People & Governance Committee (formerly known as Succession & Nominations Committee)

The People & Governance Committee reviews and evaluates the composition and succession plans of the Board, its Committees and the Group's senior management to maintain an appropriate balance of skills, knowledge, experience, independence and diversity. The People & Governance Committee also nominates candidates for appointment to the Board and retains oversight of the development plans for members of the Group's executive leadership team together with the Group's wider organisational structure and talent management processes.

Audit Committee

The Audit Committee assists the Board in fulfilling its corporate governance responsibilities. This includes oversight of the Group's external audit, internal control systems, risk management framework and process and internal audit department. The Audit Committee's responsibilities also include ensuring the integrity of the Group's financial statements and related announcements as well as the independence of the Group's external auditors.

Major Shareholders

So far as IB is aware, no person or persons, directly or indirectly, jointly or severally exercise or could exercise control over IB.

Imperial Tobacco Limited

ITL (formerly named Perthpark Limited) was incorporated as a private company with limited liability under the laws of England and Wales on 1 November 1984. On 10 September 1986, ITL's name changed to Imperial Tobacco Limited.

Its registered office is at 121 Winterstoke Road, Bristol BS3 2LL, United Kingdom (telephone number: +44 (0) 117 963 6636). It is registered with the Registrar of Companies in England and Wales with company number 01860181.

ITL is an indirect wholly-owned subsidiary of IB. As at the date of this Prospectus, it has an issued share capital of £18,831,140 comprising 18,831,140 ordinary shares of £1 each.

The principal activity of ITL is the marketing and sale of tobacco and tobacco-related products. ITL is also a holding company and an intermediate parent company for the majority of the Group's subsidiaries.

The following table sets forth the members of the board of directors and the company secretary of ITL as at the date of this Prospectus:

Name	Title
Lukas Paravicini[(1)]	Director
John Downing[(2)]	Director
David Tillekeratne[(3)]	Director
Daniel Bevan	Company Secretary

Notes:

(1) Also a board member of IB and IBF.

(2) Also Company Secretary of IB and IBF.

(3) Also a board member of IBF.

The business address of the directors of ITL is 121 Winterstoke Road, Bristol BS3 2LL, United Kingdom. None of the directors of ITL holds external positions outside the Group.

Except as otherwise indicated in the footnotes to the table above, there are no existing or potential conflicts of interest between any duties of its directors to ITL and/or their respective private interests and other duties.

All Notes issued under the Programme will be irrevocably and unconditionally guaranteed by way of an amended and restated deed of guarantee dated 23 June 2020 by ITL (the "Deed of Guarantee"). The guarantee is an unsecured, unsubordinated obligation of ITL, guaranteeing all monies due under the Notes. The Deed of Guarantee may be terminated at the option of ITL if each credit rating agency which ascribes a solicited long-term credit rating to Notes issued under the Programme confirms in writing to the Trustee that such Notes will carry the same credit rating as the solicited long-term corporate credit rating ascribed to the Group, without the benefit of any guarantee, indemnity or similar arrangement from ITL or any other entity other than the Guarantor.

Taxation

UK Taxation

The comments below are of a general nature based on the Issuers' understanding of current UK law as applied in England and Wales and published UK His Majesty's Revenue and Customs ("HMRC") practice (which may not be binding on HMRC) relating only to the UK withholding tax treatment of interest (as that term is understood for UK tax purposes) in respect of the Notes. They do not deal with any other UK taxation implications of acquiring, holding or disposing of Notes or Coupons. They do not necessarily apply where the income is deemed for tax purposes to be the income of any person other than the Holder of the Note or Coupon. They relate only to the position of persons who are the absolute beneficial owners of the Notes and Coupons and may not apply to certain classes of persons such as dealers or certain professional investors. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes may affect the tax treatment. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. The following is a general guide. It is not intended to be exhaustive and should be treated with appropriate caution. ***Any Noteholders who may be subject to tax in a jurisdiction other than the UK or who are in doubt as to their personal tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.***

While the Notes carry a right to interest and are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 of the Income Tax Act 2007, payments of interest that have a source in the UK may be made without withholding or deduction for or on account of UK income tax. The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of UK tax.

If the Notes carry a right to interest and have a maturity date less than one year from the date of issue (and do not form part of any arrangement, the effect of which is to render such Notes part of a borrowing intended to be capable of remaining outstanding for one year or more), payments of interest that have a source in the UK may be made without withholding or deduction for or on account of UK income tax irrespective of whether or not the Notes are listed.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a UK source on account of UK income tax at the basic rate (currently 20 per cent) subject to the availability of other exemptions and reliefs under domestic law including an exemption for certain payments of interest to which a company within the charge to UK corporation tax is beneficially entitled, or to any direction from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty (HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction of tax (or interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).)

Payments of interest on the Notes that do not have a UK source may be made without withholding or deduction for or on account of UK income tax.

If the Guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), such payments may be subject to withholding on account of UK tax at the basic rate (currently 20 per cent) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. Such payments by the Guarantor may not be eligible for the exemptions from the obligation to withhold tax described above.

Netherlands Taxation

The comments below are of a general nature based on the Issuers' understanding of current Dutch law as applied in the Netherlands relating only to the Dutch withholding tax treatment of interest payments in respect of the Notes. They do not deal with any other Dutch taxation implications of acquiring, holding or disposing of Notes or Coupons. The comments below do not purport to be a comprehensive description of all Dutch tax considerations that may be relevant. The comments are intended as general information only and are not intended to be exhaustive. They assume that there will be no substitution of the Issuers or further issues of securities that will form a single series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the terms and conditions of the Notes). Each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, redemption and disposal of Notes.

The comments in this part are based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and they do not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

Where the comments refer to the 'Netherlands' or 'Dutch', such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law.

All payments made by the Issuers under the Notes may – except in certain very specific cases as described below - be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that the Notes do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

Dutch withholding tax may apply on certain (deemed) interest due and payable to an affiliated (*gelieerde*) entity of IBFN if such entity (i) is considered to be resident (*gevestigd*) in a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is not considered to be the recipient of the interest in its jurisdiction of residence because such jurisdiction treats another (lower-tier) entity as the recipient of the interest (hybrid mismatch), or (v) is not treated as resident anywhere (also a hybrid mismatch), or (vi) is a reverse hybrid whereby the jurisdiction of residence of a participant that has a qualifying interest (*kwalificerend belang*) in the reverse hybrid treats the reverse hybrid as tax transparent and that participant would have been taxable based on one (or more) of the items in (i)-(v) above had the interest been due to him directly, all within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. A foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not

apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the relevant issuer). However, if additional Notes (as described in Condition 15) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5I of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate.

Prospective Holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Subscription and Sale

Summary of Programme Agreement

Subject to the terms and on the conditions contained in an amended and restated programme agreement dated 25 January 2023 (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the "Programme Agreement") between the Issuers, the Guarantor, the Dealers and the Arranger, the Notes will be offered on a continuous basis by an Issuer to the Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by an Issuer through the Dealers, acting as agents of the relevant Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuers have agreed to reimburse the Dealers for certain of their activities in connection with the Programme.

The Issuers have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement provides that the obligations of the Dealers to subscribe for Notes may be subject to certain conditions precedent and entitles the Dealers to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the US or to, or for the account or benefit of, US persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available

and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA, each Dealer has represented, warranted and undertaken that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision:

- the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and

- the expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme

will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (A) to (C) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression "an offer of Notes to the public" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and

- the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material

in connection with the offer or sale, or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Product Classification Pursuant to Section 309B of the SFA: The Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the SFA. The relevant Issuer will make a determination in relation to each issue about the classification of the Notes being offered for the purposes of section 309B(1)(a) of the SFA. Any such legend included on the applicable Final Terms will constitute notice to "relevant persons" (as defined in section 309A(1) of the SFA) for purposes of section 309B(1)(c) of the SFA.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA"). Accordingly each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell Notes in Japan or to, or for the benefit of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Republic of Italy

The offering of the Notes has not been and will not be registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to any Notes

be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Prospectus or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as referred to in Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "Financial Services Act") and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "Issuers Regulation"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "Banking Act") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time; and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Notes and the distribution in France of the Prospectus or any other offering material relating to the Notes.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "Belgian Consumer") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Zero Coupon Notes (as defined below) in definitive form of an Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either such Issuer or a member of Euronext Amsterdam with due observance of the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required in respect of (a) the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) the issue and trading of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Note in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of their initial distribution or immediately thereafter.

In the event that the Dutch Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (*Staatsblad 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. For purposes of this paragraph "Zero Coupon Notes" means Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

General

Each Dealer has acknowledged that no representation is made by the relevant Issuer, the Guarantor or any Dealer that any action has been or will be taken in any jurisdiction by the relevant Issuer, the Guarantor or any Dealer that would permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Each Dealer will comply with all applicable securities laws and regulations (to the best of its knowledge after due and careful enquiry) in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material, in all cases at its own expense.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*.] Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018 ("EUWA")][EUWA] ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Singapore Securities and Futures Act Product Classification –** Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP

Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][1]

[IMPERIAL BRANDS FINANCE PLC / IMPERIAL BRANDS FINANCE NETHERLANDS B.V.]

Legal Entity Identifier: [2138008L3B3MCG1DFS50 / 724500GIEFJOBWGD0272]

issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Imperial Brands PLC
irrevocably and unconditionally
under the €15,000,000,000 Debt Issuance Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 25 January 2023 [and the supplement[s] to it dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (as defined below) (the "Prospectus"). This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018 ("EUWA")][EUWA] (the "UK Prospectus Regulation") and must be read in conjunction with the Prospectus in order to obtain all the relevant information. The Prospectus has been published via the regulatory news service maintained by the London Stock Exchange (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.ht*ml*).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Prospectus dated [ ] [and the supplement to it dated [ ]] which are incorporated by reference in the Prospectus dated 25 January 2023. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018 ("EUWA")][EUWA] (the "UK Prospectus Regulation") and must be read in conjunction with the Prospectus dated 25 January 2023, [and the supplement[s] to it dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (the "Prospectus"), including the Conditions incorporated by reference in the Prospectus, in order to obtain all the relevant information. The Prospectus has been published via the regulatory news service maintained by the London Stock Exchange (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.ht*ml*).]

1.	(i)	Issuer:	[Imperial Brands Finance PLC/Imperial Brands Finance Netherlands B.V.]
	(ii)	Guarantor:	Imperial Brands PLC
2.	(i)	Series Number:	[ ]
	(ii)	Tranche Number:	[ ]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [ ] on the [Issue Date/exchange of Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or on about [ ]] [Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(i)	Series:	[ ]

[1] Delete where the Notes are not offered to Singapore investors. Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

	(ii)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent of the Aggregate Nominal Amount [plus accrued interest from [ ]]
6.	(i)	Specified Denominations:	[ ]
	(ii)	Calculation Amount:	[ ]
7.	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[ ]/Issue Date/Not Applicable]
8.	Maturity Date:		[ ] [Interest Payment Date falling in or nearest to [ ]]
9.	Interest Basis:		[[ ] per cent Fixed Rate] [[ ] +/- [ ] per cent Floating Rate] [Zero Coupon] (see paragraph [14/15/16] below)
10.	Redemption[/Payment] Basis:		Subject to any purchase or cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent of their nominal amount
11.	Change of Interest Basis:		[/Not Applicable]
12.	Put/Call Options:		[Issuer Call] [Issuer Make-Whole Call] [Issuer Par Call] [Issuer Residual Call] [General Investor Put] [Change of Control Investor Put] [(see paragraph [18/19/21/21/22 below)]
13.	Date [Board] approval for issuance of Notes [and Guarantee] obtained.		[ ] [and [ ], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable]
	(i)	Rate(s) of Interest:	[ ] per cent per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
	(iii)	Fixed Coupon Amount(s):	[ ] per Calculation Amount
	(iv)	Broken Amount(s):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]]/[Not Applicable]
	(v)	Day Count Fraction:	[30/360][Actual/Actual (ICMA)]
	(vi)	Determination Dates:	[[ ] in each year] [Not Applicable]
	(vii)	Step Up Rating Change and Step Down Rating Change:	[Applicable/Not Applicable]

		– Step Up Margin	[ ]
15.	Floating Rate Note Provisions		[Applicable/Not Applicable]
	(i)	Interest Period(s)/Specified Interest Payment Dates:	[ ]
	(ii)	Interest Period Date:	[Not Applicable/[ ] in each year[, subject to adjustment in accordance with the Business Day Convention specified in paragraph 15(iii) below/, not subject to any adjustment[, as the Business Day Convention in paragraph 15(iii) below is specified to be Not Applicable]]]
	(iii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
	(iv)	Additional Business Centre(s):	[ ]
	(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent):	[ ]
	(vi)	Screen Rate Determination:	
		– Reference Rate:	Reference Rate: [ ] month EURIBOR
		– Interest Determination Date(s):	[ ]
		– Relevant Screen Page:	[ ]
	(vii)	Margin(s):	[+/-][ ] per cent per annum
	(viii)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
	(ix)	Minimum Rate of Interest:	[[ ] per cent per annum/Not Applicable]
	(x)	Maximum Rate of Interest:	[[ ] per cent per annum/Not Applicable]
	(xi)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual (ICMA)]
	(xii)	Step Up Rating Change and Step Down Rating Change:	[Applicable/Not Applicable]
		– Step Up Margin	[ ]
16.	Zero Coupon Note Provisions		[Applicable/Not Applicable]
	(i)	Amortisation Yield:	[ ] per cent per annum

(ii) Day Count Fraction [in relation to Early Redemption Amounts]: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6(c) (Redemption for Taxation Reasons): Minimum period: [ ] [30] days
Maximum period: [ ] [60] days

18. Issuer Call [Applicable/Not Applicable]

(i) Optional Redemption Date(s): [ ]/[Any date from and including [ ] to but excluding [ ]]/[Not Applicable]

(ii) Optional Redemption Amount: [[ ] per Calculation Amount]/[Amortised Face Amount]]

(iii) If redeemable in part:

(a) Minimum Redemption Amount: [ ]

(b) Maximum Redemption Amount: [ ]

(iv) Notice periods: Minimum period: [ ] [15] days
Maximum period: [ ] [30] days

19. Issuer Make-Whole Call [Applicable/Not Applicable]

(i) [Sterling Make-Whole Redemption: [Applicable/Applicable from and including [ ] to but excluding [ ]/Not Applicable]]

(a) [Reference Bond: [ ] [FA Selected Bond]

(b) [Quotation Time: [ ]]

(c) [Redemption Margin: [[ ] per cent/Not Applicable]]

(d) [If redeemable in part:

– Minimum Redemption Amount: [ ]

– Maximum Redemption Amount: [ ]]

(e) [Notice Periods: Minimum period: [ ] [15] days
Maximum period: [ ] [30] days]

(ii) [Non-Sterling Make-Whole Redemption: [Applicable/Applicable from and including [ ] to but excluding [ ]/Not Applicable]]

(a) [Reference Bond: [ ] [FA Selected Bond][Not Applicable]]

(b) [Quotation Time: [ ]]

(c) [Redemption Margin: [[ ] per cent/Not Applicable]]

(d) [If redeemable in part:

		– Minimum Redemption Amount:	[ ]
		– Maximum Redemption Amount:	[ ]]
	(e)	[Notice Periods:	Minimum period: [ ] [15] days Maximum period: [ ] [30] days]
20.	Issuer Par Call		[Applicable/Not Applicable]
	(a)	Par Call Period:	From (and including [ ] (the "Par Call Period Commencement Date") to (but excluding) the Maturity Date
	(b)	Notice periods:	Minimum period: [ ] [15] days Maximum period: [ ] [30] days
21.	Issuer Residual Call:		[Applicable/Not Applicable]
	Residual Call Early Redemption Amount:		[ ] per Calculation Amount
22.	General Investor Put		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[ ]
	(ii)	Optional Redemption Amount:	[[ ] per Calculation Amount]/[Amortised Face Amount]
	(iii)	Notice periods:	Minimum period: [ ] [15] days Maximum period: [ ] [30] days
23.	Change of Control Investor Put		[Applicable/Not Applicable]
	Optional Redemption Amount:		[[ ] per Calculation Amount]/[Amortised Face Amount]
24.	Final Redemption Amount		[ ] per Calculation Amount
25.	Early Redemption Amount		
	Early Redemption Amount payable on redemption for taxation reasons or on event of default:		[[ ] per Calculation Amount]/[Amortised Face Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	Form of Notes:	[Bearer Notes:] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice]

		[Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Registered Notes:] [Global Certificate ([ ] nominal amount) registered in the name of a nominee for a common [depositary/safekeeper] for Euroclear and Clearstream, Luxembourg]
27.	New Global Notes:	[Yes] / [No]
28.	Additional Financial Centre(s):	[Not Applicable/[ ]]
29.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[ ] has been extracted from [ ]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced inaccurate or misleading.].

Signed on behalf of [Imperial Brands Finance PLC / Imperial Brands Finance Netherlands B.V.]:

By: .....
Duly authorised

Signed on behalf of Imperial Brands PLC:

By: .....
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and admission to trading:	Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange's main market] and to be listed on the Official List of the FCA with effect from [ ]
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	[The Notes to be issued [[have been]/[are expected to be]] rated [ ] by [ ] [and [ ] by [ ]]./[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [ ]] [The Notes are not rated] [[Each of] [*insert rating agencies*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "EU CRA Regulation").]/[[Each of] [*insert rating agencies*] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK CRA Regulation").] [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*.]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]]

[Save for the fees [of [*insert relevant fee disclosure*]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including the provision of loan facilities) with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.] [So far as the Issuer is aware, the following persons have an interest material to the issue/offer: [ ]]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i)]	Reasons for the offer:	[See ["Use of Proceeds"] in the Prospectus/g*ive details*]] (*See "Use of Proceeds" wording in the Prospectus – if reasons for offer different from what is disclosed in the Prospectus, give details*)
[(ii)]	Estimated net proceeds:	[ ]

5. YIELD (*Fixed Rate Notes only*)

Indication of yield:	[ ] The yield is calculated as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

(i)	ISIN:	[ ]
(ii)	Common Code:	[ ]
(iii)	CFI Code:	[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv)	FISN:	[See as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/[ ]]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[Not Applicable/[ ]]
(viii)	Name and address of Calculation Agent:	[Not Applicable/[ ]]
(ix)	[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of

meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

7. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/[ ]
(iii)	Stabilisation Manager(s) (if any):	[Not Applicable/[ ]
(iv)	If non-syndicated, name of relevant Dealer:	[Not Applicable/[ ]
(v)	US Selling Restrictions:	[Reg S Compliance Category 2, [TEFRA D/TEFRA C/TEFRA not applicable]]
(vi)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
(vii)	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
(viii)	Prohibition of Sales to Belgian Consumers:	[Applicable/Not Applicable] (*N.B. advice should be taken from Belgian counsel before disapplying this selling restriction*)

General Information

1. The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Programme on the Official List and admission of the Notes to trading on the Market will be granted on or around 31 January 2023. It is further expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange will normally be effected for delivery on the third working day after the day of the transaction.

2. The Issuers, the Guarantor and ITL have obtained all necessary consents, approvals and authorisations in the UK or the Netherlands (as applicable) in connection with the issue and performance of the Notes and the guarantees relating to Notes issued under the Programme. The giving of the guarantees relating to Notes issued under the Programme by the Guarantor and ITL and the update of the Programme was authorised by a resolution of the Board of Directors of the Guarantor passed on 23 June 2022 and by resolutions of the Board of Directors of ITL passed on 27 June 2022. The update of the Programme and the issue of Notes under the Programme was authorised by a resolution of the Board of Directors of IBF passed on 27 June 2022. The update of the Programme was authorised by a resolution of IBFN passed on 17 January 2023. The issue of the Notes is permitted under the objects clause contained in the articles of association of IBFN.

3. There has been no significant change in the financial performance or financial position of the Group since 30 September 2022 and there has been no material adverse change in the prospects of the Issuers, the Guarantor or ITL since 30 September 2022.

4. Each permanent Global Note and Definitive Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any US person who holds this obligation will be subject to limitations under the US income tax laws, including the limitations provided in Sections 165(j)) and 1287(a) of the Internal Revenue Code".

5. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Final Terms.

6. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

7. The issue price and the amount of the relevant Notes will be determined, before filing of the applicable Final Terms of each Tranche, based on then prevailing market conditions.

8. For so long as Notes may be issued pursuant to this Prospectus, the following documents will, when published, be available for inspection from the Group Website:

   8.1 the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);

   8.2 the Articles of Association of each Issuer and the Guarantor;

   8.3 a copy of this Prospectus together with any Supplement to this Prospectus; and

   8.4 a copy of the amended and restated Deed of Guarantee dated 23 June 2020 by ITL (for so long as this is in effect).

   In addition, this Prospectus is also available at the website of the Regulatory News Service operated by the London Stock Exchange (*http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html*).

9. Ernst & Young LLP of 1 More London Place, London SE1 2AF, UK has audited, and rendered unqualified audit reports on:

(i) the 2021 IBF Financial Statements and the 2022 IBF Financial Statements;

(ii) the 2021 Financial Statements and the 2022 Financial Statements; and

(iii) the 2021 ITL Financial Statements and the 2022 ITL Financial Statements.

10. Ernst & Young LLP has no material interest in any of IBF, the Guarantor or ITL.

11. Ernst & Young Accountants LLP of Cross Towers, Antonio Vivaldistraat 150 1083 HP Amsterdam, The Netherlands has audited, and rendered unqualified audit reports on the 2021 IBFN Financial Statements and the 2022 IBFN Financial Statements.

12. Ernst & Young Accountants LLP has no material interest in IBFN.

13. The 2021 IBF Financial Statements, the 2022 IBF Financial Statements, the 2021 ITL Financial Statements and the 2022 ITL Financial Statements were prepared in accordance with UK Generally Accepted Accounting Practice (UK Accounting standards, comprising FRS 101 "Reduced Disclosure Framework") and the Companies Act 2006.

14. The 2021 IBFN Financial Statements and the 2022 IBFN Financial Statements were prepared in accordance with the legal requirements of Part 9, Book 2 of the Netherlands Civil Code and the authoritative statements in the Dutch Accounting standards for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board (the "Dutch Accounting Standards").

Consequently, the 2022 IBFN Financial Statements have not been prepared in accordance with UK-adopted international accounting standards and there may be material differences in the financial information presented herein had they been prepared in accordance with UK-adopted international accounting standards.

A narrative description of the differences between UK-adopted international accounting principles and the accounting principles adopted by IBFN in preparing the 2022 IBFN Financial Statements referred to above, has been included in Appendix 1 "Overview of differences between UK-adopted International Accounting Standards and the Dutch Accounting Standards" to this Prospectus.

15. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions (including the provision of loan facilities) with, and may perform services for, any Issuer, the Guarantor and their affiliates in the ordinary course of business.

Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers, the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments

and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

For the purposes of this paragraph, the term “affiliates” also includes parent companies.

Appendix 1 - Overview of differences between UK-adopted international accounting standards and the Dutch Accounting Standards

Summary of Dutch Accounting Standards accounting policy as applied	Summary of equivalent UK-adopted international accounting standards (UK-adopted IFRS) requirements
Financial Assets	
Basic financial assets comprise cash at bank and in hand and amounts owed by group undertakings. Financial assets are initially measured at fair value. Financial assets are subsequently carried at amortised cost using the effective interest rate method. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognised in the profit and loss account for all categories of assets. The amount of impairment losses on financial assets stated at amortised cost is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in the profit and loss account.	Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets is determined by the contractual cash flows and, where applicable, the business model for managing the financial assets. A financial asset is measured at amortised cost if the objective of the business model is to hold the financial asset in order to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Financial assets at amortised cost are initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently the financial asset is measured using the effective interest method less any impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. All equity instruments and other debt instruments are recognised at fair value. For equity instruments, on initial recognition, an irrevocable election (on an instrument-by-instrument basis) can be made to designate these as at FVOCI (without recycling to profit and loss) instead of FVTPL. Dividends received on equity instruments are recognised as other income in profit or loss when the right of payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. The impairment requirements for expected credit losses ("ECLs") are applied to financial assets measured at amortised cost, financial assets measured at FVOCI and financial guarantees contracts to which UK-adopted IFRS 9 is applied and that are not accounted for at FVTPL. If the credit risk on the financial asset has increased

	significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to the lifetime ECLs. In other instances, the loss allowance for the financial asset is measured at an amount equal to the twelve month ECLs. ECL is only in UK-adopted IFRS and is hence different to Dutch Accounting Standards. Changes in loss allowances are recognised in profit and loss account. For trade debtors that do not contain a significant financing component, the simplified approach is applied recognising expected lifetime credit losses from initial recognition. Therefore, only significant difference in methodology relates to ECL, and this is not determined to be material for IBFN.
Financial Liabilities	
Basic financial liabilities comprise trade and other creditors, bonds and amounts owed to group undertakings. Financial liabilities are measured initially at fair value. Financial liabilities are subsequently carried at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the liability is extinguished.	Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL, such as instruments held for trading, or opted to measure them at FVTPL. Debt is recognised initially at fair value based on amounts exchanged, net of transaction costs, and subsequently at amortised cost. IBFN believes the requirements of Dutch Accounting Standards are materially consistent to UK-adopted IFRS.
Interest expense	
Interest expense is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognised in the profit and loss account, with the amortised cost of the liabilities being recognised in the balance sheet. Period interest charges and similar charges are recognised in the year in which they fall due.	Interest expense on debt is accounted for using the effective interest method and is recognised in income. IBFN believes the requirements of Dutch Accounting Standards are materially consistent to UK-adopted IFRS.
Interest income	
Interest income is recognised *pro rata* in the profit and loss account. The effective interest rate for the asset concerned is taken into account, provided the income can be measured and the income is probable to be received.	Interest income is recognised *pro rata* in the profit and loss account. The effective interest rate for the asset concerned is taken into account, provided the income can be measured and the income is probable to be received. IBFN believes the requirements of Dutch Accounting Standards are materially consistent to UK-adopted IFRS.
Effective interest method	

Linear amortisation is allowed if that does not lead to significant differences with the application of the effective interest method.	Linear amortisation is allowed if that does not lead to significant differences with the application of the effective interest method. IBFN believes the requirements of Dutch Accounting Standards are materially consistent to UK-adopted IFRS.

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