

24 MARCH 2015

PHILIP MORRIS ČR A.S.

AND

IMARUS JOHANNES ADALARIUS VAN LIESHOUT

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AGREEMENT ON THE PERFORMANCE OF THE  
OFFICE OF MEMBER OF THE AUDIT COMMITTEE

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**THIS AGREEMENT** (the "**Agreement**") is entered into pursuant to Section 59 *et seq.* of Act No. 90/2012 Coll., on Business Companies and Cooperatives (the Business Corporations Act) (the "**BCA**") and pursuant to Act No. 89/2012 Coll., the Civil Code (the "**NCC**"),

**BETWEEN:**

- (1) **Philip Morris ČR a.s.**, a joint stock company incorporated and existing under the laws of the Czech Republic, whose registered office is in Kutná Hora, Vítězná 1, postcode 284 03, identification number 148 03 534, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 627 (the "**Company**"),

and

- (2) **Imarus Johannes Adalarius van Lieshout**, born on 3 May 1969, permanently residing at Chemin du Polny 49, 1066 Epalinges, Swiss Confederation (the "**Member**"),

(the Company and the Member are collectively referred to as "**Parties**" and individually as a "**Party**")

**WHEREAS:**

- (A) The Member has been nominated to the office of a member of the Audit Committee of the Company.
- (B) The Member agrees to his appointment as a member of the Audit Committee of the Company. In relation to his capacity to perform the office, the Member declares that he meets all the requirements set out by the relevant legal regulations for the performance of the office and by Act No. 93/2009 Coll., on Auditors (the "**Auditors Act**") for the performance of the office of a Member, in particular that the Member (i) is fully competent to perform legal acts; (ii) has no criminal records within the meaning of the Trade Licensing Act No. 455/1991 Coll., (the Trade Licensing Act), as amended (the "**Trade Licensing Act**"), and no event has occurred in relation to him that would constitute an obstacle to the operation of a trade; (iii) has neither had any insolvency proceedings pursuant to the relevant legal regulation nor any proceedings pursuant to Sections 63 to 65 of the BCA initiated in relation to his assets or the assets of the business corporation in which he is or has been active during the past three (3) years as a member of a body; and that no other obstacle to his performance of office, of which he had not informed the Company before he started to hold office, exists; (iv) is professionally qualified to perform activities in the area of accounting and/or mandatory audits, including at least three (3) years of practical

experience in this area; and (v) acknowledges that if, at the time of his appointment as a member of the Audit Committee, he was not capable of performing the office as set out by law, he shall be deemed not have been appointed to the office.

- (C) The Parties wish to have the relationship between the Member and the Company governed by this Agreement after the Member is appointed as a member of the Audit Committee of the Company.
- (D) This Agreement is subject to approval by the General Meeting of the Company (the "**General Meeting**").

**THE PARTIES HAVE AGREED** as follows:

## 1. **SUBJECT-MATTER OF THE AGREEMENT**

- 1.1 The Member shall perform the duties of a member of the Audit Committee of the Company. The Member has the rights and duties of a member of the Audit Committee of the Company under the laws of the Czech Republic, subject to the limits set out in the Company's Articles of Association (the "**Articles of Association**") or in this Agreement.
- 1.2 The place of the Member's performance of his duties under this Agreement shall be the registered office of the Company and any location required by the character or nature of the duties and tasks that relate to the performance of the office and to the interests of the Company. The Company undertakes to create, at its own cost, conditions suitable for the performance of the Member's duties, in particular with regard to technical, professional and personal requirements, at any location where the Member will perform his office. If necessary for the performance of the office and according to the needs of the Company, the Member is obliged to travel both within the Czech Republic and abroad.
- 1.3 The Member hereby represents and warrants to the Company that he has sufficient professional experience to perform his duties as a member of the Audit Committee of the Company under this Agreement and that he covenants to carry out his duties to the best of his ability.

## 2. **SCOPE OF AUTHORITY OF THE MEMBER**

- 2.1 Without prejudice to the liability of the members of the Board of Directors and the members of the Supervisory Board, in particular the Member shall perform the following activities in accordance with the Articles of Association, the Auditors Act and other legal regulations:

- 2.1.1 monitoring the process of the preparation of the financial statements and consolidated financial statements of the Company;
  - 2.1.2 monitoring the efficiency of the Company's internal control, risk management and internal audit management (provided that an internal audit function (in Czech: *funkce vnitřního auditu*) exists);
  - 2.1.3 monitoring the process of the mandatory audit of the financial statements and consolidated financial statements of the Company;
  - 2.1.4 assessing the independence of the statutory auditor and the audit company (companies) and, in particular, the provision of additional services to the Company as the audited person;
  - 2.1.5 recommending the auditor to the Supervisory Board, including a proper justification of his recommendation;
  - 2.1.6 accepting information, declarations and communications under the relevant legal regulations from the auditor and discussing them with the auditor; and
  - 2.1.7 if necessary, providing information to other bodies within the Company regarding matters that fall within the scope of the authority of the Audit Committee.
- 2.2 The Member is obliged to act in the best interests of the Company and to perform his office diligently, using his best skills, and with professional care in accordance with the provisions of the NCC, the BCA, the Auditors Act, the Articles of Association, and legal regulations of the Czech Republic. The Member is also obliged to:
- 2.2.1 attend the General Meetings and present reports on the activities of the Audit Committee to the General Meetings;
  - 2.2.2 attend the meetings of the Audit Committee; and
  - 2.2.3 perform and fulfil tasks imposed by the Audit Committee and/or that follow from his office.
- 2.3 In relation to the Company, the Member shall observe the provisions of the Articles of Association, the relevant legal regulations of the Czech Republic, and this Agreement. In relation to the performance of his office, the Member declares and acknowledges that:
- 2.3.1 a person acts diligently and with due knowledge when he could, in good faith, reasonably expect when deciding about business matters that he

acted based on the relevant information and within the justifiable interests of the Company; this does not apply if any such decision was not made with the necessary loyalty; and

- 2.3.2 any person who accepts the office of a member of the Audit Committee undertakes to perform the office with the necessary loyalty, knowledge and diligence.
- 2.4 The obligation to perform the office of a Member is a personal obligation, and the Member is not entitled to have himself represented by any other person when performing the office, unless the relevant legal regulations stipulate otherwise. Neither of the Parties is entitled to transfer its rights or duties under this Agreement (or any part thereof) to a third party without the consent of the other Party.
- 2.5 Notwithstanding the above, the Member shall not do or cause to be done anything which he reasonably considers to be in conflict with the lawful interests of the Company and/or the relevant laws and regulations of the Czech Republic and/or any other relevant jurisdiction.

### 3. **CONFIDENTIALITY**

- 3.1 The Member shall, in acting with the care of a diligent business person, maintain confidentiality in respect of any information and facts which become known to him in or in relation to the performance of his office and which constitute business secret or which are otherwise designated as confidential and are subject to any form of confidential treatment and protection, or whose disclosure to third parties or whose publication may cause harm to the Company's property or reputation or any other damage to the Company's interests. The Member is especially obliged not to disclose such facts and information to any third parties. Furthermore, the Member shall maintain confidentiality in respect of any information and facts, in relation to which the Company agreed to maintain confidentiality based on a contractual arrangement with a third party.
- 3.2 The confidentiality obligation does not apply to the provision of information and to the performance of other duties by the Member that arise from the due performance of his office or in relation to it, particularly to information to be provided by the Member to the controlling and controlled entities.
- 3.3 The terms of this Agreement, as well as any information, circumstances or data which become known to the Member in connection with the entry into, and the performance of, this Agreement, including:
  - 3.3.1 any information received by the Member from the Company or any of its controlling and controlled entities, or any of the Company's

representatives, including but not limited to, lawyers, attorneys, advisers, managers, employees;

3.3.2 any report, analysis, data, study or any other oral or written information supplied by the Company or any of its controlling and controlled entities regarding its business or any other matter of its activity;

3.3.3 any information relating to the Company or any of its controlling and controlled entities, which a reasonable member of the Audit Committee would regard as confidential; and

3.3.4 facts and information specified above in Clause 3.1 and 3.2.

(the "**Confidential Information**") are confidential. The Member may not disclose Confidential Information to any third party without the prior written consent of the Company, nor use Confidential Information for any purpose other than the performance of this Agreement or the purposes envisaged in this Agreement. The prohibition of the disclosure of Confidential Information shall not apply to disclosure:

3.3.5 to legal, tax and accounting advisors if they are bound by confidentiality undertakings at least equivalent to those contained in this Clause;

3.3.6 within the scope of court, administrative, or arbitration proceedings, to the extent necessary for the enforcement of claims under or in connection with this Agreement;

3.3.7 required under applicable laws and regulations, and applicable to the relevant Party (Parties); and

3.3.8 where that Confidential Information has become part of the public domain otherwise than as the result of a breach of this Agreement.

3.4 The duty of confidentiality shall survive the termination of this Agreement. The Member undertakes not to disclose, either directly or indirectly, any Confidential Information at any time after the termination of this Agreement.

3.5 If the Member becomes obliged to disclose the Confidential Information pursuant to Clause 3, the Member shall promptly inform the Company of this fact.

#### 4. **REMUNERATION OF THE MEMBER**

The Company is obliged to pay the gross annual remuneration of CZK 200,000 (in words: two hundred thousand Czech crowns) to the Member for the performance of his duties under this Agreement (the "**Annual Remuneration**")

from which the Company shall deduct income tax, health and social insurance, and any other mandatory or agreed deductions. The Annual Remuneration is included in the annual remuneration that is provided to the Member by the Company by virtue of his performance as a member of the Supervisory Board.

## 5. **OTHER BENEFITS**

5.1 The Company shall provide the Member who simultaneously performs work for the Company on the basis of an employment agreement, where such employment does not fall within the activities performed by the Member for the Company as part of the performance of his office based on this Agreement (the "**Company Employee**"), with the following benefits:

5.1.1 an annual salary;

5.1.2 a benefit in the form of shares of Philip Morris International Inc. ("**PMI**");

5.1.3 a company car which may also be used by the Member for private purposes and where the costs of maintenance and operation shall be borne by the Company;

5.1.4 a monthly meal allowance;

5.1.5 a monthly pension scheme, and life and injury insurance contributions;

5.1.6 a severance payment and other emoluments related to the termination of employment, which arise for employees from the collective agreement with the Company;

5.1.7 a company laptop for business as well as private purposes (the "**Computer**"). The costs relating to the use of the Computer shall be borne by the Company; and

5.1.8 a company telephone for business as well as private purposes (the "**Telephone**"). The costs relating to the use of the Telephone shall be borne by the Company.

5.2 If the Member is not a Company Employee but is simultaneously an employee of another company from the PMI Group (the "**PMI Group Employee**"), the Member will be provided by his employer particularly with the following benefits:

5.2.1 an annual salary;

5.2.2 a benefit in the form of shares of PMI;



- 5.2.3 participation in the PMI Group's schemes relating to pension, and injury and/or life insurance;
  - 5.2.4 emoluments related to the termination of employment, if the criteria for their provision are met;
  - 5.2.5 a company car which may also be used by the Member for private purposes and where the costs of maintenance and operation shall be borne by the employer;
  - 5.2.6 a company laptop for business as well as private purposes, where the costs relating to the use of the laptop shall be borne by the employer; and
  - 5.2.7 a company telephone for business as well as private purposes, where the costs relating to the use of the telephone shall be borne by the employer.
- 5.3 Information about the remuneration and other emoluments provided to the members of the Board of Directors, Supervisory Board and Audit Committee of the Company, including the total amount received from the Company and/or other companies from the PMI Group for the relevant accounting period, is also provided in the Company's annual report which is submitted to the General Meeting.

## 6. **COSTS**

The Company shall pay for all justified and reasonable costs which the Member directly incurs in relation to the performance of his office.

## 7. **ANNUAL BONUS**

- 7.1 The Member, who is also a Company Employee or PMI Group Employee, is entitled to receive a one-off annual performance bonus (i.e. Bonus Incentive Compensation) paid within the bonus plan (the "**Bonus**"). The entitlement to this Bonus and the amount of the Bonus depends on the fulfilment of the relevant conditions, the performance criteria set for the relevant employee in the bonus plan, and on the overall results of the PMI Group.
- 7.2 Some of the basic criteria for the evaluation of the set targets are of a quantitative nature, such as the achievement of an operating profit, cash flow, sales volume, and market share, and some criteria are of a qualitative nature, such as portfolio management, an innovative approach, observance of internal rules and procedures, diversity and the development of managerial skills.
- 7.3 The Bonus will be paid after the PMI's Remuneration Committee assesses the PMI Group's performance in the given year, and after the employer, or the relevant remuneration body, if established, evaluates the fulfilment of the

relevant criteria under the bonus plan based on the financial results of the relevant employer and the PMI Group, and takes a decision on the Bonus award. The amount of the Bonus and the conditions for its payment will be discussed with the Company Employee or the PMI Group Employee in advance and these will be provided in writing by the relevant employer.

## 8. **CONFLICT OF INTEREST RULES**

8.1 If the Member becomes aware of the fact that there may be a conflict of his interests with the Company's interests during the performance of his office, he shall promptly inform the other members of the Audit Committee and the Company's Supervisory Board of this fact. This shall similarly apply to a potential conflict of interests of persons close (in Czech: *osoby blízké*) to the Member or persons influenced or controlled by the Member. This obligation shall also be deemed to be fulfilled by the Member if the Member informs the General Meeting, unless he exercises the powers of the General Meeting as a sole shareholder. This provision is without prejudice to the Member's obligation to act in the Company's interests. The Supervisory Board or the General Meeting may suspend, for a specified time period, the performance of the office of the Member who made notification of this conflict of interest.

8.2 If the Member intends to enter into an agreement with the Company, he must promptly inform the other members of the Audit Committee and the Company's Supervisory Board of this fact. In his notification, he must also specify the conditions under which such agreement is to be entered into. This applies similarly to any agreements between the Company and a person close to the Member or a person influenced or controlled by the Member. The Member of the Board of Directors may also fulfil this obligation by informing the General Meeting, unless he exercises the powers of the General Meeting as a sole shareholder. The specified rules shall also apply if the Company is to secure or confirm the debts of persons specified in this Clause or is to become their co-debtor. The Supervisory Board or the General Meeting may prohibit the entering into of an agreement which is not in the Company's interests. The provisions of this Clause shall not apply to the agreements made within the ordinary course of business.

## 9. **LIABILITY**

9.1 The Member shall perform his office with the care of a diligent business person, due professional care and with necessary loyalty. If during the performance of the office of member of Audit Committee, the Member causes harm to the Company by breaching the statutory obligations or the obligations set by this Agreement, especially in Clause 2.1 and 2.2 above, he shall be liable to compensate the Company for such harm.

- 9.2 The Member who breaches the obligation to act with the care of a diligent business person must surrender to the Company the benefits obtained in connection with such conduct. If the benefits cannot be surrendered, the Member must provide compensation in cash. The legal actions of the Company restricting the liability of the Member shall not be taken into account.
- 9.3 If the Member fails to compensate the Company for any harm caused by the Member's breach of his duties during the performance of his office, despite being obliged to do so, the Member shall be liable to the Company's creditors for such compensation to the extent to which such harm was not compensated in the event that the creditors cannot enforce performance from the Company.

## 10. **DATA AND PERSONAL DATA PROTECTION**

- 10.1 The Member hereby acknowledges and agrees that the Company collects personal data (including the birth date) relating to the Member and provided to the Company by the Member in relation to his office (the "**Personal Data**") for the necessary period, i.e. for the period of duration of the purpose of the processing, and that the Company processes, both automatically and manually, the Personal Data for the purpose of payroll, business trips, human resources in general, and for statistical purposes. Providing the Company with the Personal Data and any subsequent changes to the Personal Data is required by applicable legal regulations and in particular in relation to the provision of the remuneration. The Member has the right of access to the Personal Data, the right to correct the Personal Data, and the right to seek remedies in the event of any breach of duties regarding processing of the Personal Data relating to the Member by contacting the Human Resources Department of the Company.
- 10.2 The Member hereby acknowledges that the Company is a member of the PMI Group that operates joint administrative and operational systems involving, inter alia, the sharing of information concerning human resources for the purposes of the effective cooperation between the employees/governing bodies of individual companies within the PMI Group regarding the provision of services to business partners and customers. Given the foregoing, the Member hereby grants his explicit consent to the Company to provide the Member's Personal Data to any property related party or controlled or controlling entity of the Company in all states and jurisdictions where any such person is or may be located from time to time, including the states whose legislation does not provide an equivalent level of protection of personal data, within the scope of the purposes specified above for which the Personal Data was provided, for the necessary period of time, being the duration of the purpose of the processing. The list of these parties is available at PMI's website at [www.pmi.com](http://www.pmi.com).

- 10.3 The Member shall protect all personal data that the Member has access to during the performance of his office and maintain the confidentiality of security measures whose publication could endanger the security of personal data. These obligations survive termination of his office. Breach of the above obligations may give rise to a claim for the damages suffered by the Company as a result of the breach of the obligations by the Member. The Company will claim such damages from the Member in compliance with the applicable legal regulations.

## 11. **TERM AND TERMINATION**

- 11.1 This Agreement, except for the provisions which are to remain valid after the termination of the Member's office, shall expire on the date of:

11.1.1 the expiry of the Member's term of office as a member of the Audit Committee, unless the Member is appointed to the office by the General Meeting for a consecutive term of office, in which case the Agreement expires upon the lapse of the last of the consecutive terms of office for which the Member has been appointed to the office of a member of the Audit Committee by the General Meeting;

11.1.2 the removal of the Member from the office of member of the Audit Committee of the Company by the General Meeting;

11.1.3 the resignation of the Member from his office of member of the Audit Committee of the Company, as set out by the Articles of Association or the applicable legal regulations;

11.1.4 the occurrence of the obstacles that prevent the Member from the performance of the office of member of the Audit Committee of the Company as specified by the applicable legal regulations, particularly by the BCA, the NCC or the Auditors Act; or

11.1.5 otherwise than specified above, on the date on which the office of the member of the Audit Committee terminates as set out by the Articles of Association or the applicable legal regulations.

- 11.2 This Agreement may not be terminated by notice.

- 11.3 Without undue delay after the termination of this Agreement, but by no later than one (1) week after the termination, the Member undertakes to return to the Company all documents that he holds and which relate to the Company and its affairs (in particular agreements, correspondence, accounting records, invoices and powers of attorney) as well as other items belonging to the Company. Furthermore, the Parties are obliged to settle all mutual claims which may arise based on this Agreement, within this same time limit.

## 12. **FINAL PROVISIONS**

- 12.1 Any obligation set out in this Agreement that is not fully performed upon the termination of this Agreement shall remain binding.
- 12.2 If any provision of this Agreement is or becomes invalid or unenforceable, that shall not affect the validity and enforceability of any other provision of this Agreement. This shall also apply to cases where any provision of this Agreement is found putative (null) within the meaning of Section 553 (1) of the New Civil Code.
- 12.3 This Agreement is governed by Czech law, in particular by the provisions of the BCA and the NCC. The relationships between the Parties which are not expressly defined in this Agreement and which are related to the performance of the Member's office shall be governed by the relevant provisions of the Articles of Association, the NCC, the BCA and other legal regulations applicable to the performance of the office.
- 12.4 The courts of the Czech Republic have exclusive jurisdiction to settle any dispute arising from or in connection with this Agreement, including a dispute regarding the existence, validity or termination of this Agreement, any non-contractual obligation arising from this Agreement or in connection with it, or the consequences of its nullity.
- 12.5 This Agreement becomes effective upon the appointment of the Member to the office of member of the Audit Committee of the Company by the General Meeting, and upon the approval of the Agreement by the General Meeting.
- 12.6 If the General Meeting appoints the Member to the office of a member of the Audit Committee for a consecutive term of office, this Agreement shall remain in force and effective also for the duration of the Member's term of office as a member of the Company's Audit Committee in this consecutive term of office.
- 12.7 For the avoidance of doubt, the Parties expressly state that in addition to the reasons for termination of the Agreement under Clause 11, this Agreement shall also expire if the General Meeting does not appoint the Member to the office of member of the Audit Committee of the Company or does not approve the Agreement.
- 12.8 This Agreement represents the entire agreement between the Parties relating to the matters defined herein and shall fully supersede any previous negotiations, agreements or arrangements between the Parties, whether verbal or written, relating to the rights and obligations that arise in relation to the performance of the Member's office. Changes or amendments to this Agreement shall be agreed between the Member and the Company in writing and are subject to the prior

approval of the General Meeting. The Member recognizes that he has no claims against the Company in relation to any previous negotiations, any agreements or arrangements between the Parties, or any agreements relating to the performance of the Member's office.

- 12.9 The Czech and English versions of this Agreement are each executed in two (2) counterparts. Each Party shall retain one (1) copy of this Agreement in each language version. If there is a conflict or inconsistency between the English language text and the Czech language text, the Czech prevails.

*[Signature page to follow.]*

*IN WITNESS OF THE FACT that the Parties agree with the content of this Agreement, understand it and agree to perform this Agreement, the Parties affix their signatures and declare that this Agreement has been entered into based on their free and serious will.*

On 24 March 2015

For and on behalf of **Philip Morris ČR a.s.**, as the Company

SIGNATURE

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Name: András Tövisi

Position: Chairman of the Board of Directors

SIGNATURE

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Name: Igor Potočár

Position: Member of the Board of Directors

On 24 March 2015

**The Member**

SIGNATURE

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Name: Imarus Johannes Adalarius van Lieshout